

Sayaji Industries Limited

June 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	67.86 (Enhanced from 65.59)	CARE BBB-; Negative	Reaffirmed
Long-term / Short-term bank facilities	100.00 (Enhanced from 90.00)	CARE BBB-; Negative / CARE A3	Reaffirmed
Short-term bank facilities	23.50 (Enhanced from 7.50)	CARE A3	Reaffirmed
Fixed deposit	40.00	CARE BBB-; Negative	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Sayaji Industries Limited (SIL) continue to derive strength from its experienced promoters, and established track record of over eight decades in maize processing industry, strong product profile, and established sales network with diversified clientele. Ratings continue to factor its moderate scale of operations, adequate liquidity, and lean operating cycle.

However, ratings continue to remain constrained considering continued subdued profitability, which led to moderation in capital structure and debt coverage indicators in FY25. SIL faced significant headwinds in FY25 from elevated maize prices amidst its limited availability and production disruptions, resulting in operating losses. However, the company monetised non-core assets amounting to ~₹34 crore, providing adequate liquidity cushion. Promoters had supported the company's operation through infusion of the fund and committed to further support in case of exigencies. Recent moderation in raw material prices and operational improvement measures is expected to improve profitability going forward. Ratings also consider profitability susceptible to volatile raw material price and foreign exchange fluctuation risk and SIL's presence in competitive agriculture processing industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in capital structure, marked by overall gearing of below 1.20x.
- Improvement in total debt to profit before interest, lease, depreciation and tax (TD/PBILDT) below 3x on a sustained basis.
- Improvement in liquidity with monetisation of non-core assets.

Negative factors

- Continued subdued profitability, resulting in cash losses.
- Deterioration in overall gearing above 2x on a sustained basis.

Analytical approach: Consolidated

SIL had extended corporate guarantee (CG) to one of its subsidiaries, Sayaji Seeds LLP (SSL; rated CARE BB; Stable/ CARE A4). Details of subsidiaries consolidated are listed under **Annexure-6**.

Outlook: Negative

The outlook is retained at 'Negative' considering continued subdued profitability leading to overall deterioration in the company's financial risk profile. The outlook may be revised to stable, if SIL reports anticipated improvement in profitability translating in improved gross cash accruals (GCA) levels and overall debt coverage indicators.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and established track record of eight decades in maize processing industry

Established in 1941, SIL is one of the oldest maize processing companies in the country with a track record of over eight decades. SIL is promoted by Mehta family and is presently managed by Priyam Mehta and his sons, Varun Mehta and Vishal Mehta, who have vast experience in the industry. Promoters are resourceful and historically supported the company's operation through infusion of funds through loans and advances and inter-corporate deposits. The team is assisted by tier-II staff that has been associated with the company since long. Promoters have presence in manufacturing of HDPE barrel, production and marketing

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

seeds, manufacturing of spray dried food products viz. gum arabic powder, cheese powder, fat-based powder etc. and real estate through its interest in other group concerns.

Strong product profile and established sales network with diversified clientele

SIL operates across entire value chain of maize processing, where it manufactures starch and its derivatives such as liquid glucose, dextrose monohydrate (DMH), anhydrous dextrose (ADH), and sorbitol. The process also yields by-products (~22-27% of its standalone TOI) such as hydrol, maize gluten, maize oil and oil cake, among others. SIL produces dry food powders, mainly tomato powder. Starch and its value-added products formed ~74% (FY24: 74%) and by-products (including food powder) accounted for about 19% of total sales (FY24: 20%) in FY25. The products being manufactured by SIL have diverse industrial applications such as textile, paper, pharmaceutical, food and confectionery, cosmetic, paint as well as for poultry and animal feed. SIL added 4.50 MW steam turbine in FY25 and undertaking installation of a 6 MW of solar power, which shall be operationalised by end of June 2025. These initiatives are expected to significantly reduce power and fuel costs going forward. The company has a strong marketing and procurement network and a diverse clientele, with top 10 customers contributing ~24% of net sales in FY25 (FY24: 22%).

