CareEdge RATINGS

JaiBhawani Sahakari Sakhar Karkhana Limited

August 03, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term / Short Term Bank Facilities	RBI	150.00	CARE B; Stable / CARE A4	Assigned
Long Term Bank Facilities	RBI	150.00	CARE B; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to Jai Bhawani Sahakari Sakhar Karkhana Limited (JBSSKL) is constrained by its stretched capital structure, weak debt coverage indicators and working capital-intensive operations. The company's financial risk profile remains constrained by its modest net worth, high leverage and dependence on bank borrowings for funding working capital requirements. The rating is further moderated by its moderate scale of operations, continued dependence on the sugar segment and susceptibility to agro-climatic conditions, cyclicality and regulatory risks inherent in the sugar industry.

The rating, however, derives strength from JBSSKL's established operational track record of over four decades, its established command area supporting stable cane procurement and its integrated operations comprising sugar manufacturing and distillery activities, which provide moderate revenue diversification. The company's operating profitability also improved during FY26, supported by better operational performance and improved contribution from the distillery segment. The company's ability to sustain improvement in operating profitability, enhance cash accruals, reduce leverage and strengthen its debt protection metrics will remain key rating monitorables.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in scale of operations, with total operating income exceeding ₹300 crore while maintaining healthy profitability.
- Improvement in profitability, with Return on capital employed (ROCE) above 8% on a sustained basis.
- Improvement in capital structure and debt-coverage metrics marked by Total Debt / PBILDT (Profit before interest, lease rentals, depreciation, and tax) below 8.0x and PBILDT interest coverage above 1.5x on a sustained basis

Negative factors

- Decline in operating profitability, with PBILDT margin falling below 5% on a sustained basis
- Further elongation in the working capital cycle resulting in increased reliance on short-term borrowings and weakening liquidity.
- Adverse regulatory changes affecting the sugar and ethanol businesses, materially impacting profitability or cash flows.

Analytical approach: Standalone

Outlook: Stable

The "stable" outlook on the long-term ratings reflects CARE Ratings Limited's (CareEdge Ratings') belief that the society will continue to benefit from its established operational track record and its enhanced capacities, which position it well to cater to rising demand across its diverse product segments.

Detailed description of key rating drivers

Key weaknesses

Decline in scale of operations; revenue profile remains concentrated towards sugar segment

JBSSKL's scale of operations remained moderate, with total operating income declining to ₹206.32 crore in FY26 from ₹236.51 crore in FY24. Despite the presence of distillery operations, the society's revenue profile continues to remain largely dependent on the sugar segment, exposing its earnings to fluctuations in sugar prices, recovery levels, cane availability and changes in government policies. While the distillery operations provide moderate revenue diversification, the overall business profile continues to be predominantly linked to the performance of the sugar segment.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Stretched capital structure and weak debt coverage indicators

JBSSKL's financial risk profile continues to remain constrained by its stretched capital structure, characterised by a modest net worth and high leverage. Total debt increased to ₹235.42 crore as on March 31, 2026 (March 31, 2024: ₹159.03 crore), resulting in an elevated overall gearing of 72.91x and TOL/TNW of 103.06x as on March 31, 2026. Although the society's operating profitability improved during FY26, its debt coverage indicators continued to remain weak, with PBILDT interest coverage of 1.41x and Total Debt/PBILDT of 10.20x. Further, the society continued to report negative operating cash flows during FY24-FY26, indicating continued dependence on external borrowings for funding its operations and working capital requirements.

Working capital-intensive operations

JBSSKL's operations remain working capital-intensive, primarily due to high inventory levels and the seasonal nature of the sugar business. The society maintained elevated inventory holding of 281 days in FY26 (FY25: 243 days), leading to an elongated operating cycle and substantial working capital requirements. Consequently, working capital borrowings increased to ₹85.43 crore as on March 31, 2026, from ₹46.49 crore a year earlier. The society also reported negative operating cash flows during FY24-FY26, reflecting its continued dependence on external borrowings for funding working capital requirements.
Accordingly, the society's liquidity remains vulnerable to fluctuations in sugar prices, inventory liquidation cycles and timely realisation of proceeds from sugar and by-product sales.

Susceptibility to agro-climatic, cyclical, and regulatory risks inherent in the sugar industry

The sugar industry is inherently dependent on agro-climatic conditions, particularly monsoon patterns, which influence sugarcane availability, recovery levels, and crushing duration. Consequently, fluctuations in rainfall and crop yield can impact the society's operational performance. Further, the industry remains cyclical in nature, with sugar production and realizations subject to demand-supply dynamics. Additionally, the sector is highly regulated, with government interventions in the form of fair and remunerative price (FRP) for sugarcane, minimum selling price (MSP) for sugar, and administered ethanol pricing, which influence profitability. Accordingly, SVSSKL's performance remains vulnerable to changes in cane availability, sugar realizations, and regulatory policies, which can impact its revenue and profitability.

