



September 21, 2010

ICRA assigns A4 ratings to bank facilities of Patdiam

ICRA has assigned an A4 (pronounced A four) rating to the Rs. 17.00 Crore¹ bank facilities of Patdiam[†].

The rating reflects the company's small scale of operations, and modest profitability and coverage indicators. The company's liquidity position is stretched as reflected in the creditor days as well as high utilization of working capital limits; this arises from the very high working capital intensity in the business arising from both receivables build up as well as inventory holding period. As a result, the company's capital structure is also adverse. The rating, however, favorably factors in the established track record of promoters and the operational synergies following the group's presence across the value chain.

About the Company:

Established in 1998, Patdiam is a partnership firm engaged in export of cut and polished diamonds. The firm is a part of Patdiam Group which has been engaged in the gems and jewellery industry for more than two decades. Patdiam Group includes Patdiam engaged in CPD business & Patdiam Jewellery Pvt. Ltd engaged in manufacturing of diamond studded gold jewellery.

Patdiam recorded a net profit of Rs. 0.04 Cr on an operating income of Rs.42.31 Cr for the year ending March 31st, 2010 and net profit of Rs. 0.44 Cr on an operating income of Rs.40.46 Cr for the year ended March 31st, 2009.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

¹100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

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