CMJ Breweries Private Limited

August 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	40.00	CARE B-; Stable	Assigned
Long Term Bank Facilities	58.80 (Reduced from 171.23)	CARE B-; Stable	Rating removed from ISSUER NOT COOPERATING category and Upgraded from CARE D ; Stable outlook assigned
Long Term Bank Facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

In the absence of minimum information required for the purpose of rating, CARE Ratings Ltd. (CARE) was unable to express an opinion on the rating of CMJ Breweries Private Limited and in line with the extant SEBI guidelines, CARE had moved the rating of bank facilities of the company to 'CARE D; ISSUER NOT COOPERATING'. However, the company has now submitted the requisite information to CARE. Accordingly, CARE has carried out a full review of the rating and the rating is revised to 'CARE B-; Stable'.

CARE has factored in the debt restructuring which took place in the past wherein the company has repaid all its restructured debt except for Meghalaya Industrial Development Corporation (MIDC). No Dues Certificates (NDCs) have been received from all the concerned lenders. In case of MIDC, One Time Settlement (OTS) has been approved on Dec 11, 2024 wherein full principal amount of Rs.61.94 crore has to be paid in 4 instalments with the last one being due on March 31, 2026.

The ratings assigned to the bank facilities of CMJ Breweries Pvt Ltd continue to remain constrained by debt restructuring in the past, weak profitability and leveraged capital structure with low net worth base on the back of losses in distillery unit, ongoing debt funded capex, stretched liquidity position, changes in government regulations impacting the spirit industry, volatility in the raw material prices with limited pricing power and highly regulated nature of alcohol industry.

The ratings, however, continue to derive strength from modest track of operations, association with leading brands, improvement in capacity utilization of brewery division since Feb 2025 post modernization of existing infrastructure and high entry barriers in liquor industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Equity infusion leading to shoring up of net worth and easing of liquidity
- Ramp up in scale of operations beyond Rs.300 crores with PBILDT margins above 10% on sustained basis
- Improved capital structure with overall gearing less than 1.50x on a sustained basis

Negative factors

- Delay in timely infusion of funds from promoters in case of requirement
- Degradation of capital structure with overall gearing going above 3x

Analytical approach: Standalone

Outlook: Stable

Stable Outlook is on expectation of steady ramp up of capacity utilization leading to improved financial performance.

Detailed description of key rating drivers:

Key weaknesses

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

Debt restructuring in the past: In FY17, the company applied for Strategic Debt Restructuring (SDR) after its debt facilities turned NPA due to losses incurred in distillery business. However, the same was not approved and the company went for One Time Settlement (OTS) in 2019. In FY22, CMJ's OTS for the outstanding debt with Punjab National Bank, Indian Bank, Allahabad Bank, State Bank of India and IFCI Ltd was approved. CMJ was required to pay the OTS amount of Rs.113.67 crore within 18 months from the OTS sanction date (20% within 1 month, 40% within 12 months and remaining 40% within 18 months). As of now, all dues have been fully settled, and No Dues Certificates (NDCs) have been received from all the concerned banks.
The facilities of Canara Bank was taken over by Kotak Mahindra Bank in March 2023 and in case of Meghalaya Industrial Development Corporation (MIDC) the facilities were restructured with new repayment schedule with longer tenures.

OTS amount of SBI, PNB, Indian bank, Allahabad bank & IFCI had been paid by March 2023 through infusion of unsecured loan of around Rs.50 crore and Rs.65 crore from Kotak Mahindra Bank. No due certificate has been received for all the lenders. In case of MIDC, OTS has been approved on Dec 11, 2024 wherein full principal amount of Rs.61.94 crore has to be paid in 4 instalments with last one being due on March 31, 2026. The company is making payment of MIDC OTS on a timely basis.

Changes in government regulations impacting the spirit industry
In the past few years, particularly since 2016, the industry faced a string of issues ranging from alcohol ban, demonetisation, highway ban and exclusion from GST. These factors had a telling impact on alcohol production.

