

August 06, 2025

Diamond India Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based – working capital limits	95.00	95.00	[ICRA]A- (Stable); reaffirmed
Total	95.00	95.00	

*Instrument details are provided in Annexure I

Rationale

The assigned rating factors in Diamond India Limited's (DIL) low-risk business profile, healthy debt metrics and strong liquidity position. The company's business operations in bullion business, which accounts for 99% of revenues assume minimal risk, with DIL acting as a facilitator between the supplier and the customer, as it is a nominated agency for the direct import of gold and silver. Owing to the risk-averse nature of the bullion business, DIL's financial profile remains comfortable, with ratio of total outside liabilities vis-à-vis tangible net worth (TOL/TNW) at 1.3 times as on March 31, 2025 (provisional) with outside liabilities dominated by high advances from customers. The liquidity profile is strong with free cash and liquid investments of Rs. 375 crore and fully unutilised sanctioned bank limits of Rs. 95.0 crore as on March 31, 2025 despite cash outflow of Rs. 50 crore in April 2024 for the share buyback. The company does not carry any inventory in the bullion business, eliminating risks related to fluctuation in metal prices or foreign exchange (forex) rates. The rating also derives comfort from DIL's experienced management.

In FY2025, the company's operating profit margins declined to 0.11% in FY2025 from 0.17% in FY2024, largely impacted by losses in the diamond segment, given correction in polished prices on the back of subdued global demand. However, the profit margins are expected to improve gradually in the medium term, benefiting from improving overall scale and reduction of losses in the diamond segment, following liquidation of high-cost inventory in FY2025.

Demand for domestic bullion from the nominated agencies has been impacted to a certain extent following grant of permission to certain qualified jewellers to directly import bullions through the India International Bullion Exchange (IIBX). However, healthy demand from its exporting customers and small domestic jewellers which are not permitted to import directly through IIBX (company's key customers) is likely to continue to support the company's revenues, going forward. ICRA further notes that the indent received under India-UAE CEPA¹ to import most of its gold bullion requirement at concessional custom duty will support its top line to a certain extent.

The rating remains constrained by the trading nature of DIL's business, which remains exposed to stiff competition from gold refineries, resulting in pricing pressure. ICRA also notes that the business is susceptible to uncertainties in gold trading operations due to regulatory measures from the Government of India (GoI), as witnessed in the past. The rating also factors in DIL's exposure to customer concentration risk, as 99% of its revenues are derived from the bullion segment and the top 5 customers accounted for 33% (in gold) and 99% (in silver) of revenues in FY2025.

The Stable outlook on the [ICRA]A- rating reflects ICRA's expectations that DIL will maintain a healthy financial risk profile and comfortable liquidity position, aided by its low-risk business model and experienced management.

¹ Comprehensive Economic Partnership Agreement

Key rating drivers and their description

Credit strengths

Experienced management; status of nominated agency for direct import of gold and silver – DIL was conferred the nominated agency status via Directorate General of Foreign Trade (DGFT) notification no. 88 dated February 26, 2009, for direct import of gold and silver. The operations of the company are overseen by DIL's Chairman, Mr. Praveen Shankar Pandya, who, along with a group of professionals, has been associated with the industry for a long time. Mr. Pandya has extensive experience and serves as the Director of several companies and was the Chairman of the Gems & Jewellery Export Promotion Council (GJEPC) from 1996 to 2000 and 2015 to 2017.

Low-risk business profile of the bullion segment – The company's business model of the bullion segment, which comprises 99% of the company's revenues, is risk free in nature with DIL acting as a facilitator between the customer and the supplier. The company receives payments from customers in advance, does not hold any inventory in the bullion business and does not bear any price or forex risk.

