



“The Sukhjit Starch & Chemicals Limited Q1 FY'26 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to The Sukhjit Starch & Chemicals Limited Q1 FY'26 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Aman Setia. Thank you and over to you, sir.

Aman Setia: Thank you, ma'am. Good evening, ladies and gentlemen. I, Aman Setia, Senior VP Finance & Company Secretary of The Sukhjit Starch, extend a very warm welcome to all of you joining us for today's call to discuss our Q1 FY'26 Results.

Dear investors, we truly value your ongoing support and commitment. I trust you have reviewed our Q1 FY'26 financial results which are available on the Stock Exchange as well as on our website.

Today, joining us from the Management Team are Mr. Dhiraj Sardana – Senior VP and CEO, Mr. Bhavdeep Sardana – Senior VP and CEO, and Mr. Rakesh Chawla – Senior VP and CFO. For an overview of our financial performance, I will now hand over to Mr. Rakesh Chawla.

Rakesh Chawla: Good evening, everyone. Thank you, Amanji. I am delighted to welcome all of our stakeholders to today's call.

I would like to provide a summary of our financial results for the quarter year-ended June '25:

In this quarter, the revenue from operations reached Rs. 367.20 crores. Our EBITDA recorded at Rs. 19.89 crores with an increase of 14.11%, Q-o-Q, and a EBITDA margin stood at 5.42%. In terms of bottom line performance, our net profit for the quarter was Rs. 4.75 crores, up 94.67% from the previous quarter. For a more in-depth analysis of our operational performance, I will now turn the call over to Mr. Dhiraj Sardana.

Dhiraj Sardana: Good afternoon, everyone. I am pleased to share some thoughts on the broader industry environment as we begin FY'26. The year has commenced on a promising note, and we are encouraged by early signs of recovery across key sectors. The starch industry, in particular, is showing initial signs of stabilization in raw material pricing. This is being supported by the government's proactive initiatives to boost maize cultivation aimed at meeting rising demand from industrial and poultry segments. These efforts are expected to ease supply-side pressures and contribute to a more balanced and predictable input cost environment in the coming quarters.

We have also seen stable finished good pricing and a notable uptick in offtake, which signals strengthening demand across end-user industries such as food processing, textiles, paper, and pharmaceuticals. With improving maize availability and supportive pricing dynamics, we

remain cautiously optimistic about the outlook for the second half of FY'26. The macro environment continues to evolve, and while challenges remain, we believe our industry is well-positioned to benefit from structural tailwinds and policy support.

Now I would like to hand over to Mr. Bhavdeep Sardana to share some more details with you. Thank you.

Bhavdeep Sardana:

Thank you. We are pleased to present our operational and financial performance for the first quarter of FY'26.

We recorded a muted start to the year, however, with encouraging momentum across our core business segment. During the quarter, we saw stable pricing and increasing offtake. These trends, combined with rising consumption in the country and better raw material availability, reinforce our confidence for the second half of the fiscal year. Looking ahead, our focus remains on deepening customer engagement, driving innovation, and embedding sustainability across our operations. These pillars are centered to reflect our commitment to delivering an enduring value to all stakeholders. In conclusion, we are confident in the geopolitical and the tariff trends for our business, and we are confident that the opportunities that lie ahead will add value. Our strategic initiatives, coupled with disciplined execution, position us well to navigate the evolving landscape and deliver consistent performance.

Thank you and I now welcome any questions you may have.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shivkumar Prajapati from Ambit Investment Advisors. Please go ahead.

Shivkumar Prajapati:

Hi, thanks for the question. My first question is on the industry front. I just want to understand at what stage is the industry growing? And it would be helpful if you could quote the volume figures for the industry. What volume growth did we register for the quarter?

Bhavdeep Sardana:

It is difficult to give exact volume numbers, but yes, we are growing. The industry typically grows minimum at the rate of GDP. So, that answers both your questions. So, I have answered your question. A) That our industry grows minimum at the rate of GDP. It can grow faster also depending on which sector is growing, etc. I cannot share with you the volume figures of our company that is secretive and confidential. However, we have grown in volume. Thirdly, I would like to give you a perspective that the Indian starch industry, Indian starch per capita consumption is lower than that of China and China is the state. So, we have relatively a very big opportunity to increase our consumption over time.

