

October 12, 2026

Novel Jewels Limited: Ratings reaffirmed, rated amount enhanced; long-term term rating assigned for compulsorily convertible debentures

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long-term – Term Loans	250.0	225.0	[ICRA]A (Stable); reaffirmed	RBI
Long-term/ Short term – Fund Based/ Non-Fund Based - Working Capital Facilities*	3,750.0	5,050.0	[ICRA]A (Stable)/ [ICRA]A1; reaffirmed and assigned for enhanced amount	RBI
Long-term - Compulsorily Convertible Debentures (CCDs)	-	650.0	[ICRA]A (Stable); assigned	MCA
Long-term/ Short - term – Unallocated	-	25.0	[ICRA]A (Stable)/ [ICRA]A1; assigned	RBI
Total	4,000.0	5,950.0		

*Instrument details are provided in Annexure I

#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

* Includes Cash Credit, Gold Metal Loans, Working Capital Demand Loans, Overdraft and Bank Guarantee with interchangeability

Rationale

The ratings reaffirmation continues to draw comfort from the notable ramp-up in the store network and scale of operations of Novel Jewels Limited (NJL), the jewellery retail venture of the Aditya Birla Group (ABG). This is supported by a clearly defined branding and differentiation strategy and by the Group's commitment to providing timely capital support for the venture. The Group's demonstrated equity infusion so far, in line with the funding plan, supports the ratings. NJL commenced jewellery retail operations under the Indriya brand by opening its first few stores in July 2024. Since then, the company has opened stores in multiple cities across various states. Its store count stood at 91 as on September 17, 2026. Following the commencement of operations, the company revised its business plan to ramp up its store network, primarily through a greater adoption of the franchisee model. The company intends to undertake substantial store expansion over the medium term to achieve wider geographical coverage, including in tier-II/III cities.

NJL has opened/onboarded 63 franchisee stores (60 FOCO and 3 COFO) so far, vis-a-vis 28 own stores. The capex and inventory for the franchisee-owned, company-operated (FOCO) stores are funded by the business partners, resulting in lower funding requirements for future expansion by NJL. Nevertheless, the overall gross margin and the operating margin from franchisee stores will be lower due to margin sharing with the business partners. The cumulative capital infusion by the Group stood at Rs. 2,774 crore as of March 31, 2026, in line with its targeted funding support for the venture. Further, NJL proposes to raise an additional Rs. 650 crore through compulsorily convertible debentures (CCDs) shortly. The proceeds will fund its working capital, capital expenditure and other business needs, and are expected to further support its liquidity and expansion plans. Significant marketing and brand-building expenses, coupled with other store-level fixed costs, would keep NJL's operating profitability in the negative territory over the medium term, including FY2027, despite the benefit of material inventory gains expected in the current fiscal following the increase in customs duty. However, the Group's commitment to infuse capital in line with the planned acceleration in store expansion is likely to support NJL's liquidity and capital structure.

The ratings continue to factor in the company's strong parentage as a part of ABG, along with its strong managerial, operational and financial linkages with the Group. NJL was incorporated in FY2023 by ABG to enter the domestic jewellery retailing industry

and set up a pan-India jewellery brand. It also aims to benefit from the industry tailwinds of accelerated formalisation, leveraging the Group's high brand recall among Indian consumers and its experience in domestic retail. Accordingly, ABG plans to invest around Rs. 5,000 crore in NJL in a phased manner, with further capital infusion to be undertaken in line with the company's business and funding requirements. The ratings also factor in the Group's willingness to support NJL through regular capital infusion over the medium term. This would fund the latter's initial operational losses and debt servicing requirements, given NJL's strategic importance to the Group's business diversification plans and reputation. The ratings also derive comfort from the strong leadership team of NJL, comprising senior leadership of ABG and other senior executives with experience in jewellery and other consumer-oriented industries. This team is expected to aid the execution of the business plan. While NJL currently derives a major share of its revenues from North and West India, its planned pan-India store expansion is expected to mitigate geographical concentration risks over the medium term. Moreover, its policy to hedge entire gold purchases and an expected high share of studded jewellery (around 18% in FY2026) are likely to result in a stable and healthy gross margin.

The ratings are, however, constrained by execution risks, including profitable scale-up of stores in a timely manner. Being a new entrant in the industry, the company faces intense competition from larger national and regional players. NJL needs to invest significantly in establishing its brand among jewellery consumers while also differentiating itself from competitors. ICRA notes that a sharp rise in gold prices has dented the volumetric consumption of gold in the recent past, making NJL vulnerable to a subdued demand environment. Moreover, entities in the jewellery industry are exposed to regulatory risks, which could impact demand/supply conditions.

