FEBRUARY 1, 2016

CARE ASSIGNS 'CARE A+/CARE A1' RATING TO THE BANK FACILITIES OF PC JEWELLER LTD. & REAFFIRMS THE RATING OF FD PROGRAMME

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long term/Short term bank facilities	50.00	CARE A+/CARE A1 (Single A Plus/A One)	Assigned
Total facilities	**50.00 (Rs Fifty Crore)**		
Medium Term instrument- Fixed deposits programme*	200.00	CARE A+ (FD) [Single A Plus (Fixed Deposits)]	Reaffirmed

**the total amount outstanding under the scheme as on Nov 30, 2015 stood at Rs.11.38 crore*

Rating Rationale

The rating assigned to the long term/short term bank facilities and reaffirmation of the rating assigned to medium term instruments of PC Jeweller Ltd (PCJ) favorably factors in the strong financial risk profile of the company marked by constant growth in scale of operations, good profitability margins and relatively comfortable debt service coverage indicators. The rating also takes into account the experience of the promoters with long track record of operations in the G&J industry, healthy net-worth base of the company, established brand name of PCJ, in-house jewellery designing and manufacturing capabilities, strong risk management set-up of the company and wide opportunity of growth for organized retail Gems & Jewellery (G&J) players in the country.

The rating, however, is constrained by the regional concentration of revenue, working capital intensive nature of operations and highly regulated & competitive nature of the G&J industry.

Going forward, the ability of the company to maintain its growth in total income and its healthy profitability amidst constant growth and regional diversification, along with effectively managing its working capital requirements and maintaining its comfortable capital structure will be the key rating sensitivities.

Background

PC Jeweller Ltd (PCJ) is one of the leading players in the G&J segment in India. PCJ, with its headquarters in Delhi, is engaged in the manufacture, retail and export of gold, diamond and studded jewellery. Started in April 2005 with a single showroom in Karol Bagh, New Delhi, by first generation entrepreneurs and brothers, Mr. Padam Chand Gupta and Mr. Balram Garg, PCJ now has 56 showrooms across 47 cities and 17 states as on November 30, 2015. PCJ was originally incorporated as "P Chand Jewellers Pvt. Ltd.", which in July 2011, changed its name to "PC Jeweller Ltd." and became a public limited company. During Dec 2012, PCJ came out with an IPO and got itself listed in BSE and NSE.

During FY15 (refers to the period April 1 to March 31), PCJ registered a total income of Rs. 6393.16 crore (P.Y: Rs.5371.87 crore) with PAT of Rs.377.43 crore (P.Y: Rs.356.31 crore). During H1FY16, PCJ achieved a total income of Rs.3180.24 crore with PAT of Rs.175.69 crore.

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor 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/proprietor in addition to the financial performance and other relevant factors.

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