DHAMPUR
Legacy for tomorrow

03.08.2026

To,
The Manager - Listing
National Stock Exchange of India Ltd.
Exchange Plaza,Bandra Kurla Complex
Bandra (East), Mumbai - 400 051
Tel No. 022-2659 8237 /38
Symbol: DHAMPURSUG

The General Manager – DSC
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai - 400001
Tel No.022-22722039/37/3121
Security Code: 500119

Dear Sir

Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that, **India Ratings & Research (Ind-Ra)** has downgraded Long-term Issuer Rating and long-term debt facilities of the Company to 'IND A+' from 'IND AA-' with a Stable Outlook and affirmed the short-term debt at 'IND A1+', as follows:

Instrument Type	Rating Assigned along with Watch/Outlook	Rating Action
Bank loan facilities	IND A+/Stable/IND A1+	Long-term rating downgraded; short-term rating affirmed
Commercial Paper	IND A1+	Affirmed
Fixed deposit*	WD	Withdrawn

*Rating is not required as all deposits have been repaid in full and no fresh deposits have been raised.

The detailed rationale of the Rating Action i.e revision in rating provided by India Ratings & Research to the Company in its Press Release dated 3rd August, 2026 is also attached . The same is also available on its website.

You are requested to kindly take this information on record.

Thanking you,
Yours' faithfully
For Dhampur Sugar Mills Limited

APARNA GOEL
Digitally signed by APARNA GOEL
Date: 2026.08.03 18:09:42 +05'30'

Aparna Goel
Company Secretary
M. No.: 22787

India Ratings & Research
A Fitch Group Company

India Ratings Downgrades Dhampur Sugar Mills and its Bank Loan Facilities to 'IND A+'/Stable; Affirms CP at 'IND A1+'

Aug 03, 2026 | Dhampur Sugar Mills Limited | Sugar

India Ratings and Research (Ind-Ra) has downgraded Dhampur Sugar Mills Limited's (DSML) Long-term Issuer Rating and long-term debt facilities to 'IND A+' from 'IND AA-' with a Stable Outlook and affirmed the short-term debt at 'IND A1+', as follows:

Details of Instruments

Instrument Description	Regulator of Instrument	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (INR million)	Rating Assigned along with Watch/Outlook	Rating Action
Issuer rating	#	-	-	-	-	IND A+/Stable	Downgraded
Bank loan facilities	RBI	-	-	-	12,430 (reduced from 12,833.4)	IND A+/Stable/IND A1+	Long-term rating downgraded; short-term rating affirmed
Commercial paper	RBI	-	-	Up to 365 days	3,000	IND A1+	Affirmed
Fixed deposit*	RBI	-	-	-	10	WD	Withdrawn

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.
WD – Rating Withdrawn
*Ind-Ra is no longer required to maintain the rating, as the agency has received the CA certificate stating that all the deposits have been repaid in full and no fresh deposits have been raised and a withdrawal request from the issuer. This is consistent with Ind-Ra's Policy on Withdrawal of Ratings.

Analytical Approach

Ind-Ra continues to take a fully consolidated view of DSML and its wholly owned subsidiaries, Ehaat Limited and DETS Limited, to arrive at the ratings, considering the strong operating and strategic linkages among them.

Detailed Rationale of the Rating Action

The downgrade reflects DSML’s flat EBITDA and profit margins in FY26, which are likely to remain well below the FY21-FY24 average in FY27 as well. Operating EBITDA was flat yoy at INR1.7 billion in FY26 (FY25: INR1.7 billion), down around 40% from the average of INR2.8 billion over FY21-FY24, led by lower sugarcane availability and ethanol sales. The deterioration in EBITDA margins (FY26: 8.8%; FY21-FY24 average: around 13%) was exacerbated by unchanged ethanol prices over the past three years, even as sugarcane costs rose around 15%. While improved sugar recovery in the sugar season 2026 (SS26) and a spillover of ethanol sales into 1HFY27 would aid profitability in FY27, Ind-Ra believes DSML’s margins are likely to remain in a single digit with an EBITDA of INR1.8 billion-2 billion. Ind-Ra expects sugar prices to remain strong over the near term, given India’s low inventory, but an increase in sugarcane costs and unchanged ethanol prices are risks to DSML’s profitability. While India’s sugarcane acreage is likely to increase marginally in SS27, the impact of El-Nino on yields is a key monitorable.

Despite a working capital-led reduction in net debt in FY26, the subdued EBITDA kept DSML’s net leverage higher than Ind-Ra’s negative sensitivity of 2.75x. Ind-Ra believes that the pace of deleveraging will be contingent on DSML’s EBITDA recovery, inventory levels, and investment plans. However, the interest coverage is likely to remain comfortable in the near term, given the limited use of working capital lines in the non-crushing period and competitive funding costs.

