

Rating Advisory

June 30, 2018 | Mumbai

Prudential Sugar Corporation Limited

Advisory as on June 30, 2018

This rating advisory is provided in relation to the rating of Prudential Sugar Corporation Limited

The key rating sensitivity factors for the rating include:

- Timely servicing of debt

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, it seeks regular updates from companies on business and financial performance. CRISIL is yet to receive adequate information from Prudential Sugar Corporation Limited (PSCL) to enable it to undertake a rating review. CRISIL is taking all possible efforts to get the rated entity to cooperate with its rating process for enabling it to carry out the rating review.

CRISIL views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings publication dated April 30, 2012 - 'Information Availability - a key risk factor in credit ratings')

If PSCL continues to delay the provisioning of information required by CRISIL to undertake a rating review then, in accordance with circular SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dt Nov 1, 2016 and SEBI/HO/MIRSD/ MIRSD4/ CIR/ P/ 2017/ 71 dt June 30, 2017 issued by Securities and Exchange Board of India, CRISIL will carry out the review based on best available information and issue a press release.

About The Company

PSCL was set up in 1994 Mr Vinod Kumar Baid and his associates. The company manufactured sugar, and its by-products - molasses and bagasse.

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Rating Rationale

May 17, 2017 | Mumbai

Prudential Sugar Corporation Limited

Rating Reaffirmed

Rating Action

Total Bank Loan Facilities Rated	Rs.20 Crore
Long Term Rating	CRISIL C (Reaffirmed)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has reaffirmed its 'CRISIL C' rating on the long-term bank facilities of Prudential Sugar Corporation Ltd (PSCL). The rating reflects instances of delays by PSCL in servicing its debt (loan from Ashok Leyland Finance Ltd; not rated by CRISIL) owing to weak liquidity. These rating weaknesses are partially offset by its Promoters' extensive industry experience in the sugar industry

Key Rating Drivers & Detailed Description

Weakness

* Key Rating Drivers & Detailed Description

Delays in serving debt to Ashok Leyland Finance Ltd

PSCL entered into a settlement agreement with Ashok Leyland Finance Ltd for Rs 28.52 lakhs payable in three installments. Out of the said settlement amount, PSCL already paid sum of Rs 20 lakhs.

* Delay in redeemable preference share along with overdue dividend.

PSCL issued cumulative redeemable preference shares to promoters in fiscal 1996 redeemable on or before May 01, 2005 which is pending redeemable. The liability up to March 31, 2016 stands at Rs 66.01.87 lakhs (Previous Year Rs 5,634.99 lakhs) on account of dividend.

Strengths

* Promoters' extensive industry experience in the sugar industry

PSCL benefits from the long standing entrepreneurial experience of its promoters. The key promoters Mr. Vinod Kumar Baid and associates have large entrepreneurial experience in diverse sectors ranging from pharmaceuticals, education services to agricultural commodities.

The company has sold off its assets pertaining to its sugar business, and currently does not have any operations.

About the Company

PSCL was set up in 1994 Mr Vinod Kumar Baid and his associates. The company manufactured sugar, and its by-products - molasses and bagasse.

Net losses was Rs 17 crores on operating income of Rs 94 crore in fiscal 2016, vis-à-vis Rs 2 crore and Rs 84 crore, respectively, for fiscal 2015.

Any other information: Not applicable

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Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs Cr)	Rating Assigned with
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	20	CRISIL C

Annexure - Rating History for last 3 Years

Instrument	Current			2017 (History)		2016		2015		2014	
	Type	Quantum	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based Bank Facilities	LT/ST	20	CRISIL C		No Rating Change		No Rating Change		No Rating Change	25-08-14	CRISIL C

Table reflects instances where rating is changed or freshly assigned. 'No Rating Change' implies that there was no rating change under the release.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Proposed Long Term Bank Loan Facility	20	CRISIL C	Proposed Long Term Bank Loan Facility	20	CRISIL C
Total	20	--	Total	20	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating criteria for manufacturing and service sector companies](#)

[Rating Criteria for Sugar Industry](#)

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