# Rating Rationale
**24 November 2026**

## Loknete Marutrao Ghule Patil Dnyaneshwar Sahakari Sakhar Karkhana Ltd

### SUMMARY OF RATING ACTION

| Facilities / Instrument | Tenure | Amount (₹ crore) | | Rating Assigned & Outlook | | Regulator |
|---|---|---|---|---|---|---|
| | | Previous | Present | Previous 21 Apr 2026) | Present | |
| Fund Based | | | | | | |
| Cash Credit - Proposed | Long Term | 40.00 | **0.00** | BWR B- /Stable Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed | **Withdrawal** | RBI |
| Cash Credit -Sanctioned | Long Term | 30.00 | **0.00** | BWR B- /Stable Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed | **Withdrawal** | RBI |
| Cash Credit -Sanctioned | Long Term | 30.00 | **30.00** | BWR B- /Stable Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed | **BWR BB+/Stable/ removal from ISSUER NOT COOPERATING* category/Upgraded** | RBI |
| Cash Credit - Proposed | Long Term | 0.00 | **70.00** | - | **BWR BB+/Stable/ Assignment** | RBI |
| **Total** | | **100.00** | **100.00** | **(Rupees One Hundred Crores Only)** | | |

**Note:**
1. Please refer to BWR website www.brickworkratings.com for the definition of the ratings
2. Refer to Annexures I, II, and III for details of rated bank loan facilities, debt instruments, and the List of Entities Consolidated**.**

### RATING ACTION/OUTLOOK

Brickwork Ratings (BWR) has removed the ratings from the 'Issuer Not Cooperating' (INC) category and upgraded the Long-Term Rating to BWR BB+/Stable for the Bank Loan Facilities of Rs. 100.00 Crores of Loknete Marutrao Ghule Patil Dnyaneshwar Sahakari Sakhar Karkhana Limited (LMGPDSSK Ltd).

The rating reflects the society's established operational track record of over five decades in the sugar industry and experienced management, which supports strong operational continuity, healthy grower loyalty across its command area, and fully integrated operations across sugar milling, distillery, and cogeneration. The rating is further supported by healthy near-term operational visibility backed by encouraging cane availability and higher crushing expectations for the ongoing crushing season. However, the rating remains constrained by modest debt coverage indicators, a stretched liquidity profile arising from seasonal working capital intensity, and vulnerability to agro-climatic conditions and government regulatory policies governing the sugar sector.

The rating outlook is assigned as Stable reflecting BWR's expectation that LMGPDSSK Ltd will sustain its integrated sugar, ethanol, and power operations, navigate seasonal working capital cycles, and maintain a stable credit risk profile over the medium term.

## KEY COVENANTS OF THE INSTRUMENT/FACILITY

The key covenants are the standard terms stipulated in the bank sanction letter for the facilities taken by LMGPDSSK Ltd.

## ANALYTICAL APPROACH & APPLICABLE RATING CRITERIA

| Analytical Approach | Comments |
|---|---|
| Applicable Rating Criteria | • General Criteria<br>• Approach to Financial Ratios<br>• Manufacturing Companies<br>• Withdrawal policy |
| Parent/Group/Government Support | NA |
| Analytical Approach (Consolidation/ Standalone) | As part of its credit rating assessment, BWR has conducted a comprehensive evaluation based on the standalone performance of LMGPDSKL as outlined in the Rating Criteria, ensuring a systematic and objective approach to the rating process |

## KEY RATING DRIVERS WITH DETAILED DESCRIPTION

### Credit Strengths:

- **Established Operational Track Record, Strong Farmer Relationship and Proximity to Water Resources:**
  The society possesses a multi-decade operating history in the sugar belt of Ahilyanagar (Maharashtra), supported by an established command area encompassing 214 villages. Sugarcane cultivation across the command area benefits from reliable irrigation and proximity to major regional water sources (including the Godavari–Pravara river basin and Mula dam canal network), supporting steady crop yield. Long-standing relationships with member-farmers, access to irrigated command tracts, and timely cane price settlements ensure high farmer loyalty and raw material security, enabling steady cane procurement across seasonal variations

- **Fully Integrated Complex with Expanding Downstream Revenue:**
  The society operates an integrated sugar complex comprising a 7,500 TCD cane crushing plant, a 100 KLPD automated distillery, and a 31.5 MW bagasse-based cogeneration plant. Revenue diversification has improved structurally, with the distillery segment expanding its share of Total Operating Income from 6.87% in FY24 to 21.15% (Rs. 122.31 Crore) in FY26. In FY26, downstream ethanol and power exports generated Rs. 26.98 Crore in net operating profits, providing a reliable cushion to absorb cyclical deficits in core sugar milling.

