SIGACHI INDUSTRIES LIMITED

CIN : L24110TG1989PLC009497

To, **Date: December 26, 2025**

The Manager	The Manager,
BSE Limited **P. J. Towers, Dalal Street** **Mumbai-400001** **(BSE Scrip Code: 543389)**	**National Stock Exchange of India Limited,** **Exchange Plaza, Bandra Kurla Complex,** **Bandra (E), Mumbai- 400051.** **(NSE Symbol: SIGACHI)**

Dear Sir/Madam,

Sub: Revision in Credit Rating of Sigachi Industries by CARE Ratings Limited

Pursuant to regulation 30 (6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we would like to inform that based on rating assessment undertaken by CARE Ratings Limited, the Credit rating of the Company has revised.

Name of the Company	Credit Rating Agency	Facilities	Existing Rating	Revised Rating	Rating Action
Sigachi Industries Limited	CARE Ratings Limited	Long Term Bank Facilities	CARE A- (RWN)	CARE BBB+ (RWN)	Downgraded from CARE A- ; Continues to be on Rating Watch with Negative Implications
		Long Term / Short Term Bank Facilities	CARE A- / CARE A2 (RWN)	CARE BBB+ / CARE A3+ ; (RWN)	Downgraded from CARE A- / CARE A2 ; Continues to be on Rating Watch with Negative Implications
		Non-Convertible Debentures	NA	CARE BBB+ (RWN)	Assigned
		Long term Bank Facilities	-	-	Withdrawn

This is for your information and records.

Thanking you.

Yours Faithfully,
For Sigachi Industries Limited

Vivek Kumar Digitally signed by Vivek Kumar Date: 2025.12.26 12:14:51 +05'30'

Vivek Kumar
Company Secretary & Compliance Officer

Sigachi Industries Limited

December 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	40.00 (Enhanced from 35.00)	CARE BBB+ (RWN)	Downgraded from CARE A- ; Continues to be on Rating Watch with Negative Implications
Long-term / Short-term bank facilities	103.00 (Enhanced from 51.75)	CARE BBB+ / CARE A3+ (RWN)	Downgraded from CARE A- / CARE A2 ; Continues to be on Rating Watch with Negative Implications
Non Convertible Debentures	125.00	CARE BBB+ (RWN)	Assigned
Long-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Sigachi Industries Limited (SIL) and continuing 'Rating watch and negative implication' reflects the operational and financial impact arising from the fire incident at SIL's Hyderabad facility in June 2025, alongside the company's ongoing efforts to stabilise operations, restore capacity, and manage liquidity in the short-to-medium term. CARE Ratings Limited (CareEdge 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 ratings will be undertaken once greater clarity on the aforementioned matters emerge.

The fire destroyed the Hyderabad unit, which contributed ~20% of consolidated revenue, reducing installed capacity from 21,700 metric tonnes per annum (MTPA) to 15,300 MTPA. Before the incident, SIL operated at 89% utilisation. Post-incident, production shifted to Dahej and Jhagadia units in Gujarat, but utilisation moderated to ~85% due to safety audits, limiting ability to meet demand and causing partial business loss in H1FY26.

Despite this setback, SIL has initiated measures to restore production capacity and minimise the operational disruption. The company plans to increase its effective installed capacity to ~18,000 MTPA (an enhancement of ~2,700 MTPA) through debottlenecking and installation of additional plant and machinery, requiring minimal incremental capital outlay. The management targets utilisation of ~90% by Q4FY26, which is expected to support recovery in production volumes and improve the share of value-added products, aiding profitability and improving sales contribution from its subsidiary entity. Any delay in this expansion and lower than optimised capacity may result in decline in financial performance in FY26.

The Telangana state government assigned a technical expert committee to probe explosion at the Sigachi Industries factory in Hyderabad that occurred on June 30, 2025, and the final outcome of the proceedings is still awaited.
Further, In recent PIL hearing, High Court of Telangana has asked SIL to give the details of compensation paid and are proposed to be paid to the deceased, missing and injured victims by next hearing December 30, 2025. As of November 2025, Sigachi has disbursed ~₹22.14 crore in compensation, primarily to the families of the deceased averaging ~₹0.41 crore per family. Sigachi is in discussion with the state government on pending compensation to be paid to the families of deceased.

In H1FY26, profitability impacted by provision created for one-time expenses the company will have to incur in terms of compensation to the deceased, fixed overheads towards the affected unit and loss on plant and machinery. As per Sigachi Industries Limited's Press release dated July 02, 2025, submitted to stock exchange, the company has committed to an ex-gratia compensation of ₹1 crore to the families of the deceased, and full medical and rehabilitation support for the injured, partially which could be funded through insurance, staggered payments and available liquidity. Per management articulation, the company has insurance in place which fully covers the structural damage, inventory and production loss. Further, Sigachi is in discussion with the state government on pending compensation to be paid to the families of deceased. SIL expects to recover insurance claims of ~₹51 crore for the P&M loss by the end of December 2025 but not received as of now and is expected to receive

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

insurance in staggered manner by end of Q4FY26 or Q1FY27. However, delays and extent of claim realisation or shortfall in operating performance than envisaged may continue to exert pressure on net profitability levels.

