

Rating Rationale

Brickwork Ratings assigns ratings for the Bank Loan facilities aggregating to ₹ 5.50 Cr of Silverlines Gems & Jewellery Pvt. Ltd.

Brickwork Ratings has assigned the following **Rating¹** for the Bank Loan facilities availed by Silverlines Gems & Jewellery Pvt. Ltd. (**'SGJPL' or the 'Company'**):-

Facility		Tenure	Limits(Crore)	Rating Assigned
Fund Based	Cash Credit	Long Term	5.50	BWR B (Pronounced as BWR Single B) (Outlook: Stable)

BWR has essentially relied upon the audited financial statements up to FY15 projections for FY16 and FY 17, publicly available information and information/clarifications provided by the management.

The rating has, inter alia, factored in the established track record of the firm, promoter's adequate business experience, moderate gearing and liquidity ratios. However, the rating is constrained by regular fluctuations in gold prices, relatively low tangible net worth, thin profitability margins, high inventory holdings and intense competition from other players in the unorganized sector.

Background:

Silverlines Gems & Jewellery Pvt. Ltd. (SGJPL) was incorporated in March 2014 by Mr. Sanjeev Kumar Talla. The company is engaged in trading and retail sales of gold, diamond, silver and platinum jewelry, Umrao jewelry and precious stones. The company also supplies gold bullion in small proportions to other jewelers. The company trades in hallmark 22 carat gold. The company has its main office at Residency Road, Jammu and branch office at Gandhi Nagar, Jammu. The company sources its trading stock from wholesale markets at Delhi and Jaipur.

Ownership-and-Management:

SGJPL is managed by its director, Mr. Sanjeev Kumar Talla, who is also a major shareholder and has business experience of more than 15 years. Mr. Talla is supported by other directors, viz. Mrs. Sheetal Saraf (Wife) and Mrs. Neelam Rani (Mother).

Financial-Performance:

The Company has posted a revenue of Rs.20.47 Cr in FY15 and expects to achieve a revenue of Rs. 28 Cr in FY16 .The Company reported a Net loss of Rs. 0.48 Cr in FY15; the loss has occurred mainly on account of decline in prices of gold during the accounting period. The leverage of the Company is reported at 2.61 times in FY15. The Operating Profit Margins stood at 3.92% in FY15. Current Ratio for FY15 stood at 1.16 times, reflecting moderate liquidity for the Company.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Rating Outlook:

The Rating outlook is expected to be stable in the near term. Going forward, the ability of the Company to increase its scale of operations and order book position, achieve projected financial indicators, manage interest and finance charges and handle competition from within unorganized sector, would be the key rating sensitivities.

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