

VRP Telematics Private Limited (Revised)

December 11, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* and Withdrawn
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB+; Stable; ISSUER NOT COOPERATING* and Withdrawn

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Ltd. has reaffirmed and withdrawn the outstanding ratings of 'CARE BB+; Stable/CARE A4+; ISSUER NOT COOPERATING' [Double B Plus; Outlook: Stable/ A Four Plus; ISSUER NOT COOPERATING] assigned to the bank facilities of VRP Telematics Private Limited (VRP) with immediate effect. The above action has been taken at the request of VRP and 'No Objection Certificate' received from the banks that have extended the facilities rated by CARE Ratings Ltd.

The reaffirmation of ratings is on account of insufficient information to conduct a detailed review of the ratings. Additionally, the ratings are constrained by a moderate financial risk profile, frequent changes in product mix that undermine business model stability, negative operational cash flows, and the fragmented and highly competitive nature of the industry. However, the ratings derive strength from resourceful promoters with experienced and professional management, partnerships with reputable brands for product distribution, a robust network, and improved operational performance.

Analytical approach: Standalone

Outlook: Not Applicable

Detailed description of key rating drivers:

At the time of last rating on September 13, 2024, the following were the rating strengths and weaknesses.

Key weaknesses
Moderate Financial risk profile

The overall gearing of the company improved slightly to 1.99x as on March 31, 2023 (PY: 2.09x) primarily on account of accretion of profits to net worth. Improvement in overall gearing was partially off-set by increase in unsecured loans - from RPG Industrial Product Private Limited to the tune of Rs. 24 crore. These unsecured term loans carry 7% interest rate with no fixed repayment schedule. Further, PBILDT (Profit before interest, Lease rentals, depreciation, and taxes) interest coverage ratio deteriorated marginally to 2.18x (PY: 2.42x) primarily on account of higher interest expense incurred by the company during FY23 (refers to April 01 to March 31). The total debt/Gross cash accruals (TD/GCA), however, improved slightly to 9.57x (PY: 9.81x) in FY23 on account of increased GCA owing to growth in operations. The average utilization of fund-based working capital limits stood low at around 65% for the trailing 12 months period ending April 2023.

Fragmented and competitive nature of industry

India is one of the most prominent markets for consumer durable electronics, surpassing the United States and second only to China. The Indian consumable durable electronic industry is marked by high level of competition with the market being highly price sensitive and value driven. Intense competition and fragmented nature of industry, with both domestic and foreign players competing, has resulted in stiff price competition. In order to capture the market share, the electronic companies are coming up with several initiatives such as bundled offers, discounts and aggressive pricing. However, these mechanisms are severely affecting the profitability margins of the manufacturers as well as the traders.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Negative operational cash flows trend

The operational cash flows (CFO) of the company have been negative for the past 5 years primarily due to change in product mix. The company was a national distributor of Xiaomi mobiles until FY20 wherein the operating cycle was negative, since the company realized its debtors (various distributors) earlier than it was required to pay Xiaomi for the supplies. As the company curtailed Xiaomi business gradually over the years, its operating cycle started to increase resulting in negative operating CFO. Besides the operations were impacted due to Covid -19 as well due to which the scale of operations was impacted in FY21 and FY22. However, the company has maintained steady scale above Rs. 1000 crore over the years. Cash flow operations stood negative at Rs. 2.91 crore for FY23 improved from negative Rs. 35.08 crore in FY22. With growth in scale envisaged from online channel, the company's ability to generate healthy CFO while maintaining stable profitability remain to be seen.

Key strengths**Experienced promoters and professional management**

VRP is promoted by Mrs. Benu Gupta, Mr. Devanshu Gupta, Mr. Sanjeev Gupta, Mr. Rajeev Gupta and Mr. Manish Gupta. The promoters of the company have an experience of more than 2 decades in managing various businesses through its group companies and is a part of Dev Priya Products Private Limited (rated CARE A; Stable). The company is effectively managed by a team of professionals with experiences of over 20 years in IT, mobile and Consumer Electronics industries.

