Sigachi Industries Limited

July 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	75.38	CARE A- (RWN)	Reaffirmed; Placed on Rating Watch with Negative Implications
Long Term / Short Term Bank Facilities	51.75	CARE A- / CARE A2 (RWN)	Reaffirmed; Placed on Rating Watch with Negative Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (Care Ratings) has reaffirmed the ratings assigned to the bank facilities of Sigachi Industries Limited (SIL) at 'CARE A-; Stable / CARE A2' and placed ratings on 'Rating Watch with Negative Implications' following the fire incident at the Hyderabad facility on June 30, 2025 resulting in destruction of manufacturing unit and significant number of casualties and injuries to the employees/workers. CARE Ratings would continue to monitor the impact of the incident on revenue, profitability and cash flows and long-term impact, if any, of outcome from ongoing investigations. A review of the rating will be undertaken once greater clarity on the above matters emerge.

CARE Ratings believes this incident will likely have notable impact on SILs overall operations as its Hyderabad unit contributes approximately 20% of the overall revenue while balance was contributed by units located in Gujarat i.e., Dahej & Jhagadia and operations & maintenance (O&M) revenue. The company expects to partially offset the loss of production at Hyderabad unit through increased capacity utilisation at existing operational units in Gujarat (which is presently operating with a capacity utilisation of 85%) and increase in O&M revenue. The management also indicated possibility of expanding the capacity by 3,300 MTPA at its Gujarat facilities with minimum time and capital outlay. If SIL is able to implement the above-mentioned plans, the impact on the revenue could be limited.

Profitability and free cash flows are expected to be impacted led by one-time expenses the company will have to incur in terms of compensation to the deceased, fixed overheads towards the affected unit. The company has committed to an ex-gratia compensation of Rs 1 crore to the families of the deceased, along with full medical and rehabilitation support for the injured, partially which could be funded through insurance, staggered payments and available liquidity. SIL has a free cash balance of ~Rs. 40 crore as on March 31, 2025, and unutilised working capital limits of ~Rs.30 crore. Further, as per management articulation, the company has insurance in place which fully covers the structural damage, inventory and production loss for a period of 90 days.

Ratings continue to derive strength from experienced promoters with a qualified management team, long proven track record of business, improved financial performance reported in FY25 (Audited, FY refers to the period April 01 to March 31), nil term debt repayment obligations, adequate liquidity, and stable industry outlook.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Steady growth in total operating income (TOI) with PBILDT margin of above 20% and maintaining strong return on capital employed (ROCE) ratio.
- Company's ability to complete the project without time and cost overrun and generate revenue as envisaged.

Negative factors

- Notable decline in TOI by over 30% y-o-y and PBILDT margin falling below 15%.
- Elongation of operating cycle beyond 140 days.
- Any significant adverse outcome from the ongoing investigation.

Analytical approach: Consolidated

CARE Ratings Limited (CARE Ratings) has considered the consolidated business and financial risk profiles of SIL and its subsidiaries (refer to Annexure - 6), as the entities are linked through a parent-subsidiary relationship.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

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

Proven track record, vast experience of promoters, and qualified management team
Founded in 1989 by Rabindra Prasad Sinha, SIL is led by a team of professionals with extensive industry experience. Rabindra Prasad Sinha, Founder and Chairperson, brings over three decades of expertise in the cellulose and fine chemicals industry and has been pivotal in establishing Sigachi US Inc. and expanding export operations. Co-Founder and Whole-Time Director, S. Chidambarnathan, with over five decades of experience, has significantly contributed to the company's domestic growth and the establishment of manufacturing facilities in Gujarat. The Managing Director and CEO, Amit Raj Sinha, an MBA graduate from the Indian School of Business, has over 20 years of experience in the pharma and fine chemicals sectors and has strengthened the R&D division. The leadership is supported by a professional management team with extensive experience in the excipient industry and related sectors, driving the company's operational growth and diversification.

Manufacturing facilities with regulatory certifications
Currently, two manufacturing facilities of SIL are operational which are located in Jhagadia & Dahej in Gujarat totalling to an installed capacity of 15,300 MTPA. The unit in Hyderabad with an installed capacity of 6,400 MTPA was destructed due to a fire incident on June 30, 2025. This apart, Trimax, a wholly owned subsidiary of SIL, operates a facility with an installed capacity of 100 KL, in Raichur, Karnataka. All the units hold Approved Certificates of Suitability (CEP) for Microcrystalline Cellulose from the European Directorate of Quality and Medicine (EDQM). The facilities are equipped with advanced systems and comply with United States Food and Drug Association (USFDA) and World Health Organization Good Manufacturing Practice (WHO-GMP) norms. Additionally, they are certified with Hazard Analysis Critical Control Point (HACCP) and ISO 9001:2015.

