June 29, 2026

Thangamayil Jewellery 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	95.00	95.00	[ICRA]A+ (Stable), reaffirmed
Long-term/ Short-term – Fund-based Limits – Working Capital Facilities	511.00	-	-
Short-term – Non-Fund-based Limits – Interchangeable Limits$	(225.00)	-	-
Long-term/ Short-term Fund-based/ Non-Fund-based – Working Capital Facilities	-	1,412.00	[ICRA]A+ (Stable)/ [ICRA]A1, reaffirmed/ assigned for enhanced amount
Total	**606.00**	**1,507.00**	

** Instrument details are provided in Annexure II*

$ Sub-limit of the fund-based working capital facilities

Rationale

The ratings reaffirmation considers an established market position and strong brand recall of Thangamayil Jewellery Limited (TMJL) in Tamil Nadu, as well as its comfortable financial risk profile. The entity is involved in the retailing business of jewellery made of gold, silver, platinum and diamond. ICRA notes that the company's operating income surged to around Rs. 8,502 crore in FY2026, registering a robust YoY growth of around 73%. This is driven by elevated gold prices, along with healthy volume growth of around 12%, primarily supported by its recent store expansion in Chennai. In view of its planned expansion of retail outlets, the top line of the company is likely to register healthy growth in the medium term. The operating profit margin (OPM) of the company witnessed an improvement to 6.6% in FY2026 from 4.4% in FY2025, on account of scale-led efficiencies and strong brand traction. ICRA expects the OPM of the company to remain in the range of 6.0-6.5%, going forward. The RoCE of the company is likely to remain at a healthy level in the near-to-medium term. Improved profitability and cash accruals led to a strengthening of coverage metrics, to an extent, in FY2026. The ratings also derive comfort from the adequate financial flexibility of the company, as reflected by TOL/Inventory of around 81% in FY2026, with expectations of gradual improvement over the medium term. The ratings further consider the favourable long-term growth prospects for organised jewellers, driven by the ongoing shift in the market share from unorganised jewellers over the medium term, which is likely to benefit TMJL.

The ratings, however, are constrained by the vulnerability of TMJL'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 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, resulting in higher dependence on working capital loans. Nevertheless, the company's inventory turnover is quite favourable compared to many of its peers. The ratings are also impacted by the high geographical and product concentration risks as TMJL derives its entire revenue from Tamil Nadu and ~90% of its revenue comes from gold jewellery.

The Stable outlook on the long-term rating reflects ICRA's opinion that TMJL's operational and financial performances will continue to benefit from its established market position, increased focus on expansion into new markets 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 recognition in Tamil Nadu – TMJL operates through 66 company-owned, company-operated stores and commands a strong market presence in the tier-2 and tier-3 cities of Tamil Nadu, along with a dominant position in the Madurai market. The promoters' extensive experience in the jewellery retail industry and TMJL's strong brand recall across most of its key operating regions support its operating performance, as demonstrated by healthy revenue growth over the years. The company's established market position is also reflected in the healthy scale-up of its new stores in Chennai in the recent past, underpinned by strong customer trust. ICRA expects TMJL's strong brand equity to support revenue growth in its existing and new markets over the medium term. This is also reflected by its revenue growth of around 106% on a YoY basis to Rs. 2,838 crore in Q4 FY2026. The company plans to open around nine retail outlets in and around Chennai in FY2027.

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 few years, primarily driven by increases in gold prices. Volume growth also played a significant role towards the growth trajectory. The company has been adding new stores over the past few years, which also augmented revenue growth. In view of a steep rise in gold price, supported by a growth in volume of sales (around 12%), the operating income of the company grew to around Rs. 8,502 crore in FY2026, registering a YoY growth of around 73%. Moreover, increase in revenue from non-gold jewellery, which accounted for around 10% of its revenue in FY2026, also supported its top line growth over the past years. In view of the planned addition of retail outlets and a strong brand equity of the company, the company's operating income is likely to grow by 23-25%, on a YoY basis, in FY2027 on the back of a sharp increase in gold price. Overall profits and cash accruals from the business are also estimated to increase in FY2027, primarily driven by the growing scale of operations.

