Rating report
Utssav CZ Gold Jewels Limited

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	2.00	CARE BBB; Stable	Assigned
Long-term / Short-term bank facilities	147.00	CARE BBB; Stable / CARE A3+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Utssav CZ Gold Jewels Limited (UGJL) factor in the promoters' extensive experience in the gold jewellery industry, UGJL's comfortable capital structure and debt coverage indicators, growing scale of operations with moderate profitability, and its adequate liquidity profile.

However, ratings remain constrained by the working capital intensive operations, profitability susceptible to fluctuations in gold prices due to unhedged inventory, 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 scale of operations marked by total operating income (TOI) above ₹1,000 crore while maintaining profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 7%.
- Improvement in capital structure with overall gearing below 0.75x on a sustained basis.
- Improvement in working capital cycle with operating cycle days reducing below 60 days on a sustained basis.

Negative factors

- Volume-driven decline in scale of operation marked by TOI below ₹500 crore and significant moderation in profitability.
- Any large debt-funded capex leading to deterioration of debt coverage indicators, marked by term debt/gross cash accruals (GCA) above 0.75x on a sustained basis.
- Any further deterioration in working capital cycle leading to stretch of liquidity.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectations that UGJL shall continue maintaining 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:

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, both promoters have been actively involved in strategic and operational management, contributing to the company's steady growth.

The promoters also own Shanti Gold International Limited (SGIL), incorporated in 2003 and engaged in manufacturing of CZ-studded gold jewellery. SGIL was recently listed on NSE and BSE in August 2025. The promoters' established presence through SGIL underscores their industry expertise, market relationships, and access to formal sources of capital.

Comfortable capital structure and debt coverage indicators

UGJL's capital structure improved significantly, with overall gearing improved to 1.03x as on March 31, 2025 (PY: 2.14x), aided by sizeable equity infusion through private placement and IPO (₹75 crore) and profit accretion of ₹25 crore. Net worth consequently strengthened to ₹126.16 crore as on March 31, 2025. Total debt primarily comprises working capital borrowings, with negligible term liabilities outstanding. While absolute debt levels remained broadly stable, the sharp increase in equity base drove the gearing improvement.

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

UGJL's debt coverage indicators remained comfortable marked by PBILDT interest coverage of 6.42x, total debt/ PBILDT of 3.28x and total debt/ GCA of 4.98x in FY25. Total debt primarily comprises working capital limits with negligible term debt o/s.

Growing scale of operations and moderate profitability
UGJL's scale of operations grew by compound annual growth rate (CAGR) of 65% in the last three years and stood moderate at 646.48 crore in FY25 against ₹340.39 crore in FY24. The significant growth is aided by rising gold prices and volume growth of 42% y-o-y.

Profitability of company remained moderate marked by PBILDT margin of 6.15% in FY25 against 6.30% in FY24. Cost of metal comprises 93% of the total sales and thus efficient inventory management remains the key to maintain profitability. Management expects the profitability to improve marginally going forward on the back of addition of diamond-studded jewellery in the product mix, which is a higher margin segment.

Working capital intensive nature of business
UGJL's operations are working capital intensive. The company procures gold primarily on a cash basis while offering its customers a credit period of 30–60 days. Additionally, 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 76 days in FY25, compared to 71 days in FY24. As a result of this business model, cash flow from operations was negative at ₹83.05 crore in FY25. Also, utilisation of working capital limits remains moderate at ~80-90%.

Profitability margins susceptible to gold price volatility and competitive pressure
UGJL's profitability remains exposed to fluctuations in gold prices, as a significant portion of its inventory is unhedged. High inventory levels of raw materials amplify this risk. Additionally, the company operates in a highly competitive jewellery market, which is largely unorganised, constraining pricing flexibility and limiting the ability to pass on cost increases to customers. UGJL's operations remain concentrated in CZ-studded jewellery with limited presence in plain gold, diamond, or watches, exposing the company to potential revenue impact from shifts in consumer preferences.

Liquidity: Adequate
Liquidity of UGJL remains adequate marked by GCA of ~₹26 crore in FY25 against negligible debt repayment. Also, UGJL had free cash and bank balances of ~₹30 crore at FY25-end. Also, current ratio remains moderate at 1.66x.

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 located in Andheri, Mumbai, with an installed capacity of 1500 kg per annum, catering to customers across India and few international markets.

