

17.11.2025

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,

Ref: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.r.t Credit Rating submitted by the Company vide its letter dated 14th November, 2025

Sub: Additional Details Required for Corporate Announcement filed under Regulation 30 of SEBI (LODR) Regulations, 2015

With reference to the above mentioned letter dated 14th November, 2025 submitted by the Company regarding Credit Rating, please find attached the detailed rationale of the Rating Action i.e. Revision in Outlook for the rating provided by India Ratings & Research to the Company in its Press Release dated 14th November, 2025. The same is also available on its website.

You are requested to take the information on record.

Thanking You

Yours Faithfully

For Dhampur Sugar Mills Limited

Aparna Goel
Company Secretary
M. No.: 22787

India Ratings Revises Outlook on Dhampur Sugar Mills’s Bank Loan Facilities to Negative; Affirms ‘IND AA-’; Rates Additional CP at A1+’

Nov 14, 2025 | Sugar

India Ratings and Research (Ind-Ra) has revised the Outlook on Dhampur Sugar Mills Limited’s (DSML) bank loan facilities to Negative from Stable, while affirming the rating at ‘IND AA-’. The detailed rating actions are as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating Assigned along with Outlook/Watch	Rating Action
Long-Term Issuer Rating	-	-	-	-	IND AA-/Negative	Affirmed; Outlook revised to Negative
Bank loan facilities	-	-	-	INR11,708.6	IND AA-/Negative/IND A1+	Affirmed; Outlook revised to Negative
Bank loan facilities	-	-	-	INR1,124.8	IND AA-/Negative/IND A1+	Assigned
Commercial paper*	-	-	Up to 365 days	INR2,000	IND A1+	Affirmed
Commercial paper*	-	-	Up to 365 days	INR1,000	IND A1+	Assigned
Fixed deposit	-	-	-	INR10 (reduced from INR20)	IND AA-/Negative	Affirmed; Outlook revised to Negative

*The CP has been carved out of lower of the existing fund-based working capital limit or drawing power.

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, owing to the strong operating and strategic linkages among them.

Detailed Rationale of the Rating Action

The Negative Outlook reflects DSML’s likely weaker-than-Ind-Ra-expected credit profile over the near term, due to its reduced EBITDA and increased debt levels. The company’s EBITDA fell 35% yoy to INR1,695 million in FY25 due to lower cane crushing as well as sugar recovery in the sugar season 2025 (SS25: October 2024-September 2025) and lower ethanol sales. Ind-Ra believes DSML’s performance over FY26-FY27 could remain weaker-than-earlier-expected, given the increase in cane costs and unchanged ethanol prices, affecting its credit metrics. However, a sequential improvement is likely in FY26 as the initial indications of a rebound in crushing and sugar recovery could provide some support to sugar EBITDA, partially offsetting the INR30/quintal increase in the state advised price (SAP) of sugarcane.

Ind-Ra opines the overall profitability will also be contingent on a) the government's policy to evacuate the likely production surplus which will have a bearing on sugar prices and b) ethanol prices fixed by the government given the increase in cane cost. DSML's net leverage was significantly higher-than-Ind-Ra's-expectations in FY25; the pace of deleveraging will be contingent on EBITDA recovery and inventory levels. Notwithstanding a fall, the interest coverage is likely to remain comfortable 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. However, the ratings are constrained by the inherently high working capital requirements due to the seasonal nature of the sugar business and the agro-climatic and regulatory risks.

Ind-Ra notes that the board of DSML, on 28 October 2025, approved the execution of a share purchase agreement to acquire a 51% stake in Venus India Asset-Finance Private Limited (a non-deposit taking non-banking financial company) at a cost of INR500 million, subject to regulatory approvals. Ind-Ra understands that DSML has no further investment plans with respect to this, due to which the acquisition is unlikely to lead to a material change in the credit metrics.

The agency also notes that the Income Tax Department conducted a search at the corporate office and the manufacturing units of DSML from 29 October 2025 to 3 November 2025. Ind-Ra understands that there has been no disruption or coercive action taken against DSML, but the agency will continue to monitor the developments.

