



Press Release
REGAL JEWELLERS LLP
January 07, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	82.00	ACUITE BBB+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	82.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) on the Rs.82.00 crore bank facilities of Regal Jewellers LLP. The outlook is '**Stable**'.

Rationale for rating:

The rating takes into account long track record of operations, healthy revenues and operating profitability margins, moderate financial risk profile and adequate liquidity. However, these strengths are partly offset by the moderate working capital cycle, volatility in the prices of gold, intense competition and exposure to regulatory risk.

About the Company

Thrissur based Regal Jewellers LLP(RJLLP) was incorporated in 2020. Directors of the company are Ms. Pallavi Govind Namdev, Mr. Sivadasan Thamarassery Kuttappan, Mr. Vibin Das Thamarassery Sivadasan and Ms. Kshemavathy. The firm is engaged in the business of retail trading in precious metals including ornaments made from gold, silver etc. and other precious, precious/ semi- precious stone jewellery.

About the Group

Optimum Jewellers LLP

Malappuram based Optimum Jewellers LLP(OJLLP) was incorporated in 2015. Directors of the company are Ms. Pallavi Govind Namdev, Mr. Sivadasan Thamarassery Kuttappan, Mr. Vibin Das Thamarassery Sivadasan and Ms. Kshemavathy. The firm is engaged in the business of retail trading in precious metals including ornaments made from gold, silver etc. and other precious, precious/ semi- precious stone jewellery.

Regal Jewellers India Private Limited (Erstwhile Optimum Gold and Diamonds Private Limited)

Thrissur based Regal Jewellers India Private Limited (Erstwhile Optimum Gold and Diamonds Private Limited) (RJPL) was incorporated in 2017. Directors of the company are Ms. Pallavi Govind Namdev, Mr. Sivadasan Thamarassery Kuttappan, Mr. Vibin Das Thamarassery Sivadasan and Ms. Kshemavathy. Company is engaged in the business of retail trading in precious metals including ornaments made from gold, silver etc. and other precious, precious/ semi- precious stone jewellery.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

•Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has taken a consolidated view of Regal Jewellers LLP, Optimum Jewellers LLP and Regal Jewellers India Private Limited as all the 3 entities are in the same line of business, share common management and have strong operational and financial linkages.

Key Rating Drivers

Strengths

Experienced management

The promoters of the group namely Mr. Sivadasan Thamarassery Kuttappan, Mr. Vibin Das Thamarassery Sivadasan and others who have an experience of more than a decade in the jewellery business. Mr. Sivadasan Thamarassery Kuttappan has been managing the business operations and are ably supported by the second line of management. Out of the 9 showrooms, 2 showrooms are owned and 7 showrooms are on lease basis. The group has showrooms in Kerala and has recently opened a new showroom in Bengaluru, Karnataka in December 2024. Acuite believes that their experience will leverage the business and will continue to benefit the company going forward.

Healthy Revenues and operating profitability

The revenues of the group have increased to Rs. 1203.21 Cr. as on March 31, 2024, as compared to Rs. 499. 42 Cr. as on March 31, 2023, on account of higher quantity sold and high realisations, also adding new products like uncut diamonds, precious stones, and added 2 new showrooms in the last 2 years ended FY 24 and has further added another showroom in Bengaluru in December 2024 which is expected to augment revenues. The operating profitability margins have increased to 4.45 percent as compared to 3.05 percent as on March 31, 2023.

Moderate financial risk profile

The financial risk profile of the group is moderate marked by comfortable net worth, moderate gearing and comfortable debt protection metrics. The tangible net worth stood at Rs. 68.44 Cr. as on March 31, 2024 as compared to Rs. 37.04 Cr. as on March 31, 2023 due to accretion of reserves. Gearing stood at 1.43 times as on March 31, 2024 compared to 1.59 times in FY2023. The interest coverage ratio stood at 4.45 times as on March 31, 2024 compared to 2.64 times as on March 31, 2023. The debt service coverage ratio stood stable at 2.88 times as on March 31, 2024 as compared to 1.99 times as on March 31, 2023. However, the TOL/TNW stood high at 3.90 times as on March 31, 2024 as compared to 3.40 times as on March 31, 2023 due to high current liabilities. Acuite believes that the group's financial risk profile will remain moderate over the medium term backed by moderate capital structure and debt protection metrics.

Weaknesses

Moderate working capital cycle

The operations of the group have moderate working capital requirement as reflected from Gross Current Assets of 82 days as on March 31, 2024 as compared to 97 days as on March 31, 2023. The inventory days stood at 83 days as on March 31, 2024 as compared to 94 days as on March 31, 2023. The other current assets stand at Rs. 3.40 Cr. as on March 31, 2024 as compared to Rs. 3.01 Cr. as on March 31, 2023. The creditor days stood at 18 days as on March 31, 2024 compared to 25 days as on March 31, 2023. Acuite believes that working capital requirements are expected to remain moderate over the near to medium term.

Intense competition and exposure to regulatory risk

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. However, the group's presence and strong brand value have enabled it to establish itself as a major player in Kerala over the years.

Rating Sensitivities

Movement in revenues and operating profitability

Working Capital Cycle

Improved capital structure and TOL/TNW

Liquidity Position

Adequate

The liquidity is adequate marked by steady net cash accruals of Rs. 28.95 Cr. as on March 31, 2024 as against long term debt repayment of Rs. 2.14 Cr. over the same period. The cash and bank balances stood at Rs. 7.51 Cr. as on March 31, 2024 as compared to Rs. 2.41 Cr. as on March 31, 2023. The current ratio stood at 1.22 times as on March 31, 2024 as compared to 1.26 times as on March 31, 2023. The fund based utilization ended six months, October 2024 is 85.70%. Acuite believes that going forward the liquidity position of the group will remain adequate in the near to medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	1203.21	499.42
PAT	Rs. Cr.	24.88	4.96
PAT Margin	(%)	2.07	0.99
Total Debt/Tangible Net Worth	Times	1.43	1.59
PBDIT/Interest	Times	4.45	2.64

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

None

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>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.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: Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUTE BBB+ Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.00	Simple	ACUTE BBB+ Stable Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	19.50	Simple	ACUTE BBB+ Stable Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.25	Simple	ACUTE BBB+ Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Covid Emergency Line.	07 Jun 2022	Not avl. / Not appl.	07 Jun 2027	1.15	Simple	ACUTE BBB+ Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.51	Simple	ACUTE BBB+ Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	07 Dec 2022	Not avl. / Not appl.	07 Dec 2027	1.36	Simple	ACUTE BBB+ Stable Assigned
ICICI Bank Ltd	Not avl. / Not appl.	Term Loan	05 Sep 2023	Not avl. / Not appl.	05 Aug 2038	6.27	Simple	ACUTE BBB+ Stable Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Demand Loan (WC DL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.96	Simple	ACUTE BBB+ Stable Assigned

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

Sr. No.	Company name
1	Regal Jewellers LLP
2	Regal Jewellers India Private Limited
3	Optimum Jewellers LLP

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About Acuité Ratings & Research

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