



## Rating Rationale

Vyali International

21 Aug 2018

**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 18.50 Crores of Vyali International.**

### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
<u>Fund based</u> Cash Credit	18.50	Long Term	<b>BWR B+</b> (Pronounced as BWR Single B Plus) (Outlook:Stable)
<b>Total</b>	<b>18.50</b>	<b>INR Eighteen Crores and Fifty Lakhs Only</b>	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial statement upto FY15, FY16, FY17 & Provisional upto FY18, and Projections financials upto FY19 and publicly available information and information/clarifications provided by the firm.

The ratings draw comforts from experience of the partners in API, Chemicals, Pharmaceuticals, Packing, Materials, Finished Products in trading business, moderate scale of operations & moderate Top line. However the assigned rating is primarily constrained by low networth, high gearing, Low debt coverage indicator, Low liquidity position, Inherent risk being constitution of the firm, and working capital intensive nature of operations.

### Description of Key Rating Drivers

#### Credit Strengths:

- Experience of the partners is more than three decades in trading API, Chemicals, Pharmaceuticals, Packing, Materials, Finished Products etc.
- Top line at a moderate level but showing growth YOY basis & also bottom line reflected by sales of Rs.81.93Crs in FY18(PROV.) VS Rs.57.83Crs in FY17 and PAT of Rs.0.90Crs in FY18 VS Rs.0.60Crs in FY17.
- Moderate scale of operations.

#### Credit Risks:

- High gearing ratio reflected by 4.59times in FY18 as against 2.58 times in FY17.
- Low Liquidity Position reflected by 1.19 times in FY18, substantially declined from 1.33 times



in FY 17.

- Low Debt protection metrics, ISCR of 1.36 times in FY18 as against ISCR of 1.21 times in FY17, DSCR of 1.16 times in FY18 as against DSCR of 1.10 times in FY17.
- Working capital intensive nature of operations..
- Low Net Worth.
- High competition from small & medium units in the region.
- Limitations of partnership firm in terms of finances and management decision.

### Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

### Rating Outlook: *Stable*

BWR believes the **Vyali International** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### About the Firm

Vyali International was established in January 2012. It is a partnership firm. It is located at Indore, Madhya Pradesh. Mr. Rajesh Kasturi and Mr. Samir Vora are the partners of the firm. Mr. Rajesh Kasturi has more than 30 years experience & Mr. Samir Vora has more than 20 years experience in the industry. The firm is engaged in the trading of API, Chemicals, Pharmaceuticals, Packing, Materials, Finished Products etc. The firm has three branches located at Indore, Bhiwandi and Roorkee. The firm procures raw material from all over India and sells too in all over India.

### Firm's Financial Performance

Net Sales has increased from ₹49.59Cr in FY16 to ₹57.83Cr in FY17. PAT has increased from ₹0.16Cr in FY16 to ₹0.60Cr in FY17. As per the Provisional financial provided by firm as on 31.3.2018, revenue is ₹81.93Cr.

### Rating History for the last three years

S.No	Facility	Current Rating 2018			Rating History		
		Type	Amount(₹ Cr)	Rating	2017	2016	2015
1	<b>Fund Based</b>	Long Term	18.50	<b>BWR B+</b> (Pronounced as BWR Single B Plus) <b>(Outlook:Stable)</b>	-	-	-
	<b>Total</b>		<b>18.50</b>	<b>₹ Eighteen Crores and Fifty Lakhs Only</b>			



Status of non-cooperation with previous CRA (if applicable)-Reason and comments:NA  
 Any other information:NA

### Key Financial Indicators

Key Parameters	Units	2017	2016
<b>Result Type</b>		<b>Audited</b>	<b>Audited</b>
Operating Revenue	₹ Cr	57.83	49.59
EBITDA	₹ Cr	1.47	0.92
PAT	₹ Cr	0.60	0.16
Tangible Net worth	₹ Cr	2.98	3.36
Total Debt/Tangible Net worth	Times	2.58	3.15
Current Ratio	Times	1.33	1.32

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<i>Sushil Kumar Chitkara</i> <i>Deputy General Manager - Ratings</i>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<b>Relationship Contact</b>
	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-2742</b>	

### For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a



meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

**DISCLAIMER**

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.