



Press Release
NATIONAL GOLD AND DIAMOND
October 08, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	70.00	ACUITE BB+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	70.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) on the Rs. 70.00 Cr. bank facilities of National Gold and Diamond (NGD). The outlook is '**Stable**'.

Rationale for rating assigned

The rating assigned considers the firm's established track record and the management's extensive experience of over fifteen years along with improving business risk profile. The rating is further supported by an adequate liquidity position. However, these strengths are partly offset by the firm's average financial risk profile marked by low net worth, average gearing and comfortable coverage indicators, moderate working capital intensity, capital withdrawal risk associated with the constitution of a partnership firm and geographical concentration risks in an intensely competitive gems and jewellery industry.

About the Company

National Gold and Diamond - NGD (erstwhile National Gold Palace) was established as a partnership firm in December 2008 and was renamed as National Gold and Diamond on 1st April 2016. The firm is engaged in the retailing of gold, silver, platinum, and diamond/pearl-studded jewellery, watched and gemstones through its sole G+1 retail outlet, spread over 4,600 sq. ft., located in Thirthahalli, Shimoga (Karnataka). The firm has five partners; however, day-to-day operations are managed by Mr. Yusuf Haider and Mr. Moiddin Kabeer. NGD is coming up with a retail outlet in Shimoga, Karnataka, approximately 60 KMs from the existing store. The new showroom will be housed in an owned property, comprising a ground plus three-floor structure with a total built-up area of 20,000 square feet and is scheduled to commence operations in April 2026.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of National Gold and Diamond (NGD) to arrive at the rating.

Key Rating Drivers

Experience management and established track record of operations

NGD (erstwhile National Gold Palace) was established as a partnership firm in December 2008 and was renamed as National Gold and Diamond on 1st April 2016. The firm is engaged in the retailing of gold, silver, platinum, diamond-studded jewellery, watches, and gemstones through its sole G+1 retail outlet, which spans 4,600 sq. ft. and is located in Shimoga, Karnataka, resulting in a customer base from the surrounding area. The promoters of the firm have over 15 years of experience and understanding of the industry, which has helped them shape the vision of the firm and establish relationships with customers and suppliers. Acuite believes the firm shall continue to benefit from its established position in the industry, experienced management and established relationships with customers and suppliers.

Improving business risk profile along with upcoming capex plan

NGD has witnessed an improvement in its scale of operations, with operating income increased to Rs. 187.47 crore in FY2025 (Prov.) from Rs. 148.01 crore in FY2024. This growth was driven by an increase in sales realization from Rs. 5,564/gm in FY2024 to Rs. 6,872/gm in FY2025 (Prov.) as well as higher sales volumes of gold and diamond over the past few years. The firm recorded revenue of ~Rs. 90 crore with an EBITDA of Rs. 2.71 crore in 5MFY2026. The firm's EBITDA margin improved to 4.45 per cent in FY2025 (Prov.), up from 3.52 per cent in FY2024 and the PAT margin saw a modest increase to 1.77 per cent in FY2025 (Prov.) from 1.42 per cent in FY2024. Acuite believes, the firm would improve its operating performance steadily on the back of favourable market for gold jewellery and improving realisations.

Weaknesses

Average financial risk profile

The financial risk profile of the firm stood average marked by low net worth, average gearing and comfortable debt protection metrics. The net worth of the firm stood at Rs. 21.67 crore as on March 31st, 2025 (Prov.), as against Rs. 17.79 crore as on March 31st, 2024, due to retention of profits to an extent. The total debt of the firm stood at Rs. 26.76 crore as on March 31, 2025 (Prov.) comprising of Rs. 11.51 crore of long-term debt and Rs. 15.25 Cr. short term debt (secured OD). The gearing of the firm stood at 1.23 times as on March 31, 2025 (Prov.), as against 1.48 times as on March 31, 2024. The TOL/TNW of the firm stood at 2.70 times as on March 31, 2025 (Prov.), as against 2.79 times as on March 31, 2024. Further, the debt protection metrics of the firm stood comfortable as reflected by debt service coverage ratio of 2.08 times for FY2025 (Prov.) as against 2.44 times for FY2024. The interest coverage ratio stood at 2.51 times for FY2025 (Prov.) as against 3.24 times for FY2024. The net cash accruals to total debt (NCA/TD) stood at 0.13 times in FY2025 (Prov.) as against 0.09 times in FY2024.

