Zuari Industries Limited

August 20, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	661.64	CARE BBB-; Positive	Reaffirmed; Outlook revised from Stable
Short-term bank facilities	RBI	5.85	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed long-term and short-term ratings assigned to bank facilities of Zuari Industries Limited (ZIL) and revised outlook to Positive from Stable. The Positive outlook reflects CareEdge Ratings' expectation of substantial deleveraging of ZIL balance sheet by the expected reduction in adjusted debt (including corporate guarantees) from ₹1,628 crore as of March 31, 2026, to ~₹1,000 crore by March 31, 2027, aided by recovery of inter-corporate deposits (ICDs) from group entities, Zuari Infraworld India Limited (ZIIL, 100% shareholding by ZIL), Zuari Agro Chemicals Limited and repayment of debt by ZIIL on which ZIL has given corporate guarantee (CG). ZIIL's St. Regis Dubai project received completion in July 2026 and is expected to generate Cash inflows of over ₹900 crore in FY27. Reduction in adjusted debt, and moderation in the cost of borrowings, is expected to strengthen the company's leverage, liquidity and financial flexibility. The outlook also factors in ZIL's demonstrated ability to refinance relatively high-cost debt and optimise its financing cost. Timely realisation of envisaged ICD recoveries, Dubai project proceeds and their translation into debt reduction will remain a key rating monitorable.

Ratings continue to derive strength from ZIL being part of the diversified Adventz Group, experienced management and sizeable investment portfolio. ZIL has diversified revenue profile with presence across sugar, power, and ethanol (SPE) operations, real estate, and financial investments, provides additional comfort. The company's integrated sugar operations with forward linkages into cogeneration and distillery strengthen its business profile and partially mitigate inherent cyclicality of the sugar segment, while improved capacity utilisation and realisations across the SPE segment supported a recovery in operating profitability in FY26. 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 ICDs.

However, ratings remain constrained by the company's elevated leverage and sizeable repayment obligations, although financial risk profile is expected to improve partially in FY27. However, ratings remain sensitive to exposure of the company to the inherent cyclicality and regulated nature of the sugar industry. The Ratings factor 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, and vulnerability to agro-climatic conditions.

Going forward, timely recovery of ICDs, successful realisation from proceeds of the St. Regis Dubai project and their prudent deployment towards debt reduction, coupled with sustained performance of the SPE division and financial flexibility, are expected to further strengthen the Company's credit profile and accordingly will remain a key monitorable.

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.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Analytical approach: Standalone; factoring CG extended to subsidiaries/associate or group companies.

Outlook: Positive

The Positive outlook reflects CareEdge Ratings' expectation of a significant improvement in ZIL's financial risk profile, supported by the envisaged reduction in adjusted debt through timely recovery of ICDs and project-related proceeds. The outlook also factors in the company's sizeable investment portfolio, which provides a liquidity cushion and debt reduction is expected to strengthen its investment-to-debt cover. The Positive outlook signals a rating upgrade in the medium term, contingent on timely receipt and utilisation of the envisaged ICDs and project proceeds towards debt reduction, resulting in sustained improvement in leverage and liquidity. However, the outlook may be revised to Stable if the envisaged receipts are delayed or lower than expected, resulting in weaker-than-envisaged deleveraging, liquidity or financial flexibility, or if ZIL's overall financial risk profile deteriorates.

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:

Sales (₹ in crore)	FY24 (A)	FY25 (A)	FY26 (Abridged)
Sugar	408.79	602.00	592.11
Power	26.55	37.26	231.63
Ethanol	162.69	226.24	47.79
Sale of Land-Real Estate Division	105.97	2.58	2.75
Real Estate Project	8.06	0.00	0.00
Interest Income	61.06	56.84	52.1
Dividend Income	45.56	46.98	61.26
Profit on land sale classified as PPE/Invest Property	70.62	0.07	0.92
Other	11.56	8.04	6.34
Total	**900.86**	**980.01**	**994.9**

A: Audited

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 (Non-Executive Director, daughter of KK Birla). He subsequently ramped up business by acquiring Mangalore Chemicals and Fertilizers Limited (Now merged with Paradeep Phosphates Limited [PPL]) from Vijay Mallya. Poddar also chairs Paradeep Phosphates Limited, Texmaco Rail & Engineering Limited (CARE A; Stable/ CARE A1) and Texmaco Infrastructure Holdings Limited (CARE A-; 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.

