

## Rating Rationale

### Brickwork Ratings assigns 'BWR BB-' for the Bank Loan Facilities of ₹ 10 Cr of Anandam Jewellers.

Brickwork Ratings (BWR) has assigned the following **Rating<sup>1</sup>** for the Bank Loan Facilities amounting to ₹ 10 Cr of Anandam Jewellers.

Facility	Limits (₹ Cr)	Tenure	Ratings
Fund Based: Cash Credit	10.00	Long Term	<b>BWR BB-</b> (Pronounced BWR Double B Minus) <b>(Outlook : Stable)</b>
Total	10.00	<b>(INR Ten Crores only)</b>	

BWR has essentially relied upon the audited financial results of Anandam Jewellers's up to FY 13 and Provisional for FY'14 and projections for FY15, and information and clarifications provided by the Firm.

The rating factors the experience of the promoters in the jewellery industry, consistent growth in revenues, track record of developing relationship with clientele as well as suppliers, good order-book position and moderate financial performance. However, the rating is constrained by the relatively small scale of operations, competitive nature of business, volatility in gold prices, regulatory risk and low profitability coupled with small net worth.

#### Company Background:

Delhi based Anandam Jewellers (AJ) was established as a partnership firm in the year 2011 as a wholesale retailer. The Firm is engaged in Manufacturing & trading of gold and diamond studded jewellery on retail as well as whole sale basis. Apart from that AJ is engaged in trading of Gold & Diamonds Jewellery articles and Precious & Semi Precious Stones. Mr. Manoj Soni and Mr. Vikas Verma are the two partners of the firm. Both the Partners of the Firm belong to jewellery community and have expertise in trading of jewellery. The showroom is located in a prime location in the Jewellery market at Karol Bagh.

The firm is operating under the guidance of the partners with around 15-20 employees with the required proficiency in designing and manufacture of jewellery. Apart from 'AJ', there are two other associate firms Diamond Jewels Corporation, a partnership concern and Hemant Jewels Pvt Ltd with the same line of activities.

#### Financial Performance:

For FY13, the Firm has reported turnover of ₹64.55 Crs. This was the full year of operations. However, Profitability was low with PAT at ₹0.20 Crores. The Firm's net worth is small;

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

however the promoters have brought in additional investment, and overall, the Net Worth improved from ₹0.57 Crs in FY'12 to ₹2.39 Crs in FY'13. The debt protection metrics, mainly interest coverage ratio and NCATD have remained moderate on account of low profitability. During FY'14 receivables period was at a comfortable level. As per Provisional financials, the turnover amounted to ₹80.19 Crs for FY14.

For FY 14-15, the Company is expected to achieve a turnover of ₹96.00 Crs approx.

### Rating Outlook :

Firm's rating outlook for the next year is 'Stable'. Going forward, ability of the Company to retain the customer portfolio, achieve the projected volume of sales and improve the level of profitability and further improving the net worth, as also optimally use working capital facilities - will be the key rating sensitivities.

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

**Disclaimer:** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.