

February 25, 2026

Jos Alukkas India Private Limited: Long-term rating reaffirmed, short-term rating of [ICRA]A1 assigned; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based Limits – Working Capital Facilities	1,385.00	-	-
Long-term – Fund-based Limits – Term Loan	6.29	6.29	[ICRA]A+ (Stable); reaffirmed
Long-term/ Short term – Fund-based Limits – Working Capital Facilities	-	1,725.00	[ICRA]A+ (Stable); reaffirmed/ assigned for enhanced amount/ [ICRA]A1; assigned
Total	1,391.29	1,731.29	

*Instrument details are provided in Annexure I

Rationale

The ratings consider the long experience of the promoters of Jos Alukkas India Private Limited (JA IPL, formerly known as Alukkas Enterprises Private Limited) in the retailing business of jewellery made of gold, silver, platinum and diamond, along with the company's long presence and strong brand recall (Jos Alukkas) in southern India. ICRA notes that the turnover of JA IPL registered a steady growth over the past couple of fiscals, which is likely to continue in the medium term, driven by addition of stores planned by the entity and elevated gold prices. ICRA also notes that the sharp improvement in the margins of the company over the past two years was primarily driven by the rally in gold prices, leading to an increase in the overall profits and cash accruals from business, which positively impacted the coverage metrics of the company. ICRA expects the operating profit margin (OPM) of the company to increase to more than 7.0% in FY2026 from 6.4% in FY2025. The profitability of the company in the subsequent fiscals will remain dependent on gold price fluctuations as the entity does not formally hedge its gold inventory at present. The RoCE of the company is also likely to remain at a healthy level in the near-to-medium term. JA IPL's comfortable financial risk profile, as reflected by healthy coverage metrics, also supports the ratings. The ratings also derive comfort from the strong financial flexibility of the company, as reflected by TOL/Inventory of around 63% in FY2025, which is likely to improve further over the medium term. The ratings further consider the favourable long-term growth prospects of organised jewellers with an accelerated shift in the market share from unorganised to organised jewellers, which is likely to benefit JA IPL.

The ratings, however, are constrained by the vulnerability of JA IPL's earnings to volatility in gold prices, intense competition on the back of a fragmented industry structure and aggressive store expansion plans undertaken by many of the large jewellers, along with the inherent regulatory risks associated with the jewellery business and a cautious lending environment. The ratings continue to factor in the high working capital intensive nature of operations, necessitated from large inventory holding due to its nature of business, which results in higher dependence on working capital loans. The ratings are also impacted by the relatively higher geographical concentration risk as JA IPL derived nearly 50% of its revenue from Tamil Nadu in the earlier years. However, in H1 FY2026, the same has reduced to around 46% and is expected to improve gradually, going forward. The product concentration risk for the company also remains high with plain gold jewellery contributing to around 90% of its revenue while studded jewellery contributes the balance.

The Stable outlook on the long-term rating reflects ICRA's opinion that JA IPL's operational and financial performances will continue to benefit from its established market position, increased focus on store expansion and generation of adequate cash flows relative to its debt service obligations.

Key rating drivers and their description

Credit strengths

Established market position, expanding retail network along with strong brand recognition in southern India – The company

is among the prominent branded jewellery retailers in India with a strong presence in the South Indian market. The promoters' extensive experience in the jewellery retail industry and healthy brand recall of 'Jos Alukkas' in most of its key operating regions support its operating performance, as demonstrated by the healthy revenue growth over the past three years. The company has been operating through a wide network of 64 company-owned and company-operated (COCO) showrooms as of January 2026, including four stores, which were added during the current fiscal. Going forward, the company plans to add 4-5 new stores annually and deepen its presence in tier-II and tier-III cities to capitalise on its brand recognition, which is expected to benefit its business diversification.

