Press Release
PURNA SAHAKARI SAKHAR KARKHANA LIMITED
April 09, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	95.50	ACUITE BB | Stable | Reaffirmed	-
Bank Loan Ratings	28.50	-	ACUITE A4+ | Reaffirmed
Total Outstanding Quantum (Rs. Cr)	124.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale
Acuite has reaffirmed its long-term rating at **'ACUITE BB' (read as ACUITE Double B**a**)**nd short term rating at **'ACUITE A4+'(read as ACUITE A Four Plus)**on the Rs.124.00 crore bank loan facilities of Purna Sahakari Sakhar Karkhana Limited (PSSKL). The outlook is **'Stable'**.

Rationale for reaffirmation
The rating takes into account steady scale of operations, marked by an operating income of Rs.233.59 Cr. in FY2024 and EBITDA margin which stood at 10.68% in FY2024. However, the intensive working capital operations of the society are marked by GCA days of 332 days as on 31st March, 2024. Further, the financial risk profile of the society is below average as suggested by high gearing ratio which stood at 4.61 times and coverage indicators as reflected by interest coverage ratio and debt service coverage ratio which stood at 2.68 times and 1.08 times respectively as on 31st March 2024. Additionally, the overall profitability margin decreased and stood at 0.49% in FY2024 as against 1.41% in FY2023 due to high depreciation and finance costs. The rating draws comfort from the extensive experience of the promoters in the sugar industry. Acuite notes that the operations of the society are vulnerable to the inherent cyclical and regulated nature of sugar industry. Going forward, PSSKL's ability to manage its liquidity along with improvement in scale of operations while maintaining its profitability margins will remain key rating monitorable.

About the Company
Hingoli Based, Purna Sahakari Sakhar Karkhana Limited was established in the year 1981 to undertake sugar and sugar related production and ethanol production, Electricity. It is one of the pioneering co-operative Sugar factories in Marathwada region of Maharashtra, which was registered in the year 1970 under erstwhile Maharashtra Cooperative Society Act 1960. It is promoted by Mr. J. R. Dandegaonkar and Mr. Sunil Kadam.

Unsupported Rating
Not Applicable

Analytical Approach
Acuité has considered the standalone business and financial risk profiles of PSSKL to arrive at the rating.

Key Rating Drivers

Strengths

Experienced promoters and Established track record of operations in sugar industry
PSSKL is one of the pioneering co-operative sugar factories in Marathwada region of Maharashtra.The promoters are into the sugar industry since more than three decades. PSSKL, has its cane crushing capacity of 2500 tons per day. This apart, the society's co-generation unit, with installed capacity of 18.19 MW is captively consumed and the surplus is exported to the Maharashtra State Electricity Distribution Company Limited (MSEDCL). Further,

other by-products such as molasses, bagasse, etc. are sold to the outside market, which supports the overall revenue of the society. Further, the society also has an ethanol plant of 60 kilo litres per day (KLPD). PSSKL has built long standing relationship with farmers and undertakes programme like cane development through providing good quality seed on credit, fertilisers, and offers guidance to farmers for modern farming, training for cultivation, etc. The good relationship with farmers enables PSSKL in adequate and timely procurement of canes.

Steady Business Risk Profile

The operating income of the society stood at Rs.233.59 Cr in FY2024 as compared to Rs.240.59 Cr. in FY2023. The revenue is slightly lower due to lower crushing days as well as lower production capacity in FY2024 as against FY2023. The operating margin of the society increased to 10.68 per cent in FY2024 as compared to 8.48 per cent in FY2023. The PAT margin stood at 0.49 per cent in FY2023 as against 1.41 per cent in FY2023. The decrease in margin is on an account of higher depreciation and finance costs. The ROCE levels stood at 5.82% in FY2024 as against 7.70% in FY2023. Further, the average recovery rate stood at11.25 per cent in Season Year 2023-24. Further, the society registered a revenue of Rs.214.00 Cr. as on 28th February, 2025. Acuite expects the scale of operations of PSSKL will improve backed by the incremental sales and expected increased price realization in near to medium term.