Further, NGD is in the process of setting up a retail outlet approximately 60 KMs from the existing store. The new showroom will be housed in an owned property, comprising a ground plus three-floor structure with a total built-up area of 20,000 square feet. It is scheduled to commence operations in April 2026. The total capital expenditure for the project is Rs. 28.3 crore, which includes Rs. 17.2 crore allocated for land acquisition in FY 2023–24 and Rs. 11.1 crore for building construction in FY 2025–26. The project is financed through a combination of term loan of Rs. 14.8 crore, partner's capital of Rs. 6.3 crore, cash balance of Rs. 2.8 crore, and projected cash accruals of Rs. 4.4 crore over the implementation period. Furthermore, as learnt from the management the partners would infuse Rs. 3 crore along with incremental cash credit of Rs. 9 crore on commencement of commercial operations of the new store for working capital purpose. Acuite believes, notwithstanding the benefits of the new showroom, the financial risk profile of the firm may continue to remain average over the medium term.

Moderately intensive working capital operations

The working capital operations of the firm is moderate in nature, with Gross Current Assets (GCA) of 112 days in FY2025 (Prov.) and 115 days in FY2024. The inventory levels stood at 109 days in FY2025 (Prov.) as against 103 days in FY2024. The inventory days are on the higher side as the firm, being a jewellery retailer, must maintain sufficient stock to ensure immediate service to customers. Gold accounts for nearly 91 per cent of the total inventory. The debtor days stood at 7 days in FY2025 (Prov.) as against 12 days in FY2024. The firm deals with retail customer where sales are made against cash/card payment. The creditor days stood at 10

days in FY2025 (Prov.) and FY2024. Further, the average utilization for limits is high, averaging around ~85 per cent for fund-based limits over the last sixteen months ending July-2025. Acuite believes that the working capital operations of the firm may continue to remain moderate, considering the nature of operations.

Capital withdrawal risk associated with partnership firm

The firm is exposed to the risk of capital withdrawal considering its partnership constitution. Any significant withdrawal from the partner's capital will have a negative bearing on the financial risk profile of the firm.

Geographic concentration risk in an intensely competitive retail gems and jewellery industry

The firm faces geographic concentration risk, with its revenue generated through one showroom located in Shimoga, Karnataka. The customer base is from Shimoga, with some customers from nearby towns and areas. This geographic footprint makes the firm's revenue growth and profitability dependent on regional conditions and expansion plans. This risk is mitigated by demand for gold and price appreciation.

NGD is also exposed to the vulnerability of gold jewellery demand to gold price fluctuations. Regulatory intervention in the jewellery industry in recent years has affected the demand and supply scenario. Measures such as hallmarking, requirement of permanent account number, disclosure for purchases above limits, restrictions on jewellery saving schemes, increase in import duty, and introduction of sovereign gold bond schemes have influenced consumer preference away from physical gold. The industry remains exposed to regulatory interventions and gold price changes, which affect the demand-supply scenario. Gold jewellery retailing is a fragmented segment, with the presence of organised players and many unorganised ones.

Rating Sensitivities

- Consistent improvement in scale of operation while improving the profitability margin.
- Elongation in working capital operations leading to stretch in liquidity position.
- Changes in financial risk profile owing to higher-than-expected debt funded capex.

Liquidity Position Adequate

The liquidity position remains adequate, evidenced by sufficient net cash accruals offsetting maturing debt obligations. Net cash accruals ranged at Rs. 1.54- 3.61 crore between FY2023 and FY2025 (Prov.), surpassing maturing debt obligations during the same period. Projections indicate adequate liquidity, with expected cash accruals ranging from Rs. 4.44- 8.50 crore against maturing repayment obligations of Rs. 1.97-2.57 crore over the medium term. The cash and bank balance stood at Rs. 0.40 crore as on 31st March 2025 (Prov.) The current ratio stood at 1.21 times on March 31, 2025 (Prov.) Acuite believes the liquidity position of the group may continue to remain adequate with steady cash accruals. Acuite believes that the firm's liquidity position would remain adequate over the medium term on account of expected steady cash accruals. Further, the average utilization for limits is high, averaging around ~85% for fund-based limits over the last sixteen months ending July-2025.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	187.47	148.01
PAT	Rs. Cr.	3.31	2.10
PAT Margin	(%)	1.77	1.42
Total Debt/Tangible Net Worth	Times	1.23	1.48
PBDIT/Interest	Times	2.51	3.24

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

CARE, vide its press release dated September 03rd, 2025 had denoted the rating of National Gold and Diamond as 'CARE B+/Stable; DOWNGRADED AND ISSUER NOT CO-OPERATING'

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.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.

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	Covid Emergency Line.	25 Oct 2021	Not avl. / Not appl.	31 Oct 2027	0.69	Simple	ACUITE BB+ Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.67	Simple	ACUITE BB+ Stable Assigned
Canara Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE BB+ Stable Assigned
Canara Bank	Not avl. / Not appl.	Term Loan	28 Feb 2024	Not avl. / Not appl.	28 Feb 2029	10.64	Simple	ACUITE BB+ Stable Assigned

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