Satisfactory financial profile, expected to remain stable in current fiscal
Consolidated revenue from operations of SIL increased by over 20% y-o-y to ₹488.24 crore in FY25 (PY: ₹406.80 crore), driven by over 35% growth in MCC revenue to ₹409.30 crore (PY: ₹301.50 crore), primarily due to sales volume growth. Operating profitability remained stable with a PBILDT margin of over 20%. Further, asset light model - Operations and maintenance (O&M) revenue has improved to Rs 41 crore (PY: Rs 35 crore) with addition of new clientele.

The company's financial risk profile remains comfortable, with an overall gearing of 0.26x as on March 31, 2025 (PYE: 0.39x). The company had availed a term loan in FY24 due to delay in the receipt of proceeds from share warrants; the same was repaid in Q4-FY25 upon receipt of the warrant proceeds. Other coverage indicators remain healthy, marked by an interest coverage ratio of 8.06x and TD/GCA of 1.52x for FY25. Going forward, the capital structure is expected to moderate due to anticipated decline in profitability and free cash flows, on account of one-time expenses towards compensation to the deceased, medical support to the injured, and absorption of fixed overheads from the affected unit. However, SIL is planning to pay the compensation in staggered manner. Further, it also has free cash balance of ~Rs.40 crore and unutilised bank lines to meet the incremental expenses.

Stable industry outlook
The global microcrystalline cellulose market is projected to experience substantial growth driven by the increasing demand for MCC across a wide range of industries, including pharmaceuticals, food and beverages, cosmetics, and personal care. Its versatile applications, such as a binder, stabiliser, and texturizer, alongside its growing preference for its natural, non-toxic properties, are key factors contributing to the market's expansion. To meet the escalating global demand, particularly from American and European regions, key stakeholders in the Indian MCC market are strengthening their production capacities. This is expected to propel the growth of Indian MCC market at a compounded annual growth rate (CAGR) of 8% in the upcoming years.

Key weaknesses

Project execution and stabilisation risk
In FY24, SIL acquired an 80% stake in Trimax, a company engaged in manufacturing APIs and intermediates, primarily catering to domestic and less-regulated markets, with a significant portion of revenue derived from intermediates. Trimax is transitioning from intermediates to APIs to target regulated markets, with four CEPs filed for approval of which one has been approved. SIL plans to enhance Trimax's capacity by 150 KL, increasing the total capacity to 250 KL by January 2026. The company anticipates synergies from its common clientele for APIs and pre-formulated excipients upon supplying APIs to regulated markets.

SIL plans to set up a Cross Carmellose Sodium (CCS) facility at Dahej with a proposed installed capacity of 1,800 MTPA. However, there was a delay in obtaining the environmental clearance, and the company has received the clearance in April 2025 and expects to commence its operations from October 2026. The total project cost envisaged towards setting up the CCS facility was Rs.90 crore out of which SIL has earmarked funds of Rs.32.30 crore in the form of FDs. Balance cost is proposed to be funded through equity infusion/internal accruals. Given the recent incident, progress of these projects will remain key monitorable.

Dependence on import of raw materials
Sigachi has established relationships with key suppliers, enabling competitive procurement of raw materials. However, the company relies on a concentrated supplier base, importing nearly 100% of its raw materials due to the unavailability of refined wood pulp in the domestic market. The company sources wood pulp from countries such as Switzerland, USA, Canada, and South Africa. Around 70% of raw materials are procured through annual contracts with fixed pricing, while the balance 30% is purchased based on market pricing opportunities. In the event of increase in RM prices, the company procures under the contracts at the agreed prices, and in case of decline in prices, it procures from the open market, hedging its risk. Profitability margins are subject

to foreign exchange fluctuation risks, as the company does not have a formal hedging policy. However, a natural hedge exists due to the alignment of 100% imported raw materials with over 70% of revenue generated from exports.

Liquidity: Adequate
Company is able to generate adequate cashflows marked by gross cash accruals (GCA) of ₹93.55 crore for FY25 against nil term debt obligation. Reliance on bank borrowings for working capital remains moderate, with average working capital limit utilisation at about 60-65% as confirmed by the lenders. Going forward, the reliance on working capital limits is expected to increase to a certain extent. However, liquidity is supported by free cash and cash equivalents of over ₹40 crore (excluding deposits of over ₹32 crore earmarked for capex) and a current ratio of 2.13x as on March 31, 2025.

