



Press Release
INDALC SPIRITS PRIVATE LIMITED
November 04, 2025
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	107.00	ACUITE BB Stable Upgraded	-
Total Outstanding Quantum (Rs. Cr)	107.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long term rating of '**Acuite BB**' (read as **Acuite Double B**) from '**Acuite BB-**' (read as **Acuite Double B Minus**) on the Rs.107.00 crore bank facilities of Indalc Spirits Private Limited. The outlook is '**Stable**'.

Rationale For Rating :

The upgrade in the ratings reflects the commencement of commercial operations of the company's grain-based bio-ethanol distillery from October 2025, marking the elimination of project execution risk. This milestone enhances operational stability and supports revenue generation over the medium term. Further, the company has secured long-term contracts with major government oil marketing companies HPCL, BPCL, and IOCL under the Ethanol Blending Program (EBP), ensuring strong revenue visibility.

The company's commercial production, initially expected to commence in October 2024, was delayed due to a series of unforeseen challenges. These included early monsoon rains, local flooding in Dhenkanal, and damage caused by Cyclone Dana, which disrupted site activities. Additionally, delays in the delivery of plants and machinery from suppliers further pushed back the setup and production timeline. Post these setbacks, the distillery got operational from October 2025 and is expected to benefit from the extensive experience of the promoters, and assured demand under the Ethanol Blending Program, along with the promoters financial flexibility to infuse funds as required. These strengths are partially offset by susceptibility to raw material price fluctuations and a below-average financial risk profile, particularly during the initial phase of operations.

About the Company

Indalc Spirits Private Limited (ISPL), incorporated in 2020, has set up a 100 KLPD grain-based distillery plant in Dhenkanal, Odisha. The facility includes a jet cooker, three silos of 5000 MT each for storing seasonal raw materials like broken rice, maize, jowar, and bajra, a Zero Liquid Discharge (ZLD) system, a 25 TPH multi-fuel boiler, and a 3MW steam turbine. The company uses a mix of coal, rice husk, and wood chips as fuel. It will produce ethanol, extra neutral alcohol (ENA), DDGS, and carbon dioxide. The total project cost is Rs.143.47 crore. The company began commercial production on October 1, 2025, and is currently in its trial phase. It is expected to commence invoicing by the end of November'25.

Unsupported Rating
Not Applicable.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Indalc Spirits Private Limited to arrive at the rating.

Key Rating Drivers

Strengths

Benefits expected to be derived from Experienced promoters:

The company is backed by promoters namely Mr. Prakash Kumar Rout who has prior experience in poultry, animal feed, fish feed and dairy industries of Odisha as well as eastern India. He has implemented innovative and automated production and manufacturing, packing and forwarding, distribution and monitoring technologies in the business. Secondly, Mr Prakash Kumar Nayak, who has experience in procurement of raw materials like rice, maize. Thirdly, Mr Akash Agarwal has experience in the FMCG, logistics and beverages sector. Acuite believes that the company will benefit from the vast business experience acumen of the promoters over the medium term.

Secured Off take As per OMC agreement ensures revenue visibility:

The company benefits from minimal offtake or demand risk owing to its long-term agreement under India's Ethanol Blending Program (EBP) with major oil marketing companies—BPCL, IOCL, and HPCL—for an assured annual supply of 0.990 crore liters of ethanol over a ten-year period upto 2034. This arrangement ensures consistent demand backed by government policy, while the payment mechanism routed through an escrow account and typically cleared within 21 days of supply further strengthens cash flow visibility and reduces counterparty risk.

Ready demand for ethanol:

Grain-based ethanol, especially from maize and broken rice, has overtaken sugarcane as the dominant feedstock due to government restrictions on sugar diversion and favorable pricing. This trend is expected to continue, supported by large-scale distillation capacity expansion. The push for 20% ethanol blending (E20) by 2025-26 and future targets like E27/E30 are driving sustained demand. Government initiatives such as administered pricing, interest subvention schemes, and use of surplus FCI rice reinforce support for grain-based ethanol.

Weaknesses

Below Average Financial Risk Profile

The company's capital structure remains below average, characterized by a low net worth base and moderate gearing, with the ratio standing at 1.21 times as on March 31, 2025 (provisional). Debt protection metrics are also expected to remain subdued over the medium term, particularly during the initial phase of operations. The total project cost of Rs.143.47 crore is being funded through a Rs.84 crore term loan from SBI (Rs.74 crore disbursed by October 2025) and Rs.58.74 crore from promoters (Rs.53 crore infused as of October 2025). However, the promoters are resourceful and have committed to meeting any incremental funding requirements. With commercial production now underway, Acuite expects gradual improvement in the company's financial position supported by internal accruals.

Susceptibility to fluctuations in raw material prices:

Profitability remains susceptible to fluctuations in raw material prices. Raw material availability is highly dependent on the monsoons, regulatory intervention and prices of rice, maize depend on demand-supply factors and tend to remain volatile. Though ethanol prices are decided by the government, which are linked with raw material prices, any lag in passing on hike can adversely affect the operating margin.

Rating Sensitivities

1. Timely Stabilisation of and off-take from project

2. Steady accruals to meet the debt obligation

Liquidity Position **Adequate**

The company's liquidity is considered adequate, supported by the promoters' financial flexibility, with Rs.53 crore already infused—Rs.46 crore of which is subordinated to debt as per the sanction letter. Net cash accruals are expected to be average in the medium term due to the initial phase of operations. To manage repayments, the company has maintained a DSR covering three months of interest and principal, with term loan repayments starting from April 2026. Any shortfall will be met by additional promoter funding. A working capital limit of Rs.22 crore has been sanctioned for day-to-day operations, and commercial production began in October 2025, with invoicing expected by end-November. Acuité expects liquidity to remain adequate, though cash generation will be a key rating sensitivity.

Outlook: Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	0.00	0.00
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	1.21	(45.92)
PBDIT/Interest	Times	0.00	0.00

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>
- 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, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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 Aug 2024	Term Loan	Long Term	85.00	ACUITE BB- Stable (Assigned)
	Proposed Long Term Loan	Long Term	22.00	ACUITE BB- 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
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	22.00	Simple	ACUITE BB Stable Upgraded (from ACUITE BB-)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE BB Stable Upgraded (from ACUITE BB-)
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2033	84.00	Simple	ACUITE BB Stable Upgraded (from ACUITE BB-)

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About Acuité Ratings & Research

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