

March 02, 2026

## M/S. Purushottam Narayan Gadgil: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – working capital facilities	265.00	226.81	[ICRA]A (Stable); Reaffirmed
<b>Total</b>	<b>265.00</b>	<b>226.81</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The rating reaffirmation factors in the favourable financial risk profile of M/s. Purushottam Narayan Gadgil (PNG or the firm), characterised by low gearing, healthy debt protection metrics, as well as an adequate liquidity position. The rating also takes into account the established market position of PNG in its area of operations (primarily in Sangli and Kolhapur, Maharashtra), along with a track record of more than 190 years in the gold jewellery retail industry. ICRA expects the firm's credit profile to remain comfortable, given the favourable long-term demand outlook for organised jewellery retailers in the country, underpinned by growing penetration, evolving lifestyles, increasing disposable incomes of consumers and strong cultural affinities.

In FY2025, the firm's sales volume increased by around 19% as the custom duty cut on gold imports, effective July 2024, boosted consumer sentiment, leading to a YoY increase in gold jewellery volumes, particularly in Q2 FY2025. Additionally, volumes were supported by pre-buying ahead of festivities to cash in on the price advantage. However, in 9M FY2026, escalating geopolitical tensions and heightened trade frictions, accentuated by the imposition of reciprocal tariffs by USA, resulted in a surge in gold prices. This impacted the firm's volumes, which declined by over 22% in 9M FY2026 against 9M FY2025. The same was offset by higher prices, leading to a 15% YoY increase in overall revenues to Rs. 2,284 crore in 9M FY2026.

The firm, however, remains exposed to geographical and product concentration risks, as it generated over 71% of its revenues from the Sangli and Kolhapur markets and 94% of its revenues from gold jewellery in 9M FY2026. ICRA notes that the firm recently operationalised one new store (Kolhapur, Maharashtra) in FY2025 and another store (Hubbali, Karnataka) in FY2026, which are expected to ramp up operations in the coming years, leading to overall growth in the firm's revenues. ICRA further notes that PNG is in the process of setting up a new store (Nipani, Karnataka) in FY2026, with a total project cost of Rs. 2.0 crore, funded through internal accruals, and expected to be operationalised by March 2026. While efficient working capital management provides comfort to an extent, earnings remain vulnerable to fluctuations in gold prices due to the lack of formal hedging practices. PNG is also exposed to the risks inherent in partnership firms, including the risk of capital withdrawal. The rating also factors in the intense competition in the industry, the fragmented industry structure, and inherent regulatory risks that may impact business prospects.

The Stable outlook on the rating reflects ICRA's opinion that the firm's revenues and profit margins will remain adequately supported by healthy demand prospects for organised jewellery. This will support the debt coverage indicators despite regular capital expenditure towards store additions.

### Key rating drivers and their description

#### Credit strengths

**Longstanding experience of promoters in gold jewellery retail business with strong brand equity and market position in Maharashtra** – The present partners of the firm have over 40 years of experience in the jewellery retail business, with a strong understanding of the local market. The promoters are also instrumental in maintaining strong relationships with suppliers and customers, ensuring efficient inventory management. The firm has an established market position in the jewellery retail market of south-western Maharashtra, supported by the vast experience of the promoters, the strong brand equity of PNG, and its design capabilities. Its retail presence spanning more than 190 years has helped in developing strong brand loyalty in the region.

**Favourable long-term demand outlook for organised jewellery retailers** – The long-term outlook for organised jewellery retailers remains favourable, supported by cultural underpinnings, evolving lifestyles, growing disposable incomes of consumers, favourable demographics, and increasing penetration of the organised sector. Increasing regulatory restrictions aimed at greater transparency and higher compliance costs are likely to continue to result in churn in the unorganised segment, thus benefiting organised players. Over the past two decades, the sector has transformed with a continued and rapid rise in organised trade and the firm is well positioned to tap incremental demand, given its reputed brand and established market position.

