Press Release
AVP STAR PRIVATE LIMITED
July 09, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	80.00	ACUITE BBB | Stable | Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	80.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed in its long-term rating of'**ACUITE B B B (read as ACUITE triple B)**on Rs. 80.00 Cr. bank facilities of AVP Star Private Limited (AVPSPL). The outlook remains **'Stable'.**

Rationale For Rating

The rating reaffirmation draws comfort from the group's established presence in the diamond industry along with its experienced management. The group's financial risk profile is marked by healthy net worth, low gearing, albeit moderation of debt protection metrics and adequate liquidity. Further the rating reflects decline in scale of operations due to geopolitical changes leading to subdued demand and volatility in diamond prices. However, AVP Star Private Limited (AVPSPL) has set up additional machines of Microwave Plasma Chemical Vapor Deposition (MPCVD) to meet the growing demand of lab grown diamonds which is expected to support the revenue profile. Going forward, movement in the scale of operations while maintaining the profitability margins along with working capital cycle will be a key rating monitorable. The rating is also constrained by the susceptibility of profitability margins to volatility in raw material prices as well as forex fluctuations.

About the Company

Incorporated in 2022, AVP Star Private Limited (AVPSPL) is engaged as a manufacturer and wholesaler of Lab Grown Diamonds. The company caters to both domestic and international markets via manufacturing unit in Surat, Gujarat. Currently managed by its Directors Mr. Vijaybhai Harakhjibhai Mavani, Mr. Nandesh Popatbhai Lukhi and Mr. Shaileshkumar Popatlal Lukhi.

About the Group

JKPL was set up as a partnership firm in 1996 by Mr. Shailesh Lukhi and his brother Mr. Nandesh Lukhi. JKPL has been converted into J K Star Private Limited, a private limited company in September 2021.The company processes and trades in white natts (diamonds with inclusions). The company is headquartered in Mumbai.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

• Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the business and financial risk profile of J. K. Star Private Limited and AVP Star Private Limited together referred as ‘J. K. Star Group’. The consolidation is in view of common management, financial linkages between the entities. Furthermore, JKSPL has extended corporate guarantee for the loans of AVPSPL.

Key Rating Drivers

Strengths

Experienced management and established operations of the group
The promoters of AVPSPL were already in the business of selling natural diamonds under JKSPL and have a good experience of more than 25 years in the diamond industry. During FY25, the revenue generated from exports was 95% and from domestic sources was 5%. The group exports to USA, Hongkong, Japan, Korea and others. Acuite believes that even though lab-grown diamonds are a different segment, the promoter's experience in the natural diamond industry will benefit the group in the near to medium term.

Healthy Financial Risk Profile
The financial risk profile of the group is marked by healthy net worth, low gearing albeit weakening of debt protection metrics. The tangible net worth stood at Rs.286.53 Cr. as on 31st March 2025 (Prov.) as against Rs.250.91 Cr. as on 31st March 2024 and Rs.166.11 Cr. as on 31st March 2023 due to accretion of reserves, equity infusion and quasi-equity. The net worth includes Rs.20.00 Cr. of cumulative redeemable preference shares of JKSPL which are being treated under quasi equity. The gearing of the group stood below unity at 0.57 times as on 31st March 2025 (Prov.) as against 0.69 times as on 31st March 2024 and 0.72 times as on 31st March 2023. The unsecured loans stood at Rs.3.00 Cr. in FY25 (Prov.) as against Rs.33.58 Cr. in FY24 and Rs.37.04 Cr. in FY23. The Total Outside Liabilities to Tangible Net Worth (TOL/TNW) ratio improved and stood moderate at 0.65 times in as on 31st March 2025 (Prov.) as against 1.22 times as on 31st March 2024 and 1.96 times as on 31st March 2023. The debt protection metrices of the group stood weakened but moderate marked by Interest Coverage Ratio (ICR) of 4.95 times and Debt service coverage ratio (DSCR) of 2.44 times for FY2025 (Prov.) as against 12.46 times and 7.77 times for FY24 respectively. Acuite believes that the financial risk profile of the group will remain on similar levels over the medium term backed by steady networth and no debt funded capex plans.

