

February 17, 2026

Emerald Jewel Industry India Limited: Ratings upgraded to [ICRA]A (Positive)/ [ICRA]A1; assigned for enhanced limits

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based term loans	129.78	180.16	[ICRA]A (Positive); upgraded from [ICRA]A- (Positive); assigned for enhanced amount
Long-term fund-based working capital facilities	1,065.00	1,658.00	[ICRA]A (Positive); upgraded from [ICRA]A- (Positive); assigned for enhanced amount
Long-term/short-term – Unallocated	0.42	2.04	[ICRA]A (Positive)/ [ICRA]A1; upgraded from [ICRA]A- (Positive)/ [ICRA]A2+; assigned for enhanced amount
Fixed deposit	100.00	100.00	[ICRA]A (Positive); upgraded from [ICRA]A- (Positive)
Total	1,295.20	1,940.20	

*Instrument details are provided in Annexure I

Rationale

The ratings upgrade, with continuation of the Positive outlook, on the bank lines of Emerald Jewel Industry India Limited (EJIL), considers a healthy improvement in its operational and financial performance in FY2026, and expectations of it sustaining, going forward. The ratings remain supported by the company's large scale of operations, vast experience of promoters in the jewellery manufacturing industry, proven business model with an integrated manufacturing set-up, diversified customer base with repeat orders from wholesalers and established retailers and stable jewellery retail operations.

EJIL has six manufacturing facilities located across Coimbatore, Chennai and Mumbai. In addition to jewellery manufacturing, the entity markets its products through 15 jewellery retail outlets across Tamil Nadu, under the brand name 'Jewel One'. Established manufacturing presence along with long associations with reputed clients support the entity in receiving repeat orders from established retailers. EJIL's consolidated revenues increased by a 19.6% CAGR over the past five years through FY2025, with approximately 95% generated from standalone operations. In 9M FY2026, standalone operating income rose by 21.5% Year-on-Year (YoY) to Rs. 7,084.7 crore, primarily driven by higher realisations caused by elevated gold prices and alignment in business model. The inventory gains from rising gold prices also supported an increase in operating margins, rising to 9.8% in H1 FY2026 from 4.6% in FY2025. This had resulted in an improvement in the ROCE and coverage indicators of the entity. The entity's interest coverage ratio increased to 8.3x and total debt to OPBDITA improved to 1.8x during H1 FY2026 compared to 4.8x and 3.3x, respectively, in FY2025.

The ratings, however, remain constrained by the inherent high working capital requirements in the business with the lead time required in jewellery manufacturing and maintaining various kinds of jewellery across its showrooms. In the current fiscal, the entity's working capital requirements have risen sharply with the spike in gold and silver prices, which were funded by mix of working capital, internal accruals and customer advances mobilised through jewellery purchase schemes. The ratings also consider the inherent competition in the jewellery manufacturing and retailing industry, which limits the company's pricing flexibility and margins, and the vulnerability of earnings to volatility in gold prices and regulatory risks.

Key rating drivers and their description

Credit strengths

Strong market position in jewellery manufacturing business - EJIIL is one of the leading jewellery manufacturers with an established presence both in the manufacturing and retail segments. Its flagship brand, Jewelone, enjoys strong recall, and its performance over the years has been supported by its diversified business profile and established network across the value chain. The extensive experience of the promoters, spanning over four decades, has also aided in the company's performance through better operating efficiencies and strong relationships with channel partners.

Large and integrated manufacturing set-up - EJIIL is one of the largest organised jewellery manufacturers in India with an installed production capacity of 50 TPA (Tons per annum) of gold jewellery and silver manufacturing capacity of 144 TPA. Its large scale, highly integrated nature of operations, extensive design library and quality conscious manufacturing process pose strong entry barriers for new entrants as well as established retailers intending to enter the manufacturing space. EJIIL's lead time for manufacturing has improved steadily over the years and installation of refinery plant on the back of its strong manufacturing set-up, support EJIIL to optimise the working capital cycle for its manufacturing operations.

