

January 28, 2026

SUSTRO SPECIALITY OILS PRIVATE LIMITED: [ICRA]BBB-(Stable); assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Cash Credit	75.00	[ICRA]BBB- (Stable); assigned
Long-term – Fund-based – Overdraft Facilities	25.00	[ICRA]BBB- (Stable); assigned
Total	100.00	

*Instrument details are provided in Annexure I

Rationale

The rating assigned to the bank loans of Sustro Speciality Oils Private Limited (SSOPL) reflects its strong and experienced management team in the speciality chemicals industry, promoted by the founders of the well-established Mumbai-based Dorf-Ketal Group. The rating also factors in the healthy ramp-up during the initial phase of operations and the long-term offtake agreement with its key customer for a biofuel additive product. Leveraging its operational capability with the support of the Dorf-Ketal Group, SSOPL has developed a proprietary biofuel for which they have long-term order from one of the global majors in the oil and gas sector. Additionally, the promoters and key personnel have demonstrated their ability to successfully acquire and operate the existing edible oil crushing line, further strengthening SSOPL's operational profile.

SSOPL has secured a long-term supply agreement with the customer for its biofuel additive. The underlying manufacturing capability of SSOPL's biofuel additive is unique and is expected to offer strong competitive differentiation along with substantial pricing flexibility. Full-scale commissioning of the facility is targeted by the end of January 2026, with the newly constructed plant largely completed and undergoing trial runs at present. Meanwhile, SSOPL recorded revenues of approximately Rs. 169.9 crore in 9M FY2026, with an operating profit margin (OPM) of about 11.3% on a provisional basis, supported by initial supplies to the customer and existing operations of edible oil crushing.

The rating is, however, constrained by SSOPL's limited operating track record of operations. The company's business prospects remain susceptible to adverse market dynamics, impacting the demand for biofuel additives, as well as the risk of competing players developing similar products that could affect SSOPL's market share and pricing power. ICRA also notes that the customer has extended long-term advances for operational setup. Any withdrawal of these advances could adversely impact SSOPL's financial profile. Additionally, with a significant portion of its revenue expected from exports, SSOPL remains exposed to the foreign currency fluctuation risk as well.

The Stable outlook on SSOPL's long-term rating reflects ICRA's expectation that the company will achieve a significant scale-up in operations while maintaining healthy profit margins, supported by long-term orders from its customer. The outlook also factors in ICRA's expectation that any incremental capital expenditure will be funded in a manner that enables the company to sustainably maintain its debt-protection metrics.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in speciality chemical industry of Dorf-Ketal Group – SSOPL, founded by Mr. Subodh Menon and Mr. Sudhir Menon—promoters of the Dorf-Ketal Group—benefits from the promoters' extensive experience of

over two decades in the speciality chemicals industry. The Group operates across refining, petrochemical, oil & gas, and industrial chemicals segments, manufacturing high-performance speciality chemicals, catalysts, and additives, along with industrial chemicals for sectors such as paper and textiles. Backed by strong R&D capabilities and a diversified end-user base, the Dorf-Ketal Group ranks among the leading suppliers of speciality chemicals in India and key international markets.

Strong operational and managerial support from Dorf Ketal Group – The Dorf-Ketal Group’s competitive position is strengthened by its strong emphasis on technology, which enables the development of proprietary, customised solutions aligned with evolving customer requirements while enhancing its process-chemistry capabilities. Leveraging these strengths, SSOPL has developed manufacturing process of biofuel additive.

Revenue visibility driven by long-term contract – SSOPL benefits from healthy revenue visibility, supported by a long-term supply arrangement with the one of the global majors in the oil and gas sector, which includes an annual revenue commitment of Rs. 250–280 crore per annum for five years, with a likely extension for an additional five years. The ongoing capacity expansion for biofuel additives has been fully funded through interest-free, long-term customer advances of around Rs. 150 crore, which were utilised towards capital expenditure. Commercial operations from the expanded facility are expected to commence in January 2026.

