August 04, 2025

Gajaananda Jewellery Mart India Private Limited: [ICRA]A- (Stable)/[ICRA]A2+; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based –CC/WCDL	320.00	[ICRA]A- (Stable); assigned
Short term - Interchangeable Limits – Gold Metal Loan^	(201.0)	[ICRA]A2+; assigned
Total	**320.00**	

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

Rationale

The assigned ratings on the bank lines of Gajaananda Jewellery Mart India Private Limited (GJMIPL) factor in the extensive experience of the promoters of more than two decades and established brand name of Sree Kumaran Thangamaligai (SKTM) in the jewellery segment. The operating income of GJMIPL grew by 20% on a YoY basis to Rs. 3,183.5 crore in FY2025, driven by an increase in gold prices. The operating margins moderated by 50 bps on a YoY basis to 4.3% in FY2025 due to a one-time loss incurred due to reduction in import duty on gold. GJMIPL has a comfortable credit risk profile with a conservative capital structure (TD/TNW) of 0.7 times and healthy coverage indicators, marked by an interest cover of 4.5 times and Total debt/OPBDITA of 2.2 times as on March 31, 2025. Besides, the ratings favourably factor in the growth prospects in the jewellery segment for the organised players like GJMIPL, which are likely to benefit from any sizeable churn in the unorganised segment with increased regulatory requirements.

The ratings, however, remain constrained by the weak operating profitability owing to low margins from the gold jewellery and working capital intensive nature of operations. The profitability in the gold jewellery segment remains exposed to volatility in gold prices. Further, the ratings factor in the high geographical concentration risk as 97% of its revenue is generated from Tamil Nadu. The ratings also remain constrained because of intense competition in a fragmented industry structure and regulatory risks.

The Stable outlook on the long-term rating reflects ICRA’s expectations that GJMIPL’s operational and financial performances will continue to benefit from favourable demand conditions and increasing focus on expansion into new markets. Further, the outlook underlines ICRA’s expectation that the entity's incremental capex, if any, to further increase the capacity will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing ratings.

Key rating drivers and their description

Credit strengths

Experience of promoters in the industry spanning more than two decades – The company is a part of the erstwhile The Chennai Silks Group, which has been involved in jewellery retailing business for over two decades under the brand, Sree Kumaran Thanga Maligai (SKTM). The Group was founded by Late Kulandaivel Mudaliar and post the family arrangement in 2012, GJMIPL’s business is run by Mr. P K Aroomugum and his sons. The promoters’ extensive experience in the jewellery retail industry and SKTM’s strong brand recall in most of its key operating regions support its operating performance, as demonstrated by the healthy revenue growth over the years.

Healthy financial risk profile and debt protection metrics – In the last five years (FY2021-FY2025), GJMIPL's revenues rose at a CAGR of ~12% and stood at around Rs. 3,183 crore in FY2025, primarily driven by a rise in gold prices, also supported by an increase in the volume offtake of gold jewellery, particularly in FY2023. GJMIPL's financial profile remains healthy with a conservative capital structure and adequate coverage indicators. Its capital structure remains comfortable, with a gearing of 0.7 times and TOL/TNW of 1.4 times as on March 31, 2025. Besides, its coverage indicators remained healthy with an interest coverage ratio and debt service coverage ratio of 4.5 times and 3.5 times, respectively in FY2025. Going forward, GJMIPL's coverage indicators are likely to remain comfortable, supported by the absence of any debt-funded capex plan.

Growth prospects in jewellery segment underpinned by large industry size and fragmented market share – Increasing regulatory restrictions in the jewellery segment, aimed towards greater transparency, and higher compliance costs have been resulting in a sizeable churn in the unorganised segment, thus benefiting organised players like GJMIPL over the years.

