



Press Release

True Green Bio Energy Limited (TGBEL)

(Erstwhile CIL Nova Petrochemicals Limited - CNPL)

December 11, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities - Term Loans	250.00	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	Simple
Total	Rs. 250.00 crore (Rupees Two Hundred and Fifty Crore only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its rating assigned to the bank facilities of True Green Bio Energy Limited (TGBEL). The reaffirmation takes into account the established track record of promoters and extensive experience of management team, along locational advantage of the project and policy initiatives by the Government. However, the rating strengths remain constrained by project execution risk and susceptibility of operating margin to volatile raw material prices.

The stable outlook is assigned on back of extensive experience of the promoters and management team and stable outlook for ethanol industry.

Key Rating Sensitivities:

Upward Factors

- Project to be completed without any cost and time overrun and timely stabilisation as envisaged

Downward Factors

- Project gets delayed with cost and time overrun



Press Release

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Established track record and experienced promoters:

True Green Bio Energy Limited is a part of Chiripal group; a family-owned business founded by Mr. Ved Prakash Chiripal. He is the founder member of Chiripal group and has been involved in developing the group from 1972 to present. He has experience of five decades in various industries such as textiles, petrochemicals, infrastructure, real estate, renewable energy sector and others. The daily operations are looked after by Mr. Jyotiprasad Chiripal and is ably assisted by team of experienced team having experience of more than two decades. The group have established relationships with its clientele.

Locational advantage

The manufacturing facilities of TGBEL is situated in Gujarat. The Company will be able to procure the raw material for the project given the number of rice mills and FCI godowns in the region thereby providing easy availability of grains to run a grain-based distillery. Accordingly, proximity to the source of raw materials & end user market provides a competitive edge. The project site is well connected through roads, railways, market, communication, power & water resources. The said factors shall provide ease in raw material sourcing and dispatch of product. The site is well connected with road and rail network.

Policy initiatives by the Government

In January 2013, the Union government launched the Ethanol Blended Petrol (EBP) programme, which made it mandatory for oil companies to raise ethanol blending in petrol to 20% by 2025-26 from the current ~13% as of August 2024 (as per the Ministry of Petroleum & Natural Gas). The production has grown by a CAGR of nearly 10% during 2016-22. Increasing demand for fuel blending as well as from industrial segment has ensured a steady demand for ethanol in the country. In lieu of the above developments and also given that the government currently does not allow import of ethanol for fuel blending, the outlook appears bright for this industry.



Press Release

Key Rating Weaknesses

Susceptibility of operating margin to volatile raw material prices

The key raw material for ethanol manufacturing is rice grain, maize, sugarcane, corn etc. Availability and prices both are volatile in nature due to presence of agro-climatic risk and cyclicity in the industry.

Exposure to government regulations and termination of offtake agreement

Ethanol production and demand from OMC's are highly dependent on government regulations. This apart, as per the offtake agreement with OMCs, the principle can terminate its agreement by 30 days' notice if the supplier (TGBEL) fails to supply in time or operate the business and any adverse changes in current law/directives comes from Government.

Project execution risk

TGBEL is setting up facility of grain-based distillery of 300 KLPD capacity to produce ethanol under the Ethanol Blending Program scheme launched by GOI and 6.42 MW power plant for captive use at Sanand, Ahmedabad. It is essential for the company to adhere to the timelines as per the implementation schedule and strictly monitor the site activities to avoid delays in implementation. The total project cost is estimated at Rs. 323.09 crore which is proposed to be financed by combination of equity (sale of machineries/scrap) of Rs. 50 crore, unsecured loan Rs. 23.09 crore, term loan of Rs. 250 crores. The financial closure has been achieved and disbursement has started. The company has incurred ~Rs. 103.09 crore till September 2024 which has been financed from unsecured loans of Rs. 22.23 crore, from internal accrual through sale of machine of Rs. 30.86 crore and term loans from banks amounting to Rs. 50.00 crore. The commercial operation shall commence on April 1, 2025.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)



Press Release

Liquidity - Adequate

The company has tied up means of funding for the project. The financial closure has been achieved and disbursement has started. After operations, the company is expected to earn sufficient gross cash accruals as against its debt repayment obligations during FY26-39. Accordingly, the liquidity position of the company is expected to remain adequate in the near to medium term.

About the Company

True Green Bio Energy Limited (*erstwhile CIL Nova Petrochemicals Limited*) was incorporated in the year 2003 and is a part of Chiripal group; a family-owned business founded by Mr. Ved Prakash Chiripal. The company was erstwhile engaged in manufacturing Polyester Oriented Yarn and Fully Drawn Yarn. On March 31, 2023, the Board of Directors passed a resolution to begin formal process for sale/dispose off of the Polyester Yarn unit through Slump Sale via Business Transfer Agreement (BTA). The company is setting up a manufacturing facility to produce Bioethanol and DDGS with an installed 300 KLPD a grain-based ethanol plant along with a 6.42 MW captive power generation plant at Moriya, Sanand, Ahmedabad. The Company will primarily produce ethanol for blending with petroleum as biofuel and other by-products from broken rice/ maize etc. The outcome of the distillation process is Ethyl alcohol or Ethanol and Dried Distillers' Grains with Soluble (DDGS) as by-product.

Financials (Standalone):

The company during the year generated revenue from its erstwhile primary operations until June-2023 and further pursued Job Work service contracts since July 2023 categorized under revenue from discontinued operations.

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	105.46	16.46
EBITDA	0.16	6.22
PAT	-5.93	0.81
Total Debt	0.31	17.18



Press Release

Tangible Net Worth	87.91	88.68
EBITDA Margin (%)	0.15	37.78
PAT Margin (%)	-5.62	4.95
Overall Gearing Ratio (x)	0.00	0.19
Interest Coverage (x)	0.09	1.70

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					Date (March 30, 2024)	Date	Date
1.	Long Term Fund Based Bank Facilities - Term Loans	Long Term	250.00	IVR BBB-/Stable	IVR BBB-/Stable	-	-

Analytical Contacts:

Name: Darshini Kansara	Name: Jyotsna Gadgil
Tel: (022) 62396023	Tel: (020) 29913006
Email: darshini.kansara@infomerics.com	Email: jyotsna.gadgil@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.



Press Release

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Instrument/Facility Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Bank Facilities - Term Loans	-	-	-	Upto September 2033	150.00*	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)
Long Term Fund Based Bank Facilities - Term Loans	-	-	-	Upto September 2033	100.00*	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)

**The term loan has been sanctioned by the bank in July and August 2024. Monthly repayment will start from October 1, 2025.*

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-True-Green-Bio-11dec24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable



Press Release

Name of the Security		Detailed Explanation
	Financial Covenant	
	i.	
	ii.	
	Non-financial Covenant	
	i.	
	ii.	

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.