

Mawana Sugars Limited

July 14, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	350.00	CARE BBB+; Stable	Upgraded from CARE BBB; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The revision in ratings assigned to the bank facilities Mawana Sugars Limited (MSL) factors in improvement in the company's financial performance in FY25 (Audited) (refers to April 01 to March 31) characterised by comfortable capital structure & improved debt coverage indicators. The ratings also derive strength from the improved operational performance of the company marked by growing scale of operations and improved PBILDT margins. The liquidity profile of the company is supported by the sale proceeds of its two subsidiaries and subsequently the funds were utilised towards debt reduction. The ratings continue to derive strength from its experienced promoters with long track record of operations, diversified revenue streams and integrated business model with cogeneration and distillery operations. The rating, however, continue to remain constrained by susceptibility of the revenues and profitability to the demand-supply dynamics, working capital intensive nature of operations, susceptibility to agro-climatic conditions with cyclical and highly regulated nature of industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Expansion in scale of operations above ₹1650 crore while maintaining ROCE above 15% on a sustained basis.
- Overall gearing ratio improving below 0.80x on a sustained basis.

Negative factors

- Decline in PBILDT margin to below 5% on a sustained basis.
- Adverse changes in government policies affecting the operations and cash flow of the entity.
- Any significant investment in the subsidiaries leading to deterioration in adjusted overall gearing beyond 1.50x and weak liquidity.
- Significant increase in working capital requirements and resultant weakening of liquidity position

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE'S expectation of a sustained operational and financial risk profile in the medium term.

Detailed description of key rating drivers:

Key strengths

Comfortable financial risk profile with improvement in capital structure and coverage indicators

The company's financial risk profile remained comfortable characterised by comfortable overall gearing and debt coverage indicators. The company's overall gearing improved to 0.86x as on March 31, 2025, against 1.27x as on March 31, 2024, mainly considering accretion of profits to reserves. Debt coverage indicators also remained comfortable marked by (TD/GCA) and interest coverage ratio stood at 3.56x and 4.32x, respectively, as on March 31, 2025, against 6.09x and 3.16x, respectively, in FY24. Moreover, the company also sold two of its subsidiaries and funds of Rs. 117 crores were utilised towards debt reduction leading to improvement in capital structure of the company in FY25. Going forward also, debt coverage indicators are expected to continue to remain comfortable as there is nil term debt outstanding and no major additional term debt is expected to be raised by the company in near future.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Growth in scale of operations and improvement in profitability margins in FY25

The company reported improvement in operational performance in FY25 characterised by growth in TOI and improvement in profitability margins. TOI increased to ₹1449.64 crore in FY25 as against ₹1355.13 crore in FY24 reporting year over-year (y-o-y) growth of ~7% despite of red rot issue in sugarcane leading to less recovery and subsequently lower production in FY25. Increase in sales is mainly on account of increase in volume and prices of sugar owing to better demand in domestic market. The company also reported improvement in PBILDT margins from 6.91% in FY24 to 8.80% in FY25, largely driven by increase in TOI of the business leading to attain economies of scale.

Experienced promoters and long track record of operations

MSL has been in business for more than 60 years and was promoted by late Mr. Sidharth Shriram. Currently, the overall operations of the company are looked after by Mr. Rakesh Kumar Gangwar, Managing Director of the company having experience of more than 2 decades in the sugar industry.

Integrated business model

MSL's sugar division is fully integrated with forward integration into cogeneration and distillery operations that de-risk the core sugar business of the company to some extent. MSL operates 19,000 tonnes crushed per day (TCD) of sugar capacities, which are forward integrated into power and alcohol business with cogeneration capacity of 53.50 megawatt (MWH) and ethanol capacity of 120 kilo litre per day (KLPD). During FY25, the sugar division contributed 82.62% (PY: 78.39%) of total gross sales followed by distillery division at 11.89% (PY: 16.12%) and rest 1.20% (PY: 1.29%) from power division.

Key weaknesses

Working capital intensive operations

Sugar industry being seasonal in nature has high working capital requirements during the peak season which is from November to April. The company has high working capital requirement during the peak season to procure their primary raw material, i.e., sugarcane and manufacture sugar during this period. The inventory holding period of the company thus stood stretched at 225 days for FY25 from 209 days in FY24. The working capital cycle of the company further elongated to 197 days in FY25 as against 169 days in FY24 owing to decline in creditor period led by payment of cane dues and increase in inventory period. The trade payables of the company stood at Rs. 134.00 crore as on March 31, 2025 (PY: Rs. 150.34 crore) as against past dues of more than Rs. 500 crores. Pursuant to the guidelines of GoI, the company has reduced its cane dues to up to 14 days and will be maintaining the same going forward. Consequently, the average creditor period of the company has reduced to 39 days in FY25 as against 50 days in FY24. The high working requirements were largely met through bank borrowings which remained utilised ~73% for last twelve months ended March 2025.