To bridge delays in insurance recovery and fund capex, SIL plans to raise ₹125 crore through non-convertible debentures (NCDs) for the 12,000-MTPA Dahej expansion, working capital, and compensation obligations. This is likely to increase leverage and moderate its financial risk profile. SIL targets expansion of MCC capacity by 24,000 MTPA and development of the CCS facility, with a cumulative capex of ₹493 crore over 2–3 years, funded mainly through ₹300 crore equity infusion and internal accruals.

Any delay in securing the planned funds or reliance on higher-than-envisaged debt could further weaken the company's financial risk profile.

SIL has a free cash balance of ~₹50 crore as on September 30, 2025, and unutilised working capital limits of ~₹50 crore. However, dependence on working capital borrowings is expected to increase to support higher capacity with elongated operating cycle and the sizable capex plan and delays in insurance claim receipts may exert pressure on the company's overall liquidity position. 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 April 01 to March 31), adequate liquidity, and stable industry outlook.

CareEdge Ratings noted that SIL has repaid the term loans availed from Kotak Mahindra bank in full and there is no outstanding under the said term loans as on date. Taking cognisance of this, we hereby withdraw our rating for SIL's term loans, with immediate effect.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Steady growth in total operating income (TOI) with profit before interest, lease rentals, depreciation and taxation (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 175 days.
- Any significant adverse outcome from the ongoing investigation.

Analytical approach: Consolidated. CareEdge 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

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

SIL currently operates two manufacturing facilities at Jhagadia and Dahej in Gujarat, with a combined installed capacity of 15,300 MTPA. The Hyderabad facility (6,400 MTPA) was destroyed in a fire incident on June 30, 2025. Additionally, its wholly owned subsidiary, Trimax, operates a facility with an installed capacity of 100 KL at Raichur, Karnataka. All operating units hold CEP approvals from the EDQM for Microcrystalline Cellulose and ISO 9001:2015 certifications. Capacity restoration and expansion in Gujarat are expected to maintain supply continuity and support export growth in the coming years.

Improved operational and financial performance in FY25

In FY25, consolidated revenue grew by ~20% to ₹488.24 crore, driven by a 25% increase in MCC sales volume and marginal growth in sales realisation. In line with revenue growth, PBILDT margin stood comfortable at ~20.48% and profit after taxation (PAT) margin at 14.43%, supported by better sales realisation and subsidiary turned profitable despite low revenue.

Stable industry outlook

The global MCC 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

Fire accident at Hyderabad facility in Q1FY26

On June 30, 2025, a fire at SIL's Hyderabad plant caused complete damage to its 6,400 MTPA capacity, representing 30% of total installed capacity and contributing 20% of TOI. The incident resulted in 54 fatalities and injuries to 28 employees. A government investigation is ongoing. SIL announced ₹1 crore compensation per deceased employee and full medical support for the injured. By November 2025, ₹22.14 crore was disbursed, averaging ₹0.41 crore per family. Post incident, Production was shifted to Dahej and Jhagadia units, but utilisation remained at 85% due to mandatory safety audits, limiting order fulfilment despite strong demand. SIL plans to enhance capacity to 18,000 MTPA through minor capex and debottlenecking, targeting 90% utilisation by Q4FY26. These measures are expected to support recovery in volumes and improve profitability in FY26, particularly from value-added products.

Declined financial performance in H1FY26

In H1FY26, Sigachi reported revenue of ₹245.16 crore with a PBILDT margin of 15.52%, impacted by fixed overhead costs related to the Hyderabad plant and compensatory expenses incurred in the period. At the net level, the company posted a loss of ₹90.44 crore due to an exceptional provision of ₹116.35 crore towards the loss of plant and machinery and compensation for deceased and injured personnel and inventory loss. SIL expects to recover ~₹51 crore of insurance claims for the P&M loss by the end of the fiscal in tranches. Any delay in claim receipt or inability to achieve projected revenue and operating performance may result in continued net losses.

Expected moderation in financial risk profile in FY26 with additional debt availed

Till end of March 31, 2025, SIL has working capital borrowing and lease liabilities, which has resulted in gearing ratio comfortable at ~₹0.26x as on March 31, 2025. However, SIL is proposing to avail debt in the form of issuance of NCDs for ~₹125 crore (Sanctioned for ₹300 crore) to meet capex and other working capital requirements and on payment of compensation to deceased and to meet the liquidity gap. While net worth is expected to remain at similar levels, supported by marginal profit accretion and the proposed recovery of insurance claims of ~₹51 crore towards plant and machinery. Any delay in receipt of insurance claims or SIL's financial performance not as projected may result in deteriorated net worth and financial risk profile.

