

Press Release

Shree Vishal Jewellers

July 14, 2017



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	SMERA D

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of 'SMERA D' (read as SMERA D) on the Rs. 10.00 crore bank facilities of Shree Vishal Jewellers.

The Pune-based Shree Vishal Jewellers (SVJ), established in 1983 as a proprietorship concern by Mr. Kantilal Sonigora was converted into a partnership firm in 2011. The firm deals in gold, diamond and silver jewellery.

Key Rating Drivers

Strengths

- **Extensive experience of the promoters**

Mr. Sonigora has more than three decades of experience in the gems and jewellery industry and has developed healthy relations with customers and suppliers.

Weaknesses

- **Stretched liquidity position**

The liquidity is stretched. There have been overdrawings and delays in interest servicing obligations in the cash credit account for two consecutive months. Moreover the account is classified as SMA 2 by the bank as on 29 May, 2017.

- **Decline in revenue**

Revenue declined by ~20.31 percent in FY2016 to Rs. 34.21 crore from Rs.42.93 crore in FY2015. Moreover, as per provisional financials, the revenue for FY2017 stood at Rs. 33.91 crore. The decline in topline was mainly due to the closing down of one of the outlets in Pune.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of SVJ.

Outlook:

About the Rated Entity - Key Financials

For FY2015-16, SVJ reported profit after tax (PAT) of Rs. 0.18 crore on total operating income of Rs.34.21 crore as compared with PAT of Rs.0.17 crore on total operating income of Rs.42.93 crore a year earlier.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
02-May-2016	Cash Credit	Long Term	INR 7.5	SMERA D
	Proposed Facility	Long Term	INR 2.5	SMERA D

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.50	SMERA D
Proposed	Not Applicable	Not Applicable	Not Applicable	2.50	SMERA D

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