

## Shree Balkrishnalal Bio-Energy Private Limited

August 29, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	100.00	CARE BB-; Stable	Assigned
Long Term / Short Term Bank Facilities	4.02	CARE BB-; Stable / CARE A4	Assigned
Short Term Bank Facilities	2.48	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating assigned to the bank facilities of Shree Balkrishnalal Bio-energy Private Limited (SBBPL) 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 favourable industry prospects under the government's ethanol blending program and long-term offtake arrangements with Oil Marketing Companies (OMCs), ensuring revenue visibility post commissioning. CARE Ratings Limited (CareEdge Ratings) also factors in the strategic location of the project, with proximity to OMC depots and promoters' extensive entrepreneurial experience in textile and construction sectors

### 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 SBBPL will continue to benefit from its experienced promoters.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Execution and Stabilization risk associated with debt funded project

SBBPL is undertaking a greenfield capex for setting up a 120 KLPD grain-based ethanol distillery with a 3.00 MW captive cogeneration plant near Bundi, Rajasthan. The total project cost of ethanol plant is Rs. 141.40 crore, to be funded by a Rs. 100 crores of term loan and remaining Rs. 41.40 crore from promoters' contribution, resulting in project leverage of ~2.42x.

As on June 30, 2025, the company has incurred Rs. 37.55 crore towards ethanol project (around 26.56% of total project cost), funded through Rs. 27.04 crore in promoters' contribution, Rs. 10.42 crore of term loan and Rs. 0.09 crore through creditors and other liabilities. As per management, civil construction is ~50% complete, and 15% of plant and machinery has been installed. Timely completion within the estimated cost and successful stabilization of operations remain critical, given the scheduled debt repayments commencing September 2026. Any significant delay or cost overrun may materially impair the project's cash flow profile and debt servicing ability.

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

SBBPL remains exposed to risks associated with the availability and price volatility of grain-based feedstock, primarily rice and maize, which is dependent on seasonal supply, rainfall, and demand from alternate sectors. While the company is located near Bundi, considered as rice belt, rice procurement is not expected to be a challenge however, given additional ethanol projects in the state, maize procurement could become competitive. SBBPL plans to procure maize from Bhilwara and nearby states such as Madhya Pradesh and Gujarat. Further, the presence of two silos for raw material provides buffer inventory for around two months, offering some cushion against short-term supply disruptions. Nevertheless, the company's ability to secure uninterrupted, cost-effective raw material supply will be crucial for achieving projected capacity utilization and profitability levels.

<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.

## Key Strengths

### Experienced promoters:

SBBPL was promoted in May 2023 by Mr. Sachin Rathi and Mr. Navneet Somani, who both bring over 15 years of experience in the textile, construction, and real estate sectors. Mr. Sachin Rathi is expected to lead the finance function, while Mr. Navneet Somani will manage overall operations, supported by his son, Shlok Somani, an engineer by qualifications.

The promoters also hold equity interests in other group companies such as Puja Spintex Pvt Ltd, a profitable textile processing entity, and entities in the real estate segment. Despite having limited experience in the ethanol or distillery segment, the promoters plan to hire experienced professionals from the distillery sector to manage technical and operational functions closer to commissioning. The company's ability to successfully integrate professional talent and establish robust governance mechanisms will remain a key monitorable, especially given the high project leverage and first-generation exposure to the Bio-Energy sector.

### 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. SBBPL has entered into a long-term offtake agreement with OMCs for the supply of 1.749 crore litres of ethanol annually (approximately 44% 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, thereby reducing offtake and pricing risk to that extent. The plant is also situated near key offtake points, with one OMC depot within 30 km, supporting efficient logistics and timely supply.

### Liquidity: Stretched

The liquidity profile of SBBPL 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](#)

[Short Term Instruments](#)

[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

Shree Balkrishnalal Bio-Energy Private Limited (SBBPL) was incorporated in May 2023 by Sachin Rathi and Navneet Somani. Currently, SBBPL is proposing 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
Fund-based - LT-Term Loan		-	-	31-08-2036	100.00	CARE BB-; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	4.02	CARE BB-; Stable / CARE A4
Non-fund-based - ST-Credit Exposure Limit		-	-	-	2.48	CARE A4

**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	100.00	CARE BB-; Stable				
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	4.02	CARE BB-; Stable / CARE A4				
3	Non-fund-based - ST-Credit Exposure Limit	ST	2.48	CARE A4				

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-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Non-fund-based - ST-Credit Exposure Limit	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](mailto:care@careedge.in) for clarifications.

### Contact us

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

### About us:

Established in 1993, CareEdge 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, CareEdge 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, CareEdge 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. CareEdge 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](http://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 CareEdge Ratings 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](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](http://www.careratings.com)**