

Press Release

Fiona Solitaires Private Limited

August 06, 2020



Rating Withdrawn

Total Bank Facilities Rated*	Rs.6.00 Cr.
Long Term Rating	ACUITE B+ (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long-term rating of '**ACUITE B+**' (**read as ACUITE B plus**) on Rs.6.00 crore bank facilities of Fiona Solitaires Private Limited (FSPL).

The rating has been withdrawn on account of the request received from the company and NOC received from the banker.

Fiona Solitaires Private Limited (FSPL) incorporated in 2015, its Maharashtra based company promoted by Agrawal family which is primarily engaged in manufacturing and retail sales of gold & diamond-studded jewellery. The company sells the jewellery under the brand name of 'Fiona'.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of FSPL to arrive at this rating.

Key Rating Drivers

Strengths

- **Experienced management in the jewellery industry**

The promoters of FSPL have around two decades of experience in the jewellery industry. The extensive experience of the promoter in the jewellery industry has helped the company to establish long term relationship with its customers and suppliers.

Weaknesses

- **Working capital intensive nature of business**

The company operates in a working capital intensive nature of operations marked by Gross Current Asset (GCA) days of 103 days in FY2020 (provisional) compared to 212 days in FY2019. This is majorly on account of high inventory days of 173 days as on March 31, 2020 (provisional) compared to 174 days as on March 31, 2019 respectively. The jewellery business is inherently working capital intensive because of higher inventory holding period and the need to cater to different jewellery requirements of customers.

- **Intense competition in jewellery industry**

FSPL faces challenges of intensifying competition from national players, such as Titan Company Limited, Tribhovandas Bhimji Zaveri Limited, Kalyan Jewellers India Limited and other regional players as well as pan India players. Further, the fragmented nature of the industry has resulted in strong competitive pressures, thereby squeezing player's margins.

Material Covenants

None

Liquidity Position: Adequate

FSPL has adequate liquidity, marked by adequate net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs.0.37 crores in FY2020 (provisional) against no maturing debt obligations during the same period. The NJPL's operations are moderately working capital intensive as marked by Gross Current Assets (GCA) of 103 days in FY 2020 (provisional). The current ratio of the FSPL stood at 1.24 times as on March 31, 2020 (provisional).

About the Rated Entity - Key Financials (Standalone)

	Unit	FY20 (Provisional)	FY19 (Actual)
Operating Income	Rs. Cr.	18.30	19.60
PAT	Rs. Cr.	0.03	0.18
PAT Margin	(%)	0.17	0.90
Total Debt/Tangible Net Worth	Times	1.74	4.08
PBDIT/Interest	Times	1.45	1.63

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

None

Any other information

None

Applicable Criteria

- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
20-Jan-2020	Cash Credit	Long Term	6.00	ACUITE B+ (Indicative)
30-Oct-2018	Cash Credit	Long Term	6.00	ACUITE B+ / Stable (Reaffirmed)
21-Aug-2018	Cash Credit	Long Term	6.00	ACUITE B+ (Indicative)

***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 Available	Not Applicable	Not Available	4.80	ACUITE B+ (Withdrawn)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	1.20	ACUITE B+ (Withdrawn)

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About Acuite Ratings & Research:

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