

September 24, 2025

## Venus Jewel: Ratings downgraded to [ICRA]A/[ICRA]A2+; placed on Watch with Negative Implications

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/short-term fund-based limits	560.0	460.0	[ICRA]A; placed on rating watch with negative implications / [ICRA]A2+; placed on rating watch with negative implications downgraded from [ICRA]A+ (Stable) / [ICRA]A1;
Long-term/short-term unallocated limits	145.1	245.1	[ICRA]A; placed on rating watch with negative implications / [ICRA]A2+; placed on rating watch with negative implications downgraded from [ICRA]A+ (Stable) / [ICRA]A1
<b>Total</b>	<b>705.1</b>	<b>705.1</b>	

\*Instrument details are provided in Annexure I

### Rationale

The ratings downgrade considers the continued weakness in the credit profile of Venus Jewel (VJ), amid subdued demand environment, additionally impacted by the uncertainty around the impact of US tariff on its business. The operating profit margin of VJ weakened in FY2025 to 1.9% from 2.0% in FY2024 and 5.3% in FY2023, due to demand slowdown, particularly in the US as well as high overheads including marketing investments as the firm explored other markets to expand its geographical reach. The demand pressures have exacerbated in the current fiscal, following the high level of tariffs imposed by the US, which accounted for 34% of Venus' sales in FY2025. The latest round of US tariffs—effective August 27, 2025—has added a punitive 25% duty on select Indian goods, significantly increasing the overall tariff burden on Indian cut and polished diamond (CPD) exporters to 50%. These are expected to lead to continued pressures on revenues and OPM of the firm in FY2026 and thus, the credit profile is expected to remain moderated.

The ratings have been placed on Watch with Negative Implications, given the expected negative impact of the elevated US tariff on its business and thus, credit profile. Venus has been actively negotiating with its clients to pass on the increased tariff costs. The company is also recalibrating its supply chain to minimise the impact. The company is also exploring new geographies as well as increasing its focus on non-US regions to offset the possible demand reduction from the US. ICRA draws comfort from the adequate liquidity position of Venus, supported by cash and liquid balances of Rs. 12.0 crore, along with a sizeable cushion in the form of undrawn working capital limits to the tune of Rs. 349 crore as on July 31, 2025 (standalone level). Additionally, it does not have any scheduled debt repayments. ICRA will continue to monitor the evolving trade scenario, VJ's ability to adapt its business model to the punitive tariff regime and its implication on its credit profile

The ratings, also, remain constrained by Venus's working capital-intensive nature of operations on account of its high inventory holding period. The firm remains exposed to adverse fluctuations in rough diamond prices and stiff competition from the organised and unorganised players. The firm's profitability also remains susceptible to foreign exchange fluctuation risks due to its export-dominated revenue profile, though a natural hedge from the import of rough diamonds mitigates the risk to a large extent. The ratings remain susceptible to the risk of capital withdrawals, given the partnership constitution of the firm. ICRA notes that huge capital withdrawals in the past were primarily used for incremental investments in tax-free bonds by the partners. These tax-free bonds are kept as collateral for Venus's bond-backed limits due to which the firm enjoys relatively favourable interest rates from banks.

The ratings take comfort from Venus's established market position in the Indian CPD industry and the extensive domain experience of its promoters. Apart from being a De Beers sightholder, the firm procures rough diamonds directly from leading global mining companies such as Rio Tinto Diamonds and Dominion Diamond Corporation, assuring a steady supply of rough diamonds. ICRA notes that the firm has an online presence through its website, which provides easier access to a diversified global market. VJ derives 50-60% of its total sales every year through the online route, which results in very low receivable days. Besides, ICRA takes comfort from its robust business model and professional management with good internal controls, leading to high operating efficiency.

## Key rating drivers and their description

### Credit strengths

**Dominant market position and long track record of promoters in CPD industry; robust manufacturing set-up** - Over the last five decades, VJ has established itself as one of the dominant players in the CPD industry, especially in large-sized CPDs. The extensive domain experience of its promoters has helped the firm command a dominant position in the Indian CPD industry, reflected in its large operating base, backed by a strong manufacturing set-up along with robust systems and processes. It has been a pioneer in the domestic CPD industry with respect to setting up an in-house polished diamond grading system. VJ derives 50-60% of its total revenues through its online portal every year. The firm has a robust demand-driven manufacturing set-up in Surat, Gujarat, aided by strong IT systems and internal controls.

