

## Vrion Global Private Limited

December 06, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	7.00	CARE BB; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	5.55	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

Vrion Global Private Limited (VGPL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on Vrion Global Private Limited's bank facilities will now be denoted as **CARE BB; Stable/ ISSUER NOT COOPERATING\***; **CARE A4; ISSUER NOT COOPERATING\***.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The ratings continue to be constrained by its modest and fluctuating scale of operations coupled with low profitability margins inherent in trading business. The ratings are further constrained by leveraged capital structure with high overall gearing owing to low net worth base, weak liquidity, presence in a highly competitive industry and low entry barrier. The ratings, however, continue to draw comfort from experienced promoters and moderate operating cycle.

**Analytical approach:** Standalone

**Outlook:** Stable

**Detailed description of key rating drivers:** At the time of last rating on November 06, 2023, the following were the rating strengths and weaknesses (updated for the information received from the company):

### Key weaknesses

**Modest and fluctuating scale of operations coupled with low net worth base:** VGPL's scale of operations continues to remain modest as marked by total operating income (TOI) and gross cash accruals (GCA) of Rs.92.38 crore and 0.57 crore respectively, during FY24 (FY refers to the period April 1 to March 31) as against Rs.101.61 crore and Rs.0.36 crore respectively, during FY23. Nevertheless, the scale remains modest; it limits the company's financial flexibility in times of stress and deprives it of scale benefits. Moreover, VGPL's scale of operations remained fluctuating for the period FY21-FY23. TOI registered improvement in FY22 over FY21 and thereafter declined in FY23 on account of low order intake from the existing customers. Further, the company's net worth base stood relatively small at Rs.6.66 crore as on March 31, 2024. Furthermore, the company has achieved total operating income of ~Rs.30.42 crore during Q1FY25 (refers to the period from April 1, 2024 to June 30, 2024) and is expected to achieve the TOI of around Rs.120.00 crore in current fiscal.

**Low profitability margins and weak debt coverage indicators:** The profitability of the company though slightly improved yet remain low due to trading nature of the business and intense market competition given the highly competitive nature of the industry. Further, PBILDT margin improved to 1.52% in FY24 as against 1.04% in FY23 on the back of reduction in the cost of trading goods. Similarly, PAT margin also improved to 0.57% in FY24 (PY: 0.31%). Further, on account of low profitability position of the company, the debt coverage indicators of the company stood weak as marked by interest coverage of 1.82x in FY24 (PY: 1.54x) supported by increasing profitability and total debt to GCA of 18.70x (PY: 16.47x).

**Highly competitive industry & low entry barrier:** The trading industry is highly fragmented and competitive with more than two-third of the total number of players belong to unorganized sector. Hence, the players in the industry do not have any pricing power and are exposed to competition induced pressures on profitability. Also, due to low entry barriers in the industry and low value-added nature of products coupled with high competition there is an inherent risk associated with the industry.

### Key strengths

**Experienced promoters:** VGPL is a family run business, Mr. Arun Kumar Bhaiya, Mrs. Punam Bhaiya, Ms. Megha Bhaiya, Mrs. Mridu Gupta and Mr. Rajat Pawan Saboo are the directors of the company and they collectively look after the overall operations of the company. Mr. Arun Kumar Bhaiya is a graduate and has an experience of around 3 decades in trading industry

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

through his association with this entity and other associates. He is well supported by the other directors (Mrs. Punam Bhaiya, Ms. Megha Bhaiya, Mrs. Mridu Gupta and Mr. Rajat Pawan Saboo) who are graduates by qualification and having nearly a decade of experience, respectively in trading industry through their association with this entity and other associates.

**Moderate capital structure:** The capital structure of the company stood moderate on account of low net worth base of Rs.6.66 crore as on March 31, 2024 leading to deterioration in overall gearing ratio to 1.61x as on March 31, 2024 as against 0.96x as on March 31, 2023 mainly on account of higher utilization of working capital borrowings.

**Moderate operating cycle:** The operating cycle of the company continues to remain moderate at 53 days in FY24 (PY: 47 days). The company normally extends credit period of up to 2-3 months to its customers. Furthermore, the company receives an average credit period of around a week from its suppliers. Being a trading company, VGPL is required to maintain adequate inventory of finished goods to cater the immediate demand of the customers, resulting in an average inventory holding period of around one month during FY24. The average utilization of working capital limits remained around 60% for the past 12 months ended October 2024.

**Environment, social, and governance (ESG) risks:** Not Applicable

### Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

Delhi-based Vrion Global Private Limited (VGPL) was incorporated in April, 2011. The company is currently promoted by Mr. Arun Kumar Bhaiya, Mrs. Punam Bhaiya, Ms. Megha Bhaiya, Mrs. Mridu Gupta and Mr. Rajat Pawan Saboo. The company is engaged in the trading of plastic products such as Low-Density Poly Ethylene (LDPE), High Density Poly Ethylene (HDPE), Poly Vinyl Chloride (PVC), Polypropylene (PP), Polystyrene (PS) etc. The company mainly procures traded products domestically and also imports around 10% from China, South Korea, Taiwan, Saudi Arabia, Thailand, etc. The company mainly sells its products in Delhi & nearby regions. The company is also a distributor of "Supreme Petrochem Limited" in North India region. The company has group associates namely; "Silver Sign Private Limited"; incorporated in 2009 engaged in the trading of PVC (Poly vinyl chloride) & LED products and "Silver Fibres Private Limited"; incorporated in 1994 engaged in the trading of garments.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	Q1FY25 (UA)
Total operating income	101.61	92.38	30.42
PBILDT	1.06	1.41	NA
PAT	0.31	0.53	NA
Overall gearing (times)	0.96	1.61	NA
Interest coverage (times)	1.54	1.82	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	7.00	CARE BB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Credit Exposure Limit	-	-	-	-	0.49	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit	-	-	-	-	4.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Proposed non fund based limits	-	-	-	-	1.06	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	7.00	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (06-Nov-23)	1)CARE BB; Stable (24-Nov-22)	1)CARE BB; Stable (06-Jan-22)
2	Non-fund-based - ST-Letter of credit	ST	4.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (06-Nov-23)	1)CARE A4 (24-Nov-22)	1)CARE A4 (06-Jan-22)
3	Non-fund-based - ST-Proposed non fund based limits	ST	1.06	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (06-Nov-23)	1)CARE A4 (24-Nov-22)	1)CARE A4 (06-Jan-22)
4	Non-fund-based - ST-Credit Exposure Limit	ST	0.49	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (06-Nov-23)	1)CARE A4 (24-Nov-22)	1)CARE A4 (06-Jan-22)

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-Credit Exposure Limit	Simple
3	Non-fund-based - ST-Letter of credit	Simple
4	Non-fund-based - ST-Proposed non fund based limits	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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### About us:

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