



Vaibhav Empire Pvt. Ltd.

Instrument	Amount	Rating
	In Rs. Crore	As on May 2015
Long term fund based facilities	198.61	[ICRA]BBB- (Stable) reaffirmed
Total	198.61	

ICRA has reaffirmed an [ICRA]BBB- (pronounced ICRA triple B minus) rating to the Rs. 198.61 crore long term fund based facilities of Vaibhav Empire Private Limited (VEPL) *. The outlook on the rating is stable.

The rating reaffirmation continues to positively factor in experience of over 2 decades of promoters in the retail jewellery business and VEPL's established presence in Visakhapatnam which has resulted in steady revenues from jewellery business over the past few years. The rating is however constrained by VEPL's high working capital intensity of operations and modest coverage indicators. VEPL's working capital requirements are driven by high inventory holding for its V Square mall in Vishakhapatnam and 2 additional retail outlets opened in FY2015, resulting in full utilization of the cash credit limits. Significant dependence on bank borrowings to fund the inventory has also resulted in modest gearing and coverage indicators. Further, given low value addition in the business and intense competition from other large players VEPL's operating margins have been modest. The margins are also vulnerable to the fluctuations in gold prices especially due to the large inventory holdings inherent to the business. Over 85% of VEPL's FY15 revenues are expected to be driven by the V Square mall in Vishakhapatnam. However, ICRA notes that 2 new outlets have already been opened and VEPL is in the process of further expansion and going forward the dependence on the V Square mall could decrease.

Company Profile

Vaibhav Empire Private Limited (VEPL) was incorporated in 2003 as a one stop shop for jewellery shopping in Visakhapatnam. The company operates through its five-storey showroom located in Dwaraka Nagar, in Visakhapatnam, and has plans of opening new showrooms over the next two years in various cities in Andhra Pradesh. Mrs Mallika Grandhi is currently the Chairman and Managing Director of the company.

May 2015

For further details please contact:

Analyst Contacts:

Mr. Rohit Inamdar (Tel. No. +91-124-4545847)
rohit.inamdar@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

* For complete rating definition please refer to ICRA website www.icra.in or any of the ICRA Rating Publications



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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: **9871221122**

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: **9821086490**

Email: shivakumar@icraindia.com

1802, 18th Floor, Tower 3,
Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone, Mumbai 400013,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: **+91 9903394664**

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: **989986490**

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-
79-25569231

Pune**Mr. L. Shivakumar**

Mobile: **989986490**

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: **9845022459**

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500