Huge capex projected in coming years

In the next two to three years, Sigachi is planning to expand its MCC capacity by ~36000 MTPA in Dahej, Kurnool location and acquire ready-to-use MCC plant with cumulative capacity of 36000 MTPA and the plan of CC facility (with two production lines) with project cost of ₹493 crore which is expected to be funded through debt of ₹125 crore, equity of ₹300 crore (by repaying NCD of ₹125 crore) and remaining through internal accruals. As of now, the plans materialised for major capacity expansion at its Dahej SEZ facility, proposing to add 12,000 MTPA at an estimated project cost of ₹106 crore. The company has already acquired 20 acres of land for this purpose in the past and started Civil work. In addition, the ongoing CCS facility project involves setting up an additional production line with a projected cost of ₹93 crore, of which ~₹30 crore is available from existing proceeds. The balance capex is expected to be funded through ₹45 crore of debt NCD and the remainder through equity infusion or internal accruals. Both these projects are targeted for commercialisation by Q3FY27. Any incremental debt for these expansions, delays in promoter equity infusion, or delays in receiving the insurance claim could exert pressure on the company's liquidity position.

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 ~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.

Elongated operating cycle

Operating cycle of the company significantly elongated to 160 days (FY24: 135 days) primarily considering increase in average collection and inventory days. The company maintains inventory level of ~2-3 months to enable smooth management of manufacturing process which results in ~one month of inventory level each for raw materials and work-in-progress and 10-15 days of finished stock to meet clients' requirement. The company extends an average credit period of upto 60 to 90 days to its customers considering their long-standing relationship. Sigachi avails an average credit period of up to 30 days from its suppliers. Due to the aforesaid factors, the company relies on internal accruals and working capital borrowings to fund day-to-day operations. Total debtors O/s as on March 31, 2025, stood at ₹183 crore of which ₹139.84 crore are due for less than six months and ~₹31 crore due for over one year. These debtors pertain to its subsidiary entity, Trimax, which resulted in elongated operating cycle. Sigachi has not created provision towards the debtors.

Liquidity: Adequate.

SIL's liquidity remains adequate, supported by gross cash accruals of ₹93.55 crore in FY25 against no term debt obligations. Working capital reliance is moderate, with average utilisation of 40%, though utilisation is expected to rise going forward. To bridge the near-term liquidity gap—arising from compensation payouts, working capital needs, and capex, the company is raising ₹125 crore through NCDs. Liquidity is further strengthened by free cash and cash equivalents of over ₹49 crore (excluding ₹32 crore of capex-linked deposits) and a comfortable current ratio of 2.13x as on March 31, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

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

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
Policy on Withdrawal of Ratings
Consolidation and Combined-Approach

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 15,300 MTPA (Dahej - 8,400 MTPA, Jhagadia - 6900 MTPA).

SIL – Consolidated level:

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	325.19	407.83	245.16
PBILDT*	66.98	74.26	38.06
PAT	40.80	47.67	-90.44
Overall gearing (times)	0.33	0.20	NA
Interest coverage (times)	9.54	6.97	5.91

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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
Debentures-Non Convertible Debentures		Proposed	Proposed 10.50%	Proposed	125.00	CARE BBB+ (RWN)
Fund-based - LT-Term Loan		-	-	May 2028	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	May 2025	0.00	Withdrawn
Fund-based - LT-Cash Credit		-	-	-	40.00	CARE BBB+ (RWN)
Fund-based - LT/ ST-EPC/PSC		-	-	-	98.00	CARE BBB+ / CARE A3+ (RWN)
Non-fund-based - LT/ ST-BG/LC		-	-	-	5.00	CARE BBB+ / CARE A3+ (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	40.00	CARE BBB+ (RWN)	1)CARE A- (RWN) (09-Jul-25)	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	-	-	1)CARE A- (RWN) (09-Jul-25)	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)
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	5.00	CARE BBB+ / CARE A3+ (RWN)	1)CARE A- / CARE A2 (RWN) (09-Jul-25)	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	98.00	CARE BBB+ / CARE A3+ (RWN)	1)CARE A- / CARE A2 (RWN) (09-Jul-25)	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	-	-	1)CARE A- (RWN) (09-Jul-25)	1)CARE A-; Stable (10-Jan-25)	1)CARE A-; Stable (05-Jan-24) 2)CARE A- (RWD)	1)CARE A-; Stable (04-Jan-23)

							(22-Aug-23)	
6	Debentures-Non Convertible Debentures	LT	125.00	CARE BBB+ (RWN)	-	-	-	-

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	Debentures-Non Convertible Debentures	Complex
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT-Cash Credit	Simple
4	Fund-based - LT/ ST-EPC/PSC	Simple
5	Non-fund-based - LT/ ST-BG/LC	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	Sigachi US Inc	Full	Wholly owned subsidiary
2	Sigachi MENA FZCO	Full	Wholly owned subsidiary
3	Trimax Bio Science Pvt Ltd	Full	Subsidiary

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

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Karthik Raj K Director **CARE Ratings Limited** Phone: +91 80-46625555 E-mail: karthik.raj@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Y Tejeshwar Reddy Associate Director **CARE Ratings Limited** Phone: 914040102030 E-mail: Tejeshwar.Reddy@careedge.in Ramadevi Kamireddi Lead Analyst **CARE Ratings Limited** E-mail: Ramadevi.K@careedge.in

About us:
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