



**Press Release**  
**Parth Diamond Private Limited**  
**July 30, 2024**  
**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	2.00	ACUITE BB-   Stable   Assigned	-
Bank Loan Ratings	10.50	ACUITE BB-   Stable   Reaffirmed	-
Bank Loan Ratings	4.50	-	ACUITE A4   Reaffirmed
<b>Total Outstanding Quantum (Rs. Cr)</b>	17.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) and its short-term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.15.00 Crore bank facilities of Parth Diamond Private Limited (PDPL). The outlook is '**Stable**'.

Acuite has assigned the long-term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) on the Rs. 2.00 Cr. bank facilities of Parth Diamond Private Limited (PDPL). The outlook is '**Stable**'.

**Rationale for rating reaffirmation**

The rating reaffirmation factors in the improvement in the operating income and the established track record of operations of the Group of more than two decades in the gems and jewellery industry. It also factors in the good customer profile of the Group consisting of reputed clients like Titan India Limited, Reliance Retails Limited, etc. The ratings are however constrained by the moderately intensive working capital operations of the firm resulting in the high bank limit utilisation and the average financial risk profile of the Group.

**About the Company**

Established in 2000, PDPL is a Mumbai-based company engaged in manufacturing of gold and diamond studded jewellery for domestic retailers on a contract basis. The company has its manufacturing unit located at Surat (Gujarat). The company caters to reputed clients like Titan Company Limited, Reliance Retails Limited, etc. The company was established by Mr. Vishal Jariwala.

**About the Group**

The Parth Group is engaged in manufacturing of plain gold and diamond-studded jewellery for domestic retailers on contract basis. Parth Diamond Private Limited is the group company and Parth Fine Jewels is engaged in job work activity for Parth Diamond Private Limited. The partnership firm is led by Mr. Vaishal Jariwala and Mr. Atul Zunda.

**Unsupported Rating**

Not Applicable

**Analytical Approach****Extent of Consolidation**

- Full Consolidation

## **Rationale for Consolidation or Parent / Group / Govt. Support**

Acuité has considered the consolidated business and financial profiles of Parth Diamond Private Limited and Parth Fine Jewels together known as 'Parth Group' (PG). The consolidation is in view of the common management and operational synergies within the Group.

## **Key Rating Drivers**

### **Strengths**

#### **Established track record of promoters in gems and jewellery industry**

PG is promoted by Mumbai-based Jariwala family who possesses nearly two decades of experience in the gems and jewellery industry. The group is engaged in manufacturing of gold and diamond-studded jewellery. PG has established relationship with reputed clients of over a decade and caters to reputed clients including Titan Company Limited, Reliance Retail among others. Acuité expects PG to maintain its business risk profile going forward on account of its experienced promoters and established presence in the industry.

#### **Stable operating performance albeit decline in the operating margins**

Parth Group is engaged in the manufacturing of studded gold and diamond jewellery. The group's revenue stood at Rs.77.68 crore in FY2024 (Prov.) as against revenue of Rs.59.00 crore in FY2023. The increase in revenues in FY2024 (Prov.) is due to healthy orders from Reliance Retails Limited, Titan India Ltd etc. The Group's EBITDA margin stood at 3.36 percent in FY2024 (Prov.) as against 5.16 percent in FY23. The marginal decline in the EBITDA margins is due to the increase in the prices of raw materials and increase in the manufacturing cost and selling expenses. The PAT margins stood at 1.18 percent in FY2024 (Prov.) as against 0.91 percent in FY2023. Acuité believes that PG is likely to maintain the stable operations in medium term.

### **Weaknesses**

#### **Presence in highly competitive & fragmented industry with exposure to regulatory challenges**

The country's gems and jewellery sector is highly fragmented. The retail segment has high dominance of unorganized players, who enjoy around 70 per cent market share. While in case of the manufacturing segment, the dominance of unorganized players is even higher at around 90 per cent. Moreover, increased regulatory intervention such as gold hallmarking, requirement of PAN, etc. impact the demand-supply trend in the sector. Furthermore, the fluctuation in gold prices also impact the demand for gold.

