

APRIL 15, 2015

CARE ASSIGNS 'CARE B+' RATING TO THE BANK FACILITIES OF ROHIT'S HERITAGE JEWELLERS PRIVATE LIMITED

Rating

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long term Bank Facilities	11	CARE B+ [Single B Plus]	Assigned
Total Facilities	11		

Rating Rationale

The rating assigned to the bank facilities of Rohit's Heritage Jewellers Private Limited (RJPL) is primarily constrained by the small scale of operations with low networth base, highly leveraged capital structure, low profitability margins, long operating cycle and susceptibility of the same to volatility in gold prices. The rating is further constrained by its presence in a highly fragmented and competitive gems & jewellery (G&J) industry.

The rating, however, draws comfort from the experienced promoters and stable outlook for the G&J industry.

Going forward, the ability of the company to increase its scale of operations while improving its profitability margins and capital structure along with prudent working capital management would be the key rating sensitivities.

Background

RJPL was incorporated in 2000 as Nikkamal Dogarmal Jewellers Private Limited and later in the year 2002 the name was changed to its present name. The company is promoted by Ludhiana-based Singal family and Jain family and currently being managed by its directors Mr Rohit Jain and Ms Reema Jain. RJPL is engaged in designing and retailing of gold and diamond studded gold jewellery such as necklaces, earrings, rings, pendants and bangles and has its retail outlet located in Ludhiana. The raw material for the jewellery i.e. gold and diamond is procured locally from the open market and designing and manufacturing operations are carried out at its facility located in Ludhiana, Punjab. The company also gets its jewellery manufactured on job work basis from jewellery designers based in Mumbai. RJPL is a part of Eastman Group engaged in the diversified business of trading and manufacturing of bicycle parts, tools and batteries, wind power. The group entities include Eastman Cast and forge limited, Eastman Auto and power Limited, Eastman Industrial Company, Eastman Industries Limited and R. Jewels.

For FY14 (refers to the period April 01 to March 31), RJPL achieved a Total operating income (TOI) of Rs.25.74 crore with PBILDT and Profit After Tax (PAT) of Rs 1.81 crore and Rs.0.09 crore respectively as against TOI of Rs.30.85 crore with PBILDT and PAT of Rs.2.19 crore and Rs.0.09 crore respectively in FY13. During FY15, the company has achieved total income of Rs.27 crore till February 28, 2015.

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating 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.

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