

Jewel One

October 10, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	100.00 (Reduced from 260.00)	CARE BBB; Stable / CARE A3	Reaffirmed
Short-term bank facilities	16.00	CARE A3	Assigned
Long-term / Short-term bank facilities	-	-	Withdrawn

Details of facilities in Annexure-1.

Rationale and key rating drivers

Ratings reaffirmed to the existing bank facilities and assigned to the new short-term facility of Jewel One (JOE) continue to factor in its healthy profitability, despite moderation in FY25 (FY refers to April 01 to March 31) and comfortable capital structure and improved debt coverage indicators. Ratings also derive comfort from the partners' long-standing experience in the gems and jewellery (G&J) industry through their association with a large and reputed cut and polished diamond (CPD) entity and a well-established yet highly concentrated clientele.

However, these strengths are offset by the firm's limited operational track record, its partnership constitution with instances of capital withdrawals. Ratings are also constraint due to its working capital intensive operations. However comfort is drawn from nil utilisation of working capital limits in the past few months. Moreover, ratings factor in JOE's exposure to volatility in diamond and gold prices, foreign exchange fluctuation risk, and sluggish demand in the CPD industry. The recent hike in United States (US) tariff rates poses a challenge, considering ~95% of JOE's sales are to the US market. While this is expected to moderate the performance in the near term, the management has conveyed that the entity has implemented mitigation strategies.

CARE Ratings Limited (CareEdge Ratings) has withdrawn the rating assigned to proposed fund-based long-term/short-term bank facilities of JOE with immediate effect at the firm's request. The firm has not availed the proposed bank facilities rated by CareEdge Ratings, and there is no outstanding amount as on date.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improving scale of operations over ₹1,500 crore and improving profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin on a sustained basis.
- Changing constitution of the firm without significant impact on the capital structure.
- Effective management of working capital requirements leading to reduced reliance on working capital borrowings and improvement in receivable cycle on a sustained basis.
- Plough back of capital into business with sustained performance improvement, resulting in overall gearing below 0.7x on a sustained basis.

Negative factors

- Large debt-funded capital expenditure or withdrawal of capital resulting overall gearing deteriorating above 1x.
- Deteriorating liquidity profile due to significantly increasing receivables or inventory levels resulting in deteriorating operating cycle on a sustained basis.
- Deteriorating scale marked by total operating income (TOI) below ₹1,200 crore and PBILDT margin below 12% on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The 'stable' outlook reflects CareEdge Ratings' expectation that JOE will continue to benefit from its partners' extensive experience and established relationship with a key client, which will drive revenue growth in the near term.

Detailed description of key rating drivers:

Key strengths

Comfortable capital structure and improved debt coverage ratios

JOE's capital structure remains comfortable, marked by a stable total outside liabilities to tangible net worth (TOL/TNW) of 0.94x as on March 31, 2025 (PY: 0.92x). Overall gearing ratio improved significantly to 0.13x as on March 31, 2025, from 0.92x as on March 31, 2024, primarily due to substantial debt reduction. The firm fully prepaid its Guaranteed Emergency Credit Line (GECL)

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

term loan in FY25 and curtailed working capital borrowings to nil as on March 31, 2025. The firm only had unsecured loans of ₹41.96 crore as at the end of FY25. Moreover, per the details shared by the management, there was nil working capital utilisation from April 2025 to August 2025.

Consequently, finance costs declined to ₹17.23 crore in FY25 compared to ₹21.95 crore in FY24, leading to an improvement in interest coverage ratio to 10.37x in FY25 (PY: 8.87x), supported by healthy operating profits. Going forward, the capital structure is expected to remain comfortable as the management intends to fund operations through internal accruals and unsecured loans from promoters and related parties.

Healthy profitability margins despite moderation in FY25 with revenue remaining at stable level

JOE's scale of operations remained stable at ₹1,376.13 crore in FY25 compared to ₹1,340.60 crore in FY24. Despite moderation in PBILDT margin from 14.53% in FY24, JOE continues to maintain healthy profitability marked by PBILDT margin of 12.99% in FY25. Decline is mainly due to higher raw material costs and labour charges. Labour costs increased to ~₹155 crore in FY25 compared to ₹102 crore in FY24. Profit after tax (PAT) declined to ₹125.70 crore in FY25 from ₹172.38 crore in FY24, primarily because FY24 benefited from a one-time tax credit adjustment under Alternate Minimum Tax (AMT), which significantly reduced tax outgo. This benefit did not recur in FY25, leading to a higher effective tax expense despite stable operating performance.

Going forward, the profitability is expected to remain at healthy level, supported by JOE's established manufacturing base, competitive sourcing, and growing demand for lab-grown diamonds (LGD). Margins are expected to remain at FY25 levels going forward, though they will continue to depend on LGD pricing trends and demand from the US market.

Long-standing experience of partner in CPD industry

JOE commenced operations in June 2019 and manufactures both lab grown and natural diamond-studded and plain gold and silver jewellery at its facility in special economic zone (SEZ), Sachin, Surat. JOE is set up as a 100% export-oriented unit (EOU) to avail tax benefits and cater to the low to mid-end jewellery market.

JOE's day-to-day operations are actively managed by Dinesh Lakhani having over 30 years of industry experience, who is also a Director of Kiran Gems Private Limited (KGPL; rated 'CARE A: Negative / CARE A2+'). He is supported by a team of qualified professionals. CareEdge Ratings expects JOE to benefit from the partners' long-standing experience and association with the Kiran Group.