Improved margins and strong debt coverage indicators – ICRA notes that the company's OPM improved to 6.6% in FY2026 from 4.4% in FY2025, supported by strong brand value and better absorption of overheads amid economies of scale. The net profit margin (NPM) followed suit and rose to 4.1% in FY2026 from 2.4% in FY2025. ICRA expects the OPM of the company to remain at 6.0-6.5%, going forward. In view of growing scale of operations, supported by a relatively stable margin, the overall profits and cash accruals from the business are estimated to increase in FY2027. The RoCE of the company is also estimated to remain at a healthy level of around 20%, going forward. TMJL's overall debt level went up in FY2026 from FY2025, due to an enhanced working capital borrowings to support its increased scale of operations. This along with significant customer advances led to a leveraged capital structure with a TOL/TNW of 1.7 times as on March 31, 2026. In view of a rise in the profits and cash accruals, the coverage indicators improved in FY2026 compared to the previous fiscal. Despite a likely increase in the overall borrowings, primarily working capital, of the company, ICRA does not foresee any major deterioration in the capital structure and coverage indicators of the company going forward.

Favourable long-term growth prospects of organised jewellery retailers – Increasing regulations in the jewellery retail industry in recent years, aimed at improving transparency and standardisation, have accelerated the shift in market share from unorganised players to organised ones. These industry tailwinds are expected to benefit organised jewellery retailers over the medium term, supported by their expanding retail presence. The Prime Minister's appeal to curb non-essential gold purchases, coupled with the recent increase in import duty on gold to 15% from 6% (aimed at moderating gold imports amid concerns around India's current account deficit [CAD] and rupee depreciation), is expected to weigh on gold jewellery demand, with industry volumes likely to contract materially in FY2027. Nevertheless, high gold prices, planned store additions by large players with a focus on tier-2 and tier-3 cities, and a sharp increase in old gold exchange, are expected to support revenue growth for the industry going forward.

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 expansions by larger retailers in recent years has intensified competition and limited the pricing flexibility. TMJL 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 the state in which TMJL operates, which limits its profitability to an extent. The jewellery retail industry has witnessed increased regulatory intervention in recent years, such as 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, TMJL 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 – The company's operations remain concentrated in Tamil Nadu, with all its showrooms located within the state. Earlier, the company's operations were concentrated in the Madurai market. However, TMJL entered the Chennai market in late FY2025 and witnessed healthy scale-up in FY2026, reflecting strong customer trust and acceptance. Accordingly, revenue from Chennai outlets contributed a sizeable portion of its top line in FY2026. While ICRA notes that the company has been strengthening its brand position within the state to increase its market share, its revenue would continue to remain concentrated in Tamil Nadu. TMJL's earnings and profitability remain exposed to volatility in gold prices. The risk is, however, largely mitigated by TMJL's defined inventory hedging policy wherein around 95% of its inventory in FY2026 (96% in FY2025) was hedged through gold metal loans, customer advances and financial derivatives.

High working capital intensive nature of operations – Jewellery retailing business is highly working capital intensive, given the need to display varied designs of jewellery to its customers. TMJL maintains an inventory of 3-4 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 which had increased to 29% in FY2025 due to pre-stocking for the upcoming stores, normalised to around 19% in FY2026, driven by a reduction in inventory holding along with a steep increase in customer advances. Given the substantial 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.

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, which may impact jewellery store operations. Additionally, the possibility of rural demand for jewellery moderating during periods of crop loss caused by physical climate change also poses 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 an increased focus on product quality and transparency in pricing, which supported consumer confidence. However, industry participants remain exposed to changes in consumer behaviour, including a shift towards less gold-intensive daily/fashion jewellery. Additionally, the relatively higher requirement of workforce for store operations and jewellery manufacturing, the level of wages and associated fixed costs could weigh on the margins, given the skilled nature of work.

Liquidity position: Adequate

The company generated positive cash flow from operations in FY2026 due to a decline in the working capital intensity of operations, despite significant top-line growth. However, the expected top-line growth in FY2027 is likely to result in higher inventory holding, thereby increased working capital requirement, 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 68% during the past 12 months, ended in April 2026. Moreover, the company is in the process of increasing its working capital limits shortly, which would strengthen its liquidity. TMJL had unencumbered cash/bank balance of around Rs. 124 crore as on March 31, 2026. The company has long-term debt repayment obligations of Rs. 50-55 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 FY2027 and FY2028, largely towards the expansion of its retail network. ICRA expects the company's overall liquidity position to remain adequate, going forward.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings of TMJL if there is sustained healthy growth in revenues and earnings, leading to a strengthening of its credit metrics and liquidity position.