Healthy amount of equity investment – acting as a safety net

ZIL holds a healthy investment portfolio of ~₹3,099.35 crore as on March 31, 2026 (PY: ~₹4,293.22 crore), comprising investments in group entities and quoted securities. Of the total investments, the value of quoted investments as on March 31, 2026, stood at ₹2,853 crore, of which investments in Chambal Fertilisers and Chemicals Limited, market value of which stood at ₹2,430.69 crore as on March 31, 2026.

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 ₹570 crore as on July 20, 2026, which acts as a safety net for the company and provides adequate cushion.

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

ZIL's SPE division has evolved from a standalone sugar manufacturing operation into an integrated business with cogeneration and distillery facilities, providing additional revenue streams and partially mitigating the inherent cyclicality of the sugar industry. The SPE division contributed ~88% of ZIL's standalone total operating income (TOI) in FY26. While the division's revenue growth remained muted amid industry-wide headwinds, including red rot in Uttar Pradesh, erratic monsoons and regulatory constraints, operational performance remained robust. The division achieved its highest-ever cane crushing of 159.7 lakh quintals with capacity utilisation of 101.7% in FY26. Ethanol production increased by ~10% to 37,276 KL, while average ethanol realisation improved marginally to ₹62.6 per litre. The power segment also improved, with average power tariff realisation increasing to ₹4.85 per in FY26 it from ₹4.11 per unit in FY25. In the sugar segment, average realisation improved by 4.1% to ₹4,053 per quintal, although lower sugar recovery of 10.26% (FY25: 10.61%) constrained sales volumes. Consequently, despite muted revenue growth, PBILDT margin improved to 18.82% in FY26 from 17.76% in FY25, supported by better capacity utilisation and improved realisations. Finance costs declined to ₹111.8 crore in FY26 from ₹123.2 crore in FY25, aided by reduction in the average rate of interest. This, and improved operating profitability, resulted in a turnaround in performance, with the company reporting profit after taxation (PAT) of ₹12.1 crore in FY26 against a net loss of ₹37.4 crore in FY25. Going forward, ability of integrated SPE operations to sustain healthy capacity utilisation, profitability and cash generation amid cyclicality in the sugar business remains a key rating monitorable.

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. As a result, ZIL's finance cost moderated to ₹123 crore in FY25 from ₹135 crore in FY24. The company has finance costs declined to ₹111.8 crore from ₹123.2 crore, aided by reduction in the average rate of interest from 10.19% to 9.89% in FY26.

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 though focus on reducing interest burden and deleveraging plans primarily through ICDs recovery from Dubai project and reduction in CG backed debt

ZIL continues to focus on strengthening its financial risk profile through deleveraging and optimisation of its interest burden. The company's adjusted debt (including corporate guarantees) stood at ₹1,628 crore as on March 31, 2026, to reduce ~₹1,000 crore by March 31, 2027. The envisaged deleveraging is expected to be supported by recovery of ICDs from group entities, ZIIL and Zuari Agro Chemicals Limited and repayment of debt by ZIIL, on which ZIL has given CG and receipt of proceeds from the St. Regis Dubai project in its 100% subsidiary, ZIIL. ZIIL's St. Regis Dubai project received completion in July 2026 and is expected to generate cash inflows of over ₹900 crore in FY27. Of the total outstanding ICDs of ₹468 crore as on March 31, 2026, ZIL received ~₹103 crore, repatriated by ZIIL from the proceeds of the St. Regis Project. Balance recoveries are contingent on successful realisation of proceeds from the Dubai project, and their timely translation into debt reduction will remain a key rating monitorable.

ZIL and its associates, also have a sizeable land bank of ~1,200 acres, providing an additional avenue for liquidity generation and deleveraging through asset monetisation. The company realised ~₹175 crore from sale of 102 acres in FY24, which was utilised towards debt reduction. Monetisation stood at ~₹2 crore in FY25 and NIL in FY26, primarily due to higher circle rates in Goa and associated stamp duty implications.

