

July 11, 2014

Facilities	Amount (Rs. Crore)	Ratings
<b>Cash Credit</b>	<b>2.25</b>	<b>SMERA B/Stable (Assigned)</b>
<b>Term Loan</b>	<b>10.20</b>	<b>SMERA B/Stable (Assigned)</b>
<b>Bank Guarantee</b>	<b>0.48</b>	<b>SMERA A4 (Assigned)</b>

SMERA has assigned a ratings of '**SMERA B**' (**read as SMERA single B**) and '**SMERA A4**' (**read as SMERA A four**) to the abovementioned bank facilities of Vibrant Processors Private Limited (VPPL). The outlook is '**Stable**'. The ratings are constrained by the company's short track record of operations and high gearing (debt-equity ratio) in an intensely competitive segment of the textile industry. However, the rating is supported by the company's experienced management.

VPPL, incorporated in 2010, is a Surat-based company engaged in dyeing fabrics on job work basis. VPPL commenced commercial operations in December 2013. VPPL is a part of Surat-based 'Sumit Group', which is mainly engaged in trading of artificial silk cloth. Currently, over 75 per cent of VPPL's revenues come from "Sumit Group". VPPL's gearing (debt-equity ratio) is high at 2.73 times (provisional) as on March 31, 2014. The company's total debt of Rs.12.88 crore (as on March 31, 2014) includes unsecured loans of Rs.4.72 crore (of which loans of Rs.2.14 crore are interest-bearing) from related parties. VPPL operates in an intensely competitive segment of the textile industry.

VPPL benefits from experienced management. Mr. Arvind Agarwal and Mr. Anil Agarwal, directors of VPPL, have around two decades of experience in textile industry.

### **Outlook: Stable**

SMERA believes the outlook on VPPL's rated facilities will remain stable over the medium term. The outlook may be revised to 'Positive' in case the company expands its scale of operations while achieving a satisfactory capital structure and comfortable liquidity position. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile.

### **About the company**

VPPL, incorporated in 2010, is a Surat-based company engaged in dyeing of artificial silk fabrics on job work basis. VPPL registered net profit of Rs.0.02 crore on total income of Rs.5.64 crore during December 2013 to March 2014. The company's net worth stood at Rs.4.89 crore (provisional) as on March 31, 2014.

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