



## Press Release

### Jewel Crown LLP

October 27, 2020

#### Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crores)	Supported Rating*	Rating Action
1.	Bank Facilities-Long Term	25.00	IVR BBB- (CE)/Stable Outlook (IVR Triple B Minus (CE) with Stable Outlook)	Assigned
	<b>Total</b>	<b>25.00</b>		

\*CE rating based on corporate guarantee provided by Suvarna Shilpi Jewellers Pvt Ltd (IVR BBB-/ Stable)

#### Details of Facilities are in Annexure 1

#### Detailed Rationale

The aforesaid rating assigned to the bank facilities of Jewel Crown LLP (JCLLP) derives comfort from the strength of JCLLP's standalone credit profile coupled with the credit profile of the guarantor (Suvarna Shilpi Jewellers Pvt Ltd). This results in credit enhancement in the rating of the bank facilities to **IVR BBB- (CE)/Stable Outlook (IVR Triple B Minus (CE) with Stable Outlook) [Credit Enhancement]** against the **unsupported rating of IVR BB/Stable (IVR Double B with Stable Outlook)**. Also, strength derives from extensive experience of the promoters in the jewellery business, established relationship with customers, corporate guarantee from the promoters and moderate capital structure. These rating strengths are partially offset by susceptible to regulatory changes in India and exposed to intense competition from organized and unorganized players.

#### Key Rating Sensitivities

##### Upward Factor:

- Growth in scale of operation with improvement in profit margins leading to improvement in cash accruals on sustained basis
- Improvement in the capital structure and debt protection metrics

##### Downward factor:



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- Deterioration in scale of operation coupled with deterioration in profitability on a sustained basis
- Deterioration in the capital structure
- Any regulatory changes
- Impairment in liquidity position

### Detailed Description of Key Rating Drivers

#### Key Rating Strengths

- **Extensive experience of the promoters in the Jewellery Business**

JCLLP was promoted by Mr. Alpesh Soni (Partner) having an experience of around two decades in the jewellery business. He undertakes all the business and marketing operations of the firm. Mr. Rushang Soni is also a Partner having an experience of around 10 years in jewellery business. He looks into the designing and production activities of the firm.

- **Established relationship with customers**

The firm supplies the jewellery to domestic wholesalers which in turn supply to wholesalers in other countries such as Dubai, Malaysia etc. The firm is able to maintain healthy relationship with its clients resulting into repeated orders.

- **Corporate guarantee from the promoters**

The bank facilities of JCLLP is backed by an unconditional corporate guarantee from its promoter SSJPL (rated BBB-/ Stable; A3 by Infomerics on January 16, 2020). Going forward, Infomerics believes timely, need based financial support will continue to be extended by the parent, in case of pressure on cash flows.

- **Moderate Capital Structure**

The capital structure of the firm remained comfortable over the past fiscals. The overall gearing remained comfortable at 1.86x as on March 31, 2020 .Further, total indebtedness of the firm as reflected by TOL/ANW remained stable and comfortable at 1.97x as on March 31, 2020. The debt protection metrics remained strong, with interest coverage ratio at 1.29x in FY20. With no long term debt availed by the firm, the capital structure seems to be moderate in near future. Also, the average working capital utilization stood moderate at 86% for past 12 months ended August, 2020.



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### Key Rating Weaknesses

- **Susceptible to regulatory changes in India**

Gold is an important commodity traded in the international market, so trading in gold and gold jewellery is highly influenced by several government policies and regulations, which change from time to time

- **Exposed to intense competition from organized and unorganized players**

The jewellery industry in India is highly fragmented with presence of numerous unorganised players, apart from some very large integrated G&J manufacturers leading to high competitive intensity. The firm faces stiff competition from both organised as well as unorganised players. The competitive and fragmented nature of the industry impacts the firm's profit margins.

### Analytical Approach:

**Credit Enhancement (CE) rating:** CE rating based on corporate guarantee provided by Suvarna Shilpi Jewellers Pvt Ltd

**Unsupported rating:** Standalone

### Applicable Criteria:

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector)

### Liquidity: Adequate

The liquidity profile of JCLLP is expected to improve with no long-term debt repayment and adequate cash accruals with no planned capex or avilment of long-term debt. The average utilization of working capital stood at 86% for past 12 months ending August 2020. In the absence of any scheduled term debt repayment in the firm, the liquidity position is expected to improve going forward. Infomerics also factors in the presence of a reputed parent, SSJPL which can support the interest repayment in case of any difficulty faced by JCLLP.



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### About the Company

Incorporated in 2017, Jewel Crown LLP Limited (JCLLP) is involved in manufacturing, trading of gold jewellery. It is promoted by Mr. Alpesh Soni, who has around 20 years of experience in the gold jewellery business and Mr. Rushang Soni, who has around 10 years of experience in gold jewellery business.

### Financials (Standalone Basis)

For the year ended / As On	(Rs. crore)	
	31-03-2019 (Audited)	31-03-2020 (Audited)
Total Operating Income	25.61	38.20
Interest	0.13	0.56
PAT	0.21	0.37
Tangible Network	2.86	3.49
PAT (%)	0.83	0.97
Overall Gearing Ratio (x)	1.02	1.86

Status of non-cooperation with previous CRA: None

Any other information: N.A

Rating History for last three years:

S. No.	Name of Instrument/Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Fund Based - Bank Facilities	Long Term	25.00	IVR BBB-(CE)/Stable Outlook	-	-	-

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

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### About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long term Bank Facilities - Cash Credit	-	-	-	25.00	IVR BBB- (CE)/ Stable Outlook