

Rating Rationale

Brickwork Ratings assigns 'BWR BB-' for Bank Loan facilities aggregating to Rs. 25 Crores of M/s Gajanand Jewels Private Limited.

Brickwork Ratings has assigned following **Ratings**¹ for Bank Loan facilities of M/s Gajanand Jewels Private Limited (*GJPL or The Company*).

Facility	Sanctioned Limits (Rs. Cr)	Proposed Limits (Rs. Cr)	Tenure	Rating
Fund Based				
Working Capital	11.00	14.00	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook - Stable
Total	25.00		INR Twenty Five Crores Only	

BWR has principally relied upon the audited financial statement for FY12 & Fy13, provisional financial statements for FY14, projected financials for the period FY15, publicly available information and information/clarification provided by the company's management.

The ratings favourably take into account the promoter's background and experience in jewellery business and location advantage. However the rating is constrained by the relatively small size of the operation, limited track record, company's average financial risk profile marked by weak profitability and low Networth.

Background:

Gajanand Jewels Private Limited was incorporated in the year of 2005 and is engaged in the business of manufacturing of gold holo chains and siver, gold & coloured coins in Mumbai. GJPL was initially manufacturing gold holo chains and gold & silver coins; recently they have entered into the niche market of coloured coins making. The company has acquired all required machineries, equipments etc. and have started the operation. The manufacturing facility is based in Goregaon, Mumbai on 1,000 Sqft. of land owned by the directors of the company. Mr. Rakesh Parekh and Mr. Nikunj Parekh are the shareholders and directors of the company holds 50% stake each. Mr. Rakesh Parekh has ~17 years of experience in jewellery business. The

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

company procures raw material from local suppliers in Mumbai and the end products are sold to retailers based in Mumbai.

Financial Performance:

As per the provisional financial statement for FY14, the company's sales has increased marginally by 3.48%, from Rs. 96.07 Crores as of FY13 to Rs. 99.42 Crores in FY14. The company's profitability is low with operating profit margin of 1.09% and net profit margin of 0.65% for FY14.

In FY14, the company's total debt in the form of Unsecured Loan was Rs. 6 Crores and Networth was stood at Rs. 5.83 Crores with Total Debt : Equity Ratio of 1.03 times.

The company has recently availed Working Capital facility of Rs. 11 Crores from Corporation Bank, and has proposed additional limit of Rs. 14 Crores, based on the projected level of sales in FY15 at Rs. 146.20 Crores. The addition of external borrowings will increase the gearing level of company subsequently.

The company has informed of having achieved the sales of Rs. 70.19 Crores during FY15 operations.

Rating Outlook:

The rating outlook of company for the next year is expected to be stable. Going forward, achieving the projected volume of sales, improving the level of profitability and Networth, and optimum use of working capital facilities will be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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