



### Press Release

## KAMA JEWELRY PRIVATE LIMITED (ERSTWHILE KAMA SCHACHTER JEWELRY PRIVATE LIMITED)

October 01, 2024

### Rating Reaffirmed and Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	122.23	ACUITE BB+   Reaffirmed & Withdrawn	-
Bank Loan Ratings	2.90	Not Applicable   Withdrawn	-
Bank Loan Ratings	47.77	-	ACUITE A4+   Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	172.90	-	-

### Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE BB+ (read as ACUITE double B plus)**' on the Rs.122.23 Cr. bank facilities of Kama Jewelry Private Limited (Erstwhile Kama Schachter Jewelry Private Limited)(KJPL).

Acuite has reaffirmed and withdrawn the short-term rating of '**ACUITE A4+ (read as ACUITE A four plus)**' on the Rs.47.77 Cr. bank facilities of Kama Jewelry Private Limited (Erstwhile Kama Schachter Jewelry Private Limited)(KJPL).

Further, Acuite has withdrawn its long-term rating on Rs 2.90 Cr. proposed bank facilities of Kama Jewelry Private Limited (Erstwhile Kama Schachter Jewelry Private Limited)(KJPL) without assigning any rating as it is a proposed facility.

The withdrawal is in accordance with Acuite's policy on withdrawal of rating as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company, and NOC (No Objection Certificate) received from the banker.

### Rationale for rating reaffirmation

The rating reaffirmation takes into account the improvement recorded in the financial risk profile primarily on account of equity infusion. The networth of the company increased to Rs.186.47 Cr. as of March 31, 2024 from Rs.182.50 Cr. as of March 31, 2023 and Rs.117.54 Cr. as of March 31, 2022. The rating reaffirmation also considers the company's long track record of operations and long-standing experience of the promoters in the industry. However, the operating revenue of the company declined to Rs.690.34 Cr. in FY2024 from Rs.853.42 Cr. in FY2023 primarily on account of policy change at customers end and switched to job work model. Further, the rating remains constrained on account of intensive nature of working capital operations.

**About the Company**

Incorporated as private limited company in 1993, Kama Jewelry Private Limited (KJPL) is based out of Mumbai. The operations were started in 1996. The company is promoted by Mr. Colin Shah, and the Israel-based Leo Schachter group. KJPL is engaged in manufacturing and exports of gold and diamond-studded gold jewellery. The company's manufacturing facility is located at Goregaon and SEEPZ, Mumbai. It also has marketing and sales office at New York. The company caters to domestic as well as export markets.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuité has considered the standalone business and financial risk profiles of KJPL to arrive at this rating.

**Key Rating Drivers**

## Strengths

### Established market position, experienced management and reputed clientele

KJPL has established presence since 1996, thus having an operational track record of over two decades in jewellery industry. The company is jointly owned by Mr. Colin Shah and the Israel-based Leo Schachter group. The Leo Schachter group is one of the leading supplier to America's major retail jewelry chains. Mr. Colin Shah is senior member of 'Gem and Jewellery Export Promotion Council of India and has over two decades of experience in the said industry. The promoters' extensive industry experience and established brand presence has helped the company to establish longstanding relationships with reputed clientele. The company caters to reputed clients like Titan Company limited, Unique Design, Caratlane, GRT jewellers, Senco Gold and diamonds, and Malabar gold to name few. The company benefits from established market position, promoters' extensive industry experience, and established relationships with major jewellery retail chains in domestic as well as international markets for over two decades. KSPL is well supported by its association with the Leo Schachter group in international market and by second line of management with skilled staff. Acuité believes the company will continue to benefit from its established presence in the industry, and the promoter's demonstrated ability to sustain a healthy level of operations across various cycles.

### Moderate Financial Risk Profile

The financial risk profile of the company is moderate marked by moderate net-worth, gearing levels and average debt protection metrics. The net worth of the company stood at Rs. 186.47 Cr. as on 31 March 2024 as against Rs.182.50 Cr. as on 31 March 2023 due to accretion of profits to reserves and infusion of equity. The total debt of the company stood at Rs.184.19 Cr. as on March 31, 2024 as against Rs.189.65 Cr. as on March 31, 2023. The debt profile of the company comprises of Rs.22.14 Cr. of long-term debt, Rs. 149.49 Cr. of short-term debt comprising of working capital loans, Rs.12.56 Cr. of CPLTD. The gearing of the company stood comfortable at 0.99 times as on 31 March 2024 as against 1.04 times as on 31 March 2023. The total outside liabilities to tangible net worth (TOL/TNW) of the company stood at 1.67 times for FY2024 as against 1.84 times for FY2023. However, the debt protection metrics of the company remained average reflected by debt service coverage ratio of 1.07 times for FY2024 as against 1.17 times for FY2023. The interest coverage ratio stood at 1.79 times for FY2024 as against 2.05 times for FY2023. Further, Net Cash Accruals to Total Debt (NCA/TD) stood at 0.06 times for FY2024.

## Weaknesses

### Moderation in scale of operations

The company reported a decline in its revenue in FY2024 as it stood at Rs. 690.34 Cr. as against Rs. 853.42 Cr. in FY2023. The decline in operating income is mainly on account of policy change at customers end and switched to job work model. Approximately 42.50% of sales are domestic, with the remaining coming from exports. Further, the operating margin stood at 4.04% in FY2024 as against 3.83% in FY2023 and 4.05% in FY2022. Additionally, the Profit After Tax (PAT) margin recorded a decline, to 0.57% in FY2024, as compared to 0.94% in FY2023 and 1.03% in FY2022.