List of Key Rating Drivers

Strengths

- Healthy business profile, supported by integrated operations
- Healthy sugar prices and rebound in crushing to partially offset impact of SAP increase
- Improved chemical realisation and plant operations to aid EBITDA recovery in FY26
- Adequate liquidity cushion

Weaknesses

- Low EBITDA and elevated inventory affected Leverage; Working Capital unwinding Key to deleveraging
- Ethanol segment to weaken in absence of price hike
- 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 a long operational track record of over nine decades and has a healthy business profile, given the integrated nature of its operations, starting from the crushing of cane to ethanol production from molasses, as well as power generation from bagasse for captive consumption and merchant sale. The presence of allied revenue streams, ethanol and power, provides cushion against inherent volatility and cyclicity in the sugar business. The company has a crushing capacity of 24,000 tonnes of cane per day, distillery capacity of 450 kilo liters per day (KLPD; cane-based: 350KLPD and multi-feed: 100KLPD) and power co-generation capacity of 127 megawatts (MW). The multi-feed distillery can operate on grains as well as molasses, providing DSML the flexibility to optimise feedstock, basis the 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 20,000 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, the ethanol segment contributed 25% and chemicals contributed 10%-15% during the four fiscals ending FY25. Notwithstanding the low revenue contribution, the power division's contribution in the total EBITDA rose to around 40% in FY25 (FY24: 30%) as the share of the distillery business halved to around 25%.

Healthy Sugar Prices and Rebound in Crushing to Partially Offset Impact of SAP Increase: Despite a 22% yoy reduction in cane availability for crushing to 2.85mnt in FY25 (FY24: 3.67mnt) and a fall in the gross recovery to 10.94% (11.57%), the EBITDA of DSML's sugar segment increased 26% yoy to INR729 million (INR579 million), supported by an increase in sugar sales and higher sugar prices during the year. The segment's EBITDA improved to INR2.6/kg (FY24:

INR2.2/kg; FY23: INR2.3/kg), with sales prices increasing to INR38.7/kg in FY25 (FY24: INR37.4/kg; FY23: INR34.7/kg). Domestic sugar prices further increased 5% yoy to INR40/kg in 1HFY26, driven by lower production and a significant fall in India's sugar stocks level in SS25. While the low inventory has led to a firm start in SS26 (October 2025: INR40.5/kg, up 5% yoy), Ind-Ra opines the likelihood of a production surplus would restrict the uptick in sugar prices. However, the government's decision to allow exports of 1.5mnt for evacuation of likely surplus in SS26 will further support the prices. While exports may not be very lucrative given with international sugar prices at a four-year low, they will help unwind working capital and improve cash flows.

DSML's gross recovery declined 60bp yoy due to the challenges such as red rot infestation in CO 0238 cane variety in Uttar Pradesh (UP). However, the company has reduced its dependency on the disease prone CO 0238 cane variety, to around 50% in SS25 from 85%-90% in the past with plans to reduce it further to 10%-15% in the near term. Intensive cane development initiatives and adequate rainfall, leading to sufficient water availability, have improved the crop quality, which is likely to improve the yield and recovery in this season and Ind-Ra believes a rebound would support DSML's EBITDA despite an increase in the cane cost. UP SAP has been increased 8% yoy to INR400/quintal for SS26, which will increase the sugar production cost by INR2.5-3/kg for UP-based mills over 2HFY26-FY27. Ind-Ra believes the healthy sugar prices will partially offset the impact in FY26 but the evacuation of the production surplus in SS26 would be critical for an upward movement sugar price in FY27.

