

Bhagya Laxmi Gems and Jewellers Private Limited: Downgraded

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	5.00	SMERA D (Downgraded from SMERA BB+/Stable)
Bank Guarantee	15.00	SMERA D (Downgraded from SMERA A4+)

SMERA has downgraded the rating on the above mentioned bank facilities of Bhagya Laxmi Gems and Jewellers Private Limited (BLGJPL) to '**SMERA D**' (read as **SMERA D**) from '**SMERA BB+**' (read as **SMERA double B plus**) and '**SMERA A4+**' (read as **SMERA A4 plus**). The rating is downgraded on account of continuous overdrawing's 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 BLGJPL and Dharneesh Gold Private Limited (DGPL), 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. BLGJPL, incorporated in 2010 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 profit after tax (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	Cash Credit	5.00	SMERA BB+ (Assigned)	-	Stable
	Bank Guarantee(Proposed)	15.00	-	SMERA A4+ (Assigned)	-

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ABOUT SMERA

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