



Press Release

Vistas Investments Private Limited

July 11, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 10.00 Cr.
Short Term Rating	SMERA A2

*Refer Annexure for details

Rating Rationale

SMERA has assigned short term rating of '**SMERA A2**' (**read as SMERA A two**) on the Rs. 10.00 crore bank facilities of Vistas Investments Private Limited. The outlook is '**Stable**'.

Vistas Investments Private Limited (VIPL) is a Bangalore-based company promoted by Ms. Priyanka Reddy Devgan and Mr. Venugopal. The company is engaged in the export of mangoes and a wide range of products including glass bottles, packing material, stickers, food graded flavours among others.

Key Rating Drivers

Strengths

• Established track record of operations and experienced management

VIPL, incorporated in 1987, is a closely held family business. The company was promoted by Directors, Ms. Priyanka Reddy Devgan and Mr. Venugopal. Mr. Venugopal possesses more than two decades of experience in the trading business. Over the years, the directors have developed healthy relations with customers and suppliers which help get repeat orders and favourable credit terms.

• Healthy profitability

VIPL's profit margins have improved during the period under study. The EBITDA margin stood at 25.81 percent and PAT (Profit After Tax) margins at 17.98 percent in FY2015-16 as against 22.72 percent and 15.04 percent respectively in FY2014-15. VIPL has healthy margins. The company exports all its goods. The RoCE stood at 46.82 per cent in FY2016.

• Healthy financial risk profile

The financial risk profile is marked by healthy debt protection metrics, gearing levels and a comfortable net worth base. The interest coverage and debt service coverage ratios have been 39.23 times and 25.95 times respectively in FY2016. The gearing levels are comfortable and improved to 0.04 times in FY2016 from 0.36 times in FY2015. This is mainly due to accretion to reserves thereby increasing the net worth. The net worth base has been comfortable at Rs.40.45 crore as on 31 March, 2016. The company generated net cash accruals of Rs.12.24 crore in FY2016 as against Rs.14.60 crore in FY2015. The debt protection metrics are comfortable with Net cash accruals to Total Debt (NCATD) of 6.93 times in FY2016 as compared to 1.44 times in FY2015.

• Efficient working capital management and strong liquidity

The efficient working capital management is marked by gross current assets (GCA) days of 48 in FY2015-16 as against 102 in FY2014-15. The GCA majorly comprises debtors of 32 days on 31 March, 2016 as against 54 days in the previous year. VIPL has also maintained comfortable liquidity as reflected in the unencumbered cash and bank balance of Rs.17.00 crore as on 31 March, 2016. Further, utilisation of working capital limits (packing credit) stood at ~25.00 percent for six months

ended March 2017.

Weaknesses

- **Uneven revenue trend**

The revenue of VIPL has been uneven during the period under study. The revenue increased to Rs.94.87 crore in FY2014-15 from Rs.59.96 crore in FY2013-14. In FY2015-16, the revenue decreased to Rs.66.34 crore, mainly on account of slowdown in orders. However, it increased to Rs.105.23 crore in FY2016-17 (Provisional).

- **Geopolitical risk of exporting countries**

VIPL is exposed to geographical concentration risk arising from high dependence on exports to African countries. The credit risk profile is thus exposed to adverse changes in trade regulations and geopolitical situation in Africa. However, the risk is mitigated to an extent as the company has been exporting to these countries for around a decade.

- **Foreign exchange fluctuation risk**

The profitability is susceptible to volatility in the prices of goods exported (glass bottles, packing material, stickers, food graded flavours, caramels). Further, 100 per cent revenue is from exports. Thus, the company is exposed to foreign exchange fluctuation risk.

Analytical Approach

SMERA has considered the standalone financial and business risk profile of VIPL to arrive at the rating.

Outlook: Stable

About the Rated Entity - Key Financials

VIPL reported profit after tax (PAT) of Rs. 11.93 crore on total operating income of Rs.66.34 crore in FY2015-16, compared with PAT of Rs. 14.27 crore on total operating income of Rs. 94.87 crore in FY2014-15. The tangible net worth for FY2015-16 stood at Rs. 40.45 crore.

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA A2

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