



THE SUKHJIT  
STARCH AND CHEMICALS  
LIMITED

EVOLVING WITH NATURE

Ref: SSC/SVP/SE/2025-26/c-844

Dt: 12/08/2025

BY E-FILING

To, The General Manager-Listing Department BSE Limited 25th Floor, P.J. Towers, Dalal Street, Fort, MUMBAI- 400 001  <b>Ref: Security Code: 524542</b>	To, The General Manager-Listing Department The National Stock Exchange of India Limited Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, BandraKurla Complex, Bandra (E), Mumabi- 400 051  <b>Ref: Symbol: SUKHJITS</b>
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**Reg: CREDIT RATING**

Dear Sir,

With reference to our earlier announcement no. SSC/VPF/2025-26/C-820 dated 09.08.2025 regarding the Credit Rating, we attach hereto the Rating Rationale of the Credit Rating Agency CRISIL explaining the necessary details for reaffirming the Credit Rating of Crisil A+ for our Long Term Bank Facilities & Fixed Deposits (revising the rating outlook from stable to negative) and reaffirming the Credit Rating of Crisil A1 for our Short Term Bank Facilities, as per the last year.

The said Rating Rationale has already been uploaded on the website of the Company.

You are requested to kindly take note of the same.

Thanking You,

Yours Faithfully,

For THE SUKHJIT STARCH & CHEMICALS LTD

Sr. VICE PRESIDENT (FINANCE)  
& COMPANY SECRETARY



## Rating Rationale

August 08, 2025 | Mumbai

### The Sukhjit Starch and Chemicals Limited

*Rating outlook revised to 'Negative'; Ratings Reaffirmed*

#### Rating Action

<b>Total Bank Loan Facilities Rated</b>	<b>Rs.405 Crore</b>
<b>Long Term Rating</b>	<b>Crisil A+/Negative (Outlook revised from 'Stable'; Rating Reaffirmed)</b>
<b>Short Term Rating</b>	<b>Crisil A1 (Reaffirmed)</b>

<b>Rs.90 Crore Fixed Deposits</b>	<b>Crisil A+/Negative (Outlook revised from 'Stable'; Rating Reaffirmed)</b>
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*Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.*

*1 crore = 10 million*

*Refer to Annexure for Details of Instruments & Bank Facilities*

#### Detailed Rationale

Crisil Ratings has revised its outlook on the long term bank facilities and fixed deposits of The Sukhjit Starch and Chemicals Limited (SSCL) to '**Negative**' from 'Stable' while reaffirming the rating at '**Crisil A+**'. The short term rating has been reaffirmed at 'Crisil A1'.

The revision in outlook reflects expected moderation in the performance of the company largely operating efficiency in comparison to Crisil expectations. The margins are expected to remain within range of 8-8.5% during fiscal 2026, which are better than fiscal 2025 but remain lower than previous Crisil expectation of 9-10% leading to lower than expected net cash accruals; any further moderation in margins and accruals remain key rating sensitivity factors. Also, margins moderated during fiscal 2025 to 6.93% (compared to 9.20% in fiscal 2024), due to fluctuations in maize prices, which resulted in elevated raw material prices. Furthermore, revenue increased to Rs. 1,487 crores in fiscal 2025 from Rs. 1,370 crores in fiscal 2024, supported by a marginal increase in realization, volumetric growth remained muted. Going forward, revenue is expected to increase by 8–10% in fiscal 2026, supported by healthy growth in the industry (which majorly caters to FMCG, textiles, paints, etc.) and with increased traction from new customers added. Sustained increase in revenue and margins remains within range of 8-9% will remain a key monitorable.

The ratings also factor in the moderation in debt protection metrics, particularly the interest coverage ratio, which stood at 3.6 times for fiscal 2025 (compared to 4.14 times in fiscal 2024). While, with the expected improvement in profitability, the interest coverage is expected to improve to 7–7.2 times over the medium term. Though the healthy net worth and moderate reliance on external debt support the capital structure, with gearing below 0.5 times, it is expected to remain within the range of 0.4–0.5 times going forward as well. Sustained improvement in debt protection metrics, which thereby strengthens the overall financial risk profile, will remain a key monitorable.

The ratings continue to reflect the strong market position of SSCL as a leading manufacturer of starch and its derivatives in the domestic maize processing industry. The ratings also factor in diverse and reputed clientele and Healthy capital structure. These strengths are partially offset by susceptibility to volatility in raw material prices and Modest debt protection metrics.

#### Analytical Approach

Crisil Ratings has considered the standalone business and financial risk profiles of SSCL.

