

Zaveri Exports Private Limited

Instrument	Amount In Rs Crore	Rating Action
Long-Term Fund-based limits	13.00	[ICRA]C+ Reaffirmed

ICRA has reaffirmed the long-term rating of [ICRA]C+ (pronounced ICRA C plus) assigned to the Rs.13.00 crore¹ fund-based limits of Zaveri Exports Pvt. Ltd. (ZEPL)[†].

The rating reaffirmation continues to be constrained by ZEPL's weak financial risk profile characterised by interest coverage ratio of 1.30 times, NCA-to-Total Debt of 1.49%, high gearing of 4.25 times as on March 31, 2016 and significant decline in revenue from Rs. 71.53 crore in FY2015 to Rs. 43.56 crore in FY2016 owing to stopping of bullion trading activity. The rating is further constrained by the working capital-intensive nature of the business owing to high inventory levels; geographical concentration risk inherent to a single-retail outlet business and small scale of operations in the intensely competitive gems-and-jewellery retail industry. The rating, however, positively factors in the long experience of the promoters in the jewellery retail business and favourable long-term outlook of the jewellery industry supported by several socio-economic and cultural factors that are unique to the Indian market.

Going forward, the company's abilities to improve its revenue and manage its working capital requirements effectively will be the key credit-rating sensitivities.

Company Profile

ZEPL was incorporated as a private limited company in 2001 and is promoted by Mr. Sunil Tayal. The company manufactures and exports studded and plain gold, silver and platinum jewellery. The company's jewellery collection ranges from 22-karat gold jewellery to 18-karat jewellery studded with diamonds, gemstones like rubies, emeralds, sapphires and semi-precious stones. ZEPL sells all forms of jewellery, including earrings, necklaces, bangles, rings, anklets, pendants, bracelets, brooches, pins and silverware. The company has one retail showroom at Abids, Hyderabad.

Recent Results

According to provisional FY2016 results, the company has reported an operating income of Rs. 43.56 crore with a net profit of Rs. 0.19 crore. During FY2015, it recorded an operating income of Rs. 71.53 crore with a net profit of Rs. 0.09 crore.

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¹ 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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