Moderate scale of operations and lean operating cycle

SIL reported total operating income (TOI) of ₹1005.81 crore in FY25 (₹976.85 in FY24). SIL's standalone TOI of ₹959.60 crore in FY25 continued to remain primary contributor to its consolidated turnover, accounting for ~95% of the total (FY24: 96%). Despite some moderation in the sales volume (on a standalone level), TOI (on a consolidated level) grew by ~3% y-o-y in FY25 backed by increase in sales realisation.

SSL, subsidiary of SIL, reported TOI of ₹46.38 crore in FY25 (FY24: ₹38.88 crore) with profit after tax (PAT) of ₹0.29 crore (FY24: ₹0.16 crore). ASL, joint venture, reported TOI of ₹58.32 crore in FY25 (FY24: ₹45.26 crore) with PAT of ₹8.43 crore (FY24: ₹9.15 crore). Average inventory holding period was ~39 days (FY24: 37 days) while debtor days was at 24 (FY24: 23 days) in FY25. Creditor's days remained high at 61 days in (FY24: 59 days) resulting in lean operating cycle of 2 days in FY25 (FY24: nil days).

Key weaknesses

Continued subdued profitability despite monetisation of non-core assets provided some cushion

SIL's profitability exhibited a sequential decline in last three years ended FY25. Elevated raw material prices and production disruptions due to technical issues in turbine and boiler and breakdown in Effluent Treatment Plant (ETP) reactors, resulted in losses in FY25. Despite this, overall GCA remained positive at ₹1.85 crore in FY25 (FY24: cash loss of ₹6.96 crore), supported by monetisation of some of non-core assets at ~₹34 crore.

Recent moderation in raw material prices and envisaged benefit from operational improvement measures is envisaged to improve PBILDT margin to ~4-5% in FY26. However, timely realisation of these benefits remains a key rating monitorable.

Moderately leveraged capital structure and deterioration in debt coverage indicators

SIL's capital structure remained moderately leveraged marked by overall gearing of 2.34x as on March 31, 2025 (PY: 1.62x). The moderation was owing to rise in working capital debt to support operations. However, with no major debt-funded capex plan in near term and the company's focus to operate on an optimum capacity, CARE Ratings believes SIL would improve its capital structure going forward.

Due to operating losses and rise in total debt, overall debt coverage indicators of SIL deteriorated in FY25. Historically, promoters have supported SIL's operations through infusion of funds by way of inter-corporate deposits and loans and advances. TD includes fixed deposits of ₹28.19 crore (FY24: ₹29.74 crore) and loans and advance from related party of ₹4.50 crore (FY24: ₹7.50 crore) as on March 31, 2025.

Susceptibility of profitability to volatile raw material price and foreign exchange fluctuation risk

Raw material cost (maize seeds), a key cost component, rose from ~76% of cost of sales in FY24 to 78% in FY25. Maize being an agriculture commodity; operations of players such as SIL are vulnerable to inherent risks associated with volatility in agri-based inputs prices arising from vagaries of monsoon, acreage under cultivation, crop yield level and global demand-supply mismatches. Prices of agricultural commodities are also controlled by the government through setting minimum support price (MSP). The government has raised MSP of Maize from ₹2090 per quintal for 2023-24 to ₹2225 per quintal in 2024-25. In the last two years, maize price remained highly volatile due to redirection of maize for ethanol production. SIL derived ~85% of its TOI from domestic market in FY25 (FY24: 86%) and balance from the export market (majorly middle east countries). It generally hedges ~50- 60% of its foreign exchange exposure through forward contracts, while balance portion is exposed to adverse movement in foreign rates.

Presence in a competitive agriculture processing industry

Maize processing industry is highly competitive with presence of few large players and large number of unorganised players. The industry has witnessed capacity addition in the last 3-4 years by major players and some of the new capacity was implemented and some would come online in next 1-2 years, limiting pricing flexibility to a certain extent. However, overall demand of maize starch and its derivatives is growing steadily from multiple end-used industries.

