

Rating Rationale

Brickwork Ratings reaffirms rating of 'BWR D' for Bank Loan facilities of ₹6.00 Cr of New Phaltan Sugar Works Limited

Brickwork Ratings has reaffirmed the following **Rating¹** for Bank Loan facilities aggregating ₹ 6.00 Crores sanctioned by State Bank of India to New Phaltan Sugar Works Limited:

Facility	Previous Limit (₹ Cr)	Present Limit (₹ Cr)	Tenure	Previous Rating (23rd Feb 2015)	Present Rating
Cash Credit Fund Based	9.00	6.00	Long Term	BWR D (Pronounced BWR D)	BWR D (Pronounced BWR D)
Total	9.00	6.00	(INR Six Crores Only/-)		

BWR has essentially relied upon the audited financial up to FY16, projected financial up to FY19 of New Phaltan Sugar Works Limited, publicly available information, clarification provided by the company's management.

The rating factors, delays in timely servicing of its debt obligations on time. Further, the rating is constrained by cyclical nature of industry, company's weak financial risk profile marked by negative net worth and continued operational losses. However, the company may benefit from promoter's long experience in sugar industry and established farmer's network.

Background

Incorporated in 1985, the company New Phaltan Sugar Works Limited took over the asset of group company name Apte Amalgamation Limited which manufactures sugar and by-product bagasse and molasses since 1933. The company is located in Satara, Maharashtra. Installed capacity of crushing of sugarcane of company is 3500 TPD since 2014. The company harvest the sugarcane available from local farmers and transport to the factory. The company operates from November to March only for 160 days of year as per availability of sugarcane. The company was declared as a sick unit by board for industrials and financials restructuring (BIFR) in year 2010.

Management Profile

Mr. Pralhad Salunkhe Patil, Mr. Mahesh Salunkhe Patil and Mr. S M Bhosale are the promoters of the company. Majority shareholder is Mr. Pralhad Salunkhe Patil and family holding around ~65.50 % of total share. Mr. Pralhad Salunkhe Patil is Chairman and Managing director in the company. Other two promoters Mr. Mahesh Salunkhe Patil and Mr. S M Bhosale are the directors in company.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financial Performance

As per audited financials FY 16, company has achieved Net sales of Rs. 167.56 Crs and loss of Rs. 10.44 Crs against Net Sales of Rs. 115.82 Crs and loss of Rs. 15.03 Crs in FY 15. IN FY 17, company has informed of having achieved a turnover of Rs. 1.06 Crs .

Going forward, maintaining financials discipline for timely servicing of its debt obligation, achieve profitability, improve net worth to manage its debt and thereby reduce the gearing, shall remain key rating sensitivities.

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