

February 11, 2026

AB Jewels Private Limited: [ICRA]BBB- (Stable)/ [ICRA]A3; assigned

Summary of rating action

| Instrument* | Current rated amount (Rs. crore) | Rating action |
|--|-------------------------------------|---|
| Long-term/ short term – fund-based/ non-fund based/ working capital facilities | 240.00 | [ICRA]BBB- (Stable)/ [ICRA]A3; assigned |
| Total | 240.00 | |

*Instrument details are provided in Annexure I

Rationale

The assigned ratings factor in the extensive experience of the promoters and the established market position of AB Jewels Private Limited (ABJPL) in the gold jewellery manufacturing and wholesale trading across domestic and international markets. The company operates both as a job-work manufacturer and a vendor of largely hand-made gold jewellery and caters to a diversified base of jewellery retailers and traders, including large, branded ones with pan-India presence as well as strong overseas players. ABJPL's adequate product quality and long relationships with reputed customers ensure repeat orders and business stability. The customer profile remains largely reputed and fairly diversified, with the top five customers accounting for 42-43% of its top line over the past few years. While the jewellery manufacturing industry remains highly fragmented, ongoing regulatory measures mandating greater transparency and compliance, including mandatory hallmarking of gold jewellery, are expected to pose challenges for unorganised players and support market share gains for organised players in the wholesale business, such as ABJPL.

The ratings are, however, constrained by the moderate scale of current operations and a highly working capital intensive nature of operations, exerting pressure on its liquidity position. The product mix remains concentrated, with bangles (around 40%) and necklaces (around 30%) forming a significant portion of revenues, exposing the company to product concentration risk. ABJPL's operations also remain exposed to intense competition, regulatory risks and seasonality in demand, which are inherent to the jewellery manufacturing industry. The presence of a large number of unorganised players and established organised peers limits pricing flexibility and keeps margins under check. Further, the industry remains susceptible to regulatory changes related to bullion imports, taxation, and compliance requirements, which have historically impacted demand-supply dynamics. Additionally, sharp fluctuations in gold prices influence consumption patterns, working capital requirements, and profitability, particularly during periods of sharp price movements. ABJPL's revenue has remained volatile over the past few years.

In the current fiscal, buoyant gold prices have adversely impacted industry-wide consumption volumes, resulting in a decline in the company's sales volumes, although higher realisations are expected to support a modest revenue growth. ICRA expects the operating margin to continue to remain thin and in the range of 3-4% in FY2026. The capital structure of the company has remained conservative, as reflected by TOL/TNW of 1.6 times as on March 31, 2025. ICRA notes that ABJPL has extended sizeable cash collateral to the banks for availing of working capital facilities. The coverage indicators stood at a moderate level in the past. ICRA does not foresee any major deterioration in the capital structure and coverage metrics of the company in the near-to-medium term.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will maintain its business position and stable revenue growth, supported by adequate liquidity, comfortable cash flows and sufficient working capital headroom, enabling it to meet its obligations comfortably over the medium term.

Key rating drivers and their description

Credit strengths

Experience of the promoters in jewellery business – ABJPL is a part of the Kolkata-based Aabhushan Group, which has a presence across the jewellery value chain, including manufacturing and trading (wholesale and retail) in domestic and international markets. The Group's long operational track record has enabled it to develop established relationships with large jewellery retailers and traders, supporting business stability. The promoters and their families have been engaged in the gold jewellery business for over three decades. The company is currently led by Mr. Sanjay Agarwal, Director, who oversees the day-to-day operations, supported by a team of experienced and qualified professionals with long industry expertise.

Established market position, aided by adequate product quality and association with reputed customers across geographies

– The company has an established market position in the organised jewellery manufacturing and wholesale segment, supported by its ability to maintain adequate and consistent product quality, in line with customer specifications. The company's focus on quality standards and timely execution have enabled it to build long associations with reputed customers, including large, organised jewellers, across domestic and international geographies (the UAE, Singapore etc.). These relationships provide a degree of business visibility and repeat orders, partly mitigating demand volatility and competitive pressure prevalent in the jewellery industry. The top-5 customers accounted for 42-43% of its top line in the past few years, reflecting a fairly diversified customer base. The company's established presence and customer diversification across geographies continue to support its operating profile.

Improving formalisation of jewellery sector to support organised trade – The jewellery manufacturing sector is fragmented, with 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 ABJPL, leading to an improved market share.

Credit challenges

Moderate scale of operations and product diversity – The product profile of ABJPL comprises bangles (around 40%), necklaces (around 30%), and other jewellery items such as ear and nose rings, bracelets, etc. Earlier, the company was engaged exclusively in manufacturing of hand-made jewellery. However, from April 2025, it has commenced machine-made jewellery manufacturing to an extent, which is expected to provide some operating flexibility. The company's operating income has historically remained volatile, primarily driven by fluctuations in sales volumes, although a steady job-work income stream provides partial support to revenues and cash flows. Despite a sharp increase of around 33% in gold prices, the company's operating income recorded only a marginal growth of 2% in FY2025, owing to a significant decline of around 24% in sales volumes on a year-on-year basis. The company reported an operating income of around Rs. 1,095 crore in 9M FY2026. Considering elevated gold prices in the current fiscal, ICRA expects the company's operating income to register a modest growth of around 4% on a year-on-year basis.

