

Sri Sarvaraya Sugars Limited

April 02, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	600.00	CARE BBB-; Stable	Downgraded from CARE BBB; Stable
Fixed deposit	20.00	CARE BBB-; Stable	Downgraded from CARE BBB; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The downgrade in the rating assigned to bank facilities and fixed deposit instrument of Sri Sarvaraya Sugars Limited (SSSL) is considering moderation in revenue and profitability in FY25 (Audited; FY refers to April 01 to March 31) and further decline in financial performance in 9MFY26 (Unaudited) owing to adverse weather patterns and prolonged monsoon, leading to lower demand for the aerated drinks segment. The rating action also reflects deterioration in debt coverage indicators, with total debt to gross cash accruals (TD/GCA) at 5.74x in FY25, and delays in project implementation that resulted in cost and time overruns. However, the additional cost has been funded through internal accruals.

The delay in commercialisation of both projects, and prolonged monsoon, has led to lower-than-anticipated revenue and profitability estimates for FY26. The servicing of term loans availed for these projects commenced prior to the start of operations, which, coupled with moderation in profitability, continues to exert pressure on leverage metrics.

The rating continues to factor in experienced promoters and the company's established position as an authorised bottler of Coca-Cola, USA, with exclusive distribution rights in seven districts of Andhra Pradesh and Telangana. It also considers the commencement of the polyethylene terephthalate (PET) juices bottling unit from January 2026 onwards and completion of the grain-based distillery unit, and a comfortable operating cycle and a satisfactory capital structure, though with deterioration as on March 31, 2025, and adequate liquidity position.

However, the rating strengths are partially offset by volatility in demand due to seasonality, susceptibility to changing customer preferences and rising health awareness, and exposure to regulatory risks. Though SSSL expects to commercialise the distillery division in April 2026, the company's ability to secure long-term agreements with oil marketing companies (OMCs) for minimum off-take and optimise utilisation of the distillery plant to improve profitability remains a key monitorable from a credit standpoint.

CARE Ratings Limited (CareEdge Ratings) expects moderation in performance to continue in the near term until commercial ramp-up of both projects supports revenue growth and improves leverage.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in revenue from operations over ₹1,000 crore with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of 15%.
- Total debt (TD)/PBILDT falling below 3x.

Negative factors

- Deterioration in its PBILDT margin below 4% on a sustained basis.
- Peaking overall gearing ratio deteriorating above 1.25x, going forward.

Analytical approach: Standalone

Outlook: Stable

CareEdge Ratings believes that the entity will continue to benefit from its established presence in the bottling segment with growing revenue from operations and sustained profitability.

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

Detailed description of key rating drivers:

Key strengths

Long-standing presence and established market position

Incorporated in 1956 as a sugar manufacturing company, the company diversified into the bottling business in 1969. It has been an authorised bottler for Coca-Cola since 1993, with over 50 years of experience in the bottling industry. The company holds a dominant market position in the carbonated beverages segment in seven districts across Andhra Pradesh and Telangana. It has exclusive rights to supply beverages in East Godavari, Kakinada, West Godavari, Eluru, Dr B. R. Ambedkar Konaseema, Bhadradri Kothagudem, and Khammam districts. The company enjoys a significant market share in these districts for bottling and supplying Coca-Cola beverages.

Completion of capex and commencement of operations for PET juice bottling unit

The company undertook a PET juice bottling plant project with a total cost of ₹366 crore, compared to the earlier estimated ₹300 crore. The project faced a delay of around seven months and was commercialised in January 2026. The distillery project with a capacity of 150 KLP and a project cost of ₹162 crore has been fully completed, and operations are expected to commence by April 2026. With the growing demand for PET-bottled beverages and commissioning of distillery unit is also expected to enhance the company's revenue and profitability in the near term.

Satisfactory financial risk profile with moderated leverage

The company's financial risk profile remains satisfactory, marked by an overall gearing of 1.02x as on March 31, 2025 (previous year ended 0.59x). Total debt increased as on March 31, 2025, driven by disbursement of term loans towards the capital expenditure (capex) undertaken during the year. Debt coverage indicators, represented by the interest coverage ratio, moderated but remained comfortable at 5.89x. However, total debt to gross cash accruals (TDGCA) deteriorated significantly to 5.74x in FY25 (FY24: 2.30x), primarily due to lower gross cash accruals (GCA) and higher debt levels.

Company's ability to scale up operations while improving profitability margins is a key monitorable from a credit perspective, as this would support improvement in gross cash accruals and aid moderation in leverage ratios over the near to medium term.

Comfortable operating cycle

The company's operating cycle remains comfortable, supported by efficient working capital management. Customer receivables are realised within ~15 days, while inventory is maintained at ~45–60 days to meet market demand. Creditor days remain low at ~23 days. The company generated positive cash flow from operations for ~₹ 154 crore in FY25.

Key weaknesses

Decline in scale of operations and profitability in FY25 and 9MFY26

In FY25, the company's revenue from operations declined by ~13% to ₹868 crore. This is primarily led by decline in sales volumes due to early monsoon season during the year in Andhra Pradesh. In terms of aerated drinks, the sales volume declined by 5% in manufacturing segment and ~35% in trading segment. However, the same is marginally compensated for by increase in sales volume in packaged drinking water which grew by 4%. Given the increase in raw material costs, fixed overheads for discontinued ethanol production plant, the profitability had declined in terms of absolute levels and margins. PBILDT declined by 32% to ₹44 crore (margin of 10.96%) and profit after taxation (PAT) by 55% to ₹29 crore (margin of 3.36%).