- **Experienced Management and Proven Project Execution:**
  Operations are overseen by an elected Board of Directors and an experienced executive team with over 25 to 30 years of industry experience. Good governance is reflected in the Audit Class 'A' rating awarded by the Maharashtra Cooperative Department for four consecutive years. Management also demonstrated strong project execution by expanding the distillery capacity from 45 KLPD to 100 KLPD without disrupting ongoing mill operations.

- **Healthy Operating Margin Recovery and Revenue Visibility:**
  Operating profitability improved sharply in FY26, with OPBDIT increasing to Rs. 65.09 Crore (operating margin of 11.26%) from Rs. 2.61 Crore (0.43%) in FY25, supported by higher sugar realizations (Rs.3,784.76/Qtl), better sugar recovery (10.72%), and scaling up of the 100 KLPD distillery. Near-term revenue visibility remains healthy, backed by actual sales of Rs. 252.13 Crore achieved during the H1 FY27 off-season (April–September 2026) and a higher cane crushing target of around 13.00 lakh MT for the 2026–27 season.

## Credit Risks

- **Modest Debt Coverage Indicators:**
  The society's debt protection metrics remain modest, with an Interest Coverage Ratio (ISCR) of 1.03x and a Debt Service Coverage Ratio (DSCR) of 0.66x in FY26. The lower coverage is primarily driven by significant finance costs (Rs. 62.05 Crore) alongside principal repayment obligations arising from term loans availed for the recent 100 KLPD distillery expansion.

- **Exposure to Agro-Climatic Risks and Sugarcane Cyclicality:**
  Operating performance remains intrinsically tied to regional weather patterns, monsoon distribution, pest attacks, and the crop rotation cycle in the command area. Variations in local rainfall directly impact cane yield, crushing volumes, and sucrose recovery rates, which can introduce volatility into seasonal operating cash flows.

- **Susceptibility to Government Regulations and Commodity Pricing Controls:**
  The sugar industry is heavily regulated by Central and State authorities. Operating margins remain exposed to policy interventions, including the fixation of Fair and Remunerative Price (FRP) for cane, monthly domestic sugar sales release quotas, curbs or revisions on ethanol procurement pricing/ feedstock allocation, and restrictions on international sugar exports.

- **Thin Headline Profitability Inherent to Cooperative Business Model:**
  The society reported a low consolidated PAT margin of 0.07% in FY26. This thin profitability is a structural characteristic of agro-cooperatives, where commercial profits are not retained on the balance sheet but are instead passed directly to farmer-members in the form of elevated cane payout prices (~ Rs. 3,000/MT vs. statutory net FRP of Rs. 2,745.62/MT).

## RATING SENSITIVITY FACTORS

**Upward Factors:**

- Total Operating Income expanding above Rs. 700.00 Crore along with a sustained improvement in operating and Net Profit margins.
- Interest Coverage Ratio (ISCR) sustained above 1.60x and DSCR exceeding 1.10x, while improving Total Debt / Tangible Net Worth (Gearing) below 1.75x alongside strengthening of the liquidity profile.

**Downward Factors:**

- Total Operating Income declining below Rs. 500.00 Crore or a drop in Net Profit below Rs. 20.00 Crore on a sustained basis, leading to a further deterioration in liquidity (Current Ratio falling below 0.80x).
- Interest Coverage Ratio (ISCR) falling below 1.00x, DSCR remaining below 0.80x, or Total Debt / Tangible Net Worth (Gearing) deteriorating beyond 2.50x on a sustained basis.

## LIQUIDITY POSITION - Stretched

The society's liquidity position is assessed as Stretched, primarily due to low Gross Cash Accruals (GCA) of Rs. 4.94 Cr in FY26 against scheduled term debt repayments (CPLTD) of Rs. 25.05 Cr, resulting in a below-unity DSCR of 0.66x. Working capital operations remain inventory-intensive, with an audited Current Ratio of 0.86x in FY26 driven by peak finished sugar stocks and short-term pledge borrowings at season close. Liquidity is partially cushioned by unutilized working capital buffers and moderate average utilization of ~42.60% on the primary Rs. 45.00 Cr ADCC Bank Cash Credit facility, alongside unencumbered cash of Rs. 7.75 Cr and steady cash inflows from OMC ethanol supplies and MSEDCL power sales.

## ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) PRACTICES

The society demonstrated an adequate ESG profile based on the environmental, social and governance practices.

**Environmental:**

The society operates an integrated, zero-waste circular agro-refinery model wherein crushed cane by-products fuels downstream operations, minimizing fossil fuel dependency and ensuring strict environmental compliance. Crushing operations generate approximately 26% captive bagasse, which is utilized entirely as biofuel in high-pressure 190 TPH boilers to powers a 31.5 MW turbine. This cogeneration setup fully meet the internal steam and power demand of both boiling house and distillery, while surplus green power is exported to MSEDCL. To comply with the Zero Liquid Discharge (ZLD) mandates and insulate the business from regulatory penalties, financial liabilities, or operational shutdown risks, the society employs a dual effluent remediation system. This combines a slop-fired incineration boiler and condensate polishing unit which burns concentrated spent wash to generate process steam and potash-rich boiler ash with an impervious bio-composting yard that blends remaining effluent with mill press mud to produce organic bio-manure. Additionally, an on-site Effluent Treatment Plant (ETP) recycles treated condensate back into plant cooling circuits, substantially lowering freshwater intake and de-risking operations against environmental downtime or write-offs.

**Social:**

The society's operational continuity is secured through strong farmer-community relationships, evidenced by prompt cane settlement, paying an advance of Rs. 3,000/MT (above statutory FRP of Rs. 2745.62), and deploying Rs 50.00 crore in seasonal H&T advances. The workforce of 1,171 employees (156 permanent and 1,015 seasonal) is supported by comprehensive safety protocols, regular industrial training, and timely compliance with statutory PF/ESIC obligations.

**Governance:**

The institution is underpinned by multi-decade operational continuity and democratic oversight, maintaining a consistent Audit Class 'A' rating awarded by the Maharashtra Cooperative Department over the last four consecutive financial years. The governance model is reinforced by democratic member voting, an executive cadre with over 25–30 years of operational experience.

## COMPANY PROFILE

| Industry Classification | | | |
|---|---|---|---|
| **Macroeconomic Indicator** | **Sector** | **Industry** | **Basic Industry** |
| **Fast Moving Consumer Good** | **Fast Moving Consumer Good** | **Agricultural Food & Other Products** | **Sugar** |

## KEY FINANCIAL INDICATORS

| Standalone Financial Indicators (in ₹ crore) | FY24 (A) | FY25 (A) | FY26 (A) |
|---|---|---|---|
| **Operating Revenue** | 526.56 | 605.28 | 578.23 |
| **EBITDA** | 73.48 | 2.61 | 65.09 |
| **PAT** | 31.02 | 0.05 | 0.41 |
| **Tangible Net worth** | 248.59 | 235.83 | 262.01 |
| **Total Debt/ Tangible Net worth** | 1.79 | 2.34 | 2.17 |
| **Current Ratio** | 0.80 | 0.93 | 0.86 |

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results P: Provisional *PBILDT: Profit before interest, lease rentals, depreciation and tax. All ratios as per BWR's calculations; Amount in ₹ crore.

## RATING HISTORY FOR THE PREVIOUS THREE YEARS

| | Current Rating (2026) | | | Rating History | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | 2026 | | 2025 | | 2024 | |
| Instrument | Tenor | Amount (₹. Crore) | Rating | Date | Rating | Date | Rating | Date | Rating |
| Fund Based | LT | 100.00 | BWR BB+/ Stable; Assignment / Upgraded | 21 Apr 2026 | **BWR B-/** Stable (Continues to be in ISSUER NOT COOPERATING* category/ Reaffirmed) | 16 Apr 2025 | **BWR B- /Stable** Continues to be in **ISSUER NOT COOPERATING*** category/ Downgraded | 20 Feb 2024 | **BWR B Stable** Continues to be in **ISSUER NOT COOPERATING*** category/ Downgraded |
| Grand Total | | 100.00 | (Rupees One Hundred Crores Only) | | | | | | |

