



Rating Rationale

G V Parivaar Retails Ltd

03 Sept 2019

Brickwork Ratings reaffirms/withdraws the ratings for the Bank Loan Facilities of ₹. 7.50 Crores of G V Parivaar Retails Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Jan, 2019)	Present
Fund based	5.40	7.50	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable Reaffirmed
Non Fund Based	0.15	NA	Short Term	BWR A4 (Pronounced as BWR A Four)	Withdrawn
Total	5.55	7.50	INR Seven Crores And Fifty Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial statements upto FY19, projected financials of FY20, publicly available information, information / clarification provided by the company's management.

The ratings draws strength from the vast experience of the promoters in the same line of business and the company's moderate financial risk profile i.e. moderate gearing and coverage indicators. The ratings are however constrained by the small scale of operations, low profitability, low networth and a highly competitive marketplace.

Going forward, the ability of the company to improve its sales, profitability and networth along with efficient management of liquidity will be the key rating sensitivities.



Description of Key Rating Drivers

Credit Strengths:

- **Experienced Management :-** The promoters of the company are highly experienced with nearly 3 decades of experience in the same line of business.
- **Moderate financial risk profile:** The company had a moderate gearing ratio (Total debt/TNW) of 1.84 times as on 3 March 2019 which was 0.98 times as on 31 March 2018. The overall gearing (TOL/TNW) of the company was 3.14 times as on 31 Mar 2019 (2.37 times as on 31 Mar 2018). The coverage indicators of the company were moderate as reflected in DSCR & ISCR of 1.48 and 1.54 for FY19 respectively (1.26 & 1.34 for FY18)

Credit Risks:

- **Small Scale of Operations :-** Being in the business for over a decade now, the company's scale of operation is low as reflected in Operating Income of Rs.29.05 Crores for FY19 as compared to Rs.37.37 Crores in FY18. The company's sales are also limited due to the geographical demography of the tier-3 cities in which it operates.
- **Low Profitability :-** The company has a low operating and net profit margin as reflected in the Operating margin of 2.87% and Net margin of 0.64% for FY19 as compared to 3.73% and 0.60% respectively for FY18.
- **Low Networth:** The company's Capital has remained the same over the years and the only addition to the Networth has been from the plough back of profits. The company's current investment in Non-core assets (Tata Capital Financials Service Ltd.) also limits its Networth position.
- **Highly competitive marketplace:** The electronics and consumer appliances market is characterized by the presence of a large number of players. And with the spread of internet accessibility, the ecommerce platforms are also making a huge dent in the sales of offline players.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **G V Parivaar Retails Ltd** 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 Company

G.V Parivaar Retails Ltd. is a public ltd company registered with the Registrar of companies on 31 January, 2008. It deals in consumer appliances with a network of 200 dealers approximately. The company has 6 retail self owned stores. The company is managed by Mr. Vimal Sethi and his family.

Company Financial Performance

The company's Net Sales have declined in FY19 to Rs.26.94 Crs. as compared to Rs.34.44 Crs. in FY18. The Networth has remained flat over the years with only increasing by the plough back of marginal net



profit earned by the company. Although the operating margin has fallen over the years, the company's net margins have improved in the past couple of years. The overall gearing is moderately high at 3.14 times as on 31 March 2019 as compared to 2.37 times a year ago. The coverage indicators of the company were moderate for FY19 as reflected in DSCR & ISCR of 1.48 & 1.54 respectively (1.26 & 1.34 for FY18).

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	Jan, 2019	2018	2017
I	Fund Based	Long Term	7.50	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable Reaffirmed	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	NA	NA
II	Non Fund Based	Short Term	NA	Withdrawn	BWR A4 (Pronounced as BWR A Four)		
	Total		7.50	₹ Seven Crores And Fifty Lakhs Only			

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

Key Financial Indicators

Key Parameters	Units	2019	2018
Result Type		Audited	Audited
Operating Revenue	₹ Cr	29.05	37.37
EBITDA	₹ Cr	0.83	1.40
PAT	₹ Cr	0.19	0.22
Tangible Net worth	₹ Cr	3.51	3.32
TOL / Tangible Net worth	Times	3.14	2.37



Current Ratio	Times	1.28	1.35
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Hyperlink/Reference to applicable Criteria

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

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For print and digital media

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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.

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.

