

K.C.P. Sugar and Industries Corporation Limited

October 05, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term/ Short-term bank facilities	RBI	65.00 (Enhanced from 30.00)	CARE A-; Stable / CARE A2+	Reaffirmed
Long-term bank facilities	RBI	70.00 (Enhanced from 63.20)	CARE A-; Stable	Reaffirmed
Short-term bank facilities	RBI	54.09 (Reduced from 59.09)	CARE A2+	Reaffirmed
Fixed deposit	MCA	91.22	CARE A-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities and fixed deposits of K.C.P. Sugar and Industries Corporation Limited (KCP) continue to derive strength from its established track record of eight decades in the sugar industry with integrated operations comprising distillery and cogeneration and presence in the engineering segment. Ratings also derive strength from a comfortable capital structure and liquidity profile, marked by sizeable investments in mutual funds and equities.

Ratings are constrained by lower cane availability and lower recovery rate of sugarcane in its command area, affecting profitability margins. Ratings also factor in susceptibility of revenues and profitability to demand-supply dynamics and the cyclical and regulated nature of the sugar industry in terms of command area and plant location.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in registered cane area and effective utilisation of capacity, leading to improved operational performance on a sustained basis.
- Generating profit from operations on a sustained basis.

Negative factors

- Deterioration in capital structure, resulting in net debt/net worth >0.3x on a sustained basis.
- Continued decline in cane crushed/cane availability on a sustained basis, leading to lower capacity utilisation.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has revised the approach from standalone to consolidated owing to increasing operational linkages between the parent and its wholly owned subsidiary. One of its subsidiaries, The EIMCO-KCP Limited, has received an order worth ₹257 crore, of which ₹150 crore are being subcontracted to the engineering division of KCP Sugar. Consolidated entities are given in Annexure-5.

Outlook: Stable

CareEdge Ratings believes that the company will maintain its risk profile, considering its comfortable capital structure and liquidity.

¹SEBI: 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

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Detailed description of key rating drivers

Key strengths

Established track record in sugar industry and integrated nature of operations

KCP has an established track record of over eight decades in the sugar industry. It currently owns and operates an integrated sugar complex in Vuyyuru, Andhra Pradesh (Unit I), in the fertile Krishna River delta region. The unit has a crushing capacity of 7,500 tonnes of cane crushed per day (TCD), distillery capacity of 50 kilo litres per day (KLPD), and cogeneration facility of 15 megawatt (MW). The unit also includes a chemical division with facilities to manufacture pharmaceutical-grade calcium lactate, carbon dioxide (a by-product of the distillery division), and a biotech division with facilities to manufacture bio-fertiliser and bio-compost. In FY20 (FY refers to April 01 to March 31), the company closed operations at Unit II in Lakshmipuram (4,000 TCD), ~40 km from Unit I, due to a steady decline in cane availability. Cane from this unit is now diverted and crushed in Unit I. In FY23, the company sold the plant and machinery of Unit II and established a black gram (urad dal) processing unit using the existing infrastructure.

Strong relationship with farmers

The company's sugar command area is situated in Krishna district, Andhra Pradesh, which is highly fertile and irrigated by Krishna River canals. In recent years, farmers in the district have preferred cultivating alternate cash crops, such as paddy, black gram, vegetables, and pulses. The fertile Krishna Delta region and developed irrigation systems support the growth of these crops. Despite a decline in cane cultivation, black gram cultivation has remained consistent and is increasing, with the region contributing ~30% of Andhra Pradesh's total black gram production. KCP maintains strong relationships with farmers due to its long-standing presence in the region, facilitating procurement of cane and black gram.