#### **Moderately intensive Working capital cycle**

The working capital operations of Parth Group are moderately intensive reflected by Gross Current Assets (GCA) of 190 days as on March 31, 2024 (Prov.), as against 238 days as on March 31, 2023. The inventory holding days stood at 116 days as on March 31, 2024 (Prov.), as against 165 days as on March 31, 2023. The inventory days are high as the company needs to stock up different types of jewellery samples. The debtor days stood at 64 days as on March 31, 2024 (Prov.), as against 70 days as on March 31, 2023. The average credit period allowed to the customers are around 60-90 days. The creditors days stood at 84 days as on March 31, 2024 (Prov.), as against 119 days as on March 31, 2023. Working capital requirement is funded through bank lines, the average utilisation of bank facilities is high and stood in the range of 92- 98 percent for 6 months ended as on June'2024. The company takes adhoc limits in the festive season, when the demand for the jewellery is high. Acuité believes that the ability of the Group to maintain the working capital operations will remain a key sensitivity in medium term.

#### **Average Financial risk profile**

The Group's financial risk profile is average marked by the tangible net worth of the group stood at Rs.14.72 crore as on March 31, 2024 (Prov.) as against Rs.14.14 crore as on March 31, 2023. The group's gearing stood low at 0.83 times as on March 31, 2024 (Prov.), as against 0.89 times in the March 31, 2023. The total debt of Rs.12.17 crore as on March 31, 2024 (Prov.), consists of long-term borrowings of Rs.1.33 crore, unsecured loan of Rs.0.20 crore and short

term debt obligations of Rs.10.63 crore. The interest coverage ratio stood at 1.75 times in FY2024 (Prov.) as against 1.43 times in FY23. The DSCR stood at 1.20 times in FY24 (Prov.) as against 0.87 times in FY2023. Acuité believes that the ability of the Group to maintain and improve the financial risk profile will be a key rating sensitivity in medium term.

### **Rating Sensitivities**

Significant improvement in scale of operations while maintaining its profitability margins. Deterioration in the working capital cycle leading to stress on the the liquidity position of the group.

### **Liquidity Position Adequate**

The Group's liquidity profile is marked adequate marked by adequate net cash accruals against its maturing debt obligation. The group generated cash accruals of Rs.1.26 crore in FY24 (Prov.) as against maturing debt obligation of Rs.0.76 crore for the same period. The cash accruals of the group are estimated to remain in the same range of around Rs.1.20 - 1.70 crore during FY25-FY26 against repayment obligations ranging from Rs.0.60-0.70 crore for the same period. The average utilization for bank facilities stood in the range of 92-98 percent for 6 month ended as on June 2024. The group maintains unencumber cash and bank balance of Rs.0.42 crore as on March 31, 2024 (Prov.). The current ratio stood at 1.48 times as on March 31, 2024 (Prov.).

### **Outlook: Stable**

Acuité believes that PG will maintain a 'Stable' outlook in the near to medium term on account of its experienced management and established track record of operations. The outlook may be revised to 'Positive' if the group registers higher-than-expected growth in revenues, profitability margins and net cash accruals while maintaining/improving its debt protection metrics and financial risk profile. The outlook maybe revised to 'Negative' in case the group registers substantial decline in revenues or profitability margins or if the financial risk profile deteriorates due to higher-than-expected working capital requirements resulting in deterioration of the capital structure.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	77.68	59.00
PAT	Rs. Cr.	0.92	0.54
PAT Margin	(%)	1.18	0.91
Total Debt/Tangible Net Worth	Times	0.83	0.89
PBDIT/Interest	Times	1.75	1.43

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

Not Applicable

### Any Other Information

None

### Applicable Criteria

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

### Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite 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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
05 May 2023	Cash Credit	Long Term	10.50	ACUITE BB-   Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	4.50	ACUITE A4 (Reaffirmed)
21 Feb 2022	Bank Guarantee/Letter of Guarantee	Short Term	1.50	ACUITE A4 (Reaffirmed)
	Proposed Bank Guarantee	Short Term	3.00	ACUITE A4 (Reaffirmed)
	Cash Credit	Long Term	10.50	ACUITE BB-   Stable (Reaffirmed)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Bank of Baroda	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	4.50	ACUITE A4   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.50	ACUITE BB-   Stable   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.00	ACUITE BB-   Stable   Assigned

### \*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr.No.	Company Name
1	Parth Diamond Private Limited
2	Parth Fine Jewels

## Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 <a href="mailto:mohit.jain@acuite.in">mohit.jain@acuite.in</a>  Akshat Shah Associate Analyst-Rating Operations Tel: 022-49294065 <a href="mailto:akshat.shah@acuite.in">akshat.shah@acuite.in</a>	Varsha Bist Associate Vice President-Rating Administration Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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