



**Press Release**  
**Laxmi Dia Jewel Private Limited**  
**December 30, 2024**  
**Rating Assigned and Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	3.00	ACUITE BB   Stable   Assigned	-
Bank Loan Ratings	50.50	ACUITE BB   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	53.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of '**ACUITE BB**' (read as **ACUITE double Bo**)n Rs. 50.50 Cr. bank facilities of Laxmi Dia Jewel Private Limited (LDJPL). The outlook is '**Stable**'. Further, Acuite has assigned its long-term rating of '**ACUITE BB**' (read as **ACUITE double Bo**)n Rs. 3.00 Cr. bank facilities of Laxmi Dia Jewel Private Limited (LDJPL). The outlook is '**Stable**'.

**Rationale for Rating**

The rating reaffirmation takes into account improved operating income, stable profitability margins and moderate financial risk profile. However, the rating is constrained due to working capital intensive operations and fluctuating raw material prices in competitive industry. Going forward, the company's ability to restrict further elongation of working capital cycle and improve its scale of operations and profitability while maintaining its working capital cycle will remain key rating monitorable.

**About the Company**

Laxmi Dia Jewel Private Limited (LDJPL), incorporated in 1992, is engaged in manufacturing of diamond studded and gold jewellery for both retail as well as wholesale segment. The company sells its jewellery under the brand name 'Cygnum Bran'. It is promoted and managed by Mr. Jatinkumar Gajera along with Mr. Mitesh Gajera. Its manufacturing plant is located at Kandivali, Mumbai. The company is a part of Laxmi Group.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profiles of Laxmi Dia Jewel Private Limited to arrive at this rating.

**Key Rating Drivers**

**Strengths**

**Experienced management and long track record of operations**

The promoters of LDJPL are into Gems and Jewellery business for over 4 decades. The management of the company has developed healthy relationship with its customers and has extensive experience of almost four decades in the gems and jewellery industry. Acuite believes that the business risk profile of the company will be

substantially strengthened on the back of established customer relationship and experienced promoters.

**Improvement in Revenues while maintaining Profitability**

The company generated revenue of Rs. 346.51 Cr. in FY2024 as against Rs. 287.92 Cr in FY2023. In 8M FY2025

the company has generated Rs.278.79 Cr. and expects to close the year in the range of Rs. 380 - 390 Cr. by year end. The improvement is driven by increase in repetitive orders and execution of orders from new customers. The company's operating profitability stood at 2.99% in FY2024 as against 3.78% FY2023. The margins of the company remained subdued due to higher raw material cost as a percentage of sales. The operating margins of the company are expected to remain moderate in the medium term.

### **Moderate financial Risk Profile**

The company has a moderate financial risk profile marked by low gearing, moderate net-worth and comfortable debt protection metrics. The net-worth of the company stood at Rs.129.18 Cr. in as on March, 31, 2024 as against Rs.124.94 Cr. in March, 31, 2023. The debt to equity ratio stood at 0.38 times as on March, 31, 2024 as against 0.23 times as on March, 31, 2023. Interest coverage ratio stood at 4.23 times in FY2024 as against 3.50 times in FY2023. DSCR stood at 2.05 times in FY2024 as against 2.91 times in FY 2023. Further NCA improved to Rs. 6.20 Cr. in FY2024 as against Rs. 4.51 Cr. in FY2023.

Acuite believes in the absence of any major debt funded capex plan, the financial risk profile of the company will remain moderate over the medium term.

### **Weaknesses**

#### **Working capital intensive operations**

The company's operations remained working capital intensive as reflected in gross current asset (GCA) days of 308 days as on March 31, 2024 as against 387 days as on March 31, 2023. The GCA days are driven by high inventory and debtor days. The inventory days stood at 189 days as on March 31, 2024 as against 266 days as on March 31, 2023. The debtor days stood at 100 days as on March 31, 2024 as against 107 days as on March 31, 2023. The elongated gross operating cycle is supported by adequate credit allowed by suppliers. The creditor days stood 162 days as on March 31, 2024 as against 239 days as on March 31, 2023. Further, the reliance on bank limit utilisation stood high at ~94% eight months ended November, 2024.

Acuite believes company's ability to restrict further elongation in working capital cycle will remain a key rating monitorable.

#### **Highly competitive industry coupled with high commodity risk**

Gold being a commodity, price is influenced by various factors including demand and supply. The price fluctuation risk could have adverse impact on company's earnings. However, the risk of gold price fluctuation is mitigated to some extent by way of procuring gold on daily basis on the actual sale made by the company.

Moreover, gold and diamond jewellery segment is a highly fragmented segment, with the presence of large organised and numerous unorganised players.

### **Rating Sensitivities**

- Consistent improvement in revenues and profitability
- Changes in Financial Risk Profile
- Working Capital Management

### **All Covenants**

Not Applicable

### **Liquidity Position**

#### **Adequate**

The company has adequate liquidity marked by elongated working capital cycle and high bank limit utilisation. The company generated net cash accruals of Rs.6.20 Cr. in FY2024 as against Rs. 4.51 Cr. in FY2023 against repayment obligations of Rs.1.65 Cr. during the period. Net Cash Accruals to Total Debt stood at 0.13 times in FY2024 as against 0.16 times in FY2023. The current ratio and the cash and balance of the company stood at 1.57 times and Rs. 7.98 Cr respectively as on March 31, 2024.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	346.51	287.92
PAT	Rs. Cr.	4.26	3.15
PAT Margin	(%)	1.23	1.09
Total Debt/Tangible Net Worth	Times	0.38	0.23
PBDIT/Interest	Times	4.23	3.50

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

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. Acuité'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
22 Dec 2023	Proposed Bank Facility	Long Term	5.25	ACUITE BB   Stable (Upgraded from ACUITE B+)
	Cash Credit	Long Term	27.00	ACUITE BB   Stable (Upgraded from ACUITE B+)
	Covid Emergency Line.	Long Term	3.50	ACUITE BB   Stable (Upgraded from ACUITE B+)
	Proposed Long Term Bank Facility	Long Term	14.75	ACUITE BB   Stable (Upgraded from ACUITE B+)
	Cash Credit	Long Term	30.00	ACUITE Not Applicable (Withdrawn)
	Cash Credit	Long Term	10.00	ACUITE Not Applicable (Withdrawn)
	Cash Credit	Long Term	8.00	ACUITE Not Applicable (Withdrawn)
	Proposed Long Term Bank Facility	Long Term	21.50	ACUITE Not Applicable (Withdrawn)
09 Jun 2023	Cash Credit	Long Term	30.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	33.25	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	10.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Cash Credit	Long Term	8.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Proposed Long Term Bank Facility	Long Term	26.75	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
	Metal Loan	Long Term	12.00	ACUITE B+ (Reaffirmed & Issuer not co-operating*)
21 Mar 2022	Cash Credit	Long Term	30.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-)
	Cash Credit	Long Term	33.25	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-)
	Cash Credit	Long Term	10.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-)
	Cash Credit	Long Term	8.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-)
	Proposed Long Term Bank Facility	Long Term	26.75	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-)
	Metal Loan	Long Term	12.00	ACUITE B+ (Downgraded & Issuer not co-operating* from ACUITE BB-)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	47.00	Simple	ACUITE BB   Stable   Reaffirmed
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	01 Mar 2021	Not avl. / Not appl.	28 Feb 2025	1.50	Simple	ACUITE BB   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.	2.00	Simple	ACUITE BB   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.	3.00	Simple	ACUITE BB   Stable   Assigned

## Contacts

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### About Acuité Ratings & Research

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