Zuari Industries Limited

October 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	661.64	CARE BBB-; Stable	Reaffirmed
Short-term bank facilities	5.85	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed the long-term and short-term ratings of bank facilities of Zuari Industries Limited (ZIL). Ratings reaffirmation factors in the strong presence of the Adventz group –across business verticals and ZIL's diversified presence across sugar, power, and ethanol (SPE) operations, real estate, and financial investments. The company's integrated sugar operations with forward linkages into cogeneration and distillery strengthen its business profile and partially mitigate the inherent cyclicality of the sugar segment. Improved performance of the SPE division in FY25, supported by higher cane crushing, better recovery rates, and increased ethanol and power volumes, has aided cash flows. As the holding company, ZIL also derives stable income in the form of regular dividend and interest income from its portfolio of quoted investments and inter-corporate deposits, while revenues from the real estate segment and monetisation of land banks in the previous years has provided further diversification. Financial flexibility is reinforced by the healthy market value of its investments with stable credit risk profiles, together with a demonstrated ability to refinance high-cost borrowings at lower rates, which has reduced finance costs and provides a liquidity cushion to support deleveraging initiatives.

However, ratings remain constrained by the company's elevated leverage and sizeable repayment obligations, dependence on asset monetisation and recovery of inter-corporate deposits for debt reduction, and exposure to the cyclical and regulated nature of the sugar business. CareEdge Ratings notes that ZIL and its associates collectively own sizeable land parcels and are in the process of monetisation, though no material progress was achieved in FY25 due to an increase in circle rates in Goa. Timely monetisation of these assets and utilisation of proceeds for debt reduction remain critical rating monitorable. Recovery of ~₹400 crore of inter-corporate deposits from group companies is linked to the completion of the Dubai project and the merger of Mangalore Chemicals and Fertilizers Limited (MCFL) and Paradeep Phosphates Limited (PPL), making progress on these developments crucial for the company's deleveraging plans. Ratings factors in high debt levels with significant repayments backed by pledged high market value non-current investments, which act as a mitigant, modest debt coverage indicators, working capital intensive operations, vulnerability to agro-climatic conditions, and the inherent cyclicality and regulated nature of the sugar industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significantly reducing debt levels, leading to improvement in debt coverage indicators such as interest coverage ratio [profit before interest, lease rentals, depreciation, and taxation (PBILDT) to interest] to over 2x on a sustained basis.
- Improving liquidity and cash flow from operations on a sustained basis and prudent management of cane dues.

Negative factors

- Inability in de-leveraging or improving liquidity and interest coverage ratio falling below 1.2x on a sustained basis.
- Regulatory changes that materially impact the company's performance on a sustained basis.
- Investments in listed securities to total debt (excluding working capital against SPE division) falling below 2x.
- Significant delay in receiving back the inter-corporate deposits and consequent delay in deleveraging.

Analytical approach: Standalone and factoring corporate guarantee extended to subsidiaries/associate or group companies.

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that ZIL will be able to sustain its operational and financial risk profile in the medium term and is expected to maintain its financial flexibility as the holding company of the Adventz group.

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

Detailed description of key rating drivers:

Key strengths

Diversified business conglomerate with experienced management and diversified income stream

The Adventz Group operates businesses across four major verticals: agri-business, engineering and infrastructure, emerging lifestyle, and services. ZIL has its presence in the SPE division and real estate. ZIL is the group's holding company and, apart from financial investments in the group's operating entities, it also operates the SPE and real estate segments. ZIL's income stream is diversified, comprising income from the SPE division, regular dividend and interest income as the holding company, and income from real estate business and monetisation of land banks. Interest income accrues from support extended by ZIL to group entities, and dividend income from quoted investments.

Segment wise revenue of ZIL (Standalone) is presented below: (₹ crore)

Sales (₹)	FY23	FY24	FY25
Sugar	548.89	408.79	602.00
Power	32.09	26.55	37.26
Ethanol	169.93	162.69	226.24
Sale of Land- Real Estate division	38.04	105.97	2.58
Real Estate Project	19.34	8.06	0.00
Interest income	82.14	61.06	56.84
Dividend income	45.66	45.56	46.98
Profit on land sale classified as PPE/ Invt. Property	-	70.62	0.07
Other	-	11.56	8.04
Total	**936.09**	**900.86**	**980.01**