Ind-Ra derives comfort from DSML's long operational track record and comfortable business profile, supported by integrated facilities, as well as its adequate liquidity position, marked by the availability of sizeable, unencumbered cash and equivalents, and unused working capital lines.

List of Key Rating Drivers

Strengths

- Healthy business profile, supported by integrated operations
- Healthy sugar prices to cushion performance in FY27
- Adequate liquidity cushion

Weaknesses

- Lower allocation and unchanged prices to weaken ethanol segment
- Lower EBITDA and proposed investment plans to weigh on credit metrics
- Working capital-intensive business with high regulatory and agro-climatic risk

Detailed Description of Key Rating Drivers

Healthy Business Profile, Supported by Integrated Operations: DSML has an operational track record of over nine decades and a healthy business profile, given its integrated operations, from crushing sugarcane to producing ethanol from molasses, as well as power generation from bagasse for captive consumption and merchant sale. Its allied revenue streams, i.e. ethanol and power, provide cushion against the inherent volatility and cyclicality in the sugar business. The company has a crushing capacity of 24,000 tonnes of sugarcane per day, distillery capacity of 350 kilo litres per day (KLPD; cane-based: 250KLPD and multi-feed: 100KLPD), and power co-generation capacity of 108.5 megawatts (MW). Its multi-feed distillery can operate on grains as well as molasses, providing DSML the flexibility to optimise feedstock based on availability and prices. Along with ethanol, the company produces chemicals with an installed capacity of 140 tonnes per day (tpd) and potable spirits with an installed capacity of 15,000 cases per day; however, these businesses are low-margin segments. The sugar division continues to be the primary revenue driver, contributing over 50% to the company's external revenue, with the ethanol segment contributing 20%-25% and chemicals contributing 10%-15%, during FY23-FY26.

Healthy Sugar Prices to Cushion Performance in FY27: With an increase in the state advised price in Uttar Pradesh (UP) to INR400/quintal in SS26 (SS25: INR370/quintal) and a marginal reduction in sugarcane availability for crushing to 2.80 million tonnes (mnt) in FY26 (FY25: 2.85mnt), DSML’s sugar production cost increased INR2.7/kg yoy in FY26, with an increase of INR1.25-1.5/kg likely in FY27. However, the sugar segment EBITDA moderated by only INR0.9/kg in FY26 to INR1.7/kg (FY25: INR2.6/kg; FY24: INR2.2/kg), partially insulated by strong sugar prices. Domestic sugar prices increased 4% yoy in FY26, and Ind-Ra expects low stock levels to push the prices further in the near term. With the net production and domestic consumption of around 28mnt, Ind-Ra expects India’s closing sugar stock for SS26 to fall below the normative requirement of around 5.5mnt, given the likely exports of around 0.5mnt. While the central government has increased the fair and remunerative price of sugarcane by around 3% yoy to INR365/quintal for SS27, the state advised price for UP is yet to be announced and is a key monitorable. El Nino intensity will be another crucial factor influencing sugarcane yields in SS27, though the impact on UP is likely to be less severe compared to other states due to its superior irrigation levels. However, the likely healthy sugar prices and cost reduction measures adopted by DSML would cushion the impact.

Adequate Liquidity Cushion: DSML's liquidity remains adequate, with cash flows benefitting from unwinding of working capital. The cash flow from operation (CFO; Ind-Ra-calculated) increased to INR1.7 billion in FY26 (FY25: INR1.3 billion; FY24: negative INR1.2 billion). Notwithstanding some decline, CFO is likely to remain positive in the near term. Moreover, DSML's cash and equivalents rose to INR2.7 billion at FYE26 (FYE25: INR1.5 billion; FY24: INR0.7 billion) and are likely to remain comfortable, despite some capex and acquisition plans. Despite the flat EBITDA, the interest coverage (operating EBITDA/ interest cost) was comfortable at 3.6x in FY26 (FY25: 3.4x, FY24: 6.3x), given the moderate utilisation of working capital limits in the non-crushing period and competitive interest rates on its bank and capital market borrowings. Of the total gross debt of INR8.8 billion at FYE26 (FYE25: INR9.1 billion; FYE24: INR9.6 billion), around 84% (84%; 83%) was working capital debt, with the balance being long-term loans. Also, DSML had average unused working capital lines of INR1.5 billion over the 12 months ended March 2026.