Improved Chemical Realisation and Plant Operations to aid EBITDA Recovery in FY26: The declining prices and challenges of geopolitical tensions combined with operational lags at the plant, led to the loss of INR2 million in FY25 (FY24: INR140 million, FY23: INR227 million) in the chemical segment. While ethyl acetate realisation moderated to INR70/kg in FY25 (FY24: INR80/kg, FY23: INR86/kg), prices have witnessed an uptick to INR71.3/kg in 1HFY26. The management stated that it has made the required modifications in the plant, which, along with improved prices, should aid EBITDA recovery in FY26. DSML's ethyl acetate products are exported to European and Gulf nations demanded by the pharmaceutical and flexible packaging sectors. Notwithstanding a relatively small contribution to the overall EBITDA, Ind-Ra expects the turnaround to aid EBITDA recovery in FY26.

Adequate Liquidity Cushion: DSML's liquidity remains adequate given the unwinding of inventory, which aided cash flows. The cash flow from operation (CFO; Ind-Ra-calculated) increased to INR1,343 million in FY25 (FY24: negative INR1,222 million, FY23: INR3,242 million) given some unwinding of the large sugar inventory built up in FY24. Notwithstanding some decline, the CFO is likely to remain positive in the near term. Moreover, DSML's cash and equivalents rose to INR1,497 million at FYE25 (FY24: INR649 million) and are likely to remain healthy in the absence of any major capex over the near-to-medium term. While the fall in the EBITDA led to a decline in the interest coverage to 3.4x in FY25 (FY24: 6.3x, FY23: 6.9x), it remained comfortable given the moderate utilisation of working capital limits in the non-crushing period and the competitive interest rates enjoyed by the company on its bank and capital market borrowings. Of the total gross debt of INR9,100 million at FYE25 (FYE24: INR9,631 million, FYE23: INR7,259 million), around 84% (83%, 70%) was working capital debt, with the balance being long-term loans. Also, DSML had average unused working capital lines of INR1,400 million-1,500 million over the 12 months ended September 2025, with a minimum of INR698 million over the period.

Low EBITDA and Elevated Inventory affected Leverage; Working Capital Unwinding Key to Deleveraging: DSML's EBITDA was weaker than Ind-Ra's expectations as it fell to INR1,695 million in FY25 (FY24: INR2,663 million, FY23: INR3,033 million), owing to a sharp fall in the EBITDA of distillery segment as ethanol spreads shrunk and chemical segment booked losses with a fall in realisation and technical challenges. Though the profitability in the sugar segment improved, supported by higher sugar prices, lower cane availability as well as sugar recovery partially obstructed EBITDA growth, which could have compensated the fall of distillery segment. Notwithstanding some rebound due to improved cane availability and sugar recovery, Ind-Ra believes DSML's EBITDA generation in FY26 could be lower than the agency and the management's earlier expectations. Furthermore, Ind-Ra opines that DSML's ability to maintain the profitability will be contingent on the government's ethanol pricing and the export policy which would be a key driver of domestic sugar prices.

After rising to 0.21mnt in FY24 (FY23: 0.12mnt) owing to a restriction on sugar export and sugar diversion for ethanol, DSML's sugar inventory remained elevated at 0.19mnt in FY25 leading to a higher-than-Ind-Ra-expected net working capital of INR9,143 million in FY25 (FY24: INR9,660 million, FY23: INR6,793 million). This, coupled with a lower EBITDA,

limited the correction in the net debt to INR7,603 million at FYE25 (FYE24: INR8,982 million, FY23: INR6,702 million). As a result, the net leverage (net debt/ operating EBITDA) continued to rise to 4.5x in FY25 (FY24: 3.4x, FY23: 2.2x), against Ind-Ra's expectation of some correction.

While a higher domestic sugar quota and increased exports could support sale volumes, inventory levels are unlikely to correct materially given the subdued diversion to ethanol. A recovery in the EBITDA and a working capital unwinding remains a key for deleveraging and will be a key rating monitorable.

