Umiam Distillation Private Limited

May 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	135.00 (Reduced from 140.00)	CARE BB+; Stable	Rating removed from ISSUER NOT COOPERATING category and Upgraded from CARE BB-; Stable
Short Term Bank Facilities	5.00	CARE A4+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

In the absence of minimum information required for rating purposes, CARE Ratings Limited (CARE Ratings) had been unable to express an opinion on ratings of Umiam Distillation Private Limited (UDPL). In line with the extant SEBI guidelines, CARE Ratings had revised ratings assigned to bank facilities of the company to 'CARE BB-; Stable; ISSUER NOT COOPERATING'. However, the company has now submitted the requisite information. Accordingly, CARE Ratings has carried out a full review and ratings have been revised to 'CARE BB+; Stable' and assigned short term ratings of 'CARE A4+'.

The ratings assigned to the bank facilities of Umiam Distillation Private Limited (UDPL) derives comfort from successful completion of the project along with successful running of operations since September 2024.

The ratings continue to remain constrained by the project stabilisation risk arising from nascent stage of operations, leveraged capital structure given the debt funded capex and profitability being susceptible to volatility of raw material prices amidst inherent agro-climatic risks.

The rating however derives strength from long-term off-take agreement with oil marketing companies (OMCs), experienced promoters, eligibility for government incentives and locational advantage.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations (turnover > Rs. 300.00 crore) while maintaining operating margins above 12% on a sustained basis.
- Substantial improvement in leveraging and coverage ratios on a sustained basis.

Negative factors

- Decline in scale of operations (turnover < Rs. 100.00 crore) and decline in operating margins below 8% on a sustained basis.
- Any further debt laden capex or increase in working capital requirement leading to notable deterioration in the capital structure.
- Any major delay in receipt of subsidies leading to stretch in liquidity position.

Analytical approach: Standalone

Outlook: Stable

The Stable outlook is based on the expectation that UDPL will continue to benefit from the experience of its promoters, off-take agreements with OMCs all of which will help UDPL to achieve and sustain its envisaged TOI and profitability margin in medium term.

Detailed description of key rating drivers:

Key weaknesses

Project stabilisation risk arising from nascent stage of operations

UDPL has completed its project of setting up a Grain Based Ethanol Manufacturing/Processing plant with a capacity of 150 KLPD and started commercial operations from September 01, 2024. However, the company is still exposed to the project stabilization risk. Nevertheless, considering the experience of promoters in various businesses, the risk is mitigated to some extent. The company has produced around 15000 KL of ethanol till Feb'25.

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

Profitability being susceptible to volatility of raw material prices amidst inherent agro-climatic risks
With raw material costs accounting for majority of the overall cost and limited control over selling prices of ethanol, UDPL's profitability is vulnerable to volatility in raw material prices. The key raw materials (rice and maize), being agricultural crop, is of seasonal nature, the availability and pricing of the which is affected by factors such as changes in weather conditions including low or high rainfall, production levels, etc.

Leveraged capital structure
The capital structure of the company stands leveraged owing to initial stages of operation post project completion. The project cost of Rs.149 crores for setting up the 150 KLPD ethanol plant was financed out of Rs 110 crore term loan and the rest has been brought by the promoters in terms of equity and unsecured loan.
However, with the company in process of converting unsecured loans to equity, accruals of profits to reserves along with gradual repayment of debt, the gearing levels are expected to improve in near to midterm.

Key strengths

Successful completion of project and commencement of operations
UDPL has completed its project of setting up a Grain Based Ethanol Manufacturing/Processing plant with a capacity of 150 KLPD. The operations have started from September 01, 2024. In 11FY25(UA) it has achieved TOI of Rs 119.80 crore.

Long -term off-take agreement with OMCs
The company has entered into a long-term agreement with three government OMCs namely Bharat Petroleum Corporation Limited (BPCL), Indian Oil Corporation Limited (OICL) and Hindustan Petroleum Corporation Limited (HPCL) vide agreement dated Jan 04, 2022, wherein OMCs will buy 3.3 crore litres per annum of Ethanol from UDPL for a period of ten (10) years from the date of agreement. The selling prices is subject to revision at regular intervals considering the increase in cost of production from UDPL. However, the company can sell excess capacity to the OMCs by participating in tenders. As articulated by the management the company has received orders for supply of around 4.5 crore litres of ethanol for the current ethanol supply year.

Experienced Promoters albeit venturing in new business
The company is promoted by Mr. Arun kumar Rai, Mr. Ajay Kumar Rai and Mr. Anuj Kansal. The promoters have experience in the field of real estate infra, building, bridges, industrial plant, bio-diversity plantation and Liquor etc with Badri Rai & Co being the flagship business of the group. Currently, day to day affair of the company is managed by Mrs. Mohini Rai supported by a team of professionals.

Favourable location
The plant is located in export promotion Industrial Park, Ri-Bhoi District in Meghalaya and the site has a proper infrastructure and facilities like road, power, water, transformational facilities, bank, post office and infrastructural facilities are readily available.

Eligible for government subsidy
The company is eligible for various subsidies including 50% of interest subsidy on term loan, interest subsidy on working capital borrowing, capital expenditure subsidy and reimbursement of SGST.

Liquidity: Adequate
Liquidity is marked adequate with the company having negligible debt repayment obligations in FY25. The term loan repayment obligations are expected to start from June 01, 2025. The company is expected to generate sufficient GCA against debt repayment obligations of Rs.10.42 crore in FY26. The fund-based limits stood almost fully utilized as on March 31, 2025.

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
Commodities	Chemicals	Chemicals & Petrochemicals	Commodity Chemicals

Umiam Distillation Private Limited (UDPL) was incorporated on 13th September 2021. UDPL, is being managed by Ajay Kumar Rai, Arun Kumar Rai and Anuj Kansal along with the support from other key personnel. The promoters have experience in the field of real estate infra, building, bridges, industrial plant, bio-diversity plantation and Liquor etc with Badri Rai & Co being the flagship business of the group. The company has setup a Grain Based Ethanol Manufacturing/Processing plant with a capacity of 150 KLPD. The plant started its commercial operations from September 01, 2024.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	11MFY25(UA)
Total operating income	0.00	0.00	119.80
PBILDT	0.00	0.00	8.35
PAT	0.00	0.00	-
Overall gearing (times)	9.55	19.59	-
Interest coverage (times)	0.00	0.00	-

A: Audited UA: Unaudited; 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		-	-	-	25.00	CARE BB+; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	5.00	CARE A4+
Term Loan-Long Term		-	-	May 2032	110.00	CARE BB+; Stable

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 2025-2026	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
1	Term Loan-Long Term	LT	110.00	CARE BB+; Stable	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (07-Mar-25)	1)CARE BB; Stable (08-Mar-24)	1)CARE BB; Stable (15-Feb-23)
2	Fund-based - LT-Cash Credit	LT	25.00	CARE BB+; Stable	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (07-Mar-25)	1)CARE BB; Stable (08-Mar-24)	1)CARE BB; Stable (15-Feb-23)
3	Non-fund-based - ST-Bank Guarantee	ST	5.00	CARE A4+				

*Issuer did not cooperate; based on best available information.
LT: Long term; ST: 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-Cash Credit	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple
3	Term Loan-Long Term	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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