Pancarbo Greenfuels Private Limited

March 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	148.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking the information required for carrying out the annual surveillance exercise for the ratings assigned to the facilities of Pancarbo Greenfuels Private Limited (PGPL) vide e-mail communications dated February 20, 2025; January 29, 2025; January 23, 2025, and various telephonic interactions on the above subject. However, despite our repeated requests, the company has not provided the information required for carrying out the annual surveillance exercise for the ratings assigned to the bank facilities of PGPL. Also, PGPL has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The ratings on PGPL bank facilities will now be denoted as CARE B+; Stable; ISSUER NOT COOPERATING.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s)

The ratings have been revised on account of the non-availability of requisite information due to non-cooperation by PGPL with CARE Ratings Ltd.'s efforts to undertake a review of the ratings outstanding. CARE Ratings Ltd. views information availability risk as a key factor in its assessment of credit risk. The ratings assigned to the bank facilities of PGPL remain constrained on account of limited experience of the promoters in the ethanol industry, project implementation and post-implementation risk associated with its debt-funded greenfield project. The rating is further constrained by seasonal nature of availability of paddy and susceptible of margins to raw material price fluctuations. However, the aforementioned rating weaknesses are partially offset by locational advantage available with the company in procuring raw materials and positive industry prospects associated with National Biofuel policy of Government of India, 2018 promoting ethanol petrol blending programme and thereby reducing import dependency.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers

At the time of last rating on February 29, 2024, the following were the ratings weaknesses and strengths (updated for financials for FY24 available from Ministry of Corporate Affairs).

Key weaknesses

Project implementation and post - implementation risk associated with the debt funded greenfield project: The company has set-up a greenfield project to manufacture fuel ethanol to blend in petrol under the EBP (Ethanol- blended petrol) policy of Government of India whereby it has already entered into long-term offtake agreement with various Oil Marketing Companies (OMCs) namely Indian Oil Corporation Ltd (IOCL), Bharat Petroleum Corporation Ltd (BPCL) and Hindustan Petroleum Corporation Limited (HPCL). The cost of project was estimated to be Rs 130.21 crores. The revised total cost of the project as on January 31, 2024, is Rs.146.31 crore and the same is to be funded by promoter's contribution of Rs.25.31 crore, unsecured loan of Rs 7.00 crores and term loan of Rs.114 crore. The revision in cost of the project was owing to expansion in scope of the project since company is also setting up Co2 plant with a total estimate cost of Rs. 10 crores. The commercial operations of the ethanol plant started from January 2024. The company's ability to stabilise the operations of the ethanol manufacturing plant successful commissioning of the Co2 plant without any time or cost overruns will remain a key monitorable.

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

Limited experience of promoters in ethanol industry: The promoters of the Company have three decades of experience in field of Gas production and 18 years of experience in Hospitality sector. However, the promoters have no prior experience in the Distillery field. In order to mitigate the lack of experience in the field, the company has on-boarded Jaswinder Singh Grewal as a Head – Ethanol Segment with ~26 years of experience in the distillery field. He was working as technical director of reputed distilleries and sugar manufacturing companies. He has an experience of setting up of plants with 200 KLPD capacity. Further, the group has worked with several distilleries of repute, during their operation of CO2 plants in them.

Seasonal nature of availability of paddy and susceptible of margins to raw material price fluctuations: The company's main raw material is broken rice which it would be procuring from rice mills in Punjab and Haryana. 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 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.

Key strengths

Positive Industry prospects: Ethanol is an agro-based product, mainly produced from a by- product of the sugar industry, namely molasses. The Ethanol Blended Petrol Programme (EBP) seeks to achieve blending of Ethanol with motor fuel with a view to reduce pollution, conserve foreign exchange, and increase value addition in sugar industry. This would also increase income of farmers as other feedstock such as cereals like rice, wheat, barley, corn etc. can also be used for production of fuel ethanol. The Central Government, in its National Bio-fuels Policy, 2018, mandated for 10% blending of ethanol into motor fuel by 2022 and 20% by 2030.

Long -term off-take agreement with OMCs: The company has entered a long term with three OMCs namely Bharat Petroleum Corporation Limited (BPCL), Indian Oil Corporation Limited (IOCL) and Hindustan Petroleum Corporation Limited (HPCL) vide agreement dated January 11, 2022, wherein OMCs will buy 130 KLPD of Ethanol. The Supply Price of Ethanol will include basic Price, transportation, and taxes. Basic Price of Ethanol and transportation will be published at the beginning of every ESY. Furthermore, Transportation rate of Ethanol will be as per rates decided and declared by OMCs from time to time. Long-term off-take agreement quantity constitutes around 87% of installed capacity. 100% payment shall be made as per agreed payment terms (currently 21 days from the date of receipt of material and acceptance of materials at Buyer/ OMC's location(s) and submission of all required documents).

Locational Advantage: The company has procured 24 acres of land to set-up grain-based ethanol distillery at Village Lehri, Bathinda, Punjab whereby the company would manufacture fuel ethanol using broken/damaged rice. In North-Indian region, Punjab and Haryana are the major paddy producing states, having highest number of rice mills, thereby company would have easy access to raw material in the nearby areas. Further, Ethanol production requires significant water supply. Water requirement for the Project will be met by nearby canal or from ground water extraction. The company has received interim the permission for PWRDA (Punjab Water Regulation & Development Authority) to extract the water from ground up to 1750 m3/ day and 52,500 m3/month.

Liquidity: Stretched

The operations of the company have commenced from January 2024. The liquidity position depends upon the stabilization and streamlining of revenues and company's fund infusion in the form of promoter's contribution to the tune of Rs.25.31 crore of which 23.44 crore has been infused. Further, promoters have also infused unsecured loan to the tune of Rs 6.90 crores as on December 31, 2023. The Current Ratio of PGPL stands at 0.91x as on March 31, 2024 as against 1.58x as on March 31, 2023 whereas the Quick Ratio stands at 0.63x as on March 31, 2024 as against 1.58x as on March 31, 2023.

Assumptions/Covenants: Not Applicable

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

Applicable criteria

[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)

Policy in respect of non-cooperation by issuers
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Diversified	Diversified	Diversified	Diversified

PGPL was incorporated on June 04, 2021 by Davinder Singh Kohli and Amrit Paul Singh Kohli who have three decades of experience in the field of Gas Production and 18 years of experience in the field of Hospitality. The company has been setup as a greenfield project for the manufacture of fuel ethanol alongside its by-product, Distillery Dried Grain Soluble (DDGS) and Liquid CO2.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	0.00	0.00	16.23
PBILDT	-0.06	-0.34	0.83
PAT	-0.06	-0.33	-3.15
Overall gearing (times)	0.97	4.21	5.09
Interest coverage (times)	-45.97	-42.16	1.21

A: Audited Note: these are latest available financial results

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	27.35	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	-	31-03-2031	112.65	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Working Capital Limits	-	-	-	-	8.00	CARE B+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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	112.65	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (06-Mar-24)	1)CARE BB-; Stable (13-Mar-23)	-
2	Fund-based - LT-Cash Credit	LT	27.35	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (06-Mar-24)	1)CARE BB-; Stable (13-Mar-23)	-
3	Fund-based - LT-Working Capital Limits	LT	8.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (06-Mar-24)	-	-

*Issuer did not cooperate; based on best available information.
LT: Long 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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT-Working Capital Limits	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.

Contact us

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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