

April 22, 2026

Shamanur Sugars Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund-based –Term loan	49.15	0.00	-
Long term – Fund-based – Cash credit	64.00	64.00	[ICRA]BB (Stable); reaffirmed
Long term – Unallocated limits	6.85	0.00	-
Total	120.00	64.00	

*Instrument details are provided in Annexure II

Rationale

The rating reaffirmation of Shamanur Sugars Limited (SSL) factors in its long and established track record, along with the forward integration into the distillery and co-generation segments. These diversified operations provide alternative revenue streams and partially mitigate the risks arising the inherent cyclicity of the sugar business. ICRA notes that favourable domestic sugar prices and the continued policy support from the Government — such as the introduction of the minimum selling price (MSP) and timely revisions in ethanol prices — also support the company’s financial profile.

The rating continues to be constrained by SSL’s moderate financial risk profile, reflected in the substantial decline in its profitability in FY2025 due to lower crushing levels. This has weakened the debt coverage indicators, including the interest coverage, total debt/OPBDITA and debt service coverage ratio (DSCR). Further, the revenues declined in FY2026 on account of lower distillery sales. Moreover, the working capital limits remain largely utilised, resulting in limited liquidity buffer and reduced financial flexibility. Despite the decline in operating performance in FY2025 and FY2026, ICRA has noted that the company has received interest-free unsecured loans of Rs. 61.0 crore from the promoter group company in FY2026 which has been utilised to prepay long-term loans and meet the working capital requirements. This support has brought in some relief to the company’s overall financial profile.

The rating also factors in the vulnerability of SSL’s profitability to the cyclical nature of the sugar industry and agro-climatic risks that affect cane availability, as seen in the last few years. Further, the profitability of sugar mills, including SSL, remains exposed to Central and state government policies relating to cane pricing, international trade, domestic quota allocation, and sugar and ethanol pricing.

The Stable outlook on the rating reflects ICRA’s opinion that SSL will continue to maintain its revenue, supported by its forward-integrated operations. Further, firm sugar realisations in the near term are expected to help improve the company’s operating profitability, going forward.

Key rating drivers and their description

Credit strengths

Forward integration of operations cushions against cyclicity in sugar business – The company’s 2,500-tonnes-crushed-per-day (TCD) sugar operations are fully integrated with a 22-megawatt (MW) power generation plant and a 120-KLPD distillery plant. The integrated operations provide alternative revenue streams and act as a cushion against the cyclicity associated with the sugar business to some extent.

Favourable policy framework – The Government of India (GoI) has supported the sugar industry through multiple measures, including the continuation of minimum selling price (MSP), provision of soft loans for clearing cane dues, interest subvention to create and expand ethanol capacity, and timely revisions in ethanol prices. Favourable ethanol pricing, coupled with a relatively shorter credit period for ethanol supplies, has supported the profitability and cash accruals of medium-to-large sugar mills in the past.

Credit challenges

Moderate financial risk profile – The company's financial risk profile remains moderate, evident from the substantial decline in profitability in FY2025 because of lower crushing levels. This has resulted in modest debt coverage indicators, including the interest coverage, total debt/OPBDITA and debt service coverage ratio (DSCR). The interest coverage stood at 0.9x in FY2025, while the total debt/OPBDITA was 18.5x and the DSCR 0.5x. In FY2026, too, the revenues declined on account of lower distillery sales.

Despite the decline in operating performance in FY2025 and FY2026, ICRA has noted that the company has received interest-free unsecured loans of Rs. 61.0 crore from the promoter group company in FY2026 which has been utilised to prepay long-term loans and meet the working capital requirements. This has supported the financial profile of the company. However, the total debt/OPBDITA and TOL/TNW are expected to remain slightly elevated over the medium term. Moreover, the high utilisation of working capital limits constrains the liquidity buffer and reduces the financial flexibility.

