

Vishnu Priya Industries Private Limited: Assigned

Facilities	Amount (Rs. Crore)	Ratings/Outlook
Term Loan	8.75	SMERA B/Stable (Assigned)
Open Cash Credit/Overdraft against Book Debt	0.75	SMERA B/Stable (Assigned)
Long Term Proposed	1.25	SMERA B/Stable (Assigned)
Bank Guarantee	0.25	SMERA A4 (Assigned)
Letter of Credit	1.00	SMERA A4 (Assigned)

SMERA has assigned long term rating of **'SMERA B' (read as SMERA B)** and short term rating of **'SMERA A4' (read as SMERA A four)** on the Rs.12.00 crore bank facilities of Vishnu Priya Industries Private Limited (VPIPL). The outlook is **'Stable'**. The ratings are constrained by the limited track record of operations, moderate capital structure and net worth. The ratings also factor in the intense competition in the packaging industry. However, the ratings draw support from the experienced management and reputed clientele.

VPIPL commenced commercial operations in May 2016 to manufacture corrugated boxes. The company registered revenue of Rs.5.5 crore till October 2016 (Provisional). The capital structure is moderate with debt equity at 1.33 times in FY2016 and net worth at Rs.6.11 crore. The company also faces intense competition from the organised and unorganised players in the packaging industry.

The promoters, Mr. Varadaraju Gowda Varade, Ms. Vijaya Varadaraju and others possess over four decades of experience in the aforementioned line of business. VPIPL caters to a reputed clientele including Festo India Private Limited, Ramsons Garments Pvt Ltd, Paragon Footwear, Niligiri Dairy Firm to name a few.

Rating Sensitivity Factors

- Stabilisation of operations
- Extent of debt funded capex

Outlook-Stable

SMERA believes that VPIPL will maintain a stable outlook in the medium term owing to the extensive experience of its management. The outlook may be revised to 'Positive' if the company achieves the envisaged revenue and profitability. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the scalability and profitability or if the financial risk profile deteriorates owing to debt funded capex.

Criteria applied to arrive at the ratings:

- Manufacturing entities

About the Company

The Karnataka-based VPIPL was established in 2015. The company is engaged in the manufacture of corrugated boxes since May 2016 and has a capacity of 9000 metric tons per annum to manufacture corrugated boxes.

Contacts:

Analytical	Business Development
Mr. Mohit Jain Vice President – Ratings Operations Tel: +91-22-6714 1105 Cell: +91-9619911017 Email: mohit.jain@smera.in	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: suman.m@smera.in

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.