

February 19, 2026

## Lalithaa Jewellery Mart Limited: Long-term rating reaffirmed and assigned for enhanced amount and Short-term rating assigned

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term-Fund-based-Term loan	27.00	27.00	[ICRA]A (Stable); reaffirmed
Long-term/Short-term-Unallocated limits	0.00	354.00	[ICRA]A (Stable)/[ICRA]A1; assigned
Long-term-Fund-based-Cash credit	1,200.00	1,346.00	[ICRA]A (Stable); reaffirmed/assigned for enhanced amount
<b>Total</b>	<b>1,227.00</b>	<b>1,727.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating action on the bank lines of Lalithaa Jewellery Mart Limited (LJML) factor in the healthy improvement in its operational and financial performance seen in H1 FY2026, and expectations of a sustained healthy revenue growth and improvement in return metrics over the medium term, supported by its established brand name, extensive experience of promoters of over three decades and showroom expansions planned by the entity. The rating action also considers the reduction in contingent liability to Rs. 161.7 crore as on March 31, 2025, from Rs. 1,086.9 crore as on March 31, 2024, following the receipt of favourable income tax orders. LJML's operating performance registered a CAGR of 27.3% over the last three fiscals ending FY2025 and its revenues further grew by 31% in H1 FY2026 to Rs. 11,316.3 crore, supported by a sharp increase in gold prices. Although volumes declined in FY2025 due to weak market sentiments, there was a slight rebound during the first half of FY2026. The operating margins improved by 300 bps to 7.5% in H1 FY2026 compared to 4.5% in FY2025. This has improved the entity's coverage indicators with interest coverage ratio and debt service coverage ratio improving to 8.1 times and 5.5 times, respectively, in H1 FY2026 compared to 4.5 times and 3.1 times, respectively, in FY2025. LJML's geographical diversification has marginally improved in recent years with 37% and 28% of its revenues from Tamil Nadu and Andhra Pradesh, respectively, in FY2025 compared to 43% and 27%, respectively, in FY2021. LJML mobilises customer advances through jewellery purchase schemes, funding 49-53% of its inventory and aiding in attracting new customers. ICRA notes that LJML, following requisite shareholder approval, formally filed its Draft Red Herring Prospectus (DRHP) with the relevant stock exchanges and SEBI on June 6, 2025.

The rating, however, remains constrained by the high working capital requirements in the business as the entity is required to maintain various kinds of jewellery in its different showrooms. However, the entity's ability to maintain a healthy turnover and mobilise customer advance through jewellery purchase schemes relatively limit its working capital requirements. The rating also remains constrained by the intense competition in a fragmented industry structure and regulatory risks, which have impacted the retailers' performance in the past. Similar to other players in the industry, LJML's earnings remain exposed to fluctuations in gold prices. ICRA notes that in June 2024, LJML issued bonus shares to its existing shareholders in the ratio of 20:1, capitalising its reserves. Subsequently, in August 2024, the company completed the acquisition of 100% equity stake in Asita Jewellery Manufacturing Private Limited and Centigrade Apparels Private Limited, deploying Rs. 103.5 crore to expand its operational footprint.

The Stable outlook on the long-term rating reflects ICRA's expectations that LJML's operational and financial performance will continue to benefit from favourable demand conditions, its established market position, increasing focus on expansion in new markets. Further, the outlook underlines ICRA's expectations 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 rating.

## Key rating drivers and their description

### Credit strengths

**Established market position in southern states, with a strong brand name of Lalithaa** – LJML has a strong retail presence and track record for more than two decades in the jewellery market, mainly in Tamil Nadu and Andhra Pradesh. The vast experience of the promoters in the gold jewellery industry and the company's focus on providing ornament designs that suit the preferences of customers, enabled LJML to establish its strong brand and have a loyal customer base. The same drove its revenue growth through repeat purchases across all key markets. Its strong brand equity is evident from a steady revenue growth despite entry of many large regional chains in the recent years.

**Comfortable financial profile** – LJML's financial profile remains comfortable, characterised by a conservative capital structure with adequate coverage metrics and liquidity position. Despite high working capital requirements in the business (funded through earnings, working capital debt and advances from customers), LJML's coverage metrics improved in H1 FY2026. Its interest cover stood at 4.5 times in FY2025 and improved to 8.1 times in H1 FY2026, supported by increase in profitability. The coverage indicators are likely to remain comfortable, owing to expected steady earnings from operations over the medium term. Further, the financial profile is supported by its adequate liquidity position and relatively limited dependence on external debt, reflected in the total outside liabilities to the inventory ratio of around 82% in FY2025. The key capitalisation ratios, including the gearing and total outside liabilities to the tangible net worth (TOL/TNW), have remained adequate at 0.7 times and 2.6 times, respectively, as on March 31, 2025. ICRA notes that LJML, following requisite shareholder approval, formally filed its DRHP with the relevant stock exchanges and SEBI on June 6, 2025. The entity's ability to raise equity capital through its upcoming IPO is likely to strengthen its capitalisation ratios.

**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 LJML over the years. Further, its healthy presence across major markets in Tamil Nadu and Telangana, and regulatory changes such as mandatory hallmarking of gold jewellery are likely to further support the organised trade and provide better opportunities in the near term.

### Credit challenges

**Moderate operating profitability; earnings exposed to fluctuations in gold prices** – The entity's operating margins are expected to remain at moderate levels, constrained by low contribution from the studded jewellery, limited margins and lack of pricing flexibility, owing to intense competition in key markets. Further, its earnings remain exposed to volatile gold prices, as seen in the past. A part of the price volatility risk is mitigated by LJML's limited hedging and bargaining power to procure gold at competitive rates. LJML derives 70-75% of its revenues from the sale of gold jewellery, around 20% from bullion sales and the balance from silverware, diamonds and other segments.

