

Rating Rationale

Brickwork Ratings assigns 'BWR BB' for the Bank Loan Facilities amounting ₹ 9 Cr of Akshaya Ornaments Pvt. Ltd.

Brickwork Ratings has assigned the following **Rating¹** for Bank Loan facilities amounting to ₹ 9.00 Crores of Akshaya Ornaments Pvt. Ltd.

Facility	Limits (₹ Cr)	Tenure	Rating
Cash Credit	9.00	Long Term	BWR BB (BWR Double B) (Outlook: Stable)
Total	9.00	INR Nine Crores only	

AOPL being a new concern which has started commercial operations in FY14 only, BWR has principally relied upon the credentials of group concern GM Jewellers, and its audited financials results up to FY12 and provisional financials of FY13. BWR has perused projected financials of AOPL for FY14 & FY15, publicly available information and information/clarification provided by the management.

The rating has factored, intra alia, promoter's experience & past track record in this line of activity, committed capital infusion by the promoters, successful opening of retail outlet and performance track record of GM Jewellers. However, the rating is constrained by initial phase of operations of AOPL, low net worth, high working capital intensive operations and risks associated with highly volatile gold prices.

Company Background

Akshaya Ornaments Pvt. Ltd was incorporated on 24th Feb 2012 and started its operations in May 2013. Mr. Vimal Goel and Mr. Manoj Vimal are the promoters and Directors of the company. AOPL is engaged in manufacturing and trading of gold jewellery on retail and wholesale basis. The company has recently opened 800 sq.ft retail outlet in Abids, Hyderabad.

Group Concern Details

G.M. Jewellers (GMJ), a proprietorship concern promoted by Mr. Vimal Goel is engaged in manufacturing and whole-sale trading of gold ornaments. The firm has a network of craftsmen in Hyderabad and elsewhere and gets its jewellery manufactured according to their needs, by supplying bullion and other precious/semi-precious gems. Finished jewels are supplied to reputed clients like Arihanth Gems & Jewellers, Sri Siddivinayaka Jewellers, Padmavathi Jewellers, Durga Jewellers, Akshaya Gold, Ambe Gold, Srinidhi Enterprises and many more, both in AP and outside.

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

GMJ's net revenue from operations substantially increased by 32.15% from ₹ 103.67 Cr in FY12 to ₹ 136.79 Cr in FY13 (provisional). GMJ has constantly improved its net profit margins. The firm's tangible net worth and bank borrowings stood at ₹14.87 Cr and ₹ 1.81 Cr, respectively as of 31 March 2013. The overall financial strength of GMJ is backed by good net worth and profit margins.

Management Profile

Mr. Vimal Goel aged about 50 years is in the business of manufacturing and trading of gold and silver since 1980 and started wholesale business in the name of M/s GM Jewellers 10 years ago as a proprietary concern. Mr. Vimal Goel hails from the family business involved in making and trading of gold silver ornaments in wholesale as well as retail for more than 3 decades.

Mr. Manoj Vimal is about 29 years old. He has done his MBA from UK, and worked there for a few years. Form last year he joined the family business in M/s GM Jewellers, and started AOPL along with his father. The business of AOPL will be significantly in Retail trade and will complement the Wholesale business of GMJ.

Financial Highlights

As per the MCA (Ministry Of Corporate Affairs) data the promoters have infused ₹ 3.04 Cr as of 31 March 2013 and the bank borrowings stood at ₹ 8.64 Cr as of 4th June 2013. AOPL is projecting ₹ 25.00 Cr sales turnovers for the first year and ₹ 120.00 Cr for second year.

Key Rating Considerations:

The rating for the bank loan facilities has been assigned on the following reasons:

- The promoters committed capital infusion
- Successful opening of retail outlet in Abids, Hyderabad and future plans to expand.
- Long experience of promoters
- Past performance and support of GM Jewellers

Rating Outlook

The rating outlook for AOPL is expected to be stable in the near term in view of successful completion of project and long experience of promoter. The company ability to face local competition, especially from branded Retail Jewellery chains and effective working capital management would be the key rating sensitivities.

analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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