

Press Release

Visuell Creations

September 06, 2018

Rating Upgraded & Reaffirmed



| | |
|-------------------------------------|---|
| Total Bank Facilities Rated* | Rs. 7.00 Cr. |
| Long Term Rating | ACUITE B+/ Outlook: Stable (Rating Upgraded) |
| Short Term Rating | ACUITE A4 (Rating Reaffirmed) |

Rating Rationale

Acuité has upgraded the long-term rating from '**ACUITE B' (read as ACUITE B)** to '**ACUITE B+' (read as ACUITE B Plus)**' on the Rs. 3.50 crore bank facilities of Visuell Creations. The outlook is '**Stable**'.

Acuité has reaffirmed the short-term rating of '**ACUITE A4 (read as ACUITE A Four)**' on the Rs. 3.50 crore bank facilities of Visuell Creations. The outlook is '**Stable**'.

Visuell Creations (VC) is a Mumbai based partnership firm established in 2008. It is engaged in the importing and distribution of glassware products. The firm mainly deals with 2 companies, from Turkey and Italy. VC has one office in Bhandup West in Mumbai and 2 warehouses in Bhiwandi in Maharashtra. The firm sells their imported glassware products through 3 channels – retail shops and dealers, modern and multiple retail chains and B2B chains.

The rating upgrade is in view of sustained growth in the scale of operation and profitability indicators of VC.

Key Rating Drivers

Strengths

Experienced partners

The partners Mr. Sumit Ajitsaria, Mrs. Anushree Ajitsaria and Mr. Dinesh Ajitsaria are actively involved in the day to day operations of the business since the establishment of the firm in 2008. Mr. Balkrishna Jhunjunwala has three decades of experience in marketing and selling of products. Having an experienced management has helped the firm become a preferred importer and distributor for 2 major companies manufacturing glassware products, Sisecam from Turkey and Bormioli from Italy. Being a preferred distributor helps Visuell Creations in maintaining healthy operating margins and thus, mitigating the risk of foreign exchange fluctuations.

Reputed clientele

The firm is in association and business with brands such as Bormioli Rocco, Pasabahce, DaVinci and Crystal among others for import of glassware and crystal ware products. The firm deals with reputed clients in the Indian domestic market which includes Shoppers Stop, Avenue Super Mart and Lifestyle International Private Limited among others.

Healthy profitability indicators

The firm has displayed healthy profitability indicators even though they operate at modest scale of operations. The operating margins stood at 13.13 percent for FY2018 (Provisional) as against 11.94 percent for FY2017. The PAT margins have improved from 9.51 percent in FY2017 to 12.18 percent in FY2018 (Provisional). The NCA margins have also improved from 10.72 percent in FY2017 to 13.43 percent in FY2018 (Provisional). The Return on Capital Employed has been at an average of 21.33 percent from FY2015 to FY2018 (Provisional).

Weaknesses

Moderate financial risk profile coupled with modest scale of operations

The firm has modest scale of operations and a moderate financial risk profile indicated by revenue of Rs. 11.01 crore for FY2018 (Provisional) against revenue of Rs. 10.37 crore for FY2017. The Compounded Annual Growth Rate (CAGR) for Visuell Creations has been at a modest 1.00 percent from FY2015 to FY2018 (Provisional). The net worth of the firm stood at Rs. 3.88 crore for FY2018 (Provisional). The debt-equity ratio of the firm stood at 1.70 times for FY2018 (Provisional) as against 2.02 times for FY2017. The interest coverage ratio (ICR) stood at 3.73 times for FY2018 (Provisional) as against 2.31 times for FY2017. The debt service coverage ratio (DSCR) stood at 3.07 times for FY2018 (Provisional) as against 2.31 times for FY2017.

Highly competitive industry

The industry of glassware and crystal ware products is marked by the presence of various small to large sized players, locally and internationally, who have extensive experience in the said industry. VC's ability to compete with these players in terms of sustaining pricing and margins will remain one of the most crucial criteria.

Analytical Approach

Acuite has considered the standalone business risk profile and financial risk profile of Visuell Creations to arrive at this rating.

Outlook: Stable

Acuite believes that VC will maintain a 'Stable' outlook from its experienced management in the long-term. The outlook may be revised to 'Positive' if there is more than expected increase in the firm's revenues. Conversely, the outlook may be revised to 'Negative' if the firm fails to achieve the expected revenue figures amidst intensifying competition in the area of operation or if financial risk profile or working capital cycle deteriorates.

About the Rated Entity - Key Financials

| | Unit | FY18 (Prov.) | FY17 (Actual) | FY16 (Actual) |
|-------------------------------|---------|--------------|---------------|---------------|
| Operating Income | Rs. Cr. | 11.01 | 10.37 | 9.75 |
| EBITDA | Rs. Cr. | 1.45 | 1.24 | 1.19 |
| PAT | Rs. Cr. | 1.34 | 0.99 | 0.78 |
| EBITDA Margin | (%) | 13.13 | 11.94 | 12.20 |
| PAT Margin | (%) | 12.18 | 9.51 | 7.95 |
| ROCE | (%) | 25.97 | 18.77 | 19.24 |
| Total Debt/Tangible Net Worth | Times | 1.70 | 2.02 | 3.56 |
| PBDIT/Interest | Times | 3.73 | 2.31 | 1.82 |
| Total Debt/PBDIT | Times | 2.48 | 3.07 | 4.02 |
| Gross Current Assets (Days) | Days | 275 | 201 | 288 |

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Trading entities - <https://www.acuite.in/view-rating-criteria-6.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Cr.) | Ratings/Outlook |
|-------------|---------------------------------|------------|------------------|--------------------------------|
| 02-Jun-2018 | Cash Credit | Long-term | 3.50 | ACUITE B (Indicative) |
| | Letter of Credit | Short-term | 3.50 | ACUITE A4 (Indicative) |
| 16-Mar-2017 | Cash Credit | Long-term | 3.50 | ACUITE B / Stable (Reaffirmed) |
| | Letter of Credit | Short-term | 3.50 | ACUITE A4 (Reaffirmed) |
| 26-Mar-2016 | Cash Credit | Long-term | 3.50 | ACUITE B / Stable (Assigned) |
| | Letter of Credit | Short-term | 3.50 | ACUITE A4 (Assigned) |

*Annexure – Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Cr.) | Ratings/Outlook |
|------------------------|------------------|----------------|----------------|-----------------------------|------------------------------|
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 3.50 | ACUITE B+/ Stable (Upgraded) |
| Letter of Credit | Not Applicable | Not Applicable | Not Applicable | 3.50 | ACUITE A4 (Reaffirmed) |

Contacts

| Analytical | Rating Desk |
|---|---|
| Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-67141191 aditya.gupta@acuite.in Viren Rangparia Analyst - Rating Operations Tel: 02249294053 viren.rangparia@acuiterratings.in | Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in |

About Acuité Ratings & Research:

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