**Performance exposed to intense competition and regulatory risks in jewellery segment** – The domestic jewellery retail sector continues to be exposed to the risks arising from the evolving regulatory landscape, which could have an adverse impact on the business. The restrictions on bullion imports and metal loan funding, mandatory PAN disclosure on transactions above a threshold limit, imposition of GST and demonetisation are some regulatory developments that have impacted demand and supply in the past. The company remains exposed to regulatory changes, which may impact its business performance. Additionally, the sector is highly fragmented and is exposed to intense competition from large organised and unorganised players, which limits the pricing flexibility of retailers to an extent.

**Working capital-intensive nature of operations** – The jewellery retailing business is working capital intensive in nature, given the need to display varied designs of jewellery to its customers. The working capital intensity increased to 14.6% in FY2025 from 12.8% in FY2024 owing to an increase in inventory days in FY2025. Going forward, the working capital intensity is expected to remain high, with the opening of new showrooms and increased inventory holding requirements to cater to them.

### Liquidity position: Adequate

LJML's liquidity position is expected to remain adequate, supported by cash and cash equivalents of Rs. 52.4 crore, as on March 31, 2025, unutilised buffer available in working capital limits for Rs.106 crore as of October 2025 and expected cash flow from operations for Rs. 50-60 crore in FY2026. The average fund-based utilisation over the last 12-month period ending October 2025, stood at 94.6% of the sanctioned limits of Rs. 1,200.0 crore. The entity does not have any major term debt outstanding and has received an enhancement in working capital limits to an extent of Rs. 500 crore, which is likely to support its liquidity.

### Rating sensitivities

**Positive factors** – LJML's rating may be upgraded if it registers a sustained healthy revenue and earnings growth or raises equity capital through its upcoming IPO in a manner that strengthens the leverage ratios and the liquidity position.

**Negative factors** – The rating may be downgraded, in case of sustained pressure on the company's operating performance or a deterioration in its working capital cycle, adversely impacting the debt protection metrics and the liquidity position. Specific credit metrics that could lead to a rating downgrade include TOL/TNW staying above 1.7 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	The rating is based on the consolidated financial statements, as enlisted in Annexure II.

### About the company

Lalithaa Jewellery was started in 1983 as a jewellery retailer. In 1985, the entity was converted into a private limited company. In 1999, Mr. Kiran Kumar took over Lalithaa Jewellery, which had only one store in Chennai. At present, Lalithaa Jewellery runs 60+ showrooms across four South Indian states and one Union Territory. In FY2024, the company was converted into a public limited company and in June 2024, the entity has made a bonus issue in the ratio of 20:1 to its existing shareholders.

### Key financial indicators (audited)

LJML	FY2024	FY2025 <sup>1</sup>	H1 FY2026*
Operating income	16,786.4	16,900.9	11,316.3
PAT	358.3	364.0	507.2
OPBDIT/OI	4.1%	4.5%	7.5%
PAT/OI	2.1%	2.2%	4.5%
Total outside liabilities/Tangible net worth (times)	2.1	2.6	2.4
Total debt/OPBDIT (times)	1.8	1.8	0.9
Interest coverage (times)	4.7	4.5	8.1

Source: Company, ICRA Research; <sup>1</sup>Consolidated numbers; \*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

Current (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
<b>Cash credit</b>	Long-term	1,346.00	Apr 09, 2025	[ICRA]A-(Stable)	Apr 23, 2024	[ICRA]A-@	Jul 19, 2023	[ICRA]A-(Stable)	Nov 30, 2022	[ICRA]A-(Stable)
			May 28, 2025	[ICRA]A-(Stable)		Jan 10, 2024	[ICRA]A-@	-	-	
			Dec 30, 2025	[ICRA]A (Stable)						
			Feb 19, 2026	[ICRA]A (Stable)						
<b>Term loan</b>	Long-term	27.00	Apr 09, 2025	[ICRA]A-(Stable)	-	-	-	-	-	-
			May 28, 2025	[ICRA]A-(Stable)						
			Dec 30, 2025	[ICRA]A (Stable)						
			Feb 19, 2026	[ICRA]A (Stable)						
<b>Unallocated Limits</b>	Long-term	-	Apr 09, 2025	[ICRA]A-(Stable)	Apr 23, 2024	[ICRA]A-@	Jul 19, 2023	[ICRA]A-(Stable)	Nov 30, 2022	[ICRA]A-(Stable)
			-	-		Jan 10, 2024	[ICRA]A-@	-	-	
<b>Unallocated Limits</b>	Long-term/Short-Term	354.00	Feb 19, 2026	[ICRA]A (Stable)/[ICRA]A1	-	-	-	-	-	-

@: Rating Watch with Negative Implications

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Cash credit	Simple
Long-term fund based – Term loan	Simple
Long term/Short term – Unallocated limits	Not Applicable

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	1,346.00	[ICRA]A(Stable)
NA	Long-term fund based – Term Loan	FY2025	NA	FY2035	27.00	[ICRA]A(Stable)
NA	Long term/Short term – Unallocated limits	NA	NA	NA	354.00	[ICRA]A(Stable)/[ICRA]A1

Source: Company

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

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

Company Name	Ownership	Consolidation Approach
Asita Jewellery Manufacturing Private Limited (AJMPL)*	100%	Full consolidation
Centigrade Apparels Private Limited (CAPL)*	100%	Full consolidation

\*AJMPL and CAPL became 100% subsidiary of LJML w.e.f. August 2024

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