### Working Capital Intensive Nature of Operations

The working capital management of the company is moderately intensive, marked by Gross Current Assets (GCA) of 216 days as of 31st March 2024, compared to 191 days on 31st March 2023. The high GCA days are primarily on account of high inventory levels. The inventory holding period extended to 129 days on 31st March 2024 as compared to 104 days as on 31st March 2023. The debtor collection period stood at 85 days for FY2024 as against 80 days for FY2023. The creditor days of the company stood at 76 days for FY2024 as against 70 days for FY2023. Furthermore, the average utilization for the working capital limits remained moderate, averaging around ~85.00% over the last twelve months ending May 2024.

## Rating Sensitivities

Not Applicable

## Liquidity Position

### Adequate

The company's liquidity position is adequate. The company generated sufficient net cash accruals of Rs.11.23 Cr. in FY2024 as against its maturing debt obligations of Rs.9.24 Cr. during the same tenure. The current ratio stands at 1.42 times as on 31st March 2024 as against 1.48 times as on 31st March 2023. The unencumbered cash and bank balance of the company stood at Rs. 9.05 Cr. on March 31, 2024 as against Rs. 21.27 Cr. on March 31, 2023. Further, the working capital management of the company is intensive marked by GCA days of 216 days in FY2024 as against 191 days in FY2023., however, the reliance on working capital limit utilisation stood moderate at 85.00% utilization over the last twelve months ending May 2024.

**Outlook: Not Applicable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	690.34	853.42
PAT	Rs. Cr.	3.93	8.00
PAT Margin	(%)	0.57	0.94
Total Debt/Tangible Net Worth	Times	0.99	1.04
PBDIT/Interest	Times	1.79	2.05

**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
02 Nov 2023	PC/PCFC	Long Term	7.08	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Negative)
	Proposed Long Term Bank Facility	Long Term	2.90	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Negative)
	Cash Credit	Long Term	4.85	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Negative)
	PC/PCFC	Long Term	12.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Negative)
	Metal Loan	Long Term	6.90	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Negative)
	PC/PCFC	Long Term	42.90	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Negative)
	Cash Credit	Long Term	48.50	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB-   Negative)
	Post Shipment Credit	Short Term	13.60	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Post Shipment Credit	Short Term	12.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
	Post Shipment Credit	Short Term	22.17	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A3)
16 Aug 2022	Cash Credit	Long Term	4.85	ACUITE BBB-   Negative (Reaffirmed)
	PC/PCFC	Long Term	12.00	ACUITE BBB-   Negative (Reaffirmed)
	Metal Loan	Long Term	6.90	ACUITE BBB-   Negative (Reaffirmed)
	PC/PCFC	Long Term	42.90	ACUITE BBB-   Negative (Reaffirmed)
	Cash Credit	Long Term	48.50	ACUITE BBB-   Negative (Reaffirmed)
	PC/PCFC	Long Term	7.08	ACUITE BBB-   Negative (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	2.90	ACUITE BBB-   Negative (Reaffirmed)
	Post Shipment Credit	Short Term	12.00	ACUITE A3 (Reaffirmed)
	Post Shipment Credit	Short Term	22.17	ACUITE A3 (Reaffirmed)
	Post Shipment Credit	Short Term	13.60	ACUITE A3 (Reaffirmed)
17 May 2021	Post Shipment Credit	Short Term	12.00	ACUITE A3 (Reaffirmed)
	Post Shipment Credit	Short Term	22.17	ACUITE A3 (Reaffirmed)
	Post Shipment Credit	Short Term	13.60	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	4.85	ACUITE BBB-   Negative (Reaffirmed)
	Cash Credit	Long Term	48.50	ACUITE BBB-   Negative (Reaffirmed)
	PC/PCFC	Long Term	12.00	ACUITE BBB-   Negative (Reaffirmed)
	PC/PCFC	Long Term	42.90	ACUITE BBB-   Negative (Reaffirmed)
	PC/PCFC	Long Term	7.08	ACUITE BBB-   Negative (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	2.90	ACUITE BBB-   Negative (Reaffirmed)

	Term Loan	Long Term	6.90	ACUITE BBB-   Negative (Reaffirmed)
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**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>
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.85	Simple	ACUITE BB+   Reaffirmed & Withdrawn
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	48.50	Simple	ACUITE BB+   Reaffirmed & Withdrawn
Bank of India	Not avl. / Not appl.	Metal Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.90	Simple	ACUITE BB+   Reaffirmed & Withdrawn
Bank of India	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE BB+   Reaffirmed & Withdrawn
Axis Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.08	Simple	ACUITE BB+   Reaffirmed & Withdrawn
HDFC Bank Ltd	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	42.90	Simple	ACUITE BB+   Reaffirmed & Withdrawn
Axis Bank	Not avl. / Not appl.	Post Shipment Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.60	Simple	ACUITE A4+   Reaffirmed & Withdrawn
Indusind Bank Ltd	Not avl. / Not appl.	Post Shipment Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	22.17	Simple	ACUITE A4+   Reaffirmed & Withdrawn
Bank of India	Not avl. / Not appl.	Post Shipment Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A4+   Reaffirmed & Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.90	Simple	Not Applicable Withdrawn



## 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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