Press Release
BHAIRAVNATH SUGAR WORKS LIMITED
October 03, 2025
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	427.00	ACUITE BB+ | Stable | Upgraded	-
Total Outstanding Quantum (Rs. Cr)	427.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has upgraded its long-term rating to **'ACUITE BB+' (read as ACUITE double B plus**f**)**rom **'ACUITE B+' (read as ACUITE B plus)**on the Rs.427.00 Cr. bank facilities of Bhairavnath Sugar Works Limited (BSWL). The outlook is **'Stable'.**

Rationale for Rating
The rating upgrade reflects migration of the company from 'Issuer not co-operating' status. The rating further factors in the company's improved revenue and profitability which is expected to continue in medium term due to raw material availability. The rating also factors in the promoters' extensive experience of over two decades in the sugar industry and the company's moderate financial risk profile. However, the rating remains constrained by the inherently intensive nature of working capital operations and its presence in a highly fragmented and competitive sugar industry, which may continue to exert pressure on margins and operational efficiency.

About the Company
Incorporated in 2000, Pune based Bhairavnath Sugar Works Limited (BSWL) is engaged in manufacturing of sugar and allied products. BSWL operates seven units—five owned and two leased (Dhoki and Washi) with a total sugar crushing capacity of 19,750 TCD, ethanol production capacity of 109 KLPD (59 KLPD at Sonari and 50 KLPD at Dhoki), and co-generation capacity of 68.50 MW. The company is promoted by Mr. Tanaji Jayawant Sawant (Chairman) who has almost two decades of experience in sugar manufacturing industry.

Unsupported Rating
Not Applicable

Analytical Approach
Acuite has considered the standalone business and financial risk profile of BSWL to arrive at the rating.

Key Rating Drivers

Strengths

Long operating track record and established presence in the sugar business and distillery industry
Bhairavnath Sugar Works Limited (BSWL) was incorporated in 2000 as Public Limited (Unlisted) company promoted by Mr. Tanaji Jayawant Sawant (Chairman) who has almost two decades of experience in sugar manufacturing industry. The promoters have gained good insight about the industry over the years and have developed healthy customer and supplier's relations. The promoter has a long-standing experience in the sugar industry and wide acceptance among local farmers, which facilitates adequate and timely cane procurement, ensuring an adequate crushing period. Established relationships with farmers in its command area, along with various support initiatives and timely payments, ensures good quality supply. Acuité believes that the company will continue to benefit from its promoter's extensive experience in the sugar industry.

Recovery in operating performance, which is expected to continue further
BSWL's revenue recovered in FY2025 (Prov.) to Rs.698.58 Cr. as against Rs.379.81 Cr. in FY2024 and Rs.

1022.37 Cr. in FY2023. The recovery is primarily attributable to the sale of unsold sugar inventory of previous years. During FY2024 the sales was declined owing to extensive price competition & excess availability of sugar in the domestic market on account of export ban and quota restrictions. Further, improvement in FY2025 revenues is also attributable to increase in ethanol sales for which company has tied up with OMCs. However, the capacity utilisation & recovery moderated in FY2025 owing to decrease in crushing days & non availability of cane during the ESY24-25. The operating profit margin stood at 11.03 per cent in FY2025 (Prov.) against 15.58 per cent in FY2024 and 8.12 per cent in FY2023. The operating margin declined in FY2025 (Prov.) due to the increase in raw material cost as a percent of sales and also due to raw material availability. The EBITDA margin in FY2025 is on a lower side as the expenses for last year season is booked in FY2025. The PAT margin stood at 2.84 per cent in FY2025 (Prov.) against 2.25 per cent in FY2024.

Going forward, with the expectation of better crushing days, cane availability in ESY 25-26 and improvement in sugar realisations, the company's operating performance is expected to improve steadily.

Moderate financial risk profile
BSWL has a moderate financial risk profile, supported by a healthy net worth and improving leverage and comfortable coverage indicators. As of March 31, 2025 (Prov.), net worth stood at Rs.270.03 Cr, up from Rs.258.77 Cr. in the previous year, including a subordinated unsecured loan of Rs.125.00 Cr. from promoters that remains in the business during the tenure of bank loans. Gearing (Debt-to-Equity) improved to 1.33 times as on 31 March 2025 (Prov.) as against 2.71 times as on 31 March 2024. Debt protection metrics remained comfortable, with interest coverage ratio (ICR) at 2.40 times in FY2025 (Prov.) (vs. 2.19 times in FY2024) and debt service coverage ratio (DSCR) at 1.11 times in FY2025 (Prov.) (vs. 1.09 times in FY2024). The company's external liability exposure also reduced, as indicated by a decline in TOL/TNW to 2.44 times in FY2025 (Prov.) against 4.48 times in FY2024.

Acuite believes, the financial risk profile of the company would remain moderate owing to regular opex and modest net worth base.

Weaknesses

Working capital intensive operations
BSWL's operations remained working capital intensive, with gross current assets (GCA) at 275 days in FY2025 (Prov.) compared to 963 in FY2024, primarily due to high inventory levels. Inventory days stood at 243 days in FY2025 (Prov.) against 806 days in FY2024, with the prior year's spike driven by the government's sugar export ban and quota restrictions, which led to unsold stock being held in inventory. Debtors improved to 8 days in FY2025 (Prov.) from 22 days in previous year, and average fund-based bank limit utilization stood moderate at ~37 per cent over the past 12 months ending August 2025. Going ahead, the working capital operations of the company is expected to remain intensive due to its nature of business.

