



## Press Release

**Vikas Lifecare Limited (VLL) erstwhile Vikas Multicorp Limited**

**January 18, 2022**

### Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicators
Long/Short term Bank Facilities- Working Capital	4.49	IVR BB+/Stable /IVR A4+ (IVR Double B Plus with Stable outlook/IVR A four plus)	IVR BB+ / Under Credit watch with negative implications (IVR Double B Plus with Under Credit watch with negative implications)	Reaffirmed (Removed from credit watch with negative implications and revised to stable outlook)	Simple
Long term Bank Facilities – Working Capital	36.00		IVR BB+ / Under Credit watch with negative implications (IVR Double B Plus with Under Credit watch with negative implications)	Withdrawn	-
Long term Bank Facilities – Term Loan	1.00		IVR BB+ / Under Credit watch with negative implications (IVR Double B Plus with Under Credit watch with negative implications)	Withdrawn	-
Short term Bank Facilities	14.70		IVR BB+ / Under Credit watch with negative implications (IVR Double B Plus with Under Credit watch with negative implications)	Withdrawn	-
<b>Total</b>	<b>51.70</b>				



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### **Details of facilities are in Annexure 1**

#### **Detailed Rationale**

The rating reaffirmed to the bank facilities of Vikas Lifecare Limited (VLL) erstwhile Vikas Multicorp Limited considers extensive experience of promoters in manufacturing and trading, stable demand prospects for agro products, comfortable capital structure. These rating strengths are partially offset due to moderate working capital intensive nature of operations, highly competitive Industry with agro climatic risk and exposure to foreign exchange fluctuations.

The outlook has been revised to Stable on account of healthy financial performance during 9MFY22 & expected growth in FY2022.

Infomerics Valuation and Rating Private Limited has withdrawn the rating assigned to the Bank facilities of Vikas Lifecare Limited at the request of the company and based on the No Dues Certificate received from the Banker.

The rating is withdrawn in accordance with Infomerics' policy on withdrawal and as requested by the company.

#### **Key Rating Sensitivities:**

##### **Upward Factor:**

- Significant improvement in profitability metrics with consistent growth in scale of business thereby leading to overall improvement in cash accruals which is significantly higher than Infomerics expectation.
- Continuous improvement in capital structure.

##### **Downward Factor:**

- Dip in operating income and/or profitability impacting the debt coverage indicators and liquidity.
- Further elongation of the operating cycle leading to weakening in liquidity position.

### **Detailed Description of Key Rating Drivers**

#### **Key Rating Strengths**



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### **Experienced Promoters and Management**

Promoter of the Vikas group, Mr. Vikas Garg has an experience of 18 years in the petrochemical industry. Vikas group began operating as a trader of Petrochemical products and subsequently entered into manufacturing business. Mr. Garg is assisted in the day-to-day operations by highly qualified and experienced professionals possessing rich experience in their respective industries.

### **Foray into new edge businesses & broad basing its product portfolio**

The company has recently forayed into the Agro Products segment /Consumer segment and has been empanelled with National Agricultural Cooperative Marketing Federation of India Limited (NAFED), Ministry of Agriculture, Government of India for expanding its Agro Products business.

As of January 13th, 2022 the company has entered into definite agreement with the existing promoters/shareholders for acquiring 75% equity of Genesis Gas Solutions Private Limited (the 'Genesis'), a company engaged in the business developing "Smart Products" including Smart Gas Meters & Power Distribution solutions for the ever-expanding infrastructure in India, in a cash deal amounting Rs. 250 million, payable in stages.

### **Comfortable financial risk profile**

For the 9MFY22 the total revenues stood at Rs. 211 Crores and net profit at Rs. 5.7 crore. For FY2021 the capital structure of the company is comfortable with an overall gearing ratio of 0.62x as on March 31, 2021 (0.75x on March 31, 2020), while Total outside liabilities to Adjusted Net worth ratio stood at 0.92x as on March 31, 2021.

### **Key Rating Weaknesses**

#### **Moderate working capital intensive nature of operations:**

Operations of the company is moderately working capital intensive as reflected in its gross current assets of 543 days in FY2021. However, the same has been matched by creditor days of 511 days in FY2021. During 9MFY2021 the gross current asset days stood at ~300 days and has improved on account of focus on trading nature of the business.

#### **Highly competitive Industry with agro climatic risk**

The Agro products business is highly competitive and fragmented industry because of several organised and unorganised players. Also, any adverse weather condition like inadequate



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monsoon may affect the availability of the crops and could adversely impact the financial risk profile of the company.

**Analytical Approach:** Standalone

**Applicable Criteria:**

Rating Methodology for Manufacturing Companies

(<https://www.infomerics.com/rating-methodology-detail/manufacturing-companies>)

Financial Ratios & Interpretation (Non-Financial Sector)

(<https://www.infomerics.com/rating-criteria-detail/financial-ratios--implication>)

Policy on Withdrawal of Ratings

(<https://www.infomerics.com/policies-and-procedures-details/policy-on-withdrawal-of-ratings>)

**Liquidity - Adequate**

The liquidity position of the company is adequate marked by the sufficient gross cash accruals expected to meet the debt obligations. VLL has comfortable capital structure primarily consisting of working capital limits leading to minimal repayments of term loans. VLL has working capital intensive nature of business led by the elongated collection period and inventory requirement to meet near term requirements. Average working capital utilization for the last 12 months stood at around ~50% reflecting adequate cushion to meet incremental requirements. Current ratio of the company stood at 1.41x as on March 31, 2021 imparting comfort for adequate current assets to meet near-term liabilities.

**About the Company**

Vikas Lifecare Limited is a Delhi based company, Incorporated in 1995 and being promoted by Mr. Vikas Garg and Mr. Vivek Garg. Company is engaged in trading and manufacturing of polymer, rubber compounds and additives for plastics, synthetic & natural rubber. Recently, it has been engaged into Trading of agro products and processing of cashews. VLL has the cashews processing facility in Mangalore district with an installed capacity of 1000 tones/day.

**Financials (Standalone)**

INR in Crore



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For the year ended* As on	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	156.13	74.99
EBITDA	10.22	7.77
PAT	1.40	-3.50
Total Debt	40.22	41.30
Tangible Net Worth	53.30	66.67
EBITDA Margin (%)	6.54	10.36
PAT Margin (%)	0.88	-4.61
Overall Gearing Ratio (x)	0.75	0.62

\* Classification as per Infomerics' standards

Details of Non-Co-operation with any other CRA: N.A.

Any other information: N.A.

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21 (Dated: October 22, 2020)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Fund Based Facility – Working Capital	Long/Short Term	4.49	IVR BB+/Stable/A4+	IVR BB+ / Under Credit watch with negative implications (IVR Double B Plus with Under Credit watch with negative implications )	-	-



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2.	Fund Based Facility – Working Capital	Long Term	36.00	Withdrawn	IVR BB+ / Under Credit watch with negative implications (IVR Double B Plus with Under Credit watch with negative implications )	-	-
3.	Fund Based Facility – Term Loan	Long Term	1.00	Withdrawn	IVR BB+ / Under Credit watch with negative implications (IVR Double B Plus with Under Credit watch with negative implications )	-	-
4.	Non Fund Based- LC/BG Limit	Short Term	17.40	Withdrawn	IVR A4+	-	-

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### About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long/Short Term Fund Based Facility – Working Capital	-	-	-	4.49	IVR BB+/ Stable/ IVR A4+

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable.**

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Len-Vikas-Lifecare-Jan22.pdf>



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**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).