

## Shripati Sugar And Power Limited

December 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	117.00	CARE B+; Stable	Assigned
Long Term / Short Term Bank Facilities	133.00	CARE B+; Stable / CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The ratings assigned to the bank facilities of Shripati Sugar and Power Limited (SSPL) are constrained by the company's modest scale of operations, leveraged capital structure, and weak debt coverage indicators, particularly in view of the large, debt-funded capital expenditure programme currently under implementation. The ratings are further constrained by the working capital-intensive nature of operations, resulting in stretched liquidity, as well as the seasonal and cyclical nature of the sugar industry, which is exposed to agro-climatic and regulatory risks. The company has also reported net losses in recent years, which constrains financial flexibility.

The above constraints are, partially offset by the experience of the promoters, improvement in operational performance as reflected in healthy recovery levels, and the location of the plant in a sugarcane-growing belt, which supports raw material availability. The company's plans to diversify into cogeneration and distillery operations may support revenue diversification and business risk profile over the medium term; however, the benefits from the same remain contingent upon timely implementation and stabilisation.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Sustained increase in scale of operation and profitability margins leading to positive cash accruals.
- Improvement in working capital cycle and liquidity
- Improvement in capital structure marked by overall gearing of 5.0x.
- Improvement in PBILD interest coverage above 1.5x on a sustained basis

#### Negative factors

- Decline in revenue with sustained losses leading to deterioration in liquidity position on a sustained basis.
- Any delays in project execution leading to significant cost-time overruns.
- Adverse changes in government policies affecting the operations and cash flow of the company

### Analytical approach: Standalone

#### Outlook: Stable

The stable outlook reflects CARE Ratings' expectations that the company will benefit from experienced management and strategic location advantage of the sugar factory in the area of high recovery of sugarcane.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Modest scale of operation with net losses and limited operating record

SSPL's scale of operations remains modest, with total operating income increasing to ₹150 crore in FY25 from ₹86 crore in FY24, primarily driven by higher cane crushing volumes and improved sugar realisations. However, operating profitability moderated sharply, with PBILD margin declining to 8.95% in FY25 from 15.31% in FY24, mainly due to higher raw material and input costs. The company has reported net losses over the past three years, including in FY25, reflecting its limited ability to absorb cost pressures and industry cyclicalities. Although incorporated in 2011, commercial operations commenced only in H2FY23, with FY24 being the first full year of operations. The limited operating and earnings track record constrains financial flexibility and heightens susceptibility to adverse industry cycles.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Debt funded capex, leveraged capital structure, and weak debt coverage indicators.**

The company has undertaken a large, multi-phase capex programme aggregating ₹171.47 crore, comprising expansion of sugar crushing capacity, enhancement of cogeneration capacity, and setting up of a distillery unit. The project is proposed to be funded primarily through term loans of ₹128.60 crore and promoter contribution of ₹42.87 crore in the form of equity and/or unsecured loans. The high reliance on debt for a cyclical and regulated business elevates leverage and execution risks. The company's capital structure is highly leveraged, with overall gearing at 20.49x (PY: 7.06x) and total outside liabilities to tangible net worth at 26.65x (PY: 9.56x) as on March 31, 2025, against a modest tangible net worth of ₹13.67 crore. The deterioration was driven by higher borrowings to support revenue growth and erosion in net worth due to continued losses. Debt coverage indicators remain weak, with PBILDT interest coverage at 0.57x in FY25 (PY: 0.61x), reflecting limited debt servicing headroom and heightened sensitivity to earnings volatility.

