



**Press Release**  
**CHIDANAND BASAPRABHU KORE SAHAKARI SAKKARE KARKHANE NIYAMIT**  
**September 09, 2025**  
**Rating Assigned**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	545.00	ACUITE BB+   Stable   Assigned	-
Total Outstanding Quantum (Rs. Cr)	545.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has assigned the long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) on the Rs. 545.00 crore bank facilities of Chidanand Basaprabhu Kore Sahakari Sakkare Karkhane Niyamit (CBKSSKN). The outlook is '**Stable**'.

**Rationale for rating assigned**

The rating assigned factors in the long and established operational track record of the society in the sugar industry, its integrated operations with cogeneration and ethanol units resulting in growing operating income, support derived from cooperative structure and established farmer base in Chikodi, Karnataka and adequate liquidity. However, the rating is constrained due to CBKSSKN's average financial risk profile, working capital intensive operations and susceptibility of profitability to the agro-climatic risks and volatility in sugar prices.

**About the Company**

Established in 1969, CBKSSKN is a cooperative society owned by more than 35,000 sugarcane growers, cooperative society members and non-grower members. The organisation started its operation in 1974 and is based in Chikodi taluka of Belgaum district in the state of Karnataka. The society has current capacity of 10,000 TCD for production of sugar, 31.70 MW for power generation and 200 KLPD for distillery operations. The current directors of the society are Sri. Mallikarjun G. Kore, Sri. Tatyasaheb D. Kate and Dr. R. B. Khandagave .

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profiles of CBKSSKN to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Long and established operational track record in sugar industry and improving operating income**

Incorporated in 1969, the society maintained an extensive presence in sugar industry for over five decades. Its strong acceptance among local farmers has facilitated timely and adequate cane procurement, ensuring a consistent crushing period. This, in turn, has helped the society scale up its operations over the years. The operating revenue of the society increased to Rs. 542.26 crore in FY2025 (Prov.) compared to Rs. 418.96 crore in FY2024 driven by increase in production and sale of sugar and ethanol sales on back of expansion of distillery's capacity to 200 KLPD from 30 KLPD. Additionally, the society recorded operating income of Rs. 178 Cr. in 4MFY2026. Despite the rise in operating income, the operating margins declined to 9.80 per cent in FY2025 (Prov.) as against 13.57 per cent in FY2024 due to elevated cane procurement costs. As a co-operative entity, the society operates with a member-centric approach, often prioritizing farmer welfare over profitability. This is reflected in its practice of

consistently paying cane prices higher than the government-stipulated Fair and Remunerative Price (FRP), resulting in lower retained earnings and modest profit levels. Similarly, the PAT margins fallen to 0.88 per cent in

FY2025 (Prov.) from 2.49 per cent in FY2024. Acuité believes that CBKSSKN shall continue to benefit from the extensive experience of its promoters and established track record of operations in the sugar industry.

### **Integrated nature of operations providing better revenue mix**

CBKSSKN had an integrated setup comprising an operational cane crushing capacity of 10,000 TCD, a co-generation power plant with a capacity of 28.70 MW, and a distillery with a capacity of 30 KLPD until FY2024. The society undertook capital expenditure of approximately Rs. 197 crore to upgrade its distillery to 200 KLPD and co-generation capacity to 31.70 MW, which became operational from September 2024. As a result, FY2025 witnessed an increase in ethanol sales due to higher diversion of sugarcane syrup towards ethanol production. Ethanol sales rose to Rs. 83.81 crore in FY2025 (Prov.) compared to Rs. 40.16 crore in FY2024. Acuité believes that the society's scale of operations will continue to improve through the utilisation of its enhanced capacities, supported by government measures.

## **Weaknesses**

### **Average Financial risk profile**

The financial risk profile of the society remained average, marked by moderate net worth, below unity gearing, and average debt protection metrics. The net worth of the society stood moderate at Rs. 411.88 crore as on March 31, 2025 (Prov.) as against Rs. 376.89 crore as on March 31, 2024. The networth includes accumulated losses of the previous years and depreciation reserve. The total debt outstanding of Rs. 342.84 crore consists of working capital borrowings of Rs. 134.86 crore and long-term borrowings of Rs. 207.98 crore as on FY2025 (Prov.). The society's gearing ratio stood at 0.83 times as of March 31, 2025 (Prov.) as against 1.15 times as of March 31, 2024. The debt protection metrics remained average with Debt Service Coverage Ratio (DSCR) at 1.45 times in FY2025 (Prov.) as against 1.37 times in FY2024 and Interest Coverage Ratio (ICR) stood at 1.93 times and 1.74 times respectively as on 31st March 2025 (Prov.). Acuité believes that the financial risk profile of the society is likely to improve in the near to medium term on account of likely improvement in the scale of operations and no debt funded capital expenditure in the medium term.

