



**Press Release**  
**TOUCHSTONE FINE JEWELLERY**  
**April 29, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	28.00	-	ACUITE A4+   Reaffirmed
Total Outstanding Quantum (Rs. Cr)	28.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the of Rs. 28.00 Cr. bank facilities of Touchstone Fine Jewellery (TFJ).

**Rationale for reaffirmation**

The rating highlights the moderation in revenues for FY2024 and FY2025 due to slowdown of demand for natural diamonds in USA markets, which is the key customer of the firm. Further, the rating also considers the recent tariff imposition by USA on its jewellery imports from India, impact of which shall remain a key rating monitorable. Moreover, the rating draws comfort from the established track record of operations of the firm in USA markets and experience of the management in the industry which has enabled them to maintain steady margins despite revenue moderation. However, the rating continues to remain constrained on account of the below average financial risk profile, working capital-intensive operations of the firm and inherent risk of capital withdrawal in partnership firms.

**About the Company**

Incorporated in 2013, TFJ is a Mumbai-based partnership firm engaged in manufacturing and exporting of diamond studded jewellery. The firm is promoted by Mr. Apoorva S Mehta, Mr. Malay L Mody and Mr. Siraj B Saraiya.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

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

**Key Rating Drivers**

**Strengths**

**Long standing track record of operations**

TFJ is promoted by Mr. Apoorva S Mehta, Mr. Malay L Mody and Mr. Siraj B Saraiya, each of whom have an average industry experience of over two decades in the industry. The firm majorly exports its jewellery to USA markets (95% of FY2024 revenue). This long standing track of operations and extensive experience of management has enabled it to maintain its operating margins at 5.07% in FY2024 (5.09% in FY2023).

Acuite believes that the promoters experience will aid the firm to expand their operations further.

## **Weaknesses**

### **Moderation in revenues**

The global slowdown in the demand for natural diamonds has led to decline in the revenues of TFJ, to Rs. 111.64 Cr. in FY2024 from Rs. 140.05 Cr. in FY2023. For FY2025, the firm has reported an operating revenue of Rs. Rs. 111.77 Cr. Further, USA being the key customer of the firm, the recent announcement on levy of additional tariffs on Indian imports is expected to affect the operations of the firm, shall remain a key rating sensitivity.

### **Working capital intensive operations**

The intensive working capital operations of the firm are evident from the high gross current assets (GCA) of 162 days on March 31, 2024 from 98 days on March 31, 2023. The GCA days stood elevated due to the high inventory and debtor days which stood at 73 days and 90 days respectively. The inventory days are high due to inventory pile up because of reduced demand in the market. The average credit period offered by the firm ranges high from 90 to 150 days in order to maintain customer relations. The creditor days stood at 43 days on March 31, 2024 from 49 days on March 31, 2023. Therefore, increased inventory levels and receivables period has led to high dependency on working capital limits which stood at 98.28 percent for the last seven months ended March 2025.

Going forward, restriction of further elongation in the working capital cycle will be a key rating sensitivity.

### **Below average financial risk profile**

The financial risk profile of the firm is below average with low networth, high gearing and average debt protection metrics. The networth stood at Rs. 9.32 Cr. on March 31, 2024 from Rs. 8.61 Cr. on March 31, 2023. Further, owing to the stretch in the working capital limits the debt levels have increased in FY2024, causing an increase in gearing to 3.50 times on March 31, 2024 from 3.00 times on March 31, 2023. Also, the increased debt levels coupled with a declined EBITDA, has led to increase in Debt-EBITDA levels of 5.31 times on March 31, 2024 from 3.46 times on March 31, 2023. The debt protection metrics also weakened with interest coverage ratio (ICR) and debt service coverage ratio (DSCR) declining to 1.74 times and 1.25 times respectively in FY2024 due to increased finance costs of the firm.

The financial risk profile is expected to remain on similar levels considering the working capital intensive operations of the firm.

### **Inherent risk of capital withdrawal in a partnership firm**

The firm is susceptible to the inherent risk of capital withdrawal given its constitution as a partnership. Any significant withdrawal from the partner's capital will have a negative bearing on the financial risk profile of the firm.

### **Rating Sensitivities**

- Strong growth in revenue from operations while maintaining profitability margins.
- Restriction of further elongation in the working capital cycle.
- Stretch in the financial and liquidity position due to increased reliance on working capital limits.

### **Liquidity Position**

#### **Adequate**

The adequate liquidity position is supported by the generation of sufficient net cash accruals (NCA) estimated to be in the range of Rs. 1.40 - 1.60 Cr. in FY2025 against repayment obligations of Rs. 0.96 Cr. in the same year. The NCAs are expected to remain in the range of Rs. 1.30 – 1.70 Cr. for FY2026 and FY2027 with repayments in the range of Rs. 0.40 – 0.26 Cr. for the same period. The firm had cash and bank deposits of Rs. 5.11 Cr. on March 31, 2025. The current ratio stood average at 1.18 times on March 31, 2024. The average bank limit utilization stood high at 98.28 percent for last seven months ended March 2025.

### **Outlook: Not Applicable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	111.64	140.05
PAT	Rs. Cr.	1.43	2.54
PAT Margin	(%)	1.29	1.81
Total Debt/Tangible Net Worth	Times	3.50	3.00
PBDIT/Interest	Times	1.74	2.31

**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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
30 Jan 2024	Bills Discounting	Short Term	18.00	ACUITE A4+ (Reaffirmed)
	Proposed Short Term Bank Facility	Short Term	10.00	ACUITE A4+ (Reaffirmed)
04 Nov 2022	Bills Discounting	Short Term	12.00	ACUITE A4+ (Reaffirmed)
	Bills Discounting	Short Term	6.00	ACUITE A4+ (Assigned)
	Proposed Short Term Bank Facility	Short Term	10.00	ACUITE A4+ (Assigned)
22 Mar 2022	Bills Discounting	Short Term	12.00	ACUITE A4+ (Upgraded from ACUITE A4)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
Indusind Bank Ltd	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	28.00	Simple	ACUITE A4+   Reaffirmed

## Contacts

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### About Acuité Ratings & Research

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