#### Key Rating Drivers & Detailed Description

##### Strengths:

**Strong market position in the domestic maize processing industry:** The company was established in 1943 and has a strong track record of operations. It has a maize grinding capacity of 1,600 tonne per day (TPD) and near to double digit share in the domestic market based on installed capacity. The facilities are strategically located across North, South, and Eastern parts of the country, in proximity to source the key raw material, maize. Further, different weather conditions in stated regions allow steady procurement of maize throughout the year at competitive prices, providing additional edge to SSCL to price its products. The market position is further supported by the extensive industry experience of key promoters, Sardana family, and company's vintage in the industry. Resultantly, business has benefitted from the promoters' sound understanding of the industry and healthy relations with customers and suppliers. Further, with steady demand from all end-user segments such as packaging, FMCG and pharmaceuticals, SSCL booked revenue of Rs 1487 crore in fiscal 2025 and expected to further grow by 8-10% in fiscal 2026 supported by steady demand and increase traction from the new customer. Going forward, the company is likely to benefit from increase in business from existing customers as well as new customers.

**Diversified and reputed clientele:** Revenue depends on the product mix, which varies according to the demand and market prices of finished products. A major proportion of the starch output goes to the paper, packaging, and food and beverages industries. Derivatives such as glucose and sorbitol are used in the food and beverages and pharmaceutical sectors whereas by-products are used in the poultry and cattle feed and partly in the food industry as maize oil. The clientele is diversified with the top five customers contributing 15% to overall revenue in the three fiscals through 2025. The customer profile includes reputed brands such as Dabur India Ltd, Mars Wrigley India Pvt Ltd, Nestle India Ltd, Zydus Wellness Products Ltd and Marico Ltd.

**Healthy capital structure:** The capital structure has been comfortable, as reflected by gearing ratio of 0.49 times as on March 31, 2025. The same is backed by healthy accretion to reserves, with a net worth of Rs. 566 crores in fiscal 2025. In the ongoing fiscal, with no major debt-funded capital expenditure (capex) and accretion to reserves, the capital structure is expected to remain comfortable with gearing expected at 0.40-0.45 times as on March 31, 2026, providing headroom to take additional debt for business requirement.

#### **Weaknesses:**

##### **Operating margin susceptible to volatility in raw materials prices and regulatory changes**

Operations are susceptible to the inherent risks associated with agriculture-based commodity business, such as availability of raw materials, fluctuation in prices, and changes in government regulations. Cost of maize forms 70% of the operating income. Therefore, any high fluctuation in raw material price may adversely impact the margin profile of the company.

The operating margin was lower than expected for fiscal 2025, at 6.93%, and remained lower than Crisil's expectation of 9–10%. The operating margin fell largely due to increased raw material prices amid market volatility and the restricted supply of rice from the Food Corporation of India (FCI) for ethanol blending, which led to maize being supplied towards ethanol blending during fiscal 2025. Though prices of maize are stabilizing amid the removal of FCI restrictions, and with moderation in raw material prices, the operating margin is expected to improve to approximately 8–9% in fiscal 2026. However, its sustained improvement will remain a key monitorable.

**Modest debt protection metrics:** Low operating profitability and moderate dependence on working capital limits have resulted in moderate debt protection indicators especially interest coverage, which stood at 3.6 times in fiscal 2025 (4.14 times a year ago). Crisil believes that the company's reliance on external debt is expected to increase, amidst business growth, however, an expected improvement in operating profitability to 8-9%, shall improve the interest coverage to 7-7.2% in fiscal 2026. Sustained improvement in debt protection metrics, thereby strengthening the overall financial risk profile, will remain a key monitorable.

#### **Liquidity: Strong**

Bank utilization is moderate at around 66 percent for the past twelve months ended May 2025. Cash accruals are expected to be over Rs 80-100 crore which are sufficient against NIL term debt obligation over the medium term. In addition, it will act as a cushion to the liquidity of the company. Current ratio are moderate at 1.31 times on March 31, 2024. Furthermore, the group has been maintaining high unencumbered cash and liquid investments of ~Rs. 70 crores as of June 2025. The group is expected to maintain its unencumbered cash and liquid investments over the medium term. Low gearing and high networth support the company's financial flexibility and provide the financial cushion required in case of any adverse condition or downturn in the business.

#### **Outlook: Negative**

Crisil Ratings believes that the business risk profile and liquidity profile of the company may weaken, in case of any further decline in the operating margins of SSCL.

#### **Rating Sensitivity Factors**

##### **Upward factors**

- Sustained improvement in operating income supported by volumetric growth along with sustenance of operating margin in range of 9-10%, leading to higher-than-expected net cash accruals of the company.
- Improvement in financial risk profile amid efficient working capital management, thus leading to improvement in debt protection metrics.

