

**November 19, 2015**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	4.50	SMERA BB/Stable (Assigned)
Bank Guarantee	1.00	SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB**' (read as **SMERA double B**) and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.5.50 crore bank facilities of Ritesh Jewellers (RJ). The outlook is '**Stable**'. The ratings derive comfort from the firm's experienced management, established relationship with its customers and moderate financial risk profile. However, the ratings are constrained by the firm's small-scale and working capital intensive operations. The ratings also factors that the firm's business is exposed to fluctuation in raw material prices and intense competition in the gems and jewellery industry.

Outlook: Stable

SMERA believes RJ 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 coupled with sustained improvement in operating profitability

About the Firm

RJ, a Mumbai-based proprietorship concern, established in 2000 by Mr. Ramniklal Singhi. RJ is engaged in manufacturing of gold jewellery. The firm has a manufacturing unit in Lower Parel, Mumbai. RJ deals with reputed retailers like Joyalukkas, Tribhovandas Bhimji Zaveri, Malabar Gold, Reliance Jewels and others.

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SMERA RATINGS LIMITED

Ritesh Jewellers (RJ)

Rating Rationale

For FY2014-15, RJ reported book profit of Rs.0.77 crore on operating income of Rs.24.73 crore, as compared to book profit of Rs.0.64 crore on operating income of Rs.29.59 crore. For the period 01/Apr/2015 to 09/Nov/2015, the firm reported sales of ~Rs.30.00 crore. The firm's net worth stood at Rs.5.02 crore as on March 31, 2015. The promoters have subordinated interest-bearing unsecured loans of Rs.3.14 crore (as on March 31, 2015) to bank debt. SMERA has treated such unsecured loans as quasi-equity.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Email: antony.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

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