

Golkunda Diamonds and Jewellery Limited

April 15, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 49.00 Crore (Enhanced from Rs 35.05 Crore)	Regulator[^]
Long Term Rating	IVR BBB-/RWNI (Rating placed on watch with Negative Implications)	RBI
Short Term Rating	IVR A3/RWNI (Rating placed on watch with Negative Implications)	RBI

[^]Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Refer Annexures for details of facilities/instruments, facility-wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

Infomerics Ratings has reaffirmed the ratings assigned to the bank facilities of Golkunda Diamonds and Jewellery Limited (GDJL) while placing it on 'Rating Watch with Negative Implications', reflecting a balance between its established operational strengths and emerging near-term risks. The rating continues to derive comfort from GDJL's conservative capital structure, with overall gearing improving to 0.57x as on March 31, 2025 (FY24: 0.73x), supported by steady accretion to net worth to Rs. 63.80 Cr (FY24: Rs. 53.97 Cr) driven by healthy profitability (PAT of Rs. 11.82 Cr. However, the rating is constrained by GDJL's elongated working capital cycle, marked by high receivables (average collection period of 125 days in FY25), resulting in an operating cycle of 114 days and continued reliance on working capital borrowings, reflected in high utilisation levels.

Rating watch: RWNI: The 'Rating Watch with Negative Implications' primarily reflects elevated geographic concentration risk, with ~85–90% of revenues derived from the Middle East region. Ongoing geopolitical tensions, including the Israel-Iran conflict, have heightened demand and logistics uncertainty, which could adversely impact revenue visibility and liquidity in the near term. Any sustained disruption in key export markets, coupled with continued pressure on working capital and high bank limit utilisation (~90%+), may weaken the financial risk profile going forward. The rating watch may be resolved based on the company's ability to sustain growth, improve working capital efficiency, and mitigate geographic concentration risks while maintaining its capital structure and liquidity position.

Analytical Approach

Approach	Comments
Consolidated/Standalone	Standalone
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

Conservative capital structure with comfortable coverage, supported by planned fund-raising via convertible warrants in FY27

GDJL maintains a conservative capital structure, with overall gearing at 0.57x as on March 31, 2025, improving from 0.73x as on March 31, 2024. Even after considering the increase in the term loan of Rs. 7.00 Cr for capex and an increase in the working capital limits to Rs. 42.00 Cr, the overall gearing as at the end of FY26 is expected to be ~ 0.62x. The net worth grew to Rs. 63.80 Cr at the end of FY25 (FY24: Rs. 53.97 Cr) on the back of retained earnings (PAT of Rs. 11.82 Cr in FY25). Coverage indicators remained comfortable, with interest coverage improving to 6.17x in FY25 (FY24: 5.40x) and DSCR at 3.75x, while interest coverage for the 9MFY26 period stood at 6.01x, demonstrating an adequate buffer for debt servicing. The company's planned preferential issue of ~12.9 lakh fully convertible warrants, priced at Rs. 214 per warrant, is expected to raise ~Rs. 27.61 Cr in FY27, which would partially be used for working capital requirements (Rs. 15.61 Cr), setting up a domestic manufacturing unit (Rs. 6 Cr), and general corporate purposes (Rs. 6 Cr). This equity raise is expected to significantly strengthen the overall gearing, improve liquidity, while aligning with the company's strategy to strengthen financial flexibility and support capacity expansion in the domestic jewellery segment. Despite the rise in overall debt levels in FY26 due to draw down of capex related term loan, the overall gearing is expected to improve from FY27 onwards, supported by the issuance of convertible warrants.

Strong operational and risk management framework with strategic market focus

GDJL's concentrated focus on Middle East markets—primarily Saudi Arabia, Kuwait, UAE, Qatar, and Bahrain—supports higher profitability relative to most domestic jewellery manufacturers because these Middle East markets offer higher disposable incomes, premium pricing for branded jewellery, and lower price sensitivity, boosting GDJL's margins compared to domestic markets. These markets closely mirror Indian consumer preferences, particularly in Arabic-inspired designs, allowing the company to leverage its expertise in high-value diamond and gold jewellery.



The company maintains a low-risk business model through disciplined procurement and risk mitigation strategies.

