Press Release
URJANKUR SHREE DATTA POWER COMPANY LIMITED
May 28, 2025
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	10.00	ACUITE A | Stable | Upgraded	-
Total Outstanding Quantum (Rs. Cr)	10.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has upgraded its long-term rating to **'ACUITE A' (read as ACUITE A)**from **'ACUITE BB+' (read as ACUITE Double B plus)**on the Rs. 10.00 Cr. bank facilities of Urjankur Shree Datta Power Company Limited (USDPCL). The outlook is '**Stable**'.

Rationale for rationale:
The rating upgrade and migration from 'Issuer not-cooperating' reflects Urjankur Shree Datta Power Company Limited's (USDPCL) established operational track record and estimated improvement in revenue and profitability in FY2025, following a decline over last two years. The rating also draws comfort from the presence of long-term power purchasing agreement (PPA) with Maharashtra State Electricity Distribution Company Limited (MSEDCL), ensuring stable revenue visibility through assured offtake of power. Further, rating also considers the company's healthy financial risk profile supported by nil debt position and strong liquidity. However, the rating is constrained by intensive working capital operations and vulnerability of the revenue and profitability to its parent's operations.

About the Company

Urjankur Shree Datta Power Company Limited (USDPCL) is a fully owned subsidiary of Shree Datta Sahakari Shetkari Sakhar Karkhana Limited (SDSSSK). USDPCL operates a 36 MW bagasse based thermal power plant in Kolhapur, Maharashtra. It was incorporated in 2008 and began commercial operations in 2011. USDPCL has signed an agreement with its associate sugar factory for acquisition of bagasse fee cost against supply of part of electricity generated by it. The directors include Mr. Rajendra Maganlal Desai, Mr. Shilanath Eknath Jadhav, Mr. Ganpatrao Appasaheb Patil, Mr. Mahadev Vitthal Patil and Mr. Narayan Shrikrishna Karad. The company is registered in Kolhapur, Shirol, Maharashtra.

Unsupported Rating
Not applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of USDPCL to arrive at the rating.

Key Rating Drivers

Strengths

Established track record and presence of PPA providing revenue visibility:

The company started initially as partnership between Urjankur Nidhi Trust (UNT) and IL&FS Renewable Limited in 2008 and it has been operational since 2011. However, in 2017 Shree Datta Sahakari Shetkari Sakhar Karkhana Limited (SDSSSKL) took over IL&FS's stake in the entity while UNT's stake in the company was diluted in FY2023. Further, Maharashtra Energy Development Agency (MEDA) had a 11 percent shareholding in Urjankur Shree Datta Power Company Limited (USDPCL), which was fully taken over by Shri Datta Shetkari Sahakari Sakhar Karkhana Limited (SDSSSKL) during FY2024. Now SDSSSKL has complete 100 percent shareholding of

USDPCL. The company currently operates a 36 MW bagasse based thermal power plant in Kolhapur, Maharashtra. Costs to USDPCL are limited to O&M and fuel costs as it has signed an agreement with its parent SDSSSK for procuring bagasse free of cost and in exchange supplying them with part of its electricity generated. For the rest of its output it has signed a power purchase agreement (PPA) with MSEDCL in 2011 valid for 15 years. The PPA has provisions for a levelized fixed tariff (Rs. 2.26/ KWh) and a variable tariff which can be revised yearly. With PPA in place with a levelized fixed tariff and yearly revised variable tariff, ensures revenue visibility for the long term and also mitigates the offtake risk.
Acuité believes that USDPCL will continue to benefit from its PPA with MSEDCL and agreement with parent company for ready resource procurement in the long run.

Estimated improvement in operating performance in FY2025:
The company's power generation in the first 11 months of FY2025 stood at 105.43 Million units compared to 134.42 Million units in FY2024 and 147.53 Million units in FY2023, while the tariff rate stood at Rs.7.06 per unit in FY2025 compared to Rs.6.94 per unit in FY2024 and Rs.6.83 per unit in FY2023. The reduction in power generation is due to lower availability of bagasse from its supplier SDSSSKL. Lower cane availability and lower crushing in parent company 'SDSSSKL' over the last three years ending FY2025, resulted in lower availability of bagasse for co-generation. Consequently, the average plant load factor (PLF) also has declined marginally to 42.62 percent in FY2024 from 46.78 percent in FY2023. Further for FY2025, the PLF is expected to be in the range of 40-42 percent. The operating income is estimated to be at Rs.69.45 Cr. in FY2025 against Rs.63.66 Cr. in FY2024 and Rs.71.34 percent in FY2023.The operating profit margin recovered to 31.33 percent in FY2024, after a sharp decline to 9.72 percent in FY2023. This decline was due to an additional royalty expense of Rs.34 Cr. paid to SDSSSKL, which had been pending from pervious ten years.Further, for FY2025, the operating profit margin is estimated to improve further between 40-45 percent due to lower royalty expense.
Acuité believes USDPCL's ability to expand its source of raw materials while increasing its scale of operations will remain critical towards future growth of the company.