Vulnerable to agro-climatic risks, cyclical and regulated nature of sugar business

The industry is cyclical and vulnerable to the government policies for reasons including its importance in the wholesale price index (WPI) as it classifies as an essential commodity. The government, on its part, resorts to regulations such as fixing the raw material prices in the form of State Advised Prices (SAP) and Fair & Remunerative Prices (FRP). All these factors impact the cultivation patterns of sugarcane in the country, thus affecting profitability of the sugar companies. MSL's profitability, and other Uttar Pradesh-based sugar mills, continue to remain vulnerable to the state government's policy on cane prices. Thus, the company's performance can be impacted by disproportionate increase in cane price in a particular year. The profitability remains vulnerable to the Government's policies on exports, MSP, and remunerative ethanol prices. In addition, the cyclicity in sugar production results in sugar price volatility. However, the sharp contraction in sugar prices is curtailed after the introduction of MSP by the Central Government in June 2018. Higher diversion of sucrose towards ethanol in the recent years resulted in favourable demand supply dynamics in the country, thus resulting in improved realisations currently. Over the long term, higher ethanol production with increased diversion towards B-heavy molasses and direct sugar juice by the industry is expected to help in curtailing the excess supply of sugar, resulting in lower volatility in sugar prices and cash flows from the sugar business.

Liquidity: Adequate

The liquidity profile of the company is adequate with free cash and bank balance of around Rs. 6.10 crores as on March 31, 2025. The company has projected gross cash accruals of Rs. ~105.37 crore as against nil debt repayment obligations for FY26. The capex requirements of the company are at around Rs. 20 to 30 crore which will majorly be funded through internal accruals. The company has sugar stock of around Rs. 778.53 crores as on March 31, 2025 out of which around Rs. 547 crore is pledged for working capital and rest is free and the total sugar stock of Rs. 550 crores as on June 30, 2025 and out of which Rs. 350 crores is pledged and rest Rs. 200 crores is free. The average working capital utilisation is ~73.89% in latest 12 months ending on March 2025 as against 97.65% in previous year. The company utilise the sales proceeds of Rs. 117 crores generated from sale of its two subsidiaries towards reduction of CC outstanding and to support operating cycle of the business.

Applicable criteria

[Policy on Default Recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Sugar Sector](#)

[Manufacturing Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Agricultural Food & other Products	Sugar

Incorporated in 1961, MSL is a part of the Shriram Group. The group is a diversified group with business interests into sugar, ethanol and power among other things. The Group has been operating in the sugar industry for more than 70 years. MSL is currently engaged in the manufacturing and marketing of Sugar, Ethanol and Co- generation of Power at its units at Mawana Sugar Works, Mawana, Distt. Meerut, (U.P.) and Nanglamal Sugar Complex, Nanglamal, Distt. Meerut (U.P). As on March 31, 2025, the company had an installed capacity of 19000 TCD for sugar, 53.50 MW for power and 120 KLPD for manufacturing of ethanol.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	1,355.13	1,449.64
PBILDT	93.62	127.58
PAT	42.59	71.40
Overall gearing (times)	1.27	0.86
Interest coverage (times)	3.16	4.32

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	350.00	CARE BBB+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT/ST-Working Capital Limits	LT/ST	-	-	-	1)Withdrawn (27-Jun-24)	1)CARE BBB; Stable / CARE A3+ (06-Jul-23)	1)CARE BBB; Stable / CARE A3+ (07-Jul-22)
2	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (27-Jun-24)	1)CARE BBB; Stable (06-Jul-23)	1)CARE BBB; Stable (07-Jul-22)
3	Fund-based - LT-Cash Credit	LT	350.00	CARE BBB+; Stable	-	1)CARE BBB; Stable (27-Jun-24)	1)CARE BBB; Stable (06-Jul-23)	1)CARE BBB; Stable (07-Jul-22)

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Analytical Contacts Puneet Kansal Director CARE Ratings Limited Phone: 120-4452018 E-mail: puneet.kansal@careedge.in Sachin Mathur Associate Director CARE Ratings Limited Phone: 91-120-4452054 E-mail: sachin.mathur@careedge.in Lalit Malhotra Lead Analyst CARE Ratings Limited E-mail: Lalit.malhotra@careedge.in
---	--

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CARE and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**