

Press Release

Suryavanshi Gems And Jewellery Private Limited



D-U-N-S® Number: 67-548-3301

March 06, 2019

Rating Assigned

Total Bank Facilities Rated*	Rs. 15.00 Cr.
Long Term Rating	ACUITE B- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B-**' (**read as ACUITE B minus**) to the Rs. 15.00 crore bank facilities of SURYAVANSHI GEMS AND JEWELLERY PRIVATE LIMITED (SGPL). The outlook is '**Stable**'.

Kolkata based, SGPL was incorporated in 2010 by Mr. Ramakant Johari, Mrs. Ranjama Johari and Vijaykumar Soni. The company is mainly engaged in manufacturing and trading of precious and semi-precious metal Jewellery.

Analytical Approach

Acuité has considered standalone business and financial risk profile of the SGPL to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management**

Mr. Ramakant Johri has presence of more than a decade in Gems and Jewellery industry through other family concerns prior to SGPL. The long standing presence of the promoter has resulted in building healthy relationship with suppliers.

Weaknesses

- **Modest scale of operations**

The company was incorporated in 2010. The scale of operations stood moderate reflected in revenue of Rs.0.74 crore during FY18 as compared to Rs.1.04 crore in FY17. The decline in revenue was due to sluggish demand in the industry. Acuité believes that the company will improve its scale of operations over the near to medium term through recently opened showroom business located in Jaipur.

- **Highly competitive and fragmented industry**

The gems and jewellery industry is marked by presence of several organised and unorganised player which pose competitive pressure leading to limited bargaining power.

Liquidity Position

The company has weak liquidity position marked by moderate bank limit utilisation of ~70-80 level over the last six months ending on December 2018. The company has cash and bank balance of Rs.0.07 crore as on March 31, 2018. Acuité believes that the liquidity of SGPL is likely to remain stretched over the medium term on account of high inventory requirement for the jewellery showroom.

Outlook: Stable

Acuité believes that that SGPL will maintain a 'Stable' outlook over the medium term on account of the extensive experience of its promoters. The outlook may be revised to 'Positive' in case the firm registers significant growth in revenues along with improvement in operating margins as well. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile and liquidity position due to higher than expected working capital requirements.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
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Operating Income	Rs. Cr.	0.74	1.04	1.97
EBITDA	Rs. Cr.	0.00	0.00	0.01
PAT	Rs. Cr.	0.00	0.00	0.00
EBITDA Margin	(%)	0.01	0.47	0.32
PAT Margin	(%)	-0.07	0.28	0.13
ROCE	(%)	-0.02	0.21	0.48
Total Debt/Tangible Net Worth	Times	36.49	27.26	24.58
PBDIT/Interest	Times	3.28	52.05	0.00
Total Debt/PBDIT	Times	25517.09	431.97	295.11
Gross Current Assets (Days)	Days	1432	781	364

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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
Overdraft	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE B- / Stable

Contacts

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About Acuité Ratings & Research:

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