Ethanol Segment to Weaken in Absence of Price Hike: The EBITDA of the ethanol segment fell sharply by 75% yoy to INR350 million in FY25 (FY24: INR1,390 million, FY23: INR1,457 million) with its profitability margin shrinking to 7.2% (17.7%, 25.1%) owing to the reduction in ethanol sales and unchanged prices amid increasing cost of production. Its ethanol sales declined sharply by 44% yoy to 69mnL in FY25 (FY24: 123mnL; FY23: 100mnL) largely because the company reduced its production of ethanol derived by B-heavy molasses (BHM ;reduced 75%yoy) and syrup route (reduced 55% yoy) given that ethanol prices remained unchanged since ESY23 (ethanol supply year; November-October), offsetting the ramp-up in grain-based distillery which generated 32mnL of ethanol in FY25 (FY24: 16mnL). DSML sold 32% yoy more ethanol in 1HFY26 and Ind-Ra believes that ethanol sales will increase 15%-20% yoy in FY26 given the increase in ethanol allocation to 98.8mnL in ESY25 (ESY24: 71.5mnL, ESY23: 16.6mnL). However, after increasing 38% yoy in ESY25, ethanol allocation for DSML plummeted 50% yoy to 50mnL for ESY26 as the company did not bid for syrup-based ethanol which constituted 55% of the total allocation in ESY25 which could hamper the growth of distillery segment in FY27 until private sales pick up.

India is close to achieving the 20% blending target set for ESY26 in ESY25 itself (19.2% blending rate as of September 2025, ESY24: 14.6%). However, there is limited visibility of a clear roadmap for blending beyond 20% after ESY26, which may impact the distillery segment of the sugar mills. The prices of juice (INR65.6/lt) and B-heavy molasses (BHM; INR60.7/lt) based ethanol has not been increased since ESY23 while the production cost continues to rise, affecting the segment's profitability. The government is yet to announce the ethanol prices for ESY26 but given the increase in cane costs, lack of a commensurate increase of mid-to-high single digit would continue to affect the segment's EBITDA.

Working Capital-Intensive business with High Regulatory and Agro Climatic Risk: The sugar business is inherently a working capital-intensive business, given the seasonality in the industry and higher levels of inventory holding, peaking in March-April. The company's inventory holding remained elevated at 215 days in FY25 (FY24: 208 days; FY23: 130 days), leading to the net working capital cycle high at 211 days (209 days; 123 days).

The sugar 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 a monthly sales quota, export restrictions to prevent imbalance in sugar demand-supply and to 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. Additionally, the price of ethanol is fixed by the government, and the quantity is fixed by oil marketing companies. Some states, including UP, also determine the fair price payable on sugarcane in the form of SAP. After remaining unchanged at INR370/quintal for SS25, SAP has been increased by 8% yoy to INR400/quintal for SS26 which will increase the production cost by INR2.5-3/kg for sugar mills. After increasing 8% yoy to INR340/quintal in SS25 (SS24: INR315/quintal), the fair and remunerative price (FRP) was increased by 4.4% to INR355/quintal for SS26, based on a recovery rate of 10.25%. While the FRP is being revised annually, SAP is usually revised twice in five years.

Being an agro-based industry, the sugar business is susceptible to the vagaries of monsoons. The production and recovery from sugarcane heavily influences the performance of the sugar industry. In India, agriculture is primarily dependent on agro-climatic conditions. Rainfall conditions impact production yields and recovery from sugarcane, which affect the performance of sugar manufacturing companies.

Liquidity

Adequate: DSML's cash flow from operations (post interest) turned positive at INR1,343 million in FY25 (FY24: negative INR1,222 million, FY23: INR3,242 million). This was aided by some release in working capital requirement after a large build-up of inventory in FY24 (FY25: INR8,986 million, FY24: INR9,171 million, FY23: 6,667 million) coupled with a

