Renaissance Jewellery Limited

Instrument	Amount Rated (Rs. Crore)	Rating Action
Fund Based Limits	270.35	Upgraded to [ICRA]BBB+ (Stable) from [ICRA]BBB (Stable)
Non-Fund Based Limits	12.00	Upgraded to [ICRA]A2+ from [ICRA]A2
Total	**282.35**	

ICRA has upgraded the long-term rating to [ICRA]BBB+ (pronounced ICRA triple B plus) from [ICRA]BBB (pronounced ICRA triple B) to the Rs. 270.35 crore[1] fund based limits of Renaissance Jewellery Limited (RJL)[2]. ICRA has also upgraded the short-term rating to [ICRA]A2+ (pronounced ICRA A two plus) from [ICRA]A2 (pronounced ICRA A two) to the Rs. 12.00 crore non-fund based facilities of RJL. The outlook on the long-term rating is 'Stable'.

Rating Rationale

The ratings upgrade take into account the consistent operating performance of the company despite challenging market conditions with gradual improvement in working capital cycle, through effective receivable and inventory management which has led to notable reduction in debt , thereby leading to improvement in gearing as well as debt coverage indicators . The return indicators at consolidated level have also been on a rising trend in last three fiscals, with improvement in performance for most of its subsidiaries. The ratings continue to factor in the significant experience of the promoters in the studded metal jewellery sector and benefits arising from the presence of manufacturing units in the export promotion zone.

The ratings, however, continues to remain constrained on account of muted revenue growth in FY 2016 on account of intense competition in studded metal jewellery sector, moderate range bound margins and its exposure of foreign exchange fluctuations on account of significant exports & imports; though the company has hedging policy to mitigate the same. Also, the final outcome of the pending litigation on the demand notice served by the Customs Department remains a key rating sensitivity.

Company Profile

Renaissance Jewellery Limited (RJL) was incorporated on December 04, 1989 as Mayur Gems & Jewellery Exports Private Limited (MG&J). In the year 1995 Mr. Niranjan Shah and his family members acquired the entire shareholding of MG&J. Upon conversion into Public Limited Company on December 20 2005, the name was changed to Renaissance Jewellery Limited. The company is in the business of manufacturing studded gold, platinum and silver jewellery using polished diamonds, precious and other semi precious coloured stones. Its product portfolio includes rings, earrings, pendants, bracelets, necklaces etc. The company at present has six manufacturing units operating under SEZ area in Mumbai and a 100% EOU unit at Bhavnagar, Gujarat.

Recent Results

On a standalone basis, RJL reported an operating income of Rs. 1142.90 crore and profit after tax of Rs. 33.47 crore during FY 2016. On a consolidated basis, RJL reported an operating income of Rs. 1319.58 crore and profit after tax of Rs. 47.35 crore during FY 2016.

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[1] 100 lakhs = 1 crore = 10 million

[2] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

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