Comfortable financial profile – DIL's financial profile remains comfortable. The company's working capital cycle is supported by customer advances and the consignment nature of sales (in the bullion business), leading to no build-up of debtors. DIL's working capital requirements are primarily driven by its diamonds inventory holding. Robust demand for investment demand for bars and coins, fuelled by the evolving global economic and geopolitical scenario, also resulted in a healthy YoY revenue growth of 51% to Rs. 10,879 crore in FY2025 (provisional) from Rs. 7,218 crore in FY2024. However, demand headwinds in the diamond business impacted its profit margins in FY2025. Nonetheless, the company's financial risk profile remains comfortable due to limited dependence on external debt and low working capital intensity with TOL/TNW of 1.3 times (provisional estimates as on March 31, 2025) with outside liabilities dominated by high advances from customers. The company's liquidity remains strong, with free cash and liquid investments of Rs. 375 crore and fully unutilised sanctioned bank limits of Rs. 95.0 crore as on March 31, 2025.

Credit challenges

Customer and supplier concentration risks – DIL's bullion business faces customer concentration risk with the top 5 customers, contributing 33% and 99% to its gold and silver segment revenues, respectively, in FY2025. However, the customer base across DIL's bullion business of DIL is expanding, with nearly 700 customers in export markets. While supplier concentration of the bullion segment has improved with reduction in supplier share from its top supplier, Standard Bank, the company has a concentrated supplier base as it primarily relies on three international banks/bullion traders.

Thin profit margins, faces competition from refiners and banks – The company is an agency dealing in procurement and distribution of precious metals (like gold and silver) as well as rough diamonds. The company's operating profit margin is low owing to low value additive nature of the business and minimal risks assumed in the bullion business. The operating profit reduced to Rs. 11 crore in FY2025 from Rs. 12.3 crore in FY2024, largely impacted by losses in the diamond segment, given subdued global demand induced correction in polished prices, which fetched a sizeable operating profit in the past, resulting in modest net cash accruals. Moreover, the gross margin of the bullion segment was marginally lower in FY2025 due to change in product mix of silver and alloy business. The company also faces competition from refiners in the precious metal segment, which enjoys duty advantage, along with specified banks, resulting in pricing pressure and challenging demand conditions.

Gold trading operations exposed to regulatory measures by the GoI and volatility in demand for gold – DIL's gold trading operations remain exposed to uncertainties related to regulatory measures adopted by the GoI through DGFT and the Reserve Bank of India (RBI), as witnessed in the past, such as restrictions on gold imports and introduction and withdrawal of the 80:20 scheme. Its revenue and profitability also depend on differential duties, and any adverse change in these can impact DIL's operating performance. The company has been facing demand pressure, particularly since FY2023, following the

grant of permission to certain qualified jewellery manufacturers for direct import through IIBX, which provides them with an added duty advantage as well.

Liquidity position: Strong

DIL's liquidity is strong with healthy unencumbered cash balance and liquid investments of Rs. 375 crore as on March 31, 2025. There is also sufficient cushion available from DIL's undrawn fund-based limits of Rs. 20 crore from the bank (sanctioned limit of Rs. 95 crore), which have largely remained unutilised during the 12-month period ended in March 2025. Besides, the company is expected to generate healthy cash flow from operations in the near term, given the robust demand of gold bullion, which comprises more than 85% of the company's revenues. Against this, the company has no long-term repayment obligation, nor any capital expenditure (capex) plan in FY2026 and FY2027.

Rating sensitivities

Positive factors – ICRA could upgrade DIL's rating if there is any material improvement in its operating profitability, accompanied by a sustained increase in its scale of operations. Diversification in the customer and supplier base will also be positive factors.

Negative factors – The rating may be downgraded if there are any unfavourable regulatory changes, which may affect the business risk profile of the company. Any sizeable cash outflow such as large dividend payout or share buyback, translating in TOL/TNW over 1.5 times on a sustained basis may also result in a rating downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone. DIL has merged its erstwhile subsidiary with itself in FY2025. Hence the analysis is now being done on standalone financials.

About the company

DIL was incorporated in 2002 (commenced operations in 2006) at the behest of the Ministry of Commerce, Government of India, for directly sourcing rough diamonds from mining companies and selling it to manufacturers in India. It was designated as a nominated agency vide DGFT notification No. 88, dated February 26, 2009, for direct import of gold and silver. The company is authorised to supply gold and silver to its member companies and to jewellers in India for domestic sales and exports. It is a trade body, with leading diamond and jewellery manufacturers and exporters of India as its shareholders. DIL's subsidiary, Precious Finserve India Limited, was merged with itself in FY2025.

