



Press Release

JSR Grain Energy Private Limited

April 23, 2025

Ratings

Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long-term Bank Facilities	311.00 (enhanced from 210.00)	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable outlook)	Rating reaffirmed	Simple
Short-term Bank Facility	16.00	IVR A3 (IVR A three)	-	Rating assigned	Simple
Total	327.00 (Rs. Three-hundred and twenty-seven 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

The reaffirmation of the long-term rating and the rating assigned to the short-term bank facilities of JSR Grain Energy Private Limited (JSR) continues to derive comfort from its experienced promoter, synergy benefits from group companies along with extended corporate guarantee from Group company, locational advantage, availability of long-term offtake agreement with Government body ensures revenue visibility and relatively lower counterparty credit risks, policy initiatives by the Government. These rating strengths are partially offset by susceptibility of operating margin to volatile raw material prices, exposure to government regulations and termination of offtake agreement, and project stabilisation risk.

The rating outlook on the long-term rating is Stable on the back of commencement of production and healthy demand outlook of the respective industry.

Key Rating Sensitivities:

Upward Factors

- Achievability of projected revenue and/or profitability with comfortable margins.
- Improvement in the capital structure and debt protection metrics on a sustained basis.
- Managing working capital requirement efficiently leading to improvement in the operating cycle with improvement in liquidity.



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Downward Factors

- Decline in the revenue and/ or profits leading to an overall deterioration in the financial risk profile of the company.
- Moderation in the capital structure and/ or coverage indicators.
- Elongation in the operating cycle with moderation in liquidity.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoter**

The directors' family is widely experienced in the respective industries. Mr. Rajendra Kumar Jain is at the helm of affairs of the company with support from other directors and a team of experienced professionals. The promoters of JSR have extensive entrepreneurial and technical experience. The promoters have diversified businesses which includes Ethanol distilleries, manufacturing of edible oil, flour, rice and jute, trading of grains, etc. They have been engaged with this activity for more than three decades.

- **Synergy benefits from group companies along with extended corporate guarantee from Group company**

The company is formed by group of promoters, engaged in manufacturing of edible oil, flour, rice and jute, etc. This apart, other group companies are also into trading of grains which gives comfortable cushion for the company. Long standing experience of the promoters to run business operation along with easy of availability of raw materials from group companies provides synergy benefits to the company to an extent. Furthermore, four of its associates companies, namely Pancham Marketiers Private Limited, M/s Sharma Export, Radha Gobinda Jute Mill Private Limited and JSR Nirman LLP has extended Corporate Guarantee for the consortium of banking arrangement availed by JSR Grain Energy Private Limited for the ongoing project, which mitigates credit risk to some extent.



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- **Locational advantage**

The manufacturing facilities of JSR will be in Malda District of West Bengal. The unit is surrounded by number of rice mills, FCI godowns, sugarcane and other foods grains growing areas which provides 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. This apart, the area is well connected by road and rail.

- **Availability of long-term offtake agreement with Government body ensures revenue visibility and relatively lower counterparty credit risks**

About 65% of the proposed installed capacity of the project has been tied up with OMCs (IOCL, BPCL & HPCL together) by an Offtake agreement signed on January 03, 2022, The OMCs will offtake 4.29 crore Litre of ethanol per annum for 10 years after commencement of operation. This apart, the company is entitled to avail various incentive from State and Central Government to implement Ethanol distilleries project.

- **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 25% by 2025 from the current ~5%. 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.

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 (JSR) fails to supply in time or operate the business and any adverse changes in current law/directives comes from Government.



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- **Project stabilisation risk**

The company has just completed a greenfield project to manufacture grain-based Bioethanol along with a 6.5 MW captive power plant at a project cost of ~ Rs. 266 crore at Malda district of West Bengal. The commercial production has started from January 2025 and currently having very nascent stage of operation. As all the capex needs a cooling down period during initial stage of operation due to technicality and regular availability of manpower and raw materials, which may vary from three months to one year, can further leads to affect regular production, resulted in project stabilisation risk.

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](#)

Liquidity – Adequate

The company is expected to earn a gross cash accrual in the range of ~ Rs. 2 – 43 crore as against its debt repayment obligations in the range of ~ Rs. 20 - 27 crore per year during FY25-27. Accordingly, the liquidity position of the company is expected to remain adequate in the near to medium term. JSR have Rs. 8.78 crore of unencumbered bank balance as on March 31, 2024, which provides additional liquidity comfort.

About the Company

JSR Grain Energy Private Limited (JSR) was incorporated in August 2021 in West Bengal by a group of promoters, to initiate a manufacturing facility of alcohol-based products. Since inception, the company has planned to install a grain-based distillery to produce Bioethanol under the Ethanol Blending Program scheme launched by GOI and a 6.5 MW captive power plant. The company is formed by three families based out of Eastern India, having business interest and significant experience in various fields like- grain trading, manufacturing of edible oil, flour, rice and jute.



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Currently, JSR is elected by GOI for Ethanol Blending Program scheme and the company has entered into a Long-Term Offtake Agreement with OMCs. In this regard, the company has floated a greenfield project to set up a manufacturing unit at Malda district in West Bengal with an installed capacity of 200KLPD and a 6.5 MW captive power plant with a total project cost of ~ Rs. 266 crore. In recent past the project has completed and the commercial operation started from January 2025. The day-to-day affairs of JSR are looked after by Mr. Rajendra Kumar Jain, promoter director, along with other directors and a team of experience personnel.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	0.00	0.00
EBITDA	-0.18	-0.27
PAT	0.00	0.01
Total Debt	8.40	176.09
Adjusted Tangible Net Worth	38.53	46.04
EBITDA Margin (%)	-	-
PAT Margin (%)	74.00	73.90
Adjusted Overall Gearing Ratio (x)	0.22	3.82
Interest Coverage (x)	-	-94.75

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24 (Feb 21, 2024)	Date(s) & Rating(s) assigned in 2022-23
1.	Term Loans	Long Term	210.00	IVR BBB-/ Stable	-	IVR BBB-/ Stable	-
2.	Cash Credit	Long Term	101.00	IVR BBB-/ Stable	-	-	-
3.	Bank Guarantee	Short Term	16.00	IVR A3	-	-	-



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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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).

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Annexure 1: Instrument/Facility Details:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan 1	-	-	September 30, 2031	80.00	IVR BBB-/ Stable
Term Loan 2	-	-	September 30, 2031	45.00	IVR BBB-/ Stable
Term Loan 3	-	-	September 30, 2031	35.00	IVR BBB-/ Stable
Term Loan 4	-	-	September 30, 2031	50.00	IVR BBB-/ Stable
Cash Credit 1	-	-	-	40.00	IVR BBB-/ Stable
Cash Credit 2	-	-	-	21.00	IVR BBB-/ Stable
Cash Credit 3	-	-	-	20.00	IVR BBB-/ Stable
Cash Credit 4	-	-	-	20.00	IVR BBB-/ Stable
Bank Guarantee	-	-	-	16.00	IVR A3

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-JSR-apr25.pdf>

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

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.