



## Dantara Jewellers

Instrument	Amount	Rating Action
		<b>As on Oct 2015</b>
Long-term/Short-term, fund-based facilities	Rs. 10 crore	[ICRA]BB- (stable) / [ICRA]A4 reaffirmed

ICRA has reaffirmed [ICRA]BB- (pronounced ICRA double B minus) / [ICRA]A4 (pronounced ICRA A four) ratings to the Rs. 10 crore fund based bank limits of Dantara Jewellers (DJ)<sup>†</sup>. The long term rating carries stable outlook. The abovementioned fund based bank limits have been rated both on the long term as well as short term scale. As such, the total utilization of the mentioned limits should not exceed Rs. 10 crore at any point of usage.

The reaffirmation of ratings continues to derive comfort from the long experience of DJ's promoters in the gold jewellery business, its healthy revenue growth in FY15 and its favourable capital structure. The ratings are however constrained by DJ's low operating margins resulting from the highly competitive nature of the gold jewellery industry, exposure of margins to the volatility in the raw material (mainly gold) prices, stretched net profitability resulting in low cash accruals and modest debt coverage indicators. The ratings are also constrained by the firm's exposure to high client concentration risks as reflected from the top client contributing around one-third of the total revenues in FY15. Nonetheless, these risks are partially mitigated by the firm's strong clientele which includes reputed retail jewellery players majorly located in the western and southern parts of the country.

### Company Profile

Dantara Jewellers (DJ) was set up in 1998 by two brothers Mr. Naresh Dantara and Mr. Dipak Dantara to engage in manufacture and wholesale trading of gold jewellery. The promoters have been dealing in the jewellery trading space for more than two decades. The firm gets the gold jewellery manufactured from its trusted set of goldsmiths in Mumbai and then markets it to wholesale and retail jewellery players across the country.

### Recent results:

For the year ended March 2015, the firm reported a Profit after Tax of Rs. 0.5 crore on an operating income of Rs. 140.4 crore.

**October 2015**

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\* 100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.



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