

**October 07, 2015**

Facilities	Amount (Rs. Crore)	Rating
Export Packing Credit (EPC)/ Post Shipment Credit (PSC)	56.56	SMERA BB+/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA BB+**' (read as **SMERA double B plus**) to the Rs.56.56 crore bank facilities of Shri Raj Jewels (SRJ). The outlook is '**Stable**'. The rating derives comfort from the firm's experienced management, established relationship with its customers and above-average financial risk profile. However, the rating is constrained by the firm's high customer concentration and working capital intensive operation which has resulted into high bank limit utilization. The rating also notes that the firm's business is exposed to volatility in foreign exchange rates, fluctuation in raw material prices and intense competition in the gems and jewellery industry.

Outlook: Stable

SMERA believes SRJ will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its experienced management and established relationship with its customers. The outlook may be revised to 'Positive' in case the firm registers healthy growth in revenues while achieving sustained improvement in profit margins, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of decline in the firm's revenues or profit margins, or in case of deterioration in the firm's financial risk profile and liquidity position.

Rating Sensitivity Factors

- Scaling up of operations and improvement in operating profitability
- Foreign exchange risk
- Working capital management and bank limit utilization

About the Firm

SRJ, a Mumbai-based partnership firm, established in 2012 by Mr. Bharat Jain, Mr. Arvind Ranawat, Mr. Nikhil Ranawat and Mr. Praful Ranawat. SRJ was established after taking over SRR Jewels, which was operational from 2004. SRJ is a 100% export oriented unit (EOU). The firm manufactures and export gold and diamond-studded jewellery. SRJ has a manufacturing unit in SEEPZ, Andheri.

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SMERA RATINGS LIMITED

Shri Raj Jewels (SRJ)

Rating Rationale

For FY2014-15, SRJ reported profit after tax (PAT) is Rs.8.92 crore on operating income of Rs.134.10 crore, as compared with PAT of Rs.9.86 crore on operating income of Rs.171.03 crore in the previous year. The firm's net worth stood at Rs.33.11 crore as on March 31, 2015, as compared with Rs.28.33 crore a year earlier.

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