



Press Release
INDO NUCLEAR ENERGY PRIVATE LIMITED
February 12, 2025
Rating Assigned and Upgraded

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|------------------------------------|------------------|--------------------------------|-----------------------|
| Bank Loan Ratings | 7.50 | ACUITE BB- Stable Assigned | - |
| Bank Loan Ratings | 85.00 | ACUITE BB- Stable Upgraded | - |
| Bank Loan Ratings | 1.50 | - | ACUITE A4+ Assigned |
| Total Outstanding Quantum (Rs. Cr) | 94.00 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 0.00 | - | - |

Rating Rationale

Acuite has upgraded the long-term rating to ‘**ACUITE BB-**’ (read as **ACUITE double B minus**) from ‘**ACUITE B+**’ (read as **ACUITE B Plus**) on the Rs.85 Cr. bank facilities of Indo Nuclear Energy Private Limited (INEPL). The outlook is ‘**Stable**’.

Acuite has assigned the long-term rating of ‘**ACUITE BB-**’ (read as **ACUITE double B minus**) on the Rs.7.50 Cr. bank facilities of Indo Nuclear Energy Private Limited (INEPL). The outlook is ‘**Stable**’.

Acuite has assigned the short-term rating of ‘**ACUITE A4+**’ (read as **ACUITE A four plus**) on the Rs.1.50 Cr. bank facilities of Indo Nuclear Energy Private Limited (INEPL).

Rationale for upgrade

The upgrade is driven by stabilisation of operations in the Company and healthy order book from Maharatna companies. The Company has attained a revenue of approximately Rs. 60 Cr. until 10 month ended January 2025. The company benefits from strong off-take agreements with major public sector oil companies, ensuring consistent demand. Additionally, it has a healthy order book of Rs. 141 Cr. upto October 2025, providing strong revenue visibility. The company’s by-product, DDGS, adds another revenue stream, and its stable raw material supply further strengthens its market position. With a solid management team and favourable long-term ethanol demand. These strengths are offset by the regulated nature of industry and risk related to initial stage of operations and also to lower off-take by customers then as envisaged.

About the Company

Indo Nuclear Energy Private Limited (INEPL), was incorporated in 2011. The company operates a 60 KLPD grain-based distillery in Madhya Pradesh to produce bioethanol and by-products like DDGS and CO₂. It started production in August 2024. INEPL has secured long-term off-take agreements with major oil companies (IOCL, BPCL, HPCL) to supply ethanol. The company also benefits from government incentives and subsidies.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of INEPL to arrive at the rating.

Key Rating Drivers

Strengths

Moderately Experienced promoters and stabilisation of plant

(INEPL) is backed by over a decade long experience of its director group. Mr. Nagendra Goel and others who have expertise in the field of construction of Sugar Mills and Power plants. The company is a group concern of BIPS system Limited, an IT and Automation company having experience of over 30 years managed by professional promoters and technical and management graduates. The Company has existing off-take agreements with BPCL, IOCL and HPCL for off-takes for 9 years upto 2031. The company started production in August 2024 and till Jan 2025 has attained a revenue of Rs. 60 Cr. The Company has also an unexecuted orders in hand of Rs. 141 Cr. which provides it near term revenue visibility.

Easy availability of raw materials

The plant is designed to operate with multiple grains which has starch content i.e. Rice, Broken Rice, Maize, spoiled grain which are unfit for human consumption, etc. The rice and maize will be used in the ratio of 80% and 20% as a raw material. Madhya Pradesh ranks among the top 10 rice producing states in the country. Given the availability of the Raw Material in the various districts of the state, it is expected that the Company will be able to procure the raw Material for the project. The company has also made provisions for procuring raw materials from FCI and other suppliers.

