Gujarat Ambuja Exports Limited

August 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	350.00 (Enhanced from 200.00)	CARE AA-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Gujarat Ambuja Exports Limited (GAEL) continues to derive strength from its long operational track record in agro processing businesses and its leading market position in the domestic maize processing segment, diversified revenue profile supported by a wide product portfolio, strategic location of its plants, and reputed clientele across end-user industries. The rating also factors GAEL's strong financial risk profile marked by low leverage, comfortable debt coverage indicators, and strong liquidity.

However, GAEL's rating is tempered by vulnerability of its operating (profit before interest, lease rentals, depreciation, and taxation [PBILDT]) margin to volatility in agro-commodity prices and foreign exchange rates. The rating also considers moderation in operational performance of its maize processing segment in FY25 (FY refers to period April 01 to March 31) due to decline in export demand and over-supply in the domestic market. Quick revival in the export demand and continued growth in the domestic demand for GAEL's products remains key monitorable. CARE Ratings Limited (CareEdge Ratings) also takes cognisance of inherent risk associated with GAEL's large-sized capex plans. However, the company plans to fund large part of the capex through internal accruals, which largely mitigates the risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significantly growing scale of operations with sustained improvement in PBILDT margin of over 10% backed by increasing share of value-added products.

Negative factors

- Declining PBILDT margin to below 7% on a sustained basis.
- Large-size debt-funded capex or elongating working capital cycle leading to overall gearing of over 0.5x and net debt/ PBILDT of over 1x.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation that GAEL shall maintain its strong cash accruals backed by an established track record and leading market position in the domestic maize processing industry. Stable outlook also reflects sustenance of its healthy debt coverage indicators, and capital structure.

Detailed description of key rating drivers:

Key strengths

Long operational track record and leading market position in the domestic maize processing industry

Manish Gupta, Managing Director (MD), looks after GAEL's overall management and strategic activities. The company also benefits from guidance of eminent personalities on its Board as they have rich experience across diverse industries. GAEL is an established agro processor with a track record of over 30 years. It has long-standing relationship with suppliers, farmers, customers, and other stake holders.

The company primarily operates under four divisions: maize processing, agro processing (mainly soya), cotton yarn, and renewable energy. The maize processing is GAEL's dominant division due its large processing capacity, relatively higher and stable operating profit margin profile and better growth potential considering increasing demand for starch and its derivatives. GAEL's maize processing division's revenue grew by compound annual growth rate (CAGR) of 14% in the last four years ended FY25, despite de-grew by 2.3% in FY25 (y-o-y). Share of maize processing in GAEL's total revenue remained at ~73% in FY25 (PY: ~70%). As on June 30, 2025, GAEL possesses maize processing capacity of 5,000 metric tonne per day (MTPD/TPD), which is the largest in India.

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

Diversified revenue stream and strategic location of plants
GAEL's product portfolio includes corn starch and further downstream value-added derivatives such as liquid glucose, dextrose monohydrate, dextrose anhydrous, sorbitol, refined edible oils (mainly soybean oil), de-oiled cake (DOC), vanaspati ghee, and cotton yarn. GAEL's revenue is also geographically diversified with exports contributing ~26% of total operating income (TOI) in FY25 (FY24: 36%). GAEL mainly exports to south-east Asian countries, including Korea and Bangladesh.

GAEL has 12 manufacturing facilities at 10 locations across Gujarat (three), Madhya Pradesh (two), Maharashtra (two), Uttarakhand (one), Karnataka (one) and West Bengal (one). These strategic locations offer advantages to GAEL in terms of easy availability of raw materials considering proximity of its plants to regions, which are major cultivators of its agro inputs and proximity to customers resulting in savings in logistic costs.

Diversified clientele across end-user industries
Stringent end-customer approvals for manufacturing set-up and products act as entry barriers for players in maize processing segment. GAEL has been supplying its products to reputed customers in the end-user industries such as food and food products, fast-moving consumer goods (FMCG), animal feed, paper, textile, pharmaceuticals, and chemical among others. The diversification across industries and clients mitigates the risk associated with cyclicality in respective industries. The customer profile is also diversified marked by top 10 customers of GAEL's maize division accounted for 24% (PY: 27%) of its total income of maize division in FY25.

