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CARE ASSIGNS A 'CARE BBB' & 'PR3+' RATING TO THE BANK FACILITIES OF PP JEWELLERS EXPORTS

CARE has assigned a '**CARE BBB**' [**Triple B**] rating to the Long-term Bank Facilities aggregating Rs.87 cr of P.P Jewellers Exports (PPJE). This rating is applicable for facilities having tenure of over one year. Facilities with this rating are considered to offer moderate safety for timely servicing of debt obligations. Such facilities carry moderate credit risk.

CARE has assigned a '**PR3+**' [**PR Three Plus**] rating to the Short-term Bank Facilities aggregating Rs.54 cr of PPJE. This rating is applicable to facilities having a tenure upto one year. Facilities with this rating would have moderate capacity for timely repayment of short-term debt obligations at the time of rating and carry higher credit risk as compared to facilities rated higher.

CARE assigns '+' or '-' signs to be shown after the assigned rating (wherever necessary) to indicate the relative position within the band covered by the rating symbol.

The rating assigned by CARE is based on the capital deployed by the partners and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners in addition to the financial performance and other relevant factors.

Facilities	Amount (Rs. cr)	Rating
Long-term Bank Facilities	87	CARE BBB
Short-term Bank Facilities	54	PR3+
Total	141	

Rating Rationale

The above ratings draw strength from the vast experience of promoters, strong brand of the PP group in jewellery business and consistent profitability margins. The ratings are however constrained by the legal structure of PPJE, being a partnership firm, stretched working capital cycle and exposure to risk of slowdown in sales in overseas market including Europe, US and Middle East countries.

Going forward, PPJE's ability to sustain high profitability margins and maintain its liquidity especially in the light of high debtor days and inventory days would be the key rating sensitivity.

Firm Profile

Incorporated in 2000, PPJE is a partnership firm owned by Mr. Kamal Gupta and Mrs. Veena Gupta. It is a 100% EOU engaged in processing and export of gold and diamond-studded jewellery to UK, USA, and UAE.

It has established its own factory and group offices for manufacturing and designing of handmade jewellery in Mumbai, Kolkata and Rajkot

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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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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