##### **Downward factors**

- Decline in operating income or operating margins falling below 7% leading to lower-than-expected net cash accruals.
- Stretch in working capital cycle or any large debt funded capex adversely affecting the financial risk profile, particularly liquidity profile.

#### **About the Company**

The Sukhjit Starch and Chemicals Pvt Ltd (SSCL) was incorporated in the year 1943 promoted by Sardana family and its associates. The company is primarily engaged in the processing of maize (corn) and manufacturing of starch, its derivatives (liquid glucose, Sorbitol 70%, monohydrate dextrose, dextrin, etc) and other by-products.

#### **About the Group**

SSCL was incorporated in 1943 by the Sardana family and associates. The company primarily manufactures starch, its derivatives and other by-products. SSCL has four operational manufacturing units—at Nizamabad in Telangana, Malda in West Bengal, Tahiwal in Himachal Pradesh and a new unit in Phagwara inside the mega food park, which became operational in November 2020. Its overall maize grinding capacity is 1,600 TPD.

SMFP is a special purpose vehicle (SPV) formed to set up and operate the mega food park, which was commissioned in November, 2020. Mega food park is an infrastructural development project, which has leased out its developed plots and other infrastructural facilities to the food processing units / anchor units set up in the mega food park. Additionally, it has set up an IQF facility for processing / storage / sale of frozen peas etc. The project generates its revenue from sales of frozen peas / other services & levying user charges for renting out the common infrastructural facilities.

**Key Financial Indicators**

As on/for the period ended March 31	Unit	2025	2024
Operating income	Rs crore	1487	1,370
Reported profit after tax	Rs crore	39.48	55.62
PAT margins	%	2.66	4.06
Adjusted Debt/Adjusted Networkth	Times	0.49	0.58
Interest coverage	Times	3.56	4.14

**Any other information:** Not Applicable

**Note on complexity levels of the rated instrument:**

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit [www.crisilratings.com](http://www.crisilratings.com). Users may also call the Customer Service Helpdesk with queries on specific instruments.

**Annexure - Details of Instrument(s)**

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Fixed Deposits	NA	NA	NA	90.00	Simple	Crisil A+/Negative
NA	Cash Credit	NA	NA	NA	250.00	NA	Crisil A+/Negative
NA	Non-Fund Based Limit	NA	NA	NA	20.00	NA	Crisil A1
NA	Working Capital Demand Loan	NA	NA	NA	135.00	NA	Crisil A1

**Annexure - Rating History for last 3 Years**

Instrument	Type	Current		2025 (History)		2024		2023		2022		Start of 2022
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	ST/LT	385.0	Crisil A+/Negative / Crisil A1		--	09-08-24	Crisil A1 / Crisil A+/Stable	20-07-23	Crisil A1 / Crisil A+/Stable	22-06-22	Crisil A1 / Crisil A/Positive	--
					--	18-07-24	Crisil A1 / Crisil A+/Stable	02-02-23	Crisil A1 / Crisil A+/Stable	02-02-22	Crisil A1 / Crisil A/Positive	--
					--		--	30-01-23	Crisil A1 / Crisil A+/Stable		--	--
Non-Fund Based Facilities	ST	20.0	Crisil A1		--	09-08-24	Crisil A1	20-07-23	Crisil A1	22-06-22	Crisil A1	--
					--	18-07-24	Crisil A1	02-02-23	Crisil A1	02-02-22	Crisil A1	--
					--		--	30-01-23	Crisil A1		--	--
Fixed Deposits	LT	90.0	Crisil A+/Negative		--	09-08-24	Crisil A+/Stable	20-07-23	Crisil A+/Stable	22-06-22	Crisil A/Positive	--
					--	18-07-24	Crisil A+/Stable	02-02-23	Crisil A+/Stable	02-02-22	F A+/Positive	--
					--		--	30-01-23	Crisil A+/Stable		--	--

All amounts are in Rs.Cr.

**Annexure - Details of Bank Lenders & Facilities**

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit	225	Punjab National Bank	Crisil A+/Negative
Cash Credit	25	Punjab National Bank	Crisil A+/Negative
Non-Fund Based Limit	20	Punjab National Bank	Crisil A1
Working Capital Demand Loan	50	YES Bank Limited	Crisil A1
Working Capital Demand Loan	85	Citibank N. A.	Crisil A1

## Criteria Details

### Links to related criteria

[Basics of Ratings \(including default recognition, assessing information adequacy\)](#)

[Criteria for manufacturing, trading and corporate services sector \(including approach for financial ratios\)](#)

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