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August 16, 2010

**CARE ASSIGNS 'CARE BBB' AND 'PR3+' RATING TO BANK FACILITIES OF SHRADDHA ENERGY AND INFRAPROJECTS PVT. LTD.**

**Ratings Assigned**

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Remarks
Long-term Bank Facilities	132.54	'CARE BBB' (Triple B)	Assigned
Short-term Bank Facilities	29.50	'PR 3+' (PR Three Plus)	Assigned
<b>Total</b>	<b>162.04</b>		

**Rating Rationale**

The ratings derive strength from promoters' significant experience in infrastructure project development, Power Purchase Agreements (PPAs) in place for entire power generating capacity, comfortable debt service coverage indicators, a healthy order book position, government's focus to encourage investment in renewable energy sector, favourable growth potential due to large demand-supply gap of power in the state of Maharashtra and Karnataka and a positive outlook for the infrastructure sector in general.

The ratings are, however, constrained by a moderately high gearing level, expansion of wind-energy projects being largely debt-funded with risk related to their execution and stabilisation, dependence on seasonal wind for power generation and rising competition in the infrastructure development sector.

The ability of SEIL to complete the on-going projects in a timely manner and within the envisaged cost and its ability to operate the wind mills efficiently are the key rating sensitivities.

**Company Profile**

Sharaddha Energy and Infraprojects Private Limited (SEIL), promoted by Mr. Shivaji Bhagwanrao Jadhav in 1986, is the flagship company of Shradhdha group. The company is engaged in power generation (through wind energy) and infrastructure project development. SEIL owns wind-energy projects in Maharashtra and Karnataka with a total installed capacity of 29.2 MW. The company also undertakes civil engineering and infrastructure development projects with a primary focus on irrigation projects involving construction of earthen dams, spillways, canals, aqueducts etc.

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<sup>1</sup> "Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications"

SEIL reported a PAT of Rs.12.50 crore on total income of Rs.144.25 crore in FY10 (provisional) as against a PAT of Rs.23.37 crore on total income of 126.08 crore in FY09.

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