Steady growth in top line, supported by planned store addition and industry tailwinds; likely to continue over the medium term – The operating income of the company witnessed a steady growth over the past couple of years, primarily driven by the increase in gold price. Growth in sales volume of gold also played a significant role towards the growth trajectory. The company has been adding new stores over the past few years, which also augmented the revenue growth. Moreover, increase in revenue from non-gold jewellery, which accounted for ~6% of its revenue in FY2025, also supported its top line growth over the past three years. The operating income of JAIPL registered a YoY growth of around 26% in FY2025, primarily driven by a sharp rise in the gold price, whereas volume of sales registered a marginal growth (~1%) during the year. Gold price witnessed a steep rise in the current fiscal, dampening industry-wide jewellery demand. JAIPL reported an operating income of around Rs. 6,915 crore in H1 FY2026, a YoY growth of around 10%, primarily driven by around 36% increase in gold price, while sales volume declined by around 19%. Despite planned store additions, the overall volume of sales would register a material moderation in the current fiscal, on a YoY basis. Nevertheless, the operating income of JAIPL is expected to increase by around 12% in FY2026, on a YoY basis, led by an elevated gold price.

Comfortable financial risk profile; improved margins and healthy debt coverage indicators – The operating profit margin (OPM) of the company rose to 6.4% in FY2025 from 5.0% in FY2024 due to an increased margin on sales, amid rising gold prices, and better absorption of overheads. The net profit margin (NPM) followed suit and improved to 4.0% in FY2025 from 3.3% in FY2024. Accordingly, the RoCE improved and remained at a healthy level of around 28% in FY2025. Improved margins, supported by a growing scale of operations, resulted in increasing profits and cash accruals from the business in the last three fiscals. ICRA expects the operating margin of the company to remain more than 7.0%, while the net margin at around 4.5% in FY2026. The return on capital employed is expected to remain healthy at more than 25% in the current fiscal. The overall profits and cash accruals from the business are also estimated to increase in FY2026 as well as in FY2027, primarily driven by the company's growing scale of operations. The capital structure of the company has remained conservative with a gearing and TOL/TNW of 0.7 times and 1.1 times, respectively as on March 31, 2025. With a sharp rise in profits and cash accruals, the coverage indicators of the company improved in FY2025 over the previous fiscal and stood at a healthy level. In view of sizeable profits and cash accruals from the business, ICRA expects the company's capital structure to improve further, going forward. The coverage indicators would also continue to remain healthy.

Favourable long-term growth prospects for organised jewellery retailers – Increasing regulations in the jewellery retail industry in the recent years, aimed at improving transparency and standardisation, have accelerated the shift in the market share from the unorganised players to organised ones. The industry tailwinds are expected to benefit organised jewellery retailers like JAIPL over the medium term, supported by its expanding retail presence. Also, the customs duty cut of 9% on gold, in the Union Budget in July 2024, has been disincentivising illegal import, thereby benefiting organised players.

Credit challenges

Performance exposed to intense competition and regulatory risks in retail jewellery segment – Jewellery retail business is highly competitive, with a large share of unorganised trade. This coupled with robust store expansion by larger retailers into tier-II and tier-III cities in the recent years has intensified competition and limited the pricing flexibility. JAIPL remains exposed to intense competition with limited pricing flexibility, with the presence of a large number of organised and unorganised players, which would keep its margins under check. Further, the share of studded jewellery remains low, in line with the consumer preferences in southern India, where JAIPL operates, which limits its profitability to an extent. ICRA expects the OPM of the company to remain above 7% in the current fiscal. However, the same in the subsequent fiscals will remain dependent on gold price fluctuations as the entity does not formally hedge its gold inventory at present. The jewellery retail industry has witnessed increased regulatory intervention in the recent years, like restrictions on bullion imports, limited access to gold metal loans, limitation on jewellery saving schemes, mandatory PAN disclosure on transactions above a threshold limit etc., which impacted the operating environment and consequently the performance of the jewellers. Increasing supervision and cautious lending environment further restricted fund flows to the sector. However, JAIPL enjoys a healthy relationship with banks and has been able to increase its working capital limits on a timely basis.

Earnings exposed to geographical concentration risks and volatility in gold prices – The company, a South India-based jewellery retailer, derives nearly half of its revenue from Tamil Nadu, with Karnataka, Andhra Pradesh, Telangana and Kerala

being the other major contributors. High geographical concentration of revenue exposes the company to risks arising from any local event, which could adversely impact the business profile. However, the risk is mitigated to an extent by the company's strong brand presence. The company has been opening new stores outside Tamil Nadu, which is likely to improve its geographical diversification of revenue over the medium term. Besides, the company's profitability remains exposed to volatility in gold prices in the absence of any formal hedging practice. This is, however, mitigated to a large extent by the extensive experience of the promoters and daily procurement of gold, in line with sales, to manage inventory costs.

