DCM Shriram Industries Limited

April 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	441.79 (Reduced from 598.29)	CARE A-; Stable	Downgraded from CARE A+ and removed from Rating Watch with Negative Implications; Stable outlook assigned
Short-term bank facilities	11.00 (Reduced from 155.92)	CARE A2+	Downgraded from CARE A1+ and removed from Rating Watch with Negative Implications
Fixed deposit	15.00	CARE A-; Stable	Downgraded from CARE A+ and removed from Rating Watch with Negative Implications; Stable outlook assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has resolved and removed the rating watch with negative implications and downgraded ratings assigned to bank facilities and instruments of DCM Shriram Industries Limited (DCMSR) at CARE A-, with Stable outlook, following the successful implementation of the composite Scheme of Arrangement approved by the Hon'ble National Company Law Tribunal (NCLT), New Delhi Bench, in December 2025. DCMSR shall now operate as a separate legal entity with the sugar, alcohol and power business retained in the company from the appointed date April 01, 2023, however chemical and rayon undertakings being transferred to two separate entities. Company has installed Sugar capacity of 12,500 tonne crushed per day (TCD), distillery capacity of 215 KLPD and Co-gen capacity of 94MW. This entity also has bottling operations. With completion of the scheme of arrangement, the company shall have narrower scale of operations and reduced benefits of diversification.

Ratings continue to derive strength from its experienced promoters having long track record of operations in sugar industry and the company's integrated operations with presence in sugar, bagasse-based cogeneration and distillery.

Ratings also factor in the company's comfortable financial risk profile backed by its healthy and growing scale of operations over the years, with visible improvement in FY26 and strong operational efficiencies with robust gross recovery rates and healthy cash accruals. The company's mill is efficient with better recoveries due to presence in irrigated areas of UP having gross recovery rates of 10-11%.

However, rating strengths are partially offset by the company's exposure to cyclical and seasonal sugar industry, geographical concentration risk with single mill, working capital intensive operations given the seasonality in industry, and highly regulated by government with sugar being an essential commodity.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- The company's ability to report healthy growth in total operating income (TOI) with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 10% backed by healthy recovery rates on a sustained basis.
- Reduction on its reliance on working capital limits and subsequent improvement in financial risk profile with net leverage (net debt to PBILDT) to remain below 4x on a sustained basis.

Negative factors

- Increasing overall gearing above 1.4x on a sustained basis
- Increase in the net debt to PBILDT above 5.00x on sustained basis.

Analytical approach: Standalone

Outlook: Stable

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

Stable outlook reflects CareEdge Ratings' expectation that operational performance will remain comfortable in the near-to-medium term, supported by consistent recovery, firm realisations and stable cash accruals.

Detailed description of key rating drivers:

Key strengths

Forward integrated operations, cushioning cyclicality in sugar business

DCMSR benefits from an established operating track record, with its standalone sugar manufacturing plant in operation since 1932. Over the years, the company developed a fully integrated business model comprising a sugar crushing capacity of 12,500 TCD, an integrated distillery with capacity of 215 KLPD (including contract bottling), and a co-generation power plant with the ability to generate ~94 MW of green power annually. The presence of forward integration across ethanol and power provides partial mitigation against volatility in sugar realisations and helps support overall cash flow stability across cycles.

In FY25, the sugar segment (including co-generation) remained principal revenue contributor, accounting for ~85% of total revenue, compared to 79% in the previous year, while the distillery segment contributed ~15% (PY: 21%). The lower contribution from the distillery segment in the year was primarily attributable to the company's decision to undertake crushing on a C-heavy molasses basis, driven by relatively better sugar realisations. In FY23–FY24, although crushing was also undertaken on a C-heavy basis, the company benefited from carry-forward molasses inventory of B-heavy grade from FY22–FY23, which supported higher distillery production and revenue contribution in that period.

