

Press Release

Vyoman Tradelink India Pvt. Ltd

October 07, 2019

Ratings

Sl. No.	Instrument/Facility	Sanctioned Amount (Rs. crore)	Rating Assigned
1	Bank Loan Facility	63.00 ^{&}	IVR BBB- / Stable Outlook ; (IVR Triple B Minus with Stable Outlook) *

* - Rating based on LRD (Lease Rental Discounting) facility

& - Outstanding Rs. 39.73 cr. as on August 31, 2019

Details of facilities are in Annexure 1

Rating Rationale

The rating derives strength from good credit profile of lessee company backed by the escrow mechanism, strong gearing & debt coverage indicators, comfortable liquidity position and strong patronage. The rating however is constrained by limited product portfolio, scale & volatility of operations and ability to find a tenant for vacated unit.

Key Rating Sensitivities

- **Upward rating factor** - Maintaining debt coverage indicators with stability and profitability in existing operations could lead to a positive rating action
- **Downward rating factor** - Any further delay in finalizing new tenant for the vacated property would put additional stress on the financials and call for a negative rating action

Detailed Description of Key Rating Drivers

Key Rating Strengths

Good credit quality of the lessee & escrow mechanism

Essel Propack Ltd (EPL) is the current lessee of VT IPL. The company has taken on lease and licence basis two of the properties based out of Valsad, Gujarat & Mumbai from VT IPL. EPL is a fundamentally strong company. Comfort can also be drawn from the escrow account that VT IPL maintains with the bank that has been sufficiently funded for timely payments.

Strong Gearing and Debt Coverage Indicators

The overall gearing of the company has been comfortable as on account closing days of last two years. Long term debt-equity ratio stood at 0.47x as on March 31st 2019 with interest coverage ratio of 6.34x for the same period.

Comfortable Liquidity position

Although the profitability will be negative for the next three years (till FY22) due to the high goodwill amortization expense, the liquidity position of company is expected to be comfortable on account of positive EBITDA and lower debt.

Strong Patronage & Group Companies Support

VTIPL is led by Mr. Ashok Goel and part of the Essel Group. Being a diversified group, it has various business interests including Essel Group's three existing leisure properties.

Key Rating Weaknesses

Limited Product Portfolio

The company is currently dealing in various commodities. Trading of cotton, steel and dry fruits constituted a major proportion of revenues in last financial year. This indicates higher concentration risk as company's profitability depended on the price performance of these small group of underlying commodities. Diversifying its portfolio by including more products would help the company to mitigate the concentration risk.

Scale & Volatility in Operations

VTIPL is currently at a nascent stage post the amalgamation wherein its top-line is experiencing high volatility. High total income was recorded in FY18 due to the one-time selling of financial instruments post the amalgamation. The total revenue (operating income + non-operating income) reduced in FY19(Provisional)albeit, the company reported the commencement of its core activity of Commodity Trading. Going forward, the operating income is expected to stabilize and be range bound for the next three years between Rs. 50-55 crore, which is on the lower side.

Ability to find good quality tenant for the vacated unit

ItzCash, one of the tenant has vacated the leased property in January 2019. VTIPL has not been able to find a replacement for the same and the said property currently stands unused.

The company's ability to find a quality tenant soon would be crucial to ensure seamless inflow of lease rentals and debt repayments.

Analytical Approach & Applicable Criteria:

- Standalone
- Rating Methodology for Service sector companies
- Rating Methodology for Structure Debt Transaction (Non securitisation transaction)
- Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity

Adequate liquidity characterized by sufficient cushion in accruals vis-à-vis repayment obligations and moderate cash balance of ~ Rs.20 Crore.

About the company

Vyoman Tradelink India Private Limited (VTIPL) formerly Sachiv Trading Private Limited, is into business of trading and investment. It is an amalgamation of four companies viz Ganjam Trading Company Pvt. Ltd., Rupee Finance and Management Pvt. Ltd., Intrex India Pvt. Ltd and ITX Trading & Financial Pvt. Ltd. The merger was done with the motive of achieving synergies in business, avoid duplication, reduce compliance cost and increase efficiency.

Financials (Standalone)

(Rs. Crore)

For the year ended / As on	31-Mar-18 (A)	31-Mar-19 (P)
Total Operating Income	57.93	102.99
EBITDA	42.1	50.01
PAT	26.14	-140.97
Total Debt	299.91	200.03
Tangible Net worth	320.95	350.87
EBIDTA Margin (%)	72.67	48.56
PAT Margin (%)	11.16	-136.88
Overall Gearing ratio (x)	0.93	0.57

* Classification as per Infomerics' standards

Details of Non Cooperation with any other CRA: Nil

Any other information: N.A

Rating History for last three years:

Name of Instrument/ Facilities	Current Rating (Year 2019-20)			Rating History for the past 3 years		
	Type	Amount outstanding (Rs. crore)	Rating	Rating assigned in 2018-19	Rating assigned in 2017-18	Rating assigned in 2016-17
Fund Based Facilities	Long Term (TL)	63.00	IVR BBB - /Stable Outlook*	--	--	--
	Total	63.00				

* - Rating based on LRD (Lease Rental Discounting) facility

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.

Name and Contact Details of the Analysts:

Name: Mr. Pranav Mahashabde

Tel: (022) 62396023

Email: pmahashabde@infomerics.com

Name: Mr. Sriram Rajagopalan

Tel: (022) 62396023

Email: srajagopalan@infomerics.com

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. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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

Sr. no	Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crores)	Rating Assigned/ Outlook
1	Long Term Fund Based (TL)	--	--	143 months	63.00	IVR BBB- / Stable Outlook*
Total					63.00	

* - Rating based on LRD (Lease Rental Discounting) facility