

June 30, 2020

Aravon Services Private Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term: Fund based / cash credit	7.0	7.0	[ICRA]AA (CE)(Stable); withdrawn
Total	7.0	7.0	

*Instrument details are provided in Annexure-1

Rationale

The ratings assigned to Aravon Services Private Limited (ASPL) have been withdrawn at the request of the company. ASPL was amalgamated with Qess Corp Limited (rated at [ICRA]AA (stable)/[ICRA]A1+) on November 15, 2019. ICRA does not have requisite information to suggest that the credit risk has changed since the time the rating was last reviewed.

Link to the last Press Release published on ICRA website

<https://www.icra.in/Rationale/ShowRationaleReport?Id=78337>

About the company

Aravon Services Private Limited (formerly known ARAMARK India Private Limited), incorporated on July 19, 2007, became a wholly-owned subsidiary of Qess Corp Limited (QCL) with effect from April 1, 2015 pursuant to a share purchase agreement dated February 12, 2015 entered into between the company, its erstwhile shareholders (Aramark Senior Notes Co. and Aramark India Holdings LLC.) and QCL. The company provides integrated food and facility management services to corporate customers in India, predominantly in the areas of housekeeping and guest house management services.

About the guarantor

Qess Corp Limited (QCL) offers end-to-end business solutions like general staffing, professional staffing, technology staffing, IT products and solutions, skill development, payroll, compliance management, integrated facility management and industrial asset management services to corporate clients operating across sectors. By dealing with QCL, clients have the flexibility to maintain a large employee base all round the year, thereby allowing them to save on unwanted manpower costs during off-season and outsource their non-core activities. In February 2018, the company acquired a 100% stake in Monster Worldwide's India, Singapore, Hong Kong and Malaysia entities. These entities have operations across India, Singapore, Malaysia, Philippines, Hong Kong, Vietnam, Thailand, Indonesia, UAE and Kingdom of Saudi Arabia and currently operates the same under the internet business segment. QCL currently operates under three major segments – Workforce Management, Global Technology Solutions and Operating Asset Management.

QCL was incorporated in October 2007 in Bangalore and is promoted by Mr. Ajit Isaac. The company received the initial round of private equity funding in February 2008, wherein India Equity Partners (IEP) acquired a stake in QCL for an investment of Rs. 21.3 crore. In May 2013, Thomas Cook (India) Limited (TCIL), India's largest integrated travel company,

acquired a 74.85% stake in QCL for a consideration of Rs. 256 crore in February 2013. IEP had also exited QCL by selling its shares to TCIL as a part of this deal. In FY2020, QCL was demerged from TCIL, leading to Fairfax currently holding ~32.29% in QCL.

QCL has acquired companies engaged in a variety of businesses over the last few years and currently operates various joint ventures and subsidiaries. On a consolidated basis, the company currently has over ~3,85,000 associate employees under payrolls providing services to ~2,650 clients across 644 cities across the world. QCL provides services to clients operating across domains such as retail, information technology (IT), IT enabled services (ITeS), consumer durables, telecom, pharmaceuticals, entertainment, FMCG etc. QCL, head quartered in Bangalore, operates through 65 offices located in various parts of the world.

Key financial indicators (audited)

	FY2018	FY2019
Operating Income (Rs. crore)	73.6	59.6
PAT (Rs. crore)	13.8	-0.1
OPBDIT/OI (%)	11.2%	6.4%
RoCE (%)	43.1%	13.6%
Total Outside Liabilities/Tangible Net Worth (times)	0.4	0.3
Total Debt/OPBDIT (times)	-	-
Interest Coverage (times)	234.8	43.2
DSCR	195.9	34.4

Guarantor QCL's key financial indicators (audited)

Consolidated	FY2018	FY2019
Operating Income (Rs. crore)	6,167.3	8,527.0
PAT (Rs. crore)	309.8	256.5
OPBDITA/ OI (%)	5.9%	5.7%
RoCE (%)	12.2%	11.7%
Total Debt/ TNW (times)	0.4	0.3
Total Debt/ OPBDITA (times)	2.8	1.6
Interest coverage (times)	4.7	4.2

Source: the company, ICRA research; OPBDITA: Operating Profit before Depreciation, Interest and Taxes; PAT: Profit After Tax; RoCE: Return on Capital Employed; TNW: Tangible Net Worth

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2021)				Chronology of Rating History for the Past 3 Years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2019		Date & Rating in FY2018	Date & Rating in FY2017
					June 30, 2020	March 4, 2019	April 2, 2018	July 28, 2017	March 28, 2017
1	Cash credit	Long-term	7.0	NA	[ICRA]AA(CE)(stable); withdrawn	[ICRA]AA (SO) (Stable)	[ICRA] AA- (SO) (Positive)	[ICRA]AA- (SO) (Stable)	ICRA]AA- (SO) (Stable)

Amount in Rs. crore

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund based/ CC	NA	NA	NA	7.0	[ICRA]AA(CE), Stable; withdrawn

Source: the company

Analyst Contacts

Subrata Ray

+91 22 6114 3408

subrata@icraindia.com

Pavethra Ponniah

+91 44 4596 4314

pavethrap@icraindia.com

Mythri Macherla

+91 80 4332 6407

mythri.macherla@icraindia.com

Pooja Bavishi

+91 80 4332 6405

pooja.bavishi@icraindia.com

Relationship Contact

Jayanta Chatterjee

+91 80 4332 6401

jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87
Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,
Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,
Bangalore + (91 80) 2559 7401/4049
Ahmedabad+ (91 79) 2658 4924/5049/2008
Hyderabad + (91 40) 2373 5061/7251
Pune + (91 20) 2556 0194/ 6606 9999

© Copyright, 2020 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents