



**Press Release**  
**ASHA DIAMOND**  
**June 03, 2025**  
**Rating Reaffirmed and Withdrawn**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	17.00	ACUITE BB+   Stable   Reaffirmed	-
Bank Loan Ratings	3.00	Not Applicable   Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	17.00	-	-
Total Withdrawn Quantum (Rs. Cr)	3.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of '**ACUITÉ BB+**' (read as **ACUITÉ Double B Plus**) on the Rs. 17.00 Cr. bank facilities Asha Diamond (AD). The outlook is **"Stable"**.

Acuite has also withdrawn the proposed long term bank facility of Rs. 3.00 Cr. without assigning any rating as it is a proposed long bank facility for Asha Diamond (AD). The rating has been withdrawn on account of the request received from the issuer.

The rating has been withdrawn as per Acuite's policy of withdrawal of ratings as applicable to the respective instrument/facility.

**Rational for Reaffirmation**

The rating factors the declining operating performance and profitability margins due to sluggish demand in the gems and jewellery industry for cut and polished diamonds. The operating income of the firm stood at Rs. 103.06 Cr. in FY25(Provisional) as against Rs. 116.92 Cr. in FY23 and the EBITDA margin declined to 1.77% in FY25(Provisional) as against 2.85% in FY24. However, the financial risk profile of the firm stands above average with low gearing levels, comfortable debt coverage indicators, and moderate net worth. Further, the operations of the firm are working capital intensive, as marked by GCA days which stood at 309 days as on as on 31st March 2025(Provisional) against 282 days as on 31st March 2024. However, the reliance on bank limits is moderate with average bank limit utilization of the last 6 months ended March-2025 at 55%. The rating further continues to derive strength on account of AD's established track record of operations and management's long-standing experience in the diamond industry. Going forward, movement in the scale of operations while maintaining the profitability margins along with further elongation in working capital cycle will be a key rating monitorable.

**About the Company**

Asha Diamond based out of Mumbai was set up as a proprietorship firm in 2009 by Mr. Chandresh Gandhi. In 2012, it was converted into a partnership firm and the current partners are Mr. Sanket Gandhi and Mr. Mihir Shah. The firm is engaged in processing of small & large carat diamonds and has its processing unit at Surat (Gujarat). The firm exports to countries such as Hong Kong, USA, UAE, Israel, and Belgium which forms ~30% of its revenues FY25.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuité has considered the standalone business and financial risk profile of Asha Diamond (AD) to arrive at the rating.

## Key Rating Drivers

### Strengths

#### Experienced management and long track record of operations

The firm has established presence in diamond industry since 2009 and is well supported by extensive experience of the partners. The Gandhi family is into diamond business for more than four decades. Other partner Mr. Mihir Shah has over a decade experience and have developed healthy relationships with its customers and suppliers in the diamond industry.

Acuite believes that the business risk profile of the firm will continue to derive strength on the back of established customer relationships and experienced promoters.

#### Above Average Financial Risk Profile

The financial risk profile of the firm stood average, marked by moderate net worth, low gearing and comfortable debt protection metrics. The tangible net-worth of the firm stood at Rs. 78.67 Cr. as on 31st March 2025(Provisional) against Rs. 80.05 Cr. as on 31st March 2024. The decline is attributed the withdrawal of Rs. 2.50 Cr. of capital for the purpose of investment in Flawless Alure Grown Diamonds. The total debt of the firm is Rs. 15.01 Cr. as on 31st March 2025(Provisional) against Rs. 11.14 Cr as on 31st March 2024. The gearing stands low at 0.19 times in FY25(Provisional) against 0.14 times in FY24. Further, the interest coverage ratio of the firm stood at 4.16 times in FY25(Provisional) against 2.95 times in FY24. The debt service coverage ratio stood at 4.10 times in FY25(Provisional) against 2.69 times in FY24. The TOL/TNW stood at 0.25 times in FY25(Provisional) against 0.29 times in FY24. Acuite believes that the financial risk profile of the firm is likely to stay above average over the medium term on account of absence of any major debt funded capex plans.

### Weaknesses

#### Decline in scale of operations and moderation in profitability margins

The firm have achieved a revenue of Rs. 103.06 Cr. in FY25(Provisional) against Rs. 116.92 Cr. in FY24. The decrease of 11.86% is attributed to the overall decline of the diamond manufacturing industry because of the growing demand for substitute product “Lab Grown Diamonds”, reduced demand in major export destinations (America & China) and supply side issues such as G7 Sanctions on Russian origin diamonds. The EBITDA margins of the firm stood at 1.77 % in FY25(Provisional) as compared to 2.85% in FY24. The decline can be attributed to the fall in the realizable value of natural diamonds. The PAT margins of the firm stood at 0.05% in FY25(Provisional) as compared to 0.53% in FY24. Going forward, the firm is likely to observe slight improvement in the profitability margins. However, the topline is expected to stay on the same levels on account of decreased demand of natural diamonds in national as well as international markets.

