Utssav CZ Gold Jewels Limited

August 17, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	247.00 (Enhanced from 147.00)	CARE BBB+; Stable / CARE A3+	LT rating upgraded from CARE BBB; Stable and ST rating reaffirmed
Long-term bank facilities	RBI	1.66 (Reduced from 2.00)	CARE BBB+; Stable	Upgraded from CARE BBB; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Upgrade in the long-term rating and reaffirmation of the short-term rating assigned to bank facilities of Utssav CZ Gold Jewels Limited (UGJL) considers the significant improvement in the company's scale of operations in FY26 (refers to April 01 to March 31), supported by growing sales volume and rising gold prices while maintaining healthy profitability translating into comfortable financial risk profile, and CARE Ratings Limited's (CareEdge Ratings') expectations of sustained performance in the medium term aided by its established market position as among largest manufacturers of cubic zirconium (CZ) studded jewellery, expansion of product portfolio through plain gold and diamond-studded jewellery, and experienced promoters. UGJL's operating income grew by ~79% year-over-year (y-o-y) to ₹1,155 crore in FY26, considering ~19% y-o-y growth in sales volume supported by expansion of product portfolio through plain gold and diamond-studded jewellery, which contributed ~10% of overall revenue in FY26, and rising gold prices. CareEdge Ratings expects the company's revenue to continue to grow by 30-40% y-o-y in FY26, supported by steady demand for CZ-studded jewellery backed by established customer base and scale-up of plain gold and diamond-studded jewellery, whose contribution to overall revenue is expected to grow to 20-25% in the medium term. UGJL's profit before interest, lease rent, depreciation, and amortisation (PBILDT) margin improved by 174 bps y-o-y to 7.89% in FY26, supported by inventory gains and better absorption of fixed costs. With expectations of relative stability in gold prices in the near term, change in product mix, and intensifying competition in the industry, the PBILDT margin is expected to normalise to ~6% p.a. over the coming years.

Ratings continue to favourably factor in the company's adequate capital structure marked by overall gearing and total outside liabilities-to-tangible net worth ratio (TOL/TNW) of 0.95x and 1.07x, respectively, as on March 31, 2026, and comfortable coverage metrics. Ratings also consider UGJL's established customer base with sales to branded jewellers, contributing ~30% of revenue while the balance is through sales to a wide network of distributors, wholesalers, and smaller retailers. However, ratings remain constrained by the working capital intensive operations translating into reliance on external borrowings to support business growth. Ratings also remain constrained by UGJL's profitability susceptible to fluctuations in gold prices and presence of intense competition in the jewellery industry, which limits pricing flexibility.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Volume-driven growth in operating revenue above ₹2,000 crore while sustaining PBILDT margin above 7% p.a.
- Significant improvement in net worth base above ₹350 crore with improvement in overall gearing below 0.75x.
- Improvement in business risk profile driven by customer and product diversification.

Negative factors

- Decline in scale of operation below ₹800 crore and/or PBILDT margin below 5% leading to pressure on cash accruals on a sustained basis.
- Deterioration in TOL/TNW above 1.25x and/or PBILDT interest cover below 4x on a sustained basis.
- Significant elongation in working capital cycle leading to stretch in liquidity.

Analytical approach: Standalone

While arriving at ratings, CareEdge Ratings has considered the standalone financial statements of UGJL. CareEdge Ratings also notes that the company has incorporated a wholly owned subsidiary 'Utssav Gold and Diamond Private Limited' from July 29, 2026, for the purpose of manufacturing and trading diamond-studded jewellery, which is currently in nascent stages of operations.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.
[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Outlook: Stable

The Stable outlook reflects CareEdge Ratings' expectations that UGJL will maintain adequate financial risk profile in the medium term, while benefiting from its established operational track record and experience of promoters.

Detailed description of key rating drivers

Key strengths

Growing scale of operations and steady profitability

The company has witnessed a significant growth in its scale of operations, with operating income increasing by 79% y-o-y to ₹1,155 crore in FY26 from ₹644 crore in FY25, driven by healthy volume growth of ~19% and improved realisations amid higher gold prices. The improvement in volume is owing to strong relationship with clients and introduction of plain gold jewellery segment, leading to portfolio diversification. The company is expected to maintain healthy revenue growth in FY27, supported by sustained growth in volumes, partly considering scale up of plain gold and diamond-studded jewellery segment whose contribution to revenue is likely to increase to 20-25% in the medium term, and higher realisations. While UGJL's PBILDT margin improved to 7.89% in FY26 from 6.15% in FY25, owing to inventory gains, this is expected to normalise to ~6% in the medium term.