Shivkumar Prajapati:

Understood, sir. And sir, the next question is, did the early monsoon had any impact on our business? And sequentially, we have done better. So, is it attributable to raw material correction or is it from the realization front?

- Bhavdeep Sardana:** A healthy monsoon will affect the incoming Kharif crop. We are hopeful that the Kharif crop will be very good. As far as price correction, are you referring to the maize price for Rabi crop or you are referring to the prospective Kharif crop?
- Shivkumar Prajapati:** Rabi crops.
- Bhavdeep Sardana:** So, Rabi crop has already harvested. The price which we saw was a result of good availability and timely intervention of the government of India for supplying rice to the ethanol players.
- Shivkumar Prajapati:** So, that means we did not book any kind of inventory loss. Is my understanding correct?
- Bhavdeep Sardana:** We have not booked any inventory loss.
- Shivkumar Prajapati:** Okay, sir. And so, my next question is, does the ratio--
- Bhavdeep Sardana:** You said two questions. You are on question number four. There are others, can you come back into the queue?
- Shivkumar Prajapati:** Yes, sure sir. No worries. Thank you.
- Moderator:** Thank you. The next question is from the line of Naitik from NV Alpha Fund. Please go ahead.
- Naitik:** Hi, sir. Thanks for taking my question. So, my first question is, in the last call you had mentioned there is some pricing pressure in terms of international starch prices. So, just wanted to know, now you mentioned that the prices have settled, but if you could share Q-o-Q have the price increased or they are there where they were? And how is the China exports affecting the same?
- Bhavdeep Sardana:** Thank you. I recall having the conversation. Yes, there has been a price stabilization and a minor price increase. What has helped the industry is the rationalization in raw material pricing during this period. And we are hopeful that the bottom has been tested. The next couple of months will give us an idea of the resilience in pricing as well as the government of India's negotiations with US will lead to some inputs on maize pricing as well. Whether government of India agrees to ethanol import or it agrees to GM maize import for ethanol production, all that will have a bearing on raw material pricing and that will have an impact on our finished goods pricing. As far as export is concerned, I believe some manufacturers, but exports out of India have not started in a very big way. But there has been a positive change over the last two months. So, I'm hopeful that with price stability and Indian maize pricing being competitive in the local area, where the export opportunity will be there for certain units.
- Naitik:** Got it, sir. Second question is, if you could get some sense on what sort of utilization we were working on and given that there was some sort of overcapacity across industry, are we still going ahead with the 400 TPD and if yes, I mean, any progress on that?

- Bhavdeep Sardana:** So, we handled our expansion in a very different way. We chose to look at the different products which we were targeting, the value-added products. We have commissioned both. One product is left that we will commission by the end of this financial year. It will probably spill over. What I was saying was that we have chosen not to finish all expansions. We have chosen to prioritize finished good products expansions, which are of value-addition in nature and which will add to our bottom-line. So, we have fast-tracked those. Only one product is left, which I think in the next financial first quarter, we should have that complete. But we have also added in the meantime, 200 tons. And we are hopeful that as and when the supply and demand improves, we will be able to test that capacity. And then it will take us another maybe two quarters after we decide to finish the balance 200 tons capacity grinding expansion.
- Naitik:** We are let us say and what would be the utilization?
- Bhavdeep Sardana:** We are targeting 85% by the end of this year. We have been running at 85% and we are hoping that we will continue with this 85% by the end of the year. We fluctuate between 78% to 85% depending upon seasonality, certain product mix, etc. But we are hoping to target about 80%-85% between 80% and 85% for this fiscal.
- Naitik:** Got it, sir. That's it from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Darshil Jain from RJ Securities. Please go ahead.
- Darshil Jain:** Thank you for taking my question. I have a couple of questions. Firstly, could you provide more details on how maize procurement costs have trended this quarter compared to previous periods? And what impact this has had on your gross margins?
- Bhavdeep Sardana:** Sir, you were totally blanked out in between. Can you repeat that, please? I missed the second part of your question.
- Darshil Jain:** So how has the maize procurement costs have impacted your margins? That was the second part.
- Bhavdeep Sardana:** Okay. So if you can see our margins have improved and there's been a positive effect. And with the fall in finished good prices and raw material, in the previous quarter did not correct as much. It corrected in the last quarter whose results we are discussing with you. So that factor and stabilization in prices and renewed demand have started to help our industry and our company. And we are hopeful that this journey will continue in the next couple of quarters.
- Darshil Jain:** Understood, sir. Secondly, with the ethanol producers competing for maize, how do you assess the risk of future price volatility and what procurement strategies are in place to mitigate this?
- Bhavdeep Sardana:** See, since we are a well hedged company in terms of locations, supply of maize is not an issue. The question is pricing. Now with the government of India coming in and releasing surplus rice to ethanol players gives us an opportunity to take maize at softer prices and not have another

