

April 09, 2025

## P. C. Chandra Jewellery Apex Private Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Cash Credit	25.50	25.50	[ICRA]AA- (Stable); Reaffirmed
Short-term – Gold Metal Loan	30.00	30.00	[ICRA]A1+; Reaffirmed
Short-term – Gold Metal Loan (interchangeable)^	(20.00)	(20.00)	[ICRA]A1+; Reaffirmed
<b>Total</b>	<b>55.50</b>	<b>55.50</b>	

\*Instrument details are provided in Annexure I; ^Sublimit of cash credit facility

### Rationale

To arrive at the ratings, ICRA has taken a consolidated view of P. C. Chandra Group (Group), which includes P. C. Chandra Juels International Private Limited (PCCJIPL; rated at [ICRA]AA- (Stable)/ [ICRA]A1+), P C Chandra (Gems) Private Limited (PCCGPL; rated at [ICRA]AA- (Stable)/ [ICRA]A1+), P. C. Chandra & Sons India Pvt Ltd (PCCSIPL; [ICRA]AA- (Stable)/ [ICRA]A1+), P. C. Chandra Jewellery Apex Private Limited (PCCJAPL, rated at [ICRA]AA- (Stable)/ [ICRA]A1+) , P C Chandra (Jewellers) Private Limited (PCCJPL, rated at [ICRA]AA- (Stable)/ [ICRA]A1+) and P.C. Chandra Goldlites India Private Limited (PCCGIPL, rated at [ICRA]AA- (Stable)/ [ICRA]A1+) because of the strong managerial, operational and financial linkages among the Group companies.

The ratings reaffirmation considers the Group's sustenance of healthy financial performance. The Group achieved a robust revenue growth of ~24% in 9M FY2025 on a YoY basis, following a ~13% growth in FY2024, on the back of continuing rise in gold prices, notwithstanding a subdued volumetric demand due to elevated prices, as reflected by a modest ~3% YoY growth in gold sales volume of the Group in 9M FY2025 after a ~1% volume contraction witnessed in FY2024. The Group's revenue growth in the full year of FY2025 is likely to remain healthy, in line with 9M FY2025. A significant surge in the top line is likely to result in better absorption of fixed cost, which coupled with gains on unhedged gold inventory due to the price rise of gold, are likely to result in margin expansion, as well. The Group has added four stores in FY2024 and FY2025 each, and plans to open 10 new stores in FY2026, which are likely to support the revenue growth and improve market presence within and outside West Bengal. Improvement in revenue and profitability is expected to strengthen cash generation and keep the coverage metrics comfortable in the near-to-medium term, notwithstanding a rise in the interest rates of gold metal loans and a likely increase in the working capital debt because of buoyant gold prices and store expansion.

The ratings continue to consider the Group's favourable financial risk profile, reflected by a conservative capital structure with a gearing of only 0.3 times and TOL/TNW of 0.5 times over the last four years, strong debt coverage indicators and a healthy return on capital employed (ROCE) of 17.4% in FY2024, despite high inventory holding, and supported by a comfortable operating margin of more than 10%, which is among the best in the Industry. The ratings continue to draw comfort from the significant market presence of the P.C. Chandra Group (all six companies mentioned above), its strong brand position, and the long experience of its promoters in the business of jewellery manufacturing and retailing, particularly in West Bengal. ICRA expects the business risk profile of the Group to remain comfortable, given the favourable long-term demand outlook for organised jewellery retailers with their growing penetration, evolving lifestyle and growing disposable income of consumers.

The ratings are, however, constrained by the working capital-intensive nature of the Group's operations, mainly on account of high inventory holding. Although high gold inventory provides liquidity back-up to an extent, the same also exposes the Group's profit margins to gold price fluctuations. Additionally, the Group continues to remain exposed to geographical concentration

risks as 49 out of its 64 showrooms (including one mall stop) currently are in West Bengal which accounts for ~90% of the overall sales. Nevertheless, the Group has opened new stores outside West Bengal and with more such stores in pipeline, the concentration is expected to reduce in the medium term. The ratings also factor in the intense competition and a fragmented industry structure, which are likely to keep margins under check. ICRA also notes the inherent regulatory risks in the gems and jewellery industry (which impacted the retailers' performance in the past) and a cautious lending environment, constraining the funding to the sector.

The Stable outlook on the long-term rating reflects ICRA's opinion that the Group's liquidity position, capital structure and debt coverage metrics are likely to remain comfortable and commensurate with the rating level, given its healthy cash accruals and limited reliance on external debt. The Group's leading market position in West Bengal and a calibrated expansion strategy are likely to result in the sustenance of profitable growth demonstrated in the recent years.

