

April 30, 2026

## AVR Swarnamahal Jewelry Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fixed Deposit Programme	50.00	50.00	[ICRA]A- (Stable); reaffirmed
Long-term Fund-based – Term Loan	44.45	44.45	[ICRA]A- (Stable); reaffirmed
Long-term/ Short-term Fund-based – Working Capital Facilities	538.00	538.00	[ICRA]A- (Stable)/[ICRA]A2+; reaffirmed
<b>Total</b>	<b>632.45</b>	<b>632.45</b>	

\*Instrument details are provided in Annexure II

### Rationale

The ratings continue to draw comfort from the increasing scale of operations over the past years and established market position of AVR Swarnamahal Jewelry Limited (AVR) in Tamil Nadu, especially in the Salem region. The ratings also consider the promoter's extensive experience in the jewellery - retail business, and the company's adequate debt protection metrics. The operating income of AVR registered a YoY growth of around 5% in FY2025, driven by a sharp rise in the gold price, whereas volume of sales registered a material decline (~17%) during the year. Gold price witnessed a steep rise in FY2026, dampening industry-wide jewellery demand. AVR reported a top line of around Rs. 2,408 crore in 9M FY2026, reflecting a YoY growth of around 18%, driven by around 46% increase in gold price, while sales volume declined by around 21%. While ICRA expects the overall sales volume of gold jewellery to witness a material moderation in FY2026, on a YoY basis, AVR's operating income is nonetheless estimated to grow by over 20% in FY2026, supported by elevated gold price. The profitability of AVR witnessed some improvement in FY2025 over the previous fiscal on the back of a redefined jewellery purchase scheme (JPS) with a reduced level of discounts offered on the value addition on jewellery. In view of an increased margin on sales, amid rising gold prices, and better absorption of overheads, the overall profitability of the company is likely to register further improvement in FY2026. Despite a likely increase in profitability, the company's growing reliance on external funding to meet the higher working capital needs owing to elevated gold prices and to fund the growth is likely to have a bearing on the debt coverage indicators in the near term at least. The ratings, however, continue to favourably factor in the 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 AVR.

The ratings continue to factor in the vulnerability of AVR's earnings to volatility in gold prices, an intense competition on the back of a fragmented industry structure and aggressive store expansion plans undertaken by large players, along with the inherent regulatory risks associated with the jewellery business. The ratings are also impacted by the relatively higher geographical concentration risk as AVR derives nearly 90% of its revenue from Tamil Nadu. The product concentration risk for the company also remains high with plain gold jewellery contributing around 90% to its revenue while studded jewellery accounting for the balance. 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 Stable outlook on the long-term rating reflects ICRA's opinion that AVR'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 along with strong brand recall in the Salem region** – AVR has an established retail presence in the northern part of Tamil Nadu, especially in the Salem market, for over eight decades. The vast experience of the promoters in the retail gold jewellery business, coupled with its focus on providing ornament designs that suit specific tastes and preferences of the customers, has helped it establish the strong brand of AVR and capture a loyal customer base, which has driven its revenue growth through repeat purchases. Its strong brand equity is illustrated by the steady revenue growth witnessed by AVR in the region despite the entry of many large regional chains in recent years. To diversify its offerings, the company has introduced Vendi – exclusively dealing in silver jewellery, and Evaglow’ – exclusively dealing with lab-grown diamond studded jewellery, in the recent past.

**Adequate debt protection metrics; steady growth in top line, likely to continue over the medium term** – The operating income of AVR witnessed a steady growth over the past couple of years, primarily driven by the increase in gold price. The operating income of AVR registered a YoY growth of around 5% in FY2025, driven by a sharp rise in the gold price, whereas sales volume declined (~17%) during the year. Gold price rose sharply in the last fiscal, dampening industry-wide jewellery demand. AVR reported a top line of around Rs. 2,408 crore in 9M FY2026, reflecting a YoY growth of around 18%, driven by around 46% increase in gold price, while sales volume declined by around 21%. While ICRA expects the overall sales volume of gold jewellery to moderate materially in FY2026, on a YoY basis, AVR’s operating income is estimated to have grown by over 20% in FY2026 (supported by elevated gold price) and by around 15% in FY2027. Increase in revenue from silver jewellery/articles, which accounted for ~10% of its revenue in 9M FY2026 would also support the top line growth. The capital structure of the company has remained somewhat leveraged with a gearing and TOL/TNW of 1.4 times and 2.0 times, respectively as on March 31, 2025. With an improvement in profits and cash accruals, the coverage indicators improved in FY2025 over the previous fiscal and stood at a comfortable level. The company’s growing reliance on external funding to meet the higher working capital needs, to fund the growth amid elevated gold prices, is likely to impact the debt coverage indicators to some extent, going forward. Despite a likely increase in the overall borrowings, given sizeable accretion to reserves, no material deterioration in the capital structure is expected in the near term at least.

