

APRIL 14, 2015

CARE REAFFIRMS RATING ASSIGNED TO THE BANK FACILITIES OF THE RAVALGAON SUGAR FARMS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	23.43	CARE BB+ (Double B Plus)	Reaffirmed
Short-term Bank Facilities	0.50	CARE A4 (A Four)	Reaffirmed
Total Facilities	23.93		

Rating Rationale

The ratings reaffirmation of the bank facilities of The Ravalgaon Sugar Farms Limited (Ravalgaon) continues to be constrained by the relatively modest scale of operations, operating losses and working capital-intensive nature of operations. The ratings are further constrained by inherent industry risk characterized by intense competition in sugar and confectionary industry, raw material fluctuation risk due to dependence on agro-climatic conditions and highly regulated nature of the industry.

The rating however, continues to derive significant strength from experienced promoters and management, long and established presence of the company in the industry and portfolio of established and well-known products in the confectionary segment.

The ability of Ravalgaon to successfully monetize the sugar inventory, achieve growth in turnover and successful turnaround of operations amidst intense competition along with efficient management of working capital cycle are the key rating sensitivities.

Background

Incorporated in 1933, Ravalgaon is involved in the business of manufacturing of sugar and confectioneries (contributed 79% of total revenue in FY14; refers to period October 01, 2012 to March 31, 2014). The company has a sugar crushing capacity of 2,000 TCD (tones of crushing per day) is located at Malegaon Taluka, Nasik (Maharashtra).

Under the confectionary division, the company manufactures candies in the names of Pan Pasand Gold, Mango Mood, Laco, Kokonut, Cherries (fruit flavors), Mints (menthol & ginger oil), Coffee breaks, Supreme and Choco Cream Toffee.

This division contributed ~79% of the total revenue in FY14 (Audited; refers to the period October 01 to March 31). Ravalgaon's factory with a sugar crushing capacity of 2,000 TCD (tones of crushing per day) is located at Malegaon Taluka, Nasik (Maharashtra).

During the 18 months of operations in FY14, Ravalgaon reported total operating income (TOI) of Rs.34.53 crore with a loss of Rs.15.38 crore. In 9MFY15 (FY15; refers period April 1 to December 31), the company achieved TOI of Rs.31.80 crore with loss of Rs.12.64 crore.

During the 18 months operations in FY12 (refers to the period April 2011 to September 2012), Ravalgaon reported total operating income of Rs.107.37 crore and net loss of Rs.8.45 crore.

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

Analyst Contact

Name: Mr Nitesh Dhoot

Tel: 022-6754 3442

Email: nitesh.dhoot@careratings.com

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

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.

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

CONTACT**Head Office Mumbai****Mr. D.R. Dogra**

Managing Director
Mobile: +91-98204 16002
E-mail: dr.dogra@carerating.com

Ms. Meenal Sikchi

Vice President - Bank Loan & Instrument Rating
Mobile: +91-9819009839
E-mail: meenal.sikchi@carerating.com

Mr. Rajesh Mokashi

Dy. Managing Director
Mobile: +91-98204 16001
E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Vice President - Bank Loan & Financial Services
Mobile: +91-9819698985
E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069
Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD**Mr. Mehul Pandya**

32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-98242 56265
Tel: +91-79-4026 5656
E-mail: mehul.pandya@careratings.com

BENGALURU**Mr. Dinesh Sharma**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91-99000 41975
Tel: +91-80-4115 0445, 4165 4529
E-mail: dinesh.sharma@careratings.com

CHANDIGARH**Mr. Sajan Goyal**

2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.
Cell: +91 99888 05650
Tel: +91-172-5171 100 / 09
Email: sajan.goyal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

HYDERABAD**Mr. Saikat Roy**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Tel: +91-40-4010 2030
E-mail: saikat.roy@careratings.com

JAIPUR**Mr. Harsh Raj Sankhla**

304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 - 93149 21496
Tel: +91-141-402 0213 / 14
E-mail: rahul.jain@careratings.com

KOLKATA**Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI**Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE**Mr. Rahul Patni**

9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-78754 33355
Tel: +91-20- 4000 9000
E-mail: rahul.patni@careratings.com

CIN - L67190MH1993PLC071691