

## AGSM LIQUORS PRIVATE LIMITED

January 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	130.00	CARE BB; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The reaffirmation of rating assigned to the bank facility of AGSM Liquors Private Limited (AGSM) continues to remain constrained on account of project implementation and post-implementation risk associated with its debt-funded greenfield project and limited past track record of the promoters to execute similar project. The ratings also factor in insusceptibility of profitability due to volatility in raw material prices and risks associated with operating in a regulated industry. Ratings also take cognizance of slight delay in SCOD from January-2026 to April-2026 though there is no cost overrun and physical completion of project approx. 70% has been already completed till November 2025 with infusion of funds through Promoter's contribution and term debt also.

However, the rating derives strength from positive industry prospects towards ethanol plant per ethanol blended petrol (EBP) programme by Government of India (GOI) though 20% milestone for ethanol blending set by GoI has been already met in India. Rating also factors in favourable location of plant for sourcing of raw material & long term off-take agreement signed with major OMCs for approx. half of the installed capacity.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Timely completion and commissioning of the project within envisaged timelines without any time and cost overrun along with required statutory approvals.

#### Negative factors

- Delay in infusion of promoter's contribution, cost escalation above 10% or time overrun beyond a quarter in the scheduled implementation of the project thereby delaying cash flows or creating tightening of the company's liquidity position.
- Adverse regulatory changes having significant impact on the operations/ financials of the company.

**Analytical approach:** Standalone

#### Outlook: Stable

Stable outlook reflects that, with the financial closure of sanctioned limit and promoter's upfront infusion, the company is likely to execute the project within the revised time and envisaged cost.

### Detailed description of key rating drivers:

#### Key weaknesses

#### Project implementation & post-implementation risk associated with its debt-funded greenfield project

The company is setting up a greenfield project for manufacturing of bioethanol alongside its by-products, Distillery Dried Grain Soluble (DDGS) & CO<sub>2</sub> with an installed capacity of 120 KLPD grain-based ethanol plant, 56.76 TPD DDGS plant & 77.40 TPD CO<sub>2</sub> plant with a 2.8MW captive power generation plant at Sri Ganganagar, Rajasthan. The company is setting-up grain based ethanol plant having envisaged capex of Rs 173.48 crore against which Rs. 130 crores (~75% of the project cost) has been tied up through bank term loan and remaining will be funded through promoter's funds to be infused in the form of equity & unsecured loans. There is slight delay in SCOD from January-2026 to April-2026 however no cost overrun is envisaged due to the same. The physical completion of project of over 70% has been already completed till November 2025 with timely infusion of funds through Promoter's contribution and term debt also.

The ability of the company to complete the project without any cost escalation with timely infusion of funds by promoters & stabilization and streamlining of revenue post implementation remains to be seen.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Least past track record of the promoters to execute such projects**

Company is promoted by Mr. Aman Sethia, Mr. Mohit Sethia and Ms. Karuna Kalra, who has no prior experience in the similar industry which makes it more challenging for the company to smoothly ramp up the operations. However, company has hired an experienced & professional team with relevant expertise for smooth ramp up of operations as per the original plan to complete the project by the end of March/April-2026. Moreover, company has also onboarded Praj Industries Limited, for support in setting up the plant as well as handholding and guidance during initial six months of operations post COD.

The promoters have already infused ~Rs. 39 crores till December 18, 2025, in the form of equity as well as unsecured loans. The company's ability to complete the project without any time overrun will remain a critical credit monitorable.

**Seasonal nature of availability of paddy and susceptible of margins to raw material price fluctuations**

The company's main raw material for ethanol production is rice, though maize can also be used for the same. Raw material would be accounting for majority of the overall operational cost of the plant, and with the company having limited control over selling prices of ethanol, stability in raw material prices would remain critical and any adverse movement in the same may affect the Project sustainability. AGSM's profitability will remain vulnerable to volatility in raw material prices like other players in the industry as key raw materials, being agricultural crops, are seasonal in nature, and availability of the same is affected by factors such as changes in weather conditions, low or high rainfall, production levels, etc. However, the risk is partly mitigated by regular revision of prices for ethanol by the Government on regular intervals based on the prevailing raw material prices.

**Risks associated with operating in a regulated industry**

AGSM's operations are highly influenced by government policies and schemes, including interest subvention, ethanol pricing and offtake, and the availability and pricing of raw materials. Any discontinuation of these schemes or a significant reduction in ethanol pricing could negatively impact the company's financial health. However, the Central Government's decision to advance the 20% ethanol blending target to 2025-26 has significantly boosted demand for ethanol, thereby supporting the financial performance of distillery units involved in ethanol production. Government has been fixing remunerative ex-mill price of ethanol derived from C-heavy & B-heavy molasses, and sugarcane juice/ sugar/ sugar syrup. While the prices of ethanol produced from food grains such as Damaged Food Grains (DFG), maize & FCI rice are decided by Oil Marketing Companies (OMCs).

