

PNGS Reva Diamond Jewellery Limited

August 11, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	140.00	CARE BBB+; Stable / CARE A2	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of PNGS Reva Diamonds Jewellery Limited (PRDJL) derive strength from extensive experience of the promoters and the management team in the retail jewellery sector and strong regional brand recall of PNG. The ratings also factor in the benefits derived by PRDJL from its linkages in the form of franchise agreement with P. N. Gadgil and Sons Limited (PNGS; rated CARE A+; Stable/ CARE A1) for retail diamond jewellery sales in PNGS stores for 10 years. The ratings also factor in PRDJL's healthy profitability, comfortable capital structure and debt coverage indicators and adequate liquidity position.

However, these strengths are partially offset by PRDJL's ongoing expansion plans to establish exclusive stores, where it is yet to build a track record. The profitability of the company may be impacted in the near term, given the typical gestation period associated with setting up and stabilizing new retail stores.

The ratings are also constrained due to working capital intensive nature of operations, profitability remains exposed to volatility in diamond and gold prices and intense competition and fragmented nature of the industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- TOI over Rs.500 crore with PBILDT margin of over 20% on sustained basis
- Total debt/ PBILDT of less than 2.50x on sustained basis
- Track record of profitable operations of new showrooms

Negative factors

- Lower-than-envisaged turnover with TOI falling below Rs.200 crore
- Any adverse change in the terms of franchise agreement with PNGS
- Overall gearing above 1.5x and/ or total debt/PBILDT above 3.5x on a sustained basis

Analytical approach: Standalone while factoring linkages with P. N. Gadgil and Sons Limited

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that PRDJL will continue to benefit from its established market position, extensive experience of management and strong brand recall in Maharashtra.

Detailed description of key rating drivers:

Key strengths

Experienced Promoters and linkages with PNGS

The company's promoters belong to the Gadgil family, who entered the gold jewellery business in 1832, in Sangli, Maharashtra, titled 'Purushottam Narayan Gadgil Jewellers'. In 1958, the family ventured into the Pune market and commenced its first

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

establishment under the alias 'P. N. Gadgil & Co.' In 2012, the P.N. Gadgil & Co was split to form P.N. Gadgil & Sons, later known as P. N. Gadgil and Sons Limited (PNGS).

PNGS transferred its Diamond Jewellery business to PRDJL on a going concern basis. PRDJL is spearheaded by Govind Gadgil, a fifth-generation entrepreneur with over four decades of experience in the industry, in the capacity of Chairperson and Non-Executive Director. The promoters are supported by a qualified and experienced management team, led by Amit Modak, Whole-time Director and CEO.

PRDJL has entered into a ten-year franchise agreement with PNGS, covering 33 stores—32 under the Franchise-Owned Company-Operated (FOCO) model and one under the Franchise-Owned Franchise-Operated (FOFO) model. Under the agreed terms, PRDJL will operate from premises owned or leased by PNGS and will pay a commission based on net sales.

This structure enables PRDJL to leverage PNGS's well-established brand equity, infrastructure, and customer footfall, while continuing to operate under its distinct brand identity.

CareEdge Ratings believes that the company is well-positioned to benefit from its experienced leadership, linkages with PNGS providing revenue visibility and profitable operations.

Strong regional brand recall

PRDJL is strategically associated with PNGS, which has a legacy of over 150 years in the gems and jewellery sector. The brand name 'Reva' used by PRDJL also carries the trademark 'PNGS', reflecting the strong linkage between the two entities. The PNGS brand holds a leading position in the gold jewellery market in Maharashtra.

Growing scale of operations

PRDJL was formed following the conversion of the partnership firm Gadgil Metals & Commodities (GMC; engaged in trading of securities and commodities) and later acquired the diamond business of P. N. Gadgil & Sons Limited (PNGS) through a slump sale in January 2025. During FY25 (refers to April 1 to March 31), PRDJL reported TOI of Rs.64.47 crore, which included 2 months of diamond jewellery operations. During Q1FY26 (refers to April 1 to June 30), PRDJL achieved TOI of Rs.53.75 crore.

PRDJL commenced operations with an immediate business presence, having acquired a fully operational segment from PNGS, thereby ensuring continuity of operations.

During FY24 (Refers to April 01 to March 31), the said diamond jewellery business had reported TOI of Rs.195.63 crore, which registered a growth of approximately 32%, reaching Rs.258.18 crore in FY25 (includes 10 months of operations in PNGS and 2 months of operations under PRDJL). As part of its growth strategy to enhance geographical presence and scale of operations, the company is planning to expand its store network in new markets.

