

SEPTEMBER 29, 2015

## CARE REAFFIRMS THE RATINGS ASSIGNED TO BANK FACILITIES OF VAIBHAV EMPIRE PRIVATE LIMITED

**Ratings**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long term Bank Facilities	96.28 (reduced from 108.22)	<b>CARE BBB- (Triple B Minus)</b>	Reaffirmed
Long term/Short term Bank Facilities	105 (enhanced from 91.78)	<b>CARE BBB-/CARE A3 (Triple B Minus/A Three)</b>	Reaffirmed
<b>Total Facilities</b>	<b>201.28</b> <b>(Rupees Two Hundred One crore and Twenty Eight lakh only)</b>		

**Rating Rationale**

The ratings assigned to the bank facilities of Vaibhav Empire Private Limited (VEPL) continue to derive strength from experienced and resourceful promoters, proven track record in jewellery retail business with established brand image in Visakhapatnam city, wide range of product offering with designs across India, growth in the revenue from jewellery retail business in FY15 (refers to the period April 1 to March 31), consistent profitability margins and improved regulatory environment resulting from relaxed regulatory norms by government in FY15. The ratings are, however, constrained by marginally weakened capital structure and debt risk metrics, stretched working capital cycle, susceptibility to volatility in gold prices, geographical concentration risk and highly competitive and fragmented industry. The ability of the company to increase the scale of operations, improve profit margins and manage working capital requirements efficiently are the key rating sensitivities.

**Background**

Incorporated in 1989, VEPL was promoted by late Mr Manoj Kumar Grandhi and family. The company is engaged in the retailing of gold jewelry, diamond jewelry, studded precious / semi precious stones jewelry, silver jewelry, articles and antique show pieces. VEPL has a flagship jewelry show room spread over 30,000 sq. ft. area in Visakhapatnam city area. In June 2014, VEPL opened another jewelry show room at Kakinada. The company is accredited with Bureau of Indian Standard (BIS) hallmark for gold jewelry and is certified by International Gemological Institute Antwerp (IGI) for diamond jewelry. The company has an employee base of around 500 individuals.

During FY15, VEPL reported PBILDT of Rs.44.83 crore (Rs.40.25 crore in FY14) with PAT of Rs.12.60 crore (Rs.11.14 crore in FY14) on a total operating income of Rs.915.21 crore (Rs.797.53 crore in FY14).

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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**CIN - L67190MH1993PLC071691**