Lower Allocation and Unchanged Prices to Weaken Ethanol Segment: DSML's ethanol segment had generated healthy EBITDA margins of 20%-25% over FY23-FY24, which reduced to 7%-10% over FY25-FY26 due to the increased sugarcane costs in SS26 and unchanged ethanol prices over the past three years. After declining sharply by 44% yoy to 69 million litres (mnL) in FY25 (FY24: 123mnL; FY23: 100mnL), ethanol sales fell 18% yoy to 57mnL in FY26. This is largely because the company did not produce syrup-based ethanol, as ethanol prices remained unchanged since the ethanol supply year 2023 (ESY23; November-October). After increasing 38% yoy in ESY25, ethanol allocation for DSML decreased 45% yoy to 53mnL in ESY26 (including private allocation), given the overcapacity in the industry, which could affect the segment's growth in FY27. However, DSML's EBITDA is likely to be supported by the backlog sales of 10mnL of ethanol (67% of grain-based ethanol, particularly maize), where profitability is likely to be strong as the company procured maize at competitive rates during the previous season.

While the Bureau of Indian Standards (BIS) issued specifications for E22, E25, E27, and E30 fuel blends in early May 2026, moving beyond E20 would require coordination between fuel supply, vehicle compatibility standards, and fuel distribution infrastructure. The latest BIS notification provides some visibility on an increase in blending rates, Ind-Ra however believes it may take some time to materialise. The prices of juice (INR65.6/litre) and B-Heavy Molasses (INR60.7/litre) based ethanol has not increased since ESY23, while the production cost continues to rise, affecting the segment's profitability. Given the increase in sugarcane costs, a lack of a commensurate increase in ethanol prices would continue to affect the segment's EBITDA in the near term (FY26: INR0.4 billion; FY25: INR0.35 billion).

Lower EBITDA and Proposed Investment Plans to Weigh on Credit Metrics: DSML's operating EBITDA remained flat at INR1.7 billion in FY26 (FY25: INR1.7 billion), 40% lower than the average of INR2.8 billion over FY21-FY24, led by the lower revenues and margins. Cane availability reduced in FY26 to 2.8mnt (FY21-FY24 average: 3.8mnt) with infestation affecting the Co 0238 variety and the emergence of another sugar mill in DSML's command area. Furthermore, the overcapacity and reduced cane availability reduced ethanol sales in FY26 to 57mnL (FY21-FY24 average: 93mnL), while the segment's profitability was affected by stagnant prices and increased production cost. DSML has shifted 50% of its area to newer varieties to reduce pest infestation which is expected to increase cane availability over the next few years, subject to weather conditions, although it may remain lower than the FY21-FY24 average. Moreover, DSML's FY27 profitability could be aided by an improved sugar recovery in SS26 and a spillover of ethanol sales at a competitive input cost into 1HFY27. However, Ind-Ra believes DSML's profitability is unlikely to bounce back to the earlier levels in the near term, given the structural changes; EBITDA margins are likely to remain in a single digit in FY27, with an EBITDA of INR1.8 billion-2 billion.

After rising to INR9.7 billion in FY24, DSML's net working capital requirements moderated to INR8.1 billion in FY26 (FY25: INR9.1 billion) due to moderation in inventory and receivables, which reduced the net leverage (net debt/operating EBITDA) to 3.5x (4.5x) despite the yoy flat EBITDA at INR1.7 billion (INR1.7 billion). DSML is likely to spend INR0.5 billion towards the proposed acquisition of 47.3 million equity shares (representing 51% of the issued and paid-up share capital) of Venus India Asset-Finance after regulatory approvals (including the Reserve Bank of India), while any other capex plan is likely to be finalised over the next few months. Ind-Ra believes that the pace of deleveraging will be contingent on DSML's EBITDA recovery, inventory levels, and investment plans.

Working Capital-intensive Business with High Regulatory and Agro-climatic Risk: The sugar business is inherently working capital intensive, given the seasonality in the industry and high inventory levels, typically peaking over March-April. Moreover, the industry is highly regulated, with sugar defined as an essential commodity under the Essential Commodities Act, 1955. Accordingly, the government intervenes using various measures such as monthly sales quota and export restrictions to prevent imbalance in sugar demand-supply and keep the prices in check. The government determines and fixes the remuneration (fair and remunerative prices) payable on sugarcane to farmers before the start of the sugar season. Besides, the price of ethanol is fixed by the government, while the quantity is fixed by oil marketing companies. Being an agro-based industry, the sugar business is susceptible to the vagaries of monsoons. In India, agriculture is primarily dependent on agro-climatic conditions. The intensity of El-Nino will be a key driver for the production and recovery from sugarcane in 2H26, which may influence the performance of the sugar industry.