Limited competition, crucial and critical use expected to generate healthy profitability – The manufacturing process for the biofuel additive is very innovative and unique and the product would find applications in many areas where carbon density could be an issue from the sustainability point of view. This technological differentiation amid limited competition supports healthy profit margins compared to conventional fuels.

Credit challenges

Limited track record of operations – SSOPL has a limited operating history, having been incorporated in December 2024 and subsequently acquiring an edible oil-crushing plant from a third-party in March 2025. While interim revenues have been supported by continued crushing operations for existing edible oil customers and partly processing of biofuel additive. Further, the biofuel additive business expected to ramp up rapidly in line with dispatch schedule for its customer. Although revenue visibility is supported by a long-term supply arrangement with the customers, which includes an annual revenue commitment of Rs. 250-280 crore, the company’s ability to scale up operations as expected remains to be demonstrated.

High client concentration risk; partly mitigated by long term offtake agreement with key customer – SSOPL has a high client concentration, with the biofuel additive business largely dependent on Formula-S at present. This concentration risk is partly mitigated by a long-term offtake agreement that provides visibility on volumes and revenues. However, execution risks related to scaling up of operations and continued reliance on a single customer remain key monitoring factors.

High working capital intensive operations; funding support from customer – SSOPL’s operations are inherently working capital intensive due to the need to fund raw material procurement, inventory build-up, and extended receivable cycles, including overseas shipment timelines and credit periods offered to the customer. However, this risk is mitigated by strong funding support from the customer in the form of interest-free, long-term customer advances, which are structured to remain with SSOPL over the long term and are periodically replenished through invoice adjustments. This arrangement provides stable liquidity and cushions cash-flow pressure during the scale-up phase. In addition, the recent sanction of bank working capital limits and interim support from group entities further strengthen liquidity. Nevertheless, efficient working capital management and timely scale-up of operations remain key monitoring factors as volumes increase.

Liquidity position: Adequate

SSOPL’s liquidity position is adequate, supported by healthy earnings and funding support from its key customer. The company has received sanction of working capital cash credit limit of Rs. 75 crore and Rs. 25 crore of overdraft limit in December 2025, which is expected to be disbursed by the end of January 2026, which will further enhance liquidity and support business expansion. The promoters and promoter-owned companies are financially strong, having infused Rs. 98.6 crore in SSOPL as of

December 2025, with a commitment to provide additional funds as required, which supports SSOPL’s financial flexibility. SSOPL has no term debt and does not foresee any major capex requirement in the near term.

Rating sensitivities

Positive factors – SSOPL’s rating could be upgraded if the company demonstrates healthy ramp-up in operations leading to sustained growth in earnings while maintaining comfortable debt coverage indicators and adequate liquidity position on a sustained basis.

Negative factors – Pressure on SSOPL’s rating may arise if there is significantly lower-than-expected offtake of biofuel additive that adversely impacts revenue and earnings, or if there is a major deterioration in the working capital cycle, or large debt-funded capex that adversely impacts liquidity and debt coverage metrics on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

SSOPL was incorporated in December 2024 by Mr. Sudhir Menon and Mr. Subodh Menon, the promoters of Dorf-Ketal Chemicals India Limited, who hold equal ownership in the company. SSOPL operates a manufacturing facility spread across 38 acres, located near Warangal, Hyderabad. The company is engaged in crushing of vegetable seeds and has expanded its operations into manufacturing of biofuel additives. SSOPL has secured a long-term supply agreement with one of the global majors in the oil and gas sector for the supply of biofuel additives for an initial period of five years, with expectations of further extension. Dorf-Ketal Chemicals India Limited has extended corporate guarantee for the working capital credit facilities of SSOPL.

