

FEBRUARY 24, 2016

CARE REAFFIRMS RATING TO THE BANK FACILITIES OF SHREE GANESH JEWELLERS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	-	-	Withdrawn*
Long-term Bank Facilities	28.75	CARE BB (Double B)	Reaffirmed
Total	28.75 (Rupees Twenty Eight crore and Seventy Five lakh only)		

*CARE has withdrawn the rating assigned to the term loan facility of Shree Ganesh Jewellers Limited, with immediate effect since there is no amount outstanding under the facility as on date.

Rating Rationale

The rating assigned to the bank facilities of Shree Ganesh Jewellers Ltd (SGJL) continues to remain constrained by the high volatility in the income and profitability margins, working capital-intensive nature of operations and moderately weak leverage ratios. The rating also takes into account the geographical concentration risk and competition from players in the organised and the unorganised sectors. The rating, however, favourably factors in experience of the promoters, long track record of operations and established brand image in the Ludhiana (Punjab) market.

The ability of the company to profitably scale-up its operations, effectively manage the working capital requirements, while improving its leverage ratios and extent of support to group entities would remain the key rating sensitivities.

Background

SGJL, incorporated in year 1997, is engaged in the business of manufacturing and trading of gold jewellery, diamond/precious stones, gold coins, etc. The company sells its jewellery and precious stones to retail customers at its showroom located at First Mall, Mall Road, Ludhiana, under the brand name of 'Ganpati Jewellers'.

SGJL reported a PAT of Rs. 0.35 crore on a total income of Rs.83.65 crore in FY15 (Audited; refers to the period April 01 to March 31) as against the PAT of Rs.2.55 crore on a total income of Rs.335.98 crore in FY14. In 9MFY16 (Prov.), SGJL has reported a total income of Rs.40.74 crore.

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

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



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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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