reduction in payables (FY25: INR1,330 million, FY24: INR1,145 million, FY23: INR1,820 million) that had resulted in a negative CFO for FY24. Notwithstanding some decline, the CFO is likely to remain positive in the near term. The company's total cash and cash equivalents stood at INR1,242 million at FYE25 (FYE24: INR193 million, FYE23: INR557 million) in addition to which it has maintained liquid investments worth INR255 million at FYE25 (FYE24: INR455 million, FYE23: nil). The average utilisation of its fund-based working capital limits of INR8,500 million stood at about 70% of its drawing power in the 12 months ended September 2025, indicating the availability of adequate liquidity cushion. The average utilisation reduced to 63% during 1HFY26 (1HFY25: 90%) as new term loans of INR1,100 million availed during 1QFY26 shored up liquidity. DSML has completed the buyback of 1 million shares aggregating to INR200 million in June 2025 which was funded internally and has proposed to acquire Venus India Asset-Finance at a cash consideration of around INR500 million which will be funded by company's cash accruals, likely in FY27. No further investment is envisaged. Ind-Ra expects DSML's available liquidity and cash flows to be sufficient to meet its scheduled term loan repayments of INR700 million and INR1,000 million in FY26 and FY27, respectively.

Rating Sensitivities

Positive: A sustained increase in the profitability, leading to an improvement in the credit metrics with the net leverage reducing below 2.75x and interest coverage remaining over 3.5x on a sustained basis, can lead to the Outlook being revised back to Stable.

Negative: An inability to improve profitability and/or the net debt position, leading to the net leverage remaining above 2.75x and/or the interest coverage reducing below 3.5x, all on a sustained basis, could lead to a negative rating action.

Any Other Information

Proposed Acquisition of Venus India Asset-Finance: The board of DSML has approved the purchase of 47.3 million equity shares of Venus India Asset-Finance at a cash consideration of around INR500 million, representing 51% of the issued and paid-up share capital of the Venus, subject to the completion of certain conditions as specified under the share purchase agreement, including the approval of the Reserve Bank of India.

Venus India Asset-Finance was registered with the Reserve Bank of India (RBI) as a non-deposit accepting nonbanking financial company (loan company) in October 2000. It commenced operations in 2013 as a wholesale credit institution that offered debt products to small and growing businesses in India. As on 31 March 2025, the company had assets under management of INR2,390 million (FYE24: INR2,293 million). The transaction is likely to be concluded in FY27 and no other investment or support is envisaged from DSML due to which the acquisition is unlikely to lead to a material change in the credit metrics.

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 been no immediate impact on the plant or banking/financial operations and no coercive action has been taken against the company/promoters. 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 FY25, the company posted a revenue of INR19,551 million (FY24: INR21,662 million), an EBITDA of INR1,681 million (INR2,643 million), a net leverage of 4.5x (3.6x) and a gross interest coverage of 3.4x (6.1x).

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 is engaged in the production of sugar, ethanol and cogeneration of power with nearly nine decades of experience. The company operates sugar mill (in the western belt of Uttar Pradesh) with a total cane crushing capacity of 24,000 tonnes of cane per day, distilleries with a total capacity of 450KLPD (cane-based: 350KLPD and multi-feed: 100KLPD) and a cogeneration facility with a capacity to produce 127MW power. 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 20,000 cases per day.

Key Financial Indicators

Particulars (INR million)	FY25	FY24
Revenue	19,565	21,689
EBITDA	1,695	2,663
EBITDA margin (%)	8.7	12.3
Interest coverage (x)	3.4	6.3
Net leverage (x)	4.5	3.4
Source: DSML, Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings	Historical Rating/Outlook				
				18 November 2024	20 November 2023	6 October 2023	25 November 2022	13 July 2022
Bank loan facilities	Long-term/Short-term	INR12,833.4	IND AA-/Negative / IND A1+	IND AA-/Stable / IND A1+	IND AA-/Stable / IND A1+	IND AA-/Stable / IND A1+	IND A+/Stable / IND A1+	IND A+/Stable / IND A1+
Fixed deposit	Long-term	INR10	IND AA-/Negative	IND AA-/Stable	IND AA-/Stable	IND AA-/Stable	IND A+/Stable	-
Issuer rating	Long-term	-	IND AA-/Negative	IND AA-/Stable	IND AA-/Stable	IND AA-/Stable	IND A+/Stable	IND A+/Stable
Commercial paper	Short-term	INR3,000	IND A1+	IND A1+	IND A1+	-	-	-

Bank wise Facilities Details

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>.

Contact

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About India Ratings

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.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

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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