Key financial indicators

	FY2024	FY2025*
Operating income	7,217.5	10,879.0
PAT	15.2	25.2
OPBDIT/OI	0.2%	0.1%
PAT/OI	0.2%	0.2%
Total outside liabilities/Tangible net worth (times)	0.9	1.3
Total debt/OPBDIT (times)	0.2	0.2
Interest coverage (times)	2.6	1.5

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. crore; PAT: Profit after Tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortization; *Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Aug 6, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based – working capital limits	Long term	95.00	[ICRA]A-(Stable)	Jul 05, 2024	[ICRA]A-(Stable)	Jul 04, 2023	[ICRA]A-(Stable)	Jul 28, 2022	[ICRA]A-(Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term, fund based – working capital limits	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term, fund-based – working capital limits	NA	NA	NA	95.00	[ICRA]A- (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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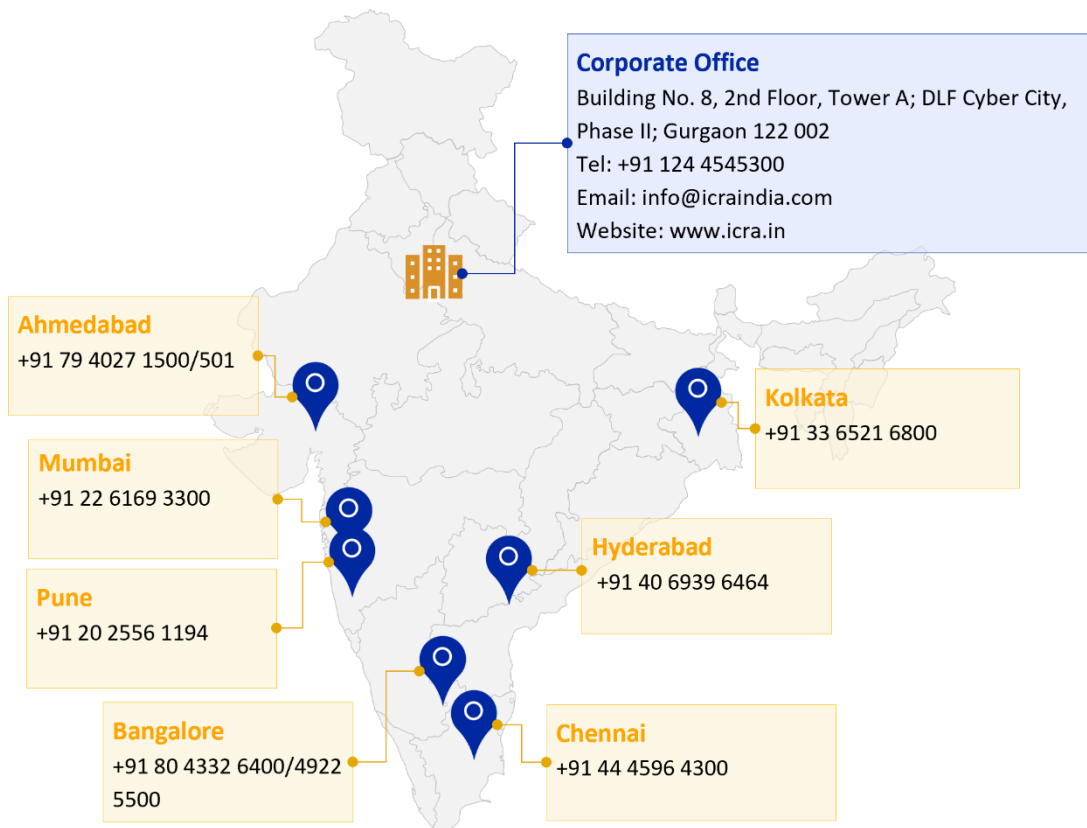
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