

## Press Release

Vivan Industries Private Limited

May 29, 2019



### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 11.00 Cr.
<b>Long Term Rating</b>	ACUITE B / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B**' (read as **ACUITE B**) to the Rs. 11.00 crore bank facilities of Vivan Industries Private Limited (VIPL). The outlook is '**Stable**'.

VIPL, a Ranchi (Jharkhand) based company was incorporated in 2015 by Mr. Vivek Kumar. The company is setting up a furniture manufacturing unit expected to be completed by September, 2019. The total project cost stands at Rs. 9.16 crore to be funded via bank borrowings of Rs. 6.00 crore and promoter's contribution of Rs. 3.16 crore.

### Analytical Approach

Acuité has considered the standalone business and financial risk profile of VIPL to arrive at the rating.

### Key Rating Drivers

#### Strengths

- **Experienced promoters**

The key promoter, Mr. Vivek Kumar has experience of over a decade in similar business of manufacturing of furniture, revolving chairs, steel beds by virtue of his association with Purwa Industries, wherein he is the sole proprietor.

#### Weaknesses

- **Risk related to availability of funding**

The company is in process of setting up of the Almirah manufacturing unit of 36000 UPA (units per annum). The total project cost is estimated to be around Rs 9.16 Crore to be funded through term loan of Rs 6.00 Crore and equity capital infusion of Rs 3.16 Crore. However, the company is yet to tie up its finances resulting in significant funding risk. Timely availability to fund will remain a key credit monitorable.

- **Project implementation risk**

Since operations are expected to commence from September, 2019 onwards, the company is exposed to project implementation and off take risk. Any delays in the implementation due to non-availability of funds can have adverse implications on the company. Further, VIPL will remain exposed to risks related to stabilization of operations and risks related to demand for furniture in the region.

#### Liquidity Profile

Not Applicable

#### Outlook: Stable

Acuité believes that VIPL will maintain 'Stable' outlook over the medium term from the experienced management. The outlook may be revised to 'Positive' in case if the project is executed in a timely manner and adequate ramp up in sales is demonstrated. Any time or cost overruns in the project may lead to a revision in the outlook to 'Negative'.

#### About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	0.00	0.00	0.00
EBITDA	Rs. Cr.	0.00	0.00	0.00
PAT	Rs. Cr.	0.00	0.00	0.00
EBITDA Margin	(%)	0.00	0.00	0.00
PAT Margin	(%)	0.00	0.00	0.00
ROCE	(%)	0.00	0.00	0.00
Total Debt/Tangible Net Worth	Times	1.38	1.21	0.00
PBDIT/Interest	Times	0.00	0.00	0.00
Total Debt/PBDIT	Times	0.00	0.00	0.00
Gross Current Assets (Days)	Days	0	0	0

### Any other information

Not Applicable

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>

### Note on complexity levels of the rated instrument

<https://www.acuite.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
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE B / Stable
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE B / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE B/ Stable

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### About Acuite Ratings & Research:

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