Volatility in the raw material prices with limited pricing power
The raw material constitutes more than 44% of total cost of sales in FY25. CMJBPL procures the raw materials like malt, rice grains, sugar, etc from the market at current rates, the prices of which are volatile in nature. Any upward movement in the raw materials may adversely affect the profitability of the group as the finished goods prices are controlled by the government/ market force.

Highly regulated nature of alcohol industry
The organised alcohol industry is dominated by very few large players. Further, high taxation and heavy regulation also make the industry dynamics complex. Government levies various duties like excise duty, sales tax, license fee, state-level import and export duty, bottling fee, welfare levy, assessment fee, franchise fee, turnover tax, surcharge etc. 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. Also, once the liquor companies decide on the prices, the same cannot be altered in the year in most of the States, irrespective of changes in raw material prices, media inflation, new launches, probable re-launches and competition. Moreover, the complexity of the industry further lies in the different types of distribution models followed in various states like government-controlled agencies, private distribution system and auction. The regulations at State levels are prone to frequent changes and be sudden and uncertain. The direction or timing of any regulatory changes being difficult to predict, industry is vulnerable to such unanticipated changes.

Weak profitability on the back of losses in distillery unit: Total Operating Income (TOI) has moderated from Rs.453.37 crore in FY23 to Rs.252 crore in FY25 on account of sale of its distillery unit in FY25 coupled with volume de-growth of 28% in beer segment between FY23 and FY25. Capacity utilization of brewery unit (beer) moderated from 61.8% in FY23 to 45.4% in FY25 due to aging infrastructure, intermittent power supply issues, and systemic inefficiencies. Apart from that, capacity utilization of distillery unit remained low and below breakeven level before it was sold in FY25. These factors led to moderation in operating margin from 5.22% in FY23 to 3.50% in FY25. In FY25, CMJ undertook a capital expenditure program worth Rs. 28.21 crores aimed at overcoming capacity limitations, improving operational efficiency, and modernizing critical production infrastructure. Since the implementation, results from February 2025 onwards demonstrate the success of this initiative, with getting rid of production bottlenecks leading to significant improvements in capacity utilization, operational stability, and cost efficiency. Following the stabilization of the upgraded systems, CMJ has operated at an average capacity utilization of 70% except April 2025. The company earned PAT of Rs.49.06 crores in FY25 due to booking of high non-operating income (profit of Rs. 75.45 crore generated from sale of ENA and IMFL segments).
In Q1FY26, the company has achieved TOI of Rs.57.15 crore with capacity utilization improving to 63%.

Leveraged capital structure and weak debt coverage indicators
Due to continuous losses till March 31, 2024, the entity's net worth had remained negative. The company sold its distillery unit and booked profit of Rs. 75.45 crore in FY25. As a result, the entity's net worth turned positive as on Mar 31, 2025. Moreover, the company utilized the sale proceed of the distillery unit to repay a portion of its debt (unsecured loan and loan taken from Kotak Mahindra Bank). This resulted in significant reduction in the entity's debt levels and improvement in capital structure with overall gearing improving to 2.89x as on Mar 31, 2025 (PY: -1.62x as on Mar 31, 2024). However, the capital structure continues to remain leveraged. As of March 31, 2025, the company had one term loan from MIDCL amounting to Rs. 58.50 crores, which

is scheduled to be fully paid in FY26 under One-Time Settlement (OTS) arrangement. The total outside liabilities to net worth stood high at 7.01x as on March, 31, 2025 (improved from -3.16x as on March, 31, 2024).
Debt coverage indicators stood weak, as marked by PBILDT interest coverage of 0.78x in FY25 (0.49x in FY24). Total debt to GCA (TD/GCA) stood satisfactory at 0.98x in FY25 (-19.47x in FY24) on account of one time non operating income and reduction in debt levels. Debt coverage indicators are expected to improve going ahead due to sale of loss making distillery unit and improvement in capacity utilization of brewery unit post completion of the capex.

