

Rating Rationale

Shri Raj Jewels

Brickwork Ratings assigns the ratings for the Bank Loan Facilities amount to ₹. 56.56 Crores of Shri Raj Jewels.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based - BLR	56.56	Long Term	BWR BBB - (Pronounced as BWR Triple B Minus) (Outlook: Stable)
Total	56.56 (INR Fifty Six Crores and Fifty Six Lakhs Only)		

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

Rationale:

The rating has positively factored the experience & track record of the promoters in the jewellery making business; large scale of operation with long relationship with the customers; steady growth in revenue, networth and comfortable debt servicing indicators.

The rating is however constrained by customer concentration risk and working capital intensive nature of operation.

Description of Key Rating Drivers

Credit Strengths:

Experience of the promoters:

Shri Raj Jewels is a 100% export oriented unit, engaged in manufacturing of Gold and Diamond Jewellery. The partners of the firm have two to three decades of experience in this business. The company has an experienced team of designers to assist the partners in the business. Its product range includes rings, pendants, earrings, bracelets, bangles and necklaces that are made from diamonds and 18 & 22 carat gold.

Large scale of operation, long relationship with the customers :



Over the years, the company has steadily expanded its operation. Currently It has presence in USA, Middle East, Hong Kong, Europe and Australia. The company has been able to successfully attract and retain key customers in these markets.

Steady growth in revenue, networth and comfortable debt servicing indicators:

The operating income of the company has grown at CAGR of around 11% over the last three years. Net worth is improving due to reinvestment of profits in the business. Healthy profitability margins are leading to comfortable debt servicing indicators.

Credit Risks:

Customer concentration risk:

Major portion of the company's revenue are coming from few customers leading to customer concentration risk.

Working capital intensive nature of operation:

High receivables and inventory days are leading to long conversion cycle of 5-6 months. Effective work capital management will be key for the company's future growth.

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 the **Shri Raj Jewels** 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

Shri Raj Jewels is a partnership firm set up by Mr. Arvind Ranawat, Mr. Mukesh Sankhla and Mr. Bharat K. Jain. It has 2 manufacturing units along with office situated in SEEPZ, Andheri, Mumbai. As per FY 18 (Provisional) provided by the company, the Total Income and Net Profit reported are Rs. 183.68 Crs and Rs. 15.65 Crs respectively.

Key Financial Indicators:

Key Parameters	Units	2016	2017
Result Type		Aud	Aud
Total Income	₹ Cr	169.76	171.98
EBITDA	₹ Cr	17.49	18.26
PAT	₹ Cr	9.69	10.12
Tangible Net worth	₹ Cr	37.99	40.60
Total Debt/Tangible Net worth	Times	1.52	1.36
Current Ratio	Times	1.33	1.40

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
	Fund Based - BLR	Long Term	56.56	BWR BBB - (Pronounced as BWR Triple B Minus) (Outlook: Stable Assigned)			
	Total	56.56 (INR Fifty Six Crores and Fifty Six Lakhs Only)					

Status of non-cooperation with previous CRA (if applicable): The company has not cooperated with India Ratings & Research and Acuite Ratings & Research despite follow ups.

Hyperlink/Reference to applicable Criteria

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



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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, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

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.