



## Press Release

### Golkunda Diamonds and Jewellery Limited

March 19, 2025

#### Ratings

Instrument Facility /	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	35.00 * (reduced from 36.73)	IVR BBB-/ Stable (IVR triple B minus with Stable outlook)	IVR BBB-/ Negative (IVR triple B minus with Negative outlook)	Outlook revised from Negative to Stable	Simple
Short Term Bank Facility	0.50	IVR A3 (IVR A three)	IVR A3 (IVR A three)	Rating reaffirmed	Simple
<b>Total</b>	<b>35.50</b> <b>(INR thirty five crore and fifty lakh only)</b>				

\*(The GECL loan facility rated in the previous year amounting Rs. 1.73 crore have been withdrawn based on No Due Certificate from State Bank of India and at the request of the company, and is in line with Infomerics policy on withdrawal).

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### Detailed Rationale

The reaffirmation of the ratings assigned to the bank facilities of Golkunda Diamonds and Jewellery Limited (GDJL) considers established experience of promoters in the jewellery industry, conservative capital structure and comfortable coverage indicators and improvement in operating performance in FY24 (refers to period April 1st, 2023, to March 31st, 2024) and 9MFY25 (refers to period April 1st, 2024, to December 31st, 2024). However, these rating strengths are partially constrained due to elongated working capital cycle, susceptibility of profitability to volatility in raw material prices, intense competition from the highly fragmented market, high exposure to forex risk and susceptibility to regulatory changes.

The long-term rating outlook is revised from 'Negative' to 'Stable' on the back of improvement in the financial performance of the company during the current fiscal. An experienced management along with comfortable capital structure provides further comfort.

Infomerics has also withdrawn the outstanding long-term rating of 'IVR BBB-/ Negative' assigned to the GECL facility amounting to Rs. 1.73 crore of GDJL with immediate effect. The withdrawal has been taken on the basis of No Due Certificate received from State Bank of



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India and at the request of the company. The ratings are withdrawn in accordance with Infomerics' policy on withdrawal. Link to the withdrawal policy is provided below.

### Key Rating Sensitivities:

#### Upward Factors

- Growth in scale of business with improvement in profitability metrics thereby leading to improvement in cash accruals and liquidity.
- Improvement in working capital management with improvement in liquidity.

#### Downward Factors

- Any decline in scale of operations and/or profitability leading to sustained deterioration of liquidity and/or debt protection metrics.
- Deterioration in working capital management impacting the liquidity.
- Moderation in capital structure, leverage ratio and coverage indicators.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Established experience of promoters in the jewellery industry**

The promoters of the company are Dadha Family of Mumbai have nearly three-decade-long experience in the diamond jewellery industry. The extensive experience coupled with long track record of operations has enabled the company to forge long term relations with customers and suppliers. Infomerics believes that the experience of the management in the industry is likely to favorably impact the business risk profile of the company over the near to medium term.

- **Conservative capital structure and comfortable coverage indicators**

The company had a total debt of Rs. 39.22 crore as on March 31, 2024, compared with Rs. 40.18 crore as on March 31, 2023, which primarily consisted of bank borrowings. The company's networth was Rs. 53.97 crore as on March 31, 2024, compared with Rs. 45.42 crore as on March 31, 2023, due to accretion of profit to reserves. The company's capital structure ratios look comfortable with long term debt equity ratio of 0.08 times as of March 31, 2024, compared with 0.13 times as on March 31, 2023. Overall gearing ratio was moderate at 0.73 times as on March 31, 2024, compared with 0.88 times as on March 31, 2023. The coverage indicators were also comfortable with DSCR of 2.54x in FY24



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compared with 2.64x in FY23 (refers to period April 1st, 2022, to March 31st, 2023). Also interest service coverage ratio was 5.40x in FY24 compared with 5.87x in FY23.

- **Improvement in operating performance in FY24 and 9MFY25**

Total sales of the company increased in FY24 by 0.21% to Rs. 227.48 crore, due to slight increase in export to USA and UAE. EBITDA increased by 6.16% y-o-y to Rs. 16.25 crore in FY24, due to decline in cost of production. PAT also increased by 2.05% y-o-y to Rs. 9.62 crore in FY24, which led to an increase in GCA to Rs. 10.59 crore in FY24 from Rs. 10.12 crore in FY23. Due to further recovery in the export markets, the company's TOI increased by increased by 27.19% in 9MFY25 to Rs. 191.12 crore as compared to 9MFY24 (refers to period April 1st, 2023, to December 31st, 2023). Also, the company's EBITDA and PAT increased to Rs. 16.35 crore and Rs. 9.52 crore, respectively, in 9MFY25, compared with EBITDA and PAT of Rs. 9.96 crore and Rs. 5.26 crore in 9MFY24.

