

June 30, 2025

Orra Fine Jewellery Private Limited: Ratings downgraded and simultaneously withdrawn for bank facilities

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/short-term – Fund based/non-fund based limits	265.00	265.00	[ICRA]BB+ (Stable)/[ICRA]A4+; downgraded from [ICRA]BBB (Stable)/[ICRA]A3+ and withdrawn
Long-term/short-term – Interchangeable limits	(335.00)	(335.00)	[ICRA]BB+ (Stable)/[ICRA]A4+; downgraded from [ICRA]BBB (Stable)/[ICRA]A3+ and withdrawn
Total	265.00	265.00	

*Instrument details are provided in Annexure I

Rationale

ICRA has downgraded the ratings and subsequently withdrawn the ratings assigned to the bank facilities of Orra Fine Jewellery Private Limited (OFJPL). The ratings have been withdrawn at the company's request and is based on the 'no objection certificate' (NOC) received from its banker, in accordance with ICRA's policy on withdrawal of credit ratings.

The rating action for OFJPL factors in the change in the analytical approach due to the revision in stance of Rosy Blue India Private Limited (RBIPL, rated [ICRA]A- (Stable)/[ICRA]A2+), in terms of extending need-based financial support to OFJPL. As part of a broader corporate restructuring, Rosy Blue India Private Limited (RBIPL, rated [ICRA]A- (Stable)/[ICRA]A2+), has realigned its internal framework for inter-company financial support, leading to the withdrawal of the earlier corporate guarantee for OFJPL's loan facilities. ICRA also understands that RBIPL will not be extending need-based funding support to OFJPL.

The revision in the ratings on the bank facilities of OFJPL also considers its weakened credit metrics due to slower-than-projected profitable ramp-up in new and existing stores and weakened demand for OFJPL's products amid rise in gold prices. Despite 23% YoY revenue growth in FY2024 and 7% growth in FY2025 (as per provisional estimates) and high share of diamond-studded jewellery in the revenue mix, the operating profit margin (OPM) of OFJPL had remained moderate at 9.7% in FY2024 and 13.4% in FY2025 (as per provisional estimates). This, coupled with its working capital-intensive nature of operations (due to high inventory holding period), resulted in increased debt levels, translating into weakened debt coverage indicators. The ratings also remain constrained on account of intense competition in a fragmented industry structure, which limits pricing flexibility. The ratings also factor in the susceptibility of the company's profit margins to volatility in gold and diamond prices and exposure to regulatory risks.

The ratings, however, remain supported by OFJPL's experienced management and its geographically diversified revenue profile, given its pan-India store locations. Over the years, OFJPL has established a good market position in the jewellery retail market and expanded its operations with 98 stores across India (except eastern India). The long-term outlook for organised jewellery players also remains favourable, supported by cultural underpinnings, evolving lifestyle, growing disposable income, favourable demographic dividend and growing penetration of the organised sector.

The Stable outlook reflects ICRA's expectations that OFJPL will continue to benefit from the favourable demand outlook for organised jewellery players. This, coupled with regular store additions and ramp-up of new stores, will lead to gradual improvement in financial profile.

Key rating drivers and their description

Credit strengths

Experienced promoters – The company continues to benefit from the extensive experience of its promoters spanning more than two decades in the jewellery retail industry as well as its established track record over the years.

Geographically diversified sales mix – OFJPL operates 98 stores (including four franchise stores) across more than 30 cities in India. The revenues are geographically diversified with the western region accounting for ~38% of the total retail sales, followed by North and South, accounting for around 24% and 19%, respectively, in FY2025 and the balance 18% is corporate sales. OFJPL plans to add 5-6 stores in FY2026 across tier-I and II cities, which will further diversify its geographical mix and contribute to revenue growth.

Favourable long-term demand outlook for organised jewellery retailers – The long-term outlook for organised jewellery players remains favourable, supported by cultural underpinnings, evolving lifestyle, growing disposable income, favourable demographic dividend and growing penetration of the organised sector. The increasing regulatory restrictions aimed towards greater transparency and higher compliance costs are likely to result in a churn in the unorganised segment, thus benefiting the organised players. The company is well positioned to tap the incremental demand, given its reputed brand and established market position.

Credit challenges

Leveraged capital structure and weak debt coverage indicators – The credit metrics of OFJPL moderated in FY2025 due to a slower-than-projected profitable ramp-up in stores and weakened demand for OFJPL's products amid rise in gold prices. Further, the same stores sales growth (SSSG) has remained stable at 7% in FY2025 for matured stores.

OFJPL's leverage indicators have remained high on the back of the working capital-intensive nature of operations, mainly funded through external borrowings. The gearing and total outside liabilities vis-à-vis tangible net worth stood at 3.1 times and 4.7 times, respectively, as on March 31, 2025 (as per provisional estimates). This is mainly due to an increase in lease liabilities, led by store additions, and an increase in the working capital debt to meet incremental funding requirement for new stores. Moreover, the debt coverage indicators remained moderate during the last two years with total debt to OPBDITA and TOL/TNW of 3.5 times and 4.7 times, respectively, in FY2025 against 3.5 times and 4.1 times, respectively, in FY2023. Moreover, lower-than-anticipated ramp-up in operations resulted in subdued interest cover of 1.6 times in FY2024 and 2.0 times in FY2025.

