



Press Release

SAHAKAR MAHARSHI SHANKARRAO MOHITE PATIL SAHAKARI SAKHAR KARKHANA LIMITED

June 03, 2025

Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	300.00	ACUITE BB+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	300.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) on the Rs. 300.00 Cr. bank loan facilities of Sahakar Maharshi Shankarrao Mohite Patil Sahakari Sakhar Karkhana Limited (SMSMPSSKL). The outlook is '**Stable**'.

Rationale for rating

The rating continues to reflect extensive experience of promoters in the sugar industry, long track record of integrated operations, healthy relationship with sugarcane farmers and diversified customer base. The rating also gets comfort from moderate scale of operations, moderate financial risk profile and adequate liquidity. However, the ratings are constrained on working capital intensive nature of industry, industry cyclicality, agro-climatic risks and intense competition.

About the Company

SMSMPSSKL set up in 1960 by the late Mr. Shankarrao Mohite-Patil. The society is engaged in manufacturing of sugar and its by-products such as molasses used for ethanol generation and bagasse used for power generation. The society has 7200 Tonnes Crushed Per Day (TCD) sugar mill at Akluj in Solapur (Maharashtra). The sugar mill is forward integrated with co-generation of 30 MW and a distillery of 60 Kilo Litres Per Day (KLPD). The society is managed by Mr. Jaysinh Mohite-Patil and Mr. Vijaysinh Mohite-Patil.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Sahakar Maharshi Shankarrao Mohite Patil Sahakari Sakhar Karkhana Limited (SMSMPSSKL) to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operations in sugar industry

SMSMPSSKL was incorporated in 1960 and manufactures sugar and by products such as molasses, bagasse, ethanol etc. The promoters are into the sugar industry since past more than 5 decades. SMSMPSSKL, over the years has not only expanded its cane crushing capacity to 7,200 tons per day but has also built longstanding relationship with farmers. It has developed healthy relations with sugarcane farmers as the society has low cane arrears as compared to other sugar mills in the locality. Acuite believes that the society will be benefitted over the medium term on the back of established presence in the sugar industry for more than ten decades.

Moderate scale of operations

The revenue from the operations of the society stood at Rs. 488.90 Cr. in FY24 against Rs. 647.24 Cr. in FY23. In FY24 due to lesser exports during the year as Govt. had not permitted the sugar export quota during the season 2023-24 (Export sales in FY23 was Rs. 170.36 Cr.). This also led to high inventory build-up for the society during

year end. The operating margin of the society stood at 8.25% in FY24 against 9.97% in FY23 due to in season 2023-24 the recovery percentage of sugar has decreased to 10.74% from 11.15% in the season 2022-23. The Net margin stood at 2.34% in FY24 against 4.59% in FY23. Society has achieved the operating revenue of Rs. 413.81 Cr. in FY25 (est.). Acuite believes that the current sugar season year will also be impacted due to untimely monsoon during the seeding of the sugarcane.

Moderate Financial risk profile

The society's financial risk profile is moderate marked by net worth, gearing and debt protection metrics. The tangible net worth (after adjusting revaluation reserve) of the society improved to Rs. 88.87 Cr. as on March 31, 2024 from Rs. 72.78 Cr. as on March 31, 2023, due to accretion of profits in reserves and infusion of funds. The Gearing of the society stood at 2.91 times as on March 31, 2024, as against 3.45 times as on March 31, 2023. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 4.47 times as on March 31, 2024, as against 5.56 times as on March 31, 2023. The debt protection metrics of the society is marked by ISCR at 1.69 times and DSCR at 1.02 times as on March 31, 2024. The ROCE of the society is 10.92% in FY24. Acuité believes that going forward the financial risk profile of the society is likely to be sustained backed by steady accruals with debt funded capex plans.

Weaknesses

Intensive Working capital operations

The working capital operations of the society is intensive marked by Gross Current Assets (GCA) of 250 days as on 31st March 2024 as compared to 177 days as on 31st March 2023. The GCA days are high on account of inventory days which are at 226 days in FY24 against 161 days in FY23. The high inventory days is due to the quota given by the government to sell the sugar, the balance is kept as inventory by the sugar mill. And the society is not allowed to sell more than the quota assigned to them. Hence, the inventory days are always high in sugar industry. The debtor days stood at 23 and creditor days stood at 26 for FY24. Acuité believes that the working capital operations of the society will remain at same level due to nature of the business.

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 society's profitability. In addition, the cyclicity 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 society.

Rating Sensitivities

- Movement in scale of operations
- Movement in operating margin
- Movement in working capital operations

Liquidity Position

Adequate

The society has adequate liquidity marked by net cash accruals to its maturing debt obligations, current ratio. The society generated the net cash accruals of Rs. 17.34 Cr. for FY24 as against the debt repayment obligations of Rs. 16.38 Cr. for the same period. The current ratio of the society stood at 0.94 times as on 31st March 2024 which is about unity. The cash and bank balances of the society stood at Rs. 16.71 crore. The average utilization of fund-based limits for the last 13 months ending March 2025 is 59.06%. Acuite believes that the society is expected to improve in the liquidity profile as the society is expecting to generate steady cash accruals in the next medium term indicating availability of funds for any future endeavours.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	488.90	647.24
PAT	Rs. Cr.	11.44	29.73
PAT Margin	(%)	2.34	4.59
Total Debt/Tangible Net Worth	Times	2.91	3.45
PBDIT/Interest	Times	1.69	2.13

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

None

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 :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
M. S, CO-OPERATIVE BANK LIMITED	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	150.00	Simple	ACUITE BB+ Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	110.00	Simple	ACUITE BB+ Stable Assigned
M. S, CO-OPERATIVE BANK LIMITED	Not avl. / Not appl.	Term Loan	01 Jan 2025	Not avl. / Not appl.	31 Jan 2030	33.42	Simple	ACUITE BB+ Stable Assigned
M. S, CO-OPERATIVE BANK LIMITED	Not avl. / Not appl.	Term Loan	01 Sep 2020	Not avl. / Not appl.	01 Sep 2025	6.58	Simple	ACUITE BB+ Stable Assigned

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About Acuité Ratings & Research

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