Adequate capital structure and debt coverage indicators

UGJL's capital structure remains adequate with overall gearing and TOL/TNW improving to 0.95x and 1.07x, respectively, as on March 31, 2026 (PY: 1.03x and 1.13x, respectively). Its capital structure has recorded significant improvement in the last two years since FY24, where overall gearing and TOL/TNW stood at 2.14x and 2.52x, respectively, as on March 31, 2024, considering substantial growth in net worth base to ~₹197 crore as on March 31, 2026, aided by equity infusion through initial public offering (IPO; ~₹69 crore), subscription and conversion of share warrants by promoters and healthy business accruals. Its debt coverage indicators also remain healthy marked by PBILDT interest coverage and total debt/PBILDT of 7.89x and 2.04x, respectively, in FY26 (PY: 6.42x and 3.28x, respectively). Going forward, the company is expected to maintain adequate financial risk profile.

Extensive experience of promoters in gold jewellery industry

UGJL is promoted by Pankajkumar Jagawat and Shashank Jagawat, who together have over two decades of experience in the gold and CZ-studded jewellery manufacturing business. Since the company's inception in 2007, promoters have been actively involved in strategic and operational management, contributing to the company's steady growth. Promoters also own Shanti Gold International Limited (SGIL; rated CARE A-; Stable / CARE A2+), which is engaged in manufacturing plain gold and diamond-studded gold jewellery.

Key weaknesses

Working capital intensive business

UGJL's operations remain working capital intensive owing to significant inventory holding requirements due to its stock-and-sell business model, rising gold prices and extension of credit period to wholesalers and distributors. The company procures gold primarily on a cash basis while offering its customers a credit period of 30–60 days. To cater to varied customer preferences, UGJL maintains a range of jewellery designs in stock, translating to ~30–45 days of inventory. Consequently, the company's working capital cycle stood at 84 days in FY26 (PY: 76 days), and its cash flow from operations was negative at ₹60.87 crore in FY26. High working capital intensity of operations translates into reliance on working capital bank borrowings as indicated by the company's high average working capital limit utilisation at ~96% for 12-months ending March 31, 2026. Going forward, the company's ability to support its incremental working capital requirements with internal accruals remains a key credit monitorable.

Exposure to gold price volatility and competitive pressure

The company's revenue and profitability remains exposed to fluctuations in gold prices, which exhibit inherent volatility owing to its widely traded nature, given its significant inventory holding under the stock-and-sell business model. Significant correction in gold prices could materially impact the company's operating performance in the absence of a defined gold price hedging mechanism. The company follows the practice of daily matching of sale and purchase volumes at prevailing market prices, which mitigates the risk to an extent. The jewellery manufacturing industry is highly unorganised and fragmented with presence of numerous small and medium players, which exposes the company to intense competition, limiting its pricing flexibility and constraining its margins.

Liquidity: Adequate

The liquidity remains adequate with expected gross cash accruals (GCA) of ₹60-75 crore p.a. in the next 1-2 years against negligible term debt repayment obligation. While the average utilisation of sanctioned fund-based bank limits stood high at ~96%

for 12 months ending March 31, 2026, the company was routinely sanctioned enhanced limits of ~₹75 crore during the year with a further enhancement in sanctioned limits by ₹50 crore to ₹247 crore (including ₹15 crore non-fund-based limits fully interchangeable with fund-based limits) from July 2026, indicating adequate liquidity buffer. The current ratio as on March 31, 2026, stood at 1.68x (PY: 1.66x) and quick ratio at 0.93x (PY: 1.07x).

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

About the company and industry

Industry classification

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

Incorporated in 2007, UGJL is engaged in manufacturing jewellery made from precious metal and semi-precious stone. The company specialises in CZ studded gold and rose gold jewellery, with a diversified product portfolio comprising rings, earrings, pendants, bracelets, necklaces, watches, and brooches. UGJL operates a production facility in Andheri, Mumbai, with an installed capacity of 2000 kg per annum, catering to customers across India and few international markets.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	646.48	1154.90
PBILDT	39.76	91.14
PAT	25.06	59.06
Overall gearing (times)	1.03	0.95
Interest coverage (times)	6.42	7.22

A: Audited; Note: These are latest available financial results.
PBILDT: Profit before interest, lease, 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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-	-	-	-	247.00	CARE BBB+; Stable / CARE A3+
Term Loan-Long Term	RBI	Simple	-	-	-	31-01-2027	1.66	CARE BBB+; Stable

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 2026-2027	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
1	Fund-based/Non-fund-based-LT/ST	LT/ST	247.00	CARE BBB+; Stable / CARE A3+	-	1)CARE BBB; Stable / CARE A3+ (23-Sep-25)	-	-
2	Term Loan-Long Term	LT	1.66	CARE BBB+; Stable	-	1)CARE BBB; Stable (23-Sep-25)	-	-

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: 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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About us:

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