Going forward, timely execution of land monetisation and deployment of proceeds towards debt reduction are expected to provide further support to ZIL's financial flexibility.

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, at 266 days as on March 31, 2026 (264 days as on March 31, 2026). The company's operating cycle remained elongated at 216 days in FY26, from 197 days in FY25. Collection period remained comfortable although slightly increased to ~16 days in FY26 (PY: 13 days). Creditors' days reduced from 80 days as on March 31, 2025, to 67 days as on March 31, 2026, due to reduced cane dues.

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, introduction of MSP by the Central Government in June 2018 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

The company has adequate liquidity marked by unpledged equity investments of ~₹570 crore as on July 20,2026. ZIL has scheduled debt repayment obligation ~₹516.54 crore in FY27, which is to be met primarily through receipt of repayment of ICDs from ZIIL amounting to ₹213 crore by FY27-end, of which ₹103 crore received till date. The company also expects to recover ICDs amounting to over ₹250 crore from Zuari Agro Chemicals Limited in FY27. Average utilisation of the company's fund-based limits stood at ~55% foe 12 months ended on March 2026, which provides additional cushion to the liquidity profile.

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 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 – Nonfinancial 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 and other products	Sugar

ZIL is 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 SPE division with a cane crushing capacity of 10,000 tonne per day (TCD), an ethanol distillery of 125 kilolitre per day (KLPD), and a cogeneration plant of 40 megawatt (MW). ZIL has extended CGs to several subsidiaries to support their operations

Brief Financials-Standalone (₹ crore)	March 31, 2025 (A)	March 31, 2026 (Abridged)
Total operating income	972.99	989.73
PBILDT*	172.82	186.29
Profit after tax (PAT)	-37.37	12.14
Overall gearing (x)	0.28	0.37
Interest coverage (x)	1.40	1.67

A: Audited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-		-	01-09-2027	307.64	CARE BBB-; Positive
Fund-based - LT-Working Capital Limits	RBI	Simple	-		-	-	354.00	CARE BBB-; Positive
Non-fund-based - ST-Bank Guarantee	RBI	Simple	-		-	-	2.50	CARE A3
Non-fund-based - ST-Credit Exposure Limit	RBI	Simple	-		-	-	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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	307.64	CARE BBB-; Positive	-	1)CARE BBB-; Stable (03-Oct-25)	1)CARE BBB-; Stable (06-Aug-24)	1)CARE BBB-; Stable (25-Oct-23)
2	Fund-based - LT-External Commercial Borrowings	LT	-	-	-	-	1)Withdrawn (06-Aug-24)	1)CARE BBB-; Stable (25-Oct-23)
3	Fund-based - LT-Working Capital Limits	LT	354.00	CARE BBB-; Positive	-	1)CARE BBB-; Stable (03-Oct-25)	1)CARE BBB-; Stable (06-Aug-24)	1)CARE BBB-; Stable (25-Oct-23)
4	Non-fund-based - ST-Bank Guarantee	ST	2.50	CARE A3	-	1)CARE A3 (03-Oct-25)	1)CARE A3 (06-Aug-24)	1)CARE A3 (25-Oct-23)
5	Non-fund-based - ST-Credit Exposure Limit	ST	3.35	CARE A3	-	1)CARE A3 (03-Oct-25)	1)CARE A3 (06-Aug-24)	1)CARE A3 (25-Oct-23)
6	Fund-based-Long Term	LT	-	-	-	-	1)Withdrawn (06-Aug-24)	1)CARE BBB-; Stable (25-Oct-23)

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: Lender details

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

Annexure-5: List of entities consolidated: Not applicable

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.

Contact us

Media Contact Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Analytical Contacts Ravleen Sethi Director **CARE Ratings Limited** Phone: 91-120-4452016 E-mail: ravleen.sethi@careedge.in Sahil Goyal Associate Director **CARE Ratings Limited** Phone: 91-120-4452000 E-mail: Sahil.goyal@careedge.in Muskan Agarwal Analyst **CARE Ratings Limited** E-mail: Muskan.agarwal@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

For detailed Rating Report and subscription information, please visit www.careratings.com