

Shaktichem Private Limited

July 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	28.00	CARE BB-; Stable	Assigned
Long Term Bank Facilities	177.45 (Enhanced from 167.00)	CARE BB-; Stable	Downgraded from CARE BB; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The downward revision in ratings of Shaktichem Private Limited (SPL) is on account of fructification of negative sensitivity pertaining to delay in completion of project resulting in both time and cost overrun and moderation in SPL's financial risk profile. The rating continues to remain constrained on account of exposure to availability of feedstock which is dependent on agro-climatic conditions and susceptibility of profitability to volatile input prices.

The rating, however, positively factors in SPL's experienced promoters, strong Government initiatives towards use of ethanol for blending and location of the plant in proximity to Oil Marketing Companies' (OMCs) depots.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Successfully scaling up of operations marked by total operating income above Rs. 250 crore while maintaining PBILDT margin over 14%.
- Cash accruals in excess of scheduled debt repayments resulting in improvement in liquidity of the company.
- Comfortable debt coverage indicators marked by interest coverage over 2x and TD/PBILDT below 5x on sustained basis.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Significant deviation of more than 20% from envisaged scale of operation or PBILDT margin remaining below 10% there by impacting liquidity profile of company.
- Any major deterioration in capital structure of company against the envisaged levels.
- Any change in Government policies adversely impacting the business of the entity.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CARE Ratings') expectation that SPL shall continue to benefit from its experienced promoters and strong demand for ethanol for blending.

Detailed description of key rating drivers:

Key weaknesses

Delay in commencement of project

SPL concluded setting up its 110 KLPD ethanol plant in January 2025 as against earlier envisaged date of July 2024 and commercial production started in March 2025. As stated by the management, the delay was on EPC partner's end. The significant time overrun led to cost overrun of ~Rs. 15 crore. As against the proposed total cost of Rs. 201.84 crore, project is concluded with the total cost of 217.38 crore. The cost overrun was funded by unsecured loans and term loan.

Stabilization of project and successfully scaling up operation remains a key rating monitorable given company's significant debt repayment obligation.

Till June 09, 2025, SPL has registered TOI of ~Rs. 30 crore with PBILDT losses.

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

Leveraged financial profile

The company concluded project with cost overrun which was funded by unsecured loans and term loan which led to further moderation of already leveraged capital structure. The overall gearing as on March 31, 2025, stood at 10.14x.

Susceptibility of profitability to volatility in input prices

SPL plans to uses grain (rice and maize) as its raw material to produce Ethanol and since grain prices are largely dependent on the vagaries of nature; any adverse change in the same might impact the profitability of the company. However, since the price of Ethanol is linked to the procurement price of the damaged and nonedible food grain, any price changes in raw material is likely have a corresponding adjustment of the Ethanol selling price.

Key strengths

Experienced promoters

SPL is a part of Shakti group, formed with the inception of Shakti Distilleries Private Limited (SDPL) in 2002 with a view to promote green fuel Ethanol. SDPL started with providing ethanol for blending and gradually shifted to pharmaceutical sector with improvement in product quality.

Rising demand for fuel grade ethanol augmented by Government initiatives

The Government of India has set a target to achieve 20% ethanol blending by 2025 and thus there is a huge gap in the demand and supply of ethanol. To promote production of ethanol, government has taken few initiatives such as interest subvention. Project has already been appraised and approved by DFPD (Department of Food and Public Distribution). Furthermore, Company has an agreement with all three public OMCs, Hindustan Petroleum Corporation Limited, Bharat Petroleum Corporation Limited and Indian oil Limited for the annual offtake of 1.95 crore litre of ethanol.

Favourable Project Location

Project is located at Bharuch, Gujarat which is close to many OMC depots and rice growing areas. Proximity to OMC depots is advantageous as transportation cost is to be borne by OMCs as per government's Ethanol Blending Programme (EBP).

Liquidity: Stretched

The liquidity of SPL remained stretched marked by schedule debt repayment which started from April 2025 against commercial production from March 2025. The repayments are being presently met by infusion of unsecured loans. Thus, scaling up of operations along with envisaged profitability remains key to company's liquidity profile.

The company is maintaining Debt Service Reserve Account (DSRA) equivalent to 6 months of principal and interest repayment, thus providing comfort to liquidity profile to that extent. Also, company is expected to receive government subsidy during the next 5 years and timely receipt of these subsidy remains a key rating monitorable.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

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

SPL was incorporated on 24th February 2021. The company has set up a 110 KLPD (Kilo liter per day) Grain Based Ethanol Distillery (of which 75% is grain-based ethanol for sale to OMCs (Oil Marketing Companies) under GOI's Ethanol Blending Programme (EBP)) by utilizing feedstock of rice/ Maize. The company will use 25% of total capacity to produce Anhydrous Extra Neutral Alcohol for sales to Pharma companies. SPL started its commercial operations from March 2025.

Shaktichem Private limited is part of Shakti group, formed with the inception of Shakti Distilleries Pvt Lt d in 2002 with a view to promote green fuel Ethanol. Shakti distilleries Private Limited holds 99.99% shares of Shaktichem Private Limited.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	0.02	0.45
PBILDT	0.01	-0.27
PAT	0.01	-15.35
Overall gearing (times)	2.39	10.14
Interest coverage (times)	1.24	-0.05

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		-	-	-	28.00	CARE BB-; Stable
Term Loan-Long Term		-	-	31-03-2033	177.45	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	177.45	CARE BB-; Stable	-	1)CARE BB; Stable (29-May-24)	1)CARE BB; Stable (31-Jul-23)	-
2	Fund-based - LT-Cash Credit	LT	28.00	CARE BB-; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/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	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

<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>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: +91-079-4026 5611 E-mail: kalpesh.patel@careedge.in</p> <p>Anuja Parikh Associate Director CARE Ratings Limited Phone: +91-079-4026 5611 E-mail: anuja.parikh@careedge.in</p> <p>Harsh Shah Lead Analyst CARE Ratings Limited E-mail: Shah.Harsh@careedge.in</p>
--	--

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 Reserve Bank of India. 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. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CARE and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**