



**Press Release**  
**SHRI DATTA SHETKARI SAHAKARI SAKHAR KHARKHANA LIMITED**  
**July 17, 2025**  
**Rating Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	640.00	ACUITE BBB   Stable   Upgraded	-
Total Outstanding Quantum (Rs. Cr)	640.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuité has upgraded its long-term rating to **'ACUITE BBB' (read as ACUITE triple Bf)** from **'ACUITE BB+' (read as ACUITE double B plus)** on the Rs.640.00 crore bank facilities of Shri Datta Shetkari Sahakari Sakhar Kharkhana Limited (SDSSSKL). The outlook is **'Stable'**.

**Rationale for rating upgrade:**

The rating upgrade reflects the rating notch-up on account of the managerial and financial support extended by the subsidiary company Urjankur Shree Datta Power Company Limited (USDPC), which has a demonstrated track record of timely financial assistance to parent company Shri Datta Shetkari Sahakari Sakhar Kharkhana Limited's (SDSSSKL). Further, rating also considers the long operational track record of SDSSSKL in the sugar industry, its integrated operations with cogeneration and ethanol units and support derived from cooperative structure and established farmer base in Shirol, Maharashtra. However, rating is constrained by susceptibility to agro-climatic risks, volatility in sugar prices, moderate financial risk profile and working capital intensive operations.

**About the Company**

Shri Datta Shetkari Sahakari Sakhar Kharkhana Limited (SDSSSKL) started its operations in 1970 with a license to operate a 1250 Tons Crushed per Day (TCD) sugar plant in Shirol, Kolhapur. It is a co-operative society governed by the Multi-State Co-operative Societies Act of 2002 since it has its operations in two states Maharashtra and Karnataka. Its founding members were Late Mr. Dattajirao Kadam, Late Mr. Dinkarrao Yadav, Late Mr. Vishwasrao Ghorpade and Late Mr. S R Patil. Currently, Mr. Ganpatrao Patil is its Chairman and day to day operations are managed by MD Mr. MV Patil. Currently, the entity has a sugarcane crushing capacity of 12000 TCD and distillery capacity of 90 KLPD and 135 KLPD rectified spirits and ethanol respectively. The company is engaged in production of white sugar, ethanol, molasses and presmud.

**About the Group**

Urjankur Shree Datta Power Company Limited (USDPC) is a Special Purpose Vehicle (SPV) between Maharashtra Energy Development Agency (MEDA - Government of Maharashtra entity formed to facilitate nonconventional energy sources) and Shree Datta Sahakari Shetkari Sakhar Karkhana Limited (SDSSSK) that operates a 36 MW bagasse based thermal power plant in Kolhapur, Maharashtra. It was incorporated in 2008 and began commercial operations in 2011. USDPC 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 engaged in electricity generation and sale through bagasse based thermal power plant.

**Unsupported Rating**

## Analytical Approach

Acuité has considered a standalone approach while assessing the business and financial risk profile of SDSSSKL and has factored in the financial support from its subsidiary USDPCL in the form of unsecured loans.

## Key Rating Drivers

### Strengths

#### **Experienced management, along with integrated business model and diversified revenue stream**

The entity was established in 1970 and has an established operational track record of over five decades. Its founding members were Late Mr. Dattajirao Kadam, Late Mr. Dinkarrao Yadav, Late Mr. Vishwasrao Ghorpade and Late Mr. S R Patil. Currently Mr. Ganpatrao Patil is its Chairman and day to day operations are managed by MD Mr. MV Patil. The extensive experience of the management has helped to forge healthy customer and suppliers relationships. The entity has partially mitigated risks associated with its core sugar operations by diversifying into distillery and cogeneration operations, though the co-generation segment is managed through a separate subsidiary (USDPCL). Acuite believes that with presence in distillery and ethanol divisions, minimum support price policy for sugar supported by government and assured offtake from Oil Marketing companies (OMC's) provide a stable revenue stream, partly mitigating volume linked revenue loss.

