



Press Release
INDIAN CANE POWER LIMITED
August 05, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	832.50	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	12.50	-	ACUITE A3 Assigned
Total Outstanding Quantum (Rs. Cr)	845.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has assigned the long-term rating of **'ACUITE BBB-'** (read as **ACUITE triple B minus**) on the Rs.832.50 Cr. bank facilities and a short-term rating of **'ACUITE A3'** (read as **ACUITE A three**) on the Rs. 12.50 Cr. bank facilities of Indian Cane Power Limited (ICPL). The outlook is **'Stable'**.

Rationale for rating assigned

The rating assigned factors in the established track record of the promoter group in the sugar industry and the diversified revenue profile of the group dominated majorly by the integrated nature of sugar operations that along with a healthy scale of operations despite a decline observed in last two fiscals. Further, it also factors in the moderate financial risk profile of the group majorly on account of ongoing capex in last two fiscals. However, these strengths are partly offset by the intensive working capital operations coupled with susceptibility to regulatory changes, inherent volatility in sugar prices, agro-climatic risks and the cyclical trends of sugar industry. The rating is constrained by absence of long term PPA for power which exposes the company to demand and tariff risk. Acuite also takes note of the recently completed major capital expenditure that is expected to derive the revenues and profitability in the current fiscal.

About the Company

Karnataka based Indian Cane Power Limited was incorporated in 2008 by the Shamanur group. It is engaged in the manufacturing of Sugar and forward integrated in manufacturing of Ethanol and supplies power. It has four units located at Uttur, Duggavathi, Alagwadi and Indi in Karnataka. The current sugarcane crushing capacity stands at 37,750 TCD, cogen plants at 117.6 MW and distillery capacity at 180 KLPD . Further, the company has recently concluded capex for distillery capacity enhancement by 300 KLPD. The key promoters are Mr. Shamanur Shivashankarappa Mallikarjun, Ms. Prabha Mallikarjun, Mr. Subhash Chand Pahuja, Mr. Premchand. The current directors are Mr. Shamanur Shivashankarappa, Mr. Arethol Sangappa Niranjan and Mr. Mallikarjun Samarth Shamanur.

About the Group

The company is part of the Shamanur Group is led by Dr. Shamanur Shivashankarappa who have 5 decades of experience of various industries that include trading, Sugar, ethanol, agricultural etc.

Unsupported Rating

Not applicable.

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of Indian Cane Power Limited (ICPL) to arrive at the rating.

Key Rating Drivers

Strengths

Extensive industry experience of the promoters: The promoters have experience of over 2 decades in the sugar industry. This has given them an understanding of the market dynamics and enabled them to establish relationships with suppliers and customers.

Healthy scale despite a decline witnessed in last two fiscals: The revenue from the operations have stood healthy over the past three years though a decline was witnessed from Rs.1372.28 Cr. during FY2023 to Rs.1274.71 Cr. in FY2024 and further to Rs.1275.25 Cr. in FY2025 (prov.). This has largely been a result of reduced sales of the sugar due to quota restrictions despite higher cane crushing. This has also resulted in higher inventory as on year end. In the current fiscal the company has reported revenues of Rs. 417.65 Cr. in Q1 against Rs. 266.16 Cr. in Q1FY2025. Also, it has been noted that the sugar yield has been lower in FY2024 and FY2025. The operating margin of the company stood at 11.62% in FY24 against 11.38% in FY23. It increased to 19.16% in FY2025 (prov.) mainly on account of benefit from newly added capacities that is located near to farmers which has resulted in lower H&T cost and increased realisation as the company was able to export in FY2025 at Rs. 45-46/Kg. The net margin stood at 4.25% in FY2023 and 3.79% in FY2024, which increased to 6.15% in FY2025(prov.). Acuite expects the revenue and profitability to improve in FY26, with the commencement of operations in distillery.

Forward-integrated operations supported by Government policies to provide cushion against cyclicity in sugar business: The company's operations are forward integrated with a co-generation capacity of 117.6 mega watt (MW) and a distillery capacity of 180 (+300 from current SY) kilo litres per day (KLPD), which provide alternative revenue streams and act as a cushion against the cyclicity in the sugar business. The contribution from distillery is expected to increase going forward with the recent capacity expansion. These expansion plans will reduce dependence on the Sugar, to an extent, with the larger distilleries remaining operational throughout the year.

Weaknesses

Moderate Financial risk profile: The company has been in the capex phase during last couple of years which has resulted in the moderation in the financial risk profile as reflected by leveraged capital structure and moderate debt protection metrics. The tangible net worth of the company remains healthy at Rs. 425.52 Cr. as on March 31, 2025 (prov.) due to accretion of profits in reserves. The gearing of the company has stood leveraged at 2.06 times in FY2024 and 2.81 times in FY2025 (prov.) increased from 1.83 times in FY2023. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood high at 3.76 times as on March 31, 2024, and 4.63 times in FY2025 (prov.) against 3.26 times in FY2023. The debt protection metrics of the company is marked by ISCR at 4.75 times in FY2025 (prov.) and DSCR at 2.52 times as on March 31, 2025 (prov.). Acuite believes that going forward the financial risk profile of the company will improve backed by steady accruals.