Exposure to intense competition, regulatory risks and seasonality in demand inherent in the business – The company operates in a highly competitive jewellery manufacturing industry, characterised by the presence of a large number of unorganised players and established organised peers, which limits its pricing flexibility. Additionally, the domestic jewellery sector remains susceptible to regulatory risks, which could adversely impact business volumes and profitability. Regulatory measures such as restrictions on bullion imports, mandatory PAN disclosure for transactions above specified thresholds, the implementation of GST, and demonetisation have, in the past, affected demand and supply dynamics in the sector. Further, the revenues and cash flows of jewellery manufacturers, including ABJPL, are subject to seasonality in demand, influenced by factors such as the number of auspicious days, festive seasons, and agricultural harvest cycles, leading to periodic volatility in the operating performance.

Vulnerability of revenue to volatile gold prices; exposure to foreign exchange risk – The company's revenues remain vulnerable to fluctuations in gold prices as consumer sentiments, and thus demand, depend on this key raw material for its operations. To mitigate price fluctuation risks, ABJPL broadly aligns its daily gold purchases with sales volumes. In addition, a significant portion of its operations, job-work manufacturing, which accounts for 50-60% of production volumes, is insulated from raw material price risk, as gold is supplied by customers. Further, the company's production is largely order-backed, which also provides protection against adverse price movements. Nevertheless, despite these mitigating factors, the company remains exposed to the risk of foreign currency fluctuation, as approximately 85% of its revenues are derived from export sales, and the company does not have a formal hedging mechanism in place.

Highly working capital-intensive nature of operations – The company's operations remain working capital intensive, with net working capital to operating income (NWC/OI) of around 20% in FY2025. The company does not receive any supplier credit for bullion procurement, while receivables are realised within 30-60 days and the average inventory holding is maintained within 20 days, except during peak demand periods. Although the job-work segment entails relatively lower working capital intensity, the company's overall working capital requirement has been increasing, in line with the expanding scale of operations and elevated gold prices, continuing to exert pressure on the liquidity position.

Liquidity position: Adequate

The company's cash flow from operations is expected to remain negative in FY2026 as well, though the same would improve substantially from the FY2025 level. However, retained cash flows are likely to remain positive, supported by significant non-operating income in the form of interest earned on deposits (margin money) held with the banks. The average utilisation of fund-based and non-fund-based working capital limits remained at an optimal level during the last 15 months, ending in November 2025. ICRA notes that ABJPL has been availing fund-based working capital limits of Rs. 250 crore backed by 100% margin. Against this, the company has been using working capital limits lower than the margin money provided, which lends adequate liquidity buffer. Further, the company had unencumbered cash and bank balances of around Rs. 12 crore as on March 31, 2025. The company has moderate capex requirements of Rs. 10-11 crore over the next two years towards the acquisition of a commercial property and routine capital expenditure. Considering adequate cash flows from business, surplus cash and bank balance, and the absence of long-term debt repayment obligations, ICRA expects the liquidity position of the company to remain adequate, going forward.

Rating sensitivities

Positive factors – ICRA may upgrade ABJPL's ratings if the company is able to increase its liquidity buffer, thereby strengthening the credit profile, while improving its revenues and earnings on a sustained basis.

Negative factors – Pressure on the ratings could arise if a significant decline in ABJPL's revenues and profitability adversely impacts the company's debt coverage indicators and liquidity position on a sustained basis. Specific credit metric that could lead to ratings downgrade includes an interest cover 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 | The ratings are based on the standalone financial statements of the company |

About the company

AB Jewels Private Limited (ABJPL) was incorporated in 2005 by the Agarwal family, based in Kolkata. The company is engaged in manufacturing and wholesale trading of gold jewellery, catering to both domestic and international markets. In addition to its core operations, ABJPL undertakes job-work manufacturing activities exclusively for Titan Company Limited, reflecting its established capabilities and long business relationship with a reputed industry player.

ABJPL is a part of the Aabhushan Group, a Kolkata-based business group with diversified interests across the jewellery value chain, including manufacturing and trading (wholesale and retail) in domestic as well as overseas markets.

