

October 22, 2025

Sanghi Jewellers Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term – Fund based- Cash credit	88.50	88.50	[ICRA]BBB- (Stable); reaffirmed
Total	88.50	88.50	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation on the bank lines of Sanghi Jewellers Private Limited (SJPL) considers an expected improvement in the company's operational and financial performance over the medium term, driven by the experience of its promoters and its established relationship with large jewellery retailers. SJPL's operating income grew by 20.5% on a YoY basis to Rs. 344.8 crore in FY2025, driven by an increase in gold price realisation. However, operating margins moderated by 30 basis points to 3.8% in FY2025, primarily due to higher rental expenses as the company had moved to a larger facility owned by its promoters towards the end of FY2024. In H1 FY2026, the entity registered revenues of Rs. 155.2 crore. The rating also considers the company's established relationships with reputed jewellery retail chains in the domestic as well as export markets, as reflected in repeat business generated over the years.

The rating, however, remains constrained by a moderate financial risk profile, characterised by high working capital intensity and weak coverage indicators. While SJPL's working capital intensity decreased to 34.1% in FY2025 compared to 44.5% in March 2024, driven by a reduction in inventory holding, it remains high. The cash accrued from the reduced working capital intensity was used towards investments, with SJPL investing Rs. 12.7 crore in equity shares of Uday Jewellery Industries Ltd (UJIL) and Rs. 7 crore in a land parcel. Besides, the entity, in the current fiscal, made further investments of Rs. 10.4 crore in UJIL, aggregating its total investment in UJIL to Rs. 23.1 crore. Due to an increase in interest costs resulting from higher bank borrowings, the interest coverage ratio moderated to 2.0 times in FY2025 from 2.3 times in FY2024. Nevertheless, the coverage indicators are expected to improve in the current fiscal with a reduction in working capital utilisation. The rating also remains constrained by SJPL's increased customer concentration risk, with 74.1% of its revenue derived from its top five customers in FY2025. The rating further factors in the intense competition in the jewellery manufacturing industry, which limits the company's pricing flexibility and margins, as well as the vulnerability of its 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 SJPL 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 further increase capacity, will be funded in a manner that allows it to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Established presence in the industry - SJPL is a part of the Hanumant Rai Sanghi Group, which has more than three decades of experience in manufacturing gold jewellery, resulting in established relationships with large jewellery retailers such as Malabar Gold Limited and Lalithaa Jewellery Ltd, among others, in both domestic and export markets. This is reflected in repeat business over the years.

Improving formalisation of jewellery sector to support organised trade – The jewellery manufacturing sector is fragmented, with the presence of many unorganised players. However, regulatory changes mandating increased transparency and compliance are expected to create a challenging operating environment for unorganised players. The mandatory hallmarking of gold jewellery further supports organised trade and provides better opportunities for players such as SJPL, leading to an improved market share.

Credit challenges

Moderate operating profitability – The company's operating margins moderated by 30 bps on a YoY basis to 3.8% in FY2025 due to an increase in rental expenses as the company moved to its new premises, owned by the promoters, towards the end of FY2024. Further, higher utilisation of working capital limits in FY2025 increased interest costs, moderating its coverage indicators to 2.0 times in FY2025 from 2.3 times in FY2024. Nevertheless, the entity's capitalisation metrics have remained at comfortable levels, with gearing and TOL/TNW of 0.9 times each as on March 31, 2025. Further, with the expected increase in the scale of operations and a reduction in inventory holding, the coverage indicators are likely to improve over the medium term.

High customer concentration – Notwithstanding the long-term relationships with its clients, SJPL remains exposed to high customer concentration risk, with 73.9% of its revenues derived from its top five customers in FY2025. However, SJPL's established relationships with most of these clients result in repeat orders, which provide some comfort.

Intense competition limits pricing flexibility – SJPL faces intense competition from both organised and unorganised players in the manufacturing segment, which limits its pricing flexibility. Further, its earnings remain exposed to volatile gold prices, as seen in the past. A part of the price volatility risk is mitigated by SJPL's hedging practices, as it procures most of its gold through gold metal loans.

Liquidity position: Adequate

SJPL's liquidity position is expected to remain adequate, supported by steady earnings and adequate unutilised lines of credit. The average utilisation of its working capital facilities stood at around 79.9% of the sanctioned limit of Rs. 81.5 crore over the 12 months ended August 2025. ICRA further notes that the company does not have any long-term debt outstanding or major capex plans, and its cash flows are expected to be sufficient to support its working capital requirements.

