

March 28, 2014

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF  
GENESIS LUXURY FASHIONS PRIVATE LIMITED**

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term/ Short-term Bank Facilities	21 (reduced from 29)	CARE BBB (SO) [Triple B (Structured Obligation)]/ CARE A3+ (SO) [A Three Plus (Structured Obligation)]	Reaffirmed
<b>Total Facilities@</b>	<b>21</b>		

@ backed by unconditional and irrevocable corporate guarantee provided by Genesis Colors Private Limited (GCPL) rated 'CARE BBB/CARE A3+'

**Rating Rationale**

The ratings for the above facilities are based on the credit enhancement in the form of unconditional and irrevocable corporate guarantee provided by Genesis Colors Private Limited (GCPL); rated 'CARE BBB/CARE A3+'.

The ratings continue to derive strength from the long track record of operations, experienced promoters, the company's established position as one of the leading players in the Indian fashion and designer wear industry and favourable capital structure. The ratings are, however, constrained by the exceptional loss of Rs.43.13 crore pertaining to sale of ageing inventory at discounted prices, elongated working capital cycle due to high inventory and delayed debtor realization, moderate financial profile and intense competition.

Going forward, the ability of GCPL to effectively manage the working capital cycle along-with maintaining comfortable overall gearing would be the key rating sensitivities.

**Background**

Genesis Luxury Fashion Pvt Ltd (GLF) was incorporated in 2007 for the marketing and distribution of world-renowned luxury brands in India. Genesis Colors Private Limited, which is engaged in designing, production and retailing of various Indian and international fashion brands in India, holds 51% stake in GLF as on March 31, 2013. Currently, GLF holds exclusive marketing and distribution agreements with five global luxury brands - Paul Smith, BottegaVeneta, Jimmy Choo, Etro and Tumi in specified territories of India (which include major metros like Delhi, Mumbai, Bangalore, Chennai, etc). The products sold under these brands include men's and women's clothing and accessories including ties, belts, wallets, handbags, footwear, jewellery, etc. Currently, GLF has two multi-brand stores by the name of "Lukebox" and 18 individual brand stores. GLF has also entered in JVs with Forla and Canali.

**About the Guarantor**

Genesis Colors Private Limited (GCPL) was originally incorporated in 1998 as Genesis Retail Private Limited by Mr Sanjay Kapoor and Mr Jyoti Mohan Narula, with a vision to create a global fashion conglomerate on the lines of international fashion houses and pioneer the concept of luxury retail for garments and accessories in India. On September 14, 2001, the name was changed to the present one. GCPL currently owns/manages a slew of premium Indian and international fashion

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

labels like Satya Paul, Tie Rack London and Bwitch. The company has its two manufacturing units at Khandsa and Gurgaon and a design studio located in Gurgaon.

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*CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.*

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