Assumptions/Covenants - Not applicable

Environment, social, and governance (ESG) risks

Parameters	Risk factors
Environmental	The company is working on initiatives to significantly reduce the company's greenhouse gas (GHG) emissions. It plans to reduce Energy Consumption Intensity by 20% and coal consumption intensity by 30% by 2032 considering baseline year as 2021.
Social	Company has undertaken CSR activities towards eradicating hunger, poverty, and malnutrition, promoting education and promoting gender equality.
Governance	Complies with corporate governance provisions as specified in SEBI (LODR) regulations.

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
Commodities	Chemicals	Chemicals & Petrochemicals	Commodity Chemicals

Telangana-based SIL was originally incorporated as 'Sigachi Chlorochemicals Private Limited' in 1989, with an objective to manufacture chlorinated paraffin. In 1990s, the company decided to diversify its business activities to manufacture MCC. Subsequently, in March 2012, the name of the company was changed to 'Sigachi Industries Private Limited '. In 2009 and 2011, the promoters had incorporated 'Sigachi Plasticisers Private Limited' and 'Sigachi Cellulos Private Limited', respectively, to meet the rising industry demand for MCC. However, the aforementioned companies amalgamated with Sigachi in 2014. In November 2021, the company was converted from a private limited company to a public limited company (equity is listed on BSE), and consequently, the name was changed to 'Sigachi Industries Limited'. The company manufactures MCC in 60 distinct grades ranging from 15 microns to 250 microns. Sigachi caters its products to industries, including pharmaceutical, food, nutraceutical, and cosmetic sectors. The company has an installed capacity of 21,700 MTPA (Dahej - 8,400 MTPA, Jhagadia - 6900 MTPA and Hyderabad - 6,400 MTPA).

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	305.45	406.80	488.24*
PBILDT	62.13	84.49	99.99
PAT	43.54	56.58	70.46
Overall gearing (times)	0.26	0.39	0.26
Interest coverage (times)	14.47	10.88	8.06

A: Audited. Note: these are latest available financial results
*Excluding other operating income. Break up of other income is not available.

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	35.00	CARE A- (RWN)
Fund-based - LT-Term Loan		-	-	May 2028	0.43	CARE A- (RWN)
Fund-based - LT-Term Loan		-	-	May 2025	39.95	CARE A- (RWN)
Fund-based - LT/ ST-EPC/PSC		-	-	-	43.00	CARE A- / CARE A2 (RWN)
Non-fund-based - LT/ ST-BG/LC		-	-	-	8.75	CARE A- / CARE A2 (RWN)

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-Cash Credit	LT	35.00	CARE A- (RWN)	-	1)CARE A-; Stable (10-Jan-25)	1)CARE A-; Stable (05-Jan-24) 2)CARE A- (RWD) (22-Aug-23)	1)CARE A-; Stable (04-Jan-23)
2	Fund-based - LT-Term Loan	LT	0.43	CARE A- (RWN)	-	1)CARE A-; Stable (10-Jan-25)	1)CARE A-; Stable (05-Jan-24) 2)CARE A- (RWD) (22-Aug-23)	1)CARE A-; Stable (04-Jan-23)

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
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	8.75	CARE A- / CARE A2 (RWN)	-	1)CARE A-; Stable / CARE A2 (10-Jan-25)	1)CARE A-; Stable / CARE A2 (05-Jan-24) 2)CARE A- / CARE A2 (RWD) (22-Aug-23)	1)CARE A-; Stable / CARE A2 (04-Jan-23)
4	Fund-based - LT/ ST-EPC/PSC	LT/ST	43.00	CARE A- / CARE A2 (RWN)	-	1)CARE A-; Stable / CARE A2 (10-Jan-25)	1)CARE A-; Stable / CARE A2 (05-Jan-24) 2)CARE A- / CARE A2 (RWD) (22-Aug-23)	1)CARE A-; Stable / CARE A2 (04-Jan-23)
5	Fund-based - LT-Term Loan	LT	39.95	CARE A- (RWN)	-	1)CARE A-; Stable (10-Jan-25)	1)CARE A-; Stable (05-Jan-24) 2)CARE A- (RWD) (22-Aug-23)	1)CARE A-; Stable (04-Jan-23)

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	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT/ ST-EPC/PSC	Simple
4	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view the 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	Sigachi US, Inc	Full	Wholly owned subsidiary
2	Sigachi MENA FZCO	Full	Wholly owned subsidiary
3	Trimax Bio Sciences Private Limited	Full	Subsidiary

Note on complexity levels of rated instruments: CARE 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.

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About us:
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