The Stable outlook on the long-term rating reflects ICRA's expectation that NJL will be able to ramp up its revenues significantly over the medium term, driven by its extensive marketing initiatives and accelerating store count. Besides, ABG will support NJL through regular capital infusion to fund its initial operational losses along with a part of the working capital requirement and help meet its debt servicing obligations. NJL's exceptional financial flexibility, as a part of ABG, would also support its credit profile.

Key rating drivers and their description

Credit strengths

Strong parentage of the Aditya Birla Group – NJL is the jewellery retail venture of the Aditya Birla Group and is among the Group's strategic priorities to deepen its presence in the consumer retail sector. The company is expected to benefit from the financial strength of the Group along with its experience in consumer retail through the Group's fashion retail operations. ICRA derives comfort from the Group's capital commitment of around Rs. 5,000 crore for NJL over the medium term and the company's strong managerial linkages with the Group, as evident from NJL's board of directors comprising the Group's senior leadership. The Group has already infused around Rs. 2,774 crore into NJL through equity and compulsorily convertible preference shares. This reflects the Group's willingness to support the company and provides comfort.

Experienced leadership team – The senior leadership of the retail businesses of ABG has been inducted in NJL's board of directors. Moreover, the company's top management comprises senior executives with long experience in consumer businesses, including the jewellery retail industry (mostly heading the company's business functions), and executives from the Group's other businesses (mostly heading the company's corporate functions). This creates a balance between industry insights and the Group's culture and policies. ICRA expects the experienced leadership team to provide a strong foundation and aid NJL in effectively executing its business strategy and growth plans.

Favourable long-term growth prospects for organised jewellers – Increasing regulations in the jewellery retail industry, aimed at improving transparency and standardisation over recent years, have led to a shift in market share from unorganised to organised jewellers. The industry tailwind is likely to benefit organised jewellers 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%, is expected to weigh on gold jewellery demand. The duty hike was aimed at moderating gold imports amid concerns around India's current account deficit (CAD) and rupee depreciation. Industry volumes are 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

Substantial investment requirements for a new retailer and exposure to execution risks – Being a new venture, NJL is exposed to execution risks and needs substantial initial capital for setting up a jewellery chain along with significant investment towards creating and establishing its brand. While commencement of operations with a clearly laid out branding and differentiation strategy renders comfort, slower-than-expected ramp-up in revenue from the stores and prolonged losses could strain the company's liquidity position and impact its credit profile. The risks are, however, mitigated to an extent by the company's strong parentage, experienced management team and capital commitment by ABG.

Exposed to intense competition and regulatory risks – 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. Restrictions on bullion imports and metal loan funding, mandatory PAN disclosure on transactions above a threshold limit, imposition of GST and demonetisation are some regulatory developments that impacted demand and supply in the past. The company remains exposed to regulatory changes, which may impact its business performance. Additionally, the sector is highly fragmented and is exposed to intense competition from large organised and unorganised players, which limits the pricing flexibility of retailers to an extent.

Liquidity position: Adequate

NJL's liquidity position is expected to remain Adequate, supported by ABG's commitment to provide capital support. The company is likely to have sizeable funding requirements over the medium term towards working capital, capital expenditure for planned store additions and funding of operating losses, which are expected to be met through capital infusion from the Group. ICRA derives comfort from the willingness of ABG to extend timely funding support to NJL in the initial years of its operations, owing to its strategic importance to the Group. The Group has already invested around Rs. 2,774 crore in NJL till March 2026 and is expected to continue providing funding support as per business requirements. Further, NJL proposes to raise Rs. 650 crore through CCDs shortly, to fund its working capital, capital expenditure and other business requirements, which would further support its liquidity position. The company has also tied up bank facilities comprising Rs. 250 crore of term loans and Rs. 4,950 crore of working capital limits. The average utilisation of the working capital limits remained moderate at around 53% during the past 17 months ending August 2026, providing an adequate liquidity cushion. The company's exceptional financial flexibility, as a part of ABG, will mitigate its funding risks. The company maintained surplus free cash of around Rs. 48 crore as on March 31, 2026, even after providing inter-corporate deposits of Rs. 500 crore to Group entities, indicating adequate liquidity headroom.

Rating sensitivities

Positive factors - The ratings could be upgraded if the company achieves a significant ramp-up in revenues, driven by both store-level scale-up and expansion of the store network in conjunction with improvement in profitability and maintaining comfortable liquidity position.