Healthy financial risk profile.
The financial risk profile of the company is healthy marked by strong net worth and no long term debt. The aggregate net worth stood at Rs. 254.92 Cr. as on March 31, 2024 against Rs. 248.67 Cr. as on March 31, 2023. The share capital during FY2024 increased by Rs.39.41 Cr. totalling to Rs.90.08 Cr. However, there has been a reduction of reserves by Rs.27.16 Cr, due to meet the royalty payment of Rs.30 Cr. during FY2024. Further, though the company has no outstanding debt it has availed ~Rs.4.90 Cr. cash credit facility but the utilization is negligible. Acuite expects the financial risk profile of the company to remain healthy over the medium term on account of absence of debt-funded capex.

Weaknesses

Intensive nature of working capital operations:
USDPCL's working capital operations are intensive in nature as reflected by the gross current (GCA) days of 393 days in FY2024 against 295 days in FY2023. The elongation in GCA days in FY2024 is due to increase in loans given to SDSSSKL to the tune of Rs.25 Cr, which are classified under other current assets. The company realizes bills from its sole customer i.e. MSEDCL within 90-120 days, as reflected in the debtor days of 120 days in FY2024 against 102 days in FY2023, which further takes the GCA days to elongated levels.Further, bagasse which is used as the primary fuel in the power plants is available only as per the sugarcane crushing season which begins in October and lasts till March. So the company has to maintain sufficient amount of inventory in the form of raw material to ensure uninterrupted supply of fuel to its power plants. The inventory days stood at 49 days and 89 days during FY2024 & FY2023 respectively.
Acuité believes USDPCL's working capital operations are likely to remain in the similar range due to the nature of its operations.

Susceptibility to sugarcane crushing business of associate parent:
USDPCL's key raw material is bagasse from its parent sugar factory which it receives free of cost. This is the key reason for the company's healthy profitability. Bagasse is an agro waste product hence it's availability is highly seasonal. Its availability varies with the sugarcane crushing season. This makes the company susceptible to the sugar crushing operations of the parent company. Any adverse impact on sugar manufacturing operations will reduce the availability of the raw material available free of cost impacting their profitability metrics.

Rating Sensitivities

- Sustained improvement in revenue and profitability.
- Further deterioration of the working capital operations.
- Any significant deterioration in the financial risk profile.

Liquidity position: Strong

The liquidity of the company is strong marked by healthy net cash accruals against (NCA) nil debt repayment obligations, liquid deposits and unutilized bank limits. The company is estimated to have NCA's of Rs.31 Cr. -33 Cr. in FY2025 against nil debt repayment obligation. The cash accruals are expected to remain in the range of Rs. 35-40 Cr. over the medium term against nil debt repayment obligations. Further, the company has liquid deposits is Rs. 24.40 Cr. as on March 31, 2024 and also has unutilized bank limits of ~Rs.5.00 Cr. as on March 31, 2025.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	63.66	71.34
PAT	Rs. Cr.	11.88	0.99
PAT Margin	(%)	18.66	1.39
Total Debt/Tangible Net Worth	Times	0.00	0.00
PBDIT/Interest	Times	467.94	89.09

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- https://www.acuite.in/view-rating-criteria-52.htm
- Infrastructure Sector: https://www.acuite.in/view-rating-criteria-51.htm
- Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
17 Feb 2025	Cash Credit	Long Term	10.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE A | Stable)
27 Nov 2023	Cash Credit	Long Term	10.00	ACUITE A | Stable (Reaffirmed)
29 Aug 2022	Cash Credit	Long Term	10.00	ACUITE A | Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A | Stable | Upgraded (from ACUITE BB+)

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.