Rating sensitivities

Positive factors – SJPL's rating may be upgraded if the company registers sustained healthy growth in revenues and earnings, thereby strengthening its liquidity position. Specific credit metrics that could lead to a rating upgrade include an interest coverage ratio above 3.0 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 that would adversely impact liquidity and debt protection metrics. Specific credit metrics that could lead to a rating downgrade include a TOL/TNW of more than 1.7 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the standalone financial statements of the rated entity

About the company

SJPL is a part of the Hanumant Rai Sanghi Group and manufactures stone-studded jewellery in India, catering to the domestic and export markets. It was established in 1999. The company's corporate office and manufacturing facilities are in Hyderguda, Hyderabad. The company manufactures coloured, precious stone and gem-studded gold jewellery with its product portfolio encompassing long necklaces, rings, bangles and bracelets.

Key financial indicators

Sanghi Jewellers Private Limited	FY2024	FY2025
Operating income	286.1	344.8
PAT	4.1	4.3
OPBDIT/OI	4.1%	3.8%
PAT/OI	1.4%	1.3%
Total outside liabilities/Tangible net worth (times)	1.0	0.9
Total debt/OPBDIT (times)	6.0	5.8
Interest coverage (times)	2.3	2.0

Source: Company, ICRA Research; 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					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Oct 22, 2025	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long Term	88.50	[ICRA]BBB- (Stable)	Sep 27, 2024	[ICRA]BBB- (Stable)	July 27, 2023	[ICRA]BBB- (Stable)	April 06, 2022	[ICRA]BBB- (Stable)
Unallocated	Long Term	-	-	-	-	-	-	April 06, 2022	[ICRA]BBB- (Stable)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund Based - Cash Credit	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	Cash Credit	NA	NA	NA	88.50	[ICRA]BBB- (Stable)

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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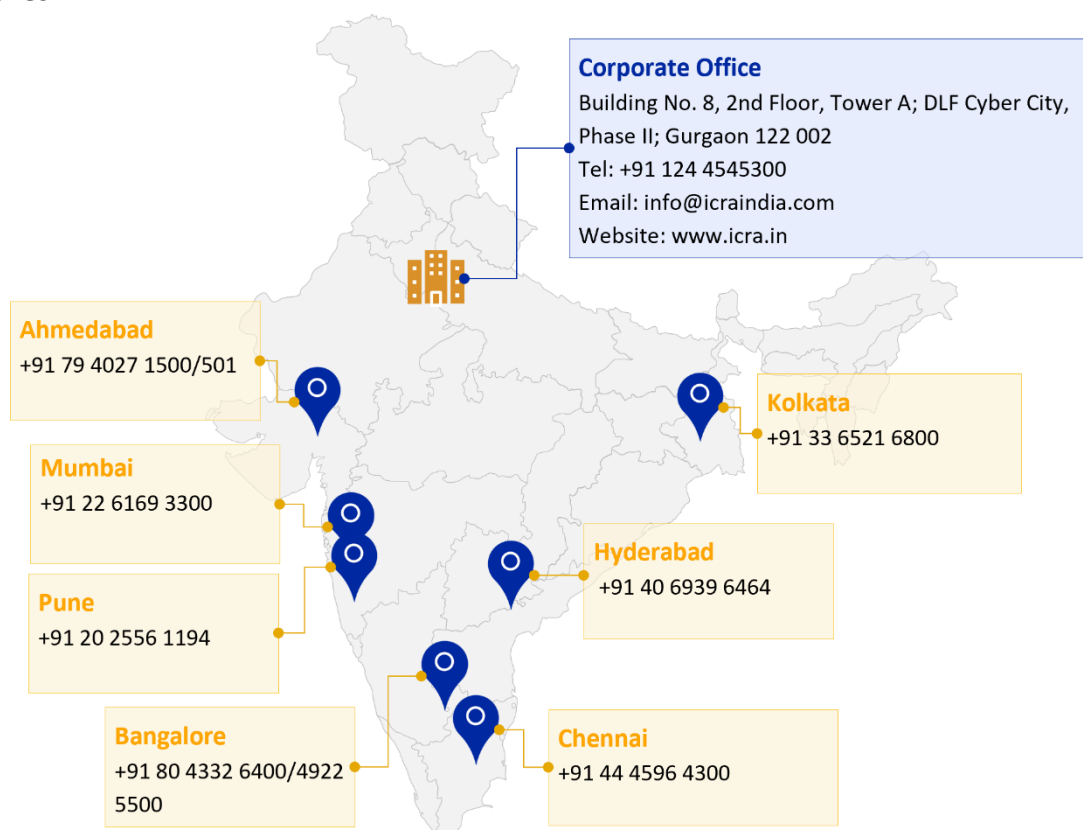


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