Key financial indicators

Standalone	FY2025	9M FY2026*
Operating income	-	169.9
PAT	-2.1	11.0
OPBDIT/OI	-	11.3%
PAT/OI	-	6.5%
Total outside liabilities/Tangible net worth (times)	3.3	10.4
Total debt/OPBDIT (times)	-99.6	3.9
Interest coverage (times)	-0.5	3.6

Source: Company, ICRA Research; *Provisional numbers; 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

Current rating (FY2026)				Chronology of rating history for the past 3 years						
				FY2026	FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long-Term	75.00	Jan 28, 2026	[ICRA]BBB- (Stable)	-	-	-	-	-	-
Overdraft Facilities	Long-Term	25.00	Jan 28, 2026	[ICRA]BBB- (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Cash Credit	Simple
Long-term – Fund-based – Overdraft Facilities	Simple

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. crore)	Current rating and outlook
NA	Long-term fund based – Cash Credit	NA	NA	NA	75.00	[ICRA]BBB- (Stable)
NA	Long-term – Fund-based – Overdraft Facilities	NA	NA	NA	25.00	[ICRA]BBB- (Stable)

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 4545368
jitinm@icraindia.com

Uday Kumar
+91 124 4545867
Uday.kumar@icraindia.com

Ronak Vadher
+91 22 6169 3341
ronak.vadher@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
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

ICRA Limited



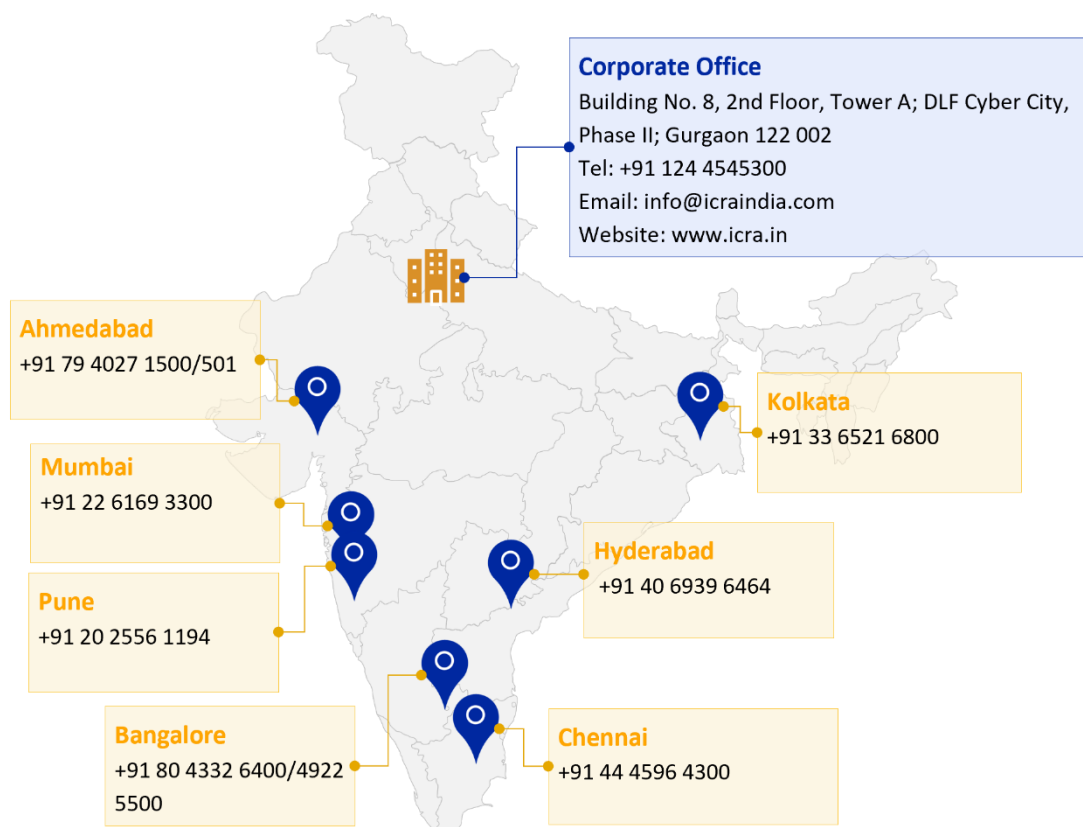
Registered Office

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

Tel: +91 11 23357940-45



Branches



© Copyright, 2026 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 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.