Grainotch Industries Limited (Revised)

August 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB+; Stable; ISSUER NOT COOPERATING* and Withdrawn
Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE A4+; ISSUER NOT COOPERATING* and Withdrawn

Details of instruments/facilities in Annexure-1.
*Issuer did not cooperate; based on best available information

Rationale and key rating drivers:

CARE Ratings Ltd. (CARE) has reaffirmed and withdrawn the outstanding ratings of 'CARE BB+; Stable; Issuer Not Cooperating/CARE A4+; Issuer Not Cooperating' [Double B Plus; Outlook: Stable/ A Four Plus] assigned to the bank facilities of Grainotch Industries Limited (GIL) with immediate effect. The above action has been taken at the request of GIL and 'No Objection Certificate' received from the bank(s) that have extended the facilities rated by CARE.

The reaffirmation in the ratings take into account established track record along with extensive experience of the promoters in the distillery industry, healthy profit margins however susceptible to adverse fluctuation in prices of major raw materials, comfortable capital structure and debt coverage indicators, moderate scale of operations, geographical concentration with majority of sales in the state of Maharashtra, concentrated customer base and presence of the company in a highly regulated industry, propensity to support its subsidiary i.e. Yashraaj Ethanol Processing Private Limited (YEPL) and project funding and execution risk for capex undertake to enhance the capacity and presence in highly regulated liquor industry.

Analytical approach: Consolidated

CARE has taken a consolidated view of Grainotch Industries Limited as it has wholly own subsidiary namely Yashraaj Ethanol Processing Private Limited which is also engaged in manufacturing of Grain Extra Neutral Alcohol (ENA), Rectified Spirit (RS), Impure Spirits (IS) and other allied products. Also, GIL has given corporate guarantee to the bank facilities of YEPL. Details of the same are provided in Annexure 6.

Outlook: Stable

The 'Stable' outlook reflects that the entity shall sustain its comfortable financial risk profile over the medium term and continue to benefit from promoter's extensive experience in the industry.

Detailed description of key rating drivers:

At the time of last rating on March 05, 2025, the following were the rating strengths and weaknesses:

Key weaknesses

Moderate scale of operations:

Scale of operations of group continued to remain moderate however it grew with total operating income (TOI) of Rs. 261.08 crore in FY23 vis-à-vis Rs. 236.23 crore in FY22 on account of increase in prices of the product by 10% in FY23. Further group has generated TOI of Rs. 353.82 crore in FY24. Further at standalone level, GIL has generated total operating income of Rs. 183.26 crore in FY23 and Rs. 162.65 crore in 9MFY24 vis-à-vis Rs. 178.75 crore in FY22.

Geographical concentration along with clientele concentration risk:

Major share of revenue generated by group is derived from sales of ENA made to potable alcohol manufacturers only in the state of Maharashtra leading to concentration in terms of geography as well as industry. Further, manufacturing of potable alcohol is highly regulated and any untoward changes in the policies pose greater risk of revenue generation for group. Moreover, top five customers contributed to 64% of total operating income in FY23 and 68% in 9MFY24 vis-à-vis 50-55% in FY22 on standalone basis.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications

Project funding and execution risk:
Group is planning to increase its ENA capacity from 70 KLPD to 100 KPLD in its Aurangabad plant under GIL. The project was supposed to be completed by FY23 however it got delayed due to pending regulatory approvals from government authority. Group is expecting the approvals in FY25. The total estimated cost of the project is Rs.45 crore which will be funded through term loan of Rs.27 crore and balance through Rs. 18 crore through internal accruals. Group has not yet incurred expenditure towards project and not yet applied for term loan. Timely completion of the project and arrangement of funds remains critical.

Propensity to support its subsidiary – YEPL:
GIL has completed the acquisition of YEPL from NCLT in FY20 and has infused Rs.20.50 crore in YEPL (which is in the form of equity share capital of Rs.5 crore and unsecured loan of Rs.15.50 crore) of which Rs.14.25 crore was paid to existing secured and unsecured financial creditors, trade payables and workers of YEPL. The remaining fund of Rs.6.25 crore was utilized for additional Capex and working capital requirements. The acquisition of YEPL is completely funded through internal accruals of GIL. The operations of YEPL commenced in September 2020 and is at a nascent stage, however company has achieved total operating income of Rs. 81.73 crore in FY23 vis-à-vis Rs. 60.84 crore in FY22. Further, GIL has provided corporate guarantee for the bank facilities of YEPL amounting to Rs. 33 crore. Any significant upward variation for the quantum of corporate guarantee/ financial support extended to YEPL impacting financial risk profile of GIL is a key rating monitorable.

