

Sai Jewellers (SJ)

Sai Jewellers: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Cash Credit	2.00	SMERA B+/Stable (Assigned)
Packing Credit	3.00	SMERA A4 (Assigned)

SMERA has assigned long term rating of '**SMERA B+**' (**read as SMERA B plus**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs.5.00 crore bank facilities of Sai Jewellers (SJ). The outlook is '**Stable**'.

The ratings are supported by the experienced management and healthy growth in revenue. However, the ratings are constrained by the small scale of operations, working capital intensive business and volatility in raw material prices. The ratings also factor in the intense competition in the jewellery industry.

SJ was established in 2007 by Mr. Ananda Karmokar who possesses over two decades of experience in the gems and jewellery industry. The firm began manufacturing jewellery in house from FY2014-15. SJ registered operating income of Rs.2.98 crore in FY2013-14 as against Rs.15.55 crore in FY2015-16.

However, the scale of operations are modest evident from the operating income of Rs.15.55 crore for FY2015-16. The operations are working capital intensive with high gross current assets days (GCA) of 104 in FY2015-16 (provisional). The major raw materials are gold and silver, the prices of which are highly volatile. Further, the firm faces intense market competition in the gems and jewellery industry.

Rating Sensitivity Factors

- Revenue scalability while maintaining profitability
- Efficient working capital management

Outlook-Stable

SMERA believes that SJ will maintain a stable outlook over the medium term owing to its promoters' extensive experience in the industry. The outlook may be revised to 'Positive' if the firm registers healthy revenue and profitability resulting in improvement in the financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenue and profit margins or deterioration in the financial risk profile.

Criteria applied to arrive at the ratings:

- Manufacturing and Trading Entities

About the Firm

The Bangalore-based SJ was promoted by Mr. Ananda Karmokar in 2007. The firm is engaged in the manufacturing and trading of gold and diamond studded jewellery for wholesale and export. For FY2014-15, SJ registered profit after tax (PAT) of Rs.0.49 crore on operating income of Rs.15.55 crore as compared with profit after tax (PAT) of Rs.0.28 crore on operating income of Rs.2.98 crore in FY2013-14. Further, as per FY2015-16 (provisional), the firm registered PAT of Rs.0.31 crore on operating income of Rs.15.55 crore.

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ABOUT SMERA

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