

Rating Rationale

Vibrant Dehydro Foods Pvt. Ltd.

22 September 2017

Brickwork Ratings revises the ratings for the Bank Loan Facilities of Rs. 12.50 crs of Vibrant Dehydro Foods Pvt. Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating ¹	
	Previous	Present		Previous	Present
Fund Based Cash Credit Seasonal Cash Credit	6.00 1.50	6.00 1.50	Long Term	BWR B (Pronounced BWR B) Outlook: Stable	BWR D (Pronounced BWR D) <i>(Downgraded)</i>
Fund Based FBP/FDB	5.00	Short Term	BWR B (Pronounced BWR B) Outlook: Stable	Withdrawn
Fund Based FBP/FDB	5.00	Short Term	BWR D (Pronounced BWR D) assigned
Total	12.50	Rs. 12.50 Crores (Rs. Twelve Crores and Fifty Lakhs Only.)			

¹ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Downgraded



Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials of Vibrant Dehydro Foods Pvt. Ltd. up to FY 16, provisional financials of FY 17, publicly available information and information/clarifications provided by the firm.

The revision in rating take into account the company’s inability to service its debt obligations in a timely manner due to the financial stress faced by the company. The rating is further constrained by operating in an industry susceptibility to government regulations, volatile prices of its raw materials and low profitability margins. The rating also takes cognizance of promoters’ experience in the industry, locational advantage with proximity to two major ports of Piparav & Kandla Port and favourable outlook of packaged foods sector demand in the long term.

About the Company

Vibrant Dehydro Foods Pvt. Ltd. (VDFPL) was established as a private limited firm in the year 2007, equipped with modern technologies of Food Processing.

The company has earned a reputation for its manufacturing wide range of white, red and pink dehydrated onion products, garlic, ginger etc., with its major customers located in Europe & US. VDFPL has manufacturing facility at Mahuva in Gujarat with an annual capacity to produce over 5000 mt. dehydrated white and red onions along with a warehouse to store 12000 mt. of raw onions.

Company Financial Performance

As per provisional financials for FY 17, Total Operating Income remained flat at Rs. 33.85 crs (v. Rs. 33.43 crs) mainly due to low price realisation. Profit showed improvement, with EBITDA at Rs. 1.68 crs (v. Rs. 1.10 crs) & PAT at Rs. 0.47 crs (v. Rs. 0.22 crs). Capital structure remained moderate with Tangible Net worth of Rs. 5.28 crs (v. Rs. 4.81 crs) and Total Debt of Rs. 11.30 crs (v. Rs. 10.63 crs) resulting in a gearing ratio of 2.14x (v. 2.21x). Liquidity remained a constraint, with cash conversion cycle elongated at 138 days (117 days).

Key Financial Figures			
Particulars	Units	FY 16	FY 17
Total Operating Income	Rs. Crores	33.43	33.85
EBITDA	Rs. Crores	1.10	1.68
PAT	Rs. Crores	0.22	0.47
Tangible Net worth	Rs. Crores	4.81	5.28
Total Debt	Rs. Crores	10.63	11.30
Debt: Equity	Times	2.21	2.14
Current Ratio	Times	1.27	1.42

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	21 st July 2016	Date in 2015	Date in 2014
1.	Cash Credit	Long Term	6.00	BWR D	BWR B	-	-
2.	Seasonal Cash Credit	Long Term	1.50	BWR D	BWR B	-	-
3.	FBP/FBD	Short term	5.00	BWR D		-	-
Rs. 12.50 Crores (Rs. Twelve Crores and Fifty Lakhs Only.)							

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings



Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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