

## Press Release

### Brickwork Ratings assigns 'BWR BB-' & 'BWR A4' for Bank Loan Facilities aggregating ₹ 151.40 Cr of GM Sugar and Energy Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings**<sup>1</sup> for the Bank Term Loan facilities of GM Sugar and Energy Ltd.'s (*GSEL or the 'Company'*)

Facility*	Limits (₹ Cr)	Tenure	Rating
Term Loan	49.40	Long Term	<b>BWR BB-</b> (BWR Double B minus)  <b>(Outlook: Stable)</b>
Cash Credit	92.00		
ILC/FLC <sup>^</sup>	10.00	Short Term	<b>BWR A4</b> (BWR A Four)
<b>Total</b>	<b>151.40</b>	<b>( INR One Hundred and Fifty One Crores and Forty Lakhs only )</b>	

<sup>^</sup>LC limits includes BG of ₹ 5.00 Cr

\*Refer Annexure I for details

The rating, inter alia, factors strong group support, experienced management team, integrated nature of the operation, presence in the high yield zone, moderate recovery rates, good relationship with farmers (providing financial support for seeds, micro-nutrients and pest control solutions). The rating is, however, constrained by limited operating track record, small scale of operations, working capital intensive nature of operation, cyclical and highly regulated nature of industry and climatic risk due to close linkage to the agricultural vagaries

Incorporated in Nov'2007, GSEL has a partially integrated sugar plant, and is engaged in manufacture of sugar with total capacity of 2500TCD with a cogeneration unit of 18 Mw. The plant is located in Sangur, Haveri Dist, Karnataka. The Company has a command area of about 15000Acre. Power is sold to either IEX or SEB. The Company has a contract with the SEB to sell ~10Mw at Rs 5.5/unit till Feb'14.

The revenue from sugar is expected to increase in FY14, as the Company has installed an additional capacity of 1250tcd in Oct'12 which brings the total crushing capacity to 2500tcd.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

As per audited financials, the Company has clocked net operating revenue of Rs. 67.40 Cr in FY13, up 86% from Rs 36.24 Cr in FY 12 primarily due to the additional revenue from Co-generation which commenced operations in Feb'12. The Company has registered a net loss of Rs 1.99 Cr in FY 13 against profit after tax of Rs 0.33 Cr in FY12.

Going forward removal of release mechanism set by Government and capacity addition will boost the top line and improve the financials of the Company.

The Performance of the Company is expected to be stable as the company has registered revenue till Sep'13 was about Rs.33.28 Cr. However the company's ability to achieve target turnover and profitability, efficient management of working capital, and changes in government policies relating to the sugar industry will remain key rating sensitivities.

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## Bank Loan Facility details

### Annexure-I

(Amt in ₹ Cr)

Facility	Corporation Bank	SBI	Total
<b><u>FBD</u></b>	<b>84.40</b>	<b>57.00</b>	<b>141.40</b>
<i>Term Loan</i>	<i>49.40</i>	-	<i>49.40</i>
<i>CC</i>	<i>35.00</i>	<i>57.00</i>	<i>92.00</i>
<b><u>NFBD</u></b>	<b>10.00</b>	-	<b>10.00</b>
<i>ILC/FLC</i>	<i>10.00</i>	-	<i>10.00</i>
<i>BG</i>	<i>[5.00]</i>	-	<i>[5.00]</i>
<b>Grand Total</b>			<b>151.40</b>