Well-established clientele, despite high concentration risk

JOE primarily caters to the US market, selling jewellery to Unique Design Inc., which supplies to large retailers such as Tiffany, Signet, Costco, Zale, Fred Meyer, Macy's, and Walmart. Apart from sales through marketing affiliates in the US, JOE sells directly to jewellery retailers globally to reduce customer concentration risk.

In FY25, sales to Unique Design Inc. accounted for 89.61% of total sales compared to 94.61% in FY24, indicating mild improvement. Customer concentration is expected to improve further as JOE expands direct sales to global jewellery retailers.

Key weaknesses

Working capital-intensive nature of business

The operations, inherent to the G&J industry, are working capital intensive due to the need to maintain inventory and extend credit to customers. The company has maintained its cycle within a controlled range, supported by order-backed sales and alignment of collections with agreed credit terms.

In FY25, receivables continued to remain high at 94 days (PY: 67 days) and concentrated towards a key customer. The working capital requirement are primarily funded through extended credit period from related party suppliers which has aided the entity to witness improvement in working capital cycle to 89 days from 114 days in FY24. With extended credit period from suppliers, the company has maintained liquidity with nil utilisation of working capital limits since February 2025 and also reduced its sanctioned fund-based limits from ₹260 crore to ₹100 crore, reflecting lower reliance on bank borrowings.

Partnership firm

JOE operates as a partnership firm, exposing it to risks associated with this constitution, including the possibility of capital withdrawal by partners. Instances of such withdrawals can adversely impact the firm's net worth and, consequently, its capital structure, constraining its overall credit profile.

Susceptible to foreign exchange fluctuation

Being a 100% export-oriented unit (EOU), JOE derives its entire revenue from overseas markets, with export sales of ₹1,376.13 crore in FY25, exposing the firm to foreign exchange fluctuation risk. Any sharp movement in currency rates can directly impact profitability, making this a structural vulnerability. The risk is partly mitigated by the firm's natural hedge through imports, which stood at ₹498.75 crore in FY25 (~41% of total purchases) compared to ₹390.34 crore in FY24 (~34% of total purchases). For the balance exposure, JOE enters forward contracts to reduce volatility. The company has demonstrated prudent forex management, reporting forex gains of ₹15.67 crore in FY25 (₹16.36 crore in FY24). While these measures provide comfort, the risk cannot be fully eliminated as hedging is not always complete and timing mismatches between exports and imports may still affect cash flows.

Volatility in diamond and gold price

JOE does not have sourcing arrangements with diamond mining companies. It procures natural polished diamonds largely from KGPL, and lab-grown polished diamond from other related entities with a credit period of 90-120 days. The firm procures gold from third parties in India and imports it from the UAE at spot price, thus exposing it to gold and diamond prices volatility. However, increasing trend in gold prices and uncertainties in diamond prices can impact production costs and profit margins.

Liquidity: Adequate

JOE's liquidity is adequate, marked by gross cash accruals (GCA) of ₹126.93 crore and unencumbered cash and bank balance of ₹1.32 crore as on March 31, 2025. The firm also reported a comfortable cash flow from operations of ₹384.14 crore in FY25. Going forward, liquidity is expected to remain adequate, supported by projected GCA of ₹70-90 crore in FY26 and FY27 against nil term debt repayment obligations, as the firm has fully prepaid its GECL loan. For the past few months ended August 31, 2025, the average utilisation has been nil. The current ratio stood at 1.61x as on March 31, 2025, indicating a healthy liquidity position.

Assumptions/Covenants: NA

Environment, social, and governance (ESG) risks: NA

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[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

JOE was incorporated on July 16, 2017, as a partnership firm and commenced its operations in October 2019. The firm is in manufacturing both natural and LGD-studded and plain gold and silver jewellery at its facility at SEZ, Sachin (Surat). The firm is a 100% EOU. JOE is managed by Dinesh Lakhani, Director of KGPL, who has over three decades of experience in G&J business.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	4MFY26 (UA)
Total operating income	1,340.60	1,376.13	197.27
PBILDT	194.74	178.70	NA
PAT	172.38	125.70	NA
Overall gearing (times)	0.84	0.13	NA
Interest coverage (times)	8.87	10.37	NA

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: NA

Any other information: NA

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 facilities

Name of the Facility	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 - LT/ ST-Working Capital Limits		-	-	-	100.00	CARE BBB; Stable / CARE A3
Fund-based - LT/ ST-Working Capital Limits		-	-	-	0.00	Withdrawn
Non-fund-based - ST-Forward Contract		-	-	-	16.00	CARE A3

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 - LT/ ST-Working Capital Limits	LT/ST	100.00	CARE BBB; Stable / CARE A3	-	1)CARE BBB; Stable / CARE A3 (02-Dec-24) 2)CARE BBB+; Negative / CARE A3+ (23-Aug-24)	1)CARE BBB+; Stable / CARE A3+ (22-Sep-23)	1)CARE BBB+; Stable (10-Oct-22)
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	-	-	-	1)CARE BBB; Stable / CARE A3 (02-Dec-24) 2)CARE BBB+; Negative / CARE A3+ (23-Aug-24)	1)CARE BBB+; Stable / CARE A3+ (22-Sep-23)	1)CARE A3+ (10-Oct-22)
3	Non-fund-based - ST-Forward Contract	ST	16.00	CARE A3				

ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Working Capital Limits	Simple
2	Non-fund-based - ST-Forward Contract	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge 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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