

May 30, 2025

## Saj Food Products Pvt. Ltd.: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. Crores)	Current rated amount (Rs. Crores)	Rating action
Long-term Fund-based – Term loan	90.0	0.00	-
Long-term/ Short-term – Unallocated	5.0	95.0	[ICRA]AA- (Stable)/[ICRA]A1+; Reaffirmed
<b>Total</b>	<b>95.0</b>	<b>95.0</b>	

\*Instrument details are provided in Annexure I

### Rationale

The ratings reaffirmation continues to consider an established track record of Saj Food Products Pvt. Ltd. (SFPPL) in the biscuit manufacturing business and a strong market position of its brand (Bisk Farm) in eastern and northeastern India, which is backed by the Group's experience of around four decades in the distribution of FMCG and pharmaceutical products. The ratings also draw comfort from SFPPL's healthy financial profile, characterised by robust leverage and coverage metrics (currently debt-free), healthy ROCE and low working capital intensity of operations. The company's liquidity position remains strong with large cash and liquid investment balances of more than Rs. 300 crore as of March 2025. ICRA notes a favourable long-term demand outlook for the biscuits industry in the country, notwithstanding the industry's exposure to cyclical demand in consumer demand. In FY2024, SFPPL's operating income declined by 8% on the back of demand contraction, however, its operating margin improved to 16.4% from 11.3% in FY2023, mainly supported by a significant correction in the prices of palm oil, a key raw material for biscuits production, from an elevated level witnessed in FY2023. The company clocked a moderate revenue growth of 5% in FY2025, however, a sharp rise in palm oil prices coupled with firming up of flour prices squeezed the operating margin to 9.6% (estimated) in FY2025 due to a lag in passing on the increased input costs to consumers amid a competitive environment. Nevertheless, the company's operating margin is likely to improve in FY2026 with a gradual uptick in realisations with calibrated price hikes and some moderation in input costs in the recent past. The company's ongoing greenfield project in Assam, with a proposed capacity of 72,450 tonnes per annum (TPA), has been deferred by a year due to sluggish demand. The plant is expected to start operations in April 2026 instead of the previous target of April 2025. However, the project is being entirely funded by internal accruals instead of the previous plan to avail a term loan of Rs. 125 crore. With the commissioning of the new plant, SFPPL's scale and geographical diversification are expected to improve. Besides, the new plant will reduce the distribution cost for the North East region, which currently contributes 23-24% to SFPPL's sales, supporting margins.

The ratings are, however, constrained by the high sensitivity of profitability of biscuit manufacturers, including SFPPL, to fluctuations in input costs (prices of raw materials, packaging materials, fuel, etc.) and intense competition from the unorganised players as well as other established peers, which are likely to keep its margins under check. The company also remains exposed to geographical concentration risks as the major portion of its revenue is derived from the eastern and northeastern states, with a high sales concentration particularly in West Bengal. The company would also remain exposed to the project execution and stabilisation risks associated with the ongoing capacity expansion in Assam, though such risks are mitigated to some extent by the management's experience in successfully executing such projects in the past.

The Stable outlook reflects ICRA's opinion that SFPPL will continue to maintain a conservative capital structure and healthy debt protection metrics, despite regular investments towards capacity expansion. The company's business returns are also likely to remain healthy, despite vulnerability to input cost fluctuations.

## Key rating drivers and their description

### Credit strengths

**Established track record in biscuit manufacturing and strong market position in eastern and northeastern India** – The Group has been involved in biscuit-manufacturing business for more than two decades. Over the years, the company has included other bakery products like cakes, cookies, pastries, bread rusks, savouries, croissants, extruded snacks, wafers as well as Indian snacks in its product portfolio, though biscuit remains the mainstay of SFPPL's business. Its Bisk Farm brand has a strong presence in the eastern and northeastern states. Prior experience of the promoters in the distribution of FMCG and pharmaceutical products of reputed brands for around four decades helped it in successfully penetrating the bakery market and building the brand. SFPPL sells its products through many channel partners including 192 super stockists, 1,257 distributors/sub-stockists and around 3.3 lakh retailers spread across the country.

