

June 7, 2010

**CARE REAFFIRMS THE RATING ASSIGNED TO BANK FACILITIES OF SANGHAVI JEWELS PVT. LTD.**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	77.29#	'CARE BBB+' (Triple B Plus)	Reaffirmed
Short-term Bank facilities	1.00	'PR2' (PR Two)	Reaffirmed
	<b>78.29</b>		

# includes outstanding term loan of Rs.2.29 crore.

**Rating Rationale**

The ratings continue to derive strength from the vast experience of SJPL's promoters, integrated operations of the group, established distribution network and modest overall gearing and interest coverage ratios in FY09.

The rating is constrained by lack of geographical diversification, though it considers SJPL's efforts to diversify its operations to other countries, long working capital cycle and decline in sales and profitability in FY09.

Further, ability of SJPL to improve its financial position in the external environment characterised by subdued demand for Gems and Jewellery in the major export markets and fluctuating currency market are the key rating sensitivities.

**Company Profile:**

Sanghavi Jewel Pvt. Ltd. (SJPL), a subsidiary of Sanghavi Exports International Pvt. Ltd. (SEIPL) was incorporated in February 2005 for manufacturing and export of diamond-studded jewellery. SJPL has its manufacturing facility located in SEEPZ, Mumbai and exports mainly to USA and Hong Kong.

On a total income of Rs.196 crore in FY09, SJPL earned PAT of Rs.8.55 crore. SJPL reported PBILD of Rs.13.01 crore and PBT of Rs.8.36 crore on sales of Rs.129 crore in 9MFY10.

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<sup>1</sup>Complete definition of the ratings assigned is available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

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