stakeholder of industrial maize in the market. So we tend to benefit from that strategy. And we are also working with government agencies, including the planning of various state governments where we are on maize development. And with the government of India's plans of increasing maize production to 70 million tons, in the short term, there could be certain gaps, but I think in the medium term, this will play out. And with government's capping, it's, for now, it's ethanol mixing. We will get some kind of a better mix of supply and demand for industrial maize.

Darshil Jain: Understood. And lastly, could you share more details on the scale of the expansion or expected commissioning timelines and additional capacity being added? And furthermore, what would be the total CAPEX plan for this expansion and how are you going to fund that? Is it through internal accruals or are we going to take on debt or is it a mix of it?

Bhavdeep Sardana: We will take internal debt for this expansion, we have completed 200 tons of expansion, 200 tons of expansion we are going slow because we are prioritizing on finishing the end product rather than the grinding capacity. So our focus has been on that. We have completed, most of the products. Only one product is pending at one location. So we will complete that first, and then, take on the balance 200.

Darshil Jain: All right. So thank you for answering my question. That's all from my side. All the best. Thank you.

Moderator: Thank you. The next question is from the line of Aditya from Securities Investment Management. Please go ahead.

Aditya: Hi, sir. Thanks for the opportunity. So I just wanted to understand one thing. So if I look at the last couple of quarters, we have been seeing that the finished goods pricing is on the lower trend. So I just wanted to understand what is leading to lower finished goods prices?

Bhavdeep Sardana: As was discussed, alluded to one of the a lot of starch industry was also exporting due to certain geopolitical changes, starch industry exports had halted in the previous couple of quarters causing a disruption and oversupply in the local markets. So prices of 1 or 2 products corrected in India, and that led to a kind of softening in prices across the country. However, that has started to change, so that this trend, this stability in pricing is going to see margins going up from here on.

Aditya: Understood. Just wanted to understand now is the higher maize price, the major reason for the drop in margins or the lower finished goods prices means which of these two are the major factor behind the drop in margins for both?

Dhiraj Sardana: Both. It was a combination. Higher maize price made Indian, Indian starch manufacturers uncompetitive in the export market and that caused a lot of problems.

Aditya: And sir, just a recent news that I heard was that China has also started allowing exports of their maize products. So how would that affect the Indian exports?

