

Press Release
TIKAULA SUGAR MILLS LIMITED
February 05, 2026
Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	521.87	ACUITE A- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	521.87	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of 'ACUITE A-' (read as ACUITE A minus) on the Rs 521.87 crore bank facilities of Tikaula Sugar Mills Limited (TSML). The outlook is 'Stable'.

Rationale for Rating

The reaffirmation of the rating reflects the promoters' extensive industry experience and the company's long-standing operational track record. The rating also factors in the company's healthy relationships with sugarcane farmers and its diversified customer base. Additional comfort is derived from the moderate financial risk profile, characterized by a balanced capital structure, comfortable debt coverage metrics, and an adequate liquidity position.

However, the company's scale of operations and profitability declined in FY25 due to a reduction in the government-allocated sugar quota. Consequently, the ratings remain constrained by moderation in operational scale and profitability, driven by the regulated nature of the sugar business, working capital intensive operations, and exposure to agro-climatic risks and inherent cyclical nature of the sugar industry.

About the Company

Incorporated in 1994, Tikaula Sugar Mills Limited with its registered office in Muzaffarnagar, Uttar Pradesh, is engaged in manufacturing of sugar, molasses, alcohol and co-generation of power. The company maintains a sugar manufacturing unit with an installed capacity of 12,000 TCD per day, along with a distillery (molasses based) with a capacity of 75 kilo litres per day and a cogeneration power plant of 30MW capacity which uses bagasse as fuel. Current directors of the company are Mr. Nirankar Swarup, Mr. Nidhish Prakash, Mr. Sudhish Prakash, Mr. Raghav Swarup, Mr. Amit Swarup, Ms. Veena Agarwal, Mr. Tarun Agrawal, Mr. Suneel Kumar Garg, and Mr. Rampal Tayal.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken standalone financial and business risk profile of Tikaula Sugar Mills Limited to arrive at this rating.

Key Rating Drivers

Strengths

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Experienced management

The company is promoted by the Swarup family, which has over three decades of experience across sugar manufacturing, sugarcane cultivation, horticulture, and paper businesses. Over the years, the company has developed strong relationships with sugarcane farmers and established a healthy and reputed customer base, including leading Oil Marketing Companies (OMC). Acuité believes that the company's business risk profile will continue to remain supported over the medium term by the promoters' long track record in the industry, along with a healthy customer and supplier base.

Moderate Financial Risk Profile

The company's financial risk profile is marked by moderate net worth, gearing and debt protection metrics. The tangible net worth of the company improved to Rs. 331.26 Cr. as on March 31, 2025, from Rs. 295.66 Cr. as on March 31, 2025, due to accretion of profits in to reserves. The gearing ratio of the company improved and stood at 1.12 times as on March 31, 2025, as against 1.15 times as on March 31, 2024. The total outside liabilities/tangible net worth (TOL/TNW) improved and stood at 1.43 times as on March 31, 2025, as against 1.51 times as on March 31, 2024. The debt protection metrics of the company is marked by ISCR at 4.42 times and DSCR at 1.20 times for FY 25. Acuité believes that going forward the financial risk profile of the company will improve backed by absence of debt funded capex planns in near to medium term.

Weaknesses

Scale of Operations & Profitability

The company's operating income declined by 10.97% during FY25, with revenues moderating to Rs. 725.72 crore from Rs. 815.10 crore in FY24. The decline in the topline was primarily due to a reduction in the monthly sugar quota allocated to the company during sugar season (SS) 2024–25 as compared to the previous season. Operating profitability also witnessed moderation, with the operating margin declining by 85 basis points to 11.85% in FY25 from 12.70% in FY24. Consequently, the net profit margin stood at 4.89% in FY25. Further, the company reported net revenue of Rs.467.89 crore for the period ended 30 September 2025. Acuité believes that the company's scale of operations and profitability are expected to improve over the medium term, supported by a higher sugar quota allocated for sugar season 2025–26 as compared to the previous season.