**Robust financial profile, characterised by conservative capital structure, strong debt coverage metrics and healthy ROCE** – The company's limited reliance on external borrowings vis-a-vis its healthy net worth led to a conservative capital structure, as reflected by its low gearing (within 0.1 times) and TOL/TNW (0.2 - 0.6 times) since FY2020. The company's debt as on March 31, 2025 comprised lease liabilities only, and its net debt remained negative in the recent years because of sizeable free cash and liquid investments. SFPPL's conservative capital structure and healthy profits led to strong debt coverage metrics. Its profitability moderated in FY2025 due to a significant increase in input costs. However, the debt coverage metrics would continue to be strong in the absence of any external borrowings. The company's ROCE remained high (49-53% in FY2023 and FY2024), supported by sizeable profits at an absolute level vis-à-vis capital requirements for fixed assets and working capital. While an increasing net worth, aided by significant accretion to reserves would lead to some moderation in ROCE, going forward, the same is expected to remain healthy above 20% in the medium term.

**Low working capital intensive nature of business supports liquidity** – The company's sales are mostly made against advance payment basis. Its raw material inventory holding period is low because of tie-ups with local suppliers. However, moderate level of finished goods and packaging material stocks are maintained to ensure smooth operation and distribution. A nominal receivable, limited inventory coupled with moderate credit availed from suppliers supported SFPPL's liquidity and kept its net working capital relative to the operating income at a very low level of 2-3% in the last few years.

**Favourable demand outlook of the Indian biscuit industry** – With increasing urbanisation and changing lifestyle, the demand outlook for biscuits in the country is likely to remain favourable, given the low per-capita consumption at present. This is likely to support revenue growth for biscuit players like SFPPL that have an established brand presence.

### Credit challenges

**Susceptibility to fluctuation in input prices** – The raw materials required for manufacturing biscuits are wheat flour, sugar, edible refined hydrogenated vegetable oil (mainly palm oil), skimmed milk powder (SMP), flavours, preservatives etc. The company also consumes a significant volume of packaging materials and needs fuels like furnace oil and LPG. The prices of flour, sugar and oil are highly dependent on both agro-climatic conditions and Government policies and thus are subject to considerable volatility. Prices of packaging materials and fuels remain linked to crude oil prices, which also exhibit significant volatility, thus impacting SFPPL's margins. In FY2024, the company's operating margin rose to 16.4% from 11.3% in FY2023 on the back of softening of palm oil prices which had been at an elevated level in FY2023. However, in FY2025, palm oil prices increased sharply and flour prices also firmed up considerably. Such increases in raw material prices and a lag in upward revision in realisation amid the competitive nature of the industry, led to a decline in the company's operating margin to 9.6% in FY2025 (estimated). However, the company is gradually increasing prices of its products in a calibrated manner, mainly through reducing weight per pack which along with some softening in the input prices recently are expected to result in a better profitability in FY2026.

**Limited geographical diversification** – The eastern and northeastern region together contribute 84-85% of the company's sales at present reflecting geographical concentration of its revenues. The company has a firm footprint in West Bengal which

alone contributes around 45% of the company’s sales. The Bangalore unit, which is SFPPL’s latest plant set up outside West Bengal, in March 2022, continued to record a low capacity utilisation of 16% in 9M FY2025, but is expected ramp up gradually.

**Intense competition from unorganised and established players likely to keep margins under check** – The company remains exposed to stiff price-based competition from other established players and various small biscuit manufacturers as a significant portion of its revenue is generated from the highly price-sensitive sub-brands. Hence, SFPPL’s limited pricing flexibility is likely to keep its margins under check.

