June 30, 2025

Senco Gold Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fixed Deposit Programme	475.00	475.00	[ICRA]A (Stable), reaffirmed
Long-term/ Short-term – Fund-based Limits – Working Capital Facilities	1,440.00	-	-
Long-term/ Short-term – Fund-based/ Non-fund-based Limits – Working Capital Facilities	-	1,778.00	[ICRA]A (Stable)/ [ICRA]A2+, assigned
Long-term/ Short-term – Unallocated Limits	360.00	622.00	[ICRA]A (Stable)/ [ICRA]A2+, reaffirmed/ assigned for enhanced amount
Total	**2,275.00**	**2,875.00**	

**Instrument details are provided in Annexure I*

Rationale

While assigning the ratings, ICRA has considered the consolidated financial statements of Senco Gold Limited (SGL), along with its subsidiaries, Senco Gold Artisanship Private Limited (SGAPL), Senco Global Jewellery Trading LLC (SGJTL) and Sennes Fashion Limited (SFL), owing to the substantial operational, managerial and financial linkages among them.

The reaffirmation of the ratings reflects the long experience of the promoters in the retail jewellery business, encompassing gold, silver, platinum and diamond along with the company's established market position and strong brand recognition in eastern India, particularly in West Bengal. The company has recorded a revenue growth of around 21% in FY2025 and ICRA expects the same to continue over the medium term, driven by accelerated formalisation of the jewellery retail industry, Senco's strong brand recall in West Bengal and eastern India and planned expansion of its retail presence across the operating segments. SGL's operational profile is strengthened by its rich experience in gold and diamond sourcing and retail operations, its increasing focus on light weight gold and diamond jewellery, which is highly sought after at present, and a diversified mix of both owned and asset-light franchise-operated stores (with 72 franchise stores at present). ICRA notes that SGL is improving its geographical diversification with increasing number of stores, both own and franchisee operated, outside West Bengal to widen its pan-India presence. SGL incurred a one-time loss of around Rs. 57.42 crore due to reduction in import duty on gold. This, along with increased share of low-margin franchisee operations and reduced contribution from studded jewellery, resulted in a decline in the operating margin (OPM) by around 133 basis points (bps) in FY2025 over the previous fiscal. ICRA expects a notable rebound in OPM in FY2026, driven by an increased share of studded jewellery and economies of scale. ICRA also notes that the company has raised around Rs. 448 crore from fresh issue of equity shares through a qualified institutional placement (QIP) in March 2025, which strengthened the entity's net worth, and positively impacted the capital structure as reflected by an improvement in the gearing (TD/TNW) and TOL/TNW to 1.0 times and 1.4 times, respectively as on March 31, 2025 from 1.3 times and 1.7 times, respectively as on March 31, 2024.

The ratings are constrained by the high working capital intensity of operations with large inventory holding requirements, which result in higher dependence on working capital loans, thus exerting pressure on total outside liabilities (TOL) and debt coverage indicators of the company. Owing to a decline in profits and cash accruals, combined with an increase in debt and rising finance costs, SGL's coverage indicators, on a consolidated basis, witnessed some moderation in FY2025 compared to the previous fiscal. While the overall borrowings, particularly working capital, are expected to rise, the company's profits and cash accruals from business are likely to drive a gradual improvement in the coverage indicators of the company. The increase in the working capital intensity of operations, combined with a significant revenue growth in FY2025, resulted in higher working

capital requirement, and the capital raised via QIP was largely used to fund the same. The working capital utilisation against the sanctioned consortium limits also remained at a high level during the last 12 months, ended in March 2025. The ratings continue to factor in the vulnerability of SGL's earnings to volatility in gold prices, an intense competition on the back of a fragmented industry structure and aggressive store expansion plans pursued by large players, along with the inherent regulatory risks associated with the jewellery business and a cautious lending environment. SGL faces geographical concentration risk as around 64% of its revenues in FY2025 was derived from West Bengal. However, this risk has been decreasing over time due to a gradual increase in stores outside West Bengal, as the company aims to expand its presence across India.

