



Press Release

Sunstar Extraction Private Limited

September 25th, 2025

Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long term Bank Facilities	60.92 (Reduced from Rs.65.00 crore)	IVR BBB-/ Stable [IVR Triple B Minus with Stable Outlook]	IVR BBB-/ Stable [IVR Triple B Minus with Stable Outlook]	Rating Reaffirmed	Simple
Total	Rs.60.92 crore (Rupees Sixty crore and ninety-two lakhs Only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics has reaffirmed the rating assigned to the bank facilities of Sunstar Extraction Private Limited (SEPL). The rating continuous to derive comfort from moderate capital structure and debt protection metrics, efficient working capital cycle and experienced and qualified promoters. the rating strengths are partially offset by moderate operating performance, exposure to intense competition in edible oil industry and vulnerability to volatility in raw material prices.

The Stable Outlook reflects expected growth in revenue and profitability and expectations of stable debt protection metrics over FY26-FY28.

Key Rating Sensitivities:

Upward Factors

- Significant and sustained growth in total operating income along with achievement of EBITDA margins leading to healthy cash accruals along with sustained improvement in working capital cycle while maintaining the current credit profile.

Downward Factors

- Sustained decline in revenue and profitability and/or deterioration in working capital cycle and/or any unplanned debt fund led capex leading to deterioration in credit profile and the liquidity position.



Press Release

List of Key Rating Drivers with Detailed Description

A. Key Rating Strengths

Moderate Capital Structure and debt protection metrics:

The capital structure as indicated by overall gearing ratio and TOL/TNW has remained moderate at 1.32x and 1.87x respectively as of March 31st, 2025 (March 31st, 2024: 2.17x and 2.91x respectively), this improvement was due to lower utilization of working capital limits as on date March 31st, 2025 with schedule repayments of long term debt and stable accretion of profits to reserves. Infomerics expects gearing to improve further from FY26 onwards with expected improvement in profitability and no significant increase in long term debt in absence of capex plans. SEPL's debt protection metrics marked by ISCR and total debt to NCA stood moderate at 2.36x and 5.74 years in FY25 (Period refers from April 01st, 2024 to March 31st, 2025 (FY24: 2.00x and 8.99 years), led by improved gross profitability and reduction in total debt. Infomerics expects debt protection metrics will improve in the future led by expected improvement in profitability.

Efficient working capital cycle:

The net operating cycle remained comfortable at 39 days at the end of FY25 mainly on account of efficient inventory policy and speedy collection days of around 35 and 18 respectively. Debtors cycle is low since majority sales is on cash basis. SEPL has a policy to maintain a short inventory cycle with quick turn-around time thus keeping the inventory levels at 30-40 days. Working capital cycle is expected to remain efficient over the medium term, as a result of the same its working capital limits on combined basis utilized around ~74.69% during the past 12 months ended as on July 31st, 2025.

Experienced and qualified promoters

SEPL is promoted by Mr. Rohan Annasaheb Athane, Mr. Paresh Kiran Parmar and Mr. Kanish Bharat Changela. The promoters have an average experience of more than a decade in diverse industry viz. manufacturing, trading, and processing of soya bean products and oil.

B. Key Rating Weaknesses.

Decline in operating income due to correction in the prices of soyabean:

In FY25 SEPL's total operating income (TOI) has declined by ~16% on year-on-year basis to Rs.639.08 crore, due to lower realisation driven by a challenging market environment, as the



Press Release

global crop conditions were favourable in FY24-25 and reduced import duties on soybean products leads to increased supply and put downward pressure on soyabean prices, which impacted SEPL's realizations. The price of the raw material is at all time low and as per the management and industry reports. Further 5MFY26 company has achieved a revenue of Rs.218 crore.

Improved gross profitability though remain thin

SEPL's EBITDA margin improved to 2.81% in FY25 (FY24: 1.91%), driven by change in revenue mix as the SEPL has generated more revenue from manufacturing segment as well as strategic procurement of raw materials at lower prices and capitalizing on market stabilization to sell inventory above cost, which improve the gross profitability. However, improvement and stability in raw material prices have likely benefited the company as operating margins have improved to 3.11% in 5MFY26 and expected to maintain same in the near medium term with a several factors such as government has increased the MSP which reduce the price fluctuation and stable supply. Infomerics expects SEPL's profitability to remain above current fiscal year through FY26-FY28, driven by growing demand for soybean oil, particularly as a feedstock for biodiesel production and likely to increase the soybean price in near medium term. Further PAT margin has improved to 0.94% in FY25 (FY24: 0.47%), due to higher EBITDA and stable interest cost.