**Exposure to cyclicity and regulatory risks inherent in the sugar industry**

The sugar industry is inherently cyclical and seasonal, with sugarcane availability and recovery levels dependent on agro-climatic factors such as rainfall and weather conditions. Further, the industry is subject to significant regulatory oversight, with sugarcane procurement prices largely governed by the Fair and Remunerative Price (FRP) and, where applicable, State Advised Prices (SAP), limiting the company's flexibility in managing raw material costs. In contrast, sugar realisations remain market-linked and are influenced by domestic demand-supply dynamics and policy interventions, resulting in a structural mismatch between input costs and output prices. Consequently, profitability and cash flows of sugar mills remain susceptible to volatility during adverse cycles. Given SSPL's modest scale of operations and limited operating track record, such industry-related risks continue to exert a material influence on its financial performance and liquidity.

**Susceptibility of profitability to volatility in material prices**

The profitability of sugar manufacturers remains sensitive to movements in input costs, particularly sugarcane prices, which are largely governed by the Fair and Remunerative Price (FRP) and, where applicable, State Advised Prices (SAP). This regulatory framework limits the company's flexibility in managing raw material costs. In periods when sugar realisations soften due to adverse demand-supply dynamics or policy interventions, the inability to correspondingly adjust cane procurement prices can exert pressure on operating margins and cash flows. In addition, fluctuations in secondary input costs such as power, fuel, and transportation further impact cost structures. Given SSPL's modest scale of operations and limited operating track record, any adverse movement in cost-realisation dynamics can have a pronounced impact on profitability and debt servicing capability.

**Key strengths****Experienced promoters**

SSPL is managed by Dr. Vishhwajeet Patangrao Kadam, who has experience across finance, agriculture and the cooperative sector. He is also associated with the Bharati Group and heads the governing council of Bharati Vidyapeeth, a large and established educational institution. The promoter is supported by a professional management team overseeing day-to-day operations. While the promoter's experience provides comfort, the rating continues to be driven primarily by SSPL's standalone operating performance, financial risk profile, and execution capabilities.

**Locational advantage with integrated operations**

The company's plant is located in a sugarcane-growing belt of Maharashtra, which supports proximity to raw material sources and reduces transportation costs. Sugarcane is procured largely from within a radius of around 80 km from the plant. The presence of integrated operations, including sugar manufacturing and bagasse-based cogeneration at the same location, enables efficient utilisation of by-products and supports operating efficiency. However, the company remains exposed to the inherent cyclicity of sugarcane availability and competition for cane in the region.

**Liquidity: Stretched**

Liquidity is Stretched, marked by inadequate gross cash accruals against high debt repayments resulting in reliance on promoters' funds for debt repayment. Further, cash and bank balance stood at Rs. 10.33 crore as on Mar 31, 2025. The net cash flow from operations stood negative in FY25. While the current ratio was at 0.85x, and quick ratio at 0.51x as on March 31, 2025.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

## Applicable criteria

- [Definition of Default](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Manufacturing Companies](#)
- [Sugar Sector](#)
- [Financial Ratios – Non financial Sector](#)
- [Short Term Instruments](#)

## 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

Shripati Sugar And Power Limited (SSPL) operates a sugar manufacturing unit with an installed crushing capacity of 3,500 TCD in Sangli, Maharashtra. The company also operates a bagasse-based cogeneration unit of 12 MW, of which around 2 MW is used for captive consumption and the balance is exported to the state power distribution utility under a long-term arrangement. The company was incorporated in 2011 by late Patangrao Kadam as Udagiri Sugar Mills Private Limited and was later in 2015 changed to Shripati Sugar and Power Limited, and is, currently managed by Dr. Vishhwajeet Patangrao Kadam.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	85.58	149.69	73.03
PBILDT*	13.10	13.40	NA
Profit after tax (PAT)	-11.75	-18.16	NA
Overall gearing (x)	7.06	20.49	NA
Interest coverage (x)	0.61	0.57	NA

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

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**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-Term Loan		-	-	31-03-2031	117.00	CARE B+; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	133.00	CARE B+; Stable / CARE A4

**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	133.00	CARE B+; Stable / CARE A4				
2	Fund-based - LT-Term Loan	LT	117.00	CARE B+; Stable				

LT: Long term; ST: Short 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-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge 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.

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