

Rating Rationale

Brickwork Ratings assigns ‘BWR BBB-’ & ‘BWR A3’ for the Bank Credit Facilities aggregating ₹ 9.60 Cr for Vishakha Industries

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the long term Bank credit facilities of ₹ 3.50 Cr and short term Bank Credit facilities of ₹ 6.10 Cr for Vishakha Industries. (“VI” or “the Company”)

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based- Cash Credit	3.50	Long Term	BWR BBB- (BWR Triple B Minus) Outlook-Stable
Non Fund Based Letter of Credit Bank Guarantee	5.00 1.10	Short Term	BWR A3 (BWR A Three)
Total	9.60	INR Nine Crores & Sixty Lakhs only	

BWR has principally relied upon the audited financial results of VI for period from FY11 to FY13, and information/clarification provided by the Company

The ratings, factors in strong parentage support from “Adani Agri Fresh Pvt. Limited, extensive experience of partners in the industries and established relationship with customers & suppliers and satisfactorily capital structure. The ratings, however, are constrained on account of moderate scale of operations, high working capital intensity of operations and susceptibility of profitability to volatile raw material prices.

Background

Vishakha Industries, a partnership firm established on 20.12.2005 jointly by (a) Doshi Family and (b) Adani Group Company with equal stake for the main object to carry on the business of manufacturing and trading of Injection Moulded Articles and Blow Moulded. Presently, the firm is mainly engaged in manufacturing of Injection molded articles only, mainly crates and palates. The firm is having unit at Nalagarh, Dist. Solan (H.P.) for manufacture of large sized Plastic Crates.

Partners Profile

VI’s overall management is headed by Mr Jigish Doshi, CMD, who has experience of more than three decades in the plastic industry. The promoters also have presence in other businesses through various entities.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financial Risk Profile

Operating Income stood at Rs17.26Cr in FY13. OPBITDA margin has remained strong for the last three years. Net profit margin stood at 7.36 in FY13. Gearing level stood comfortable at 0.4x as of FY13. Coverage ratio as reflected by Interest service and debt service stood moderate at 1.65x and 1.04x.

Rating Outlook

VI's ability to increase its scale of operations with higher utilization levels of additional capacity coupled with improving profitability margins and maintaining capital structure would be the key rating sensitivity.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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