August 26, 2025

Ghodawat Consumer Limited: Ratings downgraded to [ICRA]BB+/[ICRA] A4+; Outlook revised to Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loan	113.70	45.24	[ICRA]BB+(Stable); Rating Downgraded from [ICRA]BBB-(Negative) and outlook revised to Stable from Negative
Long-term/ Short-term – Fund-based limits – Cash Credit/WCDL	168.50	168.50	[ICRA]BB+(Stable)/[ICRA]A4+; Rating Downgraded from [ICRA]BBB-(Negative)/[ICRA]A3 and outlook revised to Stable from Negative
Long-term/ Short-term – Non-fund based limits	30.00	30.00	[ICRA]BB+(Stable)/[ICRA]A4+; Rating Downgraded form [ICRA]BBB-(Negative)/[ICRA]A3 and outlook revised to Stable from Negative
Unallocated limits	7.45	10.00	[ICRA]BB+(Stable) / [ICRA]A4+; Rating Downgraded from ICRA]BBB-(Negative)/[ICRA]A3 and outlook revised to Stable from Negative
Total	**319.65**	**253.74**	

**Instrument details are provided in Annexure I*

Rationale

The downgrade in Ghodawat Consumer Limited's (GCL) ratings factors in the sustained pressure on its operating performance due to slower-than-expected recovery in its operating margins that led to weak RoCE and stretched debt coverage metrics. While GCL operates in the manufacturing and sales of fast-moving consumer goods (FMCG) products, a significant portion of its revenue continues to be derived from products such as edible oil (60-70% as on March 31, 2025), rice and wholewheat flour (atta), which are inherently exposed to fluctuations in agro-commodity prices. This was also evident in its performance in the past few years, with revenues and operating margins contracting in FY2023 and FY2024 due to price volatility in the edible oil segment.

ICRA notes that GCL's operating margin (provisional basis) improved to 2.0% in FY2025, led by slightly lower raw material cost and reduced manpower costs on the back of automation initiatives by the company. Further, ICRA also notes that the company's overall debt level reduced to Rs. 190.4 crore as on March 31, 2025 from Rs. 343.9 crore as on March 31, 2024. This was driven by the prepayment of term loans funded via one-time exceptional gain of Rs. 51 crore from stake sale in Renom Energy Private Limited. However, GCL's debt metrics remained weak with total external debt/OPBITDA at 6.2 times as on March 31, 2025 (-22.3 times as on March 31, 2024). The interest coverage also remained weak at 1.0 times in FY2025. GCL's RoCE also remained weak at 8.4% (provisional) in FY2025 (0.5% in FY2024 and -10.2% in FY2023) due to higher interest costs and subdued profitability. ICRA also notes that GCL's brand concentration in Maharashtra and Karnataka limits its pricing flexibility, which is further constrained by the sector's high competitive intensity.

The ratings continue to factor in GCL's healthy and diversified revenue streams, including its diverse product portfolio comprising edible oil, rice processing, flour milling, snacks (To Be Honest, TBH) and beverages (Coolberg). A major proportion of the entity's revenues is derived from staples, which typically results in low sales variability and enhances its revenue visibility. Furthermore, its presence in impulse categories like snacks and beverages complements its product offerings. The ratings also factor in GCL's established local brand presence, aided by a well-entrenched distribution network in Maharashtra and

Karnataka, with a strong market share in Sangli and Kolhapur districts. In line with the management's plan to focus on marketing, GCL onboarded Raveena Tandon as the brand ambassador for its Star brand in FY2025, which has helped the company improve the traction for its products. Going forward, owing to its marketing initiatives, the company expects to charge a premium price for its products, which is expected to support its margins. ICRA also notes that GCL has received eligibility certificate from Government of Maharashtra wherein the company would be entitled to the GST benefit of around Rs. 150 crore for the period of FY2022-FY2031 and electricity duty exemption for the same period.

ICRA also notes the benefits that GCL derives as part of the Sanjay Ghodawat Group, which has interests in various sectors and the extensive experience of the promoters in the FMCG sector. As demonstrated through incremental fund infusion of Rs. 10 crore in FY2025 and Rs. 20 crore fund infusion in FY2026 to prepay the long-term debt, ICRA expects the promoters to provide timely funding support going forward, in case of any exigencies. However, any diversion of funds to other Group entities to support Group operations will be a key rating sensitivity.

GCL in the recent past has transferred some of its loss-making subsidiaries to other Group entities. However, the company's financial metrics, including interest coverage, DSCR and operating margins, remain subdued despite exiting the loss making and lower margin segments. In FY2025, GCL also discontinued its own brand (Star) snacks and beverages manufacturing division due to continuous losses. ICRA also understands that starting Q2 FY2026, the management will hive off its crude oil trading division to another Group entity. The impact of these measures to protect profitability amid GCL's efforts to expand its brand into other territories remains to be seen.

