



SMERA RATINGS LIMITED

Euroshine Jewellery Works Private Limited (EJWPL)

Rating Rationale

January 13, 2016

Facilities	Amount (Rs. Crore)	Ratings
Export Packing Credit (EPC)	4.00	SMERA BB/Stable (Assigned)
Post Shipment Credit (PSC)	6.00	SMERA BB/Stable (Assigned)
Proposed EPC/PSC	5.00	SMERA BB/Stable (Assigned)

SMERA has assigned the long-term rating of '**SMERA BB**' (read as **SMERA double B**) on the Rs.15.00 crore bank facilities of Euroshine Jewellery Works Private Limited (EJWPL). The outlook is '**Stable**'.

The rating draws comfort from the company's experienced management and its average financial risk profile. However, the rating is constrained by the company's high customer concentration risk, working capital intensive operations resulting into stretched bank lines. The rating notes that the company's profit margins are susceptible to volatility in raw material prices and fluctuation in foreign exchange rates. The rating also factors that the company's business risk profile is exposed to intense competition prevalent in the gems and jewellery industry.

Rating sensitivity factors

- Working capital management and bank limit utilization.

Outlook: Stable

SMERA believes that EJWPL will continue to maintain a stable business risk profile over the medium term. The company will benefit from its experienced management. The outlook may be revised to 'Positive' in case the company achieves sustained growth in revenues and higher-than-expected improvement in profitability, working capital management 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 firm's financial risk profile and liquidity position.

About the Company

EJWPL, established in 2005, is a joint venture between Facet Group of Spain (50%) and RT Star Group (50%). EJWPL is engaged in manufacturing and export of diamond-studded gold jewellery. The company is an Export Oriented Unit (EOU) and derives ~95% of its revenue from Facet Jewellery Solutions S.L. and in turn Facet caters to the European markets. EJWPL has two manufacturing facility in SEEPZ, Mumbai. The overall operations of the company are managed by Mr. Nitin Shah and his son Mr. Raj N. Shah.

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.



SMERA RATINGS LIMITED

Euroshine Jewellery Works Private Limited (EJWPL)

**Rating
Rationale**

For FY2014–15, EJWPL reported profit after tax of Rs.1.39 crore on net sales of Rs.126.46 crore; as compared with profit after tax of Rs.1.50 crore on net sales of Rs.134.16 crore in the previous year. Further, the company reported net sales of Rs.90 crore during April 2015 to November 2015.

Contact List:

Media / Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development Tel: +91-22-6714 1191 Email: antony.jose@smera.in Web: www.smera.in	Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1170 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.