### Sightholder status with De Beers and sourcing arrangement with miners ensure steady supply of roughs at competitive rates

- The CPD industry depends heavily on global miners such as De Beers, Rio Tinto, among others, for sourcing rough diamonds. However, due to the stringent qualification requirements of the miners, only a few entities across the globe have direct access to the supply. VJ features among these top global entities and is a sightholder with De Beers. This makes the firm's operations competitive in the form of a steady supply of quality roughs at competitive prices.

**Adequate liquidity position** - While debt coverage indicators moderated in FY2025, the company's capital structure remained comfortable with a gearing of 0.2 times and total outside liabilities vis-à-vis tangible net worth of 0.2 times, marked by its large net worth base of Rs. 1,224.1 crore (standalone level). The firm's liquidity position is adequate, supported by the available cash and bank balance of Rs. 12.0 crore as on August 31, 2025, and headroom available in the form of undrawn working capital limits with average utilisation of 41.0% during the 11-month period ended on June 30, 2025.

### Credit challenges

**Demand headwinds leading to moderation in the credit profile** - VJ's revenues declined by 8% YoY in FY2025 amid global demand headwinds due to inflationary pressures. This, coupled with softening in polished diamond prices and incurring of high overheads to expand geographic reach, resulted in weakened operation profit margins in FY2025. Near-term headwinds in the form of a slowdown in global demand and high level of tariffs imposed by the US, will result in revenue decline and continued pressure on profitability in FY2026. ICRA, however, draws comfort from the entity's limited reliance on debt, along with its adequate liquidity position.

**Risk of capital withdrawal associated with partnership firms** - Being a partnership firm, VJ is exposed to the risk of capital withdrawals. ICRA notes that huge capital withdrawals in the past were primarily used by the partners to make incremental investments in tax-free bonds. These tax-free bonds are kept as collateral for VJ's bond-backed limits, for which the firm enjoys relatively favourable interest rates from banks.

**High working capital intensity of operations** - While the receivable days remain low as a large proportion of sales is on advance and cash-on-delivery (COD) basis, the inventory holding period remains high, leading to high working capital intensity of operations. ICRA, however, derives comfort from VJ's prudent working capital management in the current year, also reflected in the low utilisation of bank limits, which stood at around 41% during the 11-month period ended on June 30, 2025.

**Margins susceptible to fluctuations in forex rates and diamond prices** - As a substantial part of VJ’s revenues is denominated in foreign currency (primarily in US\$), the firm is exposed to the adverse fluctuations in currency markets. However, on most occasions, the exports are backed by an equivalent amount of imports and hence, it enjoys a natural hedge to a large extent. The firm is also exposed to adverse fluctuations in prices of rough and polished diamonds. Further, VJ faces intense competition from unorganised players as well as from a few established organised players, which limits its pricing power. However, the firm’s established presence in the industry, specialisation in niche high-quality diamonds and an established brand name helped it to develop healthy business relationships with customers and suppliers.

### Liquidity position: Adequate

The firm’s liquidity position is adequate, supported by the available cash and bank balance of Rs. 12.0 crore as on August 31, 2025, and headroom available in the form of undrawn working capital limits. Venus’ average utilisation of working capital limits stood at 41.0% during the 11-month period ended on June 30, 2025 (reflecting an average unutilised limit of Rs. 401.2 crore during the period with adequate drawing power). The cash flow generation for FY2025 remained adequate vis-à-vis its requirements. Venus’ debt profile, like most CPD entities, is short term in nature for meeting its working capital requirements. It only avails 90 days’ pre-shipment credit in foreign currency (PCFC) to fund its imports, which is repaid from its export proceeds (exports are mainly on cash/advance basis). There are no major capex requirements over the near to medium term, which also provides some comfort to its liquidity.

### Rating sensitivities

**Positive factors** – The ratings may be upgraded if there is a substantial growth in the scale of operations and profitability, improving VJ’s overall financial profile and liquidity position on sustained basis.