### Key Rating Weaknesses

- **Elongated working capital cycle**

GDJL's working capital cycle elongated in FY24 compared with FY23, due to the increase in collection days. The operations are working capital intensive in nature as reflected by Gross current asset days of ~167 days in FY24, as against 152 days in FY23. The GCA days are driven by high debtor days and low creditors period. The debtor days stood at 113 days in FY24, as against 92 days in FY23. Since the company mostly makes payment on an advance basis for its purchases it gets a limited credit period from its suppliers. Thus creditors' period was 28 days in FY24 compared with 25 days in FY23. The company's working capital intensity was 36% in FY24 which increased compared with FY23 level of 32%.

- **High exposure to forex risk**

The company derives its entire revenues from exports and imports accounted for 21% of purchases in FY24. Though the company majorly has receivables, any adverse fluctuation in foreign currency may adversely impact the company's profitability.

- **Intense competition from the highly fragmented market**

The gems and jewellery (G&J) industry in India is highly fragmented with the presence of numerous unorganized players in addition to the large integrated G&J manufacturers



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leading to a high level of competition. The export-oriented G&J industry is susceptible to various guidelines by Government of India, change in taxation structure, impacting the industry.

- **Susceptible to regulatory changes**

As the company is into 100% exports, changes in economies or government policies of the countries to which the company is exporting and India may affect the operations and thereby revenue generation of the company

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning Rating Outlook](#)

[Policy of default recognition](#)

[Criteria on complexity](#)

[Policy on withdrawal of ratings](#)

**Liquidity – Adequate**

The liquidity position of the company is expected to remain adequate on account of its adequate expected accruals as against repayment obligations over the projected tenure of FY25 to FY27. However, the company's operations are working capital intensive as reflected in high utilization of its fund based working capital limits for the past twelve months through February 2025 at ~91%. Further, absence of any capex plans provides further cushion to the liquidity position.

**About the company**

Located out of Maharashtra, Golkunda Diamonds and Jewellery Limited is a BSE listed company, engaged in the manufacturing of diamond studded gold jewellery from India and exporting to customers across the world. The company is managed by Dadha & family having long experienced in the jewellery business. Out of its manufacturing facilities located in SEEPZ (Special Economic Zone) the company has the capacity to produce more than 500 pieces a



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day. Revenue of the company is entirely generated from international markets like UAE, Saudi Arabia, Qatar, Kuwait and USA.

### Financials (Standalone):

For the year ended/ As on*	(Rs. crore)			
	31-03-2023	31-03-2024	9MFY24	9MFY25
	Audited	Audited	Unaudited	Unaudited
Total Operating Income	233.44	230.47	150.26	191.12
EBITDA	15.30	16.25	9.96	16.35
PAT	9.43	9.62	5.26	9.52
Total Debt	40.18	39.22	-	-
Tangible Net Worth	45.42	53.97	-	-
EBITDA Margin (%)	6.56	7.05	6.63	8.56
PAT Margin (%)	4.03	4.16	3.50	4.98
Overall Gearing Ratio (x)	0.88	0.73	-	-
Interest Coverage (x)	5.87	5.40	4.51	6.36

\* Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Brickwork Ratings has maintained the ratings of the company in the Issuer not Cooperating category due to non-availability of information via PR dated August 14, 2024.

India Ratings has maintained the ratings of the company in the Issuer not Cooperating category due to non-availability of information via PR dated July 14, 2024.

**Any other information:** Nil

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years					
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24		Date(s) & Rating(s) assigned in 2022-23		Date(s) & Rating(s) assigned in 2021-22	
					(Feb 12, 2024)	(Nov 9, 2023)	(Feb 13, 2023)	(Jan 11, 2023)		
1.	Export Packing Credit Limit/ Packing Credit in Foreign Currency Limit	Long term	15.00	IVR BBB-/ Stable	IVR BBB-/ Negative	IVR BBB-/ Negative	IVR BBB-/ Stable	IVR BBB-/ Stable	-	



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years					
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					(Feb 12, 2024)	(Nov 9, 2023)	(Feb 13, 2023)	(Jan 11, 2023)		
2.	Post Shipment credit Limit/ Export Bill Rediscounting Limit	Long Term	20.00	IVR BBB-/ Stable	IVR BBB-/ Negative	IVR BBB-/ Negative	IVR BBB-/ Stable	IVR BBB-/ Stable	-	
3.	GECL	-	-	Withdrawn	IVR BBB-/ Negative	IVR BBB-/ Negative	IVR BBB-/ Stable	IVR BBB-/ Stable	-	
4.	Credit Exposure Limit	Short Term	0.50	IVR A3	IVR A3	IVR A3	IVR A3	-	-	

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### About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) (formerly Infomerics Valuation & Rating Pvt Ltd) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Export Packing Credit Limit/ Packing Credit in Foreign Currency Limit	-	-	-	-	15.00	IVR BBB-/ Stable
Post Shipment credit Limit/ Export Bill Rediscounting Limit	-	-	-	-	20.00	IVR BBB-/ Stable
Credit Exposure Limit	-	-	-	-	0.50	IVR A3
GECL	-	-	-	-	-	Withdrawn

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-GDJL-mar25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable**

**Annexure 4: List of companies considered for consolidated analysis: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).