The financial performance in 9MFY26 continues to remain subdued led by extended monsoon season across the country. The PET bottle line, which was envisaged to commence operations from June 2025 onwards had commenced operations from January 08, 2026. The company recognised a revenue of ₹566 crore against ₹655 crore and a PBILDT margin of 7.50%. However, with commencement of new bottling line and gradual increase in demand for the aerated drinks, the company is envisaging higher contribution in Q4FY26.

Cost overrun and time overrun for the project undertaken

The company had undertaken a project to establish a PET bottling plant for juices and a grain-based distillery unit with a total estimated cost of ₹461 crore which was proposed to be funded through ₹340 crore term loans while ₹121 crore from internal accruals. The PET bottling unit was envisaged to commence operations from June 2025. However, there has been a cost and time overrun in the project. Overall project cost incurred stood at ₹528 crore. There is no addition of term debt. The incremental cost is funded through internal accruals only. The PET bottling project commenced operations from January 08, 2026, while the

grain-based distillery is yet to commence operations. The cost overrun in PET juice bottling segment is primarily considering change in structural specifications given by Coca-Cola India where in the company had to install stainless steel wall panelling instead of conventional wall panelling. The juice segment is aseptic line and for validation of the same, a third-party inspection is conducted before commencement of operations. This is per the norms of Coca-Cola India. Hence, given the change in structural panelling and third-party inspection, there was a cost and time overrun in the project (PET juice bottling segment).

Beverages segment dependency and seasonal fluctuations

Beverages segment continues to be the major revenue generating segment. Presently, the company is supplying ethanol to pharma companies. However, the company is undertaking a capex plan to set up a grain-based distillery unit, which will enhance its capacity from 30 KLPD to 180 KLPD. Over 75% of ethanol production is set to be supplied to OMCs under long-term agreements, becoming a significant revenue source from FY26 onwards. Additionally, the company experiences seasonality in carbonated soft drinks (CSDs) demand, with peak consumption in Q1, influenced by weather conditions.

Susceptibility to regulatory risks and changing consumer preferences

The carbonated soft drinks industry is susceptible to regulatory risks, especially related to taxation policy and increased environmental compliances related to bottling operations. Increasing awareness among consumers about unhealthy soft drinks and increasing availability and adoption of healthier alternatives poses risk to the demand for the company's products.

Liquidity: Adequate

The company has been generating sufficient accruals marked by cashflow from operations of over ₹150 crore for FY25 and GCA of over ₹81 crore for FY25 and ₹79 crore for 9MFY26. Reliance on banks for working capital purpose is moderate marked by average working capital limit utilisation of 82% for 12-months ending December 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](#)

[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	Beverages	Other beverages

SSSL was founded in 1956 by SBPBK Satyanarayana Rao as a public limited company. In 1956, a sugar plant was established in Chelluru, East Godavari, Andhra Pradesh, with an initial capacity of 800 TCD. The capacity gradually increased to 5,000 TCD. Since 2019, the sugar unit has been discontinued due to challenges in sourcing sugarcane amidst supply volatility. In 1964, the company diversified by establishing its first distillery unit adjacent to the sugar factory. The company is setting up a 150-KLPD grain-based distillery unit, increasing total installed capacity to 180 KLPD. The company diversified into the bottling business in 1969, and since 1993, SSSL has been an authorised bottler for Coca-Cola.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	996.55	867.87	566.22
PBILDT*	139.94	95.10	42.48
Profit after tax (PAT)	64.58	29.17	20.86
Overall gearing (x)	0.59	1.02	NA
Interest coverage (x)	8.41	5.89	3.92

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		-	-	2028#	20.00	CARE BBB-; Stable
Fund-based - LT-Cash Credit		-	-	-	151.19	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	March 2032	448.81	CARE BBB-; Stable

The maturity of these deposits fall on different dates depending on the date of each deposit.

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	448.81	CARE BBB-; Stable	-	1)CARE BBB; Stable (10-Mar-25) 2)CARE BBB; Stable (24-Oct-24) 3)CARE BBB; Stable (20-Jun-24)	-	-
2	Fund-based - LT-Cash Credit	LT	151.19	CARE BBB-; Stable	-	1)CARE BBB; Stable (10-Mar-25) 2)CARE BBB; Stable (24-Oct-24) 3)CARE BBB; Stable (20-Jun-24)	-	-
3	Fixed Deposit	LT	20.00	CARE BBB-; Stable	-	1)CARE BBB; Stable (10-Mar-25) 2)CARE BBB; Stable (24-Oct-24)	-	-

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	Fixed Deposit	Simple
2	Fund-based - LT-Cash Credit	Simple
3	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

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Karthik Raj K Director CARE Ratings Limited Phone: +91 80-46625555 E-mail: karthik.raj@careedge.in</p> <p>Y Tejeshwar Reddy Associate Director CARE Ratings Limited Phone: 914040102030 E-mail: Tejeshwar.Reddy@careedge.in</p> <p>Ramadevi Kamireddi Lead Analyst CARE Ratings Limited E-mail: Ramadevi.K@careedge.in</p>
--	--

About us:

Established in 1993, CareEdge 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, CareEdge 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, CareEdge 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. CareEdge 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 CareEdge Ratings 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

© 2026, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information required as per applicable law and regulations and CARE Ratings Limited holds exclusive copyright over the same. Any reproduction, retransmission, modification, derivative works or use or reference to the contents, in whole, in part or in any form, is prohibited except with prior express written consent from CARE Ratings Limited.

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