

Dharneesh Gold Private Limited: Downgraded

Facilities	Amount (Rs. Crore)	Rating
Gold Metal Loan*	4.95	SMERA D (Downgraded from SMERA BB+/Stable)
Bank Guarantee - Proposed	15.05	SMERA D (Downgraded from SMERA A4+)

*Sub limit is cash credit to the extent of Rs.4.95 crore.

SMERA has downgraded the rating on the above mentioned bank facilities of Dharneesh Gold Private Limited (DGPL) to **'SMERA D' (read as SMERA D)** from **'SMERA BB+' (read as SMERA B plus)** and **SMERA A4+ (read as SMERA A four plus)**. The rating has been downgraded on account of continuous overdrawings exceeding 30 days in the cash credit account due to a stretched liquidity position. The rating also factors in the thin profit margin and average financial risk profile. However, the rating is supported by an experienced management.

SMERA has consolidated the business and financial risk profiles of Dharneesh Gold Private Limited and Bhagya Laxmi Gems and Jewellers Private Limited (BLGJPL), together referred to as the Bhagyalaxmi Group. The consolidation is owing to the common management, operational and financial synergies within the group.

Rating Sensitivity Factors

- Curing of default

Criteria applied to arrive at the rating:

- Default recognition
- Manufacturing Entities

About the Company

The Bhagyalaxmi group was established in 1910 by the Andhra Pradesh-based Mr Agarwal and family. DGPL was incorporated in 2010 and undertakes manufacturing and wholesale trading of gold jewellery.

For FY2014-15 (provisional), the group reported profit before tax (PAT) of Rs.1.91 crore on operating income of Rs.1329.48 crore, as compared with PAT of Rs.0.75 crore on operating income of Rs.679.17 crore in the previous year.

Rating History:

Date	Facilities	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
27 July, 2015	Gold Metal Loan*	4.95	SMERA BB+ (Assigned)	-	Stable
	Bank Guarantee (Proposed)	15.05	-	SMERA A4+ (Assigned)	-

*Sub limit is cash credit to the extent of Rs.4.95 crore.

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ABOUT SMERA

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