The Stable outlook reflects ICRA's expectation that GCL will maintain its operational performance, with a slight improvement in operating margins despite anticipated revenue moderation. Further, the outlook underlines ICRA's expectations of timely support from the promoter Group in case of any exigencies.

Key rating drivers and their description

Credit strengths

Part of reputed Sanjay Ghodawat Group with experienced promoters at the helm – GCL is part of the reputed Sanjay Ghodawat Group, which has interests across several sectors, including aviation, education, mining, real estate, renewable energy, operations and maintenance of windmills, retail and FMCG. The FMCG vertical, operated through GCL, carries significant strategic importance for the Group. The promoters have significant experience of approximately two decades in the FMCG sector, with GCL's operations commencing in 2003. This is supported by an experienced and professional management team.

Presence across diverse product segments – GCL's revenue streams are broadly classified into manufacturing and trading. Its manufacturing operations are carried out at its own facilities as well as through third-party manufacturers. Additionally, GCL carries out contract manufacturing for third parties in select product segments (e.g. Reliance's Campa Cola). The company offers a diverse product portfolio of edible oil, rice, snacks, beverages, wheat flour, salt, etc. However, there is some concentration towards edible oil, which accounts for ~60-70% (including manufacturing and trading) of the total revenue, even as the company takes active steps to expand its presence in other product segments. ICRA notes that GCL's existing and planned facilities are strategically located in proximity to the feedstock, which is advantageous. Following the discontinuation of its own brand (STAR) snacks and beverages, the company plans to focus on expanding the product ranges for Coolberg and TBH. These premium categories are expected to support further diversification of GCL's product portfolio.

Growing regional penetration of the Star brand and addition of Coolberg and TBH brands aiding the shift towards premium products – GCL sells its FMCG products under the Group's common brand, Star. While the brand presence is strong, it is primarily limited to Maharashtra and Karnataka, supported by an established distribution network. The company has been consistently expanding its base in terms of facilities and retail/distributor presence. It also enjoys strong positioning for its products through the Star local mart retail outlets (125 outlets as of FY2025). GCL is now focusing on improving its marketing strategies, and it has onboarded Raveena Tandon as its brand ambassador. The company has plans to leverage this association along with targeted marketing strategies to increase its penetration. The company is also planning to expand its brand to other states, although this is yet to pan out meaningfully. Nevertheless, the company's success in this expansion and its subsequent impact on profitability after incurring additional costs for marketing and expansion remains monitorable.

Credit challenges

Financial profile characterised by sustained pressure on operating profitability and weak debt metrics - The consolidated operating profit margins improved to 2.0% (provisional) in FY2025 from -1.2% in FY2024. This was driven by lower raw material costs and reduced employee expenses on the back of automation and efficiency improvement initiatives undertaken by the company. In FY2023 and FY2024, the margins remained under pressure due to volatility in key raw material prices and a sharp contraction in the selling prices of edible oil, its key product segment. This resulted in the entity posting net losses. Post the price volatility in edible and crude oil in FY2023 due to the Russia-Ukraine war, the price volatility continued in FY2024 due to shortage of basic raw materials (soyabean and sunflower seeds). The price volatility continued in FY2025 with falling crude oil prices limiting the growth in OPM. In FY2025, GCL also sold its stake in Renom Energy Private Limited to Suzlon Energy Limited, leading to one-time exceptional gain of around Rs. 51 crore. These funds were utilised to prepay the company's outstanding term loans, which led to a reduction in total debt to Rs. 190.4 crore as on March 31, 2025 (Rs. 343.9 crore as on March 31, 2024). Despite the reduction, GCL's external debt/OPBITDA stood high at 6.2 times as on March 31, 2025 (-22.3 times as on March 31, 2024) due to subdued profitability. The interest coverage also remained weak at 1.0 times in FY2025.

Exposure to commodity price risks – The company's profitability remains exposed to volatility in agro-commodity prices. In FY2022, the company benefited from strong domestic demand and favourable prices, especially in the edible oil segment. However, sharp contractions in edible and crude oil prices in FY2023 and FY2024 resulted in net losses for GCL. The decline in crude oil prices continued in FY2025, which resulted in lower realisations for GCL, constraining the growth in OPM. Although edible oil prices are expected to stabilise in FY2026, GCL's earnings remain vulnerable to such volatilities. ICRA notes that the company will transfer its crude oil trading division to another group entity starting Q2 FY2026.

Working capital intensive operations– The company's operations are working capital-intensive, which have been accentuated in recent times amid the ongoing volatility in input as well as finished goods prices. The company's funding requirements vary in line with the procurement and processing seasons of its commodities. Moreover, the expanding scale of operations also necessitated high working capital requirements, particularly towards stockholding across product segments as the company does not offer substantial credit to its customers. The funding of the working capital has largely been through the cash credit and pledge limits. The inventory holding for the company also depends on the pricing of such seeds, and GCL follows the strategy to hold or stay lean, depending on seed prices and availability during the procurement season. With abundant availability of key raw materials like soyabean and sunflower seeds due to healthy rainfall in FY2025, the inventory days reduced for GCL to 42 from 68 days in FY2024. With expectations of a favourable monsoon in FY2026, the working capital intensity is expected to remain similar to FY2025 for GCL.

