July 15, 2021

Creations Jewellery Manufacturing Private Limited: Moved to Non-Cooperating category, Ratings downgraded based on best available information

Summary of rating action

Instrument^	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-Term / Short-Term Pre-Shipment Credit - EPC/PCFC	20.00	20.00	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB(Stable)/[ICRA]A3+ and moved to the 'Issuer Not Cooperating' category
Long-Term / Short-Term Post-Shipment Credit - EBR	25.00	25.00	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB(Stable)/[ICRA]A3+ and moved to the 'Issuer Not Cooperating' category
Long-Term / Short-Term Standby Line of Credit	9.00	9.00	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB(Stable)/[ICRA]A3+ and moved to the 'Issuer Not Cooperating' category
Long-Term / Short-Term Unallocated Limits	0.50	0.50	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BBB(Stable)/[ICRA]A3+ and moved to the 'Issuer Not Cooperating' category
Total	**54.50**	**54.50**	

**Issuer did not cooperate; based on best available information.*
^Instrument details are provided in Annexure-1

Rationale

The rating downgrade considers the lack of adequate information regarding Creations Jewellery Manufacturing Private Limited's (CJMPL) performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by a rated entity" available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with RRE, ICRA has been trying to seek information from the entity to monitor its performance but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: ***Click here.*** ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy in respect of Non-cooperation by the Rated Entity
Parent/Group Support	NA
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financial profile of the Group which includes CJMPL and its wholly owned subsidiary, Cynergy Trading Corporation (CTC).

About the company

Incorporated in 2001, Creations Jewellery Manufacturing Private Limited manufactures and exports diamond-studded gold and silver jewellery. The company is managed by Mr. Adil Kotwal and Mr. Cyrus Kotwal. CJMPL is a 100% export oriented unit with two manufacturing units at SEEPZ in Andheri, Mumbai. The company also has an administrative office at Bandra Kurla Complex, Mumbai. CJMPL has a wholly owned subsidiary, Cynergy Trading Corporation, in USA (together referred to as the Group), which is engaged in the marketing and distribution of jewellery. CTC procures its requirements mainly from CJMPL.

Key financial indicators

Standalone	FY2019(A)	8M FY2020(P)
Operating Income (Rs. crore)	170.8	179.8
PAT (Rs. crore)	10.6	11.8
OPBDIT/OI (%)	7.9%	6.4%
PAT/OI (%)	6.2%	6.5%
Total Outside Liabilities/Tangible Net Worth (times)	0.3	0.2
Total Debt/OPBDIT (times)	0.0	0.2
Interest Coverage (times)	13.3	12.3

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; A – Audited; P - Provisional

Consolidated	FY2018(A)	FY2019(A)
Operating Income (Rs. crore)	186.0	193.5
PAT (Rs. crore)	9.6	13.7
OPBDIT/OI (%)	7.3%	8.9%
PAT/OI (%)	5.1%	7.1%
Total Outside Liabilities/Tangible Net Worth (times)	0.2	0.1
Total Debt/OPBDIT (times)	0.8	0.0
Interest Coverage (times)	8.0	17.0

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; A – Audited

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2022)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020	Date & Rating in FY2019
					15-Jul-2021	25-Jun-2020	06-Jan-2020	31-Dec-2018
1	Pre-Shipment Credit - EPC/PCFC	Long-term/ Short-term	20.00	-	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]BBB (Stable)/A3+	[ICRA]BBB (Positive)/A3+	[ICRA]BBB (Stable)/A3+
2	Post-Shipment Credit - EBR	Long-term/ Short-term	25.00	-	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]BBB (Stable)/A3+	[ICRA]BBB (Positive)/A3	[ICRA]BBB (Stable)/A3+
3	Standby Line of Credit	Long-term/ Short-term	9.00	-	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]BBB (Stable)/A3+	[ICRA]BBB (Positive)/A3	[ICRA]BBB (Stable)/A3+
4	Unallocated Limits	Long-term/ Short-term	0.50	-	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING	[ICRA]BBB (Stable)/A3+	[ICRA]BBB (Positive)/A3	[ICRA]BBB (Stable)/A3+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Pre-Shipment Credit - EPC/PCFC	Simple
Post-Shipment Credit - EBR	Simple
Standby Line of Credit	Very simple
Unallocated Limits	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No.	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
NA	Pre-Shipment Credit - EPC/PCFC	NA	NA	NA	20.00	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING
NA	Post-Shipment Credit - EBR	NA	NA	NA	25.00	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING
NA	Standby Line of Credit	NA	NA	NA	9.00	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING
NA	Unallocated Limits	NA	NA	NA	0.50	[ICRA]BB+(Stable)/[ICRA]A4+ ISSUER NOT COOPERATING