Intensive Working Capital Operations

The company's working capital operations remain intensive, as reflected by gross current assets (GCA) of 271 days in FY25, compared to 194 days in FY24. The elevated working capital intensity is primarily attributable to higher inventory holding of 292 days in FY25, driven by a reduction in the sugar quota allocation during the year, which led to inventory build-up. Debtor and creditor days stood at 10 days and 31 days, respectively, in FY25. Acuité believes that the company's working capital requirements will continue to remain intensive over the medium term, given the regulated nature of operations, wherein sales are restricted to the government-allocated sugar quota.

Cyclic industry and agroclimatic risks

Being an agro-commodity, the sugar cane crop is dependent on climatic conditions and is vulnerable to pests and diseases that may not only impact the yield per hectare but also the recovery rate. These factors can have a significant impact on the company's profitability. In addition, the cyclical nature in sugar production results in volatility in sugar prices. However, the sharp contraction in the sugar prices is curtailed after the introduction of MSP by the Central Government in June 2018. Over the long term, higher ethanol production with increased diversion towards B-heavy molasses and direct sugar juice is expected to help curtail the excess supply of sugar, resulting in lower volatility in sugar prices and in turn, cash flows from the sugar business. Further, the sugar industry is highly competitive and fragmented marked by presence of many organised and unorganised players in this industry, thus putting pressure on the profitability margins of the company.

Rating Sensitivities

- Movement in scale of operations & profitability
- Movement in working capital operations

- Allocation of quota for sugar season 26-27

Liquidity Position

Adequate

The company has adequate liquidity marked by net cash accruals to its maturing debt obligations, current ratio. The company generated the net cash accruals of Rs. 67.62 Cr. for FY 25 against the debt repayment obligations of Rs. 53.14 Cr. for the same period. The current ratio of the company stood at 1.46 times for FY 25. The company's reliance on bank borrowings is minimal in the non-crushing season. The cash and bank balances of the company stood at Rs. 1.68 Cr. Acuite believes that the liquidity position of the company is expected to improve on account of steady cash accruals against scheduled debt repayments indicating cushion for any future endeavours.

Outlook - Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	725.72	815.10
PAT	Rs. Cr.	35.47	32.64
PAT Margin	(%)	4.89	4.00
Total Debt/Tangible Net Worth	Times	1.12	1.15
PBDIT/Interest	Times	4.42	4.61

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
07 Nov 2024	Cash Credit	Long Term	55.00	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	47.92	ACUITE A- Stable (Assigned)
	Cash Credit	Long Term	50.00	ACUITE A- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	12.50	ACUITE A- Stable (Assigned)
	Covid Emergency Line.	Long Term	14.44	ACUITE A- Stable (Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	60.00	ACUITE A- Stable (Assigned)
	Cash Credit	Long Term	119.50	ACUITE A- Stable (Assigned)
	Cash Credit	Long Term	12.50	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	55.00	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	38.25	ACUITE A- Stable (Assigned)
	Term Loan	Long Term	18.76	ACUITE A- Stable (Assigned)
	Cash Credit	Long Term	38.00	ACUITE A- Stable (Assigned)
09 Sep 2024	Cash Credit	Long Term	12.50	ACUITE A- 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
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	132.00	Simple	ACUITE A- Stable Reaffirmed
H D F C Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE A- Stable Reaffirmed
MUZAFFARNAGAR DISTRICT COOPERATIVE BANK LIMITED	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	55.00	Simple	ACUITE A- Stable Reaffirmed
ZILA SAHKARI BANK LIMITED MEERUT	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	55.00	Simple	ACUITE A- Stable Reaffirmed
ZILA SAHKARI BANK LIMITED BIJNOR	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	38.00	Simple	ACUITE A- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	30 Nov 2027	8.46	Simple	ACUITE A- 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.	47.94	Simple	ACUITE A- Stable Reaffirmed
MUZAFFARNAGAR DISTRICT COOPERATIVE BANK LIMITED	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2027	12.47	Simple	ACUITE A- Stable Reaffirmed
Uttar Pradesh Co-operative bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2028	25.50	Simple	ACUITE A- Stable Reaffirmed
H D F C Bank Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Apr 2028	37.50	Simple	ACUITE A- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	60.00	Simple	ACUITE A- Stable Reaffirmed

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About Acuité Ratings & Research

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