The Adventz Group is promoted by Saroj Kumar Poddar (Chairman and Director), who is best known for introducing men's shaving brand Gillette, French furniture maker brand Gautier and Duracell batteries to the Indian market. The late KK Birla bequeathed the fertilizer business and sugar business to Poddar and his wife Jyotsna Poddar (Director, daughter of KK Birla). He subsequently ramped up business by acquiring Mangalore Chemicals and Fertilizers Limited (CARE A- [RWD]; Stable/ CARE A2+ [RWD]) from Vijay Mallya. Poddar also chairs Paradeep Phosphates Limited, Texmaco Rail & Engineering Limited (CARE A; Stable/ CARE A1) and Texmaco Infrastructure Holdings Limited (CARE BBB+; Stable). All companies under the group are professionally managed. With the company's focus on deleveraging its balance sheet at standalone and consolidated levels, financial flexibility of ZIL and its promoters would remain a key credit risk perspective.

Improved performance of sugar, power, and ethanol division, expected to continue

ZIL's sugar, power, and ethanol (SPE) division has undergone a significant transformation from being a standalone sugar factory dependent on vagaries of the sugar cycle to a fully integrated operation with cogeneration and distillery facilities, which provide additional revenue streams and partially insulate the business from sectoral volatility. The division delivered a strong performance in FY25, with sugar segment revenues increasing by ~48% year-on-year to ~₹602 crore from ~₹409 crore in FY24, supported by higher cane crushing, increased sales volumes, and partial lifting of the export ban. Capacity utilisation improved significantly to 91.96% in FY25 from 78.07% in FY24, while sugar realisation strengthened to ₹3,894 per quintal compared to ₹3,751 per quintal in the previous year. Cane crushing volumes rose to 157.25 lakh quintals with a recovery rate of 10.61%, reflecting operational efficiency, against 141.30 lakh quintals and a recovery of 10.41% in FY24.

The forward integration initiatives also contributed to improved results in FY25. The distillery segment reported a healthy increase in production to 338.66 lakh litres of ethanol, up from 239.56 lakh litres in FY24, supported by longer operating days of 288 compared to 228 in the previous year. The cogeneration unit produced 165.16 million units of power in FY25 compared to 115.18 million units earlier, with surplus power sold to Uttar Pradesh Power Corporation Limited, further augmenting cash flows. The company cleared all cane dues by August 2025, largely through inventory liquidation, reducing creditor pressure and expected to positively impact the operating cycle in the subsequent fiscal. Going forward, the ability of ZIL to sustain this improved operational performance in its SPE division, maintain efficient utilisation levels, and manage sectoral headwinds will remain a key rating monitorable.

Focus on reducing interest burden and deleveraging plans across group through asset monetisation

With its associates, ZIL collectively owns ~1,200 acres of land and is pursuing monetisation of a portion of these parcels to support deleveraging initiatives. The company has historically generated income through land sales under its real estate segment, with ~₹175 crore realised from the sale of 102 acres in FY24, which was utilised for debt reduction. However, monetisation slowed considerably in FY25, with only ~₹2 crore realised, as an increase in circle rates in Goa resulted in higher stamp duty liabilities for prospective buyers. Timely execution of land monetisation plans and deployment of proceeds towards debt repayment remain critical rating sensitivities. ZIL is expected to recover inter-corporate deposits of ~₹400 crore from Zuari Infraworld India Limited and Zuari Agro Chemicals Limited. These recoveries are contingent on the successful completion of the Dubai project and the proposed merger of MCFL with PPL. Progress on these developments, and their timely translation into debt reduction, will remain key rating monitorable.

Healthy amount of equity investment – acting as a safety net

ZIL holds a healthy investment portfolio of ~₹4,291 crore as on March 31, 2025 (PY: ~₹2,556 crore), comprising investments in group entities and quoted securities. Of this, quoted investments stood at ~₹4,003 crore as on March 31, 2025 against ~₹2,357 crore in the previous year, with the portfolio being largely concentrated in shares of Chambal Fertilizers and Chemicals Limited (CFCL), which had a market value of ~₹3,563.20 crore (PY: ~₹1,948.20 crore). A significant portion of these investments, and certain land parcels, has been pledged against borrowings of ZIL and its subsidiaries, and loans where corporate guarantees have been extended. the company had unpledged liquid quoted investments of ~₹1,117 crore as on September 2, 2025, which provides a safety net and offers adequate financial flexibility and liquidity cushion.

