

June 7, 2010

CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES OF MAHENDRA BROTHERS EXPORTS PVT. LTD.

Ratings Assigned

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	530.00 (Amount reduced from Rs.700 crore)	'CARE A-' (Single A Minus)	Reaffirmed
Total Facilities	530.00		

Rating Rationale

The rating continues to derive strength from the experience, resourcefulness and track record of the promoters in the diamond business, access to the primary sources of rough diamond supply through various sights enjoyed by the group and presence across the diamond value chain. The rating is further strengthened by the company's strong marketing and sourcing network via group companies/affiliates.

The rating is constrained by losses in FY09, long working capital cycle and aggressive competition from players in organized and unorganized segments due to fragmented nature of the industry.

The ability of the company to achieve healthy profitability in the dynamic business scenario characterized by volatility in the foreign exchange markets and slower recovery in the global markets and aggressive competition remain key rating sensitivity.

Company profile

Mahendra Brothers Exports Pvt. Ltd. (MBEPL) is engaged in the manufacture and export of processed diamonds. The company has four diamond processing units in Navsari, Gujarat and exports mainly to countries like Belgium, Hong Kong, USA and UAE.

In FY09 the company posted net sales of Rs.1308.20 crore and net loss of Rs.111.16 crore. During H1FY10 the company reported net sales of Rs.504.22 crore and PAT of Rs.13.11 crore.

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CARE 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 definition of the ratings assigned are available at www.careratings.com and in other CARE publications

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