

Shree Chhatrapati Shahu Sahakari Sakhar Karkhana Limited

Instrument	Amount	Rating Action
Long Term, Fund based – Term Loan	Rs.25.00 crore	[ICRA]BB+ (stable) (upgraded from [ICRA]BB (stable))
Long Term – Cash Credit Facilities	Rs. 75.00 crore	[ICRA]BB+ (stable) (upgraded from [ICRA]BB (stable))

ICRA has upgraded the long term rating of [ICRA]BB (pronounced ICRA double B) assigned to the Rs.25.00 crore term loan facility¹ and Rs.75.00 crore working capital facilities of Shree Chhatrapati Shahu Sahakari Sakhar Karkhana Limited (‘the company/ SCSSSKL) to [ICRA]BB+ (pronounced ICRA double B plus). The outlook on the long term rating is stable.

The rating revision takes into account the significant increase in operating income in FY’2016 after decline in the past fiscal mainly aided by liquidation of sugar stock. The ratings continue to factor in the integrated nature of operations – power co generation and distillery which provides some cushion against the cyclical nature of the sugar operations. Further, being located in high cane yield – high sugar recovery Kolhapur district of Maharashtra, the company enjoys location advantage. ICRA also notes the improved outlook of the sugar industry mainly due to steady accretion in sugar realizations over the last twelve months. Further the industry also continues to enjoy government support in the form of soft loans among others.

The ratings however remains constrained with stretched financial profile of the company marked by thin operating margins mainly due increase in cane costs, leveraged capital structure and high working capital intensity. Further profitability of the company remains mainly a function of sugar realizations which remains market driven in contrast to the cane costs which are government determined. The company further remains exposed to the dynamic operational environment of the sugar industry marked by agro climatic risks and regulatory changes thereby impacting profitability.

Company Profile

Incorporated in 1977, the Kagal, Dist.Kolhapur (Maharashtra) based Shree Chhatrapati Shahu Sahakari Sakhar Karkhana Limited has installed crushing capacity of 4500 TCD which is integrated with a co-generation unit of 21.50 MW and a distillery of 45 KLPD. The catchment area of the company extends to 104 villages across Maharashtra and Karnataka.

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For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 6114 3408)
subrata@icraindia.com

Ravi Kabra (Tel +91 20 2556 0195)
ravi.kabral@icraindia.com

Shashikant Raut (+91 20 6606 9916)
shashikant.raut@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

¹ 100 lakh = 1 crore = 10 million



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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

3rd Floor, Electric Mansion
Appasaheb Marathe Marg, Prabhadevi
Mumbai—400025,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax:
+91-79-25569231

Pune**Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range
Hills Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-
25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500