

Bharati Sugars & Fuels Private Limited

December 29, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	256.00	CARE B+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Bharati Sugars & Fuels Private Limited (BSFPL) remain 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 above constraints are, however, partially offset by the experience of the promoters in the sugar industry, improvement in operational performance as reflected in healthy recovery levels, and the company's location in a sugarcane-rich belt in Maharashtra. Further, the proposed diversification into co-generation and distillery operations, subject to timely implementation and stabilisation, is expected to support revenue diversification and provide additional income streams over the medium term, although the benefits from the same are yet to accrue.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in scale and profitability, with total operating income (TOI) exceeding ₹100 crore, supported by profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 5% on a sustained basis.
- Improvement in capital structure, marked by reduction in overall gearing to below 8.0x.
- Improvement in debt coverage indicators marked by total debt to PBILDT reaching below 10.0x 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 on the long-term ratings reflects CARE Ratings belief 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 operations with operating losses

BSFPL continues to operate at a modest scale, with total operating income increasing to ₹61.59 crore in FY25 from ₹26.32 crore in FY24, primarily supported by higher cane crushing volumes. Despite the improvement in scale, the company reported operating losses during FY25, reflecting sub-optimal scale of operations, initial stabilisation phase, and limited ability to absorb fixed costs. Consequently, profitability remained weak, with losses reported and PAT margin declining to (-)24.43% in FY25 (FY24: 0.47%). The company's financial risk profile remains constrained by a negative tangible net worth of ₹35.51 crore as on March 31, 2025, largely on account of accumulated losses and accounting adjustments, including exclusion of goodwill. Further, BSFPL has a limited operating track record in sugar manufacturing, which constrains its business risk profile and exposes it to higher volatility during adverse industry cycles.

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

The modest scale of operations also limits the company's competitive positioning in a fragmented and competitive sugar industry, thereby constraining operating flexibility and margin resilience.

Leveraged capital structure and weak debt coverage indicators

The company's capital structure stood leveraged, as marked by negative overall gearing of due to negative tangible networth base. Its debt profile largely comprises external debt in the form of working capital and term debt. The total outside liabilities to net worth stood high at -10.71x as on March 31, 2025 (moderated from 14.62x as on March 31, 2024).

Debt coverage indicators stood weak, as marked by inadequate PBILDT interest coverage of -0.69x in FY25 (1.25x in FY24) due to operating losses incurred by the firm in FY25.

High execution and stabilisation risk associated with large, debt-funded capex

BSFPL has undertaken a large, multi-phase capital expenditure programme aggregating about ₹364.6 crore, which represents a transformational expansion in scale. The capex is proposed to be funded predominantly through term loans of ₹256 crore, with the balance to be met through promoter contribution in the form of equity infusion and/or unsecured loans, thereby exposing the company to heightened leverage and execution risks.

The expansion includes enhancement of sugar crushing capacity from 1,250 TCD to 4,750 TCD and installation of a bagasse-based co-generation plant, both of which are targeted to commence operations around December 2025–January 2026. Given the timing of commissioning vis-à-vis the crushing season, the expanded capacity is expected to operate at sub-optimal utilisation during FY26, resulting in limited cash flow contribution in the initial year of operations. Further, the proposed distillery unit, which is expected to commence operations in the second half of FY27, will not contribute to near-term cash flows.

Overall, the capex entails significant execution, funding, and stabilisation risks. Timely completion of the projects within the envisaged cost, firm and timely promoter contribution, availability of adequate sugarcane for the expanded capacity, and stabilisation of operations remain key monitorable from a credit perspective.

Exposure to cyclical 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 BSFPL'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 BSFPL'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, albeit limited operating track record of the company

Bharati Sugars & Fuels Private Limited (BSFPL) is promoted by experienced promoters with prior exposure to agriculture-related activities and allied sectors. The promoters are supported by a professional second-tier management team, including personnel with experience in managing sugar plant operations, which has supported stabilisation of operations during the initial years.

However, BSFPL remains a relatively new entrant in the sugar manufacturing industry, with a limited operating track record under its current structure. While promoter experience and management support provide some comfort from an execution and operational standpoint, the company's performance and credit profile will continue to be closely linked to its ability to scale up operations and stabilise cash flows on a sustained basis.

Strategic location in a sugarcane-rich region supporting raw material availability

The company's manufacturing facility is located in Sangli district, Maharashtra, which is a well-established sugarcane-growing belt. The plant benefits from availability of sugarcane within a reasonable catchment area of around 80 km, supporting

procurement during the crushing season. Proximity to basic infrastructure facilities also aids operational logistics. However, sugarcane availability in the region remains subject to agro-climatic conditions and competition from nearby sugar mills. While the location provides operational comfort in terms of raw material sourcing, it does not fully mitigate the inherent seasonality and cyclicity associated with the sugar industry.

Liquidity: Poor

Liquidity is poor, marked by weak current ratio, moderate quick ratio, negative gross cash accruals against high debt repayments resulting in reliance on promoters' funds for debt repayment. While the current ratio was at 0.93x, its quick ratio remained moderate at 0.65x as on March 31, 2025. Gross current asset days were very high at 678 days on an average basis. While cash-flow from operations was positive at Rs. 17.62 crore in FY25, unencumbered cash and bank balance was around Rs. 6.65 crore 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](#)

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

Bharati Sugars & Fuels Private Limited (BSFPL), headquartered in Sangli, Maharashtra, was established in November 2022 by Dr. Vishhwajeet Patangrao Kadam. The company primarily focuses on sugar production and is currently expanding its operations to include ethanol manufacturing and the installation of a co-generation plant. As of March 31, 2025, BSFPL has an installed capacity of 1250 metric tonnes of cane crushed per day (TCD). The crushing capacity is further expected to be enhanced to 4750 TCD by Dec-2025.

BSFPL will operate with a bagasse fired co-generation unit with an installed capacity of 18 mega-watt (MW), out of which 6-7 MW is used for captive consumption, and the rest is exported to Maharashtra State Electricity Board (MSEB). The company has also planned distillery unit with capacity of 110 KLPD for producing ethanol and rectified spirit (RS) / extra neutral alcohol (ENA). All the said capacities of BSFPL are located at Village Kundal in Sangli, Maharashtra.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	November 30, 2025 (UA)
Total operating income	26.33	61.59	80.00
PBILDT*	1.04	-6.31	NA
Profit after tax (PAT)	0.12	-15.04	NA
Overall gearing (x)	7.48	-9.77	NA
Interest coverage (x)	1.25	-0.69	NA

A: Audited UA: Unaudited NA: Not Available; 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		-	-	July 2035	256.00	CARE B+; 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-Term Loan	LT	256.00	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

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.

Contact us

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