

Rating Rationale

20 May 2021

Rajesh Exports Limited

Brickwork Ratings downgrades the ratings to BWR D and resolves the Credit Watch with Negative Implications for the bank loan facilities of Rajesh Exports Limited amounting to Rs.1100 Crs.

Particulars:

Facility	Amount (Rs Crs)		Tenure	Ratings		
	Previous	Present		Previous (02 Mar 2021)	Present	
Fund Based						
FDB/FBE/BRD	250.00	250.00	Long Term	BWR A- Credit Watch with Negative Implications	BWR D/ Downgraded and removal of Credit Watch with Negative Implications	
FDB/FBE/BRD- Proposed	250.00	250.00				
Non Fund Based						
ILC/FLC	300.00	300.00	Short Term	BWR A2+ Credit Watch with Negative Implications		
ILC/FLC- Proposed	300.00	300.00				
Total	1,100.00	1,100.00	Rupees One Thousand One Hundred Crores Only			

Please refer to BWR website www.brickworkratings.com/ for definition of the ratings; Details of Bank facilities are provided in Annexure-I

Rating Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities

Brickwork Ratings (BWR) had last revised the rating of **Rajesh Exports Limited ('REL' or the Company)** based on 02 Mar 2021. BWR has since received information that the accounts of Rajesh Exports Ltd have been classified as NPA by the Lender, Accordingly, BWR has revised the bank loan ratings of REL to BWR D. BWR notes that REL has not yet made any public disclosures about the audited Q4FY21 and FY21 financial results, asset classification by the lender, rating action by the BWR and its ongoing litigation with the lender. BWR also notes the continuing information risks arising out of unavailability of a valid sanction letter post expiry of the sanction dated 17 Jun 2019 and irregular No Default Submission (NDS) during the last six months.

The removal from the Credit watch with Developing implications has been done considering the latest rating action.

For other details, please refer to the latest rating rationale : [REL 02 Mar 2021](#)

Analytical approach and Applicable Rating Criteria: Standalone

For arriving at its ratings, BWR has adopted a stand-alone approach. However, BWR has taken note of various group companies which are located abroad, and engaged in gold refining, and 4 jewellery making/trading. These companies are REL Singapore PTE Ltd located in Singapore, Valcambi SA located in Switzerland and Bab Al Ryan located in UAE. BWR has further noted that these overseas companies have marginal debt, Hyperlinks to the Rating Criteria are provided at the end of the rationale.

Liquidity - Stretched:

The liquidity is considered stretched, as reflected by the classification of the account as NPA. As the company is yet to disclose the audited Q4FY21 and FY21 results, BWR is unable to ascertain the position regarding liquidity as on date.

About the Company

Rajesh Exports, headquartered in Bengaluru was established on 29 May 1990 as a partnership firm by Mr. Rajesh Mehta and Mr. Prashant Mehta. The firm was later reconstituted in 1995 as Rajesh Exports Limited (REL). REL is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). It is engaged in the business of importing gold and manufacturing gold jewellery, medallions and other products. The company primarily exports these products across the world, mainly to Europe and UAE, apart from selling domestically in the wholesale market and through its own retail stores. The Company has manufacturing facilities at Bangalore (India), Cochin (India) and Dubai(UAE) with an aggregate capacity of 350 tons per annum with capability to produce a wide range of hand made, semi machined & complete automated gold jewellery & gold products. Also, the group through its refinery facilities at Valcambi SA (Switzerland) and Uttarakhand (India) has gold refining capacity of 2400 tons per annum. It has its R&D units located at Bangalore & Balerna, Switzerland). The company also has a retail presence under its own brand “SHUBH Jewellers” with 82 showrooms in Karnataka.

REL has a 100% subsidiary REL Singapore PTE Ltd which has further step down subsidiaries Valcambi SA, Switzerland & Bab Al Ryan, UAE. Valcambi SA is a gold refinery unit with capacity of 2400 tons per annum and produces Valcambi bullion supplied to Bullion banks and central banks across the world. Bab Al Rayan LLC, UAE also has a small refinery and supplies gold to retailers across UAE.

Mr Rajesh Mehta is the Executive Chairman and Mr.Prashanth Mehta is the Managing Director.

Key Financial Indicators (Standalone):

Parameters		31 Mar 2019 Audited	31 Mar 2020 Audited
Total Operating Income	Rs. Crs	42,330.66	46899.11
OPBDITA	Rs. Crs	737.04	434.22
Net Profit	Rs. Crs	442.12	403.29
Tangible Net Worth (TNW)	Rs. Crs	4,562.76	4,936.71
Total Debt*	Rs Crs	6072.32	960.96
Total Debt/TNW	Times	1.33	0.19
Current Ratio	Times	1.11	1.17

* Total debt includes Loans against fixed deposit of Rs.4188.33 crs as on 31 Mar 2019 and Rs.831.21 crs as on 31 Mar 2020.

On an unaudited basis, the Company has reported a total operating income of ~Rs.934.12 Crs for 9MFY21.

Key Financial Indicators (Consolidated):

Parameters		31 Mar 2019 Audited	31 Mar 2020 Audited
Total Operating Income	Rs. Crs	1,75,422.89	1,95,600.17
OPBDITA	Rs. Crs	1,795.85	1,326.86
Net Profit	Rs. Crs	1,292.13	1,205.89
Tangible Net Worth (TNW)	Rs. Crs	7,469.80	9,806.04
Total Debt*	Rs. Crs	6323.93	1285.27
Total Debt/TNW	Times	0.85	0.13
Current Ratio	Times	1.33	1.39

* Total debt includes Loans against fixed deposit of Rs.4188.33 cr as on 31 Mar 2019 and Rs.831.21 crs as on 31 Mar 2020.

