February 23, 2026

Sakuma Exports Limited; Ratings reaffirmed and outlook revised to Negative

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term/Short term – Fund-based- Others	124.30	124.30	[ICRA]BBB(Negative)/ [ICRA]A3+; reaffirmed with outlook revised to Negative
Long term/Short term - Unallocated limits	40.70	40.70	[ICRA]BBB(Negative)/ [ICRA]A3+; reaffirmed with outlook revised to Negative
Total	**165.00**	**165.00**	

**Instrument details are provided in Annexure-I*

Rationale

The rating action factors in the established relations of Sakuma Exports Limited (SEL) with reputed clients worldwide and the extensive experience of its promoters of over two decades in the agricultural commodities trading business. SEL is among the leading exporters of sugar from India. Additionally, the ratings take into account SEL's prudent risk management strategies addressing commodity price volatility, foreign exchange fluctuations and credit exposure, along with its well-diversified base of customers and suppliers. The company continues to benefit from a healthy net worth of ~Rs. 707 crore as on March 31, 2025, supported by a Rs. 200 crore equity infusion in FY2025, which has helped maintain low gearing.

However, ICRA has revised the outlook to Negative given the sharp deterioration in SEL's performance in 9M FY2026, marked by a 36% YoY decline in revenues, operating losses (operating profit margin of -0.1% in 9M FY2026 as against 0.6% in 9M FY2025), and significantly weakened debt-coverage indicators, with interest coverage turning negative. The downgrade also reflects the high dependence of the company's sales on government sugar-export policies, which currently remain unfavourable and have constrained its ability to generate adequate revenues or margins. With no material reversal in policy expected in the near term, the company has increasingly shifted towards low-margin domestic trading of sugar and maize to maintain business volumes, resulting in further pressure on profitability.

Further, given its involvement in agricultural commodities, the company's operations are inherently exposed to changes in Government policies, evolving geopolitical dynamics and regulatory frameworks governing commodity imports in various countries. Additionally, the business remains vulnerable to unpredictable agro-climatic conditions. A significant portion of SEL's revenue stems from sugar exports, making its performance highly sensitive to global demand-supply trends and the resulting fluctuations in commodity prices, which can materially influence both its operational and financial outcomes. This scenario is likely to remain similar almost every year now. However, there has been a sizeable reduction in the working capital intensity and the same has freed up a significant amount of cash thereby providing an adequate liquidity buffer.

However, given these pressures, coupled with losses in 9M FY2026 and constrained cash accruals, the company's financial profile has weakened despite a comfortable capital structure.

The Negative outlook reflects ICRA's view that SEL's credit metrics may remain weak unless there is a meaningful improvement in export policy or a sustained recovery in volumes and profitability.

Key rating drivers and their description

Credit strengths

Well-defined risk mitigation policies - SEL has robust risk mitigation policies to hedge the fluctuations in commodity prices, foreign exchange rates and credit risk. To manage the foreign exchange risk, the company utilises forward contracts. For commodity price fluctuations, SEL employs methods such as back-to-back procurement and sales agreements, participation in commodity exchanges and other hedging instruments.

The entire institutional sales business is back-to-back, and the company typically does not take any inventory risk on itself. In the case of maize, the selling price is determined by the mandi price plus carrying costs and a fixed margin. SEL requires 10% advance at the time of the warehouse booking and another 10% when the price is fixed. Additionally, SEL takes a 10% mark-to-market from customers to hedge against price declines. The company's sales are also partly backed by letters of credit or advance payments from customers to mitigate the credit risk.

Diversification in product profile with introduction of maize; institutional sugar sales to add to revenue stability – After the ban on sugar exports, SEL began supplying to institutions such as Britannia and ITC, with this segment showing rapid growth. Although the return on investment (ROI) from institutional sales is relatively low compared to exports, this business model is considered sustainable in the long term as the volumes remain stable. Simultaneously, Sakuma Exports is broadening its product mix by entering the maize trade. The company sources maize directly from farmers in eastern India during the peak procurement months of May and June and supplies it to ethanol manufacturers throughout the year.

Hence, the maize and sugar businesses complement each other, and the company can do good business during the entire year.

