

Press Release

22 March, 2017

Aarya Exim

Rating Assigned

Total Bank Facilities Rated *	Rs.40.00 Cr.
Short Term Rating	SMERA A4

Refer Annexure for details

Rating Rationale

SMERA has assigned short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs. 40.00 crore bank facilities of Aarya Exim.

Aarya Exim (Aarya) was established in 2013 by Mr. Harenbhai L. Viradiya and Ms. Savitaben L. Viradiya. The partners possess a decade of experience in the gems and jewellery industry. The firm is engaged in the manufacturing and trading of gold, silver and diamond jewellery.

Key Rating Drivers

Strengths

- **Experienced promoters**

Aarya was established in 2013 by Mr. Harenbhai L. Viradiya and Ms. Savitaben L. Viradiya. The promoters possess extensive experience of over a decade in the manufacturing and trading of jewellery.

Weaknesses

- **Fragmented and competitive industry**

Aarya operates in a highly fragmented and competitive gems and jewellery industry with a large number of organised and unorganised players.

- **Working capital intensive operations and stressed liquidity**

Aarya's operations are working capital intensive marked by high GCA of 255 days for FY2015-16 as compared to 241 days for FY2014-15. This is due to high debtor days of 213 for FY2015-16 as compared to 212 days for FY2014-15.

- **Below average financial risk profile**

Aarya has below average financial risk profile marked by low networth of Rs.5.23 cr as on 31st March 2016 as compared to Rs.12.47 cr as on 31st March 2015. The gearing was high at 7.85 times as on 31st March 2016 as compared to 3.14 times in the previous year. The Interest coverage ratio stood low at 1.02 times for FY2015-16 as compared to 1.20 times for FY2014-15.

Analytical Approach

SMERA has considered the standalone financials and business risk profiles of the firm.

About the Rated Entity - Key Financials

For FY2015-16, Aarya registered loss after tax of Rs.0.07 cr on operating income of Rs.122.64 cr as against profit after tax of Rs.0.31 cr on operating income of Rs. 124.20 cr in FY2014-15. The networth stood at Rs.5.23 cr as on 31 March 2016 as compared to Rs.12.47 cr as on 31 March 2015.

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>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.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)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
PC/PCFC	Not Applicable	Not Applicable	Not Applicable	40.00	SMERA A4

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ABOUT SMERA

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