

February 24, 2026

## Bhaurao Chavan Sahakari Sakhar Karkhana Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Fund-based - Cash credit	142.75	144.00	[ICRA]B+(Stable); Reaffirmed
Long-term - Fund-based - Term loan	182.25	181.00	[ICRA]B+(Stable); Reaffirmed
<b>Total</b>	<b>325.00</b>	<b>325.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The rating continues to be constrained by Bhaurao Chavan Sahakari Sakhar Karkhana Limited's (BCSSKL) weak financial risk profile, characterised by high leverage and weak coverage indicators due to over reliance on external debt. Further, repayment obligations for the company remain high, though it is expected to be met through operational cash flows and refinancing of debt. Moreover, with low cash accruals, the refinancing requirement will remain crucial. Further, sizeable debt-funded capital expenditure (capex) of Rs. 450 crore to expand the sugar capacity by 4,600 tonnes crushed per day (TCD) and distillery capacity by 90 kilolitres per day (KLPD) along with converting the current 60-KLPD distillery to multi-feed distillery will result in high debt level and stretched debt coverage metrics. The rating also considers the inherent cyclicity and agro-climatic risks in sugar operations, along with its vulnerability to Government regulations.

The rating, however, favourably factors in BCSSKL's extensive track record of operations, along with adequate cane availability over the years, ensuring sufficient crushing level. Further, the company's forward-integrated operations into distillery provide cushion against cyclical sugar revenues. ICRA notes that sustained favourable Government policies, such as the introduction of minimum selling price (MSP), interest subvention loans for ethanol capacity creation/expansion and timely price revisions for ethanol support the company's financial profile.

The Stable outlook on the rating reflects ICRA's opinion that BCSSKL will continue to maintain its revenue, supported by its forward-integrated operations. Further, firmed-up sugar realisations in the near term will support the company's operating profitability, going forward.

### Key rating drivers and their description

#### Credit strengths

**Long operating track record in sugar business** - BCSSKL witnessed comfortable operating efficiency over the years. The promoters have long experience in the sugar industry and wide acceptance among local farmers, which facilitates adequate and timely cane procurement.

**Forward integration of operations cushions against cyclicity in sugar business** - The company's 5,300- TCD sugar operations are integrated with its 60-KLPD distillery plant. Nearly 15-20% of the company's revenue is derived from the distillery business, reducing the impact of the sugar operation's seasonality to an extent. The company also has committed supplies for ethanol from oil marketing companies (OMCs), which provide comfort.

**Favourable policy framework** - The Government of India (GoI) has been supporting the sugar industry through various measures, such as continuation of MSP, soft loans for clearing cane dues, interest subvention loans for ethanol capacity creation and expansion and timely price revisions for ethanol, which have supported the company's financial profile. Favourable pricing, coupled with a relatively shorter credit period for ethanol supplies, has supported the profits and cash accruals of various medium-to-large sized sugar mills.

#### Credit challenges

**Weak financial risk profile and high working capital intensity** - The financial risk profile of the company has been weak with moderate operating margin and high gearing, mainly due to low net worth and elevated debt level. In FY2025, the coverage indicators remained weak with an interest coverage ratio of 0.6 times and Total Debt/OPBDITA of 16.2 times. The repayment obligations remain elevated in the near-to-medium term, due to large long-term debt. Moreover, the refinancing requirement will remain crucial with low cash accruals. Further, sizeable debt-funded capital expenditure (capex) of Rs. 450 crore to expand the sugar capacity by 4,600 TCD and distillery capacity by 90 KLPD along with converting the current 60-KLPD distillery to multi-feed distillery will result in high debt level and stretched debt coverage metrics. The working capital intensity of the company remained high at 50% in FY2025 due to elevated inventory level during the year end.

**Vulnerable to Government regulations** - BCSSKL's profitability, along with that of the other sugar mills, continues to be vulnerable to the Central Government's policy on cane prices. Thus, the company's performance can be adversely impacted by a disproportionate increase in cane prices in any particular year. Further, the profitability remains vulnerable to the Government's policies on international sugar trade, domestic quota, sugar MSP, remunerative ethanol prices and interest subvention loan for distillery capacity expansion. The continuation of Government support in the form of remunerative ethanol prices and interest subvention for the debt-funded distillery capex is likely to prevent the piling up of cane arrears. However, fair remunerative prices (FRP) were revised upward by Rs. 15/quintal for SY2026, which could limit the profitability. Nevertheless, firm domestic prices and forward integrated operations are likely to offset this risk to some extent for the integrated sugar mills.

**Exposed to agro-climatic risks and cyclical trends in sugar business** - As it is an agricultural commodity, the sugarcane crop is dependent on climatic conditions and is vulnerable to pests and diseases, which may impact the yield per hectare and the recovery rate. These factors can have a significant impact on the company's profitability. In addition, the cyclicity in sugar production results in volatility in prices. However, sharp fluctuations in sugar prices have been checked after the Govt introduced MSP for sugar in June 2018. Over the long term, higher ethanol production with increased use of B-heavy molasses and direct sugar juice will help reduce excess sugar inventory, leading to lower volatility in sugar prices and hence, improve the cash flows from the business.

### Liquidity position: Stretched

BCSSKL has a Stretched liquidity profile owing to high working capital requirements, as reflected in its high utilisation of its working capital limits during the season and low cash/bank balance. Further, the repayment obligation remains high, while the cash accruals are low. Going forward, BCSSKL's ability to generate adequate cash accruals will be critical to improve its liquidity position.

