November 20, 2023

Shree Renuka Sugars Limited: Removed from NDS non-cooperation and simultaneously withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
LT/Short Term – Fund Based – Working Capital Demand Loan	400.00	400.00	[ICRA]A- (Stable)/ [ICRA]A2+; removed from NDS non-cooperation and simultaneously withdrawn
Total	**400.00**	**400.00**	

**Instrument details are provided in Annexure I*

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of Shree Renuka Sugars Limited, at the request of the company and based on the No Objection certificate received from the bankers, and in accordance with ICRA's policy on withdrawal of credit ratings. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

The key rating drivers, liquidity position and rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: Click here.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Entities in the Sugar Industry Policy on withdrawal of Credit Ratings
Parent/Group support	Parent: Wilmar International Limited The assigned ratings factor in the high likelihood of the parent, extending financial support to SRSL, should there be a need, as evidenced in the past.
Consolidation/Standalone	The ratings are based on the limited consolidation of SRSL and its subsidiaries

About the company

Shree Renuka Sugars Limited (SRSL) is one of the largest private sector sugar manufacturers in the country, with a standalone combined crushing capacity of about 37,500 TCD (across six units). The plants in India are in Maharashtra and Karnataka. SRSL is one of the first mills in the country to be fully forward integrated into distillery (using molasses, a by-product of sugar) and co-generation (based on bagasse) operations. SRSL mainly manufactures fuel-grade ethanol that can be blended with petrol. SRSL's distillery capacity stands increased to 1,250 KLPD from February 2023, spread across three locations in Karnataka. The company has a total cogeneration capacity of 262 MW, with a total exportable surplus of 248 million KWh. The company also carries out refining activity, i.e. conversion of raw sugar to white sugar, from its 2,500 TPD unit at Haldia (West Bengal), and 3,000 TPD unit at Kandla (Gujarat).

Key financial indicators (Standalone)

	FY2022	FY2023	H1FY2024
Operating income	6,173.13	8,578.10	4,700.90
PAT	113.06	(135.70)	(278.70)
OPBDIT/OI	7.35%	7.13%	3.51%
PAT/OI	1.83%	(1.58%)	(5.93%)
Total outside liabilities/Tangible net worth (times)	(12.57)	(12.64)	49.03
Total debt/OPBDIT (times)	9.15	7.07	11.95
Interest coverage (times)	1.21	1.13	0.42

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2024)					Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Amount outstanding as on Mar 31, 2022 (Rs. crore)	Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
					Nov 20, 2023	Nov 07,2023	Dec 27, 2022	Oct 29, 2021	Oct 29, 2020
1	Working capital Demand Loan	Long Term /Short term	400.00	-	[ICRA]A-(Stable)/[ICRA]A2+; withdrawn	[ICRA]A-(Stable)/[ICRA]A2+; ISSUER NOT COOPERATING	[ICRA]A-(Stable)/[ICRA]A2+	-	-
2	Working capital Demand Loan	Short term	-	-	-		-	[ICRA]A2+	[ICRA]A2 &
3	NCD	Long term	-	-	-		-	[ICRA]A-(Stable); Withdrawn	[ICRA]BBB+ &
4	Term Loan	Long term	-	-	-		-	[ICRA]A-(Stable)	[ICRA]BBB+ &
5	Cash credit	Long term	-	-	-		-	-	-
6	Letter of Credit	Short term	-	-	-		-	-	[ICRA]A2 &

& on watch with developing implications

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term/Short Term – Fund Based – Working Capital Demand Loan	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here.

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Long Term/Short Term – Fund Based – Working Capital Demand Loan**	-	-	-	400.00	[ICRA]A-(Stable)/[ICRA]A2+; withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis:

Company Name	Ownership	Consolidated Approach
Gokak Sugars Limited	93.64%	Limited Consolidated
KBK Chem-Engineering Private Limited, India	100%	Limited Consolidated
Renuka Commodities DMCC, United Arab Emirates	100%	Limited Consolidated
Shree Renuka Agri Ventures Limited, India	100%	Limited Consolidated
Monica Trading Private Limited, India	100%	Limited Consolidated
Shree Renuka Tunaport Private Limited, India	100%	Limited Consolidated
Shree Renuka East Africa Agri ventures PLC, Ethiopia*	99.99%	Limited Consolidated

**Liquidation filed with concerned authorities*

Source: Company

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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