Risks in regulated industry – SSL's profitability, like that of other sugar mills, remains vulnerable to the Central and state governments' policies on cane pricing, as any disproportionate increase in cane prices in a given year can adversely impact the operating performance. Further, the profitability is sensitive to government policies relating to sugar international trade, domestic release quotas, sugar MSP and ethanol pricing. The continuation of government support through MSP and remunerative ethanol prices is expected to mitigate the risk of cane arrears. However, the fair remunerative prices (FRP) increased by Rs. 15/quintal to Rs.355/quintal for SY2026, which could exert pressure on the profitability. Nevertheless, firm domestic prices and sustained contribution from ethanol supplies are likely to offset this risk to some extent for integrated sugar mills, such as SSL.

Agro-climatic risks and cyclical trends in sugar business – As an agricultural commodity, sugarcane production is highly dependent on climatic conditions and remains vulnerable to pests and diseases, which may affect the yield per hectare and the recovery rate, thereby constraining the profitability. In addition, the inherent cyclicity in sugar production results in volatility in sugar prices. While the sharp fluctuations in sugar prices could be curtailed after the GoI introduced MSP for sugar in June 2018, the industry remains vulnerable to cyclical trends in the long term. Nevertheless, SSL's forward-integrated operations will act as a cushion against this cyclicity and lend stability to its cash flow.

Liquidity position: Adequate

The company's liquidity position remains adequate, supported by the infusion of promoter loan of Rs. 61 crore in FY2026 and the consequent prepayment of long-term loans. However, the working capital limits remain fully utilised, which constrains the liquidity. In this context, ICRA notes the management's expectation of receiving additional promoter loan infusion, if required, to meet its incremental funding needs.

Rating sensitivities

Positive factors – ICRA could upgrade SSL's rating if there is an improvement in its liquidity position, profitability and debt coverage indicators. A specific metric for upgrade would be an interest cover of more than 2.8 times on a sustained basis.

Negative factors – Pressure on the rating could arise if the company witnesses a sharp deterioration in its revenues and profitability that would weaken the debt coverage metrics. Further, any stretch in the working capital cycle that weakens the liquidity position, or any significant increase in indebtedness may trigger a downward rating action.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Sugar
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the standalone financial statement

About the company

Shamanur Sugars Limited (SSL) was established in 1999 with a total sugarcane crushing capacity of 2,500 TCD along with a 120-KLPD distillery plant and a 22-MW co-generation unit at the Duggavathi village of Harpanahalli taluk in Karnataka. The company runs grain-based distillery during off season and molasses-based distillery during the season.

Key financial indicators (audited)

Shamanur Sugars Limited (Standalone)	FY2024	FY2025	11MFY2026*
Operating income	257.5	272.0	136.7
PAT	1.2	-18.8	-6.9
OPBDITA/OI	12.2%	4.3%	19.2%
PAT/OI	0.5%	-6.9%	-5.0%
Total outside liabilities/Tangible net worth (times)	2.2	2.6	2.7
Total debt/OPBDITA (times)	6.9	18.5	8.1
Interest coverage (times)	2.1	0.9	2.1

Source: Company, ICRA Research; * Provisional numbers; All ratios 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

Other credit rating agency	Ratings	PR Date
CARE	CARE B- (Stable) ISSUER NOT COOPERATING/CARE A4 ISSUER NOT COOPERATING	February 26, 2026
BRICKWORKS	BWR B- (Stable) ISSUER NOT COOPERATING/BWR A4 ISSUER NOT COOPERATING	April 01, 2026

Any other information: None

Rating history for past three years

Instrument	Current year (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Apr 22, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	0.00	-	-	-	Mar 24, 2025	[ICRA]BB (Stable)	Feb 16, 2024	[ICRA]BB (Stable)
Cash credit	Long term	64.00	[ICRA]BB (Stable)	-	-	Mar 24, 2025	[ICRA]BB (Stable)	Feb 16, 2024	[ICRA]BB (Stable)
Unallocated limits	Long term	0.00	-	-	-	Mar 24, 2025	[ICRA]BB (Stable)	Feb 16, 2024	[ICRA]BB (Stable)

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, Fis	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/Fis)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)

Sr. No.	Activity Name	FSR
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

- (@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.
- (#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based – Cash credit	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term – Fund based – Cash credit	NA	NA	NA	64.00	[ICRA]BB (Stable)

Source: Company

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

Annexure III: List of entities considered for consolidated analysis – Not Applicable

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