

Press Release

Brickwork Ratings assigns 'BWR BB' for the Bank Loan Facilities aggregating ₹ 35 Cr of Aanandam Ornaments Pvt. Ltd.

Brickwork Ratings has assigned the following **Rating¹** for the Bank Loan Facilities of Aanandam Ornaments Pvt. Ltd (*"AOPL" or "the Company"*).

Facility/ Limits	Bank Name	Existing Limits (₹ Cr)	Proposed Limits (₹ Cr)	Tenure	Rating
Cash Credit	Corporation Bank	8.00*	35.00***	Long Term	BWR BB (BWR Double B) (Outlook: Stable)
Cash Credit	Corporation Bank	12.00**			
Total rated Limits		20.00	35.00	INR Thirty Five Crores only	

*Sanctioned Limits for Aanandam Jewellers

**Sanctioned Limits for Diamond Jewels Corporation

***Proposed Limits for Aanandam Ornaments Pvt. Ltd (yet to be sanctioned by bank)

The rating factors, inter alia, the experience of the promoters of over two decades in the jewellery industry, consistent growth in revenues, established supplier and customer relationships and the financial & operational strength derived from recent merger of other promoter Companies into AOPL.

The assigned rating is, however, constrained on account of intense competition in the jewellery industry, growing - but still modest scale of operations, thin profit margins, , vulnerability of the revenues and margins to fluctuations in the gold prices, and the recent regulations which have reduced availability of gold for domestic business.

AOPL was incorporated in Sep 2012, and vide the agreement dated 1st July 2013, took over two partnership firms Anandam Jewellers and Diamond Jewels Corporation. Anandam Jewellers was a partnership firm of Mr. Manoj Kumar and Vikas Verma, engaged in jewellery business since 2010. Diamond Jewels Corporation was another partnership firm with Mr. Manoj Kumar and Smt. Suman Soni, and in similar line since 2011. AOPL has taken over the business of both the firms with effect from 1st June 2013, and the capital of the two is also transferred to the Company.

AOPL is promoted by Mr. Manoj Soni and his relative, Mr. Vikas Verma; both the promoters have long experience in the Gold Jewellery industry.

The Financial performance of the Company is to be seen post-merger, which is effective from 1st July 2013. Hence, the company does not have any material business for the year ended 31st March 2013, though the Company came into existence in September 2012. However, as the entity being rated is nothing but the result of consolidation of business of the two firms, BWR has examined their combined results up to FY13.

¹ Please refer to www.brickworkratings.com for definition of the Rating

Net combined sales have increased many fold to ₹ 227.01 Cr in FY13 from ₹ 32.94 Cr in FY12 mainly due to favourable business climate for the Gold Jewellery trade in that period. For the consolidated turnover of FY13, revenue contribution from Diamond Jewels Corporation was ₹ 150.53 Cr, followed by Aanandam Jewellers (₹ 64.55 Cr), and AOPL (₹ 11.93 Cr). Major portion of the combined revenues (~60%) was generated from manufacturing activities while the balance was generated from low margins trading business. However, due to increase in raw material costs, the operating margins have declined from 1.10% in FY12 to 0.90% in FY13. Profit after tax slightly increased to ₹ 0.67 Cr in FY13 from ₹ 0.11 Cr in FY 12, mainly due to improved turnover during the year. However, net profit margins were weak at 0.29% in FY13. Combined outstanding debt as at March 31, 2013, was ₹ 15.13 Cr, comprising long term borrowings of ₹ 0.06 Cr and short term borrowings of ₹14.95 Cr in FY13. Company's tangible net worth was at ₹ 6.10 Cr in FY13.

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