Healthy scale of operations and profitability
GAEL's TOI de-grew by 6.32% (y-o-y) but stood healthy at ₹4,616 crore in FY25. Revenue from its maize division de-grew by 2% (y-o-y) in FY25 considering decline in sales volume of starch and other derivatives products. Demand of starch and key derivatives from key overseas markets remained lower in FY25 considering trade and political uncertainties and increased global competition. Domestic demand of starch and derivate products also faced headwinds considering lower-than-envisaged consumer spending. GAEL has added 1,000 MTPA maize processing capacity in FY25 and is adding another 1,000 MTPA capacity in FY26. This will lead ~50% increase in its total installed maize processing capacity over two years. The company is expecting revival in export demand in FY26 and continued growth in domestic demand for starch and other derivatives. Ramping up of the additional capacities will be key for growth in its scale of operations.

Revenue from its agro processing division also declined by 18% (y-o-y) in FY25 considering fall in edible oil prices and marginally lower sale volume compared to last year. No new capacities are being added under agro processing division as the existing capacities are being underutilised. GAEL' s TOI is expected to grow by 8% to 10% p.a. in medium term considering capacity addition in its maize processing division, expected revival in demand from overseas markets and continued growth in domestic demand.

GAEL's PBILDT margin remained at ~9% in FY25 (PY: ~9%). PBILDT margin of its maize processing division remained weaker than envisaged. Domestic maize prices remained higher in FY25 considering diversion of some of the maize crop for ethanol production. Increase in price of maize could not be fully passed on to the customers considering excess capacity in the country, thus leading to weaking of operating profit margin in FY25 (y-o-y). However, there was a marked improvement in the performance of its agro processing division which helped GAEL to maintain its overall operating profitability margin. GAEL's operating profit margin is expected to remain ~8% to 9% in near-to-medium term. Better availability of domestic maize at reasonable price and revival in export demand for starch and its derivatives are key monitorable.

Low leverage and comfortable debt coverage indicators
GAEL has a strong capital structure marked by an overall gearing ratio of 0.08x as on March 31, 2025, due to low reliance on external borrowing and a healthy capital base of ₹3,003 crore as on even date. CareEdge Ratings expects GAEL's overall gearing ratio to remain low, as most of the capex planned by GAEL is expected to be funded through internal accruals.

GAEL has comfortable debt coverage indicators marked by interest coverage of 25x and total debt/PBILDT of 0.55x. CareEdge Ratings expects debt coverage indicators to remain comfortable in the medium term due to stable profitability margin and continued low reliance on external debt.

Stable demand outlook for domestic market, despite overcapacity to persist
Maize is the major raw material used to produce starches and its other value-added derivatives. The major users of starches and other and derivatives are food, textile, paper and packaging, paints, aluminium, and pharmaceutical sectors. All these industries have a stable demand outlook in medium term. The industry witnessed capacity addition in the last 2-3 years by major players and some of the new capacity would become operational in the next one to two years. Additional capacities are likely to be

absorbed in the medium term, considering steady increase in demand of corn starch and its derivatives from end-user industries. However, in a short-term, overcapacity might keep operating profit margin of the industry players under pressure.
The demand for edible oil is expected to increase in India, with the growing population. Income and population growth are the important indicators that contribute to rising consumption. The edible oil industry is highly competitive with presence of large national players and multiple regional players. Being part of a highly fragmented industry, GAEL faces intense pricing competition, constraining its profitability.

Liquidity: Strong
GAEL's liquidity remains strong marked by healthy cash-flow from operations, availability of large un-utilised fund-based working capital limits, and healthy unencumbered liquid investments. GAEL reported cashflow from operations of ~₹350 crore in FY25 (~₹213 crore in FY24). Of the total sanctioned secured, unsecured, fund-based and non-fund-based working capital limits of ~₹1,000 crore, the utilisation remained low at ~32% for 12-months ended April 2025. The company's term debt repayment liability is negligible. GAEL is in the process of executing large-sized capex for expanding capacities of its maize processing division. The projected cash accruals are expected to be adequate to meet the planned capex for FY26-FY28. The liquidity is also supported by cash equivalents and unencumbered liquid investment of ~₹950 crore as on March 31, 2025.

Key weaknesses

Inherent risk associated with large-sized expansion project
GAEL increased its maize processing capacity by 1,000 TPD in FY25 and expected to increase capacity by another 1,000 TPD by end of FY26, which will help it maintaining its leadership position in the segment. GAEL is also expanding capacities of value-added products.

GAEL's had plans to add ethanol manufacturing capacities. It had obtained necessary regulatory approvals for setting up the capacities. However, the capex plans for ethanol manufacturing have been put on hold due to expectation of lower than earlier envisaged profitability.