Growth in scale with improvement in absolute operating profitability

Total sales of the company increased in FY25 by 9.5% to ~Rs. 252 Cr, due to an increase in exports to Saudi Arabia and the UAE. Due to further growth in the export markets, the company's TOI increased by 11.5% in 9MFY26 (~Rs.213cr) as compared to 9MFY25 (~Rs.191cr). EBITDA increased from 16.25 Cr in FY24 to 19.75 Cr in FY25. For 9MFY26, EBITDA increased to Rs.16.17 Cr as compared to Rs.15.87 Cr in 9MFY25. PAT also increased from 9.62cr in FY24(A) to 11.82 in FY25(A) and to Rs. 9.86cr in 9MFY26 (Rs.9.52Cr). The increase in PAT led to an increase in GCA to Rs. 13.04 Cr in FY25 from Rs. 10.59 Cr in FY24.

Established experience of promoters in the jewellery industry

The promoters of the company, the Dadha Family of Mumbai, have nearly three decades of experience in the diamond jewellery industry. The extensive experience, coupled with a 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 favourably impact the business risk profile of the company over the near to medium term.

Weaknesses

High dependence on Middle East markets, exposing revenues to geopolitical and logistics risks

GDJL has high geographic concentration (~85–90% of revenues) in the Middle East, exposing it to geopolitical risks, logistics disruptions, and demand uncertainties, as evidenced by recent war-led supply chain challenges. While core markets such as Saudi Arabia and Kuwait have remained relatively resilient, regions like UAE and Qatar have witnessed intermittent disruptions, highlighting the vulnerability of the company's export-dependent model. To mitigate this risk, the company is setting up a new manufacturing facility outside SEZ in the Paper Box industrial area, Mumbai, which will enable it to cater to the domestic market. The facility, spread across ~5,500 sq. ft., is expected to become operational within ~3 months of FY27, allowing for ~9 months of production in FY27. The project involves a capex of ~₹7–8 crore, largely funded through a ₹7 crore term loan. GDJL expects ~₹14 crore revenue contribution from the domestic segment in FY27, marking the initial phase of diversification.

The strategic shift towards the domestic market is driven by the rapid expansion of the organised gold jewellery retail segment in India, with leading players significantly scaling up their store



networks in recent years. While this initiative is expected to reduce dependence on Middle East markets over the medium term, its success will depend on timely execution, ramp-up of operations, and ability to establish relationships with organised retail chains.

Elongated working capital cycle

GDJL traditionally had an elongated working capital cycle, which remained stretched in FY25. The operating cycle increased marginally to 114 days in FY25 from 112 days in FY24, driven primarily by a further deterioration in receivable intensity, with the average collection period rising to 125 days from 113 days. GDJL extends credit to select overseas clients, typically ranging from 90–180 days, with most payments received within 180 days. While inventory efficiency improved (inventory holding reduced to 20 days from 26 days), this benefit was largely offset by slower receivables realisation. The increase in creditor days to 32 days (FY24: 28 days) provided only partial funding support and indicates continued reliance on supplier credit. Consequently, the working capital turnover remained subdued at ~3x, reflecting sustained pressure on liquidity and higher dependence on bank borrowings for working capital.

Intense competition from the highly fragmented market

The gems and jewellery (G&J) industry in India is highly fragmented, with the presence of numerous unorganised players in addition to the large integrated G&J manufacturers, leading to a high level of competition, which restricts the margins of all players, even those in the organised segment.

Susceptibility 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, as well as in India, may affect the operations and thereby revenue generation of the company. The export-oriented G&J industry is susceptible to various guidelines by the Government of India, including import of gold, changes in taxation structure etc thereby impacting the industry.

Liquidity – Adequate

GDJL's liquidity position appears adequate, supported by a combination of internal accrual generation and moderate debt levels. The company's gross cash accruals (GCA) have consistently exceeded its long-term debt repayment obligations, with FY25 GCA of Rs. 13 Cr comfortably covering the nominal long-term debt of Rs. 1.16 Cr. Projected GCAs over FY26–FY28, increasing from Rs. ~15 Cr to Rs. ~23 Cr are expected to comfortably service the scheduled debt repayments



of Rs. 0.76 Cr to Rs. 2.28 Cr. Working capital utilization has historically been on the higher side to around 90% which is as per the nature of the business, with long credit periods given to the customer to pay back, blocking the working capital. On the other hand, the overall gearing ratio is expected to decline over FY27-FY28 from 0.57x at the end of FY25 (expected to be around ~0.62x at end FY26), which could provide headroom to raise incremental debt if needed.