#### Intensive Working Capital Operations

The working capital operations of the firm remained intensive marked by GCA days which stood at 309 days as on as on 31st March 2025(Provisional) against 282 days as on 31st March 2024. The inventory days of the firm stood at 206 days as on 31st March 2025(Provisional) as against 244 days as on 31st March 2024. However, the debtor days of the firm stood at 117 days as on 31st March 2025(Provisional) against 32 days as on 31st March 2024. The decrease in inventory days can be attributed to the decrease in the inventory of lower carat diamonds which has been done in accordance with the management’s plan. On the other hand, the creditor days of the firm stood at 19 days as on 31st March 2025(Provisional) against nil balance for creditors as on 31st March 2024. Acuite believes that AD is likely to see a slight improvement in the working capital operations on account of better inventory management.

### Rating Sensitivities

Movement in the Scale of Operations while maintaining profitability.

Movement in the Working Capital Cycle.

### Liquidity Position

#### Adequate

The liquidity profile of the firm is adequate. The firm generated a net cash accrual of Rs. 1.44 Cr. as on as on 31st March 2025(Provisional) against nil debt repayment obligations in the same period. The current ratio stands at 4.80 times as on 31st March 2025(Provisional) against 4.49 times as on 31st March 2024. The NCA/TD stood at 0.10 times in FY25(Provisional) as against 0.20 times in FY24. Further, the average bank limit utilization at the month end balance stood low at 55% for 6 months ending March-25. Acuite believes that the liquidity of AD is likely to remain adequate over the medium term on account low albeit sufficient cash accruals against nil debt repayment obligations.

**Outlook : Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	103.06	116.92
PAT	Rs. Cr.	0.05	0.61
PAT Margin	(%)	0.05	0.53
Total Debt/Tangible Net Worth	Times	0.19	0.14
PBDIT/Interest	Times	4.16	2.95

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Mar 2024	Post Shipment Credit	Long Term	17.00	ACUITE BB+   Stable (Downgraded (Negative to Stable) from ACUITE BBB-   Negative)
	Proposed Long Term Bank Facility	Long Term	3.00	ACUITE BB+   Stable (Downgraded (Negative to Stable) from ACUITE BBB-   Negative)
	Post Shipment Credit	Long Term	3.00	ACUITE BB+ (Downgraded & Withdrawn from ACUITE BBB-   Negative)
	Proposed Long Term Bank Facility	Long Term	11.00	ACUITE Not Applicable (Withdrawn)
	PC/PCFC	Long Term	26.00	ACUITE Not Applicable (Withdrawn)
	PC/PCFC	Long Term	10.00	ACUITE Not Applicable (Withdrawn)
	Stand By Line of Credit	Long Term	10.00	ACUITE Not Applicable (Withdrawn)
08 Dec 2022	Post Shipment Credit	Long Term	20.00	ACUITE BBB-   Negative (Reaffirmed (Stable to Negative))
	Proposed Long Term Bank Facility	Long Term	14.00	ACUITE BBB-   Negative (Reaffirmed (Stable to Negative))
	PC/PCFC	Long Term	26.00	ACUITE BBB-   Negative (Reaffirmed (Stable to Negative))
	PC/PCFC	Long Term	10.00	ACUITE BBB-   Negative (Reaffirmed (Stable to Negative))
	Stand By Line of Credit	Long Term	10.00	ACUITE BBB-   Negative (Reaffirmed (Stable to Negative))
18 Jan 2022	PC/PCFC	Long Term	34.00	ACUITE BBB-   Stable (Reaffirmed (Negative to Stable))
	PC/PCFC	Long Term	26.00	ACUITE BBB-   Stable (Reaffirmed (Negative to Stable))
	PC/PCFC	Long Term	10.00	ACUITE BBB-   Stable (Assigned)
	Stand By Line of Credit	Long Term	10.00	ACUITE BBB-   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Punjab National Bank	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	17.00	Simple	ACUITE BB+   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	Not Applicable Withdrawn

## Contacts

Mohit Jain Senior Vice President-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Shubham Jain Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a>

### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

**Note:** None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.