Comfortable financial risk profile, although restrictions on sugar exports impacted margins to some extent - Despite pressures from the export restrictions, SEL's financial risk profile remains supported by a strong capital base; however, margins have weakened materially in 9MFY2026. Revenues fell by 36% YoY to ~Rs. 993.60 crore and OPBITDA slipped to a small loss in 9M FY2026, reflecting the constrained business environment. Nevertheless, the balance sheet remains comfortable, with a healthy net worth of Rs. 707 crore as on March 31, 2025, which has kept reliance on external borrowings largely limited to working capital facilities. Gearing remains low at around 0.15x, supported by the earlier Rs. 200 crore equity infusion. While working capital debt increased temporarily due to maize procurement and the shift to domestic trading, SEL's capital structure remains adequate, though coverage metrics have weakened in 9M FY2026 because of operating losses. Going forward, the financial profile is expected to remain stable from a leverage standpoint, but earnings related metrics are likely to stay under pressure

Credit challenges

Lower operating margin owing to trading nature of business - SEL's margins remain structurally thin given the trading nature of operations, exposure to agro-climatic risks, and the inherent seasonality of the agricultural commodities business. The company reported an OPBDITA margin of 0.6% in FY2025, and profitability weakened further in 9M FY2026, with margins turning marginally negative due to the sharp drop in sugar export volumes and increased dependence on low spread domestic institutional sales. The risk of adverse regulatory changes particularly relating to sugar exports continues to directly influence the company's performance, as seen in 9MFY2026. While interest and finance costs remain low due to SEL's reliance on customer advances and creditors, the inherently thin trading margins have kept net profitability subdued, with 9MFY2026 PAT declining significantly compared to previous years.

Product concentration risk, with sugar contributing to majority of revenues - SEL's product concentration has remained very high in recent years, with sugar accounting for almost the entire revenue. In October 2023, the Indian Government stopped sugar exports, which caused a massive drop in SEL's business in FY2024. On January 20, 2025, the Government again allowed exports up to 1 million metric tonnes for the 2024-25 season, which ends in September. While this has provided some relief in SY2025, the overall operating environment continues to remain constrained due to the restricted export quota and lack of clarity on further policy easing. In order to tide itself over the export hurdles, the company has ventured into maize and sugar trading in the domestic market. While the traded product mix may diversify to some extent with the increase in international trade (primarily through overseas subsidiaries), the contribution of sugar in the traded product portfolio is expected to remain high, exposing SEL to the inherent cyclicality of the sugar industry.

Susceptible to changes in Government policies, global demand-supply situation and agro-climatic conditions - The import and export of agricultural commodities are susceptible to Government regulations. Any adverse change in import/export duties on agricultural commodities or changes in the minimum support price may affect the product's competitiveness. Further, the volume of export (particularly sugar) may vary from year to year, subject to policy announcements by the Government of India based on the level of sugar production. Also, as a major portion of the company's revenue is generated from sugar, the global demand-supply situation will have a significant impact on its business operations and financial performance. Being involved in agro-commodity trading, the company also remains exposed to agro-climatic risks, changing crop patterns and the associated cyclicality in the business. The company's product mix, thus, has to continually adapt to the changing crop patterns

Environment and social risks

Environmental risks - Entities like SEL that are involved in the trading of agro-commodities are directly exposed to climate risks which affect sugarcane production and yield. Excessive or deficient rainfall in the sugarcane-producing regions affects cane availability. However, the company primarily sources order-backed sugar from mills based out of Maharashtra and northern Karnataka that have high sugar recovery rates and a longer crushing season with adequate availability of cane, thereby mitigating the climatic risks to a certain extent.

Social risks - The worldwide societal shift to less sugar-intensive food products considering the health issues related to high sugar consumption could structurally reduce the demand for sugar products.
However, such changes in consumer behaviour or any other drivers of change are expected to be relatively slow-paced.

Liquidity position: Adequate

SEL's liquidity position remains adequate. The company's cash flows from operations are constrained by high working capital requirements, especially during the peak season of the sugar and maize cycle. The company funds its working capital through working capital facilities and advances from customers.

