March 25, 2014

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF V-MART RETAIL LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	38 (reduced from Rs. 42.5 crore)	CARE A- [Single A (Minus)]	Reaffirmed
Short-term Bank Facilities	3	CARE A2+ [A Two Plus]	Reaffirmed
Total Facilities	**41**		

Rating Rationale

The ratings assigned to the bank facilities of V-Mart Retail Limited (VMRL) continue to derive strength from the experienced promoters, widespread geographical coverage and large supplier base. The ratings also take into account the favorable financial profile underpinned by high profitability, comfortable debt coverage and gearing indicators. However, these rating strengths are constrained by the moderate scale of operations, working capital intensive nature of operations and intense competition in the retail sector.

Going forward, the ability of VMRL to increase its scale of operations within the set timelines, while maintaining its profitability and capital structure along with managing working capital requirements effectively, will be the key rating sensitivities.

Background

V Mart Retail Limited (VMRL) was incorporated as Varin Commercial Private Limited in 2002. The company started its operations in the value retail segment by opening their first retail store in Gujarat in 2003. In 2006, the name was changed to V-Mart Retail Private Limited and in 2008 the constitution was changed to a public limited and the name of the company was changed to the present one. The equity shares of VMRL were listed on the stock exchange in February 2013 and the company raised Rs.84.23 crore from the IPO.

VMRL is engaged in value retailing across three verticals namely, Apparels, General Merchandise and Kirana Bazaar. The General Merchandise vertical is further sub-divided into non-apparels and home mart. VMRL's operations are mainly spread in tier 2 and tier 3 cities of Northern, Eastern and Western parts of the country. Some of the major states in which the company operates are Delhi, Gujarat, Jharkhand, Madhya Pradesh, Uttarakhand, Uttar Pradesh, Bihar, Punjab and Rajasthan. As on December 31, 2013, the company was operating a total of 90 stores.

VMRL had a total income of Rs.383.65 crore with a PAT of Rs.18 crore in FY13 (refers to the period April 1 to March 31) as against a total income of Rs.281.95 crore and a PAT of Rs.10.46 crore in FY12. During 9MFY14 (refers to the period April 1 to December 31), VMRL had a total income of Rs.436.14 crore with a PAT of Rs.24.06 crore as against a total income of Rs.288.53 crore and a PAT of Rs.16.86 crore in 9MFY13.

[1] *Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

Analyst Contact
Name: Gaurav Dixit
Tel: 011-45333235
Mobile: 9717070079
Email: gaurav.dixit@careratings.com

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

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra
Managing Director
Mobile : +91-98204 16002
E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi
Dy. Managing Director
Mobile +91-98204 16001
E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi
Vice President –Bank Loan & Instrument Rating
Mobile: +91-9819009839
mail: meenal.sikchi@careratings.com

Mr.Ankur Sachdeva
Vice President – Banks & Financial Services
Mobile: +91-9819698985
E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LTD

HEAD OFFICE 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022 ⏐Tel: +91-022- 6754 3456 ⏐ E-mail: care@careratings.com ⏐ Fax: +91-022- 6754 3457.

KOLKATA ⏐ **Ms. Priti Agarwal** ⏐ Cell: +91-98319 67110 ⏐ Tel: +91-33- 4018 1600/ 1602 ⏐ E- mail: priti.agarwal@careratings.com ⏐ 3rd Flr., Prasad Chambers (Shagun Mall Bldg), 10A, Shakespeare Sarani, Kolkata -700 071

CHENNAI ⏐ **Mr. V Pradeep Kumar** ⏐ Cell: +91 9840754521 ⏐ Tel: +91-44-2849 7812/2849 0811 ⏐ Fax: +91-44-2849 0876 ⏐ Email: pradeep.kumar@careratings.com ⏐ Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai - 600 002

AHMEDABAD ⏐ **Mr. Mehul Pandya** ⏐ Cell: +91-98242 56265 ⏐ Tel: +91-79-40265656 ⏐ Fax: +91-79-40265657 ⏐ E-mail:mehul.pandya@careratings.com ⏐ 32, Titanium, Prahaladnagar Corporate Road, Satellite, Ahmedabad - 380 015.

NEW DELHI ⏐ **Ms. Swati Agrawal** ⏐ Cell: +91-98117 45677 ⏐ Tel: +91- 11- 2331 8701/ 2371 6199 ⏐ E-mail: swati.agrawal@careratings.com ⏐ 3rd Floor, B -47, Inner Circle, Near Plaza Cinema, Connaught Place, New Delhi - 110 001.

BENGALURU ⏐ **Mr. Dinesh Sharma** ⏐ Cell: +91 9900041975⏐ Tel: +91-80-41150445 ⏐41654529 E-mail: dinesh.sharma@careratings.com ⏐ Unit No. 1101-1102, 11th Floor, Prestige Meridian II, No. 30, M.G. Road, Bengaluru- 560 001.

HYDERABAD ⏐ **Mr. Saikat Roy** ⏐⏐ Tel: +91-40-40102030 ⏐ E-mail: saikat..roy@careratings.com ⏐ 401, Ashoka Scintilla ⏐ 3-6-520, Himayat Nagar ⏐ Hyderabad - 500 029.

PUNE ⏐ **Mr. Rahul Patni** ⏐ Cell: +91-78754 33355 ⏐ Tel: +91-20- 4000 9000 ⏐ E-mail: rahul.patni@careratings.com ⏐ 9th Floor, Pride Kumar Senate, Plot No. 970, Bhamburda, Senapati Bapat Road, Shivaji Nagar, Pune - 411 015.

JAIPUR⏐ **Mr. Rahul Jain** ⏐ Cell: +91-9314921496⏐ Tel: +91-0141-4020213/14 ⏐ E-mail: rahul.jain@careratings.com ⏐304, Pashupati Akshat Height, s Plot No. D-91, Madho Singh Road, Near Collectorate Circle, Bani Park , Jaipur – 302016.