

Press Release

Fiona Solitaires Private Limited

August 10, 2017

Rating Assigned



Total Bank Facilities Rated*	Rs. 6.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+**' (read as **SMERA B plus**) on the Rs. 6.00 crore bank facilities of Fiona Solitaires Private Limited. The outlook is '**Stable**'.

Fiona Solitaires Private Limited (FSPL) incorporated in 2015, is a Mumbai-based company that specialises in Moissanite jewellery and gemstones apart from diamonds of Charles & Colvard in India. The company, promoted by Mr. Dilip Agrawal, Mr. Parag Agrawal and Mr. Saurabh Agrawal, also sells diamond-studded jewellery under the Fiona Solitaires brand name. The company has four outlets and nine franchises in Mumbai, Bengaluru, Hyderabad, New Delhi, Pune, Udaipur and Vadodara.

Key Rating Drivers

Strengths

- **Experienced management**

The promoters, Mr. Dilip Agrawal, Mr. Parag Agrawal and Mr. Saurabh Agrawal have around two decades of experience in the gems and jewellery sector.

Weaknesses

- **Limited operational track record and small scale of operations**

FSPL commenced commercial operations from April 2015. The company registered operating income of Rs.5.52 crore in FY2015-16 and Rs.13.36 crore in FY2016-17 (Provisional).

- **Average financial risk profile**

The gearing (debt-to-equity ratio) stood high at 3.91 times with low net worth of Rs.1.19 crore as on 31 March, 2016. Further, ICR (Interest coverage ratio) stood at 4.91 times and DSCR at 3.90 times for FY2015-16.

- **Working capital intensive operations**

The operations are working capital intensive marked by Gross Current Assets (GCAs) of 488 days for FY2016 on account of high inventory holding of 499 days for FY2016. The working capital utilisation stood at ~95 percent for the last six months ended April, 2017.

- **Threat of substitute**

FSPL is exposed to risk of substitution. The company specialises in Moissanite jewellery, gemstones, diamonds among others whereas there are substitute products such as American diamonds - precious and other semi-precious stones that pose threat of substitution.

- **Profitability susceptible to raw material prices and forex rates**

Gold and diamonds, the major raw materials imported from USA and Australia account for ~80.00 per cent. Hence, the profit margins are exposed to fluctuations in raw material prices and forex rates.

Analytical Approach

SMERA has taken a standalone view of the financial and business risk profile of FSPL.

Outlook: Stable

SMERA believes that FSPL will maintain a stable outlook and continue to benefit over the medium term from the extensive experience of its promoter. The outlook may be revised to 'Positive' in case of substantial increase in revenue and profitability while improving its financial risk profile and liquidity position. Conversely, the outlook may be revised to 'Negative' in case of decline in revenue and profitability or stretch in working capital cycle weakening its financial risk profile, particularly liquidity.

About the Rated Entity - Key Financials

For FY2015-16, the company reported profit after tax (PAT) of Rs.(0.19) crore on operating income of Rs 5.52 crore.

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>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.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
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.00	SMERA B+ / Stable

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ABOUT SMERA

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