



Press Release

Stellar Jewelry
September 29, 2023

Ratings

Instrument / Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Short Term Fund Based Bank Facilities	39.00	IVR A4+ (IVR A Four plus)	Assigned	Simple
Total	39.00 (Rupees Thirty-Nine crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Stellar Jewelry derive strength from extensive experience of the promoters and association with other firms, established relationship with customers and satisfactory financial risk profile. The rating strengths are, however, constrained by susceptible to regulatory changes in India, intense competition, inherent risk of being a partnership firm and intensive working capital cycle.

Key Rating Sensitivities:

Upward Factors

- Significant and sustained growth in scale of business with further improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity

Downward Factors

- Any further significant rise in working capital intensity or unplanned capex leading to deterioration in the liquidity position

List of Key Rating Drivers with Detailed Description



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A. Key Rating Strengths

Extensive experience of the promoters and association with other firms:

The firm is promoted by Mr. Amish R Jhaveri and Mr. Saurin S Jhaveri. Mr. Amish R Jhaveri and Mr. Saurin S Jhaveri both have an experience of over 15 years into the industry. Longstanding presence of the promoters in the industry has helped the entity to scale up its operations within a short span of time.

Established relationship with customers:

The company has established long-term relationship with some of the renowned wholesalers and retailers in the market like AV Diamonds INC, A V Elegance, Unison Manufacturing H.K. Ltd, Passion Jewels etc. This has helped the company in getting regular flow of orders.

Satisfactory financial risk profile

The financial risk profile of the firm is remained comfortable, marked by high Tangible Net Worth base of ~Rs.102.62 Crores in FY23(Prov) which has led to a low overall gearing of 0.53x in FY23(Prov). The debt protection metrics of the company as reflected by DSCR stand strong at 3.01x as per FY23(Prov).

B. 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 changes from time to time.

Intense Competition

The jewellery industry in India is highly fragmented with presence of numerous unorganized players, apart from some very large integrated Gold and Jewellery manufacturers leading to highly competitive intensity. The firm faces stiff competition from both organized as well as unorganized players. The industry players must continuously offer new designs and innovative marketing practices to attract and retain customers. The competitive and fragmented nature of the industry impacts the firm's profit margins.

Inherent Risk of Being a Partnership Firm.



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Being a partnership firm, it is exposed to the risk of capital withdrawals by the partners and extent of withdrawal going forward will remain a key monitorable. Further, the risk of dissolution of the firm upon the death, retirement or insolvency of partners is also there.

Intensive working capital cycle:

Its large working capital requirements arise from its high inventory levels and moderate debtors. The operating cycle of the group stood high at 165 days in FY23 (P). 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 May 2023.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Manufacturing Companies](#)

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

Liquidity: Adequate

The liquidity of the company is adequate. The company has a current ratio of 1.68x in FY23(Prov). The firm is expected to generate GCA in the range of ~Rs.11.54 crore to Rs.13.12 Crore during the projected period and there is no term debt obligation going forward. Further, cash and bank balance is expected to be in the range of Rs.2.00 crore-Rs. 2.35 Crore during the projected period.

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 jewellery and main products are bridal & fashion rings, earrings, pendants, bracelets & bangles. They manufacture diamond jewelry in PT950, 18KT, 14KT, 10KT & 9KT.

Financials (Standalone):

	(Rs. crore)	
For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Provisional)
Total Operating Income	465.58	340.47
EBITDA	11.85	11.08
PAT	15.65	13.11
Total Debt	99.90	72.90
Tangible Net worth	96.36	84.20
Ratios		
EBITDA Margin (%)	2.55	3.26
PAT Margin (%)	3.27	3.76
Overall Gearing Ratio (x)	1.04	0.87

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Rating History for last three years:

Sr N o.	Name of Instrument/Fac ilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstand ing (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Foreign Bill Discounting	Short Term	24.00	IVR A4+	-	-	-
2.	Post Shipment Credit	Short Term	15.00	IVR A4+	-	-	-

Name and Contact Details of the Rating Analyst:



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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).

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.

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Annexure 1: Details of Facilities



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Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Foreign Bill Discounting	-	-	-	24.00	IVR A4+
Post Shipment Credit	-	-	-	15.00	IVR A4+

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

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Stellar-sep23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/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.