Aided by healthy manufacturing capacities set-up, EJIIL's consolidated revenues increased by a 19.6% CAGR over the past five years through FY2025, with approximately 95% generated from standalone operations. In 9M FY2026, standalone operating income rose by 21.5% Year-on-Year to Rs. 7,084.7 crore, primarily driven by higher realisations caused by elevated gold prices and alignment in business model. The inventory gains from rising gold prices also supported an increase in operating margins, rising to 9.8% in H1 FY2026 from 4.6% in FY2025. This had resulted in an improvement in the ROCE and coverage indicators of the entity. The entity's interest coverage ratio increased to 8.3x and total debt to OPBDITA improved to 1.8x during H1 FY2026, compared to 4.8x and 3.3x, respectively, in FY2025.

Favourable long-term growth prospects for organised jewellery retailers - The jewellery manufacturing sector is fragmented with presence of many unorganised players, which has squeezed the margins over the years. However, regulatory changes, mandating increased transparency and compliance, are expected to create a difficult operating environment for the unorganised players. The industry tailwinds are likely to benefit the organised jewellery players such as EJIIL, leading to an improved market share.

Credit challenges

Vulnerability of earnings to volatile precious metal prices – The company's profitability remains exposed to fluctuations in the prices of gold, and silver, its key raw materials. It aligns volumes of daily purchases and sales to mitigate price fluctuation risks; however, currently it does not opt for any formal hedging mechanism for domestic sales. Nevertheless, its job work operation (around 50% of production) does not face any price fluctuation risk, as raw materials are supplied by customers.

Exposure to intense competition and regulatory risks - Intense competition from unorganised players in the manufacturing segment and other established brands in the retail segment limits the company's pricing flexibility and bargaining power to some extent, eroding its profitability and exposing its earnings to fluctuations in gold prices. Further, increased regulatory intervention in the jewellery industry in the recent years has impacted the demand-and-supply scenario in the industry.

Working capital-intensive nature of operations – The company's working capital intensity has remained high in the range of 15-20% over years and is likely to increase in the current fiscal due to rising gold prices. The entity is required to maintain minimal inventory levels, considering lead times in jewellery manufacturing and the jewellery displayed at showrooms. In addition to own jewellery manufacturing, the entity also procures gold from its customers and undertakes job work activities. This, to an extent, moderates inventory holding requirements. Nevertheless, rising gold prices had triggered an increased inventory holding requirement with its inventory holding days increasing to 115 in H1 FY2026 compared to 90 in FY2025. The company's improved fund flow from operations, aided by gains on carried forward inventory with rise in gold prices and enhancement in working capital limits by Rs. 594 crore in the current fiscal would keep its liquidity position adequate.

Liquidity position: Adequate

EJIL's liquidity position is expected to remain Adequate, supported by healthy cash accruals and adequate unutilised lines of credit. The entity in the current fiscal has increased its working capital limit to Rs. 1,658 crore compared to Rs. 1,064 crore as on March 31, 2025. EJIL had an unutilised portion of Rs. 177.6 crore as of December 2025 and the average utilisation for the last 12 months ended in December 2025 stood at 93% of the total sanctioned limit of Rs. 1,658 crore. The entity has a debt repayment of around Rs. 76.0 crore (including repayment of loan from promoter of Rs. 23.2 crore) and has plans to incur a capex of around Rs. 100 crore, funded through debt of Rs. 67.8 crore and internal accruals.

Rating sensitivities

Positive factors – A sustained growth in the scale of operations and earnings, coupled with an improvement in inventory management, which result in better credit metrics and liquidity position, may result in ratings upgrade.