**Healthy financial profile** – The firm reported healthy YoY growth of 33% to Rs. 2,557.3 crore, led by boosted consumer sentiment driven by the custom duty cut on gold imports, which also resulted in pre-buying ahead of festivities to cash in on the price advantage.

However, in FY2026, escalating geopolitical tensions and heightened trade frictions, accentuated by the imposition of reciprocal tariffs by USA, resulted in a surge in gold prices. This impacted industry volumes; for PNG, volumes declined by over 22% in 9M FY2026 against 9M FY2025. However, increased gold prices offset the volume decline, leading to an increase in overall revenues. This resulted in a 15% YoY increase in the company's revenues to Rs. 2,284 crore in 9M FY2026 (as per provisional financials). Driven by inventory gains, the firm recorded an OPBDITA margin of 13.4% in 9M FY2026 against 7.7% in FY2025. Furthermore, the firm's financial profile remains strong, characterised by low gearing (0.2 times as on December 31, 2026) and healthy debt protection metrics (interest cover of 20.1 times and total outside liabilities/inventory of 0.4 times in 9M FY2026, as per provisional financials).

### Credit challenges

**Exposed to geographical and product concentration risks** – The firm remains exposed to geographical and product concentration risks, as it generated 71% of its 9M FY2026 revenues from the Sangli and Kolhapur markets in Maharashtra and earned over 94% of its revenues from gold jewellery sales. However, with an extensive track record, PNG enjoys a strong customer base and market share in its core region, helping to reduce the said risk. ICRA notes that the firm's dependence on the Sangli and Kolhapur markets remains high at present.

**Profitability susceptible to fluctuations in gold prices** – Raw materials constitute over 90% of the operating costs of a gold jewellery retailer. Gold jewellery sales account for 95-96% of the firm's revenues; therefore, its profitability remains susceptible to gold price movements. Further, the absence of formal hedging practices aggravates the risk to some extent.

**Exposed to regulatory risks as well as risks inherent in partnership firms** – The jewellery retail industry has witnessed increased regulatory intervention in the past years, such as compulsory hallmarking requirements, limited access to gold metal loans, mandatory Permanent Account Number (PAN) disclosure requirements beyond the threshold transaction limit, restrictions on jewellery savings schemes, the imposition of excise duty, and GST implementation, among others, which have impacted demand and supply in the industry in the past. Moreover, given its constitution as a partnership firm, PNG is exposed to discrete risks, including the limited ability to raise capital and the possibility of capital withdrawals by partners. ICRA notes that the partners have been withdrawing 5-8% of the annual net profit and expects this trend to continue. Any significant capital withdrawal by the partners could lead to a cash flow mismatch and thus remains important from a credit perspective.

### Liquidity position: Adequate

The firm's liquidity is adequate, with healthy cash flows from business operations. It does not have any principal repayment obligations, as the debt comprises working capital borrowings and deposits from partners and relatives. The company had free cash and bank balances and liquid investments of around Rs. 14.5 crore as on December 31, 2025, and unutilised fund-based working capital facilities of Rs. 118.0 crore as on December 31, 2025, which provide an additional liquidity buffer. Against this, it plans to incur capex of around Rs. 2 crore in FY2026 for a new store addition (expected to commercialise operation by first week of March 2026), funded through internal accruals. Additionally, the firm is expected to maintain inventory of around Rs. 35-40 crore in the new store.

### Rating sensitivities

**Positive factors** – A sustained growth in the firm’s scale of operations and earnings, along with higher geographical diversification may trigger a rating upgrade.

**Negative factors** – Pressure on PNG’s rating may arise owing to any large deterioration in earnings or an increase in debt levels, thereby impacting its coverage metrics on a sustained basis. Specific trigger for a downgrade would be total outside liabilities/tangible net worth (TOL/TNW) above 1.3 times on a sustained basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Jewellery - Retail</a>
Parent/group Support	Not Applicable
Consolidation/standalone	Standalone financials have been considered

## About the company

M/s. Purushottam Narayan Gadgil (PNG) is one of the renowned jewellery retailers in south-west Maharashtra, offering a wide variety of gold, silver, and precious gemstone jewellery. The firm enjoys a 19-decade-long legacy of the ‘P N Gadgil’ brand, established by the Gadgil family, which entered the gold jewellery business in 1832 in Sangli, Maharashtra, under the name Purushottam Narayan Gadgil Jewellers. As on December 31, 2025, the firm had nine stores in south-western Maharashtra and four in Karnataka, with an aggregate built-up area of 61,078 sq. ft. In FY2026, it plans to open one new store in Nipani, Karnataka, which is expected to commence operations from March 2026.