History refinancing debt at lower interest rates

ZIL has demonstrated a consistent ability to refinance high-cost borrowings with loans at more competitive rates, reducing its overall interest burden. In Q2FY24, the company refinanced two non-convertible debentures (NCDs)—the BlackRock NCDs carrying an effective interest rate of 19.02% and the Netherlandse Financierings Maatschappij Voor Ontwikkelingsladen N.V (FMO) facility at ~12%—through IIFL and Axis Finance Limited at lower effective rates of 11.45%–11.79%. This contributed to a decline in finance costs from ~₹157.82 crore in FY23 to ~₹134.82 crore in FY24. The earlier high-cost debt, secured against shares of CFCL and ZACL with a 2–2.5x cover, was replaced with borrowings backed by a lower 1.25x cover of CFCL shares and land parcels. The refinancing was completed ahead of scheduled repayments due in March and October 2024, reflecting proactive liability management. In Q1FY25, the company refinanced a ₹50 crore loan from STCI Finance Limited (11.75%) through Navuma at a lower rate of 10.50%. As a result, ZIL's finance cost moderated to ₹123 crore in FY25 from ₹135 crore in FY24. This ability to refinance high-cost debt at favourable terms underscores ZIL's financial flexibility and strengthens its credit profile.

Key weaknesses

Significantly high debt levels

ZIL's borrowings remained elevated at ₹1,448.81 crore as on March 31, 2025 (including corporate guarantees; PY: ₹1,194.77 crore), considering funding support extended to subsidiaries and associates and investments in the SPE division. This has resulted in sizeable repayment obligations of ~₹110 crore in FY26 and ~₹500–₹550 crore in FY27. In addition, debt of ~₹202 crore has been availed in its joint venture, Zuari Envien Bioenergy Private Limited, of which ₹139.56 crore was drawn up to Q1FY26, with ZIL extending a corporate guarantee. At the holding company level, a significant portion of borrowings has been on-lent to group entities, with loans and advances outstanding at ~₹373.32 crore as on March 31, 2025. ZIL incurred finance costs of ₹123.22 crore in FY25; however, its large investment portfolio has enabled refinancing of high-cost borrowings at lower interest rates, resulting in gradual reduction of financing costs in the last 3-4 years. The company's ability to deleverage meaningfully while preserving its investment portfolio or continue to refinance debt at competitive terms will remain a key credit monitorable.

Elongated operating cycle due to seasonality

The sugar industry is seasonal and requires high working capital in the peak season from November to April, primarily for sugarcane procurement and sugar production. ZIL's inventory holding period remains high due to substantial real estate inventory, though it improved to 264 days as on March 31, 2025, compared to 316 days as on March 31, 2024, considering reduction in sugar stock. The company's operating cycle remained elongated at 197 days in FY25, improving from 215 days in FY24, considering reduction in inventory holding days. Collection period remained stable and comfortable at ~13 days (PY: 18 days). Creditors' days reduced from 119 days as on March 31, 2024, to 80 days as on March 31, 2025, due to reduced cane dues. As on August 2025, the company had paid all outstanding cane dues, primarily through inventory liquidation. Per the management, the company will start the upcoming season with nil cane dues. The benefit of this will be a key monitorable for the following fiscal.

Cyclical and regulated sugar business

The sugar industry is cyclical and vulnerable to government policies due to its classification as an essential commodity and its weight in the Wholesale Price Index. The government regulates the industry through mechanisms such as state advised prices (SAP) and fair and remunerative prices (FRP) for sugarcane, which influence cultivation patterns and profitability. ZIL's profitability, like other sugar mills in Uttar Pradesh and Uttarakhand, remains vulnerable to state government policies on cane pricing. A disproportionate increase in cane prices in a particular year can impact performance. Profitability is also sensitive to government policies on exports, minimum support price (MSP), and ethanol pricing. Cyclicality in sugar production leads to volatile sugar prices. However, the introduction of MSP by the Central Government in June 2018 has curtailed sharp price contractions. Healthy exports and higher diversion of sucrose towards ethanol in recent years have improved demand-supply dynamics and realisations. In the long term, higher ethanol production through increased diversion of B-heavy molasses and direct sugar juice is expected to help curtail excess sugar supply, reducing price volatility and stabilising cash flows from the sugar business.

