

Press Release

Vfp Box Private Limited

May 18, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	SMERA B- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B-**' (**read as SMERA B minus**) on the Rs. 10.00 crore bank facilities of Vfp Box Private Limited. The outlook is '**Stable**'.

VFP Box Private limited (VBPL) is a Gujarat based company incorporated in 2014 by Mr. Kalpesh H. Sanghavi, Mr. Pinkal H. Sanghavi and Mr. Parag Shah. The company is engaged in manufacturing corrugated boxes and has a production capacity of ***. VBPL started commercial operations from December, 2016.

Key Rating Drivers

Strengths

- **Experienced management**

VBPL benefits from its experienced management. The directors viz. Mr. Kalpesh Sanghvi, Mr. Pinkal Sanghvi and Mr. Parag Shah possess around 15 years of experience in the packaging industry.

Weaknesses

- **Nascent stage of operations**

VBPL commenced commercial operations from December 2016. The company registered revenue of Rs 1.52 cr till 15 February, 2017 (provisional).

- **Below average financial risk profile**

The facility of VBPL has been set up at a project cost of ~Rs.7.50 crore at Gujarat, funded through a term loan of Rs.5.40 crore and remaining through promoter's capital and unsecured loans. The financial risk profile of the company is expected to be below average due to nascent stage of operations, limited cash accruals and high term debt repayment in the medium term.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of VBPL.

Outlook: Stable

SMERA believes that the outlook for VBPL will remain Stable over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company achieves more than expected revenue and higher profit margins. Conversely, the outlook may be revised to 'Negative' in case of lower than expected revenues and profitability or deterioration in the financial risk profile.

About the Rated Entity - Key Financials

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	2.20	SMERA B- / Stable
Term loans	Not Applicable	Not Applicable	30-Sep-2022	5.20	SMERA B- / Stable
Term loans	Not Applicable	Not Applicable	30-Sep-2022	0.20	SMERA B- / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	2.40	SMERA B- / Stable

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