Rating Sensitivities

Upward Factors

- Successful diversification of revenues with reduced dependence on the Middle Eastern market
- Growth in scale of operations to above Rs. 400 Cr while maintaining EBITDA margins above 8% on a sustained basis.
- Sustenance of total debt/ EBITDA below 1.25x
- Improvement in working capital management with an improvement in liquidity

Downward Factors

- Moderation in operating income and/or profitability due to the impact of the ongoing Middle East war
- Any significant increase in debt levels without a commensurate increase in operating profits leading to an increase in the total debt / EBITDA to above 2.5x on a sustained basis
- Stretch in the working capital cycle driven by a pile-up of inventory or stretched receivables impacting the financial risk profile, particularly liquidity.

About the Company

Golkunda Diamonds and Jewellery Ltd (GDJL) is a BSE-listed jewellery exporter incorporated in 1990, engaged in the manufacturing and export of diamond-studded gold jewellery. Headquartered in Mumbai, the company operates a single integrated manufacturing facility in the SEEPZ Special Economic Zone, benefiting from export incentives and proximity to the diamond trading ecosystem. Led by Chairman & Managing Director Kanti Kumar Dadha, GDJL has evolved into an export-oriented player with a diversified international customer base. Strategically, GDJL focuses on Middle Eastern markets (UAE, Saudi Arabia, Kuwait), where it benefits from strong cultural demand for gold jewellery, better margins, and relatively stable consumption trends. The company has recently announced a new capex initiative focused on establishing a domestic manufacturing facility, marking an expansion into the domestic market from its historically export-only model.

**Key Financial Indicators (Standalone):**

For the year ended/ As on*	31-03-2024	31-03-2025	9MFY2026
	Audited	Audited	Unaudited
Total Operating Income	230.47	252.44	212.98
EBITDA	16.25	19.75	16.17
PAT	9.62	11.82	9.86
Total Debt	39.22	36.08	-
Tangible Net Worth (TNW)	53.97	63.80	-
EBITDA Margin (%)	7.05	7.82	7.59
PAT Margin (%)	4.16	4.67	4.63
Overall Gearing (times)	0.73	0.57	-
Interest Coverage (times)	5.40	6.17	6.01

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Applicable Criteria

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition and Post Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy on Rating Watch](#)

Status of non-cooperation with previous CRA: Brickwork Ratings has maintained the ratings of the company in the Issuer not Cooperating category due to the non-availability of information via PR dated October 29, 2025.

India Ratings has maintained the ratings of the company in the Issuer not Cooperating category due to the non-availability of information via PR dated July 25, 2025

Any other information: NA



Rating History for last three years

Sr. No.	Instruments/Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
				Apr 15,2026		March 19, 2025	Feb 12, 2024
1.	Fund-based facilities	LT	47.00	IVR BBB-/RWNI	-	IVR BBB-/Stable	IVR BBB-/Negative
2.	Non-fund-based facilities	ST	2.00	IVR A3/RWNI	-	IVR A3	IVR A3

Annexure 1: Instrument/Facility Details

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/Outlook	Listing Status	Regulator [^]	Complexity Indicator
Export Packing Credit Limit / Packing Credit in Foreign currency	-	-	-	-	15.00	IVR BBB-/RWNI	-	RBI	Simple
Post Shipment Credit Limit / Export Bill Rediscounting Limit	-	-	-	-	25.00	IVR BBB-/RWNI	-	RBI	Simple
Export credit guarantee scheme (ECGS)	-	-	-	Nov 2029	7.00	IVR BBB-/RWNI	-	RBI	Simple
Derivative/Forward contract /Credit exposure limit	-	-	-	-	2.00	IVR A3/RWNI	-	RBI	Simple

[^]Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details :

https://infomericstorage.blob.core.windows.net/uploads/len_golkunda_apr26_598a6e3ad2.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: NA

Annexure 4: List of companies considered for Consolidated/Combined analysis: NA

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) *	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings/Loans from overseas lenders/Loans from Multilaterals	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator such as IRDAI, PFRDA



Footnotes:

** Includes securitisation transactions involving assignee payout, acquirer's payout.*

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

@ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side regulators have been included.

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