

SEPTEMBER 19, 2016

CARE REAFFIRMS RATING TO THE FIXED DEPOSIT PROGRAMME AND WITHDRAWS RATING ASSIGNED TO THE BANK FACILITIES OF PC JEWELLER LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Medium Term instrument- Fixed deposits programme*	500 (enhanced from 200)	CARE A+ (FD) [Single A Plus(Fixed Deposits)]	Reaffirmed
Total	500 (Rupees Five Hundred crore only)		
Long-term/Short-term Bank Facilities	-	-	Withdrawn**

*the total amount outstanding under the scheme as on July 31, 2016, stood at Rs.57.96 crore.

** withdrawn at the request of the company as no amount had been raised against the proposed rated bank facilities.

Rating Rationale

The rating assigned to the 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 network base of the company, established brandname of PCJ, in-house jewellery designing and manufacturing capabilities, 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 is, however, 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 a volatile industry and further diversify its presence across regions, along with effectively managing its working capital requirements and maintaining its comfortable capital structure will be the key rating sensitivities.

Background

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 65 showrooms across 52 cities and 18 states as on August 31, 2016. 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 December 2012, PCJ came out with an IPO and got itself listed in BSE and NSE.

During FY16 (refers to the period April 1 to March 31), PCJ registered a total income of Rs.7,308.60 crore (P.Y: Rs.6,407.71 crore) with PAT of Rs.400.88 crore (P.Y: Rs.378.23 crore). During Q1FY17, PCJ achieved a total income of Rs.1,664.45 crore with PAT of Rs.106.59 crore.

¹Complete 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**

CARE has 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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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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