Source: *Company*

Annexure-2: List of entities considered for consolidated analysis

Sr.	Company Name	Consolidation Approach
1	Creations Jewellery Manufacturing Private Limited	Full Consolidation
2	Cynergy Trading Corporation	Full Consolidation

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About ICRA Limited:

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For more information, visit www.icra.in

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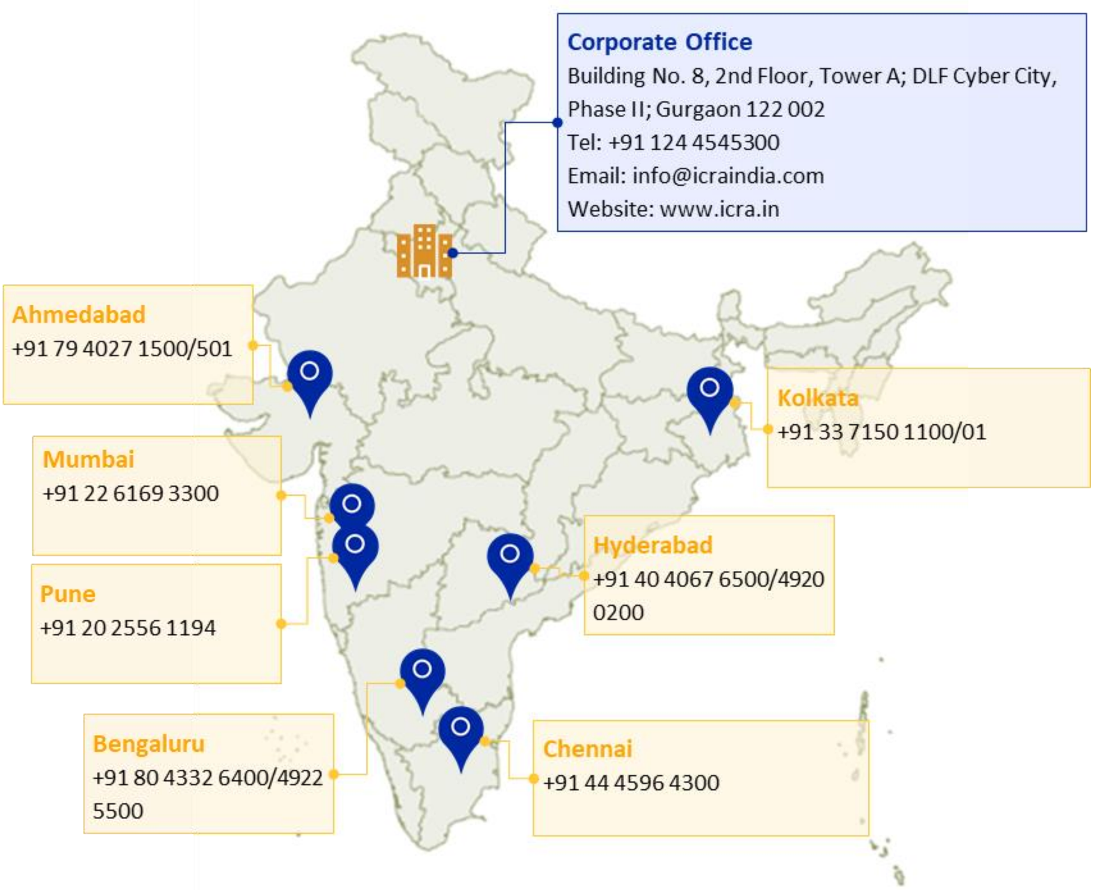

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