



Rating Rationale

Veda Biofuel Ltd

04th August 2017

Brickwork Ratings assigns "BWR BB (Outlook Stable)" for the Bank Loan Facilities of Rs. 91.07 crs of Veda Biofuel Ltd.

Particulars

Facility Rated	Amount [#] (Rs. Crs)	Tenure	Rating*
Fund Based			
Cash Credit	14.00	Long Term	BWR BB (Pronounced as BWR Double B) (Outlook: Stable)
Term Loans	77.07		
Total	Rs. 91.07 Crores (INR Ninety One Crores and Seven Lakhs Only)		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

[#]Annexure I provide bank-wise details of facilities

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the company upto FY16, provisional financials of FY17, publicly available information and information/clarifications provided by the management.

The rating draws strength from the business experience of the management, locational advantages of the distillery plant and reputed clientele. The rating is, however, constrained by the limited operational track record, thin profitability, working capital intensive operations, customer and regional concentration of business and presence in a highly regulated industry,

Going forward, the Company's ability to stabilize and increase its scale of operations, improve its profitability and manage its working capital efficiently will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes **Veda Biofuel Ltd's** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.



About the Company

Veda Biofuel Ltd, Visakhapatnam, was incorporated in 2010. Commercial operations commenced on 9th June 2016. The company is engaged in manufacturing and marketing of biofuels like ethanol, industrial alcohol, potable/commercial alcohol, rectified spirit, DDGS (Distillers Dried Grains with Solubles) and Co2 which are used in manufacturing of IMFL liquor. The installed capacity of the plant is 75KLPD. The Company has a captive 3 MW co-generation power plant.

Mr. Vijay K Penmetsa is the Managing Director and the other directors are Mr. Sriram Raju Nadimpalli, Mr.M.V.Rama Raju, Mr. M.V.V. Satyanarayana Raju, Mr. M Zaheer Ul Eshan and Mr. D. Raghava Raju.

Financial Performance

On a provisional basis, VBL reported Net Sales of Rs. 87.06 Crs and PAT of Rs 0.47 Crs for 10MFY17. Tangible net worth stood at Rs. 39.42 Cr as on March 31, 2017. Total debt was Rs.98.40 crs and Gearing was 2.50 times as on March 31, 2017.

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

Any other information : NA

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument /Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1	Cash Credit	Long term	14.00	BWR BB (Outlook: Stable) (Assigned)	-	-	-
2	Term Loans	Long term	77.07		-	-	-



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.



Annexure I
Veda Biofuel Ltd
Bank Facilities Details (Rs. Crs)

Facility	Type	Tenure	Vijaya Bank	Bank of India	Central Bank of India	Total
Cash Credit	Fund Based	Long Term	8.00	3.00	3.00	14.00
Term loan			29.00	23.92	24.15	77.07
Total			37.00	26.92	27.15	91.07