- Bhavdeep Sardana:** I mentioned this to you that, when I said due to geopolitical changes, so China entered the ASEAN after having stayed away for 10-15 years. But saying that Indian starch manufacturers have restarted to export. As a company, we are not doing it, but our colleagues in industry are, and they have restarted exporting because Indian maize is competitive.
- Aditya:** Understood. I just wanted to understand now out of the total Indian starch production, how much of would it be catering to export markets and how much is it for domestic consumption?
- Bhavdeep Sardana:** I can't say, I can't, I don't have that figure. I will not be able to give you because a lot of manufacturers are not listed and that I don't have data access to unlisted players data. I will not be able to tell you that.
- Aditya:** Understood. Thanks for answering my question. Thank you.
- Bhavdeep Sardana:** Thank you.
- Moderator:** Thank you. The next question is from the line of Shivkumar Prajapati from Ambit Investment Advisors. Please go ahead.
- Shivkumar Prajapati:** Thanks for having my question again. So I have two things. First is like, I've seen stocks-to-use ratio, a global ratio that people track. So it is at around 22% for '25 whereas four years back it was around 26%. So, this ratio is lower, which shows that there is a shortage of corn. So if I say the stock of corn is around 275 metric tons, whereas the consumption is over 1,200 metric tons. This is one thing, and I would just relate it with another. A company with the name of Regaal is coming with an IPO. So, just want to understand about your view. Like, is this an indication that the good times are ahead for this industry as a whole?
- Bhavdeep Sardana:** See, I, I don't know what your question is. I'm trying to make sense of. You have mentioned that, some ratio, your voice broke in between, 22% and 26%. You were alluding to shortage versus demand. Can you just expand on that?
- Shivkumar Prajapati:** So basically there's a ratio. So if I see maize ratio, so stocks to use ratio for maize globally is at 22%, whereas four years back, it was around 26%. This is first term. So right now what is happening, if I look at the stock globally, so it is around 275 metric tons, whereas the consumption that is the demand is over 1,200 metric tons. So this is...
- Bhavdeep Sardana:** So what you are referring to is not 275 metric ton. It's million metric tons, number one. And that is only for one season at one point in time. India has seasonal maize. You can Google and check, you know, there's Rabi and Kharif crops and Indian manufacturing, Indian industrial maize requirement alongside poultry feed requirement drives majority of the growth. And there has been adequate maize available. Price of maize has been an issue, in about two quarters ago, price of maize has corrected in India. It is still higher in India as compared to global pricing, but it is on at a softer level now and there is no shortage of maize. Your second question, you were not audible at all. Can you please ask your second question again?

- Shivkumar Prajapati:** Sure. So second question is a company Regaal is coming with an IPO. So, just want to hear your view, like how does the company differs because they are also into starch making and maize processing.
- Bhavdeep Sardana:** If you want to buy their shares, please buy. I have no idea about them. It has nothing to do with us.
- Shivkumar Prajapati:** No worries. That's it, sir. Thank you so much and best of luck.
- Moderator:** Thank you. The next question is from the line of Vruddhi Vora from SAS Capital. Please go ahead.
- Vruddhi Vora:** Thank you for the opportunity. Sir, I have a question that could you share your plans regarding the product portfolio diversification and are you exploring any opportunities to introduce new starch based products or derivatives?
- Bhavdeep Sardana:** Yes, thank you for a very valid question. Very pertinent. The product mix. I will not give you the exact breakup, but I'll give you a good sense of it, where we are heading. We are seeing complexity of manufacturing in the FMCG space. We are seeing complexity and a higher quality assured supply as FMCG transcends into personal care, as lifestyle and changes in food habits for a more healthier lifestyle happen. So we are catering and changing our production capacities to align with our customers, making that shift. Now, whether it is highly assured pharmaceutical grade products or qualifying existing products and increasing the quality assurance around the existing infrastructure, also working with customers in reducing and making say a low moisture product or making a product with a certain attribute, but it being the same product, but changing the specification to suit our customer's overall product mix. Our customer's overall recipe. So we have started partnering our customers in a much more at a micro level to work with their recipes, to create specifications especially for them. So when there is a downturn, there is a certain USP for us to always be associated with a customer and have certain assured business. So that's where we are planning. That's what we have been doing. And, it'll take us another I think 2 to 3 quarters more to add, 1 or 2 attributes to our product portfolio such as this.
- Vruddhi Vora:** Okay. And additionally, how are you approaching the development of new customer segments or entry into untapped domestic or international markets to broaden your revenue base?
- Bhavdeep Sardana:** Yes. So our plan for the global market is the same. So if we are working with the MNC in India and partnering with them on R&D that affords us, an automatic qualification to supply to them at a global level. So that mitigates the cost of any logistics that automatic supply. So then you are put in the same, on the same platform as a global manufacturer, in Europe or US, and you could be supplying to MNCs based in Africa or in Middle East or somewhere in ASEAN. So we have started working with these companies, our existing customers in working with them on R&D projects. And we are hopeful that it will enable us, an opportunity to work with them globally.

