

March 30, 2026

## HARP Chemicals Private Limited: Ratings assigned

### Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term - Fund based - Term loan	100.00	[ICRA]BB+ (Stable); assigned
Long term - Fund based - Cash credit	17.58	[ICRA]BB+ (Stable); assigned
Short Term – Non-fund based - Bank guarantee	2.50	[ICRA]A4+; assigned
Long term/Short-term – Unallocated limits	29.92	[ICRA]BB+ (Stable)/ [ICRA]A4+; assigned
<b>Total</b>	<b>150.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The rating assigned to the bank facilities of HARP Chemicals Private Limited (HCPL) factor in the extensive experience of its promoters in the distillery sector and allied businesses. It also reflects a healthy scale-up in the operations of its 125-KLPD grain-based ethanol plant, post commissioning, resulting in robust revenues of Rs. 313.5 crore in FY2025 and Rs.232.9 crore in 9M FY2026. The project further benefits from its strategic location in the agricultural belt of Punjab, ensuring ample availability of key raw materials - rice/maize and providing convenient access to oil-blending depots in the surrounding areas. Additionally, HCPL is receiving interest subsidy under the Interest Subvention Scheme of the Department of Food and Public Distribution (DFPD), Government of India. As per the scheme, 50% of the interest cost on the term loans can be reimbursed for five years, which supports HCPL's debt coverage metrics.

The rating is, however, constrained by HCPL's moderate financial risk profile, characterised by a leveraged capital structure, reflected in TD/OPBIDTA of 5.6 times in FY2025 and 4.4 times in 9M FY2026 owing to the debt-funded nature of the project. Further, the debt service coverage ratio (DSCR) also remains moderate at 1.4 times in FY2025 and 1.3 times in 9M FY2026. Moreover, with the plant's operations starting in March 2024, the company has a limited track record of only about two years. Its ability to maintain stable operations and consistent earnings over the long term will remain a key monitorable. ICRA notes that cross-default linkages exist between the loans taken by HCPL 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.

HCPL also remains 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 prices of rice and maize, which have been quite volatile in the recent past and, thus, will remain a key monitorable.

The Stable outlook reflects ICRA's expectation that HCPL will be able to sustain its operating metrics, supporting stable earnings, aided by the favourable long-term demand outlook for ethanol and assured raw material availability owing to its strategic location.

### Key rating drivers and their description

#### Credit strengths

**Extensive experience of promoters in distillery industry** – The promoters have extensive experience in the distillery sector and related businesses. They have the experience of operating distillery units in different locations. The promoters have exposure to the requisite chemical processes and operations in addition to possessing experience in raw material procurement which aids

in smooth functioning of the plant.

**Moderate scale of operations, albeit with a limited track record** – HCPL commenced its operations from March 2024 and has been able to scale up the operations of its 125-KLPD grain-based ethanol capacity, leading to healthy revenues of Rs. 313.5 crore in FY2025 and Rs. 232.9 crore in 9M FY2026 along with an operating margin of 7.4% in FY2025 and 8.2% in 9M FY2026. However, it has a track record of only around two years. Its ability to maintain stable operations and consistent earnings over the long term will remain a key monitorable.

**Strategic location supports project metrics** – HCPL’s plant is located at the agricultural belt of Sangrur in Punjab, ensuring ample resources of key raw materials, maize and rice. Further, the site is close to the blending depots of oil marketing companies (OMCs) with adequate transport and road connectivity for sourcing other requirements, such as paddy straw for biofuel. The strategic location of the plant strengthens the project’s metrics.

### Credit challenges

**Moderate financial risk profile** – HCPL’s capital structure is leveraged, reflected in TD/OPBIDTA of 5.6 times in FY2025 and 4.4 times in 9M FY2026 owing to the debt-funded nature of the project. Further, the DSCR also remained moderate at 1.4 times in FY2025 and 1.3 times in 9M FY2026. The capital structure is expected to remain moderate in the near term but may improve over the medium term with scheduled term loan repayments and accretion of profits.

**Susceptibility of profitability to volatility in raw material costs** – The primary raw materials used by HCPL is agro-commodity like maize, rice etc. The price of maize and rice 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** – HCPL’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: Adequate

The company’s liquidity position remains adequate, supported by healthy cash flow from operations. The repayment obligations for the term loan includes Rs. 12.8 crore in FY2027 and Rs. 10.8 crore in FY2028. The estimated cash flow from operations would be adequate to service the repayment obligations. Further, the company is also prepaying the term loans. As on December 31, 2025, company has free cash/bank balance of Rs. 2.3 crore apart from a DSRA of Rs. 5.25 crore (equivalent to 1 quarter of debt servicing as per sanction terms) which provides additional cushion.

### Rating sensitivities

**Positive factors** – ICRA could upgrade HCPL’s rating if the company demonstrates healthy earnings over a sustained period, resulting in an improvement in its credit metrics.

**Negative factors** – The ratings may witness downward pressure, if there is a material decline in earnings resulting in a deterioration of the company’s credit metrics and liquidity position. The ratings could also come under pressure in the event of sustained elongation in the working capital cycle adversely impacting the company’s liquidity profile.

