



Press Release

Shri Gang Industries and Allied Products Limited

April 02, 2025

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
1.	Long Term Bank Facilities	22.90	IVR BBB- /Stable (IVR Triple B Minus with Stable Outlook)	-	Assigned	Simple
Total		22.90	Rupees Twenty-Two Crore and Ninety Lakh Only			

Details of Facilities are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

Detailed Rationale

Infomerics Valuation and Rating Limited (Formerly Infomerics Valuation and Rating Private Limited) (IVR) has assigned long term rating of IVR BBB- with Stable outlook for the bank loan facilities of Shri Gang Industries and Allied Products Limited.

The rating draw comfort from its experienced promoters, long track record, growth in scale of operations along with improvement in profitability, favourable demand outlook with healthy order book. However, these rating strengths are partially offset by moderate capital structure, moderate debt protection metrics, volatility in input prices and vulnerability to regulatory changes in the liquor industry.

The 'Stable' outlook reflects the strength from its experienced directors and moderate business risk profile which will be maintained over the medium term.

IVR has principally relied on the standalone audited financial results of SGIAPL up to 31 March 2024 (refers to period from 1st April 2023 to 31st March 2024) and projected financials from FY2025 to FY2027, and publicly available information/clarifications provided by the company's management.

Upward factors



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- Substantial improvement in the scale of operations with TOI above Rs. 350.00 crore and profitability margins thereby leading to overall improvement in cash accruals and liquidity.
- Improvement in the capital structure with further improvement in debt protection metrics.

Downward factors

- Dip in operating income and/or profitability thereby impacting the debt coverage indicators and/or any deterioration in the financial risk profile.
- Any significant rise in working capital intensity or unplanned capex leading to deterioration in the liquidity position.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced Promoters and Long Track Record of the Company:**

The company benefits from a strong leadership team with industry experience. Mr. Arun Kumar Sharma, Whole-Time Director, has over 28 years of experience in the liquor industry and leads the operations of the Distillery Unit. His contributions have been key to the company's growth. Along with other experienced directors, including Mr. Vishal Singh, Ms. Meena Sharma, Mr. Sanjay Kumar Jain, Mr. Vivek Singh Khichar and Mr. Vyom Goel. the company's revenue stood at Rs. 288.65 crore in FY2024, reaching Rs. 289.88 crore in 9MFY2025.

- **Growth in Scale of Operations along with Improvement in Profitability in 9MFY2025:**

The company's total operating income (TOI) increased by 108.13%, from Rs. 138.69 crore in FY2023 to Rs. 288.65 crore in FY2024. EBITDA increased from Rs. 17.86 crore in FY2023 to Rs. 29.92 crore in FY2024, while PAT increased from Rs. 13.16 crore in FY2023 to Rs. 14.79 crore in FY2024. EBITDA margin stood at 10.36% in FY2024, and PAT Margin stood at 5.11% in FY2024. Gross Cash Accruals (GCA) stood at Rs. 20.43 crore in FY2024 as against Rs. 13.07 crore in FY2023 and total debt to GCA ratio improved and stood at 3.41 years in FY2024 as when compared to 5.09 years in FY2023. In 9MFY2025, the company's margin stood at 15.40% for EBITDA and 10.58% for PAT.

- **Favourable Demand Outlook:**



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Indian Liquor industry is one of the growing industries despite being subjected to high taxes and innumerable regulations by government. The factors such as rising income levels and changing mind-sets which are more open to the consumption of alcoholic beverages drive the growth of IMFL segment. In addition, changing consumer preference towards premium varieties has resulted in improvement in sales mix of industry. Hence, Indian liquor industry is envisaged to continue the trend of steady growth supported by increasing demand led volume growth. 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.

- **Strong Manufacturing Partnership and Adequate Order Book:**

SGIAPL has a valuable exclusive manufacturing agreement with United Spirits Limited (USL) for bottling popular IMFL brands like McDowell's No. 1 Whisky, Signature, and Royal Challenge. Additionally, the company supplies spirits (excluding Scotch) to USL for further production. SGIAPL's order book reflects strong market demand, with approximately 1.20 crore bulk litres of spirits and 30 lakh cases of USL brands. This partnership and order book showcase the company's solid position in the industry and its ability to meet market needs efficiently.