**Negative factors** – Pressure on VJ’s ratings could arise if there is a deterioration in its earnings, or a stretch in the working capital cycle, leading to a sustained moderation in its financial profile and/or the liquidity position. A specific credit metric for downgrade includes interest cover remaining below 3.2 times on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Cut &amp; Polished Diamonds</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of Venus Jewel and its subsidiary Venus Jewel Bostwana Proprietary Limited, given the significant operational, financial, and managerial linkages between them. The consolidated financials have not been prepared by the firm and accordingly, the key financial indicators on a consolidated level are not disclosed in the rationale.

### About the company

Venus Jewel is a partnership firm established in 1969. Along with being a responsible jewellery council certified member, it directly secures rough supply from reputed miners like De Beers, Alrosa, Rio Tinto Diamonds and Dominion Diamond Corporation. The firm’s forte is precision manufacturing of high-end round as well as fancy-shaped diamonds like square emerald, emerald, cushion, pear, heart, princess, radiant, square radiant, oval of exceptional symmetry and polish, ranging from - 0.30 to +30.00 carats in size and in various colours and purities.

Venus Jewel was established in 1969 by its founding partners Mr. Sevantilal P. Shah and Mr. Ramniklal P. Shah. The founding partners have been instrumental in developing modern manufacturing facilities, IT systems and establishing a globally

recognised brand name. At present, the founding partners are assisted by second and third-generation family members as well as other professionals with expertise in managing the relevant business areas.

VJ, through its wholly owned subsidiary (Venus Jewel Botswana Proprietary Limited), commenced operations in Botswana in FY2022. The subsidiary is engaged in the same line of business.

#### Key financial indicators (audited)

Consolidated	FY2024
Operating income	2592.9
PAT	3.7
OPBDIT/OI	2.0%
PAT/OI	0.1%
Total outside liabilities/Tangible net worth (times)	0.3
Total debt/OPBDIT (times)	5.4
Interest coverage (times)	2.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Standalone	FY2024	FY2025*
Operating income	2,509.9	2,293.4
PAT	33.5	12.8
OPBDITA/OI	2.8%	2.1%
PAT/OI	1.3%	0.6%
Total outside liabilities/Tangible net worth (times)	0.3	0.2
Total debt/OPBDITA (times)	3.8	4.6
Interest coverage (times)	2.8	2.1

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs crore)	Sept 24,2025	Date	Rating	Date	Rating	Date	Rating
<b>Fund Based-Cash Credit</b>	Long-term/Short Term	460.00	[ICRA]A; Rating watch with negative implications / [ICRA]A2+; Rating Watch with Negative Implications	Dec 24, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	Sep 07, 2023	[ICRA]A+ (Stable)/ [ICRA]A1	Jun 23, 2022	[ICRA]A+ (Stable)/ [ICRA]A1
				-	-	-	-	Mar 31, 2023	[ICRA]A+ (Stable)/ [ICRA]A1
<b>Unallocated-Unallocated</b>	Long Tem/Short Term	245.10	[ICRA]A; Rating watch with negative implications / [ICRA]A2+; Rating Watch with Negative Implications	Dec 24, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	Sep 07, 2023	[ICRA]A+ (Stable)/ [ICRA]A1	Jun 23, 2022	[ICRA]A+ (Stable)/ [ICRA]A1
				-	-	-	-	Mar 31, 2023	[ICRA]A+ (Stable)/ [ICRA]A1
<b>Non Fund Based-Others</b>	Long Tem/Short Term	-	-	-	-	Sep 07, 2023	[ICRA]A+ (Stable)/ [ICRA]A1	Jun 23, 2022	[ICRA]A+ (Stable)/ [ICRA]A1
				-	-	-	-	Mar 31, 2023	[ICRA]A+ (Stable)/ [ICRA]A1

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term: Fund-based limits	Simple
Long term/Short term: Unallocated limits	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or

complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund based limits	NA	NA	NA	460.00	[ICRA]A; Rating watch with negative implications / [ICRA]A2+; Rating watch with negative implications
NA	Unallocated limits	NA	NA	NA	245.10	[ICRA]A; Rating watch with negative implications / [ICRA]A2+; Rating watch with negative implications

Source: Company

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**Annexure II: List of entities considered for consolidated analysis**

Company name	ownership	Consolidation approach
Venus Jewel	Rated entity (Parent entity)	Full consolidation
Venus Jewel Botswana Proprietary Limited	Wholly-owned subsidiary	Full consolidation

Source: company

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### Branches



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