**Exposure to project execution as well as stabilisation risks related to the ongoing capital expenditure programme** – The company is setting up a new plant in Guwahati, Assam with a proposed capacity of 72,450 tonnes per annum (TPA). The cost of the project has been estimated at Rs. 200 crore, which is being funded entirely from internal accruals. Previously, the company tied up a term loan of Rs. 125 crore for the project and partially availed the loan. However, subsequently it was prepaid. The plant’s commissioning was earlier scheduled in April 2025 but has been deferred by a year by the company due to sluggish demand. The northeast region is a key market for SFPPL, contributing 23-24% to the total revenues. This region is currently being catered to by the Siliguri plants, which entail significant transportation costs. Thus, the upcoming Assam plant will increase the company’s geographical reach, reduce distribution costs, and increase brand recognition. While this exposes the entity to project execution and plant stabilisation risks, the company’s demonstrated track record of setting up such facilities in the past provides comfort.

### Liquidity position: Strong

SFPPL’s liquidity position remains strong. It had free cash and liquid investments of more than Rs. 300 crore as on March 31, 2025. The company’s cash flow from operations in FY2025 moderated due to a rise in input cost but is estimated to remain healthy at above Rs. 100 crore vis-à-vis around Rs. 180 crore in FY2024. The same, however, is likely to improve to more than Rs. 160 crore in FY2026. The company’s pending capex of Rs. 60-70 crore for the Assam plant is likely to be incurred in FY2026. There is no further major capex plan at present, however, the overall annual capex including the normal capex for replacement and modification of the existing facilities is likely to remain within Rs. 100-110 crore. The moderate capex vis-à-vis the healthy cash flow from operations and absence of any debt repayment obligation (excluding lease liabilities) are likely to keep the liquidity strong. SFPPL’s sizeable free cash and liquid investment portfolio, strong cash accruals and adequate borrowing power would support its liquidity in case of any further major capacity expansion through organic or inorganic routes.

### Rating sensitivities

**Positive factors** – ICRA may upgrade the long-term rating if the company is able to geographically diversify its operations and demonstrate a significant improvement in its scale of operations and cash accruals on a sustained basis.

**Negative factors** – Any significant deterioration in the profit margin, resulting in weakening of cash generation along with higher-than-anticipated debt-funded capital expenditure or acquisitions, impacting the liquidity position, may result in ratings downgrade. A specific trigger for ratings downgrade will be ROCE below 20% on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">FMCG</a>
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financials of the company

## About the company

Saj Food Products Private Limited (SFPPL), incorporated in 2000, manufactures biscuits and sells them under the Bisk Farm brand. SFPPL is a part of the Kolkata-based Aparna Group, which was promoted by Late K. D. Paul. It is an established distribution house for FMCG as well as pharmaceutical products in eastern India for around four decades. Over the years, SFPPL increased its product offerings and introduced other food products such as cakes, cookies, pastries, bread rusks, savouries, croissants, extruded snacks, wafers as well as Indian snacks. The company sells Indian snacks products under the brand, Indiaah. SFPPL has four manufacturing units at Uluberia, Sankrail, and Siliguri (two units) in West Bengal, one in Nagpur, Maharashtra, and another unit in Bangalore, which started operations in March 2022. The company has a combined production capacity of 2,42,225 TPA. It is setting up a new plant in Assam with a capacity of 72,450 TPA.

## Key financial indicators (audited)

SFPPL	FY2023	FY2024
Operating income	1,715.9	1,587.2
PAT	124.3	176.7
OPBDIT/OI	11.3%	16.4%
PAT/OI	7.2%	11.1%
Total outside liabilities/Tangible net worth (times)	0.3	0.2
Total debt/OPBDIT (times)	0.3	0.1
Interest coverage (times)	65.5	78.2

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument	Current ratings (FY2026)				Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. Crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	-	-	-	-	-	Mar 11, 2024	[ICRA]AA-(Stable)	-	-
			-	-	-	-	Apr 06, 2023	[ICRA]AA-(Stable)	-	-
Unallocated	Long/Short Term	95.0	May 30, 2025	[ICRA]AA-(Stable)/[ICRA]A1+	-	-	Mar 11, 2024	[ICRA]AA-(Stable)/[ICRA]A1+	-	-
			-	-	-	-	Apr 06, 2023	[ICRA]AA-(Stable)/[ICRA]A1+	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/ Short term – Unallocated	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. Crores)	Current rating and outlook
NA	Unallocated limit	-	-	-	95.00	[ICRA]AA- (Stable)/[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis – Not applicable**