Despite the high working capital requirements during the peak season, sufficient cushion is available against the drawing power. Further, the company has credit balances in the non-peak season. There has been a significant reduction in the company's working capital intensity. Also, the liquidity is supported by cash and liquid investments of around Rs. 86.9 crore as on September 30, 2025.

Rating sensitivities

Positive factors - The outlook can be revised to Stable if there is a substantial growth in revenues with the diversification in its traded product portfolio and healthy internal accruals that would strengthen the liquidity profile on a sustained basis.

Negative factors - Pressure on SEL's ratings could arise if the revenues decline and the operating margins deteriorate resulting in lower cash flows on a sustained basis. Deterioration in the working capital cycle impacting the company s liquidity position could also be a trigger for downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology](#)
Parent/group Support	Not Applicable
Consolidation/standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Sakuma Exports Limited. The companies are enlisted in Annexure II

About the company

Sakuma Exports Limited (SEL/Sakuma) was started as a partnership firm in 1999 by Mr. Chander Mohan Malhotra and his son - Mr. Saurabh Malhotra, and was subsequently converted into a public limited company in August 2005. The company is involved in the trading of agro-commodities like sugar from its Indian entity and other agro-commodities such as edible oil, pulses, cotton and rice through its overseas subsidiaries. However, most of the company's revenue is generated through trading of sugar. Sakuma's customer portfolio comprises some of the large and globally established agro-trading companies.

Key financial indicators (audited)

Sakuma Exports Limited (Consolidated)	FY2024	FY2025	9MFY2026*
Operating income	2124.7	2289.6	993.6
PAT	40.0	14.8	3.0
OPBDITA/OI	1.7%	0.6%	-0.1%
PAT/OI	1.9%	0.6%	0.3%
Total outside liabilities/tangible net worth (times)	0.4	0.2	-
Total debt/OPBDITA (times)	2.8	7.6	-
Interest coverage (times)	9.1	3.9	-0.4

*Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. Crore.; * Provisional Numbers*

PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years							
	Type	Amount rated (Rs. crore)	Feb 23, 2026	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long term/ Short term – Fund-based - Others	Long-term/ Short-term	124.30	[ICRA]BBB (Negative)/ [ICRA]A3+	Jun 18, 2025	[ICRA]BBB (Stable)/ [ICRA]A3+	-	-	Mar 28, 2024	[ICRA]BBB (Stable)/ [ICRA]A3+	-	-
Long term/ Short term - Unallocated limits	Long-term/ Short-term	40.70	[ICRA]BBB (Negative)/ [ICRA]A3+	Jun 18, 2025	[ICRA]BBB (Stable)/ [ICRA]A3+	-	-	Mar 28, 2024	[ICRA]BBB (Stable)/ [ICRA]A3+	Jan 31, 2023	[ICRA]]BBB (Stable)/ [ICRA]A3+
Long term/ Short term - Working capital facilities	Long-term/ Short-term	-	-	-	-	-	-	-	-	Jan 31, 2023	[ICRA]BBB (Stable)/ [ICRA]A3+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term - Fund-based - Others	Simple
Unallocated limits	NA

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'scredit 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/ Sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	**Long term/ Short term – Fund-based - Others**	-	-	-	124.30	[ICRA]BBB(Negative)/ [ICRA]A3+
NA	**Long term/ Short term - Unallocated limits**	-	-	-	40.70	[ICRA]BBB(Negative)/ [ICRA]A3+

Source: Company

Please Click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Sakuma Exim DMCC	**100.0%**	**Full consolidation**
Sakuma Exports PTE Limited	**100.0%**	**Full consolidation**
Sakuma Impex Ltd	**100.0%**	**Full consolidation**
Sakuma Exports (Ghana) Ltd	**100.0%**	**Full consolidation**
Sakuma Exports Tanzania Pvt. Ltd	**100.0%**	**Full consolidation**
GK Exim FZE W.L.L	**100.0%**	**Full consolidation**

Source: *SEL annual report FY2024*

Note: *ICRA has taken a consolidated view of the parent (SKL) and its subsidiaries while assigning the ratings*

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