Key Rating Weaknesses

- **Volatility in Input Prices Impacting Profitability:**

A key weakness for SGIAPL is the susceptibility of its profitability to fluctuations in input prices, particularly the cost of grain (rice), which is a major raw material for manufacturing ENA. As grains are seasonal products, their prices are subject to volatility, influenced by factors like weather conditions and crop yields. This price instability can affect the company's production costs and, in turn, its overall profitability, making it vulnerable to external market conditions.

- **Moderate Capital Structure and Moderate Debt Protection Metrics:**

The company's capital structure remained moderate, with significant improvements during the year. The adjusted tangible net worth improved substantially to Rs. 14.63 crore in FY2024, compared to Rs. -5.21 crore in FY2023, primarily due to accumulated profits. As a result, the TOL/ATNW ratio stood at 9.24x in FY2024, reflecting improved net worth



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turning positive. The overall gearing ratio improved to 4.76x as of March 31, 2024, supported by the company's strengthened position. Additionally, the Total Debt/ EBITDA ratio improved and stood at 2.33x in FY2024 when compared to 3.73x in FY2023. The company's coverage metrics have declined but remains comfortable above unity as of March 31, 2024. The Interest Service Coverage Ratio (ISCR) and Debt Service Coverage Ratio (DSCR) are 2.98x and 1.86x, respectively, for FY2024, compared to 3.34x and 2.42x in FY2023 respectively. The change is primarily due to an increase in interest and finance charges.

- **Vulnerability to Regulatory Changes in the Liquor Industry:**

SGIAPL faces the risk of vulnerability due to the complex and stringent regulations governing the liquor industry in India. Each state has its own set of rules for the production, marketing, distribution, and pricing of alcohol, which creates inconsistency and adds operational complexity. Additionally, high taxes and duties further complicate the business environment. As a result, the company's operations are susceptible to changes in regulatory policies, license authorization, and tax structures, which can impact its profitability and growth prospects.

Analytical Approach: For arriving at the ratings, IVR has analysed SGIAPL's credit profile by considering the standalone financial statements of the company.

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The company has adequate liquidity as seen by gross cash accruals of Rs. 20.43 crore in FY2024 as against repayment of long-term borrowings amounting to Rs. 18.58 crore. Further,



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the company is expected to generate cash accruals in the range of Rs. 44.00 – 61.57 crore as against its debt servicing obligation of ~Rs. 9.42 – 4.71 crore FY2025- 2027. The overall working capital limits of the company are utilized to the extent of ~62.44% during the past 12 months ended February 2025 indicating moderate liquidity buffer. All these factors reflect adequate liquidity position of the company.

About the Company

Shri Gang Industries and Allied Products Limited (SGIAPL), formerly Suraj Vanaspati Ltd, is a publicly listed company on the BSE, specializing in the alcoholic beverages industry. Based in Sandila, Hardoi, Uttar Pradesh, SGIAPL operates a manufacturing facility that produces Extra Neutral Alcohol (ENA) and bottles Indian Made Foreign Liquor (IMFL). The distillery has a capacity of 55 KLPD of grain-based ENA, which is used as a key ingredient in various alcoholic beverages. Additionally, SGIAPL runs a bottling unit with an annual capacity of 42 lakh cases. The facility spans 115,243 square meters, with a built-up area of 46,097 square meters.

SGIAPL has secured a significant contract with United Spirits Limited (USL), under which it bottles several popular IMFL brands, including McDowell's No. 1 Whisky, Signature, and Royal Challenge. Furthermore, SGIAPL supplies spirits (excluding Scotch) to USL for further production of their brands. In addition, SGIAPL has a manufacturing agreement with Diageo, a global leader in alcoholic beverages, for producing its brands in Uttar Pradesh.

Financials (Standalone):

	(Rs. crore)	
For the year ended*/As on	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	138.69	288.65
EBITDA	17.86	29.92
PAT	13.16	14.79
Total Debt	66.53	69.65
Adjusted Tangible Net worth	-5.21	14.63
EBITDA Margin (%)	12.88	10.36
PAT Margin (%)	9.45	5.11
Overall Gearing Ratio (x)	NM	4.76
Interest Coverage Ratio (x)	3.34	2.98

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: NIL



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Any other information: NIL

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Fund Based	Long Term	22.90	IVR BBB- /Stable	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Limited (Infomerics) (Formerly Infomerics Valuation and Rating Private Limited) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.



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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	February 2026	18.90	IVR BBB-/Stable
Cash Credit	-	-	-	4.00	IVR BBB-/Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-SGIAPL-apr25.pdf>

Annexure 3: Detailed explanation of covenants of the rated securities/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [Complexity Level of Rated Instruments/Facilities](#).