The company is undertaking project to under its wholly owned subsidiary to manufacture food and pharma grade starch derivative products. GAEL will infuse funds in its wholly owned subsidiary for the purpose of capex. On a standalone basis, GAEL incurred capex of ~₹290 crore in FY25 and infused funds of ~₹48 crore in its wholly owned subsidiary for the purpose of capex. GAEL is expected to spend ~₹600 crore for the new capex (including funds infusion in its wholly owned subsidiary for capex requirement) in next two years. Most of the capex is being funded through internal accruals. Timely ramping up of the additional capacities amid industry overcapacity scenario will be key factor determining its return on capital.

Vulnerability of operating margin to volatility in agro-based raw material prices and foreign exchange rate fluctuations
Maize seed, soya seed, and raw cotton are the key raw materials used by GAEL for its three divisions. GAEL's operations are vulnerable to the inherent risks associated with agri-based inputs prices. Raw material prices are linked to agricultural output, which are exposed to factors such as vagaries of the monsoon, acreage, yield level, and global demand-supply mismatches. Agri commodities prices are also controlled by the Government through setting of minimum support price (MSP). MSP of all types of agri-commodities consumed by GAEL have shown a continuous upward trend in the past.

GAEL's leadership position in maize processing industry, geographically diverse manufacturing locations, presence of clauses to pass on the volatility in input cost to its customers mainly in starch derivative segment (though with some lag) and its financial flexibility helps the company to mitigate the agro commodity-related risk to an extent.

Environment, social, and governance (ESG) risks

Risk factors	Compliance and action by the company
Environmental	▪ GAEL has consistently made active efforts towards optimising our energy consumption and efficiently managing production waste. ▪ GAEL has continuously striven to use renewable energy resources, power-saving equipment, and constantly focusing on plantation drives. ▪ GAEL has continued to increase the use of biogas engines, biomass-based boilers, and other energy-saving equipment. ▪ At GAEL, all waste generated is either put to alternate use or sold to authorised agencies. GAEL generates solid waste such as ETP sludge, spent earth, soya danthal, mitti from soya seed, and coal ash from boiler. It sells the ETP sludge generated from ETP to authorised agencies. GAEL's recyclable solid waste is also used in agricultural land as fertilizers. GAEL sells spent earth and coal ash for bricks manufacturing. It also uses soya danthal as boiler fuel to reduce carbon emission.
Social	▪ GAEL tries to source raw materials directly from the farmers with a viewpoint of empowering them. ▪ The premises and offices are accessible to differently abled employees and workers, although there is no such worker at present under GAEL's employment. The company is committed to being an equal opportunity employer and ensures an inclusive workplace for all. An equal opportunity policy is being formulated.
Governance	▪ GAEL has an adequate governance structure. Four out of seven directors on the board are independent directors including two women directors on the board.

Applicable criteria

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

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Food products	Other food products

Incorporated in August 1991, GAEL was promoted by the late Vijay Kumar Gupta and his family. GAEL is an Ahmedabad-based diversified agro processor, mainly engaged in four segments: (i) maize processing through corn wet milling for manufacturing unmodified starch and other downstream value-added derivatives; (ii) agro processing for solvent extraction and oil refining (mainly soyabean); (iii) cotton yarn manufacturing; and (iv) renewable power generation. GAEL has 12 manufacturing facilities at ten locations across Gujarat (three), Madhya Pradesh (two), Maharashtra (two), Uttarakhand (one), Karnataka (one), and West Bengal (one). As on June 30, 2025, GAEL had maize processing capacity of 5,000 MTPD, seed crushing capacity of 4,500 MTPD, refining capacity of 1,200 MTPD, and cotton spinning capacity of 65,000 spindles.

Brief Financials (₹ crore) - Standalone	March 31, 2024 (A)	March 31, 2025 (Abr.)
Total operating income	4,927	4,616
PBILDT	443	417
PAT	346	251
Overall gearing (times)	0.07	0.08
Interest coverage (times)	24.11	24.94

A: Audited; Abr.: Abridged 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-EPC/PSC	-	-	-	-	250.00	CARE AA-; Stable
Fund-based - LT-Working Capital Demand loan	-	-	-	-	100.00	CARE AA-; 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-EPC/PSC	LT	250.00	CARE AA-; Stable	-	1)CARE AA-; Stable (16-Jan-25) 2)CARE AA-; Stable (19-Jul-24)	-	-
2	Fund-based - LT-Working Capital Demand loan	LT	100.00	CARE AA-; Stable	-	1)CARE AA-; Stable (16-Jan-25)	-	-

LT: Long 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-EPC/PSC	Simple
2	Fund-based - LT-Working Capital Demand loan	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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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About us:
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