



Balrampur Chini Mills Limited

Instrument	Amount (Rs. crore)	Rating Action
Commercial paper/ Short term debt	500*	Reaffirmed at [ICRA]A1
Term Loans	580.01 – 506.62	Reaffirmed at [ICRA]A/ outlook revised to Stable
Fund based limits	1810 – 2072	Reaffirmed at [ICRA]A/ outlook revised to Stable
Non-fund based limits	65.00 – 54.37	Reaffirmed at [ICRA]A1

ICRA has reaffirmed the long-term rating of [ICRA]A (pronounced ICRA A) assigned to the Rs. 506.62 crore term loans (reduced from Rs. 580.01 crore), and the Rs. 2072 crore fund based bank limits (enhanced from Rs. 1810 crore) of Balrampur Chini Mills Limited (BCML). ICRA has also reaffirmed the short-term rating of [ICRA]A1 (pronounced ICRA A one) assigned to the Rs. 500 crore commercial paper/ short term debt programme and Rs. 54.37 crore non-fund based limits (reduced from Rs. 65.00 crore) of the company. The outlook on the long term rating has been revised from negative to stable.

The revision in the outlook factors in the significant increase in domestic sugar prices recently, and the expected improvement in the domestic demand-supply scenario during sugar year[†] (SY) 14 after the announcement of a subsidy of Rs. 3300/ tonne by the Central Government for production of raw sugar for exports, which is likely to ease pressures on domestic sugar stock position and support prices in the near term. ICRA therefore expects the company's near term profitability and cash accruals to improve from earlier estimates. The ratings continue to factor in BCML's large scale of sugar operations with operationally efficient sugar units and forward integration into cogeneration and distillery businesses, which provides alternate revenue streams and reduces the impact of the cyclical nature of the sugar business to an extent. ICRA notes the availability of adequate bank limits to support the company's working capital intensive operations and also further funding support by way of availing of interest free excise duty loans under a scheme announced by the GoI. Although the UP State Administered Price (SAP) for cane has been kept at previous year's levels at Rs. 280/ quintal for SY14, the actual cost of procurement would be lower for UP based sugar mills, including BCML, for the sugar year 2013-14 vis-a-vis SY 2012-13, given the various waivers in taxes and duties offered by the GoUP to the sugar mills in the State. The ratings are however, constrained by the fact that profitability of UP based sugar mills will continue to remain vulnerable to the Government of UP (GoUP) policy on cane prices, given that they are largely fixed without any reference to prevailing sugar prices. This apart, profitability of sugar mills will also remain vulnerable to the cyclical nature of the sugar industry and the agro-climatic risks related to cane production. ICRA however, understands that the GoUP is contemplating offering some subsidies to sugar mills in the current sugar year and also has set up a committee with a view of rationalizing cane prices. The success of these initiatives will be key to restoring the financial health of the sugar sector in the state and ICRA will continue to monitor further developments in this regard.

Company Profile

BCML is one of the largest sugar producers in India. The operations of the company are forward integrated, manufacturing alcohol using molasses, a by-product of sugar, and power using cogeneration from bagasse, another by-product of sugar manufacture. Its facilities consist of eleven sugar mills in Uttar Pradesh with a combined capacity of 79,000 tcd of sugarcane, 320 klpd distillery and 141.2 MW of saleable cogeneration capacity. The company has been promoted by the Saraogi family, which holds 40.84% of the company's shareholding.

* Total borrowing under CP/STD and cash credit to be limited to sanctioned cash credit limits or drawing power, whichever is lower

† October - September



Recent Results

BCML posted a loss after tax of Rs 182.64 crore on an operating income of Rs 1940.63 crores in 9MFY14. The company had reported a PAT of Rs. 162.03 crore on an operating income of Rs. 3299.21 crore in FY13.

April 2014

For further details please contact:

Analyst Contacts:

Mr. Jayanta Roy, (Tel. No. +91-33-22876617 / 22800008)
jayanta@icraindia.com

Relationship Contacts:

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

© Copyright, 2014, ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. The ICRA ratings are subject to a process of surveillance which may lead to a revision in ratings. Please visit our website (www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information contained herein must be construed solely as statements of opinion and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents

**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: **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: **9821086490**

Email: shivakumar@icraindia.com

1802, 18th Floor, Tower 3,
Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone, Mumbai 400013,
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: **9845022459**

Email: jayantac@icraindia.com

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

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: **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: **989986490**

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: **989986490**

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

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