The Stable outlook on the long-term rating reflects ICRA's opinion that SGL's operational and financial performances will continue to benefit from its established market position, increasing focus on expansion into new markets and generation of healthy cash flows relative to its debt service obligations.

Key rating drivers and their description

Credit strengths

Established market position along with strong brand recognition in eastern India, precisely in West Bengal – SGL enjoys an established retail pan-India presence, with strong brand recognition. SGL has a dominant market position in gold and diamond jewellery retail business in eastern India, especially in West Bengal. The company's established track record of operations and long experience of the promoters strengthen its operating profile. SGL's strong brand recall, product quality and creative designs (especially handcrafted jewellery) helped in strengthening its market position over the years. In the recent past, customers' preferences have shifted towards light weight and hand-made jewellery. Given its strong design team, ability to identify taste and preferences of consumers, and long association with skilled artisans, SGL manages to hold a competitive edge over its peers in those regions where it has a dominant position. Although share of studded jewellery declined marginally by 50 basis points to around 10.9% in FY2025 on a YoY basis, ICRA expects a recovery in the same.

Steady growth in top line, likely to continue over the medium term – SGL's consolidated top line grew by an impressive 21% on a YoY basis to around Rs. 6,328 crore in FY2025, following a 29% growth in FY2024, driven by an increase in gold price despite a 3% decline in volume. Revenue generated from the subsidiary unit in the recent past also contributed towards its top line growth. Despite a decline (~3%) in the volume of sales, a steep rise (~24%) in the gold price led to an increase in the operating income of SGL, on a standalone basis, to around Rs. 6,259 crore in FY2025, registering a YoY growth of around 20%. The revenue from diamond jewellery has also been supporting its top line growth over the past three years. The company has been adding new stores (own showroom and franchisee stores) over the past few years. Despite planned addition in the retail outlets, the overall volume of sales may fall to some extent in the current fiscal amid the continuing uptrend in gold prices. Nevertheless, increasing gold price along with stabilisation of operations in the subsidiary units are likely to drive growth in the operating income of the company, at a consolidated level, by 18-20%, on a YoY basis, in FY2026.

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 the organised jewellery retailers like SGL over the medium term, supported by its expanding retail presence and strong brand recall in the regions where it has a dominant presence. Also, reduction in the customs duty on gold by 9% to 6% from July 24, 2024 is also likely to have curbed illicit import of gold in India, benefitting the organised players.

Credit challenges

Performance exposed to intense competition and regulatory risks in retail jewellery segment – Jewellery retail business is very competitive, with a large share of unorganised trade. This coupled with robust store expansion by larger retailers in tier-2 and tier-3 cities in the recent years has intensified competition and limited the pricing flexibility. SGL 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 relatively lower, which limits its

profitability to an extent. ICRA notes that the company incurred a one-time loss due to reduction in import duty on gold, which along with increased share of low-margin franchisee operations and reduced share of studded jewellery, resulted in a decline in the OPM to 5.9% in FY2025 from 7.2% in FY2024. The net profit margin (NPM) followed suit and moderated to 2.5% in FY2025 from 3.5% in FY2024. ICRA expects a rebound in the OPM of the company, on a consolidated basis, and inch towards 7% in FY2026. In view of the growing scale of operations and supported by the likely improvement in the margins, the overall profits and cash accruals from the business are estimated to increase in FY2026. The RoCE of the company, however, is estimated to remain at a moderate level of 12-13% in the medium term. 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, implementation of the Goods and Service Tax 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, SGL enjoys a healthy relationship with banks and has been able to increase its working capital limits on a timely basis.

Exposure to high geographical concentration risk – At present, SGL, on a consolidated basis, has 103 company-owned showrooms and 72 franchise stores in the retail jewellery segment. Out of the company-owned stores, around 47% (44% in FY2024) stores are in West Bengal, which contributed ~64% to its revenues in FY2025. Thus, the company is exposed to high geographical concentration risk. However, such risk has been reducing over the years and is likely to decline further with the company's plans to add new showrooms outside West Bengal, widening its pan-India presence. SGL's earnings and profitability remain exposed to volatility in gold prices. The risk is, however, largely mitigated by the company's defined inventory hedging policy wherein 80-90% of its inventory is being hedged through gold metal loans, customer advances and financial derivatives.

