

Rating Rationale

D. Vansh Enterprises

12 JUL 2018

Brickwork Ratings reaffirms rating for the long term bank loan facilities of D. Vansh Enterprises

Particulars

Facility Rated	Previous Review Amount (Rs. Crs)	Current Review Amount (Rs. Crs)	Tenure	Previous Rating	*Current Rating
Fund Based Cash Credit	17.00	17.00	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook : Stable	BWR BB- (Pronounced as BWR Double B Minus) Outlook : Stable Reaffirmed
Total	Rs 17.00 Cr	Rs 17.00 Cr (INR Seventeen Crores Only)			

Please refer to BWR website www.brickworkratings.com/ for definition of the ratings.

BWR has reaffirmed Long Term rating at BWR BB- (Outlook: Stable) for the long term bank loan facilities of D. Vansh Enterprises.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

While reviewing the rating of *D. Vansh Enterprises* ('the firm'), BWR has factored in improved gearing and adequate current ratio along with associate firms' support. The rating is, however, constrained by declining profit margins, stretched receivables position, besides risks associated with the constitution being a proprietorship firm.

Key Rating Strengths

- **Improved Gearing** : Gearing (TOL/TNW) ratio of the firm is high; however, it has improved from 7.67X in FY16 to 5.20X in FY17 and further improved to 4.43X in FY18 (unaudited) owing to increased proprietor's capital. The firm also enjoys support of unsecured loans from friends and relatives.
- **Current ratio** : The firm has adequate current ratio at 2.32x in FY17 and 1.74x in FY18 (unaudited).

12 JUL 2018

Key Rating Weaknesses

- **Declined net profit margins** : Net profit margin declined from 1.01% in FY16 to 0.89% in FY17.
- **Stretched Receivables** : Trade receivables have increased from Rs 27.36 crore in FY16 to Rs 45.81 crore in FY17. However, receivables has improved to Rs 25.53 Cr in FY18 (unaudited).
- **Constitution of the firm** : Being a proprietorship firm, is exposed to inherent risks of dissolution and restricted avenues to raise capital, which could prove a hindrance to its growth.

Analytical Approach:

BWR has factored in the standalone business parameters and financial risk profile of the company to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked below.

Rating Outlook: Stable

BWR believes the *D. Vansh Enterprises'* business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Firm

D. Vansh Enterprises is a proprietorship concern established in 2008 at Abohar by Mr. Amit Doda and it is engaged in the wholesale and retail distribution of Indian Made Foreign Liquor (IMFL) and country liquor in Punjab.

Firm's Financial Performance

Particulars	Units	FY2016 (Audited)	FY2017 (Audited)
Net Sales/Revenue	Rs. Crores	175.80	83.30
EBIDTA	Rs. Crores	3.33	3.02
PAT	Rs. Crores	1.77	0.75
Tangible Networth	Rs. Crores	5.92	6.89
TOL : TNW Ratio	Times	7.67	5.20

Current Ratio	Times	1.39	2.32
---------------	-------	------	------

Total Operating income has declined from Rs 175.80 Cr in FY16 to Rs 83.80 Cr (due to low tender allotment of license than previous year). However, it has improved from Rs 83.80Cr in FY17 to Rs 101.07 Cr in FY18 (unaudited).

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument/ Facility	Current Rating (2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	2017	2016	2015
1.	Cash Credit	Long Term	17.00	BWR BB- (Pronounced as BWR Double B Minus) Outlook : Stable	NA	BWR BB- Outlook : Stable	BWR BB- Outlook : Stable
	Total	Rs 17.00 Cr (INR Seventeen Crores Only)					

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

Any other information - NIL

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)

Analysts	Media
Mr. Ashwini Mital	media@brickworkratings.com
Sr. G. M.	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what



was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.