

May 21, 2014

## CARE ASSIGNS 'CARE B' RATING TO THE BANK FACILITIES OF SHREERAM JAYARAM SYNDICATE JEWELLERS PRIVATE LIMITED

### Rating

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Remarks
Long term Bank Facilities	9.50	<b>CARE B (Single B)</b>	Assigned
<b>Total Facilities</b>	<b>9.50</b>		

### Rating Rationale

The rating assigned to the bank facilities of Shreeram Jayaram Syndicate Jewellers Private Limited (SJSJPL) is primarily constrained on account of its nascent stage of operations in a highly competitive and fragmented Gems & Jewellery (G&J) industry and its financial risk profile marked by operating losses, weak solvency position and stressed liquidity position. The rating is further constrained on account of susceptibility of its profitability to volatile gold prices.

The rating, however, draws strength from the experience of the promoters of SJSJPL in the G&J industry and wide range of product offerings.

SJSJPL's ability to stabilize operations with an increase in the scale of operations and efficient management of working capital are the key rating sensitivities.

### Background

SJSJPL was incorporated in 2004 by the Soni family and started commercial operations from September 2013 with establishing its first retail showroom in Jaipur for retailing of gold, diamond and precious stones studded jewellery. The company is also engaged in the wholesale trading of gold and diamond jewellery. However, its contribution to Total Operating Income (TOI) is very small. The company offers wide range of products that include rings, earrings, pendants, necklaces, bracelets, bangles and medallions. SJSJPL procures raw materials from local market and outsources its manufacturing activities on a job work basis to manufacturers situated at Jaipur and Kolkata.

As per the provisional results of FY14 (refers to the period April 1 to March 31), SJSJPL reported a total income of Rs.4.26 crore, with a net loss of Rs.1.45 crore.

### Analyst Contact

Name: Mohit Agrawal

Tel: 079- 4026 5612

Email: mohit.agrawal@careratings.com

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<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

## CONTACT

### Head Office Mumbai

**Mr. D.R. Dogra**

Managing Director  
 Mobile: +91-98204 16002  
 E-mail: dr.dogra@carerating.com

**Ms. Meenal Sikchi**

Vice President - Bank Loan & Instrument Rating  
 Mobile: +91-9819009839  
 E-mail: meenal.sikchi@carerating.com

**Mr. Rajesh Mokashi**

Dy. Managing Director  
 Mobile: +91-98204 16001  
 E-mail: rajesh.mokashi@careratings.com

**Mr. Ankur Sachdeva**

Vice President - Bank Loan & Financial Services  
 Mobile: +91-9819698985  
 E-mail: ankur.sachdeva@careratings.com

**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022  
 Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

**Other Office:**

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069  
 Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

**AHMEDABAD**
**Mr. Mehul Pandya**

32, Titanium, Prahaladnagar Corporate Road,  
 Satellite, Ahmedabad - 380 015  
 Cell: +91-98242 56265  
 Tel: +91-79-4026 5656  
 E-mail: mehul.pandya@careratings.com

**BENGALURU**
**Mr. Dinesh Sharma**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,  
 No. 30, M.G. Road, Bangalore - 560 001.  
 Cell: +91-99000 41975  
 Tel: +91-80-4115 0445, 4165 4529  
 E-mail: dinesh.sharma@careratings.com

**CHANDIGARH**
**Mr. Sajjan Goyal**

2nd Floor, S.C.O. 196-197, Sector 34-A,  
 Chandigarh - 160 022.  
 Cell: +91 99888 05650  
 Tel: +91-172-5171 100 / 09  
 Email: sajan.goyal@careratings.com

**CHENNAI**
**Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,  
 No. 769, Anna Salai, Chennai - 600 002.  
 Cell: +91 98407 54521  
 Tel: +91-44-2849 7812 / 0811  
 Email: pradeep.kumar@careratings.com

**HYDERABAD**
**Mr. Saikat Roy**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,  
 Hyderabad - 500 029.  
 Tel: +91-40-4010 2030  
 E-mail: saikat.roy@careratings.com

**JAIPUR**
**Mr. Rahul Jain**

304, Pashupati Akshat Heights, Plot No. D-91,  
 Madho Singh Road, Near Collectorate Circle,  
 Bani Park, Jaipur - 302 016.  
 Cell: +91 – 93149 21496  
 Tel: +91-141-402 0213 / 14  
 E-mail: rahul.jain@careratings.com

**KOLKATA**
**Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)  
 10A, Shakespeare Sarani, Kolkata - 700 071.  
 Cell: +91-98319 67110  
 Tel: +91-33- 4018 1600  
 E-mail: priti.agarwal@careratings.com

**NEW DELHI**
**Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,  
 Jhandewalan Extension, New Delhi - 110 055.  
 Cell: +91-98117 45677  
 Tel: +91-11-4533 3200  
 E-mail: swati.agrawal@careratings.com

**PUNE**
**Mr. Rahul Patni**

9th Floor, Pride Kumar Senate,  
 Plot No. 970, Bhamburda, Senapati Bapat Road,  
 Shivaji Nagar, Pune - 411 015.  
 Cell: +91-78754 33355  
 Tel: +91-20- 4000 9000  
 E-mail: rahul.patni@careratings.com

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