

July 16, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	175.00	SMERA BBB+/Stable (Assigned)
Export Packing Credit (EPC)*	75.00	SMERA BBB+/Stable (Assigned)
Working Capital Demand Loan (WCDL)*	25.00	SMERA BBB+/Stable (Assigned)

*EPC and WCDL are 100% interchangeable with Cash Credit

SMERA has assigned a long term rating of '**SMERA BBB+**' (read as SMERA triple B plus) to the above bank facilities of Prakash Gold Palace Private Limited (PGPPL, part of the PGP group). The outlook is '**Stable**'. The rating derives comfort from the established track record of the promoters in the industry, their diverse revenue profile coupled with strong customer relations and above average financial risk profile marked by healthy net worth. However, the rating is constrained by the group's exposure to intense competition in the gold jewellery business.

For the rating process, SMERA has consolidated the business and financial risk profiles of PGPPL and Abhilasha Jewellers Pvt Ltd (AJPL), another group firm - both together referred to as the PGP Group due to the common management, similar lines of business apart from operational and financial linkages between the two entities.

Outlook: Stable

SMERA believes that the PGP group will continue to benefit from the extensive experience of promoters and its diverse revenue profile over the medium term. The outlook may be revised to 'Positive' if the group reports significant improvement in revenues and profitability leading to a considerable improvement in the financial risk profile, particularly capital structure. Conversely, the outlook may be revised to 'Negative' if the group records lower cash accruals or in case of deterioration of working capital management or debt-funded capital expenditure leading to weakening of financial risk profile.

About the Group

PGPPL established in 1992, is a manufacturer, wholesaler, retailer and also an exporter of gold jewellery while AJPL, set up in 1995, generates revenues primarily from wholesale of gold jewellery. The group's operations are managed by its promoter Mr. Prakash Chand Jain who has more than three decades of experience in the gold jewellery business.

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