

May 29, 2026

## NSL 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	184.15	184.15	[ICRA]D; reaffirmed
<b>Total</b>	<b>184.15</b>	<b>184.15</b>	

\*Instrument details are provided in Annexure II

### Rationale

The rating continues to reflect the sustained delays in servicing NSL Sugars Limited's (NSL) external debt obligations, indicating a constrained liquidity position despite a significant reduction in its outstanding bank borrowings. While the company has fully repaid its SDF loan of Rs. 108 crore from IFCI and materially reduced its external debt levels, delays of around 30–45 days in servicing the residual bank obligations persist, causing the rating to remain in the 'D' category. NSL's overall debt profile as of March 2026 is largely supported by promoter/group funding in the form of ICDs, CCDs and OCDs, which carry relatively flexible repayment terms and low servicing burden, indicating continued financial support from the promoter group.

The rating continues to factor in the company's modest financial risk profile, characterised by elevated and increasing debt levels and weak coverage indicators. The total debt increased further to Rs. 1,582.7 crore as of March 2026 (provisional; FY2025: Rs. 1,366.6 crore), driven by continued reliance on long-term borrowings from promoter/group entities. The operating performance improved in FY2026 with a ~61% year-on-year (YoY) increase in total cane crushing volumes, leading to a ~9% YoY increase in operating income and rise in OPBDITA to Rs. 71.3 crore. However, the benefit was offset by a sharp increase in interest costs, resulting in net losses and negative cash accruals. Consequently, the coverage indicators remained weak, with the interest coverage at ~0.4 times and DSCR at ~0.2 times, indicating continued stress on the debt servicing ability. The ongoing capex towards ethanol capacity expansion, funded through group support, is expected to increase the scale and profitability over the medium term; however, its impact on the leverage and coverage metrics, which remain already stretched, will be a key monitorable.

The rating is further constrained by the inherent cyclicity of the sugar industry, dependence on agro-climatic conditions for cane availability and regulatory risks related to sugar exports, ethanol blending policies and power tariffs. The company also remains exposed to risks arising from the seasonality of operations, variability in sugar and ethanol realisations and counterparty risks in the power segment, particularly with regulated tariffs and relatively longer receivable cycles.

Nevertheless, the rating derives support from the extensive experience of the promoters in the sugar industry and the company's integrated operations across the sugar, ethanol and co-generation segments, which provide diversification and support the profitability during downturns in the sugar cycle. The strong promoter support, reflected in continued funding through ICDs and other instruments, and the expected improvement in the operating performance with higher cane availability and expanded distillery capacity, are likely to support the company's business profile over the near to medium term.

### Key rating drivers and their description

#### Credit strengths

**Strong promoter support** – The company continues to rely heavily on the financial support from promoter/group entities, reflected in the substantial funding through ICDs, CCDs and OCDs, which constitute a bulk of its debt. The promoters have been actively supporting the company's operations, debt servicing and ongoing capex requirements, including the ethanol

expansion, through the timely infusion of funds. The flexible nature of these instruments, along with the absence of immediate repayment pressure, provides liquidity support and financial flexibility, partially mitigating the company's otherwise weak standalone financial profile.

**Forward-integrated operations** – NSL's sugar operations, with a capacity of 25,500 TCD, are forward integrated with 90-MW co-generation and 310-KLPD distillery capacities. The forward-integrated profile of the sugar operations cushions the profitability during periods of sugar downturn.

### Credit challenges

**Delays in debt servicing** – ICRA notes that there have been continued delays in the servicing of external debt obligations, with principal repayments being delayed by around 30–45 days, although the interest payments are being serviced relatively on time. The delays have continued, despite an improvement in the operating performance and reduction in the external debt levels, highlighting the company's limited ability to generate sufficient timely cash flows to meet the scheduled obligations.

**Co-generation unit exposed to demand and tariff risk** – The company's co-generation operations remain exposed to demand and tariff risks, given the regulated nature of power tariffs and the dependence on state utilities. The recent renewal of the PPA at a lower tariff of ~Rs. 4.75 per unit (from higher earlier levels) reflects downside pressure on realisations. Further, the absence of tariff pass-through mechanisms and dependence on counterparty utilities for offtake expose the segment to pricing, regulatory and collection risks, which could impact the profitability and cash flow stability from this segment.

**Profitability vulnerable to agro-climatic and regulatory risks** – The profitability of the sugar mills remains exposed to the cyclical nature of the sugar industry, agro-climatic risks related to cane production and Government policies on sugar trade.

### Liquidity position: Poor

NSL's liquidity position is poor because of the low profitability and modest free cash flows. The liquidity is expected to remain weak in the near to medium term.

### Rating sensitivities

**Positive factors** – The rating may be upgraded if the company services the debt obligations in a timely manner on a sustained basis.

**Negative factors** – Not applicable.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Policy on Default Recognition</a> <a href="#">Sugar</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the company's standalone financial profile

### About the company

NSL Sugars Limited (NSL), incorporated in 1999, was promoted by the Nuziveedu Seeds Group. The company manufactures and markets sugar, generates power and produces ethanol. The company has three units, two at Koppa and Aland in Karnataka and the third at Pawarwadi in Maharashtra. NSL has a 6,500-TCD sugar plant along with a 26-MW cogeneration plant and a

60-KLPD distillery at Koppa in the Mandya district of Karnataka and a 9,000-TCD sugar plant along with a 34-MW cogeneration plant in Aland, Karnataka. Jay Mahesh Sugar Industries Limited (JMSIL) was taken over by NSL in FY2012 and amalgamated with itself. Currently, JMSIL is operational with a 9,000-TCD sugar unit and a 30-MW cogen unit. Further, the company has set up a 120-KLPD distillery at the Jay Mahesh unit which became operational from February 2022 and was further enhanced to 180 KLPD in FY2023.

NSL had two subsidiaries - NSL Sugars (Tungabhadra) Ltd which was earlier a wholly-owned subsidiary but is now an associate company with NSL's stake reducing to 27.27% in FY2023, and NSL Krishnaveni Sugars Ltd which is 74% owned. The Group holding company is Mandava Holdings Pvt Ltd.

#### Key financial indicators (audited)

NSL Sugars Limited	FY2024	FY2025	FY2026*
Operating income	1,140.1	1,020.1	1,111.4
PAT	-80.1	-26.1	-155.3
OPBDIT/OI	4.7%	6.2%	6.4%
PAT/OI	-7.0%	-2.6%	-14.0%
Total outside liabilities/Tangible net worth (times)	-23.0	-17.8	-8.3
Total debt/OPBDIT (times)	23.2	21.5	22.2
Interest coverage (times)	0.5	0.4	0.4

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

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

#### Any other information: None

#### Rating history for past three years

Current (FY2027)				Chronology of rating history for the past 3 years					
FY2027				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	May 29, 2026	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	184.15	[ICRA]D	-	-	Feb 28, 2025	[ICRA]D	Nov 30, 2023	[ICRA]D

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

ICRA-rated Instruments that fall under the regulatory purview of various Financial Sector Regulators (FSR) are 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 that fall under the regulatory purview of various Financial Sector Regulators (FSR) are 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	(#)
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 – 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 II: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan	Jul 2010 – Jun 2017	NA	FY2030	184.15	[ICRA]D

Source: Company

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

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