Liquidity: Adequate

SIL's liquidity position remained adequate, marked by average working capital utilisation of ~77% for 12-months ended April 2025, lean operating cycle of two days in FY25. SIL is expected to achieve GCA of ~₹24-25 crore against debt repayment obligation of ~₹17 crore (excluding FDs, which largely renewed on maturity) in FY26.

SIL had cash and cash equivalents of ₹4.20 crore as on March 31, 2025 (₹3.47 crore as on March 31, 2024). Historically, capex related to process improvement was funded from internal accruals and partly from working capital, leading to below unity current ratio.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Food products	Other food products

Incorporated in 1941, SIL (CIN: L99999GJ1941PLC000471) is one of the oldest maize processing companies in India. SIL is engaged in manufacturing maize starch and its downstream value-added products, which find application in diverse industries. Its manufacturing facility is at Kathwada, Ahmedabad, having installed capacity of 930 TPD of maize processing as on March 31, 2025.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Ab)
Total operating income	976.85	1005.81
PBILDT	6.82	-8.32
PAT	-11.67	-11.10
Overall gearing (times)	1.62	2.34
Interest coverage (times)	0.46	NM

A: Audited Ab: Abridged; NM: Not meaningful; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fixed Deposit	-	-	-	-	40.00	CARE BBB-; Negative
Fund-based - LT-Term Loan	-	-	-	March 2031	67.86	CARE BBB-; Negative
Fund-based - ST-Bill Discounting/ Bills Purchasing	-	-	-	-	23.50	CARE A3
LT/ST Fund-based/non-fund-based- EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	-	-	-	-	100.00	CARE BBB-; Negative / CARE A3

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	67.86	CARE BBB-; Negative	-	1)CARE BBB-; Negative (06-Jun-24)	1)CARE BBB; Negative (19-Feb-24) 2)CARE BBB+; Stable (05-Jul-23)	1)CARE BBB+; Stable (05-Jul-22)
2	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST	100.00	CARE BBB-; Negative / CARE A3	-	1)CARE BBB-; Negative / CARE A3 (06-Jun-24)	1)CARE BBB; Negative / CARE A3 (19-Feb-24) 2)CARE BBB+; Stable / CARE A3+ (05-Jul-23)	1)CARE BBB+; Stable / CARE A3+ (05-Jul-22)
3	Non-fund-based - ST-Working Capital Limits	ST	-	-	-	-	-	1)Withdrawn (05-Jul-22)
4	Non-fund-based - LT/ST-Bank Guarantee	LT/ST	-	-	-	-	-	1)Withdrawn (05-Jul-22)
5	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	23.50	CARE A3	-	1)CARE A3 (06-Jun-24)	1)CARE A3 (19-Feb-24) 2)CARE A3+ (05-Jul-23)	1)CARE A3+ (05-Jul-22)
6	Fixed Deposit	LT	40.00	CARE BBB-; Negative	-	1)CARE BBB-; Negative (06-Jun-24)	1)CARE BBB; Negative (19-Feb-24) 2)CARE BBB+; Stable (05-Jul-23)	1)CARE BBB+; Stable (05-Jul-22) 2)CARE BBB+; Stable (22-Jun-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fixed Deposit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
4	LT/ST Fund-based/non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Sayaji Ingritech Limited	Full	Wholly Owned Subsidiary
2	Sayaji Industries FZC	Full	Wholly Owned Subsidiary
3	Sayaji Seeds LLP	Full	Subsidiary
4	Alland & Sayaji LLP	Moderate	Joint Venture

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in</p> <p>Jignesh Trivedi Assistant Director CARE Ratings Limited Phone: 079-40265631 E-mail: jignesh.trivedi@careedge.in</p> <p>Darshini Shah Lead Analyst CARE Ratings Limited E-mail: Darshini.Shah@careedge.in</p>
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