Intense competition in the FMCG space – There is intense competition in the FMCG sector from both organised and unorganised players. While the company's brand presence helps it counter regional competition, in the long term and as part of its regional expansion, it will continue to be exposed to competition and will need to continue its investments in marketing, branding and distribution.

Liquidity position: Adequate

GCL's liquidity position is adequate. The company has cash and bank balances of Rs. 14.1 crore as on March 31, 2025. The company's working capital utilisation remained at around 74% (of drawing power) over the past 12 months. The company's capex plans remain minimal at around Rs. 10-15 crore each over FY2026-27. The same is expected to be funded through internal accruals. The company also has a sizeable debt repayment obligation of around Rs. 13 crore in FY2026 (exluding Tata Capital instalments), Rs. 20 crore prepayment to be done in FY2026 (Tata Capital, funded through promoter loans) and Rs. 8.6 crore in FY2027. Nevertheless, ICRA expects the promoters to provide timely funding support in case of exigencies.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if GCL is able to demonstrate a sustained improvement in its earnings and credit metrics, while maintaining an adequate liquidity profile.

Negative factors – Negative pressure on GCL's rating could arise if there is a sustained weakening in operating margins resulting in lower cash flows on a sustained basis. Further, higher than envisaged debt-funded capex, or any major dividend declaration or funding support to Group companies, resulting in deterioration of coverage indicators along with worsening liquidity may also trigger a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	**Corporate Credit Rating Methodology** **Edible Oil** **FMCG** **Rice Mills**
Parent/Group support	Not applicable.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of GCL.

About the company

GCL is part of the Sanjay Ghodawat Group. In FY2022, the company was renamed as Ghodawat Consumer Private Limited and later as Ghodawat Consumer Limited from Ghodawat Foods International Private Limited. GCL was incorporated in 2003 and is headquartered in Kolhapur, Maharashtra. At present, the company is involved in a variety of businesses, which include FMCG manufacturing, contract manufacturing and trading. However, most of its revenue is derived from FMCG manufacturing, which includes product segments such as edible oil, rice, snacks, beverages and others.

Key financial indicators (audited)

GCL Consolidated	FY2024	FY2025*
Operating income	1,133.7	1,176.5
PAT	-14.8	19.2
OPBDIT/OI	-1.2%	2.0%
PAT/OI	-1.3%	1.6%
Total outside liabilities/Tangible net worth (times)	1.7	0.8
Total debt/OPBDIT (times)	-26.1	8.0
Interest coverage (times)	-0.4	1.0

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				Aug 26, 2025	July 05, 2024	Oct 26, 2023	Jul 18, 2022
1	**Fund based – Term loan**	Long term	45.24	[ICRA]BB+ (Stable)	[ICRA]BBB- (Negative)	[ICRA]BBB (Negative)	[ICRA]BBB (Stable)
2	**Fund based limits – Cash Credit**	Long term/Short term	168.50	[ICRA]BB+(Stable)/[ICRA]A4+	[ICRA]BBB- (Negative) / [ICRA]A3	[ICRA]BBB (Negative) / [ICRA]A3+	[ICRA]BBB (Stable)/ [ICRA]A3+
3	**Non-fund based limits**	Long term/Short term	30.00	[ICRA]BB+(Stable)/[ICRA]A4+	[ICRA]BBB- (Negative) / [ICRA]A3	[ICRA]BBB(Negative) / [ICRA]A3+	-
4	**Unallocated limits**	Long term/Short term	10.00	[ICRA]BB+(Stable)/[ICRA]A4+	[ICRA]BBB- (Negative) / [ICRA]A3	[ICRA]BBB(Negative) / [ICRA]A3+	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term - Fund based – Term loan	Simple
Long Term/Short Term - Fund based limits – Cash Credit/WCDL	Simple
Long Term/Short Term - Non-fund based limits	Simple
Unallocated limits	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Fund based – Term loan**	FY2017	9.5-10.1%	FY2029	45.24	**[ICRA]BB+ (Stable)**
NA	**Fund based limits – Cash Credit/WCDL**	NA	NA	NA	168.50	**[ICRA]BB+(Stable)/[ICRA]A4+**
NA	**Non-fund based limits**	NA	NA	NA	30.00	**[ICRA]BB+(Stable)/[ICRA]A4+**
NA	**Unallocated limits**	NA	NA	NA	10.00	**[ICRA]BB+(Stable)/[ICRA]A4+**

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis:

Company Name	Ownership	Consolidation approach
Ghodawat Grains Limited	70%	Full Consolidation

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