



Press Release
RRR JEWELLERS LLP
April 28, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	50.00	ACUITE B+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	50.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

ACUITE has assigned its long-term rating of 'ACUITE B+' (read as ACUITE B plus) on the bank facilities of Rs.50.00 Crore of RRR Jewellers LLP. The outlook is 'Stable'.

Rationale for rating

The assigned rating derives its support from experienced management and modest scale of operations. The rating also considers the support extended by promoters in the form of unsecured loans for setting up the showroom and meeting debt obligations. However, the above-mentioned strengths are partly offset by the limited operational track record of the firm, below average financial risk profile and working capital intensive nature of operations in a highly competitive gems and jewellery industry.

About the Company

Andhra Pradesh based, RRR Jewellers LLP was established in the year 2024. The firm is engaged in the business of retail trade operations of Gold & silver Jewellery, Silver articles and Diamonds etc. through their 1st retail outlet (showroom) at Vizianagaram, AP which commenced operations in 2024. The partners of the firm are Mr. Veerabadra Swamy Kolagatla, Mr. Srinivas Ravva, Mr. Bujji Narasimhulu Battula, Mr. Pachigolla Ramarao, Mr. Andal Praveena Manchukonda, Mr. Seetharama Murty Kedarisetty, Mrs. Venkata Ramani Kolagatla, Mrs. Kedarisetty Venkataratnam, Mr. Battula Pattabhi Raman, Mr. Gopalakrishna Manchukonda, Mr. Vijay Kumar Ravva.

Unsupported Rating

Not applicable

Analytical Approach

Acuite has considered the standalone financial and business risk profiles of RRR Jewellers LLP to arrive at the rating.

Key Rating Drivers

Strengths

Experienced Management

The firm has a total of 11 partners. All the partners are in various lines of business from years. The partners have vast experience in managing the businesses. Out of 11 partners 2 (Gopalakrishna Manchukonda and Andal Praveena Manchukonda) are having family business of gold jewellery. This extensive experience of the partners helps the firm to forge its successful entry in retailing of gold jewelry.

Modest Scale of Operations

The firm has booked the revenues of Rs. 115 Cr. in 7MFY2025 and estimated to close the year at ~ Rs. 135.00 Cr. However, the firm is susceptible to incurring losses in its first year of operations given the high fixed overhead and

finance cost. Acuite believes, the operations of the firm would remain modest over the medium term, however its ability to improve revenues while generating profits would remain a key rating monitorable.

Weaknesses

Limited operational track record

RRR Jewellers LLP, was established on January 11, 2024. The firm is engaged as a retailer for both machine as

well as handmade gold and silver jewellery. The firm procures jewellery from various manufacturers and sell it to the retail customers. However, if the customer wants any specification, then the jewellery is customised. The showroom in Vizianagaram, was launched on July 21, 2024. The operations have just started; thus, the firm has limited operational track record as compared to other established players in the market.

Below Average Financial Risk Profile

The financial risk profile of the firm is expected to remain below average marked by low net worth, high gearing and below average debt protection metrics. The expected adjusted tangible net worth of the firm stood at Rs. 16.41 Cr. as on March 31, 2025, as against Rs. 2.93 Cr. as on March 31, 2024. The improvement is majorly due to the estimated introduction of capital from partners to the extent of Rs. 15.42 Cr. in FY2025. The gearing of the firm expected at high level ~ 5.20 times as on March 31, 2025 on account of high debt and low net worth base. The adjusted debt protection metric of the firm estimated at lower levels marked by Interest coverage ratio (ICR) of 0.55 times and Debt services coverage ratio (DSCR) of 0.55 times as on March 31, 2025. Acuité believes the financial risk profile of the company will remain below average on account of low accruals and high debt.

Working capital intensive nature of operations

The working capital operations of the company are expected to be intensive marked by high gross current asset (GCA) days of 326 days for FY2025. The GCA days are primarily on account high inventory holding. The inventory days are expected to be around the levels of 313 days in FY2025. The inventory days are high because of very high inventory level of Rs. 97 Cr. as on March 31, 2025. The debtor days of the company are expected to be around 1 days in FY2025. Against this, the creditors are expected to be around 1 days in FY2025. The bank limit utilization of the firm stood at 99.44 per cent for last six months ending March 2025. Acuité believes the working capital cycle of the company will remain intensive owing to high levels of inventory to be maintained.

Inherent risk of capital withdrawal in a partnership firm

The firm is susceptible to the inherent risk of capital withdrawal given its constitution as a partnership. Any significant withdrawal from the partner's capital will have a negative bearing on the financial risk profile. However, the risk is mitigated to an extent as the legal framework for LLP exists regarding limitations on capital withdrawal.

Rating Sensitivities

- Improvement in revenues and profitability
- Deterioration in working capital cycle
- Improvement in financial risk profile and liquidity position

Liquidity Position Stretched

The liquidity position of the firm is expected to remain stretched marked by expected low accruals as against the debt obligations of Rs. 0.33 Cr. The cash and bank balance of the firm is expected to remain at the levels of Rs. 0.11 Cr. in FY2025. The current ratio is expected to be around 2.66 times in FY2025. The bank limit utilization of the firm stood at 99.44 per cent for last six months ending March 2025. The firm has infused unsecured loans from promoters and families to meet the debt obligations.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	0.00	0.00
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	1.21	0.00
PBDIT/Interest	Times	(12.42)	0.00

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

None

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Karur Vysya Bank	Not avl. / Not appl.	Cash Credit	28 Mar 2024	Not avl. / Not appl.	Not avl. / Not appl.	35.00	Simple	ACUITE B+ Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	14.00	Simple	ACUITE B+ Stable Assigned
Karur Vysya Bank	Not avl. / Not appl.	Term Loan	28 Mar 2024	Not avl. / Not appl.	31 May 2027	1.00	Simple	ACUITE B+ Stable Assigned

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About Acuité Ratings & Research

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