

CARE/KRO/RL/2018-19/1255
Shri O P Dhanuka

Managing Director

Riga Sugar Company Ltd.

14, Netaji Subhas Road,
Kolkata – 700 001

June 05, 2018

Confidential

Dear Sir,

Credit rating for bank facilities

On the basis of recent developments including ongoing delays in debt obligations our Rating Committee has reviewed the following ratings:

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	104.14	CARE D	Revised from CARE B+ (Single B Plus; Outlook:-Stable)
Short-term Bank Facilities	5.00	CARE D	Revised from CARE A4 (A Four)
Total	109.14 (Rupees one hundred and nine crore and fourteen lakh only)		

- Refer **Annexure 1** for details of rated facilities.
- The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure II. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by June 06, 2018, we will proceed on the basis that you have no comments to offer.
- CARE reserves the right to undertake a surveillance/review of the rating from time to time,

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

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based on circumstances warranting such review, subject to at least one such review/surveillance every year.

5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. CARE ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
7. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
8. CARE ratings are **not** recommendations to sanction, renew, disburse or recall the concerned bank facilities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,


Yours faithfully,

Meenakshi Pachisia

(Meenakshi Pachisia)

Analyst

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Manager

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Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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Annexure I

1. Long-Term Facilities

1.A. Secured Rupee Term Loans

Sr. No.	Banker/ Lender	Term Loan (Amount Rs. crore)	Debt Repayment Terms
1.	Bank of India	19.84	Various quarterly installments
2.	Union Bank of India	6.80	Various quarterly installments
	Total	26.64	

1.B. Fund Based limits

Sr. No.	Name of Bank	Cash Credit (Amount Rs. crore)
1.	Bank of India	57.50
2.	Union Bank of India	20.00
	Total	77.50

Total Long-Term Facilities (1.A.+1.B.) of Rs. 104.14 crore

2. Short-Term Facilities

2.A. Non fund based limits

Sr. No.	Name of Bank	Bank Guarantee (Amount Rs. crore)
1.	Bank of India	5.00
	Total	5.00

Total Short-Term Facilities of Rs. 5.00 crore

Total Bank Facilities Rated (1 + 2) of Rs. 109.14crores

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Annexure II
Riga Sugar Company Ltd

Rating Facilities	Amount (Rs. crore)	Rating ²	Rating Action
Long-term Bank Facilities	104.14	CARE D	Revised from CARE B+ (Single B Plus; Outlook:- Stable)
Short-term Bank Facilities	5.00	CARE D	Revised from CARE A4 (A Four)
Total	109.14 (Rupees one hundred and nine crore and fourteen lakh only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The revision in the rating assigned to the bank facilities of Riga Sugar Company Ltd (RSCL) takes into account the ongoing delays in interest servicing due to tight liquidity position.

Detailed description of the key rating drivers

Key Rating Weaknesses

Ongoing delays in the account

The company has confirmed that there are overdue/defaults on their debt obligations. The banker has also confirmed that there are ongoing delays in the interest servicing.

Analytical approach: Standalone

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings

CARE's Policy on Default Recognition

Financial ratios – Non-Financial Sector

Rating Methodology – Service Sector Companies

About the Company

Riga Sugar Company Limited (RSCL), incorporated in September 02, 1980, the flagship company of DHANUKA GROUP, currently has Sugar (5000 TCD), Distillery (50 KLPD), Ethanol (45 KLPD), Power plant (8 MW) & DAP/ Organic Fertilizer facilities in Riga, North Bihar. The sugar factory is one of the oldest sugar factories in India which was set-up in 1933 by The Belsund Sugar & Industries limited under British Management before being taken over by Dhanukas in 1950 and was subsequently transferred w.e.f.1.10.1981 to Riga Sugar Company Limited. During 9MFY18 RSCL reported a negative PAT of Rs.23.68crore on a total operating income of 72.51crore vis-à-vis loss of Rs.9.05crore on total operating income of Rs.126.53crore.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

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Brief Financials of RSCL(Rs. in crore)	FY16(A)	FY17(A)
Total Operating Income	178.84	187.87
PBILDT	13.34	15.12
PAT	-2.29	-4.84
Overall Gearing	18.21	29.33
Interest Coverage	0.92	1.01

Status of non-cooperation with previous CRA: Nil

Any other information: Not Available

Rating History (Last three years): Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	March 2023	26.64	CARE D
Fund-based - LT-Cash Credit	-	-	-	77.50	CARE D
Non-fund-based - ST-Bank Guarantees	-	-	-	5.00	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	26.64	CARE D	-	1)CARE B+; Stable (14-Mar-18)	1)CARE B+; Stable (21-Mar-17) 2)CARE B (14-Apr-16)	-
2.	Fund-based - LT-Cash Credit	LT	77.50	CARE D	-	1)CARE B+; Stable (14-Mar-18)	1)CARE B+; Stable (21-Mar-17) 2)CARE B (14-Apr-16)	-
3.	Non-fund-based - ST-Bank Guarantees	ST	5.00	CARE D	-	1)CARE A4 (14-Mar-18)	1)CARE A4 (21-Mar-17) 2)CARE A4 (14-Apr-16)	-

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