High working capital intensity of operations, exerting pressure on liquidity – Jewellery retailing business is highly working capital intensive in nature, given the need to display varied designs of jewellery to its customers. SGL generally maintains an inventory of 5-6 months on an average, across its stores, depending on the footfall and the stock holding surge during the festive season. The net working capital relative to the operating income of the company registered a deterioration to 45% in FY2025 from 39% in FY2024, primarily due to a rise in the inventory holding, largely driven by the rise in gold prices. With a large stockholding requirement, the dependence on working capital loans remains high. The company has high utilisation of its available bank limits, resulting in limited head room in the bank lines, thus exerting pressure on liquidity. 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.

Environmental and social risks

Environmental considerations – Exposure to environmental risks remains low for entities in the jewellery retail industry. Few concerns include episodes of excessive rainfall/ flooding in the operating regions, impacting its jewellery stores. Additionally, possibility of rural demand for jewellery moderating during periods of crop loss, caused by physical climate change, also pose risks to revenue growth and profitability.

Social considerations – Exposure to social risks remains moderate for entities in the jewellery retail industry. The sector has witnessed increased focus on product quality and transparency in pricing, which supported consumer confidence. Yet, the industry participants remain exposed to changes in consumer behaviour including a shift towards less gold-intensive daily/ fashion jewellery.

Liquidity position: Adequate

The company's cash accruals generated from business, on a consolidated basis, was over Rs. 200 crore in FY2025 and the same is expected to increase beyond Rs. 300 crore in the current fiscal. The company's cash flow from operations turned negative in FY2025, primarily on the back of a sizeable increase in the working capital requirement to support the top line growth. A sizeable growth in the top line is expected in FY2026 owing to addition of new stores and increasing gold prices, which would lead to higher inventory holding and is likely to keep the cash flow from operations negative in FY2026 as well, though the same would improve significantly from the FY2025 level. The average fund-based working capital utilisation of the company

stood at a high level during the last twelve months, ended in March 2025. Nonetheless, the company is in the process of tying up additional working capital facilities with the banks, which if sanctioned, would add to its liquidity buffer. The company has long-term debt repayment obligations of around Rs. 36 crore, largely towards lease liabilities, in the current fiscal. In view of surplus cash/ bank balance, which along with 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. 40 crore. ICRA expects the overall liquidity position of the company to remain adequate, going forward.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings of SGL if there is a sustained healthy growth in revenues and earnings along with an improvement in the inventory turnover, which would strengthen its credit metrics, return indicators and liquidity position.

Negative factors – ICRA may downgrade the ratings of SGL if there is significant pressure on the operating performance or a deterioration in the working capital cycle, impacting its debt protection metrics and the liquidity position. Specific credit metric that may trigger ratings downgrade includes TOL/TNW above 1.6 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	For arriving at the ratings, ICRA has considered the consolidated financials of Senco Gold Limited. As on March 31, 2025, the company had three subsidiaries, which are enlisted in Annexure – II.

About the company

Senco Gold Limited (SGL) is a pan-India jewellery retailer with a history of more than five decades and has expertise of manufacturing light weight jewellery. SGL is one of the largest organised jewellery retailers in eastern India. The company is involved in retailing of gold/ silver/ diamond/ platinum and various studded jewellery and operates through multiple channels, including its wide network of 103 company-operated showrooms, including one international store in Dubai and 72 franchisee-operated stores. The company sells its products under the brand, Senco Gold & Diamonds.

The company has three wholly-owned subsidiaries, namely Senco Gold Artisanship Private Limited (SGAPL), Senco Global Jewellery Trading LLC (SGJTL) and Sennes Fashion Limited (SFL).

SGAPL manufactures jewellery and exclusively supply it to SGL, partially on a job-work basis and also through outright sale. SGAPL acts as a backward integration unit for SGL.