Ongoing debt funded capex: The company is enhancing its brewery capacity from 84 lakh cases to 108 lakh cases at an estimated cost of Rs. 28.21 crore and has already incurred Rs.19 crore towards this capex. The company plans to avail term loan of Rs.15 crore financial closure of which is pending. Apart from that, the company is also in process of availing Rs.10 crore working capital limits. The capex is expected to be completed within current FY26.

Key strengths

High entry barriers in liquor industry

Liquor policies governing production and sale of liquor are entirely controlled by the respective state governments. With all the alcohol consuming states/union territories having their own regulations, tax structures and entry-exit restrictions, it is very difficult for new entrants to get licenses; thus, providing a competitive advantage to the existing players.

Modest track record of operations

Mr. Ronak Jain S/o Mr. Rohit Jain, is a Commerce Graduate with MBA degree from Monash University of Australia. He is Director of the company. After completing his studies, he is actively involved in the family business of CMJ Group. He has an experience of more than a decade in this company.

Association with leading brands

The company is manufacturing beer under bottling agreement/Job work and own brands such as Asia 72, Heman 9000, Kingfisher Strong & lager, Magpie, Savage, Red Indian, Shimla, Simba, etc. The company has also entered into a bottling agreement with Carlsberg India and the management expects increased business volume from this agreement in FY26 after completion of ongoing capex.

Liquidity: Stretched

Liquidity remains stretched, as indicated by a low current ratio, moderate quick ratio and moderate cash accruals against high debt repayments. In FY26, the company is having a debt repayment obligation of Rs. 61.09 crore (includes the repayable OTS amount of MIDCL) which is expected to be met partly out of cash accruals and rest through reliance on fresh term loan/equity infusion.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Withdrawal Policy

About the company and industry

Industry classification

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

CMJ Breweries Private Limited (CMJ), incorporated in November 2007, is promoted by Meghalaya-based Jain family. The company had a brewery and distillery segment with having a production capacity of 84 lakhs cases for the brewery segment and a 100 KLPD state of art grain based Extra Neutral Alcohol (ENA) Plant at Byrnihat, Meghalaya. In FY25, CMJPL had sold off its distillery unit thereby closing its ENA and IMFL production. Thus the company is only operating the brewery unit with having a production capacity of 84 lakh cases. The company has initiated a capital expenditure of Rs. 28.21 crore to increase its production capacity to 108 lakh cases and is expected to be completed in current FY.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (P)
Total operating income	329.39	251.97
PBILDT	11.46	8.81
PAT	-26.49	49.06
Overall gearing (times)	-1.62	2.89
Interest coverage (times)	0.49	0.78

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

Status of non-cooperation with previous CRA:
CRISIL has continued the rating assigned to the bank facilities of CBPL into Issuer Not Cooperating category vide press release dated August 14, 2024 on account of its inability to carry out a review in the absence of the requisite information from the company.

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-Cash Credit		-	-	-	10.00	CARE B-; Stable
Fund-based - LT-Term Loan		-	-	Proposed	30.00	CARE B-; Stable
Fund-based - LT-Term Loan		-	-	March 2026	58.80	CARE B-; Stable

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-Cash Credit	LT	-	-	-	1)CARE D; ISSUER NOT COOPERATING* (31-May-24)	-	1)CARE D; ISSUER NOT COOPERATING* (23-Mar-23) 2)CARE D (04-Apr-22)
2	Fund-based - LT-Term Loan	LT	58.80	CARE B-; Stable	-	1)CARE D; ISSUER NOT COOPERATING* (31-May-24)	-	1)CARE D; ISSUER NOT COOPERATING* (23-Mar-23) 2)CARE D (04-Apr-22)
3	Fund-based - LT-Cash Credit	LT	10.00	CARE B-; Stable	-	-	-	-
4	Fund-based - LT-Term Loan	LT	30.00	CARE B-; Stable	-	-	-	-

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

Annexure-5: Lender details

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

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.

Contact us

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About us:
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