**Favourable long-term growth prospects of 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 AVR 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 large retailers particularly into tier-II and tier-III cities in the recent years has intensified competition and limited pricing flexibility. Consequently, AVR’s margins remain susceptible to the prevailing competitive landscape. Further, the share of studded jewellery remains low, in line with the consumer preferences in southern India, where AVR operates, which limits its margin expansion. The profitability of AVR witnessed some improvement in FY2025 over the previous fiscal on the back of a redefined jewellery purchase scheme (JPS) with a reduced level of discounts offered on the value addition on jewellery. In view of an increased margin on sales, amid rising gold prices, and better absorption of overheads, the overall profitability of the company is likely to improve further in FY2026. ICRA expects the operating margin of the company to remain more than 6.0%, and the net margin over 3.0% in FY2026. However, the same in the subsequent fiscals will depend on gold price fluctuations. The overall profits and cash accruals from the business are also estimated to remain healthy in FY2026 as well as in FY2027, primarily driven by the company’s growing scale of operations. 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, AVR 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** – AVR, a South India-based jewellery retailer, derives nearly 90% of its revenue from Tamil Nadu. Moreover, its main areas of operations are Salem and its neighbouring markets, with Salem contributing ~50% to the revenues in FY2025. High geographical concentration of revenue exposes the company to risks arising from any local event, which could adversely impact the business profile. Geographical concentration has limited AVR's revenue growth over the years due to the entry of various leading jewellery brands. However, the risk is mitigated to an extent by the company's strong brand presence. The upcoming stores in T Nagar (Chennai) and Namakkal are expected to support ramp-up of operations and provided some degree of geographical diversification, albeit within Tamil Nadu. Further, its earnings remain exposed to volatile gold prices, as seen in the past, with the risk mitigated to an extent by the hedging of ~50% of the inventory through gold metal loans, customer advances and financial derivatives in the recent past.

**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. AVR generally maintains an inventory of 4-5 months on an average, across its stores, depending on the footfall, and the stockholding surges during the festive season. The net working capital relative to the operating income of the company stood at around 27% in FY2025 (19% in FY2024). The working capital intensity may increase to some extent, going forward, amid rising gold prices and planned store additions in FY2027. With a large stockholding requirement, dependence on working capital loans and/or customer advance (jewellery purchase scheme) 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 growth in top line expected in FY2026 and FY2027 would 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 relatively higher level of around 84% during the last 15 months, ended in February 2026. However, the company is in the process of enhancing its working capital limits, which would support its liquidity, going forward. AVR had unencumbered cash/bank balance of around Rs. 22 crore as on March 31, 2025. The company has long-term debt repayment obligations of Rs. 20-30 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. 30-40 crore in FY2026 and FY2027, largely towards addition of new stores and development of office building/commercial property. ICRA expects the overall liquidity position of the company to remain adequate, going forward. As the company's business is expected to record a sizeable growth in the medium term, efficient management of working capital requirement would remain crucial, going forward.

### Rating sensitivities

**Positive factors** – The ratings may be upgraded if the company is able to achieve a sustained increase in revenues with commensurate rise in earnings, leading to higher cash generation from business and improvement in liquidity.

**Negative factors** – ICRA may downgrade the ratings of AVR 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 metric that could result in ratings downgrade include interest coverage of less than 3.0 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 ratings are based on the standalone financial statements of the company

## About the company

AVR Swarnamahal Jewelry Limited (AVR) was incorporated in August 2009 and acquired the jewellery businesses of the AVR family-run firms, namely AVR Swarnamahal and Swarnapuri AVR. The company is a regional jewellery retailer with a history of more than 15 years. The company is involved in retailing of gold/silver/diamond/platinum and various studded jewellery and operates through 18 company-owned company-operated (COCO) showrooms and three franchisee stores (franchisee-owned company-operated), as of March 2026, spread across Tamil Nadu and Karnataka. In addition, the company had six 'Vendi' stores, exclusively dealing with silver jewellery and one 'Evaglow' store, exclusively dealing with lab-grown diamond studded jewellery as of March 2026. The company holds a leading market share in Salem and also enjoys a strong brand recall in Tamil Nadu.

## Key financial indicators (audited)

AVR, Standalone	FY2024	FY2025
Operating income	2,561.0	2,677.4
PAT	44.3	61.7
OPBDIT/OI	3.8%	4.7%
PAT/OI	1.7%	2.3%
Total outside liabilities/Tangible net worth (times)	1.8	2.0
Total debt/OPBDITA (times)	3.8	4.7
Interest coverage (times)	3.8	4.1

