Jewelex India Private Limited

January 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	400.00	CARE A; Negative / CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings reaffirmation and continuation of the Negative outlook on the long-term rating considers the continued headwinds for Jewelex India Private Limited (JIPL) from sustained decline in Cut and Polished Diamond (CPD) sales due to global headwinds impacting the demand from key diamond consuming nations and punitive tariffs levied by the US Government on imports from India, including jewellery, which could impact JIPL's performance in the near term. JIPL has reported decline in scale of operations in FY25 (FY refers to from April 01 to March 31) but with better profitability owing to higher proportion of jewellery sales. The company has taken steps to protect its business interests in the light of the heightened US tariffs and its substantial exposure to US including expanding its revenue contribution in other geographies and following the reprocessing model for jewellery sales to US. However, CARE Ratings Limited (CareEdge Ratings) expects geopolitical headwinds are likely to impact JIPL's profit before interest, lease rentals, depreciation and taxation (PBILDT) margin by 100-200 bps and result in elongation of its working capital cycle owing to higher inventory requirement due to longer lead time and higher credit period being offered to customers.

Ratings continue to factor in JIPL's established market presence in the Indian jewellery export industry and the CPD industry owing to its long presence and strong supply chain linkages. Ratings also consider its strong and reputed customer base with a track record of repeat business from key clientele, which supports revenue visibility. Its financial risk profile remains comfortable, underpinned by a low leverage position and limited utilisation of working capital limits.

However, ratings remain constrained by declining trend of total operating income (TOI) since the last two years, owing to weak demand for natural polished diamond and its studded jewellery. A significant increase in receivables and persistently high inventory levels is expected to stretch the working capital cycle. The company also faces intense competition and remains vulnerable to price volatility in rough diamonds and foreign exchange fluctuations, given its substantial export exposure.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in scale of operations with higher share of jewellery sales resulting in improvement in PBILDT margin above 7% on sustained basis and return on capital employed (ROCE) above 14%

Negative factors

- Significant decline in scale of operation and operating margin leading to deterioration in gross cash accruals.
- Deterioration in the interest coverage indicators below 5.00x.
- Deterioration in the total outside liabilities to tangible net worth (TOL/TNW) above 1.00x on a sustained basis.
- Significant deterioration in the liquidity profile of the company owing to significant increase in receivables or inventory levels.

Analytical approach: Standalone

Outlook: Negative

The negative outlook reflects CareEdge Ratings' expectation of a stretched working capital cycle and pressure on profitability, driven by sluggish demand across the CPD industry and costs associated with reprocessing model. The outlook may be revised to Stable in case of reduction in tariff and/or group being able to sustain its scale and profit margins despite global headwinds.

Detailed description of key rating drivers:

Key strengths

Resourceful and experienced promoters; benefits from linkages with promoter group entities

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

JIPL was established as a partnership firm in 1966 by the Kothari family and later converted into private limited company in 2004. The Kothari family has presence in the gems and jewellery (G&J) business for over five decades through its group concerns. It is one of the reputed families in the diamond business and jewellery manufacturing. Promoters are well-assisted by a team of qualified and experienced professionals, actively involved across business functions. The promoters' entrenched experience and presence across the diamonds and jewellery supply chain including sourcing, trading, manufacturing, processing and marketing provides the company a competitive advantage in the market. This is reflected through high linkages with the promoter group's entities engaged in marketing of jewellery in geographies, which account for over 50% of JIPL's revenue, and sourcing/trading of diamonds, which account for 10-15% of purchases. While dealing with promoter group entities, JIPL benefits from favourable credit/payment terms and other financial support through need-based unsecured loans. Promoters' wide interest and experience in the industry is expected to support JIPL's operations in the medium term.

Diversified business profile and reputed clientele

The company maintains a geographically diversified business profile with exports accounting for 50-60% of its revenue in the last three years. Within exports, while the US remains its largest market with a share of 30% of overall revenue, the other key export markets include Australia, the UK and the UAE. Share of CPD in JIPL's overall revenue reduced successively to 27% in FY25 from 49% in FY23, indicating a shift towards jewellery manufacturing. The company maintains strong relationships with reputed clientele in key markets and has a track record of repeat business from large customers. However, its largest customers remain the promoter group's marketing entities in the US. Apart from sales to group companies, JIPL also caters to big customers including Michael Hill Wholesale Pty Limited, Kalyan Jewellers, Titan and Mahendra Brothers, among others.

Comfortable financial risk profile

The company's financial risk profile remains comfortable, supported by a sizeable net worth base of ₹1,470 crore as on March 31, 2025, and limited reliance on borrowings translating into comfortable capital structure and debt coverage indicators. Its overall gearing and TOL/TNW continue to remain strong at 0.09x and 0.29x, respectively, as on March 31, 2025 (PY: 0.13x and 0.39x, respectively). Its debt coverage indicators also remain healthy with PBILDT interest coverage and total debt/PBILDT at 18.12x and 0.64x, respectively, in FY25 (PY: 10.37x and 0.97x, respectively). The company is expected to continue to maintain a comfortable financial risk profile in the medium term.

