

January 28, 2016

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	10.00	SMERA B+/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B+**' (read as **SMERA single B plus**) to the Rs. 10.00 crore bank facility of Bhansali Jewellery House (BJH). The outlook is '**Stable**'. The rating is constrained by the firm's modest scale of operations, low profitability, working capital intensive operations, weak financial risk. The rating also notes that the firm's business is susceptible to volatility in gold prices. However, the rating draws comfort from the promoter's extensive industry experience and robust revenue growth.

Rating Sensitivity Factors

- Ability to scale-up operations while improvement in profitability margin
- Working capital management

Outlook: Stable

SMERA believes that the firm will continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' in case the firm registers healthy growth in revenues while achieving a sustained improvement in profit margins or in case of improvement in the firm's debt-protection metrics and working capital management. Conversely, the outlook may be revised to 'Negative' in case of decline in the firm's revenues and profit margins or in case of deterioration in the firm's financial risk profile structure on account of higher-than-expected working capital requirements.

About the Firm:

Established in 2003, Bhansali Jewellery House is a Nagpur-based partnership firm promoted by Mr. Jayant Bhansali. The overall operations of the firm are managed by Mr. Jayant Bhansali and Mr. Pankaj Bhansali (son of Mr. Jayant Bhansali). BJH is engaged in wholesale trading of silver, diamond and gold jewellery.

For FY2014-15, the firm reported profit after tax (PAT) of Rs.0.05 crore on operating income of Rs.41.55 crore, as compared to PAT of Rs.0.04 crore on operating income of Rs.17.36 crore in the previous year. The firm's net worth stood at Rs.3.66 crore as on March 31, 2015 as compared with Rs.2.96 crore a year earlier.

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