Negative factors – Pressure on the ratings/outlook will emanate if a decline in earnings or an elongation in inventory management results in a deterioration of its credit metrics and liquidity position. A specific credit metric that could lead to a rating downgrade includes TOL/TNW staying above 1.5 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 consolidated financials of Emerald Jewel Industry India Limited. The details of the subsidiaries (consolidated) are given in Annexure II

About the company

EJIL was initially started in 1984 as a proprietorship concern (Emerald Jewellers). On July 27, 2004, a private limited company was floated under the name of Emerald Jewel Industry India Private Limited promoted by Mr. K. Srinivasan and was later converted into a public limited company in 2007. EJIL is engaged in manufacturing and marketing gold jewellery for both own and job work conversion. Targeting local and export markets, the company has four manufacturing locations in Coimbatore, one each in Chennai and Mumbai catering to different activities – namely machine-made jewellery manufacturing, hand-made jewellery, electro-forming, fusion technology, etc. The company has 15 jewellery retail stores under the brand 'Jewel One' and 6 jewellery retail stores under the brand 'Florencia' across Tamil Nadu. It also has shop-in-shop model for high end silver jewels under the brand 'Zilara' (marketed through other jewellers under shop-in-shop concept). Though the company's focus is manufacturing ornaments made from gold, it also manufactures and sells diamond and platinum jewellery. Currently, gold accounts for around 85% of the total sales.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	6,684.6	8,148.9
PAT	138.0	228.2
OPBDIT/OI	3.6%	4.6%
PAT/OI	2.1%	2.8%
Total outside liabilities/Tangible net worth (times)	1.6	1.7
Total debt/OPBDIT (times)	3.6	3.1
Interest coverage (times)	3.8	5.1

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

Instrument	Current rating			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	Feb 17, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	180.16	[ICRA]A (Positive)	Mar 27, 2025	[ICRA]A- (Positive)	Mar 31, 2024	[ICRA]A- (Stable)	Jul 27, 2022	[ICRA]A- (Stable)
						Feb 13, 2024	[ICRA]A- (Stable)	Jun 2, 2022	[ICRA]A- (Stable)
						Aug 10, 2023	[ICRA]A- (Stable)		
						Jul 31, 2023	[ICRA]A- (Stable)		
Fund based limits	Long term	1,658.00	[ICRA]A (Positive)	Mar 27, 2025	[ICRA]A- (Positive)	Mar 31, 2024	[ICRA]A- (Stable)	Jul 27, 2022	[ICRA]A- (Stable)
						Feb 13, 2024	[ICRA]A- (Stable)	Jun 2, 2022	[ICRA]A- (Stable)
						Aug 10, 2023	[ICRA]A- (Stable)		
						Jul 31, 2023	[ICRA]A- (Stable)		
Non-fund-based limits	Short term	-	-			Jul 31, 2023	[ICRA]A2+	Jul 27, 2022	[ICRA]A2+
								Jun 2, 2022	[ICRA]A2+
Unallocated facilities	Long / Short term	2.04	[ICRA]A (Positive) / [ICRA]A1	Mar 27, 2025	[ICRA]A- (Positive) / [ICRA]A2 +	Mar 31, 2024	[ICRA]A- (Stable) / [ICRA]A2 +	Jul 27, 2022	[ICRA]A- (Stable) / [ICRA]A2 +
						Feb 13, 2024	[ICRA]A- (Stable) / [ICRA]A2 +	Jun 2, 2022	[ICRA]A- (Stable) / [ICRA]A2 +
						Aug 10, 2023	[ICRA]A- (Stable) / [ICRA]A2 +		
						Jul 31, 2023	[ICRA]A- (Stable) / [ICRA]A2 +		
Fixed deposit programme	Long term	100.00	[ICRA]A (Positive)	Mar 27, 2025	[ICRA]A- (Positive)	Mar 31, 2024	[ICRA]A- (Stable)	Jul 27, 2022	[ICRA]A- (Stable)
						Feb 13, 2024	[ICRA]A- (Stable)	Jun 2, 2022	[ICRA]A- (Stable) migrated from medium term and removed from notice of withdrawal
						Aug 10, 2023	[ICRA]A- (Stable)		
						Jul 31, 2023	[ICRA]A- (Stable)		