- Vruddhi Vora:** Okay. And further, how do you assess the demand environment for maize, starch and its derivatives across key end users, industries for the remainder of FY'26?
- Bhavdeep Sardana:** Yes, I feel that going forward, the demand for the starch industry is, going to remain robust. The paper industry packaging sector is growing. You see the results of the paper company, the listed ones, the ones who are making quality paper writing and printing grade, and who are waiting for the NEP to play out, I think, paper as a sector, food as a sector, FMCG, personal care, all these sectors with our uh, India as a consumption story is going to do well. Our MNC companies barring this confusion over tariffs, our FMCG companies are looking to manufacture in India, a brand in India for a global market. So it says capacity out of, from their plants will go abroad. So that, I'm sure government of India will do what it takes to protect the interests of the Indian manufacturing. And I think in the next few weeks, we will have clarity on tariffs. And once that is done I think India will be exporting again in a very big way, starch and starch products, while our internal demand remains robust.
- Vruddhi Vora:** Okay. And additionally, what is your outlook on finished goods pricing? Do you expect stability or any upward movement?
- Bhavdeep Sardana:** For now we are stable, but prices have to go up, as we ends towards closing season and shortage of maize in between the new arrival crop coming in, I think prices will go up and government has announced a new MSP, which should kick in at the time of Kharif crop. So that will also have a place. So if raw material price goes up, finished goods prices should also rise. So we are hopeful that, the supply demand matrix would be favorable for a price rise going forward as we go into later in the year.
- Vruddhi Vora:** Okay. Thank you so much and all the best.
- Bhavdeep Sardana:** Thank you.
- Moderator:** Thank you. The next question is from the line of Esha Murthy from M&A Ventures. Please go ahead.
- Esha Murthy:** Hello, sir. So my question is like, could you share who are your top five customers and like how significant are they to your overall business?
- Bhavdeep Sardana:** I'm sorry. I can't share that. That's confidential in nature. I will not be able to share that, but we are well diversified in terms of customer mix, product mix. We work with various sectors. Like I said, um, textile is there, paper is there, FMCG both in the personal care space, food sector, pharma sectors, and we are trying to grow in all our sectors on the value added side.
- Esha Murthy:** Okay. Also like, how does your company manage the raw material pricing pressure while dealing with the customers?

- Bhavdeep Sardana:** See, we get into, we have to buy maize at what price it is available. We know when to buy and we try to keep our costs low. When we talking to customers on finished good pricing, whatever we sell as spot, is sold on spot pricing, but larger organized players get into quarterly contracts, annual contracts sometimes, but mostly quarterly contracts with us. So, you win some, you lose some, but then eventually the prices tend to stable up.
- Esha Murthy:** Also could you share the type of contracts you have in place right now?
- Bhavdeep Sardana:** Don't want to talk about that. It's confidential in nature, but we have a fair mix of all types of contracts.
- Esha Murthy:** Okay. Thank you.
- Bhavdeep Sardana:** You're welcome.
- Moderator:** Thank you. Ladies and gentlemen, we will take this as the last question for today. I would now like to hand the conference over to the management for closing comments.
- Aman Setia:** Thank you, ma'am. On behalf of The Sukhjit I would like to express my gratitude to all of you for joining us today and sparing your precious time for us. We look forward to your continuous support in future and hope to see you back in the next conference call. If you have any further query, you may kindly reach out to our investor relations partner, Orient Capital. Thank you so much, ladies and gentlemen. Have a good day.
- Moderator:** Thank you. On behalf of The Sukhjit Starch and Chemicals Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.