



## Press Release

L H Sugar Factories Limited

June 13, 2024

### Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	714.66	ACUITE BB+   Downgraded   Issuer not co-operating*	-
Bank Loan Ratings	9.00	-	ACUITE A4+   Downgraded   Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	723.66	-	-

### Rating Rationale

Acuité has downgraded the long-term rating to '**ACUITE BB+**' (read as **ACUITE Double B plus**) from '**ACUITE A-**' (read as **ACUITE A minus**) and short-term rating to '**ACUITE A4+**' (read as **ACUITE A four plus**) from '**ACUITE A1** (read as **ACUITE A one**)' on the Rs. 723.66 Cr. bank facilities of L H Sugar Factories Limited. The rating is now flagged as "Issuer Not-Cooperating" and is downgraded on the account of information risk.

### About the Company

L H Sugar Factories Limited, was incorporated in 1933 by two brothers – Raja Lalta(L) and Sahu Hari(H). At present the company is being managed by the descendants of the two family. The company is engaged in manufacturing of sugar and its by-products such as molasses used for ethanol generation and bagasse used for power generation. L H Sugar Factories has 13000 TCD sugar mill at Pilibhit in north-western UP. The sugar mill is forward integrated with co generation of 44.25 MW and a distillery of 160 KLPD.

### Unsupported Rating

Not Applicable.

### Non-cooperation by the issuer/borrower

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such critical information before the due date. Acuité believes that information risk is a critical component in such ratings, and non cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

### Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavored to gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

**Rating Sensitivities**

No information provided by the issuer / available for Acuite to comment upon.

**Liquidity Position**

No information provided by the issuer / available for Acuite to comment upon.

**Outlook**

Not Applicable.

**Other Factors affecting Rating** None.

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	1203.42	1029.71
PAT	Rs. Cr.	38.00	36.88
PAT Margin	(%)	3.16	3.58
Total Debt/Tangible Net Worth	Times	0.76	1.38
PBDIT/Interest	Times	5.54	5.40

### Status of non-cooperation with previous CRA

Not Applicable.

### Any other information

None.

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

### Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
16 Mar 2023	Bank Guarantee (BLR)	Short Term	9.00	ACUITE A1 (Reaffirmed)
	Cash Credit	Long Term	50.00	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	40.00	ACUITE A-   Stable (Assigned)
	Cash Credit	Long Term	160.00	ACUITE A-   Stable (Reaffirmed)
	Cash Credit	Long Term	145.00	ACUITE A-   Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	2.61	ACUITE A-   Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	15.00	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	51.21	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	11.91	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	24.75	ACUITE A-   Stable (Assigned)
	Term Loan	Long Term	59.08	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	38.45	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	21.15	ACUITE A-   Stable (Reaffirmed)
	Term Loan	Long Term	12.53	ACUITE A-   Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	82.97	ACUITE A-   Stable (Reaffirmed)
16 Dec 2021	Bank Guarantee (BLR)	Short Term	9.00	ACUITE A1 (Reaffirmed)
	Cash Credit	Long Term	145.00	ACUITE A-   Positive (Reaffirmed)
	Cash Credit	Long Term	160.00	ACUITE A-   Positive (Reaffirmed)
	Proposed Long Term Loan	Long Term	2.61	ACUITE A-   Positive (Reaffirmed)
	Term Loan	Long Term	38.45	ACUITE A-   Positive (Reaffirmed)
	Term Loan	Long Term	59.08	ACUITE A-   Positive (Reaffirmed)
	Term Loan	Long Term	11.91	ACUITE A-   Positive (Assigned)
	Term Loan	Long Term	51.21	ACUITE A-   Positive (Reaffirmed)
	Term Loan	Long Term	12.53	ACUITE A-   Positive (Reaffirmed)
	Term Loan	Long Term	21.15	ACUITE A-   Positive (Reaffirmed)
	Working Capital Term Loan	Long Term	82.97	ACUITE A-   Positive (Reaffirmed)
		Short		

24 Aug 2021	Bank Guarantee (BLR)	Term	9.00	ACUITE A1 (Assigned)
	Cash Credit	Long Term	160.00	ACUITE A-   Positive (Assigned)
	Cash Credit	Long Term	145.00	ACUITE A-   Positive (Assigned)
	Proposed Long Term Bank Facility	Long Term	2.61	ACUITE A-   Positive (Assigned)
	Term Loan	Long Term	38.45	ACUITE A-   Positive (Assigned)
	Term Loan	Long Term	51.21	ACUITE A-   Positive (Assigned)
	Term Loan	Long Term	59.08	ACUITE A-   Positive (Assigned)
	Term Loan	Long Term	21.15	ACUITE A-   Positive (Assigned)
	Term Loan	Long Term	12.53	ACUITE A-   Positive (Assigned)
	Working Capital Term Loan	Long Term	82.97	ACUITE A-   Positive (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	9.00	ACUITE A4+   Downgraded   Issuer not co-operating* (from ACUITE A1 )
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	145.00	ACUITE BB+   Downgraded   Issuer not co-operating* (from ACUITE A- )
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	50.00	ACUITE BB+   Downgraded   Issuer not co-operating* (from ACUITE A- )
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	160.00	ACUITE BB+   Downgraded   Issuer not co-operating* (from ACUITE A- )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	113.13	ACUITE BB+   Downgraded   Issuer not co-operating* (from ACUITE A- )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	5.00	ACUITE BB+   Downgraded   Issuer not co-operating* (from ACUITE A- )
State Bank of India	Not avl. / Not	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	56.08	ACUITE BB+   Downgraded   Issuer not co-

	appl.							operating* (from ACUITE A- )
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.44	ACUITE BB+   Downgraded   Issuer not co-operating* (from ACUITE A- )
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	18.59	ACUITE BB+   Downgraded   Issuer not co-operating* (from ACUITE A- )
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	24.75	ACUITE BB+   Downgraded   Issuer not co-operating* (from ACUITE A- )
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	11.16	ACUITE BB+   Downgraded   Issuer not co-operating* (from ACUITE A- )
ICICI Bank Ltd	Not avl. / Not appl.	Working Capital Demand Loan (WC DL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	50.00	ACUITE BB+   Downgraded   Issuer not co-operating* (from ACUITE A- )
State Bank of India	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	60.51	ACUITE BB+   Downgraded   Issuer not co-operating* (from ACUITE A- )

## Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 <a href="mailto:mohit.jain@acuite.in">mohit.jain@acuite.in</a>  Kartik Arora Analyst-Rating Operations Tel: 022-49294065 <a href="mailto:kartik.arora@acuite.in">kartik.arora@acuite.in</a>	Varsha Bist Associate Vice President-Rating Operations Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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