

Match 23, 2026

Assago Industries Private Limited: Rating assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term - Fund based - Term loan	201.00	[ICRA]BB+ (Stable); assigned
Long term - Fund based - Cash credit	65.00	[ICRA]BB+ (Stable); assigned
Long term - Unallocated	4.00	[ICRA]BB+ (Stable); assigned
Total	270.00	

*Instrument details are provided in Annexure I

Rationale

The rating assigned to Assago Industries Private Limited (AIPL) favourably factors in the experienced and resourceful promoters with healthy demand for ethanol in the country and the presence of an offtake contract with public sector oil marketing companies (OMCs), aiding revenue visibility for the company over the medium term. The contract with Bharat Petroleum Corporation Limited (BPCL), Indian Oil Corporation Limited (IOCL) and Hindustan Petroleum Corporation Limited (HPCL) ensures an offtake quantity of 83 KLPD and 75 KLPD with Reliance BP Mobility Limited, totaling 158 KLPD (i.e. 80% of installed capacity) for a period of 10 years. The remaining capacity is allocated through a regular tender process, where priority is given to long-term offtake holders during distribution. This allows flexibility to participate in open market opportunities. The project also enjoys the locational advantage of being close to ample raw material sources, along with its ability to reach out to various oil blending depots of OMCs nearby.

However, the rating remains constrained by a moderate financial risk profile, characterised by its high leverage and moderate debt coverage indicators due to high borrowings. However, the coverage metrics had improved in H2 FY2026 and are expected to improve further in FY2027. AIPL will also remain exposed to regulatory risks associated with the ethanol business, given that its price is fixed annually by the OMCs even as the prices of raw material and fuel change in line with the market demand and supply position.

The company's profitability remains vulnerable to fluctuations in the prices of key raw materials (broken rice and maize), which have been quite volatile in the recent past and, thus, will remain a key monitorable.

The Stable outlook on the rating reflects ICRA's expectation of stable revenues for the company and a healthy demand outlook for ethanol in the long term, supported by adequate raw material availability because of its advantageous location.

Key rating drivers and their description

Credit strengths

Strong promoter group with diversified industry expertise and a proven track record of timely financial support - AIPL's management is headed by the Gurnani family, bringing operational and strategic experience to the business. Mr. Ashish Gurnani is the Promoter and Managing Director and has a diversified industry expertise. Mr. Chander Prakash Gurnani, the former MD & CEO of Tech Mahindra and the father of Mr. Ashish Gurnani, holds a minority stake and acts as the company's mentor and investor. The promoters have infused unsecured loans to support the operations, cover cost overruns and meet the debt obligations, and are expected to provide further support, as needed.

Offtake agreement with OMCs and private players with minimum guaranteed volume provides stability to revenues - The company has secured long-term offtake agreements for around 80% of its ethanol production capacity, supporting revenue

visibility and operational continuity. Of the total 200-KLPD capacity, 83 KLPD is contracted with the three public sector OMCs and 75 KLPD with Reliance BP Mobility Limited, both under 10-year agreements. The remaining capacity is allocated through regular tenders.

Healthy demand potential for ethanol; Government incentives to support demand - The long-term demand outlook for ethanol and biofuel remains favourable on the back of a significant demand-supply gap along with the Government's increasing focus on reducing crude oil import dependence. The demand outlook for ethanol remains robust, supported by the Government of India's (GoI) successful achievement of the 20% ethanol blending target, reflecting strong policy commitment and sustained execution under the ethanol blended petrol (EBP) programme. The GoI continues to support the sector through multiple initiatives, including interest subvention schemes (offering up to 6% p.a. or 50% of the actual interest rate), long-term offtake agreements with OMCs and favourable procurement pricing. Additionally, a relatively short credit cycle from the OMCs has supported the ethanol manufacturers.

Credit challenges

Stretched capital structure and moderate debt coverage metrics - As on March 31, 2025, the company's total debt stood at Rs. 323.5 crore, primarily driven by long-term debt. This debt comprises a term loan of Rs. 213.6 crore, unsecured loans from promoters amounting to Rs.68.6 crore and working capital borrowings of Rs. 41.2 crore. Consequently, the company's gearing remained stretched at 7.7x in FY2025. Further, the company's coverage indicators continue to be moderate. The DSCR stayed below 1x during H1 FY2026, reflecting limited operational cash flows for debt servicing, and the TD/OPBDITA also remained elevated. However, DSCR is expected to improve in H2FY2026 and likely to improve further in FY2027.

Susceptibility of profitability to volatility in raw material costs - AIPL primarily uses broken rice and maize as its raw material. The prices of these agro commodities can fluctuate based on seasonal availability, especially during the monsoon. Nevertheless, the company's plant is located in Andhra Pradesh, a region with ample rice availability, which helps mitigate the impact of price fluctuations to a considerable extent. Further, the cost of power and steam remains vulnerable to the fluctuations in key raw material prices, particularly husk and coal, which are primary fuel sources for captive power generation.

Risks associated with operating in a regulated industry - AIPL's operations are vulnerable to the Government's policies and schemes, such as interest subvention, 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 owing to its high repayment obligations. The DSCR remained below 1x during H1 FY2026, reflecting limited operational cash flows for debt servicing, though the same is expected to improve in H2 FY2026 to an extent. Further, it has sizeable repayment obligations of Rs. 26-27 crore each during FY2027 and FY2028. The repayments are likely to be met from the cash flow from operations and promoter infusion, as and when required.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if the company demonstrates a sustained improvement in its scale and profitability, leading to an improvement in the debt coverage indicators and liquidity profile.

Negative factors – Pressure on the rating could arise if any decline in revenue and profitability results in lower-than-expected cash accruals and weakening of the debt coverage indicators and liquidity profile.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Assago Industries Private Limited (AIPL), incorporated in 2021, has set up a greenfield facility in the east Godavari district of Andhra Pradesh to produce 200 KLPD of grain-based ethanol. The plant commissioned its operations in September 2024. In addition to ethanol, the distillery process yields several valuable by-products, including impure spirit, fuel oil, dried distillers grains with solubles (DDGS) and carbon dioxide.

Mr. Ashish Gurnani is the promoter and Managing Director of AIPL. Mr. Chander Prakash Gurnani (C. P. Gurnani), the former MD & CEO of Tech Mahindra Limited, is the mentor and investor for the company and its projects. Mr. Sunil Batta is a project management professional and director.

Key financial indicators (audited)

Standalone	FY2025	10M FY2026*
Operating income	152.6	432.5
PAT	-8.1	7.3
OPBDITA/OI (%)	0.3%	7.3%
PAT/OI (%)	-5.3%	1.7%
Total outside liabilities/Tangible net worth (times)	8.3	NA
Total debt/OPBDITA (times)	747.6	NA
Interest coverage (times)	0.1	1.5

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; NA: Not available *Provisional Numbers

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					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Mar 23, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based - Term loan	Long term	201.00	[ICRA]BB+ (Stable)	-	-	-	-	-	-
Fund based - Cash credit	Long term	65.00	[ICRA]BB+ (Stable)	-	-	-	-	-	-
Unallocated	Long term	4.00	[ICRA]BB+ (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based - Term loan	Simple
Long term - Fund based - Cash credit	Simple
Long term - Unallocated	NA

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
	Long term - Fund based - Term loan	May-2023	-	March-2032	201.00	[ICRA]BB+ (Stable)
	Long term - Fund based - Cash credit	-	-	-	65.00	[ICRA]BB+ (Stable)
	Long term - Unallocated	-	-	-	4.00	[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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