Cyclicality associated with sugar industry
The company is engaged in sugar industry which is dependent on sugarcane production which is highly dependent on monsoon and realizations in alternative crops such as rice and wheat, which may prompt farmers to switch to sowing other crops. The particular sector is also marked by the presence of several mid to big size players which led to intense competition from the other players in the sectors.

ESG Factors Relevant for Rating
Sugar entities like BSWL faces environmental risks due to climate variability affecting sugarcane yield, especially in regions with high rainfall dependence. However, areas like Maharashtra offer relatively favorable conditions with higher recovery rates and longer crushing seasons, partially mitigating these risks. Socially, the global shift toward reduced sugar consumption presents a gradual challenge, but increasing sucrose diversion to ethanol is expected to support industry stability in the medium term.

Rating Sensitivities

- Improvement in the operating performance and profitability margins.
- Deterioration in working capital cycle and financial risk profile.
- Changes in financial risk profile

Liquidity Position
Adequate
BSWL has an adequate liquidity position marked by sufficient cash accruals of Rs.53.52 Cr. in FY2025 (Prov.) against Rs.44.60 Cr. repayment obligation during the same period. The net cash accruals are expected at ~ Rs. 57 – 60 Cr. for FY2026 and FY2027 as against repayment obligation of ~ Rs. 30 – 20 Cr. The reliance on working capital limits stood moderate at ~37 per cent for the past 12 months ending Aug 2025. The unencumbered cash and bank balance stood at Rs.18.64 Cr. as on March 31, 2025 (Prov.). The current ratio stood below unity at 0.99 times as on March 31, 2025 (Prov.). Going ahead, the liquidity position is expected to remain adequate on account of

sufficient generation of cash accruals against its repayment obligation.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	698.58	379.81
PAT	Rs. Cr.	19.82	8.56
PAT Margin	(%)	2.84	2.25
Total Debt/Tangible Net Worth	Times	1.33	2.71
PBDIT/Interest	Times	2.40	2.19

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

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
05 Jul 2024	Cash Credit	Long Term	234.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- | Stable)
	Cash Credit	Long Term	21.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- | Stable)
	Term Loan	Long Term	4.26	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- | Stable)
	Term Loan	Long Term	5.45	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- | Stable)
	Term Loan	Long Term	48.92	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- | Stable)
	Term Loan	Long Term	10.38	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- | Stable)
	Term Loan	Long Term	45.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- | Stable)
	Term Loan	Long Term	5.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- | Stable)
	Term Loan	Long Term	52.84	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- | Stable)
	Proposed Long Term Bank Facility	Long Term	0.15	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB- | Stable)
11 Apr 2023	Cash Credit	Long Term	234.00	ACUITE BB- | Stable (Assigned)
	Cash Credit	Long Term	21.00	ACUITE BB- | Stable (Assigned)
	Term Loan	Long Term	4.26	ACUITE BB- | Stable (Assigned)
	Term Loan	Long Term	5.45	ACUITE BB- | Stable (Assigned)
	Term Loan	Long Term	48.92	ACUITE BB- | Stable (Assigned)
	Term Loan	Long Term	10.38	ACUITE BB- | Stable (Assigned)
	Term Loan	Long Term	45.00	ACUITE BB- | Stable (Assigned)
	Term Loan	Long Term	5.00	ACUITE BB- | Stable (Assigned)
	Term Loan	Long Term	52.84	ACUITE BB- | Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.15	ACUITE BB- | Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Dombivli Nagari Sahakari Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	45.00	Simple	ACUITE BB+ | Stable | Upgraded (from ACUITE B+)
TJSB Sahakari Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE BB+ | Stable | Upgraded (from ACUITE B+)
SVC Co-Op Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	90.00	Simple	ACUITE BB+ | Stable | Upgraded (from ACUITE B+)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	110.84	Simple	ACUITE BB+ | Stable | Upgraded (from ACUITE B+)
IDBI Bank Ltd.	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 May 2029	5.15	Simple	ACUITE BB+ | Stable | Upgraded (from ACUITE B+)
Punjab National Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Aug 2026	3.42	Simple	ACUITE BB+ | Stable | Upgraded (from ACUITE B+)
The Kalyan Janata Sahakari Bank Ltd	Not avl. / Not appl.	Term Loan	10 Aug 2025	Not avl. / Not appl.	10 Aug 2031	1.00	Simple	ACUITE BB+ | Stable | Upgraded (from ACUITE B+)
Mumbai District Central Co-Op Bank Ltd	Not avl. / Not appl.	Term Loan	20 Jun 2021	Not avl. / Not appl.	20 Jul 2025	5.40	Simple	ACUITE BB+ | Stable | Upgraded (from ACUITE B+)
Mumbai District Central Co-Op Bank Ltd	Not avl. / Not appl.	Term Loan	10 Aug 2025	Not avl. / Not appl.	10 Aug 2031	49.51	Simple	ACUITE BB+ | Stable | Upgraded (from ACUITE B+)
Union Bank of India	Not avl. / Not appl.	Term Loan	31 Jul 2025	Not avl. / Not appl.	30 Jun 2029	8.28	Simple	ACUITE BB+ | Stable | Upgraded (from ACUITE B+)
Union Bank of India	Not avl. / Not appl.	Term Loan	31 Mar 2023	Not avl. / Not appl.	31 Mar 2027	8.40	Simple	ACUITE BB+ | Stable | Upgraded (from ACUITE B+)

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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.

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