Industry risk of downstream companies

ZIL is exposed to inherent risks associated with its subsidiaries and associates, primarily in agrochemicals, commodities, real estate, engineering, and infrastructure. Long-gestation infrastructure projects and dependence on government approvals expose the company to financial burden and project delay costs. The commodity business is exposed to unpredictable climatic conditions, which can affect revenue and profitability.

Liquidity: Adequate

ZIL's liquidity position is supported by unpledged liquid securities of ~₹1,101 crore as on June 30, 2025, which provide a readily available cushion against near-term obligations. The company has debt repayments of ~₹110 crore falling due in FY26, expected to be met through a mix of internal cash accruals and refinancing, while larger obligations of ~₹500–₹550 crore in FY27 are proposed to be serviced through recoveries of ~₹400 crore of inter-corporate deposits from Zuari Infraworld Private Limited and Zuari Agro Chemicals Limited, and internal accruals. Average utilisation of fund-based limits remained moderate at ~60–70% over 12-months ended July 2025, reflecting additional headroom. Absence of debt-funded capital expenditure in the near term further supports liquidity, with internal generation expected to adequately meet routine capex requirements. Access to unpledged investments and the financial flexibility derived from being part of the Adventz Group provide additional comfort. Overall, the company's liquidity profile is considered adequate, though timely progress on asset monetisation and recovery of inter-corporate deposits will remain critical monitorable.

Applicable criteria

Definition of Default
Investment Holding Companies
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Sugar Sector
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Agricultural food & other products	Sugar

ZIL is a publicly listed company and the holding company of Saroj Kumar Poddar, son-in-law of Late KK Birla, who leads the Adventz Group, a diversified conglomerate comprising 26 companies with operations across four major industry verticals: agriculture, engineering and infrastructure, lifestyle and real estate, and services. In its capacity as the holding company, ZIL principally earns interest income from loans and advances extended to group companies, dividend income from its large investment portfolio, and income from its real estate projects. Effective April 30, 2022, Gobind Sugar Mills, one of the oldest sugar mills in Uttar Pradesh with ~75 years of operations, merged with ZIL. Post-merger, ZIL added the sugar, power, and ethanol (SPE) division with a cane crushing capacity of 10,000 tonne per day (TCD), an ethanol distillery of 125 kilo litre per day (KLPD), and a cogeneration plant of 40 megawatt (MW). ZIL has extended corporate guarantees to several subsidiaries to support their operations.

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income	897.34	972.99	224.75
PBILDT	262.78	172.82	36.89
PAT	22.66	-37.37	-3.89
Overall gearing (times)	0.39	0.28	NA
Interest coverage (times)	1.95	1.40	1.24

A: Audited UA: Unaudited; 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-Term Loan		-	-	31/12/2026	398.64	CARE BBB-; Stable
Fund-based - LT-Working Capital Limits		-	-	-	263.00	CARE BBB-; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	2.50	CARE A3
Non-fund-based - ST-Credit Exposure Limit		-	-	-	3.35	CARE A3

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	398.64	CARE BBB-; Stable	-	1)CARE BBB-; Stable (06-Aug-24)	1)CARE BBB-; Stable (25-Oct-23)	1)CARE BBB-; Stable (20-Sep-22)
2	Fund-based - LT-External Commercial Borrowings	LT	-	-	-	1)Withdrawn (06-Aug-24)	1)CARE BBB-; Stable (25-Oct-23)	1)CARE BBB-; Stable (20-Sep-22)
3	Fund-based - LT-Working Capital Limits	LT	263.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (06-Aug-24)	1)CARE BBB-; Stable (25-Oct-23)	1)CARE BBB-; Stable (20-Sep-22)
4	Non-fund-based - ST-Bank Guarantee	ST	2.50	CARE A3	-	1)CARE A3 (06-Aug-24)	1)CARE A3 (25-Oct-23)	1)CARE A3 (20-Sep-22)
5	Non-fund-based - ST-Credit Exposure Limit	ST	3.35	CARE A3	-	1)CARE A3 (06-Aug-24)	1)CARE A3 (25-Oct-23)	1)CARE A3 (20-Sep-22)
6	Fund-based-Long Term	LT	-	-	-	1)Withdrawn (06-Aug-24)	1)CARE BBB-; Stable (25-Oct-23)	1)CARE BBB-; Stable (20-Sep-22)

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-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Credit Exposure Limit	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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