Rating Rationale

BWR upgrades Ratings[1] for the bank loan facilities of Vrinda Papers Pvt. Ltd. to BWR BB/ A4+

Facility	Limit ₹ Cr	Tenure	Rating
Fund Based: Cash Credit	**1.00**	**Long Term**	**BWR BB (Pronounced as Double B) Outlook: Stable (Upgraded)**
Non Fund Based: Buyer's Credit	**8.50**	**Short Term**	**BWR A4+ (Pronounced as Single A Four plus) (Upgraded)**
Total	**9.50**	**INR Nine Crore and Fifty Lacs only**	

Details given in Annexure 1

BWR has principally relied upon the audited financial results up to FY16, provisional financials up to H1 FY17, publicly available information and information/clarifications provided by the Company.

The ratings draw comfort from the experienced promoters, consistent improvement in top line over the past three years and low gearing profile. The rating is, however, constrained by a moderate scale of operations, very low profitability margins, inherent to the trading business, besides poor debt protection metrics.

Key Rating Drivers:

Increasing revenue from operations. Hedging of forex in FY16, thus nullifying forex fluctuation risks. The company is in a growth phase with a likelihood of increase in operating revenues in the long term.

Background:

Vrinda Paper Pvt. Ltd. was established as a firm in 2004. The firm was initially engaged in brokerage of paper only; later it commenced marketing products of few local papers, boards & films manufacturers in India and since 2007 has started importing and conversion of all kind of papers, boards & films sourced internationally. It became a corporate entity in 2010.

The company has also set up its conversion facility located at Delhi with a capacity of converting 20-25 metric tons of reels to sheets per day and 10-12 metric tons reel to reel.

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

VPPL had a turnover of Rs. 44.87 cr. with PAT of Rs. 0.14 cr. and TNW of Rs. 5.51 cr in FY16.

Annexure 1: Details of Bank Facilities Rated

Facility	Rating Assigned (2016)				Rating History		
	Tenure	Previous limits (Rs. Cr.)	Present Limits (Rs. Cr.)	Rating	2015	2014	2013
Fund Based: Cash Credit	Long Term	3.50*	1.00	BWR BB (Pronounced as Double B) Outlook: Stable	BWR BB-	BWR B+	NA
Non-Fund Based: Buyer's Credit	Short Term	8.50	8.50	BWR A4+ (Pronounced as Single A Four Plus)	BWR A4	BWR A4	NA
Total		**12.00**	**9.50**	**Rupees Nine Crore and Fifty Lacs only**			

- The proposed enhancement of Rs. 2.50 in limits did not fructify.

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