



## Press Release

### Vedx International Private Limited

November 14, 2022

#### Ratings

Facility	Amount (Rs. Crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	10.00	IVR BBB-; Stable (IVR Triple B Minus with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities	5.00	IVR A3 (IVR A Three)	Assigned	Simple
<b>Total</b>	<b>15.00</b> <b>(INR Fifteen crore only)</b>			

Details of Facilities are in Annexure 1

#### Detailed Rationale

The ratings assigned to the bank facilities of Vedx International Private Limited (VIPL) derives comfort from extensive experience of the promoters in metal sector with sustained growth in scale of operations of the company over the past three fiscals ended in FY22. Further, the ratings also notes its comfortable capital structure with healthy debt protection metrics and satisfactory H1FY23 performance. However, these rating strengths remain constrained due to its thin profitability, exposure to intense competition and exposure to cyclicity inherent in the industry.

#### Key Rating Sensitivities:

##### Upward factors

- Sustained growth in scale of business with improvement in profit margins leading to gradual improvement in cash accruals.
- Sustenance of the capital structure with improvement in debt protection metrics.

##### Downward Factors

- Moderation in the scale of operation and/or moderation in the profit margin with dip in EBITDA margin to below 1%.
- Moderation in the capital structure with deterioration in the overall gearing ratio to over 1.5x.
- Moderation in the liquidity position of the company.

#### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths



## Press Release

- **Extensive experience of the promoters**

VIPL is promoted by Mr. Tarun Singh, who has business experience of about two decades in managing & heading strategic business units in the metal industry. The other promoter Mr. Vivek Soni also has vast experience of over three decades in the trading of electrical goods. The extensive experience of the promoters has helped the company to establish a healthy relationship with customer and suppliers

- **Sustained growth in scale of operations of the company**

The company's total operating income has grown substantially at a CAGR of ~61% during FY2020 to FY2022 with a y-o-y growth of ~29% in FY22, supported by improved demand of copper products and rise in average sales realisation. Further, in H1FY23, the company has achieved a revenue of ~Rs.276 crore.

- **Comfortable capital structure with healthy debt protection metrics**

The capital structure of the company remained comfortable with no long-term debt in the business. Further, the total indebtedness of the company, as reflected by TOL/TNW has also remained satisfactory and witnessed considerable improvement from 11.29x as on March 31,2021 to 3.23x March 31,2022. Moreover, backed by its comfortable capital structure, the debt protection metrics of the company remained healthy over the years. Further, driven by improvement in EBITDA, the interest coverage ratio improved from 9.22x FY21 to 18.06x in FY22. Moreover, with rise in gross cash accruals, Total debt to GCA has also improved from 1.93x as on March 31,2021 to 0.74x as on March 31,2022. Going forward, Infomerics expects that the financial risk profile of the company to remain satisfactory in the near term.

### **Key Rating Weaknesses:**

- **Thin profitability**

Being in trading operations the profit margin of the company remained thin over the years. However, to boost its profit margin, the company has started giving impetus to sale of semi-finished copper products which fetches higher operating margin. Consequently, the EBITDA margin of the company improved to 1.45% in FY22. Further, with growth in absolute EBITDA, the PAT margin also improved to 1.03% in FY22.

- **Exposure to intense competition**

The metal trading industry in India is highly fragmented, given the commoditised nature of the products. The segment is characterised by intense competition from numerous players that limits the pricing flexibility of the traders.



## Press Release

- **Exposure to cyclicalities inherent in the industry**

The cash flows of the company remain vulnerable to the cyclicalities inherent in the metal trading business

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Trading Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning rating outlook](#)

**Liquidity: Adequate**

The liquidity position of the company is expected to remain adequate in the near term backed by its nil debt repayment obligation in absence of any long-term debt in the debt profile. Further, the company has healthy gearing headroom supported by its conservative capital structure. Moreover, the average working capital limit utilisation of the company was ~76% during the past seven months ended October 2022, indicating sufficient liquidity cushion.

**About the Company**

Mumbai based Vedx International Private Limited is engaged in trading of various non-ferrous metals like copper, zinc, aluminium etc along with sale of semi-finished copper products. The company started its trading activities from 2017 onwards. Till 2019, it was engaged mainly in commodity trade. VIPL entered the semi-manufacturing trading sphere in 2020. The products are mainly used in automobile, aviation, electrical industries etc. The company has expanded its footprints across India and has warehouses in Bhiwadi, Mumbai, Bangalore and Hyderabad to stock and sell its products. Specializing in non-ferrous and minor metals, the company provides service linkages from trusted source to the end user customers which includes warehousing and start to end logistics facilities.

**Financials of Vedx International Private Limited (Standalone):**

For the year ended* / As On	(Rs. crore)	
	31-03-2021	31-03-2022
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	367.40	475.05
EBITDA	1.66	6.91
PAT	1.19	4.88
Total Debt	1.99	3.65



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Tangible Net worth	2.13	7.00
EBITDA Margin (%)	0.45	1.45
PAT Margin (%)	0.33	1.03
Overall Gearing Ratio (x)	0.94	0.52
Interest Coverage Ratio (x)	9.22	18.06

\*Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA: Not Applicable**

**Any other information: Nil**

**Rating History for last three years:**

(Rs. Crore)

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Cr.)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Cash Credit	Long Term	10.00	IVR BBB-; Stable	-	-	-
2.	Letter of Credit	Short Term	4.80	IVR A3	-	-	-
3.	LER	Short Term	0.20	IVR A3	-	-	-

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### About Infomerics Ratings:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.



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Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit [www.infomerics.com](http://www.infomerics.com)

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Cr)	Rating Assigned/ Outlook
Long Term Fund Based Limits – Cash Credit	-	-	-	10.00	IVR BBB-; Stable
Short Term Non-Fund Based Limits – Letter of Credit	-	-	-	4.80	IVR A3
Short Term Non-Fund Based Limits – LER	-	-	-	0.20	IVR A3

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-Vedx-International-nov22.pdf>

**Annexure 3: List of companies considered for consolidated analysis:** Not Applicable

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).