Diversification into other business segments beyond sugar

On a consolidated basis, KCP has a well-diversified revenue profile, with non-sugar businesses contributing 48% of total operating income (TOI) in FY26, unchanged from FY25. The engineering segment remained a key contributor, accounting for 30% of TOI in FY26 (31% in FY25), and is expected to increase its share going forward, supported by a ₹257 crore order secured by subsidiary The EIMCO-KCP Limited from Hyundai Engineering & Construction Co. for a common seawater supply project in Iraq. Further diversification has been achieved through the black gram (urad dal) processing business established at Lakshmipuram in February 2023, which contributed ~15% of TOI in FY26, similar to the previous year. The segment continues to scale up operations, with revenue increasing to ₹22.40 crore in Q1FY27 from ₹12.25 crore in Q1FY26.

Comfortable capital structure

KCP's capital structure remains comfortable, with overall gearing at 0.28x as on March 31, 2026, compared to 0.22x in the previous year. Total debt stood at approximately ₹127 crore, comprising around ₹65 crore of working capital borrowings with the balance representing fixed deposits. The company had no term debt outstanding as on March 31, 2026, and continued to maintain a net debt-negative position. Although an additional ₹40 crore working capital facility is expected to be availed in FY27 to support execution of the engineering division's large order, the capital structure is expected to remain comfortable.

Key weaknesses

Lower cane recovery rate affecting operating margins, however, with improvement seen in Q1FY27

The sugar business has remained under pressure in recent years due to lower cane availability and subdued recovery rates in the Krishna belt. In FY26, TOI declined to ₹260 crore from ₹313 crore in FY25 owing to a 22% decline in sugar sales, driven by lower crushing during SS24-25. However, operational performance improved in SS25-26 with recovery rates increasing from 8.05% to 8.25%, primarily supported by favourable weather conditions. Additionally, registered cane area increased from 7,600 acres to 8,300 acres. Supported by the improvement in recovery rates and higher cane availability, crushing increased from 2.60 lakh metric tonnes to 2.96 lakh metric tonnes. The benefits of these measures have started reflecting in operating performance, with the sugar segment reporting revenue of ₹38.74 crore in Q1FY27 (Q1FY26: ₹37.24 crore) and profit before interest and tax (PBIT) improving to ₹2.14 crore from a loss of ₹1.07 crore. Consequently, sugar segment margins improved significantly to 6% in Q1FY27 from -3% in Q1FY26, indicating a turnaround in profitability.

Cyclical and regulated nature of sugar business

The sugar industry is cyclical and vulnerable to government policies due to its classification as an essential commodity and its impact on the wholesale price index (WPI). The government regulates raw material prices through mechanisms such as state advised prices (SAP) and fair and remunerative prices (FRP), which influence sugarcane cultivation patterns and profitability. FRP increased 8% to ₹340/quintal in SS2024-25 from ₹315/quintal in SS2023-24, further to ₹355/quintal in SS2025-26, and has been increased to ₹365/quintal for SS2026-27. For ESY2025-26, India lifted restrictions on the diversion of sugarcane juice, syrup and molasses for ethanol production; however, sugar diversion towards ethanol has moderated from around 12% of gross sugar

production in SS2022-23 to around 9% in SS2025-26, with an estimated 31-34 lakh tonnes of sugar equivalent diverted during SS2025-26. Domestic sugar prices increased sharply, with retail prices rising from around ₹48/kg in July 2026 to ₹56-65/kg in August 2026, primarily due to lower production and tight inventories, aggravated by red-rot disease affecting production in Uttar Pradesh, which accounts for around one-third of India's sugar production, along with strengthening festive demand. To contain inflationary pressures and improve domestic availability, the Government of India permitted duty-free imports of 10 lakh tonnes of raw sugar in August 2026 for the first time in nearly a decade.

Liquidity: Strong

Liquidity remains strong, marked by free cash and investments of ₹275 crore as on March 31, 2026. Average working capital utilisation stood at 58% for 12 months ended June 2026, providing headroom for additional working capital requirements in non-sugar segments. Current ratio stood at 2.67x as on March 31, 2026, compared to 2.97x as on March 31, 2024. The company has nil term debt and fixed deposit current maturity of ₹27.38 crore due in FY27 (PY: ₹20.72 crore). However, most of the fixed deposit is expected to be renewed upon maturity. As on March 31, 2026, fixed deposits stood at ₹62.92 crore compared to ₹54.04 crore as on March 31, 2025.