SGJTL is involved in retailing of jewellery through one store in Dubai, in view of increasing its global presence and establishing its brand in the international market.

SFL is involved in retailing of lifestyle products under the brand, Sennes. The company deals in lab grown diamond, studded jewellery, light weight gold jewellery, leather products and perfumes.

Key financial indicators (audited)

SGL	Standalone			Consolidated		
	FY2023	FY2024	FY2025	FY2023	FY2024	FY2025
Operating income	4,075.6	5,229.7	6,258.7	4,077.4	5,241.4	6,328.1
PAT	158.3	188.7	165.4	156.3	181.0	159.3
OPBDIT/OI	8.0%	7.3%	6.0%	8.0%	7.2%	5.9%
PAT/OI	3.9%	3.6%	2.6%	3.8%	3.5%	2.5%
Total outside liabilities/Tangible net worth (times)	2.0	1.7	1.4	2.1	1.7	1.4
Total debt/OPBDIT (times)	4.3	4.6	5.4	4.3	4.6	5.6
Adjusted Total debt/OPBDIT (times)*	*3.9*	*4.2*	*5.1*	*3.9*	*4.3*	*5.2*
Interest coverage (times)	3.6	3.5	2.7	3.6	3.4	2.7
Adjusted Interest coverage (times)*	*4.5*	*4.3*	*3.2*	*4.5*	*4.2*	*3.2*

Source: Senco Gold Limited, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

** Adjusted for lease liabilities*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Jun 30, 2025	Date	Rating	Date	Rating	Date	Rating
Fixed Deposit	Long Term	475.00	**[ICRA]A (Stable)**	Jun 28, 2024	[ICRA]A (Stable)	Jun 13, 2023	[ICRA]A (Stable)	Sep 02, 2022	[ICRA]A- (Stable)
			-	-	-	-	-	Aug 16, 2022	[ICRA]A- (Stable)
			-	-	-	-	-	May 26, 2022	[ICRA]A- (Stable)
Fund-based – Working Capital Facilities	Long Term/ Short Term	-	-	Jun 28, 2024	[ICRA]A (Stable)/ [ICRA]A2+	Jun 13, 2023	[ICRA]A (Stable)/ [ICRA]A2+	Sep 02, 2022	[ICRA]A (Stable)/ [ICRA]A2+
			-					Aug 16, 2022	[ICRA]A (Stable)/ [ICRA]A2+
			-					May 26, 2022	[ICRA]A (Stable)/ [ICRA]A2+
Fund-based/ Non-fund based – Working Capital Facilities	Long Term/ Short Term	1,778.00	**[ICRA]A (Stable)/ [ICRA]A2+**	-	-	-	-	-	-
Unallocated Limits	Long Term/ Short Term	622.00	**[ICRA]A (Stable)/ [ICRA]A2+**	Jun 28, 2024	[ICRA]A (Stable)/ [ICRA]A2+	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Fixed Deposit	Very Simple
Long-term/ Short-term fund-based/ non-fund-based – Working Capital Facilities	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	Fixed Deposit	-	-	-	475.00	[ICRA]A (Stable)
NA	Working Capital Facilities 1	-	-	-	120.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Working Capital Facilities 2	-	-	-	100.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Working Capital Facilities 3	-	-	-	110.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Working Capital Facilities 4	-	-	-	100.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Working Capital Facilities 5	-	-	-	150.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Working Capital Facilities 6	-	-	-	110.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Working Capital Facilities 7	-	-	-	155.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Working Capital Facilities 8	-	-	-	10.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Working Capital Facilities 9	-	-	-	150.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Working Capital Facilities 10	-	-	-	114.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Working Capital Facilities 11	-	-	-	53.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Working Capital Facilities 12	-	-	-	120.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Working Capital Facilities 13	-	-	-	50.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Working Capital Facilities 14	-	-	-	150.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Working Capital Facilities 15	-	-	-	65.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Working Capital Facilities 16	-	-	-	40.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Working Capital Facilities 17	-	-	-	60.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Working Capital Facilities 18	-	-	-	121.00	[ICRA]A (Stable)/ [ICRA]A2+
NA	Unallocated Limits	-	-	-	622.00	[ICRA]A (Stable)/ [ICRA]A2+