Highly regulated liquor industry characterized by heavy duties & taxes and stringent government controls:
The Liquor industry is highly regulated in India with each State government formulating its own policy for production, distribution, retailing and duty structure independently. As a result, there are difficulties in transfer of production from one state to another, along with huge burden of duties and taxes which varies from state to state. There is a ban on all forms of direct and indirect advertising for liquor in the country, leading to market players resorting to surrogate advertising. Furthermore, in the recent past, few state governments have also banned sale of liquor in their state. Thus, regulations at State/U.T. levels are prone to frequent changes, the direction or timing of which are difficult to predict.

Key strengths

Experienced promoters and management along with in-house R&D team for development of potable alcohol products:
GIL is a closely held company and is promoted Mr. Sanjay Holkar and Mr. Dhananjay Tupe along with their family members/associate concerns. Holkar family holds the majority of shares of the company. Mr. Sanjay Holkar is the chairman of GIL and has an experience of over three decades in agro based industries, ethanol manufacturing and is in charge of day to day operations at GIL. Mr. Sanjay Vasant Patil is technical director at GIL and handles process design and efficiency of GIL. He is also Senior Scientist in the Department of Alcohol Technology and Environmental Science at Vasantdada Sugar Institute (Pune). Mr. Sambhaji Raghunath Tupe is director and handles IT and technology areas at GIL. He has an experience over 2 decades in IT sector. Marketing and strategy operations at GIL is handled by Mr. Satyajit Sanjay Holkar and is associated with GIL since 2012. Further, GIL also has an in-house team for blending and development of potable alcohol products and also to improve efficiency of operations at GIL. Furthermore, GIL has a well-defined organization structure supported by qualified and experienced management empowered with decision-making powers.

Healthy profit margins although susceptible to adverse price fluctuations of grains:
PBILDT margin improved to 19.65% in FY23 from 12.65% in FY22 with growth in scale of operation and decline in cost of martial consumed to 71% in FY23 from 76% in FY22. With improvement in PBILDT margin coupled with increase in non-operating income, PAT margin also improved to 12.60% in FY23 from 7.76% in FY22. However, the PBILDT and PAT margins of the group have been deteriorated to 12.22% and 6.69% respectively in FY24. Group uses grains, which form the major component (90%) of total raw materials. Grains are seasonal commodities, with production being subject to the unpredictability of nature. To stabilize grain prices, the Government implements a Minimum Selling Price (MSP), which can impact input costs. To counter price fluctuations, the group procures grains during the harvest season, particularly for maize, storing inventory at on-site warehouses for 120-180 days. This strategy aims to mitigate price increases during the off-season, ensuring a competitive edge and consistent grain supply. The company operates without long-term contracts, leaving it vulnerable to raw material price changes. Additionally, the pricing dynamics of Indian Made Foreign Liquor (IMFL) and Country Liquor (CL) are constrained by government control over much of the liquor market, impacting profitability.

Comfortable capital structure and debt coverage indicators:
Capital structure continued to remain comfortable and improved with overall gearing of 0.65x as on March 31, 2023 vis-à-vis 0.78x as on March 31, 2022 on account of increase in net worth base with healthy accretion of profit. However, overall gearing slightly deteriorated to 0.77x as on March 31, 2024 on account of increase in working capital utilization as on balance sheet date. Further, debt coverage indicators also remained comfortable with improvement in total debt to gross cash accruals stood at 1.75x in FY23 vis-à-vis 2.54x in FY22 on account of increase in gross cash accruals in FY23. Interest coverage ratio also improved to 10.87x in FY23 from 8.94x in FY22 on account of improvement in PBILDT in FY23. However, total debt to gross cash accruals and interest coverage moderated to 2.77x and 8.90x respectively in FY24 on account of decline in gross cash accruals in FY24. Further, on a standalone level, capital structure of GIL continued to remain comfortable marked by overall gearing of 0.36x as on March 31, 2023 vis-à-vis 0.31x as on March 31, 2022. Debt coverage indicators marked by interest coverage ratio remained comfortable level at 15.50x in FY23 compared to 9.84x in FY22 and total debt to gross cash accruals remained at 1.18x in FY23 vis-à-vis 1.23x in FY22 on a standalone basis.

