

July 13, 2010

**CARE ASSIGNS 'CARE BBB-' TO THE BANK FACILITIES OF
MUSADDILAL JEWELLERS PVT. LTD.****Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings	Remarks
Long-term Bank Facilities	35.00	'CARE BBB-' (Triple B Minus)	Assigned
Total Facilities	35.00		

Rating Rationale

The rating takes into account MJPL's long track record, experienced management, promoter support and commencement of a new showroom at Vijaywada. The rating is however, constrained by the small size of the company, operations in a highly competitive environment in jewellery retailing and moderate financial position of the company. The ability of MJPL to compete without further decline in profitability and to leverage on the new showroom to grow its market share remain the key rating sensitivities.

Company Profile

Musaddilal Jewellers Pvt Ltd (MJPL) was incorporated in 2004 by Mr. Kailash Gupta and commenced operations in FY06. Mr. Kailash Gupta belongs to the Musaddilal family, which has a long-standing reputation in the jewellery retailing business with a history of over 100 years. MJPL has its main showroom at Hyderabad, while the outlet at Vijaywada was opened in December 2009. The company is engaged in the designing and retailing of diamond jewellery, ethnic gold and stone-studded ornaments along with silver jewellery and gift articles.

MJPL achieved PAT of Rs.0.9 crore on a total income of Rs.70.5 crore during FY09. During 7MFY10, MJPL achieved PBT of Rs.1.31 crore on a total income of Rs.40 crore.

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