

Standard Surfactants Limited

May 13, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 100.00 Crore (Enhanced from Rs 80.00 Crore)	Regulator [^]
Long Term Rating	IVR BB+/Stable (Rating Reaffirmed)	RBI
Short Term Rating	IVR A4+ (Rating Reaffirmed)	RBI
[^] Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics 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.

Rationale

The reaffirmation of the ratings assigned to the bank facilities of Standard Surfactants Limited (SSL) continue to derive strength from expansion and diversification of product portfolio and R&D led products, location advantage of the manufacturing plant, promoters' extensive industry experience, and strong relationship with reputed clientele. The ratings are, however, constrained by intense competition and thin profitability margins, profitability exposed to volatility in raw material prices as well as finished goods and low net worth and moderate debt coverage indicators.

Outlook: Stable

Infomerics has assigned Stable outlook based on expectation of improvement in margins from FY27 onwards, given the expansion of the product profile towards end FY26. The new products entail higher value addition as well as margins as compared to LABSA which was the main product of the company till recently.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	NA

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

- **Expansion and diversification of product portfolio and R&D-led products**

The company has traditionally been engaged in manufacturing of LABSA 96%. The capacity of LABSA plant is 12000 MTPA and situated in Madhya Pradesh. The finished product is used in making of shampoo, detergents, toothpaste, etc. The company has recently commissioned two new units within its existing manufacturing plant, expanding its portfolio to a total of 13 products. Together, these new units add a combined production capacity of 10,000 MTPA. The capital expenditure for both units has been completed, with Unit 1 commencing operations in October 2024 and Unit 2 in September 2025. These new product lines offer significantly higher profit margins compared to LABSA, and the company intends to prioritize their production going forward. The new products cater to the same end-user base as the existing portfolio, enabling SSL to leverage its established customer relationships for faster market penetration. Moreover, SSL benefits from operational synergies, as the new products utilize the company's existing technology, equipment, and supplier network for raw material procurement. The company has recently ventured into R&D-driven products, introducing a new technology that, according to management, is currently unique to SSL. These innovations are developed in powder form, which can be processed and formulated into customized solutions for clients. The R&D team works closely with customers to co-develop specific products, ensuring collaboration at every stage, from initial interaction to sample approval, before scaling sales across India.

- **Location advantage of the manufacturing plant**

The company enjoys competitive advantage in terms of logistics due to its location in Mandideep, Raisen, in Madhya Pradesh. This is because it is able to cater to clients in North and East India at lower logistics costs when compared with peers located in West and South India. Logistics costs is a significant cost to the customer as a significant proportion of the surfactants (~50% in case of new products) comprises of water which adds to the weight of the product. Additionally, the powder format, the new product manufactured by SSL, not only enhances profitability but also reduces logistics costs, further strengthening the company's competitive edge.

- **Promoters' extensive industry experience**

SSL is promoted by brothers Mr. Pawan Garg (Chairman and Managing Director) and Mr. Atul Kumar Garg (Whole-time Director). They have almost 2 decades of experience in manufacturing and marketing surfactants and allied chemicals. They have the expertise in product development

and marketing for SSL's products. Mr. Atul Garg also has relevant experience in dealing with polymers, wax and other allied products.

- **Strong relationship with reputed clientele**

SSL has established strong relationships with major global and national brands like Godrej Industries Limited, P&G Home Products Private Limited, Hindustan Unilever Limited, Wipro Limited, Colgate-Palmolive Company, Patanjali Ayurved Limited, ITC Limited, Reckitt Benkiser Group plc, etc. The company has 45-day average debtor collection period. The presence of strong, reputed clients lowers the counterparty credit risk.

Weaknesses

- **Intense competition and thin profitability margins**

SSL is competing with a large number of other competitors, all selling the same product along with other similar products. The competitors of SSL are Godrej, Galaxy Surfactants, Arti Surfactants, etc. As SSL was only manufacturing LABSA 96% till FY24 which is comparatively a low margin product, its profit margins were low in past three years. However, the company has recently commissioned two new units (one in FY25 and one in FY26) within its existing manufacturing plant, expanding its portfolio to a total of 13 products. These new product lines offer significantly higher profit margins compared to LABSA, and the company intends to prioritize their production going forward. Although the EBITDA margins marginally improved to 2.42% in FY25 as compared to 2.20% in FY24 and 1.99% in FY23 it is still lower than the prevailing profit margins in the surfactants industry. PAT margin has marginally declined in FY25 to 0.90% as compared to 1.13% in FY24 and 1.02% in FY23. This reduction was driven by higher interest expense and depreciation charge. Infomerics expects the EBIDTA margin to improve to ~4%-4.75% in projected years as the full year revenue benefits accrue from both units. Infomerics notes that competitive pressure and relatively smaller scale with respect to peers will keep EBITDA margins constrained in future, despite the expected improvement in next 2 years.