## COMPLEXITY LEVEL OF THE RATED INSTRUMENTS

| Instrument | Complexity Indicator |
|---|---|
| Fund Based | Simple |
| Non-Fund Based | Simple |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on BWR's website www.brickworkratings.com/download/ComplexityLevels.pdf

## NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY (IF ANY): Yes

| Credit Rating Agency | Status and Reason for Non-Cooperation | Date of Publication |
|---|---|---|
| Infomerics Ratings | ISSUER NOT COOPERATING' as the rating is arrived at without any management interaction and is based on best available or limited or dated information on the company. | Sept 21, 2026 |

## ANY OTHER INFORMATION: None

| Contacts | |
|---|---|
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## Annexure I: Details of Bank Loan Facilities

*(Amount in Rupees Crore)*

| Sr No | Facilities | Tenor | Bank | Amount | Regulator |
|---|---|---|---|---|---|
| 1 | Cash Credit | Long Term | **Bank of India** | **30.00** | RBI |
| 2 | Cash credit - Proposed | Long Term | Proposed | 70.00 | RBI |
| | **Total** | (Rupees One Hundred Crores Only) | | | |

## ANNEXURE II: Details of Instruments/Facilities

| Name of the Instrument / Facility | Long Term/ Short Term | ISIN | Date of Issuance (DD-MMYYYY) | Coupon Rate (%) | Maturity Date (DDMM-YYYY) | Size of the Issue (₹ cr) | Rating Assigned and Rating Outlook | Regulator |
|---|---|---|---|---|---|---|---|---|
| Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | - |

## ANNEXURE III: List of Entities Consolidated

| Name of Entity | % ownership | Extent of consolidation | Rationale for consolidation |
|---|---|---|---|
| Nil | Nil | Nil | Nil |

## Annexure IV: List of Instruments and Names of Regulators of the Instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

| A. | Rating activities | |
|---|---|---|
| **Sr. No.** | **Instrument / activity Name** | **Regulator of the instruments** |
| **1** | **Listed/Proposed to be listed bonds/debentures/preference share (all securities)** | **SEBI** |
| **2** | **Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)** | **MCA** |
| **3** | **Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* $** | **RBI** |
| **4** | **Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*** | **SEBI** |
| **5** | **Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*** | **RBI** |
| **6** | **Listed Commercial Paper and NCDs with original maturity less than 1 year** | **RBI** |
| **7** | **Unlisted Commercial Paper and NCDs with original maturity less than 1 year** | **RBI** |
| **8** | **Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/ FIs ^** | **RBI** |

| | | |
|---|---|---|
| 9 | External Commercial Borrowings and other similar borrowings | RBI |
| 10 | Certificates of Deposit | RBI |
| 11 | Fixed Deposits raised by NBFCs,HFCs, FIs | RBI |
| 12 | Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs | MCA |
| 13 | Inter Corporate Deposits/Loans extended by Corporates | MCA |
| 14 | Borrowing programme ~ | - |
| 15 | Issuer Ratings # | - |
| 16 | Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs) | SEBI |
| 17 | Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs | SEBI |
| 18 | Listed Security Receipts $ | RBI |
| 19 | Unlisted Security Receipts | RBI |
| 20 | Independent Credit Evaluation (ICE) | RBI |
| 21 | Expected Loss Ratings (Listed/Proposed to be listed bonds/ debentures/preference share (all securities)) | SEBI |
| 22 | Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/ Debentures/ Preference share (all securities)) | MCA |
| 23 | Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) * | Investor-side regulator such as IRDAI, PFRDA @ |

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Brick Work Ratings India Private Limited (BWR) shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

# There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

**Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.**

| B. | Other Activities | Regulator of the Instruments |
|---|---|---|
| 1 | Monitoring Agencies | SEBI |
| 2 | Research activities incidental to rating such as research for Economy, Industries and Companies | NA |

## Grievance Management

For any grievances relating to rating of instruments regulated by SEBI, please contact **sebigrievance@brickworkratings.com.** Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

For any grievances relating to rating of instruments regulated by other FSR (Financial Services Regulators), please contact **grievance@brickworkratings.com**

## Disclosure of Conflict of Interest

BWR Board of Directors have no influence over rating decisions, nor do they sit on the rating committees or review, discuss, or evaluate any credit ratings during the Board meetings.

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Brickwork offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporate and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

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