## Key rating drivers and their description

### Credit strengths

**Established market presence and goodwill of the P.C. Chandra Group in West Bengal** – The P.C. Chandra Group has been in the gems and jewellery business since 1939. Over the past 85 years, it has developed a strong market position as a jewellery retailer in West Bengal. The goodwill of the brand in eastern India also strengthens the Group's market standing, especially given the importance of trust and the retailer's reputation in jewellery purchase decisions. Even though the jewellery industry in India witnesses tough competition from both the organised as well as the unorganised players, the P.C. Chandra Group has held its own position through superior product quality as well as creative designs. The Group has in-house jewellery manufacturing and designing capabilities and the Group entities operate in various geographical and customer segments under the same P. C. Chandra Jewellers brand, strengthening the overall operational profile of the Group.

**Favourable financial risk profile, characterised by a conservative capital structure, healthy debt coverage indicators and return on capital employed** – The Group's capital structure remained conservative historically, with a sizeable tangible net worth (Rs. 1,575 crore as on March 31, 2024), aided by healthy accretion to reserves vis-à-vis limited reliance on external debt. Its consolidated gearing and TOL/TNW stood at 0.3 times and 0.5 times, respectively, as on March 31, 2024. The Group does not have any external long-term debt (excluding lease liabilities). There is funding support from the promoter Group in the form of interest bearing (9.5%) unsecured loans (Rs. 236 crore as on March 31, 2024), a part of which is renewable on a yearly basis but revolving in nature. The same kept the working capital borrowing limited (only 9% of the overall inventory as on March 31, 2024). Healthy profits and a conservative capital structure lead to strong debt coverage metrics of the Group. The interest coverage stood at 7.4 times in FY2024, which is likely to be strengthened further by higher profits, going forward, notwithstanding a rise in the interest rates of gold metal loans and some increase in working capital borrowings on the back of a sharp rise in gold prices and store expansion. The Group's consolidated gross margin and operating margin stood at 19.7% and 10.5%, respectively, which are among the highest in the industry, despite a moderate share of value-added studded jewellery. Consequently, the Group's ROCE remained healthy above 17% in FY2023 and FY2024, despite high inventory levels, and is likely to improve in the near-to-medium term.

**Favourable long-term demand outlook for organised jewellery retailers** – Increasing regulatory restrictions in the jewellery segment, aimed towards greater transparency, have been shifting the market share in favour of the organised jewellery retailers. This is likely to be an advantage for organised players like the P.C. Chandra Group. The customs duty cut by 9%, from 15% in July 2024, is expected to disincentivise unofficial imports, thus also benefiting the organised players. Moreover, ICRA expects the Group to continue to increase its revenue base, supported by a loyal customer base, especially in West Bengal.

### Credit challenges

**Exposure to geographical concentration risk** – The P. C. Chandra Group (six entities combined) has 64 jewellery showrooms, including one mall stop under its management. Among these, 49 showrooms are in West Bengal and the rest of the stores are spread across different cities in other states viz. Jharkhand, Odisha, Bihar, Tripura, Assam, Delhi, Uttar Pradesh, Karnataka,

Maharashtra and Gujarat. The Group is primarily a regional player, with presence mainly in West Bengal, which exposes it to significant geographical concentration risk, as ~90% of the overall revenue is derived from West Bengal. However, with regular addition of stores in and outside of West Bengal, the market presence of the Group is expected to expand and diversify, going forward.

**High inventory increases working capital requirement and exposes the Group to volatility in gold prices** – The P. C. Chandra Group purchases gold on a regular basis, keeping parity with its sales volume and uses gold metal loans to fund a part of gold bullion purchases, which provides a natural hedge against gold price fluctuations. However, a significant portion of its gold inventory remains unhedged, implying exposure to risks associated with gold price fluctuations. The Group has a high inventory level (264 days in FY2024) because of various designs of ornaments maintained at the stores and the Group's policy to reinvest business surplus in gold inventory to support future growth. This reduces reliance on external debt for expansion and provides liquidity back-up, given the highly liquid nature of gold as an asset. However, elevated inventory level leads to a high working capital intensity of operations, as reflected by a net working capital relative to the operating income of 56% in FY2024 and simultaneously exposes the Group's profit margins to fluctuations in gold prices as the gold inventory is partially hedged. Nevertheless, the Group benefited from gains on the unhedged gold inventory in the recent years because of a continuous rise in gold prices.

**Exposed to regulatory risks** – The domestic jewellery retail industry remains exposed to the risks arising from the evolving regulatory landscape, which could adversely impact the Group's business. Mandatory PAN disclosure on transactions above a threshold limit, imposition of GST and demonetisation are some of the regulations that have impacted demand and supply in the past. The Group remains exposed to similar regulatory changes that may impact its business profile.

