Press Release

Vendiman Private Limited

August 30, 2019

Rating Assigned

Total Bank Facilities Rated*	Rs. 40.00 Cr.
Long Term Rating	ACUITE BBB- / Outlook: Stable
Short Term Rating	ACUITE A3+

** Refer Annexure for details*

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BBB-**' **(read as ACUITE BBB minus)** and short term rating of **'ACUITE A3+' (read as ACUITE A three plus)** on the Rs. 40.00 crore bank facilities of VENDIMAN PRIVATE LIMITED. The outlook is **'Stable'**.

Mumbai-based, Vendiman Private Limited was Incorporated in 2013 by Mr. Umesh Chandrasen Asher, Mr. Unmesh Kantilal Kamdar and Mr. Rajesh Kumar Shrishrimal. The company is engaged in installation of vending machines comprising the products such as snacks & beverages, cold beverages, health and personal care and pantry supplies. The company has two business models, B-2-B and B-2-C. VPL has its presence across 18 cities with 1725 machines installed as on June 2019.

Analytical Approach

Acuité has considered standalone business and financial risk profile of VPL to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management**

  VPL was incorporated in 2013 by Mr. Umesh Asher, Mr. Unmesh Kamdar and Mr. Rajesh Kumar Shrishrimal. The promoters have a vast experience of over two decades in branding, marketing and retail industry. The experience of the management has helped the company set up 1725 machines across 18 cities in a span of almost 5 years. Further, the company has also been able to get funding in the form of equity to the tune of Rs.30 crores as on 31 March, 2019 from JM Financials. As on 31 March, 2017, the total number of machines installed were around 617 which has increased by ~53 per cent in FY2018 resulting in total number of machines of 941. Further, the total number of machines as on 31 March, 2019 stood at 1580 which is ~68 per cent growth on a y-o-y basis. Further, the average revenue from each machine has been on an improving scale. The average revenue from each machine has improved to ~Rs. 2.5 lakhs from ~Rs.2 lakhs in FY2017. Further, the company has an order book of ~300 machines to be installed by end of FY2020. Acuité believes that the company will benefit from its acceptance of vending machines in the market, experienced management and funding support by JM Financials.

- **Reputed clientele and suppliers**

  The company has its presence majorly in two segments, B-2-B and B-2-C. The company has demonstrated the ability to install 1725 machines across 18 cities in a span of almost 5 years. the company has been associated with reputed customer and supplier base. The company has installed its vending machines in companies and locations such as CBRE, Mumbai International Airport, ITC, Infosys, KPMG, and BMW to name a few. Further, the company has also been associated with suppliers such as Parle, Britannia, Red Bull, Coco Cola and Pepsi, among other.

- **Moderate financial risk profile despite healthy net worth**

  The financial risk profile of VPL is moderate despite healthy net worth. The tangible net worth of VPL stood at Rs.36.05 crore as on 31 March, 2019 (Prov.) as against Rs.22.40 crore in the previous year. The increase in capital is majorly on account of infusion of funds by promoters and JM Financials in FY2019. The coverage indicators of VPL were moderate marked by Interest coverage ratio (ICR) of 1.19 times for FY2019 (Prov.) as against 1.78 times for FY2018. DSCR stood low at 1.01 times for FY2019 as against 0.91 times in the previous year. However, the repayment obligations were supported by infusion of funds by promoters and JM Financials. Further, Total outside liabilities to tangible net worth (TOL/TNW) stood at 0.80 times as on 31 March 2019 (Prov.) as against 0.52 times as on 31 March 2018. Further, Acuité draws comfort from significant level of investment made by promoters and JM Financials leading to lower reliance on external bank borrowings. The company is at a growth trajectory and in order to increase the total number of machines the company will be dependent on fresh funding from Private Equity/Promoters and bank borrowing. Any significant deterioration in debt protection metric will remain key rating sensitivity factor.

Weaknesses

- **Cash Flows susceptibility to high level of competition**

The company was incorporated in 2013 and with limited presence in this industry, the company has spread its reach across 18 cities by installing 1725 vending machines as on June 2019. The company has demonstrated a growth in revenue per machine. However, the company is exposed to huge competition risk. The company faces stiff competition from retail store as well as from the online players. The retail chains such as DMART and Foodbazaar, and online grocery stores such as Grofers and Big basket has its presence across India. Further, the company will also face stiff competition from larger online and retail players like Walmart. However, the company has mitigated its risk of competition at a certain extent by its presence inside the customer premises. Acuité believes that the company's ability to expand its presence across different geographies will remain key for the future growth.

Liquidity Position

VPL has adequate liquidity marked by significant infusion of capital from promoters and JM Financials as on 31 March, 2019 (Prov.). The net cash accruals to its maturing debt obligations stood at a moderate level. The company generated cash accruals in a range of Rs. 0.86 crore to Rs. 0.45 crore during FY2016 to FY2019 against maturing debt obligation in a range of Rs. 0.51 crore to Rs. 3.79 crore. The gap between net cash accruals and its maturing debt obligation has been filled by significant level of capital infusion. The capital infusion as on 31 March, 2019 (Prov.) has remained to the tune of ~Rs. 14.74 crore. Acuité believes that the liquidity of the company is likely to remain adequate over the medium term on account of moderate cash accrual and expected infusion of capital from promoters as well as other private equities.

Outlook: Stable

Acuité believes that VPL will maintain a 'Stable' outlook over the medium term owing to its promoters' extensive experience in the industry, strong financial support from JM Financials and established relations with its customers and supplier. The outlook may be revised to 'Positive' in case the company achieves more than envisaged sales and profitability while efficiently managing its working capital cycle. Conversely, the outlook may be revised to 'Negative' if the revenue and profitability or the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded capex and/or debt-funded working capital requirement.

About the Rated Entity - Key Financials

	Unit	FY19 (Provisional)	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	50.38	28.73	18.10
EBITDA	Rs. Cr.	2.45	1.74	1.07
PAT	Rs. Cr.	-1.09	0.12	-0.10
EBITDA Margin	(%)	4.86	6.07	5.88
PAT Margin	(%)	-2.16	0.41	-0.53
ROCE	(%)	1.86	2.07	9.48
Total Debt/Tangible Net Worth	Times	0.52	0.24	16.75
PBDIT/Interest	Times	1.19	1.78	2.36
Total Debt/PBDIT	Times	7.81	4.52	10.33
Gross Current Assets (Days)	Days	140	150	95

Any other information
Not Applicable

Applicable Criteria
• Default Recognition - https://www.acuite.in/view-rating-criteria-17.htm
• Financial Ratios And Adjustments -https://www.acuite.in/view-rating-criteria-20.htm
• Entities In Services Sector -https://www.acuite.in/view-rating-criteria-8.htm

Note on complexity levels of the rated instrument
https://www.acuite.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
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.40	ACUITE BBB- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	12.80	ACUITE BBB- / Stable
Bills Discounting	Not Applicable	Not Applicable	Not Applicable	2.75	ACUITE A3+
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	23.05	ACUITE BBB- / Stable

Contacts

Analytical	Rating Desk
Aditya Gupta Head- Corporate and Infrastructure Sector Tel: 022-49294041 aditya.gupta@acuite.in Kashish Shah Senior Analyst - Rating Operations Tel: 022-49294042 kashish.shah@acuite.in	Varsha Bist Manager - Rating Desk Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research:
Acuité Ratings & Research Limited *(Erstwhile SMERA Ratings Limited)* is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.