### Rating sensitivities

**Positive factors** – ICRA could upgrade BCSSKL's rating if there is a sustained improvement in its earnings, debt coverage indicators and liquidity profile.

**Negative factors** – Pressure on the rating could emerge if any material decline in revenue and profitability, along with a significant drop in the ethanol business further weakens its debt coverage metrics. Weakening of the liquidity position may also trigger a rating downgrade.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Sugar</a>
Parent/group Support	Not Applicable
Consolidation/standalone	The rating is based on the standalone financial statements of the company.

### About the company

BCSSKL was incorporated in 1990. It is a co-operative sugar factory with about 18,500 farmers as members. BCSSKL operates as an integrated sugar player with a cane crushing capacity of 5,300 TCD and distillery capacity of 60 KLPD in Maharashtra. The company plans to increase its sugar capacity to 9,900 TCD and distillery capacity to 150 KLPD by FY2028. Its chief promoter

(and currently a member) is Mr. Ashok Chavan, the former Chief Minister of Maharashtra.

### Key financial indicators (audited)

Bhaurao Chavan Sahakari Sakhar Karkhana Limited (Standalone)	FY2024	FY2025
Operating income	310.7	371.8
PAT	2.0	0.7
OPBDITA/OI	11.4%	5.4%
PAT/OI	0.6%	0.2%
Total outside liabilities/tangible net worth (times)	90.5	64.7
Total debt/OPBDITA (times)	9.7	16.2
Interest coverage (times)	1.3	0.6

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: Not applicable**

### Rating history for past three years

Current rating (FY2026)			Chronology of rating history for the past 3 years							
Instrument	Type	Amount rated (Rs. crore)	FY2025		FY2024		FY2023			
			Date	Rating	Date	Rating	Date	Rating		
<b>Fund-based - Term loan</b>	Long-term	181.00	Feb 24, 2026	[ICRA]B+(Stable)	Nov 26, 2024	[ICRA]B+ (Stable)	Aug 21, 2023	[ICRA]B+ (Stable)	-	-
<b>Fund-based - Cash credit</b>	Long-term	144.00	Feb 24, 2026	[ICRA]B+(Stable)	Nov 26, 2024	[ICRA]B+ (Stable)	Aug 21, 2023	[ICRA]B+ (Stable)	Oct 28, 2022	[ICRA]B+ (Stable); Issuer Not Cooperating

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based - Cash credit	Simple
Long-term - Fund-based - Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

## Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term – Fund based – Working capital facilities	NA	NA	NA	144.00	[ICRA]B+ (Stable)
NA	Long-term – Fund based – Term Loan	FY2021	NA	FY2030	181.00	[ICRA]B+ (Stable)

Source: Company

[Please Click here to view details of lender-wise facilities rated by ICRA](#)

## Annexure II: List of entities considered for consolidated analysis

Bhaurao Chavan Sahakari Sakhar Karkhana Limited	Ownership	Consolidation approach
Not Applicable		

Source: Company

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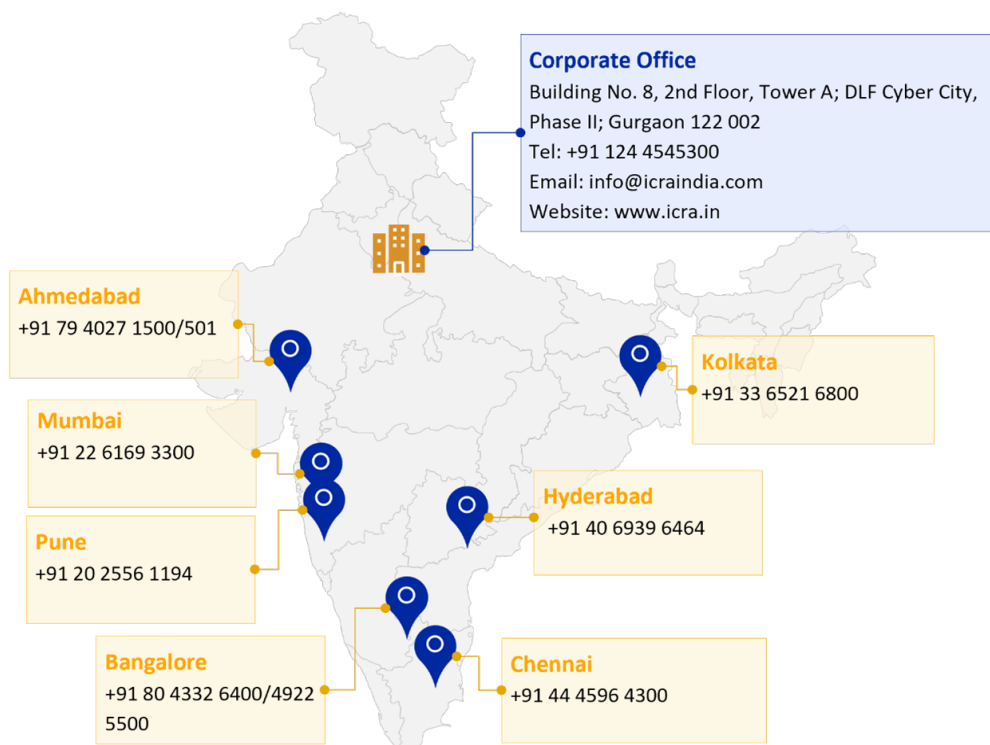


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