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

Applicable criteria

[Consolidation](#)

[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

KCP is a part of the KCP group and was promoted by late V. Ramakrishna in 1941. Over the years, KCPL diversified into various industries, including cement and engineering, apart from sugar. In 1995, KCP was formed under the leadership of late V. M. Rao to take over sugar mills and KCPL's workshop. KCP presently owns and operates a sugar mill at Vuyyuru, Andhra Pradesh, with an aggregate crushing capacity of 7,500 TCD, distillery capacity of 50 KLPD and incidental co-generation capacity of 15 MW. It also has facilities to manufacture 500 TPA of pharma-grade calcium lactate, 60 TPA of carbon dioxide, 1,200 TPA of bio-fertiliser and 1,400 TPA of mycorrhiza. In February 2023, it added another business vertical through a black gram (urad dal) processing plant with a capacity of 22,000 MTPA. The company also has a wholly owned subsidiary, The EIMCO-KCP Limited, engaged in heavy engineering and fabrication activities with manufacturing facility in Chennai.

Brief Financials (₹ crore)- Consolidated	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	312.69	260.54	78.03
PBILDT*	14.07	1.48	2.61
Profit after tax (PAT)	14.39	11.13	46.25
Overall gearing (x)	0.22	0.28	NA
Interest coverage (x)	1.54	0.19	0.85

A: Audited; UA: Unaudited; NA: Not audited 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

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
Fixed Deposit	MCA	Simple		-	-	-	91.22	CARE A-; Stable
Fund-based - LT-Cash Credit	RBI	Simple	-		-	-	70.00	CARE A-; Stable
Fund-based - LT/ST-Working Capital Demand loan	RBI	Simple	-		-	-	65.00	CARE A-; Stable / CARE A2+
Fund-based - ST-Working Capital Demand loan	RBI	Simple	-		-	-	50.00	CARE A2+
Non-fund-based - ST-Bank Guarantee	RBI	Simple	-		-	-	4.09	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-Cash Credit	LT	70.00	CARE A-; Stable	-	1)CARE A-; Stable (07-Oct-25)	1)CARE A-; Stable (26-Aug-24)	1)CARE A-; Stable (22-Aug-23)
2	Non-fund-based - ST-Bank Guarantee	ST	4.09	CARE A2+	-	1)CARE A2+ (07-Oct-25)	1)CARE A2+ (26-Aug-24)	1)CARE A2+ (22-Aug-23)

3	Fixed Deposit	LT	91.22	CARE A-; Stable	-	1)CARE A-; Stable (07-Oct-25)	1)CARE A-; Stable (26-Aug-24)	1)CARE A-; Stable (22-Aug-23)
4	Term Loan-Long Term	LT	-	-	-	1)Withdrawn (07-Oct-25)	1)CARE A-; Stable (26-Aug-24)	1)CARE A-; Stable (22-Aug-23)
5	Fund-based - LT/ST-Working Capital Demand loan	LT/ST	65.00	CARE A-; Stable / CARE A2+	-	1)CARE A-; Stable / CARE A2+ (07-Oct-25)	1)CARE A-; Stable / CARE A2+ (26-Aug-24)	1)CARE A-; Stable / CARE A2+ (22-Aug-23)
6	Fund-based - ST-Working Capital Demand loan	ST	50.00	CARE A2+	-	1)CARE A2+ (07-Oct-25)	1)CARE A2+ (26-Aug-24)	1)CARE A2+ (22-Aug-23)

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](#)

Annexure-5: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	The EIMCO-K.C.P. Limited	Full	Wholly owned Subsidiary
2	KCP Sugars Agricultural Research Farms Limited	Full	Wholly owned Subsidiary

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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