

### 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, Nilgiri 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.

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