Robust distribution network coupled with tie ups with reputed brands

The company has partnered with various brands including Asus, Wonder chef Bajaj, Crompton, Epson HP, Titan, Fossil, Fastrack, Timex, Oxidised jewellery and Gold - plated jewellery. Further, VRP has diversified its product portfolio by entering into IT products, Consumer durables and small appliances through tie-ups with brands. The diversified portfolio thereby reduces its dependency on single brand/ product segment. The company is also appointed as strategic distributor of Amazon for sale of watches and jewellery for the select brands on an exclusive basis after Cloudtail India Private Limited— one of the largest sellers on Amazon portal ceased operations in May 2022. However, considering the frequent change in product mix in the past, the scalability and sustained growth from this channel which may extend some stability to the business model over the medium term will remain a critical factor. VRP has wide distribution network which consist of online (Amazon, Snapdeal, Flipkart, Tata Cliq etc) and offline channels. Offline distribution channel is spread across 25 cities with 200 direct distributors. Owing to their established network and distribution channel, the company has been able to add new brands/products to their repertoire to substitute other products with relatively low demand or off-take.

Growth in scale of operation with thin, though stable, profitability margins

The company has reported a total operating income of Rs. 1510.07 crore in FY23 (PY: Rs. 1072.53 crore). The company has been appointed as a strategic online partner of Amazon for sale of two major products categories watches and fashion jewellery through Amazon portal. VRP generated an additional revenue of Rs. 414.76 crore in FY23 from the segment. Further owing to trading nature of business the profitability of the company has remained thin. However, PBILDT margin have improved from ~1.5% range in FY18-21 period to ~2.50% range in FY22-23 period and are expected to remain stable going forward. The company is gradually moving from offline model to B2C (Business-to-consumer) online model where margins are relatively better. PBILDT and PAT margin stood at 2.51 (PY: 2.75%) and 1.04% (PY: 1.18%), respectively. Further, ROCE (Return on capital employed) of the company improved from 17.37% in FY22 to 18.22% in FY23 primarily on account of growth in scale and better operational performance during the year. The PAT consequently improved from Rs. 12.71 crore in FY22 to Rs. 15.65 crore in FY23

Applicable criteria[Definition of Default](#)[Policy in respect of non-cooperation by issuers](#)[Rating Outlook and Rating Watch](#)[Financial Ratios – Non financial Sector](#)[Withdrawal Policy](#)[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

VRP was originally incorporated in the name of VRP Portfolio Limited on April 05, 2005, and was engaged in the business of finance and investment. The company is now into the business of trading of laptops, home appliances, electronic appliances, watches and fashion jewellery. The company is authorized distributor of various brands such as, Asus, Cannon, HP etc. The company has pan India distribution network with tie ups with various multi brand outlets and online portals. VRP has demerged into another company namely VRP enterprises Private Ltd. during FY21. The main premise behind the demerger was to separate the core business (trading of laptops, and home appliances) from investment business (investments in real estate and securities) so that VRP could focus on expanding its core business. Consequently, the investment business has now been shifted to VRP enterprises Private Ltd. However, assets and liabilities that have been transferred to VRP enterprises Private Ltd. are minimal and there is no material impact on the credit profile of VRP.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	1,541.75	2363.69
PBILDT	37.31	59.60
PAT	14.90	25.71
Overall gearing (times)	2.07	2.30
Interest coverage (times)	2.09	2.31

A: Audited UA: Unaudited; 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-Term Loan		-	-	March 2028	0.00	Withdrawn
Fund-based - LT/ ST-Working Capital Limits		-	-	-	0.00	Withdrawn

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/ ST-Working Capital Limits	LT/ST	-	-	1) CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (11-Dec-24) 2) CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* (13-Sep-24)	1)CARE BBB-; Stable / CARE A3 (18-Jul-23)	1)CARE BBB-; Stable / CARE A3 (05-Jul-22)	1)CARE BBB-; Stable (05-Jul-21)
2	Non-fund-based - ST-BG/LC	ST	-	-	-	-	1)Withdrawn (05-Jul-22)	1)CARE A3 (05-Jul-21)
3	Fund-based - LT-Term Loan	LT	-	-	1) CARE BB+; Stable; ISSUER NOT COOPERATING* (11-Dec-24) 2) CARE BB+; Stable; ISSUER NOT COOPERATING* (13-Sep-24)	1)CARE BBB-; Stable (18-Jul-23)	1)CARE BBB-; Stable (05-Jul-22)	-

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

LT: Long term; ST: Short term; LT/ST: Long term/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-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital 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.

Contact us

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About us:

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