Key strengths

Established operational track record supported by stable cane procurement network

JBSSKL has an established operational track record of over four decades in the cooperative sugar industry, having commenced commercial operations during the 1978-79 sugar season. The society operates a 5,000 TCD sugar manufacturing unit along with a 30 KLPD distillery in Beed district, Maharashtra. Over the years, it has developed long-standing relationships with sugarcane growers within its command area, supporting regular cane procurement and continuity of operations.
The society's established presence in the region is reflected in its consistently high-capacity utilisation of around 94% during FY24-FY26, indicating adequate cane availability and efficient utilisation of its installed crushing capacity. Further, the presence of distillery operations provides moderate diversification to its revenue profile through production of RS/ENA, although the business continues to remain predominantly dependent on sugar operations. The long operational history and established farmer linkage support the society's operational profile; however, profitability and cash flows remain susceptible to cyclicality in the sugar industry and government policies governing sugar and ethanol.

Favourable location supporting cane availability

JBSSKL is located in Georai, Beed district of Maharashtra, within a sugarcane-growing region, and has established long-standing relationships with farmers in its command area over the years. The society's established procurement network has supported timely availability of sugarcane, as reflected in the consistently high capacity utilisation of around 94% during FY24-FY26. The proximity of the sugar mill to its command area also facilitates efficient transportation of sugarcane, thereby reducing transit losses and supporting continuity of crushing operations.
The established farmer linkage and stable cane procurement network support the society's operational profile by reducing raw material procurement risk. However, cane availability remains susceptible to agro-climatic conditions, irrigation levels and competition from neighbouring sugar mills for cane procurement.

Integrated operations providing moderate revenue diversification

JBSSKL operates an integrated business model comprising a 5,000 TCD sugar manufacturing unit and a 30 KLPD distillery, enabling value addition through captive utilisation of molasses for production of RS/ENA. The integrated operations provide moderate revenue diversification and partially mitigate the cyclicality associated with the sugar business.
While sugar continues to remain the primary revenue contributor, the distillery operations and sale of by-products such as molasses and bagasse provide an additional source of revenue and support earnings. However, the society's business profile

remains largely dependent on sugar operations and, in the absence of co-generation facilities, its level of integration remains moderate compared with larger integrated sugar companies.

Improvement in operating profitability supported by better distillery performance
JBSSKL's operating profitability improved in FY26, with PBILDT increasing to ₹23.08 crore from ₹12.54 crore in FY25 and the PBILDT margin improving to 11.19% from 5.89%. The improvement was primarily driven by better operational efficiencies, higher production volumes and improved performance of the distillery segment, which continued to provide support to the overall earnings profile.
The distillery segment reported PAT of ₹10.38 crore in FY26 against ₹4.88 crore in FY25, whereas the sugar segment remained loss-making. Despite the improvement, the society's profitability remains vulnerable to fluctuations in sugar prices, recovery levels, cane availability, and regulatory policies governing the sugar and ethanol industries. Sustained improvement in earnings and cash accruals remains critical considering its leveraged capital structure and weak debt coverage indicators.

Liquidity: Stretched
The society's liquidity remains stretched, characterised by modest cash accruals, negative cash flow from operations and working capital-intensive operations. Inventory levels remained elevated, resulting in significant dependence on working capital borrowings. Further, the current ratio and quick ratio remained modest at 1.09x and 0.14x, respectively, as on March 31, 2026. Liquidity derives some support from the structured repayment schedule of its government-guaranteed term loans. However, the society's ability to meet its debt obligations and working capital requirements will remain dependent on sustained improvement in operating cash accruals, efficient inventory management and continued availability of bank working capital facilities.

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

Jaibhawani Sahakari Sakhar Karkhana Limited (JBSSKL), established in 1973, is a cooperative sugar manufacturing society located in Beed, Maharashtra. The company operates an integrated sugar and distillery unit with an installed sugar crushing capacity of 5,000 TCD and a distillery capacity of 30 KLPD. Apart from sugar manufacturing, it is engaged in the production of RS/ENA and value-added by-products. The society is managed by an elected board chaired by Mr. Amarsingh Shivajirao Pandit and is supported by an experienced management team. Its integrated operations provide revenue diversification through sugar, distillery, and by-product businesses.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (UA)
Total operating income	213.17	206.32
PBILDT*	12.54	23.08
Profit after tax (PAT)	-13.05	0.10
Overall gearing (x)	116.74	72.91
Interest coverage (x)	0.75	1.41

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: India Ratings, placed ratings assigned to bank facilities of JBSSKL under issuer not cooperating category, vide its press release dated May 22, 2026, due to non-submission of information.

Any other information: Not Applicable

Rating history for last three years: Annexure-2

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-		-	30-11-2031	150.00	CARE B; Stable
Fund-based-LT/ST	RBI	Simple	-		-	-	150.00	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 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/ST	LT/ST	150.00	CARE B; Stable / CARE A4				
2	Fund-based - LT-Term Loan	LT	150.00	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: 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

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Ujjwal Manish Patel Director **CARE Ratings Limited** Phone: 079-40265649 E-mail: ujjwal.patel@careedge.in
Relationship Contact Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Anup Nandkumar Purandare Assistant Director **CARE Ratings Limited** Phone: +91 020 4000 9018 E-mail: anup.purandare@careedge.in Pranay Nighukar Lead Analyst **CARE Ratings Limited** E-mail: Pranay.Nighukar@careedge.in

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

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