Source: Senco Gold Limited

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	SGL's Ownership	Consolidation Approach
Senco Gold Artisanship Private Limited	100%	Full Consolidation
Senco Global Jewellery Trading LLC	100%	Full Consolidation
Sennes Fashion Limited	100%	Full Consolidation

Source: Senco Gold Limited

ANALYST CONTACTS

Mr. Jitin Makkar
+91 0124 4545 368
jitinm@icraindia.com

Ms. Kinjal Shah
+91 22 6114 3442
kinjal.shah@icraindia.com

Mr. Sujoy Saha
+91 33 6521 6805
sujoy.saha@icraindia.com

Mr. Sandipan Kumar Das
+91 33 6521 6807
sandipan.das@icraindia.com

RELATIONSHIP CONTACT

Mr. L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

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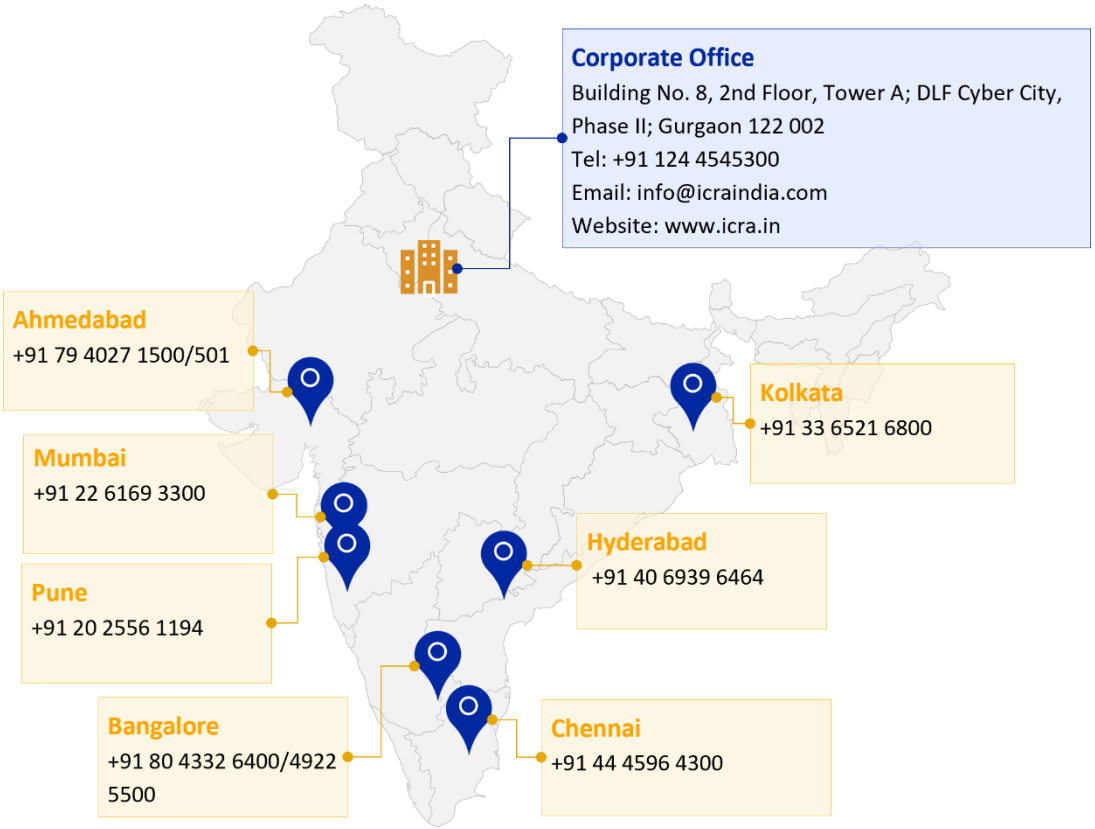

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