High working capital intensive nature of operations due to large inventory holding – Jewellery retailing business is highly working capital intensive in nature, given the need to display varied designs of jewellery to its customers. JA IPL generally maintains an inventory of 4-5 months on an average, across its stores, depending on the footfall, and the stockholding surge during the festive season. The net working capital relative to the operating income of the company stood at around 20% in FY2025 (20% in FY2024). However, given the rising gold prices and expected top line growth, the working capital intensity may increase to some extent, going forward. With a large stockholding requirement, dependence on working capital loans remains high. The company's ability to manage its inventory levels and liquidity position, while increasing the scale, will be the key determinants of its financial risk profile.

Liquidity position: Adequate

The company generated negative cash flow from operations in FY2025 due to a sizeable increase in the working capital requirement to support its top line growth. Further, the growth in top line expected in FY2026 would also lead to higher inventory holding, which is expected to weigh on the cash flow from operations. The average fund-based working capital utilisation of the company stood at a moderately high level of around 73% during the last 15 months, ended in December 2025. However, the company has enhanced its working capital limits in the recent past, which would support its liquidity. JA IPL had unencumbered cash/bank balance and liquid investments of around Rs. 25 crore as on March 31, 2025. The company intends to pay off unsecured loans of around Rs. 124 crore from related parties in the current fiscal, subject to receipt of relevant 'no objection' from its lenders. The company has long-term debt repayment obligations of Rs. 12-16 crore, including lease liabilities, over the next two years. Surplus cash/bank balance, unutilised working capital limits and incremental customer advances would be adequate to meet its additional working capital requirements, long-term debt repayment obligations and moderate capital expenditure of around Rs. 60-80 crore in FY2026 and FY2027, largely towards expansion of retail network and development of office building/commercial property. ICRA expects the overall liquidity position of the company to remain adequate, going forward.

Rating sensitivities

Positive factors – ICRA may upgrade JA IPL's ratings if there is a sustained healthy increase in its revenue and earnings on the back of improving business diversification through store addition, while maintaining comfortable debt protection metrics and improving its liquidity position.

Negative factors – Pressure on JA IPL's ratings could arise if there is a sustained deterioration in its operating performance and/or the working capital cycle, adversely impacting the coverage metrics and the liquidity position. Any large cash outflow to other Group entities could also put pressure on the ratings. Specific credit metrics that could result in ratings downgrade include TOL/TNW above 1.2 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	The ratings are based on the standalone financial statements of the entity

About the company

Jos Alukkas India Private Limited (JA IPL, formerly known as Alukkas Enterprises Private Limited) is the flagship entity of the Jos Alukkas Group, which commenced its jewellery retailing operations in 2002. With effect from April 1, 2023, the Group has consolidated its jewellery retail business under JA IPL through a business transfer agreement between three entities namely, Alukkas Gold Retail India Private Limited, Alukkas Jewellery Thrissur and Alukkas Enterprises Private Limited. The company operates in five states – Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Telangana, and one Union Territory – Puducherry.

The company is involved in retailing of gold/silver/diamond/platinum and various studded jewellery and operates through 64 showrooms, as of January 2026, spread across the southern region of India. The company is managed by Mr. Alukka Varghese Jose and his three sons, Mr. Alukka Jose Varghese, Mr. Alukka Jose Paul and Mr. Alukka Jose John.