Credit challenges

Moderate operating profitability, earnings exposed to fluctuations in gold prices – GJMIPL's margins have remained modest over the years because of low contribution from the high-margin studded jewellery segment and minimal pricing flexibility due to intense competition. The operating profit margin stood at 4.3% in FY2025 and the net profit margin also remained in the range of 2-3% over the last three fiscals. ICRA expects the OPM of the company to improve in the current fiscal with reduced share of bullion sales. Although the entity engages in routine purchases to average its position, it does not have a formal hedging policy and utilises its gold metal loan facility occasionally. Consequently, its profitability remains exposed to fluctuations in gold prices.

Exposed to high geographical concentration risk – The company has 19 showrooms, including one head office, 17 of which are in Tamil Nadu and the remaining two are in Telangana. GJMIPL faces high geographical concentration risk, as a single state accounted for around 97% of its revenue in FY2025. High geographical concentration of revenue also exposes the company to the risks arising from any local event, which could adversely impact the business profile. However, the risk is mitigated to an extent by its strong brand presence.

Performance exposed to intense competition and regulatory risks in jewellery segment – The domestic jewellery sector continues to remain exposed to the risks arising from the evolving regulatory landscape, which could have an adverse impact on the business. Restriction on bullion imports and metal loan funding, along with mandatory PAN disclosure on transactions above a threshold amount are some of the regulations that have impacted the business prospects in the past. GJMIPL remains exposed to changes in regulations that may impact its business profile. Further, the jewellery retail business is highly fragmented and is exposed to intense competition from organised and unorganised players. This coupled with robust store expansion by large retailers into tier-2 and tier-3 cities in recent years has intensified competition and limited the pricing flexibility. Further, the share of studded jewellery remains relatively lower, which limits margin expansion.

Liquidity position: Adequate

GJMIPL's liquidity position is likely to be adequate, supported by the expected cash flow generated from operations in FY2026, free cash and liquid investment of Rs. 33.2 crore and unutilised working capital limit buffer of Rs. 102 crore as on March 31, 2025. The average utilisation of its fund-based working capital limits during the last 12-month period ending in May 2025 stood at ~73% of the sanctioned limits of Rs. 320 crore. Against these sources of cash, GJMIPL has debt repayment obligations of Rs. 8.5 crore and capex planned for around Rs. 30 crore in FY2026, funded through internal accruals.

Rating sensitivities

Positive factors – GJMIPL's ratings may be upgraded if the company registers a sustained healthy growth in revenues and earnings, which would strengthen its credit metrics, return indicators and liquidity position.

Negative factors – GJMIPL's ratings may be downgraded in case of sustained pressure on the company's operating performance or an elongation in its working capital cycle and/or an increase in debt level or significant support to Group companies, adversely impacting the debt protection metrics and its liquidity position. Specific credit metric that could result in ratings downgrade includes TOL/ TNW above 1.7 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Jewellery - Retail
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

GJMIPL, is a private limited company incorporated in 2011. The Group was founded by Late Kulandaivel Mudaliar and post the family arrangement in 2012, GJMIPL's business is run by Mr. P K Aroomugum and his sons. The company is involved in retailing of gold/ silver/ diamond and various studded jewellery and operates through 19 showrooms, including one head office. It has 17 showrooms in Tamil Nadu and two showrooms in Telangana. The jewellery showrooms operate under the established brand of Sree Kumaran Thanga Maaligai (SKTM). The entity also has one 2.7-MW windmill, which is operational, and two 2.7-MW windmills are likely to be connected to the grid in the current fiscal.

Key financial indicators (audited)

GJMIPL Standalone	FY2024	FY2025*
Operating income	2,652.7	3,183.5
PAT	70.4	95.6
OPBDIT/OI	4.8%	4.3%
PAT/OI	2.7%	3.0%
Total outside liabilities/Tangible net worth (times)	1.8	1.4
Total debt/OPBDIT (times)	2.7	2.2
Interest coverage (times)	4.1	4.5

*Source: Company, ICRA Research; * Provisional numbers; 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:

CRA	Rating Action	Date of release
CRISIL Ratings	Crisil BB+ /Stable (ISSUER NOT COOPERATING; Migrated from 'Crisil BBB+/Stable')	May 27,2025