On an unaudited basis, the Company has reported a total operating income of ~Rs.1,93,791 Crs for 9MFY21.

Note: Consolidated revenue includes financials of REL and its 100% wholly owned subsidiary REL Singapore Pte Ltd. REL contributed ~24% of the revenue on a consolidated basis for FY20.

Key Covenants of the facility rated: The terms of sanction include standard covenants normally stipulated for such facilities.

Status of non-cooperation with previous CRA - NA

Rating History for the last three years [including withdrawal and suspended]:

Facility	Current Rating (May 2021)			Rating History		
	Amount (Rs Crs)	Tenure	Rating	2021 02 Mar 2021	2020 28 Mar 2020	2019 02 Jan 2019 ^^
Fund Based						
FDB/FBE/BRD	250.00	Long Term	BWR D	BWR A- Credit Watch with Negative Implications	BWR A+/ Stable	BWR A+/ Stable
FDB/FBE/BRD-Proposed	250.00					
Non Fund Based						
ILC/FLC	300.00	Short Term	BWR D	BWR A2+ Credit Watch with Negative Implications	BWR A1+	BWR A1+
ILC/FLC-Proposed	300.00					
Total	1,100.00	Rupees One Thousand One Hundred crores Only				

^^ Amount rated was Rs.1,100.00 cr inclusive of proposed limits of Rs.550.00 cr.

Note: BWR had initially rated bank loan facilities of Rs.550.00 cr and assigned BWR A+/
Stable/ A1+ on 14 Dec 2018.

Complexity Levels of the Instruments

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

General Criteria	Manufacturing Companies
Approach to Financial Ratios	Short Term Debt
Ratings Policy	Default Recognition & Default Curing Period

Analytical Contacts	
Saakshi Kanwar Senior Manager- Ratings Board: +91 80 4040 9940 Ext: 364 saakshi.k@brickworkratings.com	Vidya Shankar Principal Director- Ratings Board: +91 80 4040 9940 vidyashankar@brickworkratings.com
1860-425-2742	I media@brickworkratings.com

Rajesh Exports Limited
Annexure I:
Details of Bank Facilities rated by BWR

Sl. No.	Type of Facilities	Long Term (Rs. Crs)	Short Term (Rs. Crs)	Total (Rs. Crs)
1	FDB/FBE/BRD - Sanctioned	250.00	-	250.00
2	ILC/ FLC- Sanctioned	-	300.00	300.00
3	FDB/FBE/BRD- Proposed	250.00	-	250.00
4	ILC/ FLC- Proposed	-	300.00	300.00
Total (Rs. one thousand one hundred crore only)		500.00	600.00	1,100.00

Note: The company has sanctioned limits FDB/FBE/ BRD, OD against deposits , ILC/ FLC and forward contract limits aggregating Rs.14070 cr from Canara Bank outside erstwhile consortium which have not been rated by BWR.

For print and digital media The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

About Brickwork Ratings

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI], offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporates and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER : Brickwork Ratings India Pvt. Ltd. (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by the Reserve Bank of India [RBI], offers credit ratings of Bank Loan facilities, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. [hereafter referred to as "Instruments"]. BWR also rates NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations.



BWR wishes to inform all persons who may come across Rating Rationales and Rating Reports provided by BWR that the ratings assigned by BWR are based on information obtained from the issuer of the instrument and other reliable sources, which in BWR's best judgement are considered reliable. The Rating Rationale / Rating Report & other rating communications are intended for the jurisdiction of India only. The reports should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in Europe and also the USA).

BWR also wishes to inform that access or use of the said documents does not create a client relationship between the user and BWR.

The ratings assigned by BWR are only an expression of BWR's opinion on the entity / instrument and should not in any manner be construed as being a recommendation to either, purchase, hold or sell the instrument.

BWR also wishes to abundantly clarify that these ratings are not to be considered as an investment advice in any jurisdiction nor are they to be used as a basis for or as an alternative to independent financial advice and judgement obtained from the user's financial advisors. BWR shall not be liable to any losses incurred by the users of these Rating Rationales, Rating Reports or its contents. BWR reserves the right to vary, modify, suspend or withdraw the ratings at any time without assigning reasons for the same.

BWR's ratings reflect BWR's opinion on the day the ratings are published and are not reflective of factual circumstances that may have arisen on a later date. BWR is not obliged to update its opinion based on any public notification, in any form or format although BWR may disseminate its opinion and analysis when deemed fit.

Neither BWR nor its affiliates, third party providers, as well as the directors, officers, shareholders, employees or agents (collectively, "BWR Party") guarantee the accuracy, completeness or adequacy of the Ratings, and no BWR Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Rating Rationales or Rating Reports. Each BWR Party disclaims all express or implied warranties, including, but not limited to, any warranties of merchantability, suitability or fitness for a particular purpose or use. In no event shall any BWR Party be liable to any one for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Rating Rationales and/or Rating Reports even if advised of the possibility of such damages. However, BWR or its associates may have other commercial transactions with the company/entity. BWR and its affiliates do not act as a fiduciary.

BWR keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of BWR may have information that is not available to other BWR business units. BWR has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

BWR clarifies that it may have been paid a fee by the issuers or underwriters of the instruments, facilities, securities etc., or from obligors. BWR's public ratings and analysis are made available on its web site, www.brickworkratings.com. More detailed information may be provided for a fee. BWR's rating criteria are also generally made available without charge on BWR's website.

This disclaimer forms an integral part of the Ratings Rationales / Rating Reports or other press releases, advisories, communications issued by BWR and circulation of the ratings without this disclaimer is prohibited.

BWR is bound by the Code of Conduct for Credit Rating Agencies issued by the Securities and Exchange Board of India and is governed by the applicable regulations issued by the Securities and Exchange Board of India as amended from time to time.