

R.R. Ornaments Private Limited

February 03, 2017

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	6.76	CARE B+; Stable (Single B Plus; Outlook: Stable)	Reaffirmed
Short-term Bank Facilities	0.60	CARE A4 (A Four)	Reaffirmed
Total Facilities	7.36 (Rupees Seven Crore and Thirty Six Lakh Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale

The ratings of R.R. Ornaments Private Limited (RROPL) continue to remain constrained on account of its modest scale of operations with thin profitability and leveraged capital structure, working capital intensive nature of operations and susceptibility of operating profitability to volatile gold prices. The ratings further, continued to remain constrained on account of its presence in a highly competitive and fragmented Gems & Jewellery (G&J) industry.

The ratings, however, continue to draw strength from experienced promoters and wide range of product offerings. The ratings, further, continue to draw comfort from continuous infusion of share capital by the promoters during the past three financial years ended FY16 (refers to the period April 1 to March 31).

The ability of the company to increase its scale of operations with improvement profitability and better management of working capital would be the key rating sensitivities.

Detailed description of the key rating drivers

During the last three financial years ended FY16, the promoters has infused share capital including share premium. TOI of the company has declined and stood modest along with low net worth base as on March 31, 2016, further, the profitability of the company stood thin. The capital structure of the company stood moderately leveraged with the high working capital requirements for the company are primarily to fund the high inventory levels.

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology-Manufacturing Companies](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Bhilwara-based (Rajasthan) RROPL was incorporated in the year 2009 by Mr Vikas Samdani, Mr Ankit Samdani and other family members. RROPL is engaged in the business of manufacturing and wholesale of gold, silver, diamond and precious stones studded jewellery. The company is also engaged in the retailing of jewellery through its single showroom located in Bhilwara. The company offers wide range of products that include rings, earrings, pendants, necklaces, bracelets,

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

bangles, colour stones and medallions. RROPL manufactures its own designs in 18, 20, 22 carat gold based on demand of the customers in the brand name RR.

As per audited results of FY16 (refers to the period April 1 to March), RROPL reported a total income of Rs.22.04 crore with a PAT of Rs.0.07 crore.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure 1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	January 2022	1.76	CARE B+; Stable
Fund-based - LT-Cash Credit	-	-	-	5.00	CARE B+; Stable
Fund-based - ST-Standby Line of Credit	-	-	-	0.60	CARE A4

Annexure 2: Rating History for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Fund-based - LT-Term Loan	LT	1.76	CARE B+; Stable	1)CARE B+; Stable (30-Dec-16)	1)CARE B+ (30-Jul-15)	-	-
2.	Fund-based - LT-Cash Credit	LT	5.00	CARE B+; Stable	1)CARE B+; Stable (30-Dec-16)	1)CARE B+ (30-Jul-15)	-	-
3.	Fund-based - ST-Standby Line of Credit	ST	0.60	CARE A4	1)CARE A4 (30-Dec-16)	1)CARE A4 (30-Jul-15)	-	-

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