

June 16, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	0.04	SMERA C (Assigned)
Cash Credit	12.74	SMERA C (Assigned)
Working Capital Term Loan	12.26	SMERA C (Assigned)
Funded Interest Term Loan I	3.04	SMERA C (Assigned)
Funded Interest Term Loan II	2.24	SMERA C (Assigned)

SMERA has assigned rating of '**SMERA C**' (read as **SMERA C**) to the Rs.30.32 crore bank facilities of Vishnuvardhan Paper Mills Private Limited (VPMPL). The rating is constrained due to weak financial risk profile and stretched working capital. The company's operating income has declined to Rs.13.86 crore (provisional) in FY2014-15 from Rs. 32.11 crore in FY2013-14 and Rs. 42.00 crore in FY2012-13.

VPMPL, incorporated in 1984, is a Tamil Nadu-based company engaged in the manufacture of paper. The working capital cycle days have increased to 134 days in FY2014-15 from 48 days in FY2013-14. The ROCE (Return on Capital employed) increased from 7.82 per cent in FY2013-14 to 10.64 per cent in FY2014-15. Besides, VPMPL's utilisation of installed production capacity is low at ~30 per cent at 100 tons per day.

About the Company

VPMPL, incorporated in 1984, is a Tamil Nadu-based company headed by Mr. G Raveendran and Mr. G R Vishnuvardhan. The company is engaged in the manufacture of various kinds of paper - printing, writing, tissue and newsprint and has an installed capacity of 36,500 tonnes per annum.

VPMPL reported a net loss of Rs.2.29 crore on operating income of Rs.42 crore for FY2012-13, as compared with PAT of Rs.0.11 crore on operating income of Rs.32.11 crore in FY2013-14. Further, the company registered PAT (profit after tax) of Rs.0.10 crore (provisional) on operating income of Rs.13.86 crore (provisional) from April 2014 to March 2015. VPMPL's tangible net worth stood at Rs.4.13 crore as on March 31, 2014, as compared with Rs.3.97 crore a year earlier.

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