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund-based term loans	Simple
Long-term fund-based working capital facilities	Simple
Long/ Short term – Unallocated	Not Applicable
Fixed Deposit	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	Term Loans	FY2025	-	FY2032	180.16	[ICRA]A (Positive)
NA	Long-term fund-based working capital facilities	-	-	-	1,658.00	[ICRA]A (Positive)
NA	Long/ Short term – Unallocated	-	-	-	2.04	[ICRA]A (Positive) / [ICRA]A1
NA	Fixed Deposit	-	-	-	100.00	[ICRA]A (Positive)

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Entity Name	Ownership	Consolidation Approach
Emerald Jewellers DMCC Dubai	100.00%	Full Consolidation
Emerald Precious Chains Limited	100.00%	Full Consolidation
Emerald Jewel Creators Limited	100.00%	Full Consolidation
Emerald Jewel Shakthi Limited	100.00%	Full Consolidation
Indiana Jewellery Company Private Limited	72.50%	Full Consolidation

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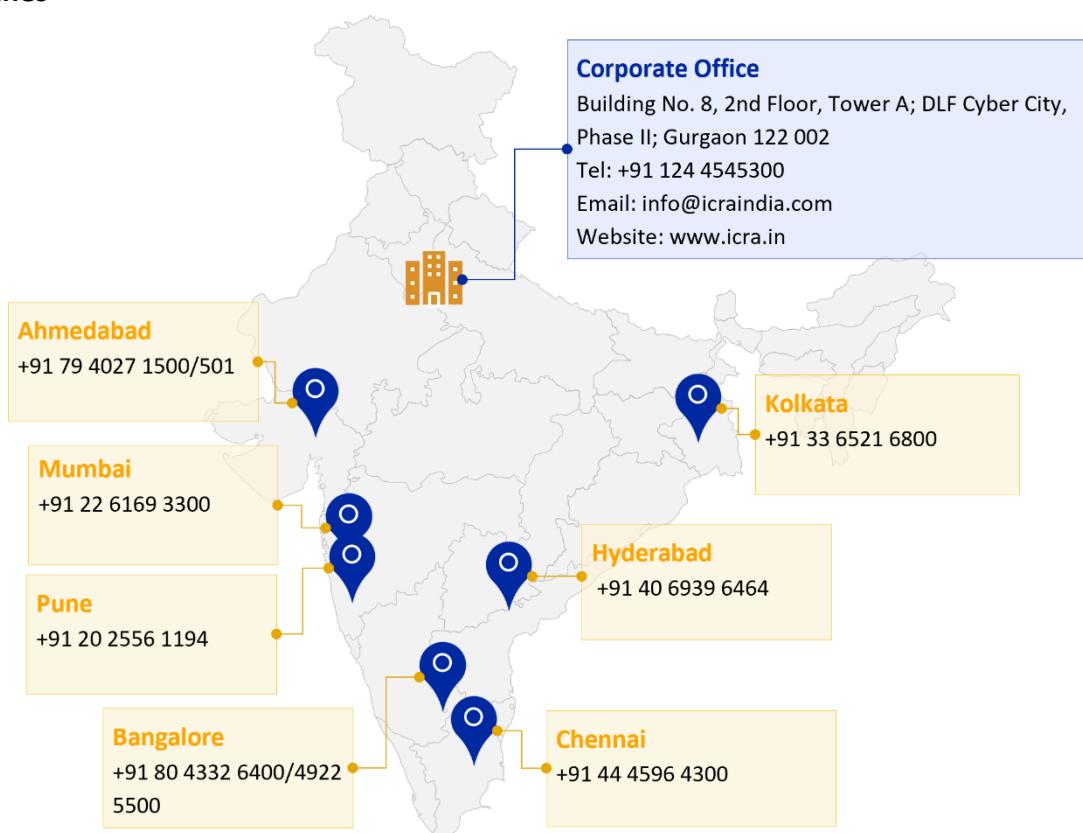
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