

July 31, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	8.00	SMERA BB/Stable (Assigned)
Cash Credit (proposed) Sub Limit: Gold Metal Loan	8.00	SMERA BB/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB**' (**read as SMERA double B**) to the Rs.16.00 crore bank facilities of Shreenathji Gems and Jewels Private Limited (SGJPL). The outlook is '**Stable**'.

The rating derives comfort from the company's experienced management, strong revenue growth coupled with improvement in operating profit margin. However, the rating is constrained by the company's small scale of operations and below-average financial risk profile marked by low net worth and low debt protection metrics. The rating notes that the company's business is exposed to fluctuation in gold prices and intense competition in the wholesale jewellery business.

Outlook: Stable

SMERA believes that SGJPL will continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' in case the company achieves significant improvement in revenues and profitability, without a corresponding deterioration in liquidity position and debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of decline in the company's revenues or profit margins, or in case of deterioration in the company's capital structure and liquidity.

About the company

SGJPL, incorporated in 2010, is a Mumbai-based company promoted by Mr. Sunil Dokania and his wife Mrs. Priti Dokania. SGJPL was incorporated to take over the business of Shreenathji Gems & Jewels, a proprietorship concern set-up by Mr. Sunil Dokania in 2001. The company is engaged in wholesaling of plain gold jewellery. SGJPL outsources its processing activity to job workers in Mumbai.

For FY2014-15 (provisional financial statements), SGJPL reported profit after tax (PAT) of Rs.0.46 crore on operating income of Rs.83.22 crore, as compared with PAT of Rs.0.44 crore on operating income of Rs.76.09 crore in the previous year. The company's net worth stood at Rs.7.51 crore as on March 31, 2015, as compared with Rs.7.07 crore a year earlier.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

Contact List:

Media/Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 98208 02479 Email: anton.y.jose@smera.in	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.