



Press Release

Rajarambapu Patil Sahakari Sakhar Karkhana Limited (RPSSKL)

March 31, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	527.29	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	-	Assigned	Simple
Total	527.29 (Rupees Five Hundred Twenty-Seven Crore and Twenty-Nine Lakh Only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned its rating to the Bank facilities of Rajarambapu Patil Sahakari Sakhar Karkhana Limited (RPSSKL). The ratings derive strength from extensive experience of the promoter and integrated operations, moderate operating efficiency leading to healthy profitability, moderate financial profile. The rating strengths are, however, constrained by the large working capital requirement and exposure to regulatory changes and cyclicity in the sugar industry.

The outlook has been recommended as stable due to extensive experience of the promoter and integrated operations.

Key Rating Sensitivities:

Upward Factors

- Growth in scale of operations with further improvement in profitability on a sustained basis.
- Manage working capital requirements efficiently with improvement in liquidity position.

Downward Factors

- Moderation in scale of operations or profitability impacting the liquidity profile.
- Moderation in capital structure.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Extensive experience of the promoter and integrated operations:** The promoter has more than two-decade long experience and his healthy relationships with customers and cane producers in the company's area of operations have helped to sustain different sugar cycles. Moreover, operations are integrated with a cogeneration power capacity and distillery. Long-term, remunerative power purchase agreement with a state government agency and better prices for distillery products support overall business risk profile.
- **Moderate operating efficiency leading to healthy profitability:** Recovery rates (volume of sugar produced from total sugarcane crushed) have been stable at more than 10% over the past three sugar seasons. Integrated operations have led to healthy profitability at 9.37% in FY24 (period from April 01, 2023 to March 31, 2024). Growth over the medium term will be driven by relatively higher margin ethanol sales led by recent capacity expansion which will yield better overall margins for the company.
- **Moderate financial profile:** The capital structure of the company stood high marked by overall gearing ratio at 4.37x as on 31-Mar-2024 as against 3.78 as on March 31, 2023 on account of increase in short term debt owing to ban exports and lower sales due to sugar exports. It is expected to decrease to 3.38x as on March 31, 2025 on account of decrease in term loans.

The total indebtedness of the company as reflected by TOL/ATNW stood at 6.30x as on 31-Mar-24 as against 5.53 as on March 31, 2023. It is expected to decrease to 4.80x as on March 31, 2025 on account of a decrease in debt levels.

The debt protection metrics stood average marked by Interest Coverage Ratio of 1.65 times in FY24 (FY23: 1.60x) (FY 23: period from April 01, 2022 to March 31, 2023) and Debt Service Coverage Ratio of 0.92x in FY24 (FY23: 0.91x). It is expected to increase to 1.95 & above unity respectively in FY2025 led by higher accruals.



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Key Rating Weaknesses

- **Large working capital requirement:** Operations are working capital intensive on account of the seasonal business. The crushing season begins in October-November and ends in March-April. Hence, inventory remains high during year-end as sugar produced during the season is stocked for sale next year. Furthermore, subdued sugar realisations can lead to accumulation of stock and hence, higher debt and finance cost. The Operating Cycle of the company is elongated at 282 days in FY24.
- **Exposure to regulatory changes and cyclicity in the sugar industry:** Regulatory mechanisms and dependence on the monsoon lead to cyclicity in the sugar industry, which may impact the performance of RPSSKL. The government controls the domestic demand-supply scenario by restricting imports and exports, as well as the prices of sugarcane and volumes through sugar quota. This may impact the profitability of players such as RPSSKL.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The Current Ratio of the company stood adequate at 0.99x as on 31-Mar-2024. The unencumbered cash and bank balance as on 31-Mar-2024 is Rs. 0.75 crore. The average working capital utilization for the last 12 months ended December 2024 stood at ~69% for its fund-based limits.



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About the Company

RPSSKL was incorporated by the Late Rajarambapu Patil in 1968. It has diversified business profile which comprises operations in sugar production, distillery, power generation. Sugar Factory was started with 1 plant at Sakharale with 1250 Tons Crushing per Day in 1970 and since then have expanded with 3 more plants at Wategaon in 2003, Karandwadi in 2008 and Tippehalli in 2013, with conglomerate capacity over 17,500 Tons Crushing per Day, along with a 40-megawatt cogeneration unit and 150-KLPD distillery plant.

Financials (Standalone):

For the year ended/ As on*	31-03-2023	(Rs. crore) 31-03-2024
	Audited	Audited
Total Operating Income	1018.20	1028.56
EBITDA	82.11	96.42
PAT	18.92	26.09
Total Debt	591.47	810.33
Adjusted Tangible Net Worth	156.40	185.38
EBITDA Margin (%)	8.06	9.37
PAT Margin (%)	1.86	2.54
Overall Gearing Ratio (x)	3.78	4.37
Interest Coverage (x)	1.60	1.65

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA:

CARE Ratings moved the rating to Issuer Not Cooperating category based on best available information vied PR dated January 09, 2024, in the absence of adequate information from the entity

ICRA Ratings moved the rating to Issuer Not Cooperating category based on best available information vied PR dated July 12, 2024, in the absence of adequate information from the entity

Any other information: Nil

Rating History for last three years:



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Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in T-1	Date(s) & Rating(s) assigned in T-2	Date(s) & Rating(s) assigned in T-3
				(March 31, 2025)	Date (Month XX, 20XX)	Date (Month XX, 20XX)	Date (Month XX, 20XX)
1.	Term Loans	Long Term	87.29	IVR BB+/Stable	-	-	-
2.	Cash Credit	Long Term	440.00	IVR BB+/Stable	-	-	-

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Facility Details :

Name of Facility/ /	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loans	-	-	-	2026-27	6.20	IVR BB+/Stable
Term Loan I	-	-	-	2027-28	48.74	IVR BB+/Stable
Term Loan II	-	-	-	2028-29	32.35	IVR BB+/Stable
Cash Credit	-	-	-	-	200.00	IVR BB+/Stable
Cash Credit	-	-	-	-	140.00	IVR BB+/Stable
Cash Credit	-	-	-	-	100.00	IVR BB+/Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-RPSSKL-mar25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.