Healthy Profitability

The company operates on an asset-light business model. Majority of the company's expenses are variable in nature, providing greater operational flexibility. Currently, major costs include traded goods cost, followed by commission paid to PNGS and employee costs.

In FY25, the company reported healthy PBILDT and PAT margin of 31.02% and 23.04%, respectively. However, going forward, profitability is expected to moderate from existing level, considering incremental costs towards new store launches and full- year impact of commission paid to PNGS.

Comfortable capital structure and debt coverage indicators:

PRDJL's capital structure remained comfortable, as reflected by a below-unity overall gearing of 0.91x as on March 31, 2025. The company has a healthy net worth base of Rs.99.89 crore as on March 31, 2025. It does not have any long-term debt and total debt primarily comprises working capital borrowings and minimal finance lease liabilities. Debt protection metrics also remain comfortable with TD/GCA at 1.53x and an interest coverage ratio of 42.93x in FY25. These indicators are expected to moderate in the medium term due to the company's planned expansion through exclusive stores, which is likely to entail incremental borrowings.

Key rating weaknesses:**Plans to expand presence through exclusive stores**

Presently, PRDJL benefits from the ready footfall at PNGS' stores. However, going forward, the company plans to set up its exclusive stores. PRDJL is yet to build a track record of operating such exclusive stores. The company's ability to attract footfall at these stores and ramp up of sales would remain a key rating monitorable.

Presence in a highly competitive and fragmented industry:

The Indian G&J industry is highly fragmented, characterised by the presence of numerous unorganised participants alongside large integrated manufacturers, resulting in intense competition. Additionally, PNGS faces direct competition from other entities operating under the 'PNG' brand. PRDJL's sales are presently concentrated across a few cities in Maharashtra and its ability to expand its presence in new regions will be crucial to drive the scale of operations further.

PRDJL's business profile is further influenced by the rising consumer acceptance of lab-grown diamonds (LGD) and the Government of India's favourable policy push for the LGD segment. PRDJL's business remains exposed to such regulatory changes.

Working capital intensive nature of operations

The jewellery retailing business is inherently working capital intensive, as it necessitates maintaining a diverse and extensive inventory across store locations to cater to varied customer preferences and drive footfall. PRDJL's working capital intensity is further elevated given that diamond jewellery typically has a slower turnover compared to gold.

In FY25, the company had an inventory holding period of 341 days. PRDJL primarily sells on a cash and carry basis, while it receives a credit period of 45 to 60 days from its suppliers. As a result, the company's working capital cycle stood elongated at 289 days in FY25.

Exposure to volatility in diamond and gold prices

PRDJL's profitability remains exposed to fluctuations in gold and diamond prices, as raw materials account for ~65–70% of the total cost. Additionally, the gems and jewellery sector remains susceptible to regulatory risks, and any adverse policy changes by the Government could have a material impact on the company's business operations.

Liquidity: Adequate

PRDJL has adequate liquidity marked by nil term debt repayments and cash and bank balance of Rs.39.36 crore as on March 31, 2025. Timely enhancement in the sanctioned working capital limits provides additional liquidity cushion. Working capital requirements are likely to increase commensurate with addition of new stores, which will be supported by mix of internal accruals and additional limits.

Assumptions/Covenants: Not applicable**Environment, social, and governance (ESG) risks:** Not applicable**Applicable criteria**
[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Retail](#)
[Short Term Instruments](#)
About the company and industry**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Gems, Jewellery And Watches

PNGS Reva Diamond Jewellery Limited (PRDJL), incorporated on December 20, 2024, is engaged in the retail sale of diamond and diamond-studded jewellery. The company was formed following the conversion of the partnership firm Gadgil Metals & Commodities and later acquired the diamond business of P. N. Gadgil & Sons Limited (PNGS) through a slump sale in January 2025. PRDJL operates 33 stores across India under a franchise model, with PNGS providing retail space and logistical support in exchange for a sales-based commission. During June 2025, PRDJL has filed DRHP to raise upto Rs.450 crore by way of an Initial Public Offer (IPO).

Particular	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	64.47	53.75
PBILDT	9.94	11.90
PAT	6.59	7.41
Overall gearing (times)	0.91	NA
Interest coverage (times)	7.83	6.00

Note: For FY25 financials are prepared from December 20, 2025 to March 31, 2025

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable**Any other information:** Not applicable**Rating history for last three years:** Annexure-2**Detailed explanation of covenants of rated instrument / facility:** Annexure-3**Complexity level of instruments rated:** Annexure-4**Lender details:** Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST		-	-	-	140.00	CARE BBB+; Stable / CARE A2

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based/Non-fund-based-LT/ST	LT/ST	140.00	CARE BBB+; Stable / CARE A2				

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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