Exposure to intense competition in edible oil industry:

The edible oil industry comprises a few major players and numerous small unorganized entities. Approximately 60% of the market is served by these unorganized players, who focus on regional markets to minimize transportation costs. This intense competition among players has resulted in narrow operating margins. Moreover, prices of edible oils are closely tied to Crude Palm Oil (CPO) prices, which are notoriously volatile. More than 90% of procurement occurs from the international market, making the industry highly susceptible to sharp fluctuations in foreign exchange rates, impacting procurement costs and financial outcomes. Government policies, particularly duties imposed on imported refined and crude edible oils, further influence the industry's dynamics. Fluctuations in edible oil prices and foreign exchange rates are additional sources of vulnerability. Significant changes in these factors could potentially adversely affect the profit margins of industry participants.



Press Release

Vulnerability to volatility in raw material prices:

Operational are exposed to inherent risks typical of the agriculture-based commodity industry, including challenges related to raw material availability and price fluctuations. For example, our solvent extraction operations depend on the availability of crude palm oil in the local market and are influenced by international crude palm oil prices. Additionally, oil prices are affected by global demand-supply dynamics and fluctuations in prices of other edible oils like palmolein and vanaspati. Looking forward, anticipate a gradual recovery in operating margins due to expected price increases.

Analytical Approach: Standalone Approach

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](#)

Liquidity: Adequate

SEPL's liquidity remains adequate marked by current ratio stood at 1.62x as of March 31st, 2025 (March 31st, 2024: 1.42x); while quick ratio remains moderate and at 0.69x (March 31st, 2023: 0.58x). SEPL has cash and cash equivalent of Rs.5.16 crore as of March 31st, 2025. Cash flow from operations were also positive and at Rs.33.81 crore at the end of FY25. The debt service coverage ratio (DSCR) also remained comfortable at 1.69x in FY25.

About the company

Incorporated in 2016, SEPL is owned and managed by Rohan Athane Annasaheb, Kanish Bharat Changela and Paresh Kiran Parmar. SEPL's main line of business is manufacturing, trading, and processing of high protein soya bean meal, lecithin, de-oiled cakes, refined oil, and hydrogenated oil from seeds like cottonseeds, castor, linseeds, sunflower, and soya bean.

Financials (Standalone):

(Rs. crore)



Press Release

For the year ended / As On*	31-03-2024 (Audited)	31-03-2025 (Audited)
Total Operating Income	763.80	639.08
EBITDA	14.61	17.97
PAT	3.59	6.01
Total Debt	63.95	54.48
Tangible Net Worth	35.34	41.36
EBITDA Margin (%)	1.91	2.81
PAT Margin (%)	0.47	0.94
Overall Gearing Ratio (x)	2.17	1.32
Interest Coverage (x)	2.00	2.36

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None

Any other information: Nil

Rating History for last three years:

S r. N o	Name of Instrument / Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Long term Bank Facilities	Long term	60.92	IVR BBB-/ Stable	(August 01 st , 2024) IVR BBB-/ Stable	--	--
2.	Long Term Bank Facilities - Proposed	Long term	--	--	(August 01 st , 2024) IVR BBB-/ Stable	--	--

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Press Release

About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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Press Release

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan – 1	--	--	October 2027	1.58	IVR BBB-/ Stable
Long Term Bank Facilities – Term Loan – 2	--	--	November 2026	1.24	IVR BBB-/ Stable
Long Term Bank Facilities – Term Loan – 3	--	--	October 2029	1.46	IVR BBB-/ Stable
Long Term Bank Facilities – Working capital term loan	--	--	November 2027	6.31	IVR BBB-/ Stable
Long Term Bank Facilities – Term Loan	--	--	October 2029	1.37	IVR BBB-/ Stable
Long Term Bank Facilities – Machinery Loan	--	--	August 2029	0.49	IVR BBB-/ Stable
Long Term Bank Facilities – Machinery Loan	--	--	August 2026	0.47	IVR BBB-/ Stable
Long Term Bank Facilities – Cash Credit	--	--	Revolving	29.00	IVR BBB-/ Stable
Long Term Bank Facilities – Cash Credit	--	--	Revolving	5.00	IVR BBB-/ Stable
Long Term Bank Facilities – Cash Credit	--	--	Revolving	14.00	IVR BBB-/ Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-sunstar-sep25.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.