Liquidity

Adequate: DSML's CFO (after interest) increased to INR1.7 billion in FY26 (FY25: INR1.3 billion; FY24: negative INR1.2 billion), aided by some release in working capital requirements to INR8.1 billion (INR9.1 billion; INR9.7 billion). Notwithstanding some decline, CFO is likely to remain positive in the near term. DSML's cash and equivalents rose to INR2.7 billion at FYE26 (FYE25: INR1.5 billion; FY24: INR0.7 billion) and are likely to remain at a comfortable level, despite some capex and acquisition plans. The average utilisation of its fund-based working capital limits of INR8.5 billion was about 70% over the 12 months ended April 2026. DSML plans to acquire Venus India Asset-Finance for around INR0.5 billion likely in FY27, funded by cash accruals, subject to regulatory approvals. The company does not have any other investment plans in this entity in the near term. Ind-Ra expects DSML's available liquidity and cash flows to be sufficient to meet its scheduled term loan repayments of INR1 billion-1.1 billion in FY27 and FY28. Its capex plans and their impact on liquidity are key monitorables.

Rating Sensitivities

Positive: A significant and sustained increase in the EBITDA, leading to an improvement in the credit metrics, with the net leverage reducing and sustaining below 2.75x, will lead to a positive rating action.

Negative: Deterioration in profitability and/or a weakening of liquidity position and/or a significant increase in net debt leading to sustained deterioration in the credit metrics could lead to a negative rating action.

Any Other Information

Income Tax Search: The Income Tax Department conducted a search under the Income Tax Act, 1961 at corporate office and manufacturing units of the company from 29 October 2025 to 3 November 2025. Ind-Ra understands from the management there has not been any material impact as of now. However, Ind-Ra will continue to monitor the developments and any material adverse outcome affecting the credit profile would be negative for the ratings.

Standalone Profile: During FY26, the company posted a revenue of INR19.7 billion (FY25: INR19.5 billion), an EBITDA of INR1.7 billion (INR1.7 billion), a net leverage of 3.5x (4.5x), and a gross interest coverage of 3.6x (3.4x).

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on DSML, either due to their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

Incorporated in 1933, DSML produces sugar and ethanol and cogenerates power, with nearly nine decades of experience. The company operates sugar mills (in the western belt of Uttar Pradesh) with a total cane crushing capacity of 24,000tpd, distilleries with a total capacity of 350KLPD (cane-based: 250KLPD and multi-feed: 100KLPD), and a cogeneration facility of 108.5MW. Along with ethanol, the company produces chemicals with an installed capacity of 140tpd and potable spirits with an installed capacity of 15,000 cases per day.

Key Financial Indicators

Particulars (INR billion) - Consolidated	FY26	FY25
Revenue	19.7	19.6
EBITDA	1.7	1.7
EBITDA %	8.8	8.7
Interest coverage (x)	3.6	3.4
Net leverage (x)	3.5	4.5
Source: DSML, Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook			
	Rating Type	Rated Limits (INR million)	Current Rating	14 November 2025	18 November 2024	20 November 2023	6 October 2023
Issuer rating	Long-term	-	IND A+/Stable	IND AA-/Negative	IND AA-/Stable	IND AA-/Stable	IND AA-/Stable
Bank loan facilities	Long-term/Short-term	12,430	IND A+/Stable/IND A1+	IND AA-/Negative/IND A1+	IND AA-/Stable/IND A1+	IND AA-/Stable/ IND A1+	IND AA-/Stable/IND A1+
Commercial paper	Short-term	3,000	IND A1+	IND A1+	IND A1+	IND A1+	-
Fixed deposit	Long-term	10	WD	IND AA-/Negative	IND AA-/Stable	IND AA-/Stable	IND AA-/Stable

Bank wise Facilities Details

The details are as reported by the issuer as on (03 Aug 2026)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating

1	DCB Bank	Fund Based Working Capital Limit	1000	IND A+/Stable / IND A1+
2	Prathama UP Gramin Bank	Fund Based Working Capital Limit	200	IND A+/Stable / IND A1+
3	Punjab National Bank	Fund Based Working Capital Limit	6400	IND A+/Stable / IND A1+
4	ICICI Bank	Fund Based Working Capital Limit*	900	IND A+/Stable / IND A1+
5	Punjab National Bank	Non-Fund Based Working Capital Limit	1300	IND A+/Stable / IND A1+
6	ICICI Bank	Non-fund-based working capital limits	200	IND A+/Stable / IND A1+
7	HDFC Bank Limited	Term Loan	300	IND A+/Stable
8	HDFC Bank Limited	Term Loan	600	IND A+/Stable
9	ICICI Bank	Term Loan	675	IND A+/Stable
10	Kookmin Bank	Term loan	420	IND A+/Stable
11	NongHyup Bank	Term loan	300	IND A+/Stable
12	Punjab National Bank	Term Loan	135	IND A+/Stable

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Commercial paper	Low
Fixed deposit	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

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India Ratings and Research (Ind-Ra) is India's SEBI registered credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

Parent and Subsidiary Rating Linkage

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process

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