## Key financial indicators (audited)

Company name (consolidated)	FY2024	FY2025	9M FY2026*
Operating income	1,928.7	2,557.3	2,284.6
PAT	83.1	116.8	221.4
OPBDIT/OI	7.8%	7.7%	13.4%
PAT/OI	4.3%	4.6%	9.7%
Total outside liabilities/Tangible net worth (times)	0.5	0.6	0.4
Total debt/OPBDIT (times)	0.9	1.1	0.4
Interest coverage (times)	10.4	10.2	20.1

Source: Company, 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: Not applicable**

**Rating history for past three years**

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	March 02, 2026	Date	Rating	Date	Rating	Date	Rating
<b>Fund-based-Cash credit</b>	Long Term	226.81	[ICRA]A (Stable)	Jul 04, 2024	[ICRA]A (Stable)	Jul 17, 2023	[ICRA]A (Stable)	May 27, 2022	[ICRA]A (Stable)
				Mar 28, 2025	[ICRA]A (Stable)	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-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	Fund based working capital facilities	-	8.75-9%	-	226.81	[ICRA]A (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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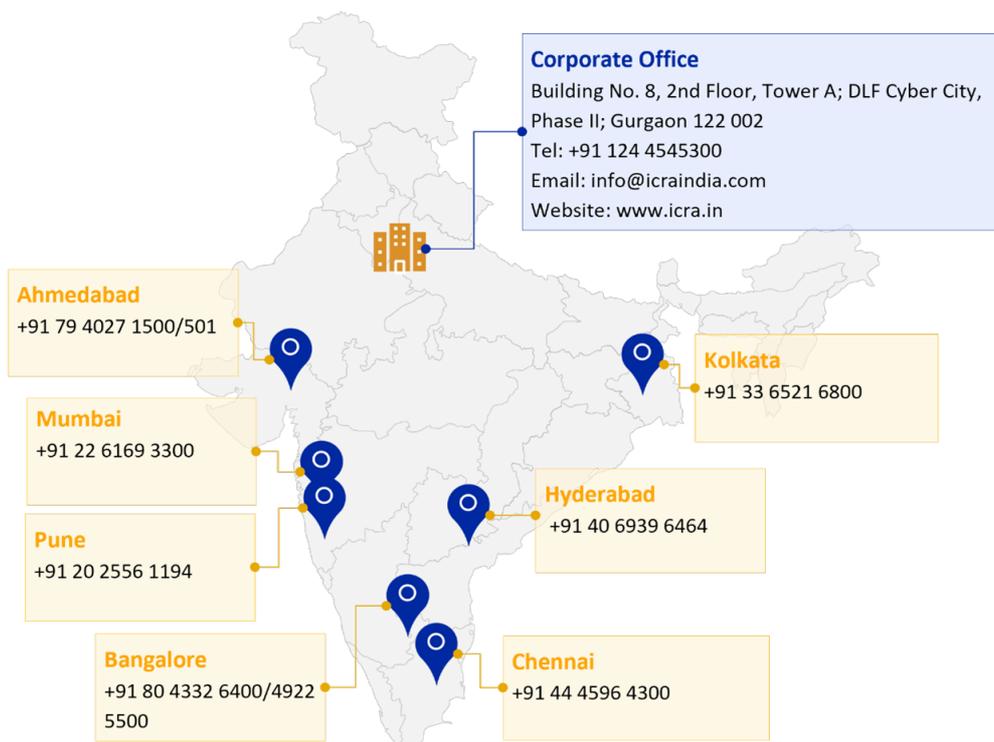


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