Rating Rationale

Radha Mohan Purshottam Das Jewels Pvt Ltd **23 Mar 2018**

Brickwork Ratings reaffirms the rating for the Bank Loan Facility of ₹ 10.00 Crores of Radha Mohan Purshottam Das Jewels Pvt Ltd. (hereafter "the Company" or "RMPDJPL")

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (November, 2016)	Present
Non-Fund Based Letter of Credit	**10.00**	**10.00**	**Short Term**	**BWR A4** (Pronounced as BWR A Four)	**BWR A4** (Pronounced as BWR A Four) **Reaffirmed**
Total	**10.00**	**10.00**	**INR Ten Crores Only**		

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

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:
BWR has principally relied upon audited financials of the firm upto FY17, projections for FY18, publicly available information, and information/clarification provided by the management.

The rating reaffirmation, inter alia, reflects the business profile of the company, extensive experience of the promoter in jewellery industry, moderate level of gearing, unsecured funding by the promoter and comfortable debt protection metrics

However, the rating is constrained by low profit margins in jewellery business, decreasing trend witnessed in revenues for the last two years, regulated nature of jewellery industry, inherent risk associated with trading business and susceptibility of revenues to gold and silver global prices.

Analytical Approach
For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes that the Company's 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 revenue and profit margins show substantial and sustained improvement. The rating outlook may be revised to 'Negative' if the revenue goes down and profit margins show no substantial improvement.

About the Company

RMPDJPL was incorporated in 2009. The Company is primarily involved in the business of wholesale trading of Gold and Silver Bullions, Gold Coins, Gold Sovereigns, Silver Bar and Silver Coin, and Gold Ornaments. In FY17 the company forayed into the business of importing palm oil and other agricultural commodities like pulses and sunflower seeds and selling them domestically. The bank loan facility being reviewed is primarily used for this purpose.

The Company is headquartered in Kanpur, and has 5 branches located in Delhi, Chennai, Ahmedabad, Hyderabad, and Mumbai. Mr. Amar Nath Agarwal, Ms. Shashi Agarwal, and Ms. Ruchi Agarwal are the promoters as well as the directors of the Company having stakes of 40%, 40%, and 20% respectively. Mr. Amar Nath Agarwal is the Managing Director of the Company.

Company Financial Performance

The Company's net sales declined from Rs. 7218.88 Crs. in FY16 to Rs. 4828.60 Crs. in FY17. Share of imported palm oil in FY17 net sales was around Rs. 9.00 Crs. PAT increased from Rs. 0.54 Cr. to Rs. 6.63 Crs., primarily due to decline in operating expenses in FY17.The Company's ISCR and DSCR improved due to improvement in EBITDA and PAT respectively. As on 31st March 2017 the Networth of the company stood at Rs. 33.34 Crs. against total debt of Rs. 50.74 Crs. resulting in a gearing of 1.52x.

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		**Audited**	**Audited**
Operating Revenue	In ₹ Crs	4828.91	7218.88
EBITDA	In ₹ Crs	15.06	3.53
PAT	In ₹ Crs	6.63	0.54
Tangible Net worth	In ₹ Crs	33.34	26.71
Total Debt/Tangible Net Worth	Times	1.52	1.53
Current Ratio	Times	1.29	1.49

Rating History

S.No	Facility	Current Rating (2018)			Rating History	
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	24th November, 2016	2015
1	**Non-Fund Based** Letter of Credit	Short Term	10	**BWR A4**	**BWR A4**	**N.A.**
	Total		**10**	**₹ Ten Crores Only**		

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Infrastructure Sector**
- **Short Term Debt**

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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.

23 March 2018

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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

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.