### Liquidity position: Adequate

The P.C. Chandra Group's liquidity profile is adequate. The Group's consolidated fund flow from operations remained healthy above ~Rs. 220 crore in FY2024 and is likely to improve to ~Rs. 290 crore in FY2025. However, a significant increase in the working capital requirement, driven by a sharp rise in gold prices and store expansion, is likely to keep the cash flow from operations at a negative level in FY2025. Nevertheless, the Group's working capital limit was enhanced by more than Rs. 100 crore in FY2025, and a significantly higher drawing power vis-a-vis the current working capital borrowings would mitigate the funding risk. As on March 31, 2024, the Group had nearly Rs. 80 crore undrawn working capital limits. The entities also receive funding support from the promoter Group in the form of interest-bearing unsecured loans. The revolving nature of a part of the promoters' loan, though the same is repayable annually, would continue to support the liquidity profile of the Group. The Group does not have any external long-term loan, excluding lease liabilities. The overall capex (excluding leases) stood at ~Rs. 10 crore in FY2024 and is likely to remain nearly Rs. 20 crore per annum in the medium term, for renovation and store expansion, which would be comfortably met from internal accruals. The Group has healthy free cash and liquid investments (~Rs. 76 crore as on March 31, 2024), which along with advance received from customers (~Rs. 99 crore as on March 31, 2024) for pre-booking of gold purchases also support the liquidity.

### Rating sensitivities

**Positive factors** – The long-term rating could be upgraded in case of an improvement in the geographical diversification of the Group's operations, significant scale-up of revenues and profitability, leading to an improvement in coverage metrics and liquidity position.

**Negative factors** – Pressure on the P. C. Chandra Group's ratings may arise if its profitability is significantly impacted by an adverse movement in gold prices or other factors, including competition. A significant increase in the inventory level vis-à-vis cash accruals on a sustained basis, which may adversely impact the Group's liquidity and increase borrowings, may lead to ratings downgrade. Specific credit metrics that would trigger ratings downgrade include TOL/TNW of more than 1 times on a sustained basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Jewellery - Retail</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has taken a consolidated view of six Group entities (as mentioned in Annexure-II) given the close business, financial and managerial linkages among them.

## About the company

P.C. Chandra Jewellery Apex Private Limited (PCCJAPL) is a part of the P.C. Chandra Group based in West Bengal. The Group has been involved in jewellery retail since 1939. PCCJAPL is involved in retail sales of gold, silver, diamond and precious stone ornaments. The jewellery is produced through the Group's in-house facility and job work and is sold to retail clients from showrooms. PCCJAPL was incorporated on December 24, 2002, aiming at institutional sale of gold coins, gold bars, and other corporate gift items. In 2004-05, the company expanded into retail sales of gold, silver, and precious stone ornaments and articles. The institutional sales were shifted to another Group company in 2008-09. The company has established new showrooms at regular intervals and has 24 showrooms at present, including 22 stores across various districts in West Bengal and one store each in Tripura and Odisha. As of March 2025, the company had four own stores, seven stores run through sales agents and 13 stores run by supervisors. However, the company has decided to convert all the stores, including own stores, to sales agency model from April 2025. All the showrooms function under the brand name, P.C. Chandra Jewellers.

## Key financial indicators (audited)

P. C. Chandra Group Consolidated*	FY2023	FY2024
Operating income	2,953.8	3,326.9
PAT	186.8	219.6
OPBDIT/OI	10.2%	10.5%
PAT/OI	6.3%	6.6%
Total outside liabilities/Tangible net worth (times)	0.5	0.5
Total debt/OPBDIT (times)	1.6	1.5
Interest coverage (times)	6.8	7.4

Source: Company, ICRA Research; \*Includes six entities of the Group; All ratios as per ICRA's calculations; Amount in Rs. crore  
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years					
Instrument	Type	Amount rated (Rs. crore)	April 09, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
<b>Cash Credit</b>	Long term	25.50	[ICRA]AA-(Stable)	Apr-24-24	[ICRA]AA-(Stable)	Mar-18-24	[ICRA]AA-(Stable)	-	-
				-	-	Apr-27-23	[ICRA]A+(Positive)	-	-
				-	-	Apr-06-23	[ICRA]A+(Positive)	-	-
<b>Gold Metal Loan</b>	Short term	30.00	[ICRA]A1+	Apr-24-24	[ICRA]A1+	Mar-18-24	[ICRA]A1+	-	-
				-	-	Apr-27-23	[ICRA]A1	-	-
				-	-	Apr-06-23	[ICRA]A1	-	-
<b>Gold Metal Loan (interchangeable)^</b>	Short term	(20.00)	[ICRA]A1+	Apr-24-24	[ICRA]A1+	Mar-18-24	[ICRA]A1+	-	-
				-	-	Apr-27-23	[ICRA]A1	-	-
				-	-	Apr-06-23	[ICRA]A1	-	-

