

## Nakshtra Biofuels Private Limited

December 01, 2025

Facilities	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	110.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	70.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	LT rating downgraded from CARE BB; Stable and ST rating reaffirmed and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Nakshtra Biofuels Private Limited (NBPL) to monitor the rating(s) vide e-mail communications/letters dated October 13, 2025, October 09, 2025, October 03, 2025, September 08, 2025 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, NBPL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on NBPL's bank facilities and will now be denoted as **CARE BB-/CARE A4; ISSUER NOT COOPERATING\***.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The ratings have been revised on account of the non-availability of requisite information due to non-cooperation by NBPL with CARE Ratings Ltd.'s efforts to undertake a review of the ratings outstanding. CARE Ratings Ltd. views information availability risk as a key factor in its assessment of credit risk. The ratings are constrained on account of project implementation and post-implementation risk associated with its debt-funded greenfield project, moderate off-take risk due to no long term tie-ups entered 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. However, the ratings derive strength from positive industry prospects towards ethanol plant per ethanol blended petrol (EBP) programme by Government of India (GOI), favourable location of plant for sourcing of raw material & its proximity to Oil Marketing Company (OMC) depots.

**Analytical approach:** Standalone

**Outlook:** Stable

**Detailed description of key rating drivers:** At the time of last rating on September 25, 2024, the following were the ratings weaknesses and strengths.

### 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, 60-70 TPD DDGS plant & 60 TPD CO<sub>2</sub> plant with a 3MW captive power generation plant at Karnal, Haryana. Under dedicated ethanol plant scheme, company is setting-up Ethanol based plant having envisaged capex of Rs 174.08 crore against which Rs. 110 crores (~63% of the project cost) has been funded through bank term loan and remaining will be funded through own funds in form of equity infusion & unsecured loans. 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.

**Least past track record of the promoters to execute such projects:** Company is promoted by Mr. Kaushal Kumar Aggarwal, who is having no prior experience in the similar industry which makes it more challenging for the company to smoothly ramp up the operations. Although, company is on advanced stages of completing the project and has hired the experienced & profession

<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.

team with relevant expertise for smooth ramp up of operations as per the original plan to complete the project by the end of December 2024. Further, the promoters have already infused Rs. 54.79 crores as on July 24, 2024. The company is also supported by Mr. Surender Kumar Goyal, one of the directors of Kutch Chemical Industries Limited (CARE AA-; Stable / CARE A1+) in form of personal guarantee and active guidance & support provided.

The company's ability to complete the project without any time overrun will remain critical for the company to manage the cash flow position.

**Moderate off-take risk:** The company has not entered any long-term offtake arrangement and will be selling through the tender bidding in open market majorly to OMCs & to the private players as per requirement. Absence of any long term tie-up arrangement exposes the company to the offtake risk upon commencement of operations.

**Seasonal nature of availability of paddy and susceptible of margins to raw material price fluctuations:** Company's main raw material for ethanol production is maize and rice. With raw material costs accounting for majority of the overall cost and limited control over selling prices of ethanol. Accordingly, stability in raw material prices is critical and any adverse movement in the same may affect the Project sustainability. NBPL'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, the 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:**

NBPL'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 ethanol blending target to 2025 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 had advanced the target of achieving 20% ethanol blending in petrol by 2025 from 2030 earlier. As per ISMA, 3.4 million tonnes of sugar equivalent are estimated to be deviated towards ethanol production using diversion of sugarcane juice, sugar/sugar syrup, B-heavy molasses and C-heavy molasses. The Department of Food and Public Distribution (DFPD), Ministry of Consumer Affairs, Food and Public Distribution, Government of India (GoI) with a view to increase production of ethanol and its supply under Ethanol Blended with Petrol (ESP) Programme, has notified a scheme "Scheme for extending financial assistance to project proponents for enhancement of their ethanol distillation capacity or to set up distilleries for producing ethanol from feed stocks such as cereals (rice, wheat, barley, corn & sorghum), sugarcane, sugar beet etc." The said scheme is for providing financial assistance, in the form of interest subvention & various other subsidies.

**Locational Advantage:** The project location is Karnal (Haryana), offers significant locational advantages for ethanol manufacturing. The region's 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 manufacturers in Karnal.

**Liquidity:** Not Applicable

**Assumptions/Covenants:** Not Applicable

**Environment, social, and governance (ESG) risks:** Not Applicable

## Applicable criteria

- [Definition of Default](#)
- [Information Adequacy Risk and Issuer Non-Cooperation](#)
- [Rating Outlook and Rating Watch](#)
- [Manufacturing Companies](#)
- [Financial Ratios – Non financial Sector](#)
- [Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Diversified	Diversified	Diversified	Diversified

Nakshtra Biofuels Private Limited (NBPL) Limited was incorporated on August 10, 2021, by Mr. Kaushal Kumar Aggarwal and his son Mr. Saral Aggarwal. The company is setting up a greenfield project for manufacturing of bioethanol alongside its by-products, Distillery Dried Grain Soluble (DDGS) & CO2 with a 3MW captive power generation plant at Karnal, Haryana.

**Brief Financials:** Not available 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/ ST-Working Capital Limits		-	-	-	70.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*
Term Loan-Long Term		-	-	31-07-2030	110.00	CARE BB-; Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**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/ST-Working Capital Limits	LT/ST	70.00	CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable / CARE A4 (25-Sep-24)	-	-
2	Term Loan-Long Term	LT	110.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (25-Sep-24)	-	-

\*Issuer did not cooperate; based on best available information.

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/ ST-Working Capital Limits	Simple
2	Term Loan-Long Term	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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