

Rating Rationale

Gosil Exports Pvt. Ltd.

26th September 2017

Brickwork Ratings reaffirms the rating for the Bank Loan Facilities of Rs. 11.00 Cr (enhanced from Rs. 8.00 Cr) of Gosil Exports Pvt. Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating*	
	Previous (Sep' 2016)	Present (Sep' 2017)		Previous (Sep' 2016)	Present (Sep' 2017)
Fund Based			Short Term	BWR A4 (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four) (Reaffirmed)
PC	5.00	5.50			
Sub Limit - PCFC	(2.00)	(5.00)			
FDB/FBE	3.00	3.50			
Proposed PC/FDB/FBE	-	2.00			
Total	8.00	Rs. 11.00 Crores (Rupees Eleven Crores Only)			

PC: Packing Credit, PCFC: Pre-shipment credit in foreign currency, FDB: Foreign Bills Discounting, FBE – Foreign Bill of Exchange

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Note: The aforesaid facilities are availed from Canara Bank, Jaipur, Rajasthan

Rating Reaffirmed

Brickwork Rating (BWR) has reaffirmed the rating for the bank loan facilities amounting to Rs.11.00 Cr of Gosil Exports Pvt. Ltd.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of FY14, FY15, FY16, provisional financial results of FY17 and projections of FY18, FY19 of Gosil Exports Pvt. Ltd., publicly available information and information/ clarifications provided by the Company's management.

The rating review factors in promoter's experience, export clientele, Company's in-house jewellery designing & manufacturing unit based at Jaipur and consistent growth in revenues over the past three years. The rating, however, is constrained by management of its working capital in a highly competitive industry, stretched conversion cycle and susceptibility of the margins to price fluctuations – both for product and exchange. Further, maintaining export clientele and adhering to the regulatory framework whilst dealing in precious metals is challenging for the Company. Going forward, the ability of the Company to improve its conversion cycle amidst intense



competition and manage its working capital requirement efficiently along with adhering to the changing regulatory framework will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes the **Gosil Exports Pvt. Ltd.** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Gosil Exports Private Limited, located in Jaipur (Rajasthan), was incorporated in 1996. The Company is engaged in the manufacturing and export of diamonds and color stones studded jewellery of gold, silver and platinum. Manufacturing facility of the Company is located at Sitapura Industrial Area, Jaipur with an annual production capacity of 4,50,000 pieces. It utilized about 85% of its installed capacity for the operation during FY17. The complete process from making of master model to packing of finished product is done in-house. The products, so manufactured, are exported to European Countries, USA and Hongkong with balance being sold domestically.

Mr. Nitesh Agarwal and Ms. Nupur Agarwal are the Directors of Gosil Exports Private Limited. Mr. Nitesh Agarwal, joined in 2002, has over a decade of business experience and looks after the overall business activity. Ms. Nupur Agarwal, his wife, has 7 years of business experience and supports the management in key business decisions. Since the Company's inception, Mr Nitesh's father and uncle – Mr Kailashchandra Agarwal and Mr Neilkamal Agarwal built up the Company from there experience of decades in this trade.

Company Financial Performance

As per audited financials of FY16, Company has achieved net revenue of Rs. 44.87 Cr (FY15 – Rs. 44.33 Cr). It has posted an operating profit margin of 2.75% and net profit margin of 0.71% in FY16. As per FY17 provisional financial, the Company has achieved a revenue of Rs. 62.18 Cr with profit before tax margin of 1.73%. Conversion cycle, though improved over its previous year, remains stretched at more than four months during FY17.

Key Financial Indicators

	FY17(Provisional)	FY16
Total Operating Income (Rs. Cr)	62.18	44.87
EBIDTA (Rs. Cr)	1.66	1.24
PAT (Rs. Cr)	1.08	0.32
Tangible Networth (Rs. Cr)	23.62	22.84
Total Debt : Tangible Networth (Times)	0.25	0.20

Current Ratio (Times)	3.60	3.47
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Rating History for the last three years:

Sl. No.	Instrument/ Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
1	PC	Short Term	5.50	BWR A4	BWR A4	Nil	Nil
2	Sub limit - PCFC		(2.00)				
3	FDB/FBE		3.50				
4	Proposed PC/FDB/FBE		2.00				
Total		11.00			(Rupees Eleven Crores Only)		

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.



BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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