



## Press Release

**Laxmi Dia Jewels Private Limited (LDJPL)**

**September 19, 2022**

### Ratings

Sl. No.	Type of Facility	Rated Amount (Rs Cr.)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
1	Long Term Fund based Limits – Cash Credit	27.00	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	Reaffirmed	Simple
2	Long Term Fund Based Facility - GECL	5.35	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)	Reaffirmed	Simple
3	Long Term Fund Based Facility – CCECL	0.00 (Previously 2.10)	-	Withdrawn*	Simple
<b>Total</b>		<b>32.35</b> <b>(Rupees Thirty-Two Crore and Thirty-Five Lakh only)</b>			

\*The CCECL has been fully repaid.

### Details of Facilities are in Annexure 1

### Detailed Rationale

The ratings assigned to the bank facilities of Laxmi Dia Jewels Private Limited takes into account the extensive experience of the promoter in the jewellery business, established customer base, moderate capital structure and financial risk profile. These are partially offset by exposure to fluctuations in gold prices and regulatory risk, intense competition.

### Key Rating Sensitivities



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### - Upward Factors

- Growth in scale of operation with improvement in profit margins leading to improvement in cash accruals and liquidity position on a sustained basis.
- Improvement in debt protection matrix and liquidity

### - Downward Factors

- Stretch in working capital operations resulting in deterioration of debt protection metrics.
- Significant decline in the scale of operations or weaker operating profitability, resulting in pressure on debt protection metrics.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### Experience of the promoter in the jewelry business

The company was established in 1992, however, the business was initially started by one of its group company, Laxmi Diamond Pvt Ltd in 1972 in Surat. LDJPL is a part of Laxmi Group. The company is promoted & managed by the Mumbai based Gajera family. The promoters have a vast experience in this field as they have been in this business from many generations. The promoters track record in the business mitigates the operational risk to an extent.

##### Established customer base

The company has their manufacturing facility in Mumbai. LDJPL is engaged in manufacturing of diamond studded and gold jewellery for both retail as well as wholesale segment and for domestic and export markets. The Company has a diversified customer base. Around 13% of the total sales was in export in FY2022 (Prov).

##### Moderate capital Structure and financial risk profile

Capital structure of the company remained moderate marked by Tangible Networth of Rs. 122.89 Crore & Total Debt of Rs. 33.28 crore as per FY2022 (Prov.). Overall gearing of the



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company has consistently improved from 0.59x in FY2019 to 0.27x in FY2022(Prov.) on account of decrease in credit limits. Current ratio is adequate at 1.94x in FY2022(Prov.). DSCR has been moderate at 1.16x in FY2022 (Prov.).

### Key Rating Constraints

#### **Intense competition in the highly fragmented jewelry industry**

The domestic jewelry industry is highly fragmented in nature and is characterized by intense competition. The company not only faces competition from unorganized players, but also from a few well-established organized players.

#### **Exposure to fluctuations in gold prices and regulatory risk**

The jewellery retail industry has been witnessing increased regulatory intervention in the last few years which impacted the operating environment and consequently the performance of the jewellers. Revenue growth and margins remain susceptible to fluctuations in gold prices, which in turn are impacted by regulatory requirements. Any adverse policy decision leading to unfavourable movement in gold prices could impact demand prospects and profitability.

**Analytical Approach:** Standalone

### Applicable Criteria

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria of assigning Rating Outlook](#)

### **Liquidity: Stretched**

Laxmi Dia Jewels Pvt Ltd has a stretched liquidity as reflected in its fund-based utilisation levels of ~97% over the past 12 months period ended July 2022. Current ratio for FY2022(Prov) was 1.94x and quick ratio was 0.76x. Total cash and bank balances stood at Rs. 6.42 Crore as on 31<sup>st</sup> Mar 2022 (Prov). Operating cycle remained stretched at 180 days as on 31<sup>st</sup> Mar 2022 (Prov.)



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### About the Company

Incorporated in 1992, Laxmi Dia Jewel Private Limited (LDJPL), is promoted by the Mumbai based Gajera family and it's a part of Laxmi Group. LDJPL is engaged in manufacturing of diamond studded and gold jewellery for both retail as well as wholesale segment and for the domestic and export markets. The company sells its jewellery under the brand name 'Cygnus Brand'. Laxmi Dia Jewel Pvt Ltd has a manufacturing unit at Kandivali Mumbai with the production capacity of 360 Kg gold jewelry.

### Financials: Standalone

(Rs. crore)

For the year ended*/As on	31-03-2021	31-03-2022
	<b>Audited</b>	<b>Provisional</b>
Total Operating Income	147.89	260.24
EBITDA	3.57	4.23
PAT	-0.13	1.27
Tangible Net worth	120.81	122.89
EBITDA Margin (%)	2.42	1.63
PAT Margin (%)	-0.09	0.49
Overall Gearing Ratio (x)	0.29	0.27

\*As per Infomerics Standards

### Status of non-cooperation with previous CRA:

Crisil has continued the rating in B+ Issuer not cooperating vide press release dated June 15, 2021. Similarly, Acuite Ratings has continued it in B+ Issuer not cooperating vide press release dated March 21, 2022.

### Any other information: Nil

### Rating History for last three years:



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Sr. No	Facility	Current Rating (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Ratings	Date(s) & Rating(s) assigned in 2021-22 (PR dated 24 June 2021)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Cash Credit	Long Term	27.00	IVR BB+/ Stable	IVR BB+/ Stable	NA	NA
2.	Term Loan-GECL	Long Term	5.35	IVR BB+/ Stable	IVR BB+/ Stable	NA	NA
3.	Term Loan-CCECL	Long Term	0.00 (Previously 2.10)	-	IVR BB+/ Stable	NA	NA

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### About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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



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For more information visit [www.infomerics.com](http://www.infomerics.com)

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Amount (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund based Limits – Cash Credit	-	-	Revolving	27.00	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)
Long Term Fund Based Facility - GECL	-	-	March 2025	5.35	IVR BB+/Stable (IVR Double B Plus with Stable Outlook)
<b>Total</b>				<b>32.35</b>	

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable.**

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Len-Laxmi-Dia-Jewels-sep22.pdfv>

**Annexure 4: Detailed explanation of covenants of the rated facilities: 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](http://www.infomerics.com).