Healthy demand potential for ethanol

The long-term demand outlook of ethanol and biofuel remain favourable on the back of a significant demand supply gap, along with the Government's focus on reducing crude oil import dependency. Further, with the Central Government's aim to achieve 20 per cent ethanol blending target by 2025, the demand for ethanol is likely to continue

Weaknesses

Expected leveraged capital structure

The company's capital structure is expected to remain average marked by low net worth base and high gearing over the medium term. The adjusted tangible net worth of the company improved to Rs.12.33 Cr. in FY2024 as compared to Rs.9.75 Cr. in FY2023 due to accretion of reserves. The gearing stood at 6.75 times as on March 2024 as against 2.48 times in FY23. Additionally, the company's gearing is expected to increase and remain at high levels over the medium term due to the working capital requirements to support its operations. Acuité believes that going forward the financial risk profile of the company is expected to remain average due to leveraged capital structure and below average debt protection metrics due to lower expected profits in initial stages of business over the medium term.

Regulated industry

Raw materials required for grain-based ethanol unit (Bajra, Maize, Broken Rice) are regulated by government policies. Any change in government policies may result in difficulties in raw material procurement. This may result in loss of revenue or lower operating margins.

Rating Sensitivities

- Movement in scale of operations and of operating margins
- Improvement in capital structure and debt protection metrics

Liquidity Position

Stretched

The company has stretched liquidity as reflected from low expected cash accruals in initial phase of operation, moderate current ratio and dependence on bank line for funding working capital cycle. However, the promoters have financial flexibility to infuse funds in business as reflected from unsecured loans of Rs. 6 Cr. in FY24. Company has an escrow mechanism with bank wherein the proceeds received from customers are used towards meeting debt obligations and balance are utilised for working capital. the Company also maintains a DSRA with bank for 3 months interest and 1 quarterly instalment from date of COD. The company has also availed bank lines of Rs.15 Cr. (enhanced from Rs.7.5 Cr. in October 2024) and is being utilised at 73% for last 6 months ended December 2024. However, generation of optimum cash accruals will remain key rating sensitivity factors.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

| Particulars | Unit | FY 24 (Actual) | FY 23 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income | Rs. Cr. | 0.22 | 0.32 |
| PAT | Rs. Cr. | (2.63) | 0.03 |
| PAT Margin | (%) | (1182.93) | 8.33 |
| Total Debt/Tangible Net Worth | Times | 6.75 | 2.48 |
| PBDIT/Interest | Times | 14.11 | 115.81 |

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|-------------|--------------------------------|-----------|-----------------|---------------------------------|
| 06 Dec 2024 | Term Loan | Long Term | 77.50 | ACUITE B+ Stable (Reaffirmed) |
| | Cash Credit | Long Term | 7.50 | ACUITE B+ Stable (Reaffirmed) |
| 08 Sep 2023 | Term Loan | Long Term | 77.50 | ACUITE B+ Stable (Assigned) |
| | Cash Credit | Long Term | 7.50 | ACUITE B+ Stable (Assigned) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Quantum (Rs. Cr.) | Complexity Level | Rating |
|----------------------|----------------------|----------------------|-------------------------|----------------------|----------------------|--------------------------|-------------------------|---|
| Indian Bank | Not avl. / Not appl. | Bank Guarantee (BLR) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 1.50 | Simple | ACUITE A4+ Assigned |
| Indian Bank | Not avl. / Not appl. | Cash Credit | 27 Oct 2024 | Not avl. / Not appl. | Not avl. / Not appl. | 7.50 | Simple | ACUITE BB- Stable Upgraded (from ACUITE B+) |
| Indian Bank | Not avl. / Not appl. | Cash Credit | 27 Oct 2024 | Not avl. / Not appl. | Not avl. / Not appl. | 7.50 | Simple | ACUITE BB- Stable Assigned |
| Indian Bank | Not avl. / Not appl. | Term Loan | 27 Oct 2024 | Not avl. / Not appl. | 31 May 2031 | 77.50 | Simple | ACUITE BB- Stable Upgraded (from ACUITE B+) |

Contacts

| | |
|---|---|
| Mohit Jain Senior Vice President-Rating Operations | Contact details exclusively for investors and lenders |
| Abhishek Singh Analyst-Rating Operations | Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in |

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.