<sup>^</sup>Sublimit of cash credit facility

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Cash Credit	Simple
Short-term – Gold Metal Loan	Simple
Short-term – Gold Metal Loan (interchangeable)^	Simple

<sup>^</sup>Sublimit of cash credit facility

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 – Cash Credit	NA	NA	NA	25.50	[ICRA]AA- (Stable)
NA	Short-term – Gold Metal Loan	NA	NA	NA	30.00	[ICRA]A1+
NA	Short-term – Gold Metal Loan (interchangeable)^	NA	NA	NA	(20.00)	[ICRA]A1+

Source: Company; ^Sublimit of cash credit facility

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Company name	PCCJAPL's Ownership	Consolidation approach
P C Chandra Jewellery Apex Private Limited	Rated entity	Full consolidation
P. C. Chandra & Sons India Pvt Ltd	Fellow subsidiary	Full consolidation
P. C. Chandra Juels International Private Limited	Fellow subsidiary	Full consolidation
P.C. Chandra Goldlites India Private Limited	Fellow subsidiary	Full consolidation
P C Chandra (Jewellers) Private Limited	Fellow subsidiary	Full consolidation
P C Chandra (Gems) Private Limited	Fellow subsidiary	Full consolidation

Source: Company; All the above entities are wholly-owned subsidiaries of P. C. Chandra Holdings Private Limited

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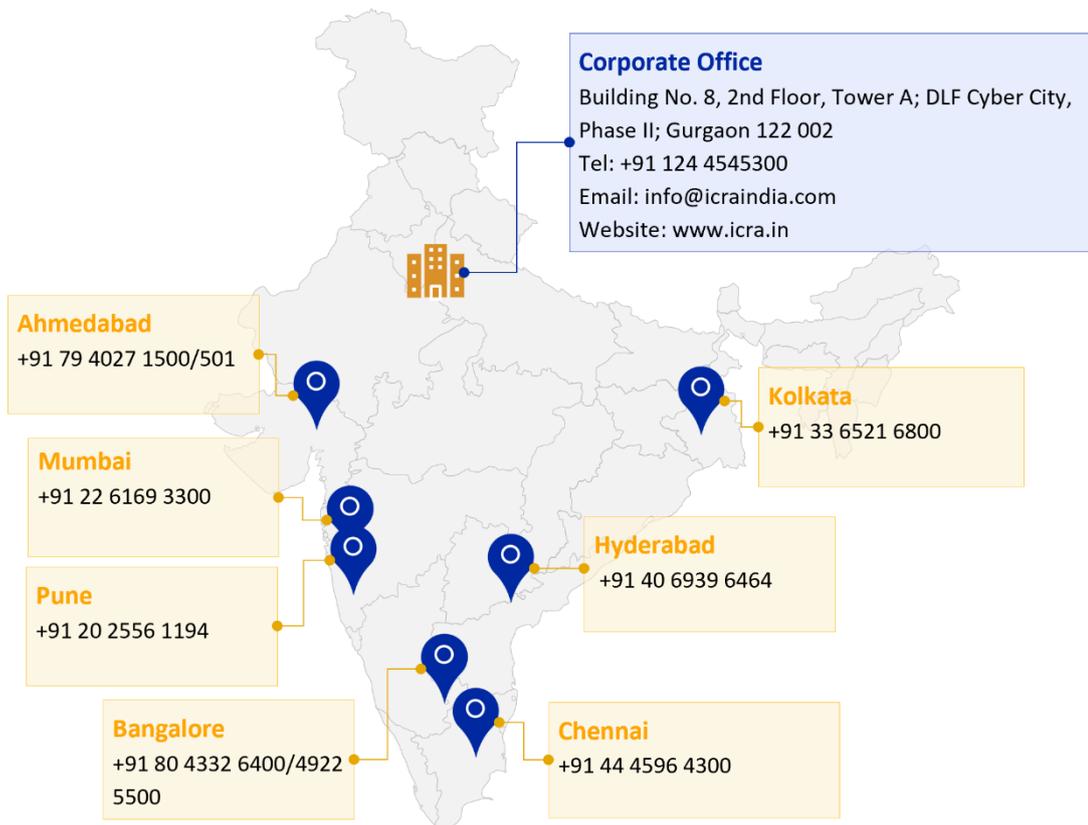
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