



Saraswati Sugar Mills Limited

Instrument Details	Amount in Rs. Crore [^]	Rating Action
		March 2015
Fund Based Limits	186.65	[ICRA]A- ; <i>reaffirmed</i>
Non Fund Based Limits	5.00	[ICRA]A1 ; <i>reaffirmed</i>
Unallocated Bank Facilities	53.85	[ICRA]A- ; <i>reaffirmed</i>

ICRA has reaffirmed the rating of [ICRA]A- (pronounced ICRA A minus) on the long term scale and [ICRA]A1 (pronounced ICRA A one) on the short term scale for Rs. 186.65 crore Fund based limits, Rs. 5.00 crore Non fund based limits and Rs. 53.85 crore unallocated bank facilities of Saraswati Sugar Mills Limited (SSML)[†]. The outlook on the long term rating is 'Stable'.

The ratings continue to reflect SSML's significant size of operations, long track record of its promoters in the sugar industry and financial support from its parent company, ISGEC Heavy Engineering Limited (ISGEC) which is rated [ICRA]AA-/ [ICRA]A1+ by ICRA. ICRA takes note of SSML's satisfactory crushing performance for SY 2014-15 (up to March 2015) with adequate crushing volumes and healthy recovery rates. Further, the ratings favourably factor in the (excise duty) loans availed by the company from the SDF with interest rate subvention of 12%.

The ratings are however constrained by risks arising out of the inherent cyclicity in the sugar business, non-integrated sugar operations which results in increased vulnerability of the company to cyclical risks and agro-climatic factors vis-a-vis integrated players, and the fact that the profitability of the sugar business remains vulnerable to state government policies governing cane pricing. In this context, ICRA takes note of the increase in SAP in Haryana for SY 2014-15 (Rs. 302/quintal vis-à-vis Rs. 291/quintal in SY 2013-14), which coupled with weak realizations from sugar sales has impacted the company's profitability during the current year. While the company's long-term profitability indicators are modest in relation to the rating assigned, ICRA derives support from the company's low debt levels (which are likely to be sustained given no major capex is planned), healthy liquidity profile as reflected by un-utilized bank limits and the financial support derived from the parent company.

Company Profile

Saraswati Sugar Mills Ltd. (SSML) is a wholly-owned subsidiary of ISGEC Heavy Engineering Limited (ISGEC). SSML operates a 13,000 tonnes crushed per day (TCD) sugar mill located at Yamuna-Nagar (Haryana). SSML reported a net loss of Rs. 0.19 crore on operating income of Rs. 221.99 crore for the six months period Oct'13-Mar'14.

March 2015

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[^] 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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