Growing scale of operations, operating efficiencies supporting profitability

In FY25, the company reported a marginal improvement in TOI to ₹1,079.71 crore from ₹1,012.40 crore in FY24. Operating profitability improved in the year, with PBILDT increasing to ~₹79 crore from ~₹37 crore in the previous year. Consequently, PBILDT margins strengthened to 7.29% in FY25 from 3.63% in FY24, reflecting improved realisations and operating leverage. Improvement in profitability was driven by higher sales volumes and better sugar realisations, resulting in increased contribution from the sugar segment in the year. In FY24-25, the company produced 21.10 lakh quintal of sugar by crushing 200.37 lakh quintal cane on C-heavy basis. The sugar recovery at 10.56% in FY 24-25 is lower than 10.74% in FY 23-24, primarily attributed to cane diseases and weather conditions. The company sold 21.58 lakh quintal of sugar in FY25 against 18.03 lakh quintal in FY24 slight increase in prices of C-heavy ethanol also resulted in better realisation from distillery.

In 9MFY26, the company's operating performance witnessed further improvement, with TOI increasing to ~₹887 crore from ₹834 crore in 9MFY25. PBILDT improved significantly to ₹67.22 crore from ₹38.38 crore in the corresponding period of the previous year, resulting in PBILDT margins of 7.58% compared to 4.60% in 9MFY25. The improvement was driven by better realisations across sugar and ethanol segments, and higher sugar sales volumes. As on 9MFY26 company has sold ~17.46 lakh quintals of sugar. Retrospective revision in tariffs with UPPCL also contributed positively towards the profitability in the current fiscal. Going forward, CareEdge Ratings expects gradual increase in topline and profitability driven by better recovery rates and higher crushing volumes.

Comfortable capital structure with gradual improvement in leverage metrics

The company's capital structure remained comfortable as of March 31, 2025, with overall gearing improving to 1.32x from 1.45x in the previous year, primarily supported by accretion to net worth through profits generated in the year. In the absence of large debt-funded expansion plans, capital structure is expected to remain broadly stable in the near-to-medium term.

Leverage indicators, while showing improvement in FY25, remained elevated, largely considering higher working capital borrowings, which are inherent to the sugar business. Net Debt/PBILDT improved to ~5.14x in FY25 from 11.58x in FY24, while total debt to gross cash accruals (TD/GCA) also improved to 8.76x from 25.24x in the previous year. Coverage indicators also witnessed improvement as interest coverage improved to 2.85x in FY25 against 1.37x in FY24, it further improved to 3.70x in 9MFY26. Leverage remains elevated largely due to seasonally higher working capital requirements at year-end; however, this is expected to normalise in the off-season (August–September) with liquidation of inventory and realisation of sale proceeds. Going forward, leverage and coverage levels are expected to improve further in the near term, contingent upon sustained improvement in operating profitability in the current fiscal.

Key weaknesses

Working capital intensive operations

Being inherently seasonal, the sugar industry experiences high working capital requirements in the peak season from November to April. DCMSR faces significant working capital needs in this period to procure its primary raw material, sugarcane, and manufacture sugar. For 12-months ended January 31, 2026, the company reported average utilisation of fund-based working capital limits at ~81%, indicating tight liquidity buffer and limited headroom. The working capital cycle remains elongated due to large inventory build-up, with average inventory holding of ~211 days as on March 31, 2025.

As on December 31, 2025, the company held closing sugar inventory of ~₹255 crore, exposing it to inventory price risk and potential volatility in sugar realisations. The elevated inventory levels, and regulatory-driven pricing dynamics, continue to exert pressure on the company's liquidity profile, particularly during periods of subdued sugar prices or delayed inventory liquidation.

Cyclical and regulated sugar industry
The industry is cyclical and vulnerable to government policies due to its inclusion in the wholesale price index (WPI) as an essential commodity. The government regulates raw material prices through state advised prices (SAP) and fair and remunerative prices (FRP), which influence sugarcane cultivation patterns and profitability. DCMSR's profitability remains exposed to central and state government policies on cane prices, and performance may be impacted by disproportionate increases in cane prices in a particular year. Profitability also remains vulnerable to government policies on exports, minimum support price (MSP), and remunerative ethanol prices. Cyclicality in sugar production results in price volatility. However, sharp contractions in sugar prices have been curtailed since the introduction of MSP by the central government in June 2018. Healthy exports and higher diversion of sucrose towards ethanol in recent years resulted in favourable demand-supply dynamics, leading to improved realisations across the industry.

