

## Riga Sugar Company Ltd

June 06, 2018

Rating			
Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	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)
<b>Total</b>	<b>109.14</b> <b>(Rupees one hundred and nine crore and fourteen lakh only)</b>		

*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/default 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.

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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

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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.

**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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