Key weaknesses

Consistent decline in revenue owing to declining diamond realisations and geopolitical headwinds

The company's total operating income (TOI) declined by ~7% to ₹3,100.79 crore in FY25 (FY24: ₹3,325.06 crore), primarily due to lower CPD sales and overall sluggish demand scenario in natural diamond and studded jewellery driven by a growing shift toward lab-grown diamonds, and geopolitical challenges. The trend has continued in H1FY26 with 12% y-o-y decline in revenue to ₹1464 crore (H1FY25: ₹1654.87 crore) with imposition of punitive tariff by the US on imports from India.

Operating margin improved to 6.6% in FY25, supported by a higher revenue contribution from the jewellery segment. However, margins are expected to moderate by 100-200 bps y-o-y due to increased costs under the reprocessing model, where metal castings are imported from the US group company for final processing and subsequently re-exported.

Elongated working capital cycle

The company's working capital cycle remains elongated owing to sizeable inventory stocking requirements and high credit period extended to export customers. Its operating cycle deteriorated to 147 days in FY25 (FY24: 132 days) primarily due to increase in collection days in the year. A major portion of receivables is from promoter group companies as a higher credit period was offered to them to counter the weaker demand and evolving geopolitical conditions. Inventory levels also remain elevated, driven by sizeable stock holdings and price volatility in metals. A substantial share of inventory comprises rough and polished diamonds, which are highly susceptible to price fluctuations. CareEdge Ratings expects a further elongation in JIPL's working capital cycle in the near term to 180-200 days due to higher inventory stocking in the light of longer lead times for import of castings and favourable credit terms being extended to key customers.

Susceptible to raw material price volatility, foreign exchange fluctuation and competition

JIPL's key raw materials include rough diamonds, polished diamonds, gold and other precious metals, whose prices exhibit high volatile owing to demand-supply conditions and geopolitical factors. With requirements of holding sizeable inventory, heightened volatility in prices of key raw materials could impact JIPL's revenue and profitability, as has been the case in the past. To mitigate this risk, JIPL partly hedges gold price volatility through forward contracts on the Multi Commodity Exchange (MCX). With exports contributing over 50% of total revenue in the last three years, the company is also exposed to foreign exchange fluctuation risk, despite some natural hedge from imports of rough diamonds. The company recorded a forex gain of ₹30.61 crore in FY25 (PY:

₹23.25 crore) considering favourable exchange rate movements. The diamond industry is fragmented, with low value addition and intense competition, which limits its pricing power. However, the company's established presence in the industry and reputed brand name helped develop healthy business relationships with its customers and its suppliers.

Liquidity: Strong

The company's liquidity position remains strong, supported by expected healthy gross cash accruals of ~₹100 crore per annum in the next 1-2 years against negligible repayment obligations towards lease liabilities. Average utilisation of working capital limits stood comfortable at ~15% for 12 months ended October 30, 2025, indicating a sizeable liquidity buffer. JIPL also has free cash and cash equivalents of ~₹88 crore as on September 30, 2025 (₹206 crore as on March 31, 2025). However, due to a sizeable increase in receivables, net cash flow from operations turned negative at ₹7 crore as on March 31, 2025. Its current ratio stood at 4.31x and quick ratio at 2.20x as on March 31, 2025.

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
Short Term Instruments
Cut and Polished Diamonds

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Gems, jewellery and watches

JIPL is engaged in processing and trading diamonds ranging from 10 cents to 3 carats. The company also undertakes manufacturing and export of diamond-studded jewellery through its three jewellery units in Santacruz Electronics Export Processing Zone (SEEPZ) and another in Andheri, Mumbai. It was originally incorporated as P.D. Kothari & Co. in 1966 as a family-run partnership engaged in cutting and polishing of diamonds. It was later converted into a private limited company in October 2004. JIPL is a DTC sight holder since 1971.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	8MFY26 (UA)
Total operating income	3325.06	3100.79	2062.00
PBILDT*	176.36	204.76	NA
Profit after tax (PAT)	100.80	130.68	NA
Overall gearing (x)	0.13	0.09	NA
Interest coverage (x)	10.37	18.12	NA

A: Audited UA: Unaudited; NA: Not available Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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 - LT/ ST-EPC/PSC	-	-	-	-	400.00	CARE A; Negative / CARE A1

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-EPC/PSC	LT/ST	400.00	CARE A; Negative / CARE A1	-	1)CARE A; Negative / CARE A1 (05-Nov-24)	1)CARE A; Negative / CARE A1 (11-Mar-24)	1)CARE A; Stable / CARE A1 (14-Mar-23) 2)CARE A; Stable / CARE A1 (07-Apr-22)

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 - LT/ ST-EPC/PSC	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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