Source: AVR Swarnamahal Jewelry 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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Instrument	Current ratings (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Apr 30, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
<b>Fixed Deposit Programme</b>	Long term	50.00	<b>[ICRA]A-(Stable)</b>	Apr 09, 2025	<b>[ICRA]A-(Stable)</b>	Oct 30, 2024	<b>[ICRA]A-(Stable)</b>	Oct 31, 2023	<b>[ICRA]A-(Positive)</b>
<b>Term Loans</b>	Long term	44.45	<b>[ICRA]A-(Stable)</b>	Apr 09, 2025	<b>[ICRA]A-(Stable)</b>	Oct 30, 2024	<b>[ICRA]A-(Stable)</b>	Oct 31, 2023	<b>[ICRA]A-(Positive)</b>
<b>Cash Credit</b>	Long term	-	-	-	-	Oct 30, 2024	<b>[ICRA]A-(Stable)</b>	Oct 31, 2023	<b>[ICRA]A-(Positive)</b>
<b>Fund-based – Interchangeable</b>	Short term	-	-	-	-	Oct 30, 2024	<b>[ICRA]A2+</b>	Oct 31, 2023	<b>[ICRA]A2+</b>
<b>Non-fund Based – Working Capital Facilities</b>	Short term	-	-	-	-	-	-	Oct 31, 2023	<b>[ICRA]A2+</b>
<b>Fund-based – Working Capital Facilities</b>	Long term/ Short Term	538.00	<b>[ICRA]A-(Stable)/ [ICRA]A2+</b>	Apr 09, 2025	<b>[ICRA]A-(Stable)/ [ICRA]A2+</b>	-	-	-	-

**Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026**

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity indicator
Fixed Deposit Programme	Simple
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 II: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fixed Deposit Programme	-	-	-	50.00	[ICRA]A- (Stable)
NA	Term Loan 1	FY2023		FY2028	14.45	[ICRA]A- (Stable)
NA	Term Loan 2	FY2025	-	FY2030	30.00	[ICRA]A- (Stable)
NA	Fund based – Working Capital Facilities 1	-	-	-	80.00	[ICRA]A- (Stable)/ [ICRA]A2+
NA	Fund based – Working Capital Facilities 2	-	-	-	198.00	[ICRA]A- (Stable)/ [ICRA]A2+
NA	Fund based – Working Capital Facilities 3	-	-	-	160.00	[ICRA]A- (Stable)/ [ICRA]A2+
NA	Fund based – Working Capital Facilities 4	-	-	-	25.00	[ICRA]A- (Stable)/ [ICRA]A2+
NA	Fund based – Working Capital Facilities 5	-	-	-	75.00	[ICRA]A- (Stable)/ [ICRA]A2+

Source: AVR Swarnamahal Jewelry Limited

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

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

Not applicable

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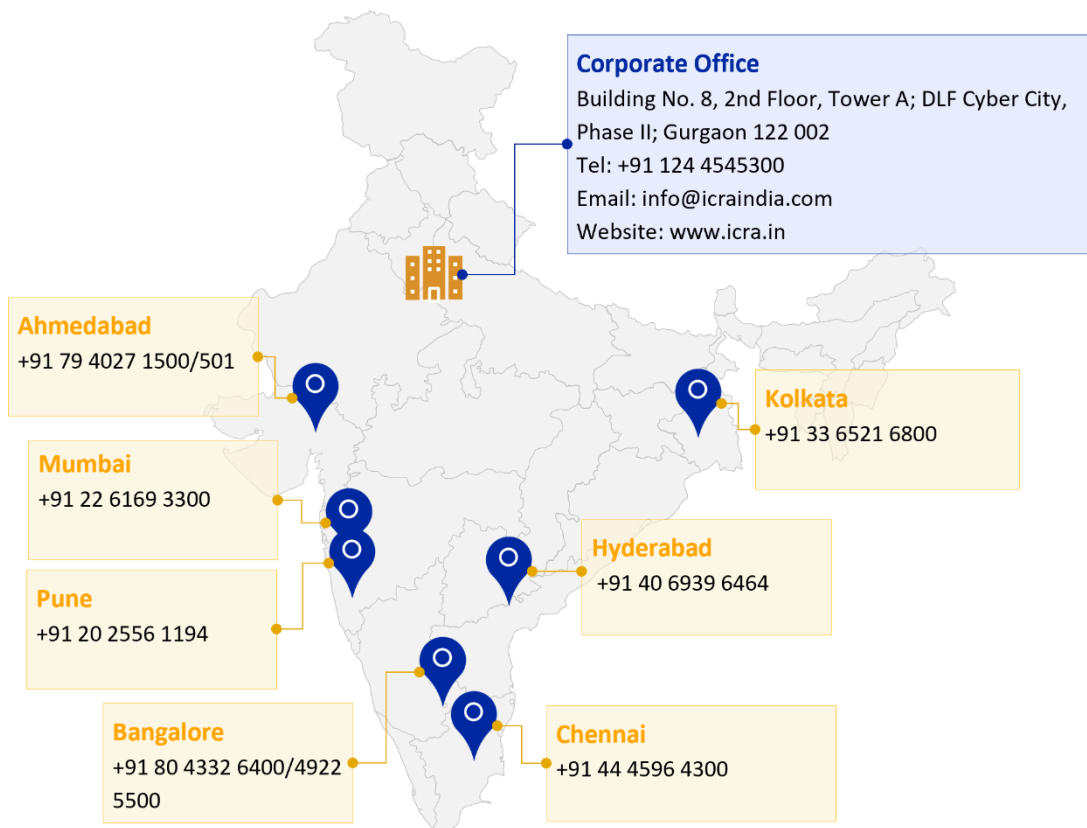
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