Working Capital intensive nature of the operations: The working capital operations of the company is intensive marked by Gross Current Assets (GCA) and it has gradually increased from 167 days as on 31st March 2023 to 211 days as on 31st March 2024 and further to 356 days as on 31st March 2025 (prov.). The GCA days are high on account of inventory days of 137 days and 340 days in FY2024 and FY2025 (prov.), increased from 87 days in FY2023. The company has increased its crushing capacity and produced higher quantum of sugar but couldn't sell due to the quota restrictions, resulting in inventory built-up. This has also resulted in increased short-term borrowings for the company. Acuite believes that the working capital operations of the company though improved, will continue to remain high.

Profitability vulnerable to policy interventions by the Government: ICPL's profitability, along with other sugar mills, continues to be vulnerable to the Government of Karnataka and the Central Government's policy on cane prices. Thus, the company's performance can be adversely impacted by a disproportionate increase in cane prices in any particular year. Further, the profitability remains vulnerable to the Government's policies on sugar international trade, domestic quota, sugar MSP, remunerative ethanol prices, diversion towards ethanol etc. The continuation of Government support in the form of remunerative ethanol prices is likely to ease the inventory piling for the sugar. However, the fair remunerative prices (FRP) increased by Rs. 25/quintal for SY2024 and Rs. 15/quintal in SY2025, which could limit profitability. Nevertheless, firmed up domestic prices and increased contribution from ethanol supplies are likely to offset this risk to some extent for integrated sugar mills.

Vulnerable to industry cyclicity and agro-climatic risks: Being an agri-commodity, the sugarcane 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. Further, high dependence on a single crop variety may affect the yield and recovery rate. However, ICPL has been exploring other varieties to mitigate this risk to a certain extent. In addition, the cyclicity in sugar production results in a volatility in sugar prices. However, the sharp downfall in sugar prices has been 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 based ethanol will help to curtail the excess supply of sugar, resulting in lower volatility in sugar prices and hence, cash flows from the sugar business.

ESG Factors Relevant for Rating

Environmental Risk:

Sugar entities like ICPL are directly exposed to climate risks which affects sugarcane production and yield. Further, excessive or deficient rainfall affects cane availability. However, the company's sugar facilities are in Karnataka, having high sugar recovery rates and longer crushing season with adequate availability of cane, thereby mitigating the climatic Risks to a certain extent. Nevertheless, the company remains exposed to raw material availability in certain parts that have high rainfall dependence.

Social Risks:

The worldwide societal shift to less sugar intensive food products considering the health issues related to high sugar consumption could structurally reduce the demand for sugar products. However, such changes in consumer behaviour or any other drivers of change are expected to be relatively slow paced. Therefore, while ICPL remains exposed to the aforementioned social risk, it is not likely to materially affect its credit profile in the medium term, given the increasing sucrose diversion towards ethanol.

Rating Sensitivities

- Sustained improvement in operating income while maintaining its profitability
- Commencement of the distillery as projected
- Improvement in the working capital operations
- Changes in government regulations
- Reduction in cash accruals or significant debt funded capex affecting liquidity and financial risk profile

Liquidity Position

Adequate

The company has adequate liquidity marked by net cash accruals to its maturing debt obligations. The company generated the net cash accruals of Rs. 107.4 Cr. for FY 23-24 as against the debt repayment obligations of Rs. 14.94 Cr. for the same period. Further in FY2025, it generated Rs. 175.8 Cr. against repayment obligations of Rs. 38.5 Cr. It is noted that the current ratio of the company stood close to unity in FY2024 and FY2025. The cash and bank balances of the company stood at Rs. 55.64 crores as on March 31, 2025 (prov.) along with free FDs of ~Rs. 6 cr. The average utilization of fund-based limits for the last 11 months ending May 2025 is ~78%. The liquidity of the company is expected to improve as the company 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 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	1275.25	1274.71
PAT	Rs. Cr.	78.40	48.30
PAT Margin	(%)	6.15	3.79
Total Debt/Tangible Net Worth	Times	2.81	2.06
PBDIT/Interest	Times	4.75	13.89

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

IND-RA, vide its press release dated July 4, 2025 had denoted the rating of Indian Cane Power Limited as IND-RA BB+ (Negative)/A4+ 'Reaffirmed and Issuer not co-operating'.

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. 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.

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
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.50	Simple	ACUITE A3 Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE BBB- Stable Assigned
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BBB- Stable Assigned
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BBB- Stable Assigned
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A3 Assigned
State Bank of India	Not avl. / Not appl.	Pledge Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	250.00	Simple	ACUITE BBB- Stable Assigned
Canara Bank	Not avl. / Not appl.	Pledge Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	125.00	Simple	ACUITE BBB- Stable Assigned
The Karnataka State Cooperative Apex Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	04 Apr 2031	119.00	Simple	ACUITE BBB- Stable Assigned
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2031	224.90	Simple	ACUITE BBB- Stable Assigned
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	23 Mar 2028	28.60	Simple	ACUITE BBB- Stable Assigned

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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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