

August 12, 2010

**CARE ASSIGNS 'CARE BB+' RATING TO THE BANK FACILITIES OF JAG HEET EXPORTS PVT LTD.****Ratings**

| <b>Facilities/Instruments</b> | <b>Amount<br/>(Rs. crore)</b> | <b>Ratings<sup>1</sup></b>       | <b>Remarks</b> |
|-------------------------------|-------------------------------|----------------------------------|----------------|
| Long-term Bank Facilities     | 24.00                         | 'CARE BB+'<br>(Double B<br>Plus) | Assigned       |
| <b>Total Facilities</b>       | <b>24.00</b>                  |                                  |                |

**Rating Rationale**

The rating is constrained by JHE's short track record of operations, small size of operations with low networth & very low level of fixed assets, family centric management and weak financial risk profile marked by low profit margins, high gearing and stressed liquidity position. The rating also gets constrained by the forex fluctuation risk arising on significant unhedged export transactions and client concentration risk overseas.

The rating, however, favourably factors in the vast experience of promoter, healthy growth in income witnessed during last two years and fresh equity infusion and conversion of unsecured loan envisaged in FY11, which is expected to improve financial risk profile by some extent.

The ability of the company to increase the scale of operations with improvement in financial risk profile and mitigating various operational risks as mentioned above would be the key rating sensitivities.

**Company Profile**

Ahmedabad based JHE started its operations as a partnership firm in FY05 and is engaged in the trading of diamonds, gold ornaments and silver bars etc. The ownership of the firm was transferred to the current directors - Shri Jasubhai Soni and his family in June 2007. Shri Jasubhai Soni has a work experience of around four decades in gems and jewellery industry and is also the Director in *Jasubhai Jewellers Pvt Ltd (rated CARE BB+/PR4)*.

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<sup>2</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

During FY10, on a total operating income of Rs.148.86 crore, JHE earned a PAT of Rs.1.08 cr.

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*welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.*

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