## 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

HARP Chemicals Private Limited (HCPL) is involved in the manufacturing and sales of ethanol and related by-products. The company currently operates a 125-KLPD ethanol manufacturing facility along with a 2.75-MW captive power generation plant at Sangrur district, Punjab, which commenced operations from March 2024. The manufactured ethanol is sold to oil marketing companies (OMCs) under the Government of India's Ethanol Blended Petrol (EBP) programme.

## Key financial indicators (audited)

HARP Chemicals Private Limited (Standalone)	FY2024	FY2025	9M FY2026*
Operating income	13.3	313.5	232.9
PAT	1.3	9.9	7.4
OPBDIT/OI	0.4%	7.4%	8.2%
PAT/OI	9.9%	3.2%	3.2%
Total outside liabilities/Tangible net worth (times)	4.4	3.3	2.6
Total debt/OPBDIT (times)	NM	5.6	4.4
Interest coverage (times)	3.5	3.1	3.8

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; NM: Not Meaningful; \*Provisional

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

**Any other information: Not applicable**

### Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating	
Term Loan	Long-Term	100.00	Mar 30, 2026	[ICRA]BB+ (Stable)	Aug 07, 2024	[ICRA]BB- (Stable); Withdrawn	Mar 27, 2024	[ICRA]BB- (Stable)	-	-	
							Jun 28, 2023	[ICRA]BB- (Stable)	-	-	
Cash Credit	Long-Term	17.58	Mar 30, 2026	[ICRA]BB+ (Stable)	Aug 07, 2024	[ICRA]BB- (Stable); Withdrawn	Mar 27, 2024	[ICRA]BB- (Stable)	-	-	
Non Fund Based- Bank Guarantee	Short-Term	2.50	Mar 30, 2026	[ICRA]A4+	Aug 07, 2024	[ICRA]BB- (Stable); Withdrawn	Mar 27, 2024	[ICRA]BB- (Stable)	-	-	
Unallocated Limits	Long-Term/ Short-Term	29.92	Mar 30, 2026	[ICRA]BB+ (Stable)/ [ICRA]A4+	-	-	-	-	-	-	
Unallocated Limits	Long-Term	-	-	-	-	-	Jun 28, 2023	[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
Short term – Non-fund based - Bank guarantee	Simple
Long term/Short term – 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	Long term – Fund based- Term loan	FY2024	-	FY2033	100.00	[ICRA]BB+ (Stable)
NA	Long term - Fund based- Cash credit	NA	NA	NA	17.58	[ICRA]BB+ (Stable)
NA	Short term – Non-fund based - Bank guarantee	NA	NA	NA	2.50	[ICRA]A4+
NA	Long term/Short term – Unallocated limits	NA	NA	NA	29.92	[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:** Not Applicable

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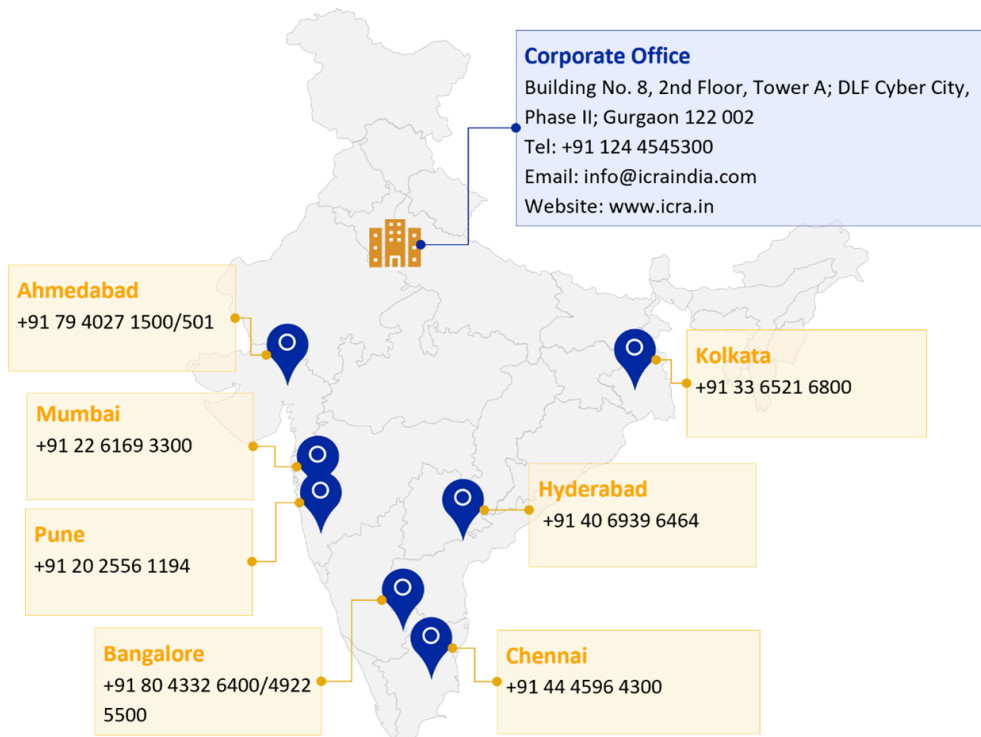


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