#### **Stable revenue and sugar recovery:**

The society operates in an agro based business which is susceptible to seasonal volatility in sugar production and overall demand for sugar. Currently, SDSSSKL is operating sugar plant with a capacity of 12000 TCD, which has shown a steady sugar recovery percentage at 10.74 percent in FY2023, 10.68 percent in FY2024 and 10.84 percent in 11MFY2025. The society's revenue stood at Rs.611.06 Cr. in FY2024, compared to Rs.526.44 Cr. in FY2023 and Rs.548.81 Cr. in FY2022. The fluctuation in the revenue is driven by irregular sugar production, which is influenced by the availability of sugarcane. The sugar contribution to total revenue stood at 84 percent in FY2024 against 78 percent in FY2023 and 92 percent in FY2022. Further, the society also generates revenue from its distillery unit from sale of rectified spirits and ethanol whose contribution was in the range of 15-22 percent over the past three years. However, the operating profit margins remained thin at 2.62 percent in FY2024 as against 2.92 percent in FY2023 and 0.11 percent in FY2022, primarily due to higher raw material costs. However, due to other income by way of rents and royalty the society was net profitable over the last three years. In the current year till February 2025, the society registered revenue of ~Rs.528.22 Cr.

Acuite believes that the society's revenue is susceptible to sugarcane availability across Maharashtra. However, early cane procurement planning and integration with ethanol production, supported by guaranteed offtake from oil marketing companies, is expected to ensure stable revenue, partially mitigating the impact of fluctuations in sugarcane supply.

### Weaknesses

#### **Moderate financial risk profile:**

The financial risk profile of the society is moderate with moderate network, debt protection metrics and moderately leveraged capital structure. The society's network stood at Rs.272.64 Cr. as on March 31, 2024 against Rs. 255.32 Cr. as on March 31, 2023. The improvement in network is due to issue of additional equity and increase of depreciation reserve fund during the year. The society's total debt as on March 31, 2024 stood at Rs.730.08 Cr. comprising ~Rs.325 Cr. in long term debt and ~Rs.405 Cr. in working capital debt against the network of Rs.272.64 Cr. resulting in gearing of 2.68 times as on March 31, 2024. The total outside liabilities to tangible network stood at 3.31 times as on March 31, 2024 compared to 3.02 times as on March 31, 2023. The debt protection metrics remained moderate with interest coverage ratio (ICR) and debt service coverage ratio (DSCR) of 1.10 times as on March 31, 2024 compared to 1.14 times of ICR and 1.13 times of DSCR as on March 31, 2023. Debt to EBITDA stood high at 16.11 times as on March 31, 2024 against 19.32 times as on March 31, 2023.

Acuite believes, that the financial risk profile of the society will remain moderate on account of high debt levels due to seasonal working capital needs.

#### **Working capital intensive nature of operations:**

The society's working capital operations are intensive in nature as reflected through the gross current asset days (GCA) of 341 days in FY2024 against 326 days in FY2023. The elongation in GCA days is due to higher inventory days due to seasonal nature of the business which has a crushing period of ~120 days during which the society builds significant inventory, leading to higher inventory days of 308 days in FY2024 compared to 263 days in FY2023. The inventory also includes the sugar, by-product stock such as molasses, press mud and ethanol, which further takes the inventory to elongated levels. Additionally, under the monthly release quota mechanism the government restricts the quantity of sugar allowed for sale, leading to high inventory levels. The society sources cane from member farmers and typically settles the payments within 21 days funded through internal accruals and working capital limits. Receivables primarily arise from ethanol sales to OMC's, with a realization period of 21

days. The society has fund based working capital limits of Rs.600 Cr, with an average utilization of 44 percent over the past 11 months ending February 2025. Acuite believes that the working capital operation of the society will remain intensive due to the seasonality and regulated nature of business.

### **Cyclical and regulated nature of sugar industry**

The sugar industry is cyclical by nature and is vulnerable to the government policies for various reasons like its importance in the Wholesale Price Index (WPI) as it classifies as an essential commodity. The government on its part resorts to various regulations like fixing the raw material prices in the form of State Advised Prices (SAP) and Fair & Remunerative Prices (FRP). All these factors impact the cultivation patterns of sugarcane in the country and thus affect the profitability of the sugar companies.

### **Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the “CE” suffix) Support from USDPCL**

SDSSSKL operates a sugar factory and supplies bagasse to its subsidiary USDPCL. The subsidiary in exchange supplies free power to the sugar factory. In addition to this arrangement, SDSSSKL has 100 percent shareholding of USDPCL. To the extent SDSSSKL has invested Rs.80Cr. in equity of USDPCL. While the subsidiary company has extended support through unsecured loans of Rs.110Cr. as on March 31, 2024. (increased from Rs.40Cr. issued in FY2022).

### **Stress scenario:**

Acuite believes that the support from the USDPCL will continue in the form of unsecured loans even in stress scenario.