- **Profitability exposed to volatility in raw material prices as well as finished goods**

Any unfavourable change in the price of raw materials impacts profitability. The major raw material of the company is Linear Alkyl Benzene (LAB), Alpha Olefin Neodine (AO) and Laurel Alcohol. About 10 to 12% of total LAB requirement is procured through importers and rest from domestic suppliers which are Reliance Industries Limited, Jupiter Consumer Products Limited, etc. The payment to suppliers is 100% advance. AO is imported from South Africa, USA and Laurel Alcohol from Indonesia and Malaysia. The imports are done through LC payment. The price of

raw materials is linked to movement in petrochemical prices and crude oil prices which are very volatile in nature and prone to fluctuations based on global demand supply situations and other macro-economic factors.

- **Low net worth and moderate debt coverage indicators**

Total debt increased to Rs. 55.88 crore as on March 31, 2025, from Rs. 33.00 crore as on March 31, 2024, and Rs. 25.96 crore as on March 31, 2023, due to increase in term loan and unsecured loans from promoters for facilitating the expansion in SSL. The tangible net-worth was Rs. 29.30 crore as on March 31, 2025, which increased from Rs. 27.77 crore as on March 31, 2024, and Rs. 24.41 as on March 31, 2023. The growth in net worth is on account of accruals of profit to the reserves of the company. The leverage ratios deteriorated in FY25 as compared to FY24, due to significant increase in total debt. The overall gearing ratio stood at 1.91 times as on March 31, 2025, as compared to 1.19 times as on March 31, 2024, and TOL/TNW stood at 2.43 times as on March 31, 2025, as compared to 1.61 times as on March 31, 2024. Total Debt/ EBITDA deteriorated to 13.60 times as on March 31, 2025 (11.46 times at the end of FY24 and 8.57 times at the end of FY23) due to increase in total debt availed to fund the capex. The debt protection metrics like interest coverage marginally deteriorated and stood at 2.47x in FY 2025, as compared to 2.51x in FY 2024, due to increase in interest expenses. However, GCA remained comfortable at Rs. 3.60 crore in FY25 as compared to Rs. 1.83 crore in FY24, thereby providing adequate support to its debt servicing ability

Liquidity –Adequate

The liquidity position of the company is expected to remain adequate in the near term. The company is expected to earn a gross cash accrual in the range of ~Rs.4-9 crore annually as against its minimal debt repayment obligations in the range of ~Rs. 2-3 crore annually during FY26-28. However, with ~96% average fund-based capital utilisation of the company during the past 12 months ended January 2026 indicates limited liquidity buffer. Further absence of any debt funded capex provides some comfort to the liquidity position.

Rating Sensitivities

Upward Factors

- Sustained revenue growth coupled with improvement in profitability margins driven by ramp up in capacity utilization
- Growth in cash accrual and prudent working capital management
- DSCR remaining above 2 times on sustained basis

Downward Factors

- Any significant decline in revenue and profit margin on a sustained basis
- Deterioration in the liquidity position
- DSCR remaining below 1.5 times on a sustained basis

About the Company

Standard Surfactants Limited (SSL) was set up in 1995 to produce Linear Alkyl Benzene Sulphonic Acid 96% (LABSA 96%). The company is promoted by brothers Mr. Pawan Garg and Mr. Atul Garg. The capacity of LABSA plant is 12, 000 MTPA and it is situated in Madhya Pradesh. SSL is public limited company and listed on BSE. Along with producing LABSA 96%, the company has Indian Oil Corporation Limited (IOCL) dealership for certain polymer products such as HDPE, LLDPE, Linear LDPE and industrial waxes. SSL is a dealer for these products and earns commission on sales of these products. The company has recently commissioned two new units within its existing manufacturing plant, expanding its portfolio to a total of 13 products. Together, these two units add a combined production capacity of 10,000 MTPA.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	130.85	169.78
EBITDA	2.88	4.11
PAT	1.48	1.53
Total Debt	33.00	55.88
Tangible Net Worth (TNW)	27.77	29.30
EBITDA Margin (%)	2.20	2.42
PAT Margin (%)	1.13	0.90
Overall Gearing (times)	1.19	1.91
Interest Coverage (times)	2.51	2.47