Weaknesses

Intensive working capital operations

The working capital operations of the society are intensive marked by Gross Current Assets (GCA) of 332 days as on 31st March 2024 as compared to 285 days as on 31st March 2023. The inventory days stood at 265 days as on 31st March 2024 as compared to 194 days as on 31st March 2023. Given the seasonal nature of the sugar industry, inventory level is high during the peak season, which is November to April. Further, the debtor days stood at 32 days as on 31st March 2024 as against 24 days as on 31st March 2023. The credit period provided by a few suppliers is around 21 days, other than that the society deals in advance payment. The working capital requirement stood utilised at an average 39.00 % over last six months ended February, 2025. Acuité believes that the working capital operations of the society will remain in similar range in near to medium term due to nature of the business.

Below Average Financial Risk Profile

The financial risk profile is marked by moderate networth, high gearing and moderate debt protection metrics. The tangible net worth of the society stood at Rs.41.21 Cr. as on March 31, 2024 from Rs.39.56 Cr. as on March 31, 2023 due to accretion of profits into reserves. The total debt of the society stood at Rs.190.07 Cr. as on March 31, 2024 as against Rs.154.13 Cr. as on March 31, 2024. The capital structure of the society is marked by high gearing which stood at 4.61 times as on March 31, 2024 as against 3.90 times as on March 31, 2023. The debt protection metrics are marked by moderate interest coverage ratio (ICR) of 2.68 times and low debt service coverage ratio (DSCR) of 1.08 times for as on March 31, 2024. Further, the society undergoes regular debt funded capital expenditure every year for maintenance and modernisation of their machineries. Debt-EBITDA stood at 6.32 times in as on March 31, 2024 as against 7.04 times in as on March 31, 2023 and the net cash accruals to total debt (NCA/TD) stood at 0.10 times in FY2024 as against 0.09 times in FY2023 and Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 6.68 times as on March 31, 2024 as against 6.07 times as on March 31, 2023. Going forward, the financial risk profile of the society is expected to remain in similar range on an account of regular debt funded capex plans.

Cyclical and regulated nature of sugar industry

The sugar industry is cyclical in nature and is vulnerable to agro-climatic conditions and 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.

Rating Sensitivities

- Sustenance of the profitability margins while scaling up of operations.
- Working capital operations.
- Movement in Financial Risk Profile.

Liquidity Position

Stretched

The liquidity of PSSKL is marked by net cash accruals of Rs.18.85 Cr. as on March 31, 2024 as against Rs.16.55 Cr. of debt obligations over the same period. However going forward, the society is expected to generate net cash accruals under the range of Rs.19.00 Cr. to Rs.20.50 Cr. against debt obligations of upto Rs.19.96 Cr. over the same period. Any shortfall in repayments will be met by cash and bank balance of the society. The cash and bank balance stood at Rs.4.33 Cr as on March 31, 2024. The current ratio stood at 1.09 times in FY2024 as against 1.15 times in FY2023. Also, the working capital requirement stood utilised at an average 39.00 % over last six months ended February, 2025. Acuité believes that the liquidity of the society is expected to be stretched in near to medium term and will remain a key monitorable.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	233.59	240.59
PAT	Rs. Cr.	1.14	3.39
PAT Margin	(%)	0.49	1.41
Total Debt/Tangible Net Worth	Times	4.61	3.90
PBDIT/Interest	Times	2.68	2.56

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
- 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
10 Jan 2024	Short-term Loan	Short Term	28.50	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	71.20	ACUITE BB | Stable (Assigned)
	Term Loan	Long Term	11.04	ACUITE BB | Stable (Assigned)
	Term Loan	Long Term	13.26	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
Maharastra State Cooperative Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	71.20	Simple	ACUITE BB | Stable | Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.30	Simple	ACUITE BB | Stable | Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	28.50	Simple	ACUITE A4+ | Reaffirmed
Maharastra State Cooperative Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	12 Aug 2025	2.50	Simple	ACUITE BB | Stable | Reaffirmed
DCC Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	20 Oct 2026	7.50	Simple	ACUITE BB | Stable | Reaffirmed

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About Acuité Ratings & Research

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