Negative factors – ICRA may downgrade the ratings of TMJL if there is a sharp deterioration in the company's earnings or an elongation of its working capital cycle, adversely impacting its debt protection metrics and liquidity position.

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 company

About the company

Thangamayil Jewellery Limited (TMJL) is a jewellery retailer based in Tamil Nadu. The company was initially established as a proprietorship firm by Late Baluswamy Chettiar in 1947. The company went public in January 2010 and is listed on BSE and NSE. At present, the company is managed by Mr. Balaram Govind Das, Mr. Ba. Ramesh and Mr. N. B. Kumar, sons of the promoter. The company is involved in the retailing of gold, silver, diamond, platinum and various studded jewellery products, and operates through 66 showrooms, as of March 2026, spread across Tamil Nadu.

Key financial indicators (audited)

TMJL, Standalone	FY2024	FY2025	FY2026
Operating income	3,827.3	4,911.2	8,501.6
PAT	123.3	119.4	352.4
OPBDITA/OI	5.5%	4.4%	6.6%
PAT/OI	3.2%	2.4%	4.1%
Total outside liabilities/Tangible net worth (times)	2.0	1.3	1.7
Total debt/OPBDITA (times)	2.5	3.7	1.6
Interest coverage (times)	6.7	6.0	9.3

Source: Thangamayil Jewellery 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

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Jun 29, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fixed Deposit	Long Term	95.00	**[ICRA]A+ (Stable)**	Jun 10, 2025	[ICRA]A+ (Stable)	Aug 02, 2024	[ICRA]A (Stable)	Mar 26, 2024	[ICRA]A- (Positive)
			-	-	-	-	-	Oct 04, 2023	[ICRA]A- (Positive)
			-	-	-	-	-	Jul 03, 2023	[ICRA]A- (Positive)
Fund-based/ Non-fund based – Working Capital Facilities	Long term/ Short Term	1,412.00	**[ICRA]A+ (Stable)/ [ICRA]A1**	-	-	-	-	-	-
Fund-based – Working Capital Facilities	Long Term/ Short Term	-	-	Jun 10, 2025	[ICRA]A+ (Stable)/ [ICRA]A1	-	-	-	-
Non-fund based – Interchangeable#	Short Term	-	-	Jun 10, 2025	[ICRA]A1	-	-	-	-
Working Capital Facilities	Long Term	-	-	-	-	Aug 02, 2024	[ICRA]A (Stable)	Mar 26, 2024	[ICRA]A- (Positive)
			-	-	-	-	-	Oct 04, 2023	[ICRA]A- (Positive)
			-	-	-	-	-	Jul 03, 2023	[ICRA]A- (Positive)
Interchangeable Limits	Long Term	-	-	-	-	Aug 02, 2024	[ICRA]A (Stable)	Mar 26, 2024	[ICRA]A- (Positive)
			-	-	-	-	-	Oct 04, 2023	[ICRA]A- (Positive)
			-	-	-	-	-	Jul 03, 2023	[ICRA]A- (Positive)
Fund-based Limits	Short Term	-	-	-	-	Aug 02, 2024	[ICRA]A2+	Mar 26, 2024	[ICRA]2+
			-	-	-	-	-	Oct 04, 2023	[ICRA]2+
			-	-	-	-	-	Jul 03, 2023	[ICRA]2+
Interchangeable Limits	Short-term	-	-	-	-	Aug 02, 2024	[ICRA]A2+	Mar 26, 2024	[ICRA]2+
			-	-	-	-	-	Oct 04, 2023	[ICRA]2+
			-	-	-	-	-	Jul 03, 2023	[ICRA]2+
Unallocated Limits	Long Term/ Short Term	-	-	-	-	-	-	Oct 04, 2023	[ICRA]A- (Positive)/ [ICRA]A2+

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 (FSRs) 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 (FSRs) 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/ Short-term – Fund-based/ Non-fund-based Limits – 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	-	-	-	95.00	[ICRA]A+ (Stable)
NA	Working Capital Facilities 1	-	-	-	150.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Working Capital Facilities 2	-	-	-	225.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Working Capital Facilities 3	-	-	-	372.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Working Capital Facilities 4	-	-	-	200.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Working Capital Facilities 5	-	-	-	140.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Working Capital Facilities 6	-	-	-	200.00	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Proposed Working Capital Facility	-	-	-	125.00	[ICRA]A+ (Stable)/ [ICRA]A1

Source: Thangamayil Jewellery 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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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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