### **Working capital intensive operations**

The society's working capital operations remain intensive, as indicated by gross current assets (GCA) of 270 days in FY2025(Prov.), compared to 407 days in FY2024 on account of high but improving inventory days. The inventory days stood at 234 days in FY2025 (Prov.) as against 334 days in FY2024. The higher inventory level as of March 31, 2024, was on a result of restrictions imposed on export of sugar resulting into piling of stock. Further, the debtor's days of the society stood at 38 days in FY2025 (Prov.) as compared to 93 days in FY2024. Further, the average bank limit utilization for last 16 months ended June 2025 stood at ~59 percent. Acuité believes that working capital operations of the society may continue to remain intensive considering the nature of business.

### **Susceptibility to regulatory changes and inherent volatility in sugar prices**

The sugar industry is susceptible to movements in sugarcane and sugar prices which results in volatile profitability. While the government policy of Fair and Remunerative Price for sugarcane has brought some amount of stability and predictability in input price, open market sugar price remains dependent on the demand-supply scenario. Besides this, the government also regulates domestic demand-supply through restrictions on imports and exports, sugar release orders and buffer stock limits. Government interventions will remain a driver for the profitability of sugar mills and continue as a key rating sensitivity factor.

## **Rating Sensitivities**

- Improvement in operating income and profitability and generation of adequate cash flows from operations
- Any further increase in the debt levels of the company, leading to deterioration in the financial risk profile or liquidity of the society.
- Improvement in the working capital operations.
- Changes in government regulations.

## **Liquidity Position**

### **Adequate**

The liquidity position of the society is adequate marked with sufficient net cash accruals (NCA) of Rs. 33.74 crore in FY25 (Prov.) as against maturing debt repayment obligations of Rs. 11.85 crore in the same year. Going ahead the cashflows of the society are to remain sufficient in the range of Rs.38-44 crore against the repayment obligations of around Rs.28-32 crores over the medium term. The current ratio of the society stood at 1.01 times as on 31<sup>st</sup> March, 2025 (Prov.). The average bank limit utilization for last 16 months ended June 2025 stood at

~59 percent. Further, the society had cash and bank balance of Rs.8.78 crore and free term deposits of ~Rs. 20 crore as on March 31, 2025 (Prov.). Acuite believes that the liquidity position of the society will continue to remain adequate on account of sufficient cash accruals against the debt repayment obligations.

**Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	542.26	418.96
PAT	Rs. Cr.	4.79	10.45
PAT Margin	(%)	0.88	2.49
Total Debt/Tangible Net Worth	Times	0.83	1.15
PBDIT/Interest	Times	1.93	1.74

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

Care Ratings, vide its press release dated November 29, 2024 had denoted the rating to Chidanand Basaprabhu Kore Sahakari Sakkare Karkhane Niyamit as 'CARE B | Stable | CARE A4 (Reaffirmed, Issuer Not Cooperating)' on account of lack of adequate information required for monitoring of ratings

### 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, Acuite 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](http://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
Bank of India	Not avl. / Not appl.	Cash Credit	23 Jun 2025	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BB+   Stable   Assigned
Canara Bank	Not avl. / Not appl.	Pledge Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	75.00	Simple	ACUITE BB+   Stable   Assigned
Union Bank of India	Not avl. / Not appl.	Pledge Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE BB+   Stable   Assigned
State Bank of India	Not avl. / Not appl.	Pledge Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	90.00	Simple	ACUITE BB+   Stable   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	108.70	Simple	ACUITE BB+   Stable   Assigned
Canara Bank	Not avl. / Not appl.	Term Loan	15 Mar 2023	Not avl. / Not appl.	31 Mar 2032	141.60	Simple	ACUITE BB+   Stable   Assigned
Bank of India	Not avl. / Not appl.	Term Loan	01 Jan 2021	Not avl. / Not appl.	30 Nov 2025	1.97	Simple	ACUITE BB+   Stable   Assigned
Union Bank of India	Not avl. / Not appl.	Term Loan	30 Nov 2021	Not avl. / Not appl.	30 Oct 2027	3.50	Simple	ACUITE BB+   Stable   Assigned
Canara Bank	Not avl. / Not appl.	Term Loan	10 Dec 2021	Not avl. / Not appl.	14 Nov 2027	4.23	Simple	ACUITE BB+   Stable   Assigned

## Contacts

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### About Acuité Ratings & Research

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