



## Press Release

### Satish Sugars Limited

**March 18, 2025**

#### **Ratings**

<b>Instrument / Facility</b>	<b>Amount (Rs. crore)</b>	<b>Current Rating</b>	<b>Previous Rating</b>	<b>Rating Action</b>	<b><a href="#">Complexity Indicator</a></b>
Long Term Bank Facilities	348.67	IVR BBB/ Stable (IVR Triple B; with Stable Outlook)	IVR BBB/ Stable (IVR Triple B; with Stable Outlook)	Rating Reaffirmed	Simple
Long Term Bank Facilities-Proposed	86.33	IVR BBB/ Stable (IVR Triple B; with Stable Outlook)	-	Rating Assigned	
Short Term Bank Facilities	18.00	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	Rating Reaffirmed	Simple
<b>Total</b>	<b>453.00</b>	<b>Rupees Four Hundred Fifty Three Crore Only</b>			

Details of Facilities/Instrument are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

#### **Detailed Rationale**

Infomerics Valuation and Rating Limited (IVR) has reaffirmed/assigned long term rating of IVR BBB with a Stable outlook and short-term rating of IVR A3+ for the bank loan facilities of Satish Sugars Limited (SSL).

The rating continues to draw comfort from the established track record of operations and experienced management, integrated business model and diversified revenue stream, locational advantage, improving scale of operations and moderate financial risk profile and debt protection metrics. However, these strengths are partially offset by decline in profitability margins, working capital intensive nature of operations, susceptibility to regulatory changes and inherent volatility in sugar prices and agro climatic risks and cyclical trends in the industry.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes SSL's will continue to benefit from its operational track record in the business and regular inflow of orders.

IVR has principally relied on the consolidated audited financial results of SSL upto 31 March 2024 (refers to period April 1st, 2023, to March 31, 2024) results, 10MFY25 unaudited results and projected financials for FY2025, FY2026 and FY2027, and publicly available information/ clarifications provided by the company's management.

#### **Key Rating Sensitivities:**



## Press Release

### Upward Factors

- Substantial improvement in the scale of operations with TOI above Rs. 1600 crore and EBITDA margins
- Improvement in debt protection metrics
- Sustenance of the overall gearing below 1.20x
- Reduction in financial exposure to group/associate company

### Downward Factors

- Significant reduction in the scale of operations and profitability margins,
- Deterioration in debt protection metrics and overall gearing

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Established track record of operations and experienced management:**

The company commenced its operations in April 2000 and has a successful track record of more than two decades in the existing line of business. Overall activities of SSL are managed by six directors with Mr. Pradeep Kumar Indi being the Chairman cum Director. He has more than 3 decades' experience in the sugar business. He is ably supported by four other directors, namely, Mr. Vithal R Parasannavar, Mr. Rahul Jarkiholi, Ms. Shakuntaladevi Jarkiholi and Ms. Priyanka Jarkiholi who have effective experience in existing line of business as well as supported by qualified and well experienced management team.

- **Integrated business model and diversified revenue stream:**

The company is forward integrated into cogeneration and distillery operations that de-risk its core sugar business to some extent. SSL has two sugar plants situated Gokak Taluk, Belagavi district in Karnataka with overall running of 10,000 TCD and 7,500 TCD. In sugar segment, the total operating income (TOI) stood at Rs. 677.42 crore in FY2024 as compared to Rs. 721.66 crore in FY2023. The company also increased the production of ethanol which has higher profit margins. The total operating income from Ethanol stood at Rs. 300.02 crore in FY2024 as compared to Rs. 340.30 crore in FY2023. Apart from sugar operations, SSL has a bagasse-based cogeneration power plant of 31 MW (8.34 MW exportable) capacity and 36 MW (18 MW exportable) respectively at the two sugar factories. The power produced by the cogeneration plants is utilized for running the own sugar mills and surplus power is exported. During FY2024 the company produced 26 MW and 35.28 MW respectively. The total operating income from power sales stood at Rs. 53.87 crore in FY2024. The company has also started manufacturing TMT Billets from March 2023 onwards, which has a capacity of 41,000 MTPA. The total operating income from TMT Billets sales stood at Rs. 135.21 crore in FY2024 as compared to Rs. 13.04 crore in FY2023. The operational metrics of all the segments are expected to remain healthy going forward as well.



