

Atvo Agrochem Limited

December 02, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	121.27	CARE BB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Atvo Agrochem Limited (AAL) is primarily constrained by the project execution and stabilization risk associated with its large, debt-funded greenfield ethanol project. The company is also exposed to the inherent risks associated with the availability and price volatility of key raw materials, given its dependence on agricultural produce.

The ratings, however, derive strength from its experienced promoters and engagement of professionals for setting up and operationalisation of project, the favourable demand outlook for ethanol supported by long-term offtake arrangement with Oil Marketing Companies (OMCs) which is expected to ensure revenue visibility post commissioning. CARE Ratings Limited (CareEdge Ratings) also factors in the strategic location of the project having proximity to OMC depots.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Successful implementation and stabilization of ongoing debt funded capex without any time and cost overrun and realisation of expected returns.

Negative factors

- Delay in project execution and commencement of operations putting pressure on liquidity of the firm.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CareEdge Ratings expectation that the project will progress as per schedule without significant time or cost overruns and will benefit from the government's continued support to the ethanol sector.

Detailed description of key rating drivers:

Key weaknesses

Execution and Stabilization risk associated with debt funded project

AAL is implementing a project for setting up a 120 KLPD grain-based ethanol distillery with a 3.3 MW captive power plant at Bundi, Rajasthan, at a total project cost of ₹184.51 crore, funded through ₹121.27 crore of term debt and ₹62.79 crore of promoter contribution (equity and unsecured loans). As on October 31, 2025, AAL has incurred around ₹81.59 crore (~44% of the project cost) funded through ₹44.45 crore of term loan and balance through promoters' contribution, with ~50% civil progress and ~50% of machinery delivered. The project is expected to achieve commissioning and commercial operations by April 2026, leaving a limited buffer before debt repayments commence from Q3FY27 (FY refers to period between April 01 and March 31). Despite engagement of established vendors such as Praj Industries Limited, Thermax Limited and Siemens group, the company remains exposed to the inherent risks associated with a greenfield project, including dependence on timely delivery and erection of critical-path equipment, availability of skilled manpower, and coordination between multiple contractors. The project entails sizeable working capital requirement at the commencement of operations, which may exert pressure on liquidity during the stabilisation phase. Given the narrow time window for ramp-up before repayments begin, successful completion within the envisaged cost and timelines and achievement of expected operating parameters will be critical rating sensitivities.

Susceptibility of profitability to volatility in input prices and inherent risk related to agricultural produce

AAL's operations will remain inherently exposed to the availability and price volatility of grain-based feedstock, mainly maize and broken rice, whose supply depends on seasonal factors, rainfall patterns and competing demand from the feed, starch and other ethanol producers. While the company is located in a rice-producing belt, procurement of maize is expected to remain competitive, especially with multiple new distillery projects coming up in Rajasthan and neighbouring states. The company plans to source maize from Bhilwara and adjoining regions of Madhya Pradesh, which may expose it to logistics-driven cost variations.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Nevertheless, the presence of two silos for raw material provides buffer inventory for around two months, offering some cushion against short-term supply disruptions. Going forward, AAL's ability to secure uninterrupted, cost-effective raw material supply in a competitive procurement environment remains a key monitorable and will be crucial for achieving the projected capacity utilization and profitability levels.

Key strengths

Experienced promoters

AAL is promoted by Gattani Family in June 2023. Gattani Family is engaged in the business of textile, real estate, agriculture etc. The promoters and directors collectively bring over 30 years of experience in business, management, technology, and process management. To strengthen execution and operations of the proposed distillery, the company has engaged seasoned industry professionals, including a plant head with over three decades of distillation experience, along with a dedicated project team. This provides the company with the required managerial and technical bandwidth for project implementation.

Favourable Industry Outlook and Long-Term Offtake Tie-Up with OMCs with favourable plant location

The company stands to benefit from the government's Ethanol Blending Programme (EBP), which targets 20% ethanol blending by 2025. This creates a stable demand environment for ethanol in the medium term. AAL has entered into a long-term offtake agreement with OMCs for the supply of 1.320 crore litres of ethanol annually (approximately 33.33% of installed capacity) for a period of 10 years. The balance production is proposed to be sold through the e-tender mechanism floated by OMCs. The long-term offtake arrangement provides visibility of revenue and cash flows, reducing offtake and pricing risk to that extent. The plant is also situated near key offtake points, with OMC depots within 40 km, supporting efficient logistics and timely supply

Liquidity: Stretched

The liquidity profile of AAL remains stretched, primarily due to the highly leveraged nature of its ongoing ethanol project. Timely project completion within the estimated cost remains critical to prevent additional funding pressure. Any delay in project execution or stabilization of operations may significantly impact the company's liquidity, considering the substantial upcoming interest and principal repayment obligations post-moratorium.

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](#)

[Project stage companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Beverages	Breweries & Distilleries

Atvo Agrochem Limited (AAL) was incorporated in June 2023 by Gattani family. Currently, AAL is establishing 120 KLPD Grain based Ethanol Plant with Cogeneration Power Plant under Ethanol Blending Program near Bundi, Rajasthan.

Brief Financials: Not applicable as project stage entity

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
Term Loan-Long Term		-	-	30-09-2035	121.27	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	121.27	CARE BB; Stable				

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	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge 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

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in</p>	<p>Analytical Contacts</p> <p>Ujjwal Manish Patel Director CARE Ratings Limited Phone: 079-40265649 E-mail: ujjwal.patel@careedge.in</p> <p>Anup Nandkumar Purandare Assistant Director CARE Ratings Limited Phone: 9102040009018 E-mail: anup.purandare@careedge.in</p> <p>Nisarg Shah Lead Analyst CARE Ratings Limited E-mail: Nisarg.shah@careedge.in</p>
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