Key financial indicators (audited)

JA IPL, Standalone	FY2024	FY2025	H1 FY2026*	H1 FY2025*
Operating income	10,910.3	13,764.9	7,409.8	6,728.1
PAT	363.1	547.5	376.4	257.4
OPBDIT/OI	5.0%	6.4%	7.5%	6.0%
PAT/OI	3.3%	4.0%	5.1%	3.8%
Total outside liabilities/Tangible net worth (times)	1.3	1.1	1.1	1.2
Total debt/OPBDIT (times)	2.2	1.6	1.2	1.6
Interest coverage (times)	6.6	7.8	11.8	8.3

Source: Jos Alukkas India Private Limited, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; * Provisional numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Instrument	Type	Current ratings (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Feb 25, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Working Capital Facilities	Long term	-	-	Dec 30, 2024	[ICRA]A+ (Stable)	Nov 6, 2023	[ICRA]A (Stable)	Jan 17, 2023	[ICRA]A (Stable)
		-	-	Dec 17, 2024	[ICRA]A+ (Stable)	-	-	Jan 5, 2023	[ICRA]A (Stable)
Term Loan	Long term	6.29	[ICRA]A+ (Stable)	Dec 30, 2024	[ICRA]A+ (Stable)	-	-	-	-
				Dec 17, 2024	[ICRA]A+ (Stable)	-	-	-	-
Working capital Facilities	Long term/ Short term	1,725.00	[ICRA]A+ (Stable)/ [ICRA]A1	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term Loan	Simple
Long-term/ Short-term – Fund-based– Working Capital Facilities	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	Working capital facilities 1	-	-	-	175.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Working capital facilities 2	-	-	-	175.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Working capital facilities 3	-	-	-	300.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Working capital facilities 4	-	-	-	175.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Working capital facilities 5	-	-	-	150.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Working capital facilities 6	-	-	-	50.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Working capital facilities 7	-	-	-	450.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Working capital facilities 8	-	-	-	250.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Term Loan/ Vehicle Loan 1	FY2025	-	FY2029	3.30	[ICRA]A+ (Stable)
NA	Term Loan/ Vehicle Loan 2	FY2023	-	FY2028	2.99	[ICRA]A+ (Stable)

Source: Jos Alukkas India 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

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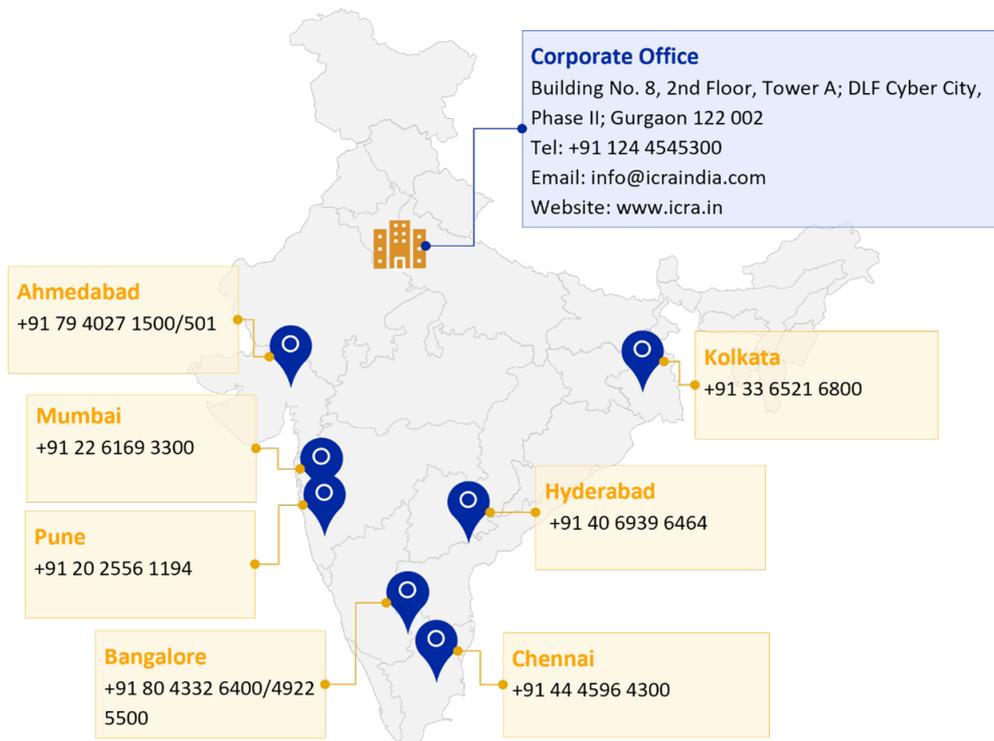


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