



SMERA RATINGS LIMITED

Riverstone Jewels LLP (RJL)

Rating Rationale

December 03, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	12.00*	SMERA BB-/Stable (Assigned)
Bank Guarantee	3.00	SMERA A4 (Assigned)

**One way interchangeable from cash credit to bank guarantee to the extent of Rs.3.00 crore.*

SMERA has assigned ratings of '**SMERA BB-'** (read as **SMERA double B minus**) and '**SMERA A4'** (read as **SMERA A four**) to the Rs.15.00 crore bank facilities of Riverstone Jewels LLP (RJL). The outlook is '**Stable**'. The ratings derive comfort from the firm's experienced management and established relationship with its customers. However, the ratings are constrained by the firm's short track record of operations, high customer concentration, average financial risk profile 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 RJL 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 capital structure

About the Firm

RJL, a Mumbai-based partnership firm, established in 2014 by Mr. Kailash Shah, Mr. Maunish Shah, Mr. Saurin Shah and Mr. Tanay Shah. RJL is engaged in manufacturing of gold and diamond-studded jewellery. The firm has a manufacturing unit in Sakinaka, Andheri. RJL derives ~98 per cent of its revenues from Titan Company Limited (Tanishq, an established jewellery brand).

For FY2014-15, RJL reported profit after tax (PAT) of Rs.0.88 crore on operating income of Rs.46.14 crore. For the period April 2015 to August 2015, the firm reported operating income of Rs.24.87 crore. The firm's net worth stood at Rs.2.39 crore as on March 31, 2015.

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