Hygena Life Sciences Private Limited

February 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	175.00	CARE BB-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	45.00	CARE BB-; Stable / CARE A4	LT rating reaffirmed and ST rating assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Hygena Life Sciences Private Limited (HLSPL) factors in the company's nascent stage of operations since it's been only three months the operations of the company has started. Further, the rating remains constrained by project post-implementation risk associated with its debt-funded greenfield project, susceptibility of profitability due to volatility in raw material prices with no past track record of promoters to execute such projects. However, the rating draws comfort from no cost overrun. In addition, the rating derives strength from positive industry prospects as per EBP programme (Ethanol Blended Petrol) set up by GOI (Government of India) and locational advantage available with the company on both procurement and supply side.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Income from Operations of more than Rs. 160 crores and a PBILDT margin of more than 16.00% on a sustained basis.

Negative factors

- PBILDT margin below 10.00% on a sustained basis.
- More than envisaged debt funded capex leading to overall gearing above 8.00x

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the entity shall benefit from the EBP programme set up by GoI and close vicinity from three OMC's (Oil Marketing Companies)- i.e., Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL).

Detailed description of key rating drivers:

Key weaknesses

Project implementation & post-implementation risk associated with its debt-funded capex: The company is setting up grain-based ethanol plant with an installed capacity of 200 KLPD along with a 5 MW captive power generation plant, having envisaged capex of Rs. 224.76 crores against which Rs. 175 crores (~78% of the project cost) has been sanctioned by SBI which is majorly disbursed and remaining amount of Rs. 49.76 crores is funded through own funds in form of equity infusion & unsecured loans. The plant was initially expected to be operational by January 2024. However, due to adverse weather conditions (heavy rainfall and extreme heat wave during May and June 2024) and resultant delays in receiving government approvals, the Date of Commencement of Commercial Operations (DCCO) had been postponed to September 2024. Now, the commercial operations of the company have started from September 2024 without any cost overrun. The company's ability to stabilise the operations of the ethanol manufacturing plant will remain a key monitorable.

Seasonal nature of availability of paddy and susceptible of margins to raw material price fluctuations: The company's main raw material is broken rice. The production of rice depends on availability of Paddy. Paddy in India is harvested mainly at the end of two major agricultural seasons Kharif (June to September) and Rabi (November to April). The major procurement of Paddy happens during the months of October to January and April to July every year. For proper harvest of Paddy, the weather conditions must be adequate. Adverse weather conditions directly affect the supply and availability of the

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

paddy which leads to raw material price fluctuations. If there are any adverse fluctuations and company is not able to pass it on to its customers, then it will result in cost overrun. Accordingly, stability in raw material prices is critical and any adverse movement in the same may affect the Project sustainability.

Limited past track record of promoters to execute such projects albeit professional team: HLSPL is promoted by Harpreet Singh, having experience of more than 12 years in the business of Petro-chemical industry. To mitigate the lack of experience in this field, company has onboarded Mr. Kamlesh Kumar Tiwari as Plant head. Mr. Tiwari has done B.E. in Mechanical engineering. He has 30 years of experience of this industry by working with Companies like Budhlada Sugar Mill Punjab, Oswal Sugar Mill Mukerian Punjab and JCT Mill Limited Phagwara. Before joining HLSPL, he has worked as Mechanical head at Chandigarh Distillers and Bottlers Pvt. Ltd., Banur, Punjab, from 2002 to 2022. Presently, he is appointed as the Plant head and his responsibilities include having technical discussion with vendor and finalization of equipment's with implementation and results organizer, managing site fabrication, Erection Management at site along with Pre-Commissioning check and Hydro Trials followed by Commissioning and Stabilization of the plant.

Key strengths

Positive Industry prospects: The Indian government had advanced the target of achieving 20% ethanol blending in petrol by 2025 from 2030 earlier. As per ISMA, 3.4 million tonnes of sugar equivalent are estimated to be deviated towards ethanol production using diversion of sugarcane juice, sugar/sugar syrup, B-heavy molasses and C-heavy molasses. The Department of Food and Public Distribution (DFPD), Ministry of Consumer Affairs, Food and Public Distribution, Government of India (GoI) with a view to increase production of ethanol and its supply under Ethanol Blended with Petrol (ESP) Programme, has notified a scheme "Scheme for extending financial assistance to project proponents for enhancement of their ethanol distillation capacity or to set up distilleries for producing 1st Generation (1G) ethanol from feed stocks such as cereals (rice, wheat, barley, corn & sorghum), sugarcane, sugar beet etc." The said scheme is for providing financial assistance, which is in the form of interest subvention @6% p.a. or 50% of ROI charged by bank on the loan amount sanctioned and disbursed limited to in principle approval by Department of Food & Public Distribution. The target of achieving 20% ethanol blending would require supply of around 1,000 crore litres of ethanol per year. According to reports, such quantities of ethanol would necessitate 16% CAGR in the capacity of molasses - based distilleries and a steep 30% CAGR in the capacity of grain-based distilleries.

Locational Advantage: The project location is Solan, which is at the border of Himachal Pradesh and Punjab and Punjab is considered as one of highest rice production state in India. Thus, it provides ease of availability and sourcing of the raw material from the nearby district (i.e., up to 200 KM vicinity of the proposed project). Further, depots of all the three OMCs i.e., Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Limited (HPCL), Indian Oil Corporation Limited (IOCL) is located within the 2 KM vicinity of the project; that also provides added advantage to the company.

Liquidity: Stretched

The operations of the company have commenced from September 2024. The liquidity position depends upon the stabilization and streamlining of revenues. The repayment will start Q2 of FY26.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Diversified	Diversified	Diversified	Diversified

Hygena Life Science Private (HLSPL) Limited was incorporated on August 08, 2020, by Mr. Harpreet Singh, who has an experience of more than 12 years in Petro -chemical industry. The company is setting up a greenfield project for manufacturing of bioethanol alongside it's by-products, Distillery Dried Grain Soluble (DDGS) & CO_2 with an installed capacity of 200 KLPD grain-based ethanol plant along with a 5 MW captive power generation plant at Solan, Himachal Pradesh.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25* (UA)
Total operating income	NA	NA	0.21
PBILDT	NA	NA	NA
PAT	NA	NA	NA
Overall gearing (times)	NA	NA	NA
Interest coverage (times)	NA	NA	NA

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results
*Refers to the period April 01, 2023, to December 27, 2024.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	FY2032	175.00	CARE BB-; Stable
Fund-based/Non-fund-based-LT/ST	-	-	-	-	45.00	CARE BB-; Stable / CARE A4

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	175.00	CARE BB-; Stable	1)CARE BB-; Stable (31-Dec-24) 2)CARE BB-; Stable (05-Sep-24)	1)CARE BB-; Stable (27-Jul-23)	-	-
2	Fund-based/Non-fund-based-LT/ST	LT/ST	45.00	CARE BB-; Stable / CARE A4	1)CARE BB-; Stable (31-Dec-24)	-	-	-

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
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