### **ESG Factors Relevant for Rating**

Shri Datta Shetkari Sahakari Sakhar Karkhana Limited (SDSSSKL), a sugar cooperative society based in Maharashtra, has a sugarcane crushing capacity of 12,000 TCD, along with distillery units producing 90 KLPD of rectified spirits and 134 KLPD of ethanol. Operating in a resource-intensive sector, the company's environmental exposure is significant, particularly in terms of water usage, effluent generation and air emissions. However, the company's integrated operations, including ethanol production aligned with national biofuel policies and bagasse-based cogeneration, support its environmental sustainability efforts. On the social front, the cooperative structure ensures direct farmer engagement and inclusive rural development through fair pricing and timely payments, while worker safety protocols and community welfare initiatives enhance its social impact. Governance is managed by an elected board, typical of cooperatives and while this promotes representation, it necessitates strong internal controls and professional management practices to ensure transparency and compliance. Acuite believes that the company's focus on regulatory adherence, environmental mitigation measures and farmer-centric operations provide a balanced ESG profile, though continuous improvement in governance and sustainability disclosures will be critical for long-term resilience.

### **Rating Sensitivities**

- Ability to sustain growth in operating revenue and improvement in profitability levels.
- Ability to improve its financial risk profile and liquidity.
- Ability to maintain its cane crushing and sugar recovery rates.

### **Liquidity position: Adequate**

SDSSSKL's liquidity position is adequate as reflected by the expected sufficient net cash accruals against the repayment obligations, moderate utilization of working capital limits and timely inflows from ethanol division. In FY2025, society is expected to generate net cash accruals of Rs.18-22 Cr. against the scheduled debt repayment obligation Rs.15.37 Cr. The society is estimated to register unencumbered cash and bank balances of Rs.191 Cr. as on March 31, 2025 (Est.). Additionally, the society's liquidity is supported by buffer available in the moderately utilized working capital limits, with average utilization at 44 percent over the past 11 months ending February, 2025. Further, liquidity is aided by the presence of off-season revenue from ethanol, where payments are typically received within 21 days as per the offtake agreement with OMC and presence of resolution for need based support to the sugar company from the power company. Acuite believes with the seasonal nature of operations and regulatory constraints such as monthly sugar release quotas will have

temporary pressure on liquidity, however buffer in working capital limits and timely receipts in ethanol will help in maintaining adequate liquidity.

**Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	611.06	526.44
PAT	Rs. Cr.	0.91	0.45
PAT Margin	(%)	0.15	0.09
Total Debt/Tangible Net Worth	Times	2.68	2.36
PBDIT/Interest	Times	1.10	1.14

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

Not applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.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. Acuité'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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
17 Apr 2025	Cash Credit	Long Term	125.00	ACUITE BB+   Stable (Reaffirmed)
	Working Capital Term Loan	Long Term	9.53	ACUITE BB+   Stable (Assigned)
	Working Capital Term Loan	Long Term	22.80	ACUITE BB+   Stable (Assigned)
	Term Loan	Long Term	75.49	ACUITE BB+   Stable (Assigned)
	Cash Credit	Long Term	200.00	ACUITE BB+   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	1.22	ACUITE BB+   Stable (Assigned)
	Cash Credit	Long Term	75.00	ACUITE BB+   Stable (Assigned)
	Term Loan	Long Term	130.96	ACUITE BB+   Stable (Assigned)
18 Jan 2024	Cash Credit	Long Term	46.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	71.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	8.00	ACUITE BB+ (Reaffirmed & Issuer not co-operating*)
08 Nov 2022	Cash Credit	Long Term	46.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)
	Cash Credit	Long Term	71.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)
	Cash Credit	Long Term	8.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB   Stable)

## 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.	125.00	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB+ )
National Cooperative Development Corporation	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	200.00	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB+ )
M. S, CO-OPERATIVE BANK LIMITED	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	75.00	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB+ )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.22	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB+ )
Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Apr 2033	75.49	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB+ )
M. S, CO-OPERATIVE BANK LIMITED	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jul 2032	130.96	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB+ )
Bank of India	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2026	9.53	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB+ )
Bank of India	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Apr 2028	22.80	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB+ )

### \*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr.no	Company Name
1	Shri Datta Shetkari Sahakari Sakhar Kharkhana Limited
2	Urjankur Shree Datta Power Company Limited



## Contacts

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### About Acuité Ratings & Research

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