**Key strengths****Positive Industry prospects**

The Indian government has advanced the target of achieving 20% ethanol blending in petrol to 2025-26. As per ISMA, approximately 3.4 million tonnes of sugar equivalent are estimated to be diverted towards ethanol production using sugarcane juice, sugar, sugar syrup, B-heavy molasses, and C-heavy molasses. In addition, the government has broadened the feedstock base to include cereals such as rice, wheat, barley, corn, sorghum, and even surplus food grains, enabling year-round ethanol production. The Department of Food and Public Distribution (DFPD), Ministry of Consumer Affairs, Food and Public Distribution, Government of India, has notified a scheme to extend financial assistance to project proponents for enhancing ethanol distillation capacity or setting up new distilleries producing 1st Generation (1G) ethanol from diverse feedstocks. Furthermore, from the ethanol supply year 2025 26, ethanol production from sugarcane juice, syrup, and all types of molasses is allowed without any quantitative restrictions, supporting higher ethanol availability. Achieving and surpassing the 20% blending target is expected to require significant capacity expansion, with an estimated 16% CAGR in molasses-based distillery capacity and an accelerated 30% CAGR in grain-based distillery capacity. The government is also exploring increasing blending targets beyond 20%, aiming for up to 27% ethanol blending in petrol. These measures, combined with policy support for multi-feedstock operations and year-round ethanol production, underscore a positive and growing outlook for the ethanol manufacturing industry in India.

**Locational Advantage**

The project location is Sri Ganganagar (Rajasthan), offers significant locational advantages for ethanol manufacturing. The region is in very close vicinity with Punjab border, where the abundant agricultural activity ensures easy access to raw materials in form of various grains, reducing transportation costs and ensuring a steady supply of feedstock. Additionally, well-developed infrastructure, including roads and railways, facilitating efficient distribution and logistics. The presence of a skilled workforce experienced in agricultural and industrial operations further supports the ethanol manufacturing process. With the government's push towards higher ethanol blending targets, there is a strong and growing demand for ethanol, creating a favourable market environment for Ethanol manufacturers. Further incentives by Rajasthan government in the form of interest subvention and subsidy to ethanol manufacturers provides more financial assistance to the manufacturers. While the Rajasthan state promotes production of Ethanol from its favourable policies, however there are locational issues in Rajasthan with water use and waste management which may cause significant hurdles.

### Offtake Agreement with 3 reputed OMCs for half of the installed capacity

AGSM has entered into offtake agreement with major OMCs (Oil Marketing Companies) which include Hindustan Petroleum Corporation Limited (CRISIL AAA; Stable / CRISIL A1+), Indian Oil Corporation (CARE AAA; Stable / CARE A1+) & Bharat Petroleum Corporation Limited (CRISIL AAA; Stable / CRISIL A1+) for a period of 10 years (till Mar'34), for approx. half of its installed capacity, and for balance capacity, company would be putting tenders with these OMCs only, which do give preference to suppliers who already have long term agreements for fulfilling surplus demand. Moreover, the company is operating in Rajasthan which is currently an ethanol deficient state which provides ample demand for supplying surplus produce, more so with the favourable push by the government for use of ethanol. This gives the company revenue visibility as soon as the project is implemented, with negligible payments risk considering very strong credit risk profile of the OMCs and tender issued by them on regular intervals moderates any off-take risk up to a larger extent.

### Liquidity: Adequate

Company is setting up Ethanol based plant having envisaged capex of Rs 173.48 crore against which Rs 130.00 crore (~75% of the project cost) and remaining Rs. 43.48 crore will be funded through own funds in form of equity infusion & unsecured loans from promoters/ friends/relatives. The company has already received sanction of Rs. 130.00 crores reducing any risk related to financial closure for the company. Term Loan also carries moratorium period of 12 months and repayments are expected to start from FY28 only. The liquidity of the company is supported by the infusion of funds by the promoters as well as family friends who have already infused Rs. 39 crores up to December 18, 2025. Operations of the company are likely to start by April 2026. The liquidity remains adequate, however dependent on timely and successful completion of the project with stabilization and streamlining of revenues, timely infusion of funds by promoters & arrangement of unsecured loans from friends/relatives.

### 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 entities](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals & Petrochemicals	Commodity Chemicals

AGSM Liquors Private Limited (AGSM) was incorporated on September 07, 2020. It is currently promoter by Mr. Aman Sethia, Mr. Mohit Sethia and Ms. Karuna Kalra. The company is setting up a greenfield project for manufacturing of bioethanol alongside its by-products, Distillery Dried Grain Soluble (DDGS) & CO2 with a 2.8MW captive power generation plant at Sri Ganganagar, Rajasthan.

**Brief Financials:** Not available being 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	31-01-2034	130.00	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	Fund-based - LT-Term Loan	LT	130.00	CARE BB; Stable	-	1)CARE BB; Stable (08-Jan-25)	-	-

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-Term Loan	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

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