Key financial indicators (audited)

| ABJPL, Standalone | FY2024 | FY2025 | 9M FY2026* |
|---|---------|---------|------------|
| Operating income | 1,316.3 | 1,348.6 | 1,095.4 |
| PAT | 34.2 | 39.1 | 29.5 |
| OPBDIT/OI | 3.3% | 3.8% | 3.6% |
| PAT/OI | 2.6% | 2.9% | 2.7% |
| Total outside liabilities/Tangible net worth (times) | 1.6 | 1.6 | 1.7 |
| Total debt/OPBDIT (times) | 6.5 | 6.7 | 7.6 |
| Interest coverage (times) | 3.0 | 2.6 | 2.6 |

Source: AB Jewels Private Limited, 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: Not applicable

Any other information: None

Rating history for past three years

| Instrument | Type | Amount rated (Rs. crore) | Current ratings (FY2026) | | Chronology of rating history for the past 3 years | | | | | |
|----------------------------|--------------------------|-----------------------------|----------------------------------|------|---|------|--------|------|--------|---|
| | | | | | FY2024 | | FY2023 | | FY2022 | |
| | | | Feb 11, 2026 | Date | Rating | Date | Rating | Date | Rating | |
| Working capital facilities | Long term/ Short term | 240.00 | [ICRA]BBB- (Stable)/ [ICRA]A3 | - | - | - | - | - | - | - |

Complexity level of the rated instruments

| Instrument | Complexity indicator |
|--|----------------------|
| Long term/ short term – Fund-based/ non-fund based working capital | 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 | Fund-based working capital facilities | - | - | - | 95.00 | [ICRA]BBB- (Stable)/ [ICRA]A3 |
| NA | Fund-based/ Non-fund based working capital facilities | - | - | - | 145.00 | [ICRA]BBB- (Stable)/ [ICRA]A3 |

Source: AB Jewels Private Limited

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

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Mr. Jitin Makkar

+91 124 4545368

jinm@icraindia.com

Ms. Kinjal Kirit Shah

+91 22-61143442

kinjal.shah@icraindia.com

Mr. Sujoy Saha

+91 33 6521 6805

sujoy.saha@icraindia.com

Mr. Sandipan Kumar Das

+91 33-6521 6807

sandipan.das@icraindia.com

RELATIONSHIP CONTACT

Mr. L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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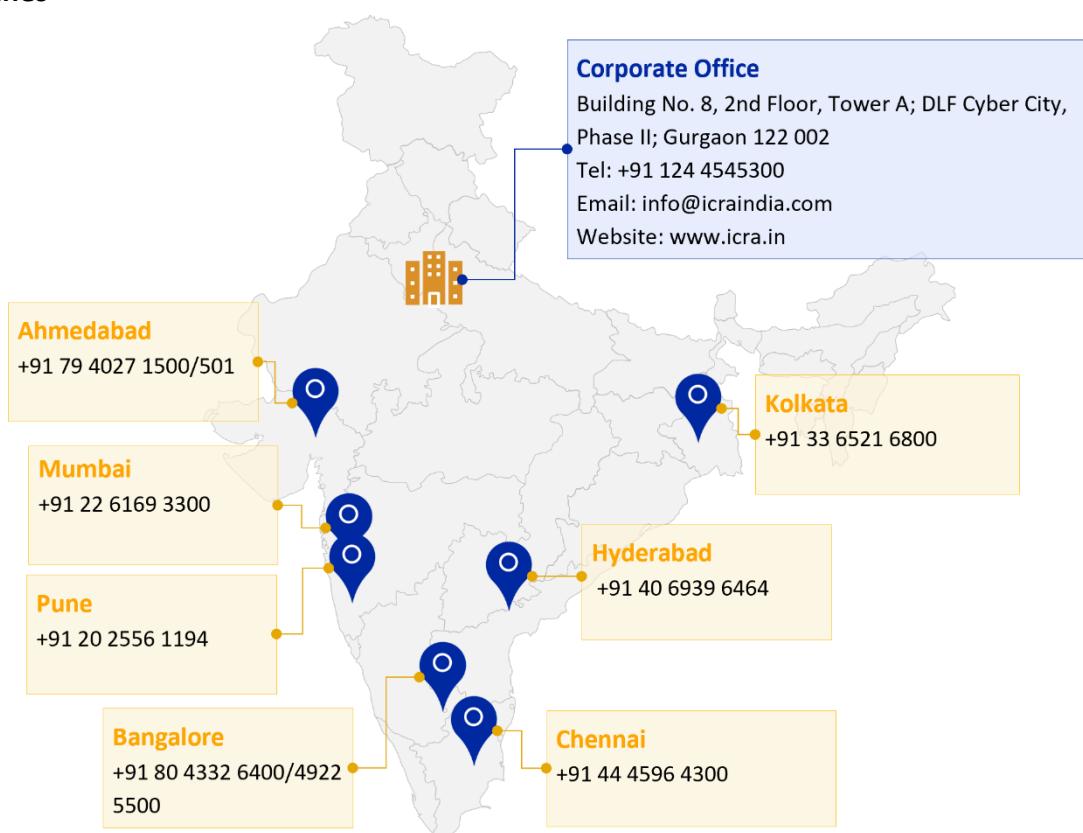
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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