

February 06, 2026

## UMARIYA GREEN ENERGY PRIVATE LIMITED: [ICRA]BB- (Stable) assigned

### Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term fund based – Term loan	200.00	[ICRA]BB- (Stable); assigned
<b>Total</b>	<b>200.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating assigned to the bank facilities of Umariya Green Energy Private Limited (UGEPL) factors in the extensive experience of its promoters in the distillery sector and related businesses. The rating also positively factors in the financial closure achieved for the project, which provides visibility on debt funding for the planned 300-KLPD grain-based ethanol capacity. The project further benefits from its strategic location, with proximity to raw material sources and access to oil blending depots in the surrounding areas.

The rating is, however, constrained by UGEPL's exposure to project-related risks, including timely commissioning within the budgeted cost and the subsequent ramp-up of operations post commissioning. As per the sanction terms, the project's date of commercial operations (DCCO) is scheduled for July 2027. Achieving project completion within the budgeted timeline and cost will remain critical as any material delay or cost overrun could impact the market access and overall credit metrics. The rating also reflects residual funding risk owing to the sizeable portion of equity yet to be infused by the promoters.

ICRA notes that cross-default linkages exist between the loans taken by UGEPL and its group companies. Based on its interaction with the lender, ICRA understands that the lender is unlikely to invoke the cross-default clause to preserve its economic interests.

UGEPL will also remain exposed to regulatory risks associated with the ethanol business, given that its price is fixed annually by the Government of India even as the prices of raw material and fuel change in line with the market demand and supply. The company's profitability remains vulnerable to fluctuations in the price of maize, which is a key raw material. The price of maize has been quite volatile in the recent past and, thus, will remain a key monitorable for its healthy operations, post commissioning.

The Stable outlook reflects ICRA's expectation that the project will be completed within the budgeted timeline and cost, driven by the extensive experience of the promoters.

### Key rating drivers and their description

#### Credit strengths

**Extensive experience of the promoters** – The promoters have several years of experience in the distillery sector and related businesses, providing an understanding of the sector's operations. Their experience includes operating distillery units in different locations. They have also commissioned and currently operate a 125-KLPD ethanol plant in Punjab, established in May 2024. The promoters have exposure to the requisite chemical processes and operations in addition to possessing experience in raw material procurement and civil construction activities. Further, they have been associated with an engineering entity supplying ethanol plant equipment. While the company is currently under construction, the promoters' experience in related businesses and their established industry relationships are expected to support a timely project execution and future operational ramp-up.

**Funding risk mitigated by financial closure; project complemented by the strategic location** – The company has achieved financial closure for the 300-KLPD ethanol plant, which significantly mitigates the debt funding risk and provides visibility on timely project execution. The total project cost is Rs. 302.8 crore, of which a term debt of Rs. 200 crore has been sanctioned. As of January 2026, the term debt has not yet been disbursed. The company will avail fund-based working capital limits post commissioning. Further, the project is coming up in the Jabalpur district of Madhya Pradesh, which is strategically located in a major maize-producing region, thereby ensuring steady raw material availability for the distillery.

### Credit challenges

**Exposure to project-related risks, including risks associated with ramp up post commissioning** – The capital outlay for the project is estimated at Rs. 302.8 crore with a scheduled DCCO of July 2027. The project is to be funded through a term loan of Rs. 200 crore (~66% of the total project cost), with the balance to be met through promoter contribution. As of January 2026, around Rs. 24 crore (8% of the total project cost) has been incurred towards land acquisition and initial civil works, funded entirely by promoter contribution.

Given the greenfield nature of the project, it remains exposed to risks associated with timely commissioning within the budgeted cost and schedule, as well as a successful ramp-up of operations, post commissioning. Further, a timely infusion of the balance equity/promoter contribution will remain a key rating monitorable as any delay could impact the project's execution timeline.

**Susceptibility of profitability to volatility in raw material costs** – The primary raw materials used by UGEPL is agro-commodity like maize etc. The price of maize is prone to significant fluctuations and has been quite volatile in the recent past, as its availability depends on the monsoon.

**Risks of operating in a regulated industry** – UGEPL's operations are vulnerable to the Government's policies and schemes, such as ethanol pricing and offtake, raw material availability and pricing etc. Hence, the cessation of any scheme or any material decrease in ethanol pricing would have an adverse impact on the company's financials.

### Liquidity position: Stretched

The liquidity profile of the company is likely to remain stretched as a large part of the project cost will be funded through debt, resulting in significant cash outflow on account of the debt repayment obligations after the commissioning of the plant. A steady ramp up of production to generate adequate cash flows will remain a monitorable. However, the company is also required to maintain a DSRA (six months of principal and interest obligation), which can be utilised in case of any shortfall in the accruals to meet the debt servicing obligations.

### Rating sensitivities

**Positive factors** – ICRA may upgrade UGEPL's rating if the company is able to commission the project within the envisaged timelines without any major cost overruns, and successfully ramp up the operations post commissioning, leading to healthy capacity utilisation and cash flow generation, thereby improving the credit metrics.

**Negative factors** – Pressure on UGEPL's rating could arise if there is any significant delay in project commissioning or cost overrun, or if the company fails to achieve timely ramp-up of operations post commissioning leading to deterioration in liquidity position.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

## About the company

UGEPL was incorporated in November 2024 for manufacturing and selling ethanol and related by-products. The company is setting up a 300-kilolitre-per-day (KLPD) grain-based ethanol distillery, mainly using maize as the basic raw materials, in the Jabalpur district of Madhya Pradesh. The proposed facility is expected to commence operations from July 2027. The unit will also be setting up a 6-MW captive power generation plant at the site.

**Key financial indicators: Not applicable as the entity is in project phase**

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Feb 06, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based – Term loan	Long term	200.00	[ICRA]BB-(Stable)	-	-	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	Simple

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	Term loan	FY2026	NA	FY2036	200.00	[ICRA]BB- (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis - Not Applicable**

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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