High working capital intensity of operations – The company's working capital intensity of operations, as reflected in the net working capital vis-à-vis the operating income (NWC/OI), remained high at around 35% in FY2025 (as per provisional estimates) due to the need to maintain high inventory at stores and relatively lower revenue base. The healthy revenue growth in the current fiscal and ramp-up of operations of existing and new stores are likely to keep the NWC/OI in the range of 35-40%, as inherent to the nature of the jewellery retail business.

Intense competition from unorganised and organised players; revenues and margins susceptible to volatility in gold and diamond prices – The jewellery retail business remains exposed to intense competition, given the presence of many organised and unorganised players, which results in limited pricing flexibility among players. However, OFJPL is insulated to an extent, given its strong presence in the margin-accretive diamond-studded jewellery segment.

OFJPL's operating profitability is exposed to fluctuation in gold and diamond prices, given that raw materials account for 70-80% of the total cost., though ICRA understands that gold component in diamond studded jewellery is minimal for OFJPL. Nonetheless, as seen in Q4FY2025, any substantial increase in gold process also impacts the demand sentiment and subsequently revenue growth for the company. 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.

Liquidity position: Adequate

The liquidity position of the company is adequate, supported by headroom available in the working capital limits of Rs. 16.3 crore as on May 31, 2025, and free cash and liquid investments of Rs. 2.8 crore as on March 31, 2025, as per provisional estimates. The company has repayment obligation of Rs. 7.7 crore in FY2026 and Rs. 3.8 crore in FY2027 towards the loan availed under the Emergency Credit Line Guarantee Scheme (ECLGS). OFJPL will incur capital expenditure (capex) primarily on furniture and fixtures towards opening new stores (leased). The capex is estimated at Rs. 1-2 crore per store (to be funded from internal accruals) and OFJPL plans to add 5-6 stores in FY2026.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Not applicable

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Jewellery – Retail Policy on withdrawal of Credit Ratings
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Orra Fine Jewellery Private Limited (OFJPL) was incorporated in 1991 by the Bhansali and Mehta families, promoters of one of India's largest cut and polished diamond (CPD) manufacturing companies, RBIPL (erstwhile Inter Gold Gems Private Limited). OFJPL is involved in the manufacturing and retailing of branded gold and diamond-studded jewellery in India. OFJPL was incorporated to establish Rosy Blue's retail presence in the country, but the company's operations were expanded only from FY2004. The promoters introduced professional management for managing the day-to-day affairs and functioning of the company while providing strong financial backing for its growth. Its operations are headed by Mr. Dipu Mehta (part of the promoter Mehta family). At present, it retails gold and diamond-studded jewellery under the 'Orra' brand through its 98 stores as on March 31, 2025. While jewellery designing is undertaken by its in-house team of professional designers, jewellery manufacturing is completely outsourced to vendors.

In FY2023, OFJPL filed a scheme for corporate restructuring for conversion of 37,46,000 fully paid equity shares held by RBIPL into non-convertible redeemable preference shares (non-voting rights). Subsequently, the company received approval from the NCLT for the same and scheme became effective from July 03, 2023. Thus, Orra ceased to exist as a subsidiary of RBIPL effective from July 03, 2023.

The focus of both businesses is different, wherein RBIPL is involved in the B2B diamond business and Orra in the B2C retail jewellery business. OFJPL is independently handled by Mr. Dipu Mehta, relative of Mr. Russell Mehta.

Key financial indicators (audited)

OFJPL (Standalone)	FY2024	FY2025*
Operating income	1,152.9	1,228.6
PAT	-11.3	18.7
OPBDIT/OI	9.7%	13.4%
PAT/OI	-1.0%	1.5%
Total outside liabilities/Tangible net worth (times)	4.3	4.7
Total debt/OPBDIT (times)	4.4	3.5
Interest coverage (times)	1.6	2.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; * provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2026)		Chronology of rating history for the past 3 years						
		Amount rated (Rs crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based/Non-fund based limits	Long term/Short term	265.00	Jun 30, 2025	[ICRA]BB+ (Stable)/[ICRA]A4+; withdrawn	-	-	Mar 07, 2024	[ICRA]BBB (Stable)/[ICRA]A3+	Jan 23, 2023	[ICRA]BBB (Stable)/[ICRA]A3+
			-	-	-	-	-	-	Apr 07, 2022	[ICRA]BBB+ (CE) (Stable)/[ICRA]A2 (CE)
Interchangeable limits	Long term/Short term	(335.00)	Jun 30, 2025	[ICRA]BB+ (Stable)/[ICRA]A4+; withdrawn	-	-	Mar 07, 2024	[ICRA]BBB (Stable)/[ICRA]A3+	Jan 23, 2023	[ICRA]BBB (Stable)/[ICRA]A3+
			-	-	-	-	-	-	Apr 07, 2022	[ICRA]BBB+ (CE) (Stable)/[ICRA]A2 (CE)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term – Fund based/Non-fund based limits	Simple
Long-term/Short-term – Interchangeable limits	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/Non-fund based limits	NA	NA	NA	265.00	[ICRA]BB+ (Stable)/[ICRA]A4+; withdrawn
NA	Interchangeable limits	NA	NA	NA	(335.00)	[ICRA]BB+ (Stable)/[ICRA]A4+; withdrawn

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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