

October 12, 2010

**CARE ASSIGNS A 'PR1' RATING TO CP/NCD ISSUE OF
AVENUE SUPERMARKETS PVT. LTD**

Ratings Assigned

Facilities	Amount (Rs. crore)	Ratings	Remarks
Proposed Commercial Paper/Short-term Non-Convertible Debentures*	20	'PR1' ¹ [PR One]	Assigned

* *carved out of working capital limits.*

Rating Rationale

The rating derives strength from the long-standing and demonstrated track record of profitable operations of ASPL, continuous support from the promoters & directors by way of equity and interest-free unsecured loans, low gearing levels mainly due to low working capital cycle with efficient inventory management and lower dependence on debt for expansion in the past alongwith comfortable interest coverage.

The ratings are however constrained by high term debt in relation to cash accruals, substantial debt-funded expansion plans and concentration of stores in Maharashtra and Gujarat.

Ability of ASPL to ensure timely equity infusion as anticipated in FY11, ability to open new stores & achieve quick break even as in the past, maintain low working capital levels with growing scale of operations & ability to tackle changing external environment with 0 a stores size of around 8,000-50,000 sq. ft. As on March 31, 2010, ASPL had 32 stores. During FY09, ASPL posted net sales of Rs.590 crore & a PAT of Rs.6 crore & in FY10 (Provisional) ASPL posted net sales of Rs.1,035 and a PAT of Rs.31 crore.

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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.

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

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