## Press Release

- **Locational advantage:**

The company plants have locational advantages ensuring steady availability of cane. The company's plants are located near the sugarcane belts of Karnataka.

- **Improving scale of operations:**

The scale of operations is improving on a y-o-y basis. Total operating income (TOI) of the company improved by 4.02% to Rs. 1229.92 crore in FY2024 from Rs. 1182.34 crore in FY2023 due to an increase in sales volume of TMT Billets. In 10MFY25 the TOI stood at Rs. 1304.69 crore as compared to Rs.933.45 crore in 10MFY24.

- **Moderate debt protection metrics and financial risk profile:**

In terms of the debt coverage indicators, the interest service coverage ratio (ISCR) and the debt service coverage ratio (DSCR) stood at 2.02x and 1.03x in FY2024. The tangible networth improved to Rs. 410.99 crore in FY2024 from Rs. 365.71 crore in FY2023. The overall gearing stood moderate at 1.99x in FY2024. TOL/TNW stood moderate at 3.21x in FY2024 (FY2023- 3.00x).

### Key Rating Weaknesses

- **Decline in profitability margins:**

The operating profit and net profit margins have declined to 12.88% and 3.67% respectively in FY2024 from 13.32% and 5.83% respectively in FY2023 mainly due to stiff competition in the TMT Billets market and increase in interest cost on account of increase in working capital limits and new term debt.

- **Working capital intensive nature of operations:**

SSL's operations are working capital intensively in nature, supported largely by bank borrowings. The sugar industry, being seasonal in nature, has high working capital requirements during the peak season which is from November to April. The companies have high working capital requirements during the peak season to procure their primary raw material, i.e., sugarcane and manufacture sugar during this period.

- **Susceptibility to regulatory changes and inherent volatility in sugar prices:**

The sugar industry is susceptible to movements in sugarcane and sugar prices which result in volatile profitability. While the government policy of FRP/SAP for sugarcane has brought some amount of stability and predictability in price input, open market sugar price remains dependent on the demand-supply scenario. Besides, the government 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 to be a key rating sensitivity factor.

- **Agro climatic risks and cyclical trends in the industry:**



## Press Release

The profitability of sugar mills will remain vulnerable to the agro-climatic risks related to cane production. Being an agricultural product, the sugarcane crop is dependent upon weather 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 revenue and profitability.

**Analytical Approach:** For arriving at the ratings, IVR has analysed SSL's credit profile by considering the consolidated financial statements of the company. IVR has taken a consolidated view of the business and financial profiles of Satish Sugars Limited and its two subsidiaries viz, Belgaum Sugars Private Limited (operational since 2016) and Yaragatti Sugars Private Limited (no operations), collectively referred to as Satish Group because of the commonality of management and business, extent of shareholding and significant operational and financial linkages between the entities.

### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)  
[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)  
[Criteria for Assigning Rating Outlook](#)  
[Criteria for Consolidation of Companies](#)  
[Policy on Default Recognition](#)  
[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The company's liquidity is expected to be adequate. There are long-term secured borrowings from banks, amounting to Rs. 302.55 crore, as on 31st March 2024. Against a current portion of long-term debt (CPLTD) of Rs. 70 crore in FY2024, the company has generated gross cash accruals of Rs. 75.04 crore in FY2024. The company is expected to generate cash accruals between Rs. 113.26 crore to Rs.154.80 crore during the FY2025-27 which are sufficient for repayment obligations. With the adequate expected cash accruals against repayments, the liquidity position will remain adequate.

### **About the Company**

Satish Sugar Limited (SSL) was incorporated in April 2000 under the leadership of Mr. Satish Jarkiholi (Founder) and Mr. Pradeep Kumar Indi (Chairman). It is currently managed by directors namely Mr. Pradeep Kumar Indi (Chairman), Ms. Priyanka Jarkiholi (Managing Director), Mrs. Shakuntala Devi Jarkiholi, Mr. Rahul Jarkiholi and Mr. Vithal R Parasannavar. The company is engaged in manufacturing and sale of sugar, power and ethanol. The



## Press Release

company manufacturing plant is located at Gokak Taluk, Belagavi district in Karnataka. The plant has total installed capacity of 10,000 Tons of Cane per Day (TCD) of sugar crushing, 300 KLPD of distillery, 31 Megawatt (MW) of cogenerated power and 41,000 MTPA TMT Billets. SSL has two subsidiaries viz, Belgaum Sugars Private Limited (99.97% of shareholding held by SSL) and Yaragatti Sugars Private Limited (97.13% of shareholding held by SSL). Belgaum Sugars Private Limited is engaged in manufacturing and sale of sugar and power. The plant has total installed capacity of 7,500 Tons of Cane per Day (TCD) of sugar crushing and 36 Megawatt (MW) of cogenerated power.

