

February 05, 2013

**CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF
SHREE GANESH JEWELLERS LTD****Rating**

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long-term Bank Facilities	27.60	CARE BB	Reaffirmed

Rating Rationale

The rating continues to remain constrained by the modest scale of operations, high volatility in the income and profitability margins, stretched working capital cycle and moderately high leverage ratios. The rating also takes into account the geographical concentration risk and competition from the players in the organized and the unorganized sector. The rating, however, favourably factors in the experience of the promoters, long track record of operations and established brand image in the Ludhiana market.

Going forward, the ability of Shree Ganesh Jewellers Ltd (SGJL) to effectively manage its working capital requirement while improving its margins and leverage ratios would remain the key rating sensitivities.

Background

SGJL, incorporated in 1997, is engaged in the business of manufacturing and trading of gold jewellery, gold bars/coins, diamond/precious stones, etc. The company sells its jewellery and precious stones to retail customers at its showroom located at Ludhiana, Punjab, under the brand name of 'Ganpati Jewellers'. The company has one manufacturing unit which is also located at Ludhiana, Punjab.

SGJL has been promoted by Deepak Fasteners Ltd. (DFL) and managed by Mr Kailash Chander Kalra, Mr Sanjeev Kalra and Mr Deepak Kalra. DFL is a group company of SGJL and is engaged in the manufacturing and export of fasteners since 1990. It holds 49.75% of the total equity in the SGJL.

In FY12 (refers to the period April 1 to March 31), SGJL registered a total income of Rs.298.59 crore and a PAT of Rs.3.27 crore.

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

In 9MFY13 (refers to the period April 1 to December 31), SGJL has reported a total income of Rs.101.25 crore.

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