

Press Release

Bharat Bio Gas Energy Limited

March 27, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 11.63 Cr.
Long Term Rating	SMERA D

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA D**' (read as **SMERA D**) on the Rs. 11.63 crore bank facilities of Bharat Bio Gas Energy Limited.

Bharat Biogas Energy Limited (BBGEL) was incorporated in 2012 by Mr. Bharat J Patel, Mr. Rushabh Shah and Mr. Sharad Kumar Patel. The company is engaged in the manufacturing of CNG from biomass, biowaste and organic fertilisers.

Key Rating Drivers

Strengths

- **Experienced management**

BBGEL was incorporated in 2012 by Mr. Bharat J Patel, Mr. Rushabh Shah and Mr. Sharad Kumar Patel. The management has over three decades of experience in the industry.

Weaknesses

- **Stretched liquidity**

BBGEL has a stretched liquidity position due to high inventory and debtor days. The debtor days stood at 80 for FY2015-16. The operations are capital intensive reflected in the gross current asset days (GCA) of 643 in FY2015-16 as compared to 653 in FY2014-15.

- **Delays in term loan repayment**

The company has delayed the payment of principal and interest on its term loan in the last three months.

- **Weak financial risk profile**

BBGEL has weak financial risk profile marked by high debt to equity ratio of 21.83 times as on 31st March 2016 as compared to 17.28 times as on 31st March 2015. The Interest coverage ratio stood low at 1.51 times for FY2015-16. Further, the company has low networth of Rs.0.96 cr as on 31st March 2016 as compared to Rs.1.05 cr as on 31st March 2015.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the company.

Outlook:

About the Rated Entity - Key Financials

For FY2015-16, the company reported net loss of Rs.0.10 cr on operating income of Rs.3.19 cr as against net loss of Rs.2.30 cr on operating income of Rs.1.41 cr for FY2014-15.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	1-May-2019	5.16	SMERA D
Term loans	Not Applicable	Not Applicable	1-Jun-2020	1.73	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	2.97	SMERA D
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.77	SMERA D

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