Financial performance

(₹ crore)

For the period ended March 31,	2023 (12m, A)	2024 (12m, A)	2025 (12m, A)
Working results			

Total operating income	238.19	340.39	646.48
PBILDT	12.36	21.45	39.76
Interest	3.72	5.14	6.19
Depreciation	0.55	0.59	1.12
PBT	9.61	17.17	33.03
PAT (after deferred tax)	7.15	12.85	25.06
Gross cash accruals	7.61	13.52	26.16
Financial position			
Equity capital/Partners' capital	4.20	16.80	23.82
Net worth	21.88	34.14	126.16
Total capital employed	71.79	107.95	256.94
Key ratios			
Growth			
Growth in total income (%)	93.18	42.91	89.92
Growth in PAT (after deferred tax) (%)	129.74	79.70	95.05
Profitability			
PBILDT/Total Op. income (%)	5.19	6.30	6.15
PAT (after deferred tax)/ Total income (%)	3.00	3.77	3.88
ROCE (%)	21.74	24.83	21.50
Solvency			
Debt equity ratio (times)	0.40	0.12	0.03
Overall gearing ratio(times)	2.27	2.14	1.03
Interest coverage(times)	3.32	4.17	6.42
Term debt/Gross cash accruals (years)	1.15	0.31	0.12
Total debt/Gross cash accruals (years)	6.52	5.39	4.98
Liquidity			
Current ratio (times)	1.40	1.06	1.66
Quick ratio (times)	0.93	0.80	1.07
Turnover			
Average collection period (days)	41	47	46
Average inventory (days)	34	26	31
Average creditors (days)	1	1	1
Operating cycle (days)	74	71	76

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

Status of non-cooperation with previous CRA: Infomerics has placed ratings assigned to bank facilities of UGJL in "Issuer Not co-operating" category vide press release dated September 05, 2025, considering its inability to carry out a review in absence of requisite information.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Details of rated facilities: Annexure-3

Complexity level of instruments rated: Annexure-4

Detailed explanation of covenants of rated instrument / facility: 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		-	-	-	147.00	CARE BBB; Stable / CARE A3+
Term Loan-Long Term		-	-	06-01-2027	2.00	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 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	147.00	CARE BBB; Stable / CARE A3+				
2	Term Loan-Long Term	LT	2.00	CARE BBB; Stable				

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

Annexure-3: Details of facilities rated

1. Long-term facilities

1.A. Term loans

Sr. No.	Name of Bank / Lender	Rated Amount (₹ crore)	Debt Repayment Terms
1.	Saraswat Bank	2.00	Repayable in monthly equal instalments of ₹11.10 lakh ending January 2027.
	Total	**2.00**	

Total long-term facilities: ₹2.00 crore

2. Long-term / Short-term facilities

2.A. Fund-based /Non-fund-based limits

Sr. No.	Name of Bank / Lender	Rated Amount (₹ crore)	Remarks
1.	Saraswat Bank	97.00	Cash credit; includes sublimit of working capital demand loan, packing credit, post shipment credit and bank guarantee
2.	Yes Bank Ltd.	50.00	Cash Credit
	Total	**147.00**	

Total long-term / short-term facilities: ₹147.00 crore

Total facilities (1. A+2.A): ₹149.00 crore

Annexure-4: Complexity level of instruments rated

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

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.

Annexure-5: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Contact Us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Ujjwal Manish Patel Director **CARE Ratings Limited** Phone: +91-079-4026 5649 E-mail: ujjwal.patel@careedge.in
Relationship Contact Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in	Anup Nandkumar Purandare Assistant Director **CARE Ratings Limited** Phone: +91-020-4000 9018 E-mail: anup.purandare@careedge.in Harsh Shah Lead Analyst **CARE Ratings Limited** E-mail: Shah.Harsh@careedge.in

(This follows our press release dated September 23, 2025)

About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

CONTACT

CARE Ratings Ltd.
Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone: +91-22-6754 3456

REGIONAL OFFICES

AHMEDABAD
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Phone: +91-79-4026 5656

ANDHERI – MUMBAI
A Wing - 1102 / 1103, Kanakia Wall Street,
Andheri Kurla Road, Chakala, Andheri (E),
Mumbai - 400 093

BENGALURU
Unit No. 205-208, 2nd Floor, Prestige Meridian 1,
No. 30, M.G. Road, Bengaluru, Karnataka - 560 001
Phone: +91-80-4662 5555

CHENNAI
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002
Phone: +91-44-2849 7812 / 0811

COIMBATORE
T-3, 3rd Floor, Manchester Square,
Puliakulam Road, Coimbatore - 641 037
Phone: +91-422-433 2399 / 450 2399

HYDERABAD
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029
Phone: +91-40-4010 2030

KOLKATA
Unit No. A/7/4, 7th Floor,
Block A, Apeejay House,
15 Park Street, Kolkata - 700 016
Phone: +91-33-4018 1600

NOIDA
9th floor, C-001/A2, Berger Towers, Sector 16B,
Noida, Gautam Budh Nagar, Uttar Pradesh -201301
Phone: +91-120-4452000

PUNE
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 016
Phone: +91-20- 4000 9000

CIN - L67190MH1993PLC071691