

## Press Release

### Brickwork Ratings assigns 'BWR BB' for the Bank Loan Facilities aggregating ₹ 85 Cr of Ashtavinaayak Jeweller Pvt. Ltd.

Brickwork Ratings has assigned the following **Rating<sup>1</sup>** for the Bank Loan Facilities of Ashtavinaayak Jeweller Pvt. Ltd (*"AJPL" or "the Company"*).

Facility/ Limits	Bank Name	Amount (₹ Cr)	Tenure	Rating
Cash Credit Book debts as sub-limit	PNB	45.00 (10.00)	Long Term	<b>BWR BB</b> (BWR Double B)  <b>(Outlook: Stable)</b>
Cash Credit	SBI	25.00		
<b>Total Existing Limits</b>		<b>70.00</b>		
Proposed Limits (₹ Cr)	-	15.00		
<b>Total Rated Limits</b>		<b>85.00</b>	<b>INR Eighty Five Crores only</b>	

The rating factors, inter alia, the extensive experience of the promoters in the jewellery industry, consistent growth in revenues, established supplier and customer relationships and comfortable gearing levels. The rating, is, however, constrained by the fragmented nature of and intense competition in the jewellery industry, vulnerability of the revenues and margins to fluctuations in the gold prices, recent regulations which have reduced availability of gold for domestic business and high working capital intensity of the business.

Incorporated in Feb 2007, AJPL is engaged in sale of 100% hallmark gold jewellery, diamond studded gold jewellery and silver jewellery and articles. The company is part of the Diamond Hut group, Delhi, which includes Diamond Hut India Pvt Ltd (rated BWR BB(Stable)), Gold Planet and Ashtavinaayak Jeweller Pvt Ltd. Originally named 'Diamount Jewels Pvt Ltd', the company was taken over by Mr. Suresh Verma in November 2007, and was renamed 'Ashtavinaayak Jewellers Pvt Ltd' in June 2012.

Mr. Suresh Verma, Director, has around 25 years of experience in the gold and diamond jewellery industry. The other directors of AJPL are Mrs. Amita Verma, wife of Mr Suresh Verma, and Ms Ekta Sharma, daughter of Mr Suresh Verma. Mr Suresh.

Verma and his family hold 80% of the company's share capital as of March 31, 2013. All the directors are also directors of Diamond Hut India Pvt. Ltd.

AJPL's net sales have increased to ₹ 395.44 Cr in FY13 from ₹ 361.43 Cr in FY12. However, due to increase in raw material costs, the operating margins have declined from 5.04% in

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

SFY12 to 4.53% in FY13. Profit after tax increased to ₹ 4.04 Cr in FY13 from ₹3.60 Cr in FY 12, mainly due to improved turnover and reduced finance charges during the year.

Outstanding debt as at March 31, 2013, was ₹ 71.43 Cr, comprising long term borrowings of ₹ 0.13 Cr and short term borrowings of ₹ 71.30 Cr in FY13. Total debt/ Tangible net worth improved to 1.86 times in FY13 from 2.16 times in FY 12. AJPL's debt coverage ratios were moderate.

The outlook of AJPL is expected to be stable over the current year.

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