

**December 22, 2015**

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

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.

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