



Press Release

Stellar Jewelry

October 03,2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Short Term Facilities	39.00	IVR A4+ (IVR A Four Plus)	IVR A4+ (IVR A Four Plus)	Reaffirmed	Simple
Total	39.00 (Rupees Thirty Nine Crore only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its rating to the Bank facilities of Stellar Jewelry. The rating assigned continue to derive comfort from extensive experience of the promoters in the jewellery industry and firm's satisfactory debt protection metrics. However, these rating strengths remain constrained by working capital intensive operations, vulnerability to regulatory changes in India and exposure to intense competition, and constitution of the entity.

Key Rating Sensitivities:

Upward Factors

Substantial and continuous growth in business scale and profitability

Downward Factors

Any further significant rise in working capital intensity



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive Experience of Promoters

The firm was established by Mr. Amish R. Jhaveri and Mr. Saurin S. Jhaveri, both of whom have over 15 years of experience in the industry. Their extensive expertise has helped forge long-term relationships with prominent wholesalers and retailers in domestic as well as international market.

Satisfactory Debt protection metrics

The financial risk profile of the firm remained comfortable, marked by Tangible Net Worth base of Rs. 84.13 crore as on March 31,2024(prov) which has led to a low overall gearing of 0.73x as on March 31,2024(prov). The debt protection metrics of the company as reflected by DSCR was strong at 2.09x as per FY24(prov). The interest coverage ratio stood at 2.13x as on March 31,2024(prov).

Key Rating Weaknesses

Intensive working capital cycle

Stellar's large working capital requirements arise from its high inventory levels and moderate debtors. The operating cycle of the group stood high at 163 days in FY24 (prov). The inventory fluctuates depending upon the demand and supply scenario, the company usually keeps stock of around 91 days. Moreover, 150-163 days blocked in debtors, whereas the company receives credit period from suppliers of around 75-90 days. To fund its working capital requirements, the company is largely dependent on its working capital borrowing limits and the same has remained more than 95% during the past 12 months period ended March 2024.



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Vulnerable to regulatory changes in India and subjected to strong competition.

Gold is a crucial commodity in the global market, with its trading and gold jewelry sales significantly affected by frequently changing government policies and regulations. The jewelry sector in India is highly fragmented, comprising many unorganized players as well as a few large manufacturers, resulting in intense competition. The firm encounters considerable competition from both organized and unorganized sectors, requiring ongoing innovation in design and marketing strategies to attract and retain customers.

Constitution of the entity

Stellar Jewelry, being a partnership firm is exposed to inherent risk of partners' capital being withdrawn at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of the partners. Further, partnership entities have restricted access to external borrowing, as credit worthiness of partners would be the key factors affecting credit decision for the lenders.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The firm has a current ratio of 2.07x in FY24(prov). The liquidity position of the firm is adequate marked by sufficient cash accruals as against its repayment obligations. Further it has adequate gearing headroom on the back of its comfortable capital structure as the ATNW of the company stood at Rs. 84.13 crore as on March 31, 2024 (prov).

About the Company



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Stellar Jewelry is a partnership firm, involved in manufacturing and trading of gold & diamond jewellery and silver articles. The firm has its unit located in Mumbai, Maharashtra. Earlier, Stellar Jewelry was established in 2010 as the jewellery division of S. Narendra (established in 1963). On 19th August 2022, S Narendra converted into Stellar Jewelry as it has established its customer base, from USA, Japan, Dubai, UK, Belgium, Hong Kong and other EU countries and thus the whole firm runs under the name Stellar Jewelry . The firm is promoted by Mr. Amish R Jhaveri and Mr. Saurin S Jhaveri who have experience of over 15 years into the industry. They manufacture all type of diamond studded gold jewelry and main products are bridal & fashion rings, earrings, pendants, bracelets & bangles. They manufacture diamond jewelry in PT950, 18KT, 14KT, 10KT & 9KT.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Provisional
Total Operating Income	340.47	278.50
EBITDA	11.17	9.38
PAT	12.92	6.89
Total Debt	72.90	61.56
Tangible Net Worth	83.99	84.13
EBITDA Margin (%)	3.28	3.37
PAT Margin (%)	3.71	2.44
Overall Gearing Ratio (x)	0.87	0.73
Interest Coverage (x)	2.69	2.13

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Not Applicable

Rating History for last three years:



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Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-2024	Date(s) & Rating(s) assigned in T-2	Date(s) & Rating(s) assigned in T-3
					Date September 29, 2023)	Date (Month XX, 20XX)	Date (Month XX, 20XX)
1.	Post Shipment Credit	Short Term	15.00	IVR A4+ (IVR A Four Plus)	IVR A4+(IVR A Four Plus)	-	-
2	Foreign Bill discounting	Short Term	24.00	IVR A4+ (IVR A Four Plus)	IVR A4+ (IVR A Four Plus)	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).



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Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Short Term-Fund Based Limits – Post Shipment Credit	-	-	-	-	15.00	IVR A4+ (IVR A Four Plus)
Short Term-Fund Based Limits – Foreign bill Discounting	-	-	-	-	24.00	IVR A4+ (IVR A Four Plus)



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Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Stellar-Jewelry-03oct24.pdf>

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

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

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.