



Press Release
KOMAL EXPORTS
April 16, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	23.00	ACUITE BBB- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	23.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) on the Rs.23.00 crore bank facilities of Komal Exports. The outlook is ‘**Stable**’.

Rationale for reaffirmation of rating:

The rating reaffirmation takes into consideration, the firm’s moderate financial risk profile, adequate liquidity position and the extensive experience of the partners in the diamond industry. Further, the rating considers the improvement in the firm’s operating revenue in FY2024, alongside a moderation in operating profitability and an anticipated revenue decline in FY2025, which is attributed to lower price realizations for polished diamonds. Further, the rating remains constrained by moderately intensive nature of working capital operations, susceptibility to fluctuations in diamond prices and foreign exchange rates and risk of capital withdrawal associated with the partnership nature of the firm’s constitution.

Going forward, the ability of the firm to improve its scale of operations and profitability while maintaining its capital structure will be a key rating monitorable.

About the Company

Komal Exports (KE) is a partnership firm, established in 2006 in Surat. The firm is promoted by Mr. Pravinbhai Jasoliya. The other partners are Mr. Hareshbhai Jasoliya, Mr. Hiteshbhai Jasoliya, Mr. Keshavbhai Jasoliya and Mr. Hardik Jasoliya. KE is engaged in import of rough diamond, processing and selling of Cut & Polished Diamonds of clarity SI1, SI2. In addition to this, the firm is also engaged in trading of rough diamonds from one source to other. The firm exports polished diamonds to countries such as Hong Kong, Belgium, New York, Thailand and UAE. In addition to this, KE also sells the same in domestic market; majorly in Mumbai.

Unsupported Rating

Not applicable

Analytical Approach

Acuite has taken a standalone view of the business and financial risk profile of KE to arrive at the rating.

Key Rating Drivers

Strengths

Experience management

The partners, Mr. Pravinbhai Jasoliya, Mr. Hareshbhai Jasoliya, Mr. Hiteshbhai Jasoliya, Mr. Keshavbhai Jasoliya and Mr. Hardik Jasoliya, have experience of more than a decade in the diamond industry. The extensive experiences of the partners have helped KE to secure orders from existing and new customers. Acuité believes that the firm will continue to benefit from the promoters' extensive experience and established presence in the

diamond industry in improving its business risk profile over the medium term.

Moderate financial risk profile:

Komal exports financial risk profile is moderate, marked by moderate net worth, gearing and debt protection metrics. The firm's net worth stood at Rs.33.85 Cr. as on March 31, 2024 against Rs.30.46 Cr. as on March 31, 2023. The total debt levels of the firm stood at Rs.21.07 Cr. as on March 31, 2024 as against Rs.7.07 Cr. as on March 31, 2023. The gearing and total outside liabilities to tangible net worth (TOL/TNW) levels stood at 0.62 times and 2.91 times as of March 31, 2024 respectively compared to 0.23 times and 3.23 times as on March 31, 2023 respectively. The Interest Coverage Ratio (ICR) stood at 10.71 times as on March 31, 2024. However, the Debt to EBITDA deteriorated to 3.51 times as on March 31, 2024 from 0.96 times as on March 31, 2023, primarily on account of increased short-term debt levels. Acuite believes that the financial risk profile of the firm will remain moderate over the medium term on account of absence of any major debt-funded capex.

Weaknesses

Moderation in revenue in the near term

The firm's revenue increased to Rs.355.78 Cr. in FY2024 from Rs.330.04 Cr. in FY2023. This growth is on account of higher realizations for rough and polished diamonds during the year. However, increased laboratory and other expenses led to decline in operating profit margins to 1.62 percent in FY2024 from 2.18 percent in FY2023. Despite the decline in EBITDA, the PAT margin remained at 1.47 percent in FY2024, due to lower interest expense. In 11MFY2025, the firm registered revenue of Rs.282.94 Cr. which is ~15.50 percent lower than previous year revenue registered during the same period. Acuite believes, that the firm's revenue is susceptible to the fluctuations of price realizations of rough and polished diamonds and improvement of profitability will be a key rating sensitivity.

Moderately intensive nature of working capital operations

The working capital operation of Komal exports are moderately intensive as evident from Gross Current Assets (GCA) of 120 days in FY2024. The GCA days are led by high value of inventory as the firm has to maintain raw material inventory around 45 to 60 days in order to ensure smooth flow of operations. The firm allows credit period in the range of 0- 120 days to its customers and enjoys credit period up to 90 days' from most of its supplier's while payment for raw material purchased through auctions is made upfront. However, the utilization of its fund based working capital limits were low at an average of ~22 percent during past 10 months ending January 2025. Acuite believes that working capital operations of the firm will continue to be moderately intensive on account of nature of its business.

Susceptibility of its profitability margins to volatility in diamond prices and fluctuation in forex rates

KE operates in highly competitive and fragmented industry characterized by large number of unorganized players, thereby affecting margins. Further, as KE is also engaged in export, it is also vulnerable to fluctuation in foreign exchange rates.

Risk of capital withdrawal

The firm is exposed to the risk of capital withdrawal considering its partnership constitution. During FY2024, there was a minor withdrawal of capital by the partners. Any further significant withdrawal from the partner's capital will have a negative bearing on the financial risk profile of the firm.

Rating Sensitivities

- Improvement in revenue and profitability.
- Any elongation in working capital operations leading to deterioration of financial risk profile and liquidity position.

Liquidity position: Adequate

Komal exports has adequate liquidity marked by adequate net cash accruals against its nil maturing debt obligations and moderate bank utilisation. The firm generated cash accruals of Rs.5.44 Cr. during FY2024 against the nil debt repayment obligation. The cash accruals are estimated to remain around Rs.3.5 Cr. to 6.5 Cr. during 2025-27 with expected nil debt repayment obligations for the same period. The firm's working capital operations are moderately intensive with GCA of about 120 days in FY2024, comfortable cash accruals led to moderate reliance on working capital borrowings at ~22 per cent during the last 10 months period ended January 2025. Acuite believes that the liquidity of the firm is likely to remain adequate over the medium term on account of healthy cash accruals against its nominal repayment obligations and its internal accruals and liquid surplus to be sufficient to meet its incremental working capital requirements.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	355.78	330.04
PAT	Rs. Cr.	5.22	4.78
PAT Margin	(%)	1.47	1.45
Total Debt/Tangible Net Worth	Times	0.62	0.23
PBDIT/Interest	Times	10.71	3.19

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
18 Jan 2024	Cash Credit	Long Term	13.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE BBB- Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	5.00	ACUITE BBB- Stable (Assigned)
27 Oct 2022	Cash Credit	Long Term	13.00	ACUITE BBB- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Karnataka Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE BBB- Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB- Stable Reaffirmed

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About Acuité Ratings & Research

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