

Jewelima Diamonds Private Limited

March 04, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	53.84	CARE BB-; Stable; ISSUER NOT COOPERATING*	Revised from CARE BB; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Jewelima Diamond Private Limited (JDPL) to monitor the rating(s) vide e-mail communications/letters dated **December 06, 2023, January 17, 2024, January 29, 2024 & February 20, 2024** among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on JDPL's bank facilities will now be denoted as **CARE BB-;Stable; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

The ratings assigned to the bank facilities of Jewelima Diamonds Private Limited (JDPL) has been revised on account of information availability risk where the company fails to submit requisite information for monitoring the ratings. The ratings continues to be constrained by the thin margins exposed to volatility in gold prices, leveraged capital structure and competitive nature of the industry. The rating, however, continues to derive strength from the consistent growth in scale of operations, experienced promoters, and the company's long-standing relationship with renowned retailers.

Ath the time of last rating on March 02, 2023, the following were the rating weaknesses and strengths.

Key weaknesses

Thin profit margins exposed to volatility in gold prices and customer concentration

The major raw materials for JDPL are gold and diamond, which also form a major constituent of its total cost of sales. Gold prices have exhibited sharp volatility based upon demand & supply conditions, regulatory control, and volatility in the foreign currency exchange rates. In later FY22 and H1FY23, the price of gold was at a high amidst trade tensions between the US and China, weakening dollar, rate cuts by the federal reserve, slowing economic growth, geopolitical issues in West Asia and higher stocking of gold by key central banks to its reserves. The operating margins of the company stood thin between 2-2.50% during last three years.

Financial risk profile marked leveraged Capital Structure

The capital structure of JDPL marked by overall gearing improved and stood at 3.48x as on March 31, 2022, on back of an increase in the net-worth resulting from infusion of equity capital along with the accretion of profits. The debt coverage indicators (PBILDT interest coverage and total debt/ GCA) continue to be weak on the back of high reliance on external debt coupled with moderate profitability.

Presence in fragmented and competitive industry

The domestic jewellery industry is fragmented and highly competitive with the presence of large numbers of organised and unorganised players. Being wholesale player in the market, the group faces stiff competition which puts pressure on its profitability. With the introduction of GST, many of the unorganised players have closed shop which has eased the pressure on the group but still faces competition from the organised players. The group's profit margins are exposed to the volatile gold prices.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Gold prices have exhibited sharp volatility based upon demand & supply conditions, regulatory control, and volatility in the foreign currency exchange rates.

Key Strengths

Experienced promoters

JDPL was initially established as a proprietorship firm in the year 2012 and later converted to private limited company in 2013. The company is managed by Mr. Jiyanto Joseph Chandy, Mr. Roy Johnson Vellanikkara and Mr. Segler Pius Cadas and are related to the Alukkas Group in Kerala.

Established relationship with renowned customers

JDPL is involved in manufacturing of jewellery which is majorly confined to south India. The company concentrates on selling its products to local renowned retailers with major customers being Alukkas Gold Retail Private, JoyAlukkas India Private Limited and Kavitha Gold & Diamonds.

Consistent growth in scale of operations

The scale of operations of the company have been increasing over the last 3 years and stood at Rs.255.38 crore in FY22 as against Rs.199.21 crore in FY21. The increase in TOI was backed by a growth in sale volume of diamond by more than 38% coupled with higher realizations from a significant increase in the price of gold during FY22. The company has already reached the FY21 level revenue in 10MFY23 by achieving Rs.200 crore turnover, which was again backed by the increase in sale volume. The company manufactures customised designs after sourcing gold locally and purchases designs through fairs and exhibitions. With addition of new clients, the company has been scaling up its operations every year.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Gems, Jewellery And Watches

Jewelima Diamonds Private Limited (JDPL) was established in 2013 and is involved in manufacturing of jewellery in gold and diamonds and jewellery studded with stones and gems. JDPL began its full-fledged operation in 2016 and specialises in manufacturing of customized ornaments. As on February 28, 2022, JDPL has total of 2 branches i.e. in Thrissur and Coimbatore solely involved in wholesaling and has an installed capacity to produce 15 Kg ornaments per day.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)
Total operating income	199.18	255.38
PBILDT	4.85	6.03
PAT	1.00	1.58
Overall gearing (times)	4.98	3.48
Interest coverage (times)	1.60	1.70

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	45.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	October 2029	8.84	CARE BB-; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	8.84	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (02-Mar-23)	1)CARE BB; Stable (23-Mar-22) 2)CARE BB-; Stable (27-Sep-21)	1)CARE BB-; Stable (18-Mar-21)
2	Fund-based - LT-Cash Credit	LT	45.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (02-Mar-23)	1)CARE BB; Stable (23-Mar-22) 2)CARE BB-; Stable (27-Sep-21)	1)CARE BB-; Stable (18-Mar-21)

*Issuer did not cooperate; based on best available information.

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

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