April 22, 2025

Aritza Gold Private Limited: [ICRA]BB+(Stable)/[ICRA]A4+; assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long-term term loan	5.50	[ICRA]BB+(Stable); assigned
Long-term fund-based	40.00	[ICRA]BB+(Stable); assigned
Long-term/short-term unallocated	1.50	[ICRA]BB+(Stable)/[ICRA]A4+; assigned
Total	**47.00**	

**Instrument details are provided in Annexure-I*

Rationale

The ratings assigned to the bank facilities of Aritza Gold Private Limited (AGPL) consider its position of being a part of the larger Chennai-based Revanza Group and healthy demand outlook for the overall jewellery industry. Aritza started its operations as a manufacturer of gold jewellery in December 2022 and managed to grow its revenues sharply, which stood at ~Rs. 162.7 crore in FY2024 and Rs. 177.6 crore in 9M FY2025. The profitability was supported by healthy inventory gains and better economies of scale with PAT of Rs. 3.3 crore and Rs. 3.6 crore, respectively in FY2024 and 9M FY2025. Going forward, growth in revenues and margins is likely to be supported by repeat orders from existing clients and the addition of new customers.

The ratings, however, are constrained by its moderate financial risk profile, characterised by subdued capital structure amid low net worth position and stretched liquidity position. Nevertheless, comfort is drawn from the unsecured loans extended by promoters and related parties, which are expected to be converted into equity in the near term. The capitalisation indicators are expected to improve once the existing promoter loans are converted into equity. The coverage indicators are likely to improve, supported by an increase in the scale of operations and better profitability due to higher economies of scale. The ratings also consider the inherent competition in the gold jewellery manufacturing industry, which limits the pricing flexibility of industry players and margins, the vulnerability of earnings to volatility in gold prices and regulatory risks faced by the sector.

The Stable outlook on the long-term rating reflects ICRA's expectation that Aritza is likely to improve its revenues and operating metrics. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, to increase the capacity will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Enjoys financial flexibility for being a part of the Revanza Group – Aritza enjoys healthy financial flexibility as it is a part of the Chennai-based Revanza Group, which includes Revanza Leasing India Private Limited and Revanza Global ventures Private Limited. Ms. Aarthi Lalwani holds a ~100% stake in the company. The promoters have infused Rs. 2.5 crore equity and has extended loans of Rs. 20.3 crore as on December 31, 2024. They are expected to extend adequate and timely financial support going forward, as and when required.

Improving formalisation of jewellery sector would support organised trade – The jewellery manufacturing sector is fragmented with the presence of many unorganised players. However, the regulatory changes mandating increased transparency and compliance are expected to create a difficult operating environment for the unorganised players. Mandatory hallmarking of gold jewellery further supports the organised trade and provides better opportunities for players such as Aritza, leading to improved market share. Aritza started its operations as a manufacturer of gold jewellery in December 2022 and managed to grow its revenues sharply, which stood at ~Rs. 162.7 crore in FY2024 and Rs. 177.6 crore in 9M FY2025. The profitability was supported by healthy inventory gains and better economies of scale with PAT of Rs. 3.3 crore and Rs. 3.6

crore, respectively in FY2024 and 9M FY2025. Going forward, growth in revenues and margins is likely to be supported by repeat orders from existing clients and the addition of new customers.

Credit challenges

Exposed to moderate financial risk profile and geographical concentration risks – The company's financial risk profile is moderate, characterised by subdued capital structure amid low net worth position and stretched liquidity position. Nevertheless, comfort is drawn from the unsecured loans extended by promoters and related parties, which are expected to be converted into equity in the near term. The capitalisation indicators are likely to improve once the existing promoter loans are converted into equity. The coverage indicators are expected to improve, supported by an increase in the scale of operations and better profitability due to higher economies of scale. The interest coverage was adequate at ~3.5 times in 9M FY2025 while the total debt/OPBIDTA was high. As on date, the company derives most of its revenue from Tamil Nadu, exposing itself to geographical concentration risk. However, the company is looking to diversify its revenues, going forward, by adding newer customers from other geographies.

Intense competition limits pricing flexibility – Aritza faces intense competition from organised and unorganised players in the manufacturing segment and other established brands in the market, which limits its pricing flexibility. Further, its earnings remain exposed to volatile gold prices, as seen in the past. Besides, high inventory of unhedged raw materials exposes the company's profitability to volatility in gold prices.

Liquidity position: Stretched

The liquidity of the company is stretched. Given the high working capital requirements in the business, its bank limits of Rs. 40 crore has been fully utilised. Hence, its ability to enhance its working capital limits with the growth in the scale of operations will be critical to improve the liquidity position.

Rating sensitivities

Positive factors – Aritza's rating may be upgraded if the company registers a sustained healthy growth in revenues and earnings, improving in networth and liquidity position, improving geographical diversification and buffer in working capital utilization of atleast 15% on a sustained basis. Specific credit metrics that could lead to a rating upgrade include total outside liabilities/total networth less than 2.5 times on a sustained basis.

Negative factors – The rating may be downgraded, in case of any sustained pressure on the company's operating performance or any large debt-funded capex, which would adversely impact the liquidity and debt protection metrics. Specific credit metrics that could lead to a rating downgrade include interest coverage ratio of less than 2.5 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of Aritza Gold Private Limited

About the company

Aritza was incorporated in April 2022 and started its operations in December 2022. The promoters are part of the larger Revanza Group, which is involved in construction and infrastructure business since 2003. Aritza is a manufacturer of gold jewellery and supplies to retailers. The company has an in-house design team and most of the jewelry is made in machines. Aritza has the capacity to process 15 kg of gold per day. However, it is operating at 3 kg of gold processing per day at present

(20% capacity utilisation). The company has a large portfolio of customers, and the key ones include Misri Gold, Chakra Chains Jewellery P Limited, CSV Investments P Limited, to name a few. Its majority shares are held by Ms. Aarti Lalwani.

Key financial indicators (audited)

Standalone	FY2023	FY2024
Operating income	19.9	162.7
PAT	-3.7	3.3
OPBDIT/OI	-11.8%	5.4%
PAT/OI	-18.5%	2.0%
Total outside liabilities/Tangible net worth (times)	-36.5	32.7
Total debt/OPBDIT (times)	-6.1	7.9
Interest coverage (times)	-2.7	2.8

Amount in Rs crore; Source: Company, ICRA Research; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; total debt includes lease liabilities

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

		Current rating (FY2025)			Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. Crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				April 22, 2025	-		
1	**Term Loans**	Long term	5.50	[ICRA]BB+ (Stable)	-	-	-
2	**Cash Credit**	Long term	40.00	[ICRA]BB+ (Stable)	-	-	-
3	**Unallocated**	Long term/ Short term	1.50	[ICRA]BB+ (Stable)/ [ICRA]A4+	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term Term Loan	Simple
Long term – fund based	Simple
Long term/short term – unallocated	NA

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	**Term loan**	FY2024	-	FY2029	5.50	[ICRA]BB+(Stable)
NA	**Cash Credit**	NA	NA	NA	40.00	[ICRA]BB+(Stable)
NA	**Unallocated facilities**	NA	NA	NA	1.50	[ICRA]BB+(Stable)/ [ICRA]A4+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

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

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