### Financials (Consolidated):

(Rs. crore)

For the year ended as on	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	1182.34	1229.92
EBITDA	157.46	158.40
PAT	69.00	45.29
Total Debt	708.94	816.69
Tangible Networkth	365.71	410.99
EBITDA Margin (%)	13.32	12.88
PAT Margin (%)	5.83	3.67
Overall Gearing Ratio (x)	1.94	1.99
Interest Coverage Ratio (x)	2.82	2.02

### Financials (Standalone):

(Rs. crore)

For the year ended as on	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	891.92	818.77
EBITDA	117.97	91.83
PAT	61.63	40.21
Total Debt	296.65	339.51
Adjusted Tangible Networkth*	276.24	316.45
EBITDA Margin (%)	13.23	11.22
PAT Margin (%)	6.85	4.84
Overall Adjusted Gearing Ratio (x)	1.07	1.07
Interest Service Coverage Ratio (x)	3.37	2.54

\*After adjusting investment in group/subsidiary companies





## Press Release

**Status of non-cooperation with previous CRA:** It is under ISSUER NOT COOPERATING category with Brickwork Ratings via press release dated 3<sup>rd</sup> June 2024 due to non-submission of information.

**Any other information:** Not Applicable

**Rating History for last three years:**

Sr. No.	Type of Instrument/Facility	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Tenure	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 18 Mar 2024	Date(s) & Rating(s) assigned in 2022-23 27 Feb 2023	Date(s) & Rating(s) assigned in 2021-22
1.	Fund Based	Long Term	435.00	IVR BBB /Stable	IVR BBB /Stable	IVR BBB /Stable	-
2.	Non-Fund Based	Short Term	18.00	IVR A3+	IVR A3+	IVR A3+	-

**Name and Contact Details of the Rating Analyst:**

Name: Shivam Bhasin Tel: (011) 45579024 Email: <a href="mailto:shivam.bhasin@infomerics.com">shivam.bhasin@infomerics.com</a>	Name: Om Prakash Jain Tel: (011) 45579024 Email: <a href="mailto:opjain@infomerics.com">opjain@infomerics.com</a>
---	---

**About Infomerics:**

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt Ltd] (Infomerics) 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.

For more information visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time.



## Press Release

Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit/WCDL	-	-	-	245.85	IVR BBB/Stable
Term Loan-1	-	-	Sep 2026	1.42	IVR BBB/Stable
Term Loan-2	-	-	Mar 2030	52.40	IVR BBB/Stable
Term Loan-3	-	-	Mar 2030	9.25	IVR BBB/Stable
Term Loan-4	-	-	Sep 2031	10.49	IVR BBB/Stable
Term Loan-5	-	-	Nov 2031	15.72	IVR BBB/Stable
Term Loan-GECL 1	-	-	Jun 2026	12.12	IVR BBB/Stable
Term Loan-GECL 2	-	-	Jun 2026	1.42	IVR BBB/Stable
Proposed CC	-	-	-	5.00	IVR BBB/Stable
Proposed TL	-	-	-	81.33	IVR BBB/Stable
Bank Guarantee	-	-	-	13.00	IVR A3+



## Press Release

Letter of Credit	-	-	-	5.00	IVR A3+
------------------	---	---	---	------	---------

**Annexure 2: Facility wise lender details:**

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

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

**Annexure 4: List of companies considered for consolidated/combined analysis:**

S.No	Name of entities	Extent of Consolidation
1	Satish Sugars Limited	100%
2	Belgaum Sugars Private Limited	100%
3	Yaragatti Sugars Private Limited	100%

**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](http://www.infomerics.com).