



Rating Rationale

Shanti Sons

12th December, 2017

Brickwork Ratings assigns ratings for the long term bank loan facilities of Shanti Sons.

Particulars

Facility Rated	Current Review Amount (Rs. Crs)	Tenure	Rating Assigned
<u>Fund Based</u> e-DFS	13.00	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook : Stable (Assigns)
<u>Fund Based</u> Asset backed loan(o/s)	0.60	Long Term	
Total	Rs 13.60 Crores (INR Thirteen Crores and Sixty Lakh Only)		

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

BWR has assigned Long Term rating of BWR B+ (Outlook: Stable) for the long term bank loan facilities of Shanti Sons.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

While assigning the rating of *Shanti Sons* ('the firm'), BWR has factored in the promoters' experience in their line of business, franchise arrangements with a reputed brand name and its constitution as a partnership firm. The rating is constrained as it is a new business, without a history of business operations. The ratings, however, draw comfort from experienced partners and franchise arrangements with PC Jeweller Ltd.



Key Rating Weaknesses

- **Green field business:** The firm was established in May 2017. As the firm commenced business operations during the current financial year, no past data on financial performance is available for analysis. However, the firm expects to achieve a turnover of Rs. 25 Crs in Fy18.
- **Partnership Constitution:** Being a partnership firm, is exposed to inherent risk of the partner's capital being withdrawn at a time of personal contingency, risk of dissolution and restricted avenues to raise capital which could prove a hindrance to its growth.

Key Rating Strengths

- **Promoters' experience:** The partners of the firm have experience of more a decade in the jewelry business activity.
- **Franchise:** The Firm has obtained franchise from PC Jewellers Ltd to operate a showroom at Haldwani.

Analytical Approach:

BWR has factored in the standalone business parameters and financial risk profile of the company to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked below.

Rating Outlook: Stable

BWR believes the *M/s Shanti Sons'* 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 Firm

M/s Shanti Sons was established in May 2017 in Haldwani (Uttarakhand), and commenced operations in September 2017. The firm is managed by partners viz. Mr. Shanti Bhakuni, Mr. Girish Chandra Bhakuni,



Mr. Harender Singh Bora and Mr. Vikram Singh Bora with equal holding in the firm. The firm is a franchisee of PC Jewellers Ltd and is engaged in retail trade of jewelry.

Firm's Financial Performance

Particulars	Units	FY2017 (Audited)	FY2018 (Projected)
Net Sales/Revenue	Rs. Crores	NA	25.00
EBIDTA	Rs. Crores	NA	0.53
PAT	Rs. Crores	NA	0.07
Tangible Networth	Rs. Crores	NA	2.67
TOL : TNW Ratio	Times	NA	4.19
Current Ratio	Times	NA	1.25

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument/ Facility	Current Rating (FY 2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	FY2017	FY2016	FY2015
1.	e-DFS	Long Term	13.00	BWR B+ Outlook : Stable	NA	NA	NA
2.	Asset backed loan (o/s)		0.60				
Total		Rs 13.60 Crores (INR Thirteen Crores and Sixty Lakh Only)					

Status of non-cooperation with previous CRA (if applicable) – NA



Any other information - NIL

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)
- [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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