

Yedeshwari Agro Products Limited

Instrument	Amount	Rating Action
Long Term, Fund based – Term Loan	Rs.62.00 crore	[ICRA]B+/ reaffirmed
Long Term –Unallocated	Rs. 1.00 crore	[ICRA]B+/ reaffirmed

ICRA has reaffirmed the long term rating of [ICRA]B+ (pronounced ICRA B plus) assigned to the Rs.62.00 crore term loan facility¹ and Rs. 1.00 crore unallocated amount of Yedeshwari Agro Products Limited (‘the company/YAPL).

The rating reaffirmation takes into account depressed sugar realisation during FY 2015-16 and lesser operational days on account of low cane availability following drought like conditions for last 2-3 years. The rating is also constrained by YAPL’s weak financial profile characterized by loss making operations, leveraged capital structure and weak coverage indicators. Further, high working capital intensity mainly due to sugar inventory buildup of close to 500 days also exposes the company to sugar price fluctuation risks. The company also faces significant repayment obligations over the next few fiscals. ICRA notes that business remains exposed to agro climatic and regulatory risks like cane pricing which remains state government determined.

The rating however, favourable factors in improved outlook for sugar sector supported by healthier demand-supply position and steady accretion in sugar price since last fiscal. Forward integration of the company operations into power cogeneration provides some cushion from the cyclicalities in sugar industry. ICRA also notes the government support to the sector in the form of soft loans among others.

Company Profile

Incorporated in 2007, Yedeshwari Agro Products Limited (YAPL) was promoted by Mr. Bajarang Sonawane and is a closely held company with majority of the shareholding with the Sonwane family. The company is involved in manufacturing of sugar with total crushing capacity of 3500 TCD (tonnes crushed per day). The plant is forward integrated with a 10 MW cogeneration unit. The plant is located at Anandgaon, Tehsil Kaij, District Beed, Maharashtra.

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¹ 100 lakh = 1 crore = 10 million



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