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company



Applicable Criteria

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years

Sr. No.	Instruments/Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
					--	February 14, 2025	--
1.	Fund based facilities	LT	64.73	IVR BB+/Stable	--	IVR BB+/Stable	--
2.	Fund based facilities	ST	4.50	IVR A4+	--	IVR A4+	--
3.	Non-fund based facilities	ST	30.77	IVR A4+	--	IVR A4+	--

Annexure 1: Instrument/Facility Details

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/Outlook	Listing Status	Regulator^	Complexity Indicator
Term Loan	-	-	-	August 2026	24.73	IVR BB+/Stable	NA	RBI	Simple
Cash Credit-1	-	-	-	-	24.00	IVR BB+/Stable	NA	RBI	Simple
Cash Credit-2	-	-	-	-	12.50	IVR BB+/Stable	NA	RBI	Simple
Standby Line of Credit	-	-	-	-	3.50	IVR BB+/Stable	NA	RBI	Simple
Electronic Dealer Financing Scheme	-	-	-	-	4.50	IVR A4+	NA	RBI	Simple
Bank Guarantee	-	-	-	-	4.75	IVR A4+	NA	RBI	Simple
Letter of credit	-	-	-	-	25.00	IVR A4+	NA	RBI	Simple

Proposed	-	-	-	-	1.02	IVR A4+	NA	RBI	Simple
----------	---	---	---	---	------	---------	----	-----	--------

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details

https://infomericstorage.blob.core.windows.net/uploads/Len_Standard_Surfactants_13may26_7d99152433.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not applicable

Annexure 4: List of companies considered for Consolidated/Combined analysis: Not applicable

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) *	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings/Loans from overseas lenders/Loans from Multilaterals	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI

Sr. No.	Instrument / activity Name	Regulator of the instrument
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator such as IRDAI, PFRDA

Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

@ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side regulators have been included.

Analytical Contact

Name: Sudarshan Shreenivas

Tel: (022) 6239 6023

Email id: sudarshan.shreenivas@infomerics.com

About Infomerics

Infomerics Valuation and Rating Ltd. ("Infomerics") [Formerly known as Infomerics Valuation and Rating Private Limited], a SEBI-registered and RBI-accredited credit rating agency, is dedicated to delivering independent, transparent, and research-driven ratings. Licensed for credit rating operations since 2015, Infomerics has empowered investors with reliable insights to make informed credit decisions. Driven by robust frameworks and methodologies, enriched by sectoral depth, and defined by analytical precision, Infomerics evaluates a wide spectrum of

borrowers including MSMEs, large corporates, banks, NBFCs, state governments, municipal bodies, infrastructure projects, REITs, and InvITs— covering the entire range of debt instruments. With a strong pan-India presence anchored by its Head Office in Delhi and Corporate Office in Mumbai, alongside branches in major cities, Infomerics has rapidly expanded its footprint. Its joint venture in Nepal further underscores its growing influence across South Asia. Over the past decade, Infomerics has emerged as a rapidly expanding force in the credit rating space, achieving broad market recognition and building enduring trust among investors, institutions, and issuers.

For more information and definitions of ratings, please visit www.infomerics.com.

Disclaimer: Infomerics ratings are independent opinions on the credit risk of the issue/issuer as of the date they are assigned and do not constitute statements of fact or recommendations to buy, hold or sell securities. The rating reflects Infomerics' opinion on the relative credit risk of the rated instrument or entity at the time it is assigned. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are based on information and data provided by the issuer or obtained from sources believed by Infomerics to be accurate and reliable. Infomerics does not conduct any audit, due diligence or independent verification of the rated issuer or of the information provided to it unless specifically required under applicable regulatory guidelines. The credit ratings are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities. While reasonable care has been taken to ensure the accuracy of the information herein, it is provided on an 'as is' basis and to the maximum extent permitted by law without warranty of any kind. Infomerics makes no representation or warranty, express or implied, regarding the accuracy, adequacy, timeliness, or completeness of any information contained in this report. All entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. Infomerics, or any of its group companies, may have provided other permissible services other than credit ratings to the rated issuer in the ordinary course of business. To the maximum extent permitted by applicable law, in no event shall Infomerics, its affiliates, or their respective directors, officers, shareholders, employees, or agents be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special, or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income, lost profits, or opportunity costs) arising from any use of this report. Any person accessing or using this report shall do so at their own risk. Infomerics shall have no obligation to update, revise or supplement this report after its publication except as required under applicable regulatory guidelines. The ratings and reports issued by Infomerics are intended for use in accordance with applicable laws and regulatory requirements governing credit rating agencies in India.