Integration for zero waste management and enhanced value of the products:
Group has a fully automated plant with limited human intervention, thereby reducing the errors and waste. Moreover, group has forward integration in place for better efficiency and to enhance value of the Co-Products and By-Products and it has commenced dryer unit to convert DGWS to DDGS, Corn oil recovery unit, production of absolute ethanol and bottling facility during October 2019. Further, group also has an effluent treatment plant to treat harmful chemicals of production. Moreover, group has captive thermal power plant of 3.0 MW to cater the production facility

Liquidity: Adequate
Adequate liquidity position is characterized by sufficient cushion in accruals vis-à-vis repayment obligations of ~Rs.4 crore against expected net cash accruals of Rs.27.11 crore in FY24. Group has commitment towards proposed capex of Rs. 18 crore spread equally over FY25 and FY26. Also, there was dividend payout of Rs. 6.25 crore in FY24 vis-à-vis Rs. 6.02 crore in FY23 and it is expected to remain going forward. Further group's free cash balance stood Rs. 0.75 crore as on March 31, 2024 (vis-à -vis Rs. 1.66 crore as on March 31, 2023). It also has funds in form of fixed deposit of around Rs. 75.24 crore as on March 31, 2024 out of which Rs. 21 crore is lien marked. The gross current asset period stood at 160 days in FY24 (vis-à-vis 155 days in FY23) with funds blocked majorly in inventory. Inventory period elongated to 64 days in FY23 vis-à-vis 59 days in FY23 with increased stock up of inventory to cater to demand and price volatility. It offers low credit period to its customers of around 7-10 days led to collection period of 9 days in FY24 vis-à-vis 10 days in FY23. The working capital requirements of the company are met by internal accruals and working capital bank borrowing. The average utilization of working capital limit stood at 67% for the last 12 months ended February 2024.

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

Policy in respect of non-cooperation by issuers
Definition of Default
Consolidation
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Withdrawal Policy
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Beverages	Breweries & Distilleries

Incorporated in 2006, GIL is a closely held public limited company, operating modern and fully integrated grain-based distillery at Aurangabad, Maharashtra. The manufacturing capacity is 70KLPD for Grain based Spirits (GNS) which includes Extra Neutral Alcohol (ENA), Rectified Spirit (RS), Impure Spirits (IS). Further, the company has forward integrated to produce absolute ethanol of 30KLPD and bottling unit with capacity of 32 lakh cases per year. Moreover, the company has also integrated backward to produce Distillers Dried Grains Soluble (DDGS) of 70 tonnes per day, Distillers Wet Grains Soluble (DWGS) of 180 tonnes per day and corn oil recovery unit of 5 Tonne per day. Apart from this, the company also operates a captive thermal power plant of 3.0 MW to cater the production facility.

Brief Consolidated Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	261.08	353.82
PBILDT	51.31	43.22
PAT	32.90	23.68

Overall gearing (times)	0.65	0.77
Interest coverage (times)	10.87	8.90

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	May 2024	0.00	Withdrawn
Fund-based - ST-Working Capital Limits		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (06-Aug-25)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (05-Mar-25)	1)CARE BBB-; Stable (27-Mar-24)	1)CARE BBB-; Stable (30-Dec-22)
2	Fund-based - LT-Cash Credit	LT	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (06-Aug-25)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (05-Mar-25)	1)CARE BBB-; Stable (27-Mar-24)	1)CARE BBB-; Stable (30-Dec-22)

3	Fund-based - ST-Working Capital Limits	ST	-	-	1)CARE BB+; ISSUER NOT COOPERATING* (06-Aug-25)	1)CARE A4+; ISSUER NOT COOPERATING* (05-Mar-25)	1)CARE A3 (27-Mar-24)	1)CARE A3 (30-Dec-22)

*Issuer did not cooperate; based on best available information.
LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - ST-Working Capital Limits	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Yashraaj Ethanol Processing Private Limited	Full	Wholly owned subsidiary

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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