Single location risk and climatic dependence
DCMSR operates through a single manufacturing plant in Meerut, Uttar Pradesh, which exposes the company to geographic concentration risk. State-level policy changes, including sugar price regulations, cane pricing (SAP or environmental norms in Uttar Pradesh, could have a disproportionate impact on operations and profitability. The company's performance highly depends on regional agro-climatic conditions, as sugarcane availability in western UP is sensitive to factors such as rainfall variability, temperature fluctuations, and water availability. Adverse weather conditions can lead to lower cane yield, supply disruptions, and increased procurement costs, affecting operational stability and margins.

Liquidity: Adequate
The Company's liquidity profile is marked adequate with expected cash accruals in the range of ₹60-70 crore in FY26-FY27 against term debt repayment of ~₹21 crore and ~₹13 crore in FY26 and FY27 respectively. Liquidity is further supported by available liquid resources, including cash and cash equivalents of ₹21.12 crore and investments in mutual funds amounting to ₹15.31 crore as on February 28, 2026. As on December 31, 2025, the company held closing sugar inventory of ₹255 crore, which offers liquidity cushion, given the realisable nature of sugar inventory and the potential to be liquidated at higher market prices.
CareEdge Ratings expects DCMSR's liquidity position to remain adequate in the near-to-medium term, supported by healthy internal cash generation, sufficient liquid surplus, and continued access to sanctioned working capital limits, despite the inherently working-capital-intensive nature of the sugar business.

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 and other products	Sugar

DCMSR is part of Dr Bansi Dhar Group, formed after the restructuring of the DCM Group in 1990. DCMSR is currently engaged in manufacturing sugar and alcohol. It has one manufacturing plant in Meerut UP. Daurala Sugar Complex in Daurala, Meerut (UP) with daily throughout of 12,500 tonnes of sugarcane crushed per day (TCD), a distillery with a capacity of 215 KL per day and a co-generation power plant with the power capacity of 94 MW.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	1012.40	1079.71	886.58
PBILDT*	36.78	78.76	67.22
Profit after tax (PAT)	1.76	30.19	25.70
Overall gearing (x)	1.45	1.32	NA
Interest coverage (x)	1.37	2.85	3.70

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
Fixed Deposit		-	-	-	15.00	CARE A-; Stable
Fund-based - LT-Cash Credit		-	-	-	393.20	CARE A-; Stable
Fund-based - LT-Term Loan		-	-	31/12/2030	48.59	CARE A-; Stable
Non-fund-based-Short Term		-	-	-	11.00	CARE A2+

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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	48.59	CARE A-; Stable	-	1)CARE A+ (RWN) (06-Oct-25)	1)CARE A+ (RWN) (07-Aug-24)	1)CARE A+ (RWN) (23-Aug-23) 2)CARE A+; Stable (05-Jul-23)
2	Fund-based - LT-Cash Credit	LT	393.20	CARE A-; Stable	-	1)CARE A+ (RWN) (06-Oct-25)	1)CARE A+ (RWN) (07-Aug-24)	1)CARE A+ (RWN) (23-Aug-23) 2)CARE A+; Stable (05-Jul-23)
3	Non-fund-based-Short Term	ST	11.00	CARE A2+	-	1)CARE A1+ (RWN) (06-Oct-25)	1)CARE A1+ (RWN) (07-Aug-24)	1)CARE A1+ (RWN) (23-Aug-23) 2)CARE A1+ (05-Jul-23)
4	Fixed Deposit	LT	15.00	CARE A-; Stable	-	1)CARE A+ (RWN) (06-Oct-25)	1)CARE A+ (RWN) (07-Aug-24)	1)CARE A+ (RWN) (23-Aug-23) 2)CARE A+; Stable (05-Jul-23)

LT: Long term; ST: 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	Fixed Deposit	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Fund-based - LT-Term Loan	Simple
4	Non-fund-based-Short Term	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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About us:
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