## ANALYST CONTACTS

**Jitin Makkar**

+91 124 4545 368

[jitinm@icraindia.com](mailto:jitinm@icraindia.com)

**Kinjal Shah**

+91 22 6114 3442

[kinjal.shah@icraindia.com](mailto:kinjal.shah@icraindia.com)

**Sujoy Saha**

+91 33 6521 6805

[sujoy.saha@icraindia.com](mailto:sujoy.saha@icraindia.com)

**Sovanlal Biswas**

+91 33 6521 6808

[sovanlal.biswas@icraindia.com](mailto:sovanlal.biswas@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6.00 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



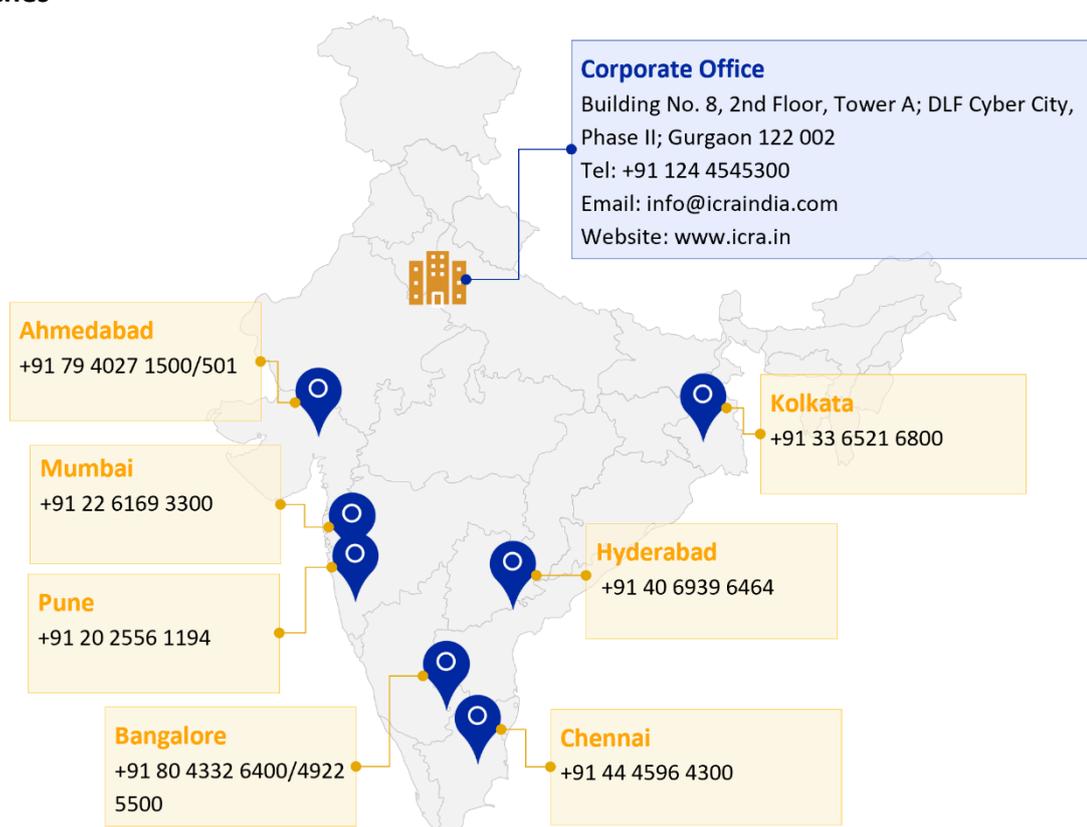
### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.