



SMERA RATINGS LIMITED

Baliraja Sakhar Karkhana Limited (BSKL)

*Rating
Rationale*

December 22, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan I	67.97	SMERA B-/Stable (Assigned)
Term Loan II	17.17	SMERA B-/Stable (Assigned)
Term Loan III	47.50	SMERA B-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B-**' (read as **SMERA B minus**) to the above mentioned bank facilities of Baliraja Sakhar Karkhana Limited (BSKL). The outlook is '**Stable**'. The rating is constrained by the company's short track record of operations, high gearing levels and the highly regulated and competitive sugar industry. However, the rating is supported by the company's experienced management.

Outlook: Stable

SMERA believes BSKL's outlook will remain stable owing to the experienced promoters. The outlook may be revised to 'Positive' if BSKL stabilizes operations earlier than expected, leading to a healthy cash inflow and an improved financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of lower than expected revenues and net cash accruals leading to deterioration in BSKL's financial risk profile, particularly its liquidity.

Rating Sensitivity

- Generation of adequate net cash accruals
- Ability to scale up operations and achieve profitability
- Improvement in capital structure

About the Company

BSKL, incorporated in 2001 is a wholly owned subsidiary of Shraddha Energy and Infraprojects Private Limited. The company is promoted by Mr. Shivaji Bhagwanrao Jadhav and family and is engaged in the business of sugar manufacturing at Parbhani, Maharashtra. The plant has a crushing capacity of 3500 TCD (Tons of cane per day). The company commenced commercial production in January 2015 and is also into power generation with a capacity of 15MW.

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



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*Rating
Rationale***Contact List:**

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