

Shukun Ethanol Private Limited

December 22, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	218.00	CARE BB+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Shukun ethanol private limited (SEPL) 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 its experienced promoters and engagement of professional for setting up and operationalisation of project, the favourable demand outlook for ethanol supported by long-term offtake arrangement with Oil Marketing Companies (OMCs) which is expected to ensure revenue visibility post commissioning.

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, while factoring managerial and financial linkages with the Zodiac group.

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CareEdge Ratings) expectation that the project will progress as per schedule without significant time or cost overruns and will benefit from the government's continued support to the ethanol sector.

Detailed description of key rating drivers:

Key strengths

Execution and Stabilization risk associated with debt funded project

SEPL is implementing a project for setting up a 200 KLPD grain-based ethanol distillery with a 4.90 MW captive power plant at Nayka village, Kheda district, Gujarat, at a total project cost of ₹240.77 crore, to be funded in debt equity ratio of 2.31:1.

As on November 30, 2025, SEPL has incurred around ₹107.62 crore (~44.70% of the project cost) funded through ₹25.48 crore of term loan and balance through promoters' funds. The project is expected to achieve commissioning and commercial operations by April 2026, leaving a sufficient buffer before debt repayments commence from April 2027.

Despite engagement of established vendors such as Praj Industries Limited, Thermax Limited and Siemens group, the company remains exposed to the inherent risks associated with a greenfield project, including dependence on timely delivery and erection of critical-path equipment, availability of skilled manpower, and coordination between multiple contractors. The project entails sizeable working capital requirement at the commencement of operations, which may exert pressure on liquidity during the stabilisation phase. Given a year time window for ramp-up before repayments begin, successful completion within the envisaged cost and timelines and achievement of expected operating parameters will be critical rating sensitivities.

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

SEPL's operations are inherently exposed to the availability and price volatility of grain-based feedstock, which is influenced by seasonal factors, rainfall patterns, and competing demand from the feed, starch, and ethanol industries. Maize procurement is expected to remain competitive, particularly in view of multiple new distillery projects being set up in neighbouring states. The company intends to source maize from traders and farmers located in the vicinity of its project site and has also received an assurance letter from a supplier for the supply of 1.5 lakh tonnes of raw material. Nevertheless, SEPL's ability to ensure uninterrupted and cost-effective raw material procurement in a competitive environment will remain a key monitorable and will be critical for achieving the envisaged capacity utilisation and profitability levels.

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

Key weaknesses

Experienced promoters group with track record of operations in diversified industry

Promoted by Mr. Jayprakash Bajaj, promoter of Zodiac Group, has been actively engaged in the real estate sector in Ahmedabad for over three decades, successfully delivering residential and commercial projects across the region. In addition to its core business, the group has diversified into the renewable energy space, owning solar and wind power assets totalling 53 MW (26.24 MW of solar and 26.50 MW of wind) through a 50:50 joint venture with the Zaveri & Co. Group. While this marks the group's first foray into the ethanol manufacturing segment, the company has engaged Fibertech Private Limited as its technical consultant to provide end-to-end technical support for the execution of the project.

Favourable Industry Outlook and Long-Term Offtake Tie-Up with OMCs

The company stands to benefit from the government's Ethanol Blending Programme (EBP), which targets 27% ethanol blending by 2030. This creates a stable demand environment for ethanol in the medium term. SEPL has entered into a long-term offtake agreement with OMCs for the supply of 3.432 crore litres of ethanol annually (approximately 54% of installed capacity) for a period of 10 years. The balance production is proposed to be sold to open market or to OMCs. The long-term offtake arrangement provides visibility of revenue and cash flows, reducing offtake and pricing risk to that extent.

Liquidity: Stretched

Liquidity profile of SEPL remains stretched, primarily due to the 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.

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[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

Shukun Ethanol Private Limited (SEPL) was incorporated in 2023 and is currently setting up a maize-based ethanol manufacturing facility at village Nayka, Kheda, Gujarat with an installed capacity of 200 KLPD, alongside a 4.90 MW steam turbine power plant for captive use.

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 (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	50.00	CARE BB+; Stable
Term Loan-Long Term		-	-	31-03-2034	168.00	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	168.00	CARE BB+; Stable				
2	Fund-based - LT-Cash Credit	LT	50.00	CARE BB+; Stable				

LT: Long 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 detailsTo 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

<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>Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in</p> <p>Vipin Bardia Associate Director CARE Ratings Limited Phone: +91-79-4026 5671 E-mail: Vipin.bardia@careedge.in</p> <p>Ashutosh Sharma Analyst CARE Ratings Limited E-mail: Ashutosh.sharma@careedge.in</p>
--	--

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

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

© 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**