



SMERA RATINGS LIMITED

Bharat Industries (BI)

Rating Rationale

November 09, 2015

| Facilities | Amount (Rs. Crore) | Ratings |
|------------------|--------------------|-----------------------------|
| Term Loan | 1.64 | SMERA BB-/Stable (Assigned) |
| Packing Credit * | 5.75 | SMERA A4+ (Assigned) |

**Fully interchangeable with packing credit in foreign currency (PCFC)/foreign bills of purchase (FBP) and foreign bills of negotiation (FBN).*

SMERA has assigned rating of '**SMERA BB-' (read as SMERA double B minus)**' to the Rs.1.64 crore long term (fund based) bank facility and '**SMERA A4+' (read as SMERA A four plus)**' to the Rs.5.75 crore short term (non-fund based) bank facility of Bharat Industries (BI). The outlook is '**Stable**'. The ratings draw support from the experienced management, healthy relations with customers and suppliers and moderate financial risk profile. However, the ratings are constrained by the firm's small scale of operations, working capital intensive business and weak liquidity profile.

Outlook: Stable

SMERA believes BI will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management and healthy relations with customers and suppliers. The outlook may be revised to 'Positive' if the firm registers sustainable improvement in revenue, profitability and working capital management. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the firm's capital structure or working capital management.

About the Firm

The Agra based-Bharat Industries, incorporated in 2010, by Mr. Abhishek Jain and Mrs. Richa Jain manufactures diesel engines, pumps and generator sets. The firm's plant currently utilises around 55-60 per cent of its collective installed manufacturing capacity of 40,000 units. BI sells its products under the 'Parkar' brand name in the domestic as well as overseas markets.

For FY2014-15, BI reported profit after tax (PAT) of Rs.0.20 crore on operating income of Rs.31.52 crore, as compared with PAT of Rs.0.15 crore on operating income of Rs. 28.10 crore in FY2013-14. The firm's net worth stood at Rs.3.89 crore as on March 31, 2015 as compared with Rs.1.40 crore a year earlier.

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*Rating
Rationale*

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