Any other information: None

Rating history for past three years

	Current ratings (FY2026)				Chronology of rating history for the past 3 years					
	FY2026				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based –CC/WCDL	Long-term	320.00	August 4, 2025	[ICRA]A- (Stable)	-	-	-	-	-	-
Gold Metal Loan (Interchangeable Limits) ^	Short term	(201.0)	August 4, 2025	[ICRA]A2+	-	-	-	-	-	-

^ Sublimit of cash credit facility

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund-based –CC/WCDL	Simple
Short term - Interchangeable Limits – Gold Metal Loan^	Simple

^ 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 – CC/WCDL**	NA	NA	NA	320.00	[ICRA]A- (Stable)
NA	**Short term - Interchangeable Limits – Gold Metal Loan^**	NA	NA	NA	(201.0)	[ICRA]A2+

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 – Not Applicable

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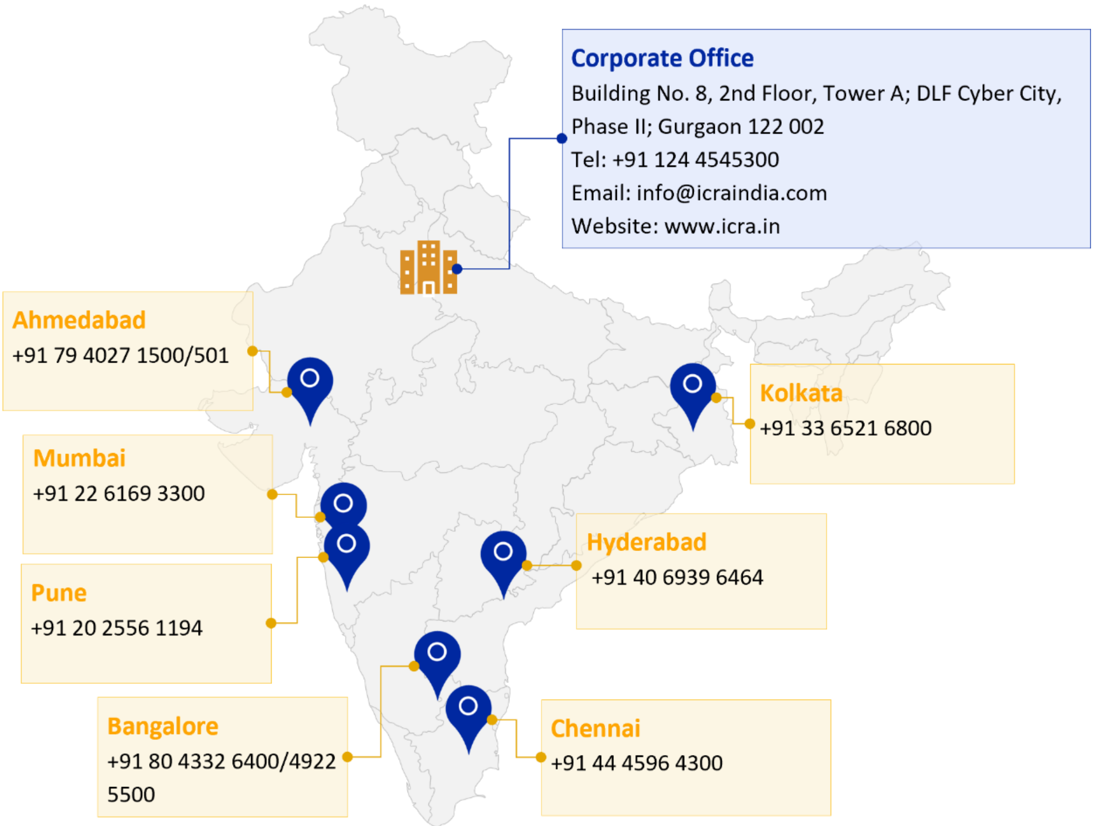

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