Weaknesses

Decline in scale of operations during FY25
The group's operating performance is susceptible to volatility in the diamond industry. The operating income of the group stood at Rs.1122.81 Cr. in FY25 (Prov.) as against Rs.1312.95 Cr. in FY24 and Rs.1228.43 Cr. in FY23. The increase in revenue in FY24 was primarily driven by a substantial increase in the sales volume of polished lab-grown diamonds, alongside sustained demand for natural diamonds. However, in FY25, the decline in revenues was mainly because subdued demand of natural dimaond in the export markets of the US and China, decline in diamond prices and shift in consumer preferences towards affordable Lab Grown Diamonds which is reflected in growth in the standalone sales of AVPSL for the year. Further the group has achieved Rs.244.00 Cr. in Q1FY26. AVPSPL has also completed the capex plans by adding 134 machines of Microwave Plasma Chemical Vapor Deposition (MPCVD) to augment the scale of operations and meet the growing demand of lab grown diamonds.
The EBITDA margin stood at 6.54% in FY25 (Prov.) as against 9.50% in FY24 and 9.54% in FY23. The decline in margin during FY25 (Prov.) was due to weaker demand, increased competition and inventory losses. The PAT margin stood at 3.16% in FY25 (Prov.) as against 6.19% in FY24 and 6.81% in FY23 due to depreciation for the newly acquired put-to-use machineries and interest costs from increased utilization of working capital debt. Acuite believes the scale of operations of the group will improve over the medium term backed by demand of lab grown diamonds.

Intensive working capital cycle
The operations of the group remained working capital intensive in nature marked by GCA Days of 111 days for FY25 (Prov.) as against 116 days for FY24. The inventory days stood at 62 days for FY25 (Prov.) as against 56 days for FY24. The increase was due to accumulation of raw materials at better rates. Furthermore, the receivables days stood at 45 days in FY25 (Prov.) as against 59 days in FY24. The credit terms with customers are on an average of 45- 60 days. The other current assets mainly include balance with or refund due from statutory authorities. The creditor days of the group stood at 7 days in FY25 (Prov.) as against 38 days in FY24. The decrease in creditor days was driven by release of payments to suppliers due to slow down in business. Acuite expects working capital cycle to remain on similar levels over the medium term.

Susceptibility to volatility in raw material prices and foreign exchange fluctuation risk
The group is exposed to volatility in diamond prices. Furthermore, ~95% of the revenues of the group comes from exports, which expose it to foreign currency fluctuation risk. Hence, the profitability margins remain susceptible to volatility in raw material prices as well as forex fluctuations. The same is reflected from volatile margins which has stood at 6.54% in FY25 (Prov.) and 9.50% in FY24.

Rating Sensitivities

Movement in operating income and profitability margins
Debt protection metrics
Working capital cycle

Liquidity Position

Adequate
The liquidity position of the group remains adequate marked by reduced but sufficient net cash accruals of

Rs.51.69 Cr. in FY25 (Prov.) against debt obligations of Rs.11.82 Cr. over the same period. The current ratio stood at 1.99 times as on 31 March 2025 (Prov.). The group has cash and bank balances of Rs.2.06 Cr. as on 31 March 2025 (Prov.). The average bank limit utilization of AVPSPL stood moderate at 73.46% for the last 12 months ended April 2025. The group does not have any major debt funded capex plans over the medium term. Acuite expects the liquidity to remain adequate on account of sufficient accruals against debt repayments, moderate bank limit utilization and moderate current ratio.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	1122.81	1312.95
PAT	Rs. Cr.	35.43	81.30
PAT Margin	(%)	3.16	6.19
Total Debt/Tangible Net Worth	Times	0.57	0.69
PBDIT/Interest	Times	4.95	12.46

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
- Consolidation Of Companies: https://www.acuite.in/view-rating-criteria-60.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, 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
12 Apr 2024	Term Loan	Long Term	8.79	ACUITE BBB | Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	11.21	ACUITE BBB | Stable (Reaffirmed)
	Cash Credit	Long Term	4.00	ACUITE BBB | Stable (Assigned)
	Term Loan	Long Term	25.00	ACUITE BBB | Stable (Reaffirmed)
	Term Loan	Long Term	31.00	ACUITE BBB | Stable (Assigned)
16 Jun 2023	Term Loan	Long Term	17.42	ACUITE BBB | Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	27.58	ACUITE BBB | Stable (Assigned)

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.	25.00	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.	28.03	Simple	ACUITE BBB | Stable | Reaffirmed
Central Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jul 2029	7.48	Simple	ACUITE BBB | Stable | Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2029	19.49	Simple	ACUITE BBB | Stable | Reaffirmed

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

Sr. No.	Name of the company
1	AVP Star Private Limited
2	J K Star Private Limited

Contacts

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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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