



Padmabhushan Krantiveer Doctor Nagnathanna Naykawdi Hutatma Kisan Ahir Sahakari Sakhar Karkhana Limited

Instrument	Amount	Rating Action
Long Term, Fund	Rs. 220.00 crore (enhanced from Rs. 150.00 crore)	[ICRA]B; reaffirmed

ICRA has reaffirmed the rating of [ICRA]B (pronounced ICRA B) to the Rs. 220.00 crore enhanced long term bank facilities* (enhanced from Rs. 150.00 crore) of Padmabhushan Krantiveer Doctor Nagnathanna Naykawdi Hutatma Kisan Ahir Sahakari Sakhar Karkhana Limited (“the society” or “Hutatma”)†.

The rating reaffirmation continues to factor in the long operational history of the society along with location advantage on account of presence in the high cane yield region. The rating also factors in the robust growth in operating income during FY14 due to liquidation of sugar stock. ICRA also notes the improvement in capital structure on account of reduced debt levels consequent to lower working capital requirements; nevertheless gearing levels remain high with weak coverage indicators. The mill also benefits from high recovery of sugar due to better quality of cane in the area as well as cane development initiatives resulting in improved cane quality. The rating also factors in abolishment of levy sugar quota and monthly release mechanism along with recent sugar export subsidy and interest free loans to repay cane arrears granted by the government which provides support to the liquidity profile of the society.

The rating is however constrained by pressure on profitability due to higher cane costs. The mill experienced delay in start of cane crushing during SY14 owing to prolonged negotiation between farmer association and mills in Maharashtra for finalising cane prices which in turn impacted the sugar production. The rating also takes into account high working capital intensity prevalent in the sugar industry owing to high inventory levels; though the same has moderated during FY14. Further, the rating continues to factor in regulatory risks in the industry regarding cane pricing, export regulations and agro climatic risks inherent in the industry.

Society Profile

Established in 1983, Padmabhushan Krantiveer Doctor Nagnathanna Naykawdi Hutatma Kisan Ahir Sahakari Sakhar Karkhana Limited is located in Walwa Taluka of Sangli district of Maharashtra. Founded by veteran freedom fighter, Dr. Nagnathanna Naykawdi, the society has an installed capacity of 3,500 Tons Crushed per Day (TCD). It currently does not have cogeneration and distillery activities. The society procures cane from its command area comprising of close to 15 villages of Walwa Taluka of Sangli District of Maharashtra.

Recent results

As per its audited results for FY 2014, Hutatma reported profit after tax (PAT) of Rs. 0.09 crore on an operating income of Rs. 319.71 crore.

April, 2015

* 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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