Negative factors - Pressure on the ratings could arise in case of a slower-than-expected ramp-up in revenue from the stores, translating into extended losses and substantial pressure on the company's capital structure and liquidity. Any weakening of linkages with the Group or a deterioration in the Group's credit risk profile could also result in ratings downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Jewellery - Retail
Parent/Group support	Parent Group: Aditya Birla Group ICRA expects the Aditya Birla Group to be willing to extend need-based financial support to Novel Jewels Limited to fund its initial growth capital, operating losses and debt servicing obligations based on the capital commitments by its leadership, owing to its strategic significance to the Group.
Consolidation/Standalone	Standalone

About the company

NJL was incorporated on September 12, 2022 as the jewellery retail arm of the Aditya Birla Group. The company is a subsidiary of Essel Mining and Industries Limited (rated [ICRA]A1+), which held around 51% equity stake (on a fully diluted basis) as on March 31, 2026, while the balance was held by two other promoter group companies. NJL launched its jewellery brand, 'Indriya', in July 2024 and commenced opening stores in the same month. The company opened 90 stores till August 31, 2026.

Key financial indicators (audited)

Standalone	FY2025	FY2026	Q1FY2027*
Operating income	688	4,000	1,215
PAT	-333	-387	-103
OPBDITA/OI	-36.1%	-5.2%	-5.3%
PAT/OI	-48.3%	-9.7%	-8.5%
Total outside liabilities/Tangible net worth (times)**	2.3	1.4	1.4
Total debt/OPBDITA (times)**	-6.8	-10.7	-8.2
Interest coverage (times)	-3.5	-1.3	-2.0

Source: Company, ICRA Research; *Results; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; **Total debt and total outside liabilities include lease liabilities

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)	October 12, 2026	FY2027		FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term Loans	Long term	225.0	[ICRA]A (Stable)	April 09, 2026	[ICRA]A (Stable)	Sep 11, 2025	[ICRA]A (Stable)	Mar 25, 2025	[ICRA]A (Stable)	Feb 01, 2024	[ICRA]A- (Stable)
								May 16, 2024	[ICRA]A- (Stable)	-	-
Fund Based/ Non-fund Based - Working Capital Facilities*	Long-term/ Short term	5,050.0	[ICRA]A (Stable)/ [ICRA]A1	April 09, 2026	[ICRA]A (Stable)/ [ICRA]A1	Sep 11, 2025	[ICRA]A (Stable)/ [ICRA]A1	-	-	-	-
Fund Based/ Non-Fund Based - Working Capital Facilities	Long term	-	-	-	-	-	-	Mar 25, 2025	[ICRA]A (Stable)	Feb 01, 2024	[ICRA]A- (Stable)
								May 16, 2024	[ICRA]A- (Stable)	-	-
Unallocated Limits	Long term/ short term	25.0	[ICRA]A (Stable)/ [ICRA]A1	-	-	-	-	Mar 25, 2025	[ICRA]A (Stable)/ [ICRA]A1	Feb 01, 2024	[ICRA]A- (Stable)/ [ICRA]A2+
								May 16, 2024	[ICRA]A- (Stable)/ [ICRA]A2+	Dec 01, 2023	[ICRA]A- (Stable)/ [ICRA]A2+
Compulsorily Convertible Debentures (CCDs)	Long term	650.0	[ICRA]A (Stable)	-	-	-	-	-	-	-	-

*Includes Cash Credit, Gold Metal Loans, Working Capital Demand Loans, Bank Guarantee with Interchangeability

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Term Loans	Simple
Long-term/ Short term – Fund Based/ Non-Fund Based - Working Capital Facilities*	Simple
Long term/ short term - Unallocated Limits	Not Applicable
Long term - Compulsorily Convertible Debentures (CCDs)	Highly Complex

*Includes Cash Credit, Gold Metal Loans, Working Capital Demand Loans, Bank Guarantee with Interchangeability

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 No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook	Financial Sector Regulator [#]
NA	Term Loans	FY2024	NA	FY2030	225.0	[ICRA]A (Stable)	RBI
NA	Fund Based/ Non-Fund Based - Working Capital Facilities*	NA	NA	NA	5,050.0	[ICRA]A (Stable)/ [ICRA]A1	RBI
Yet to be Placed	Compulsorily Convertible Debentures (CCDs)	NA	NA	NA	650.0	[ICRA]A (Stable)	MCA
NA	Unallocated Limits	NA	NA	NA	25.0	[ICRA]A (Stable)/ [ICRA]A1	RBI

Source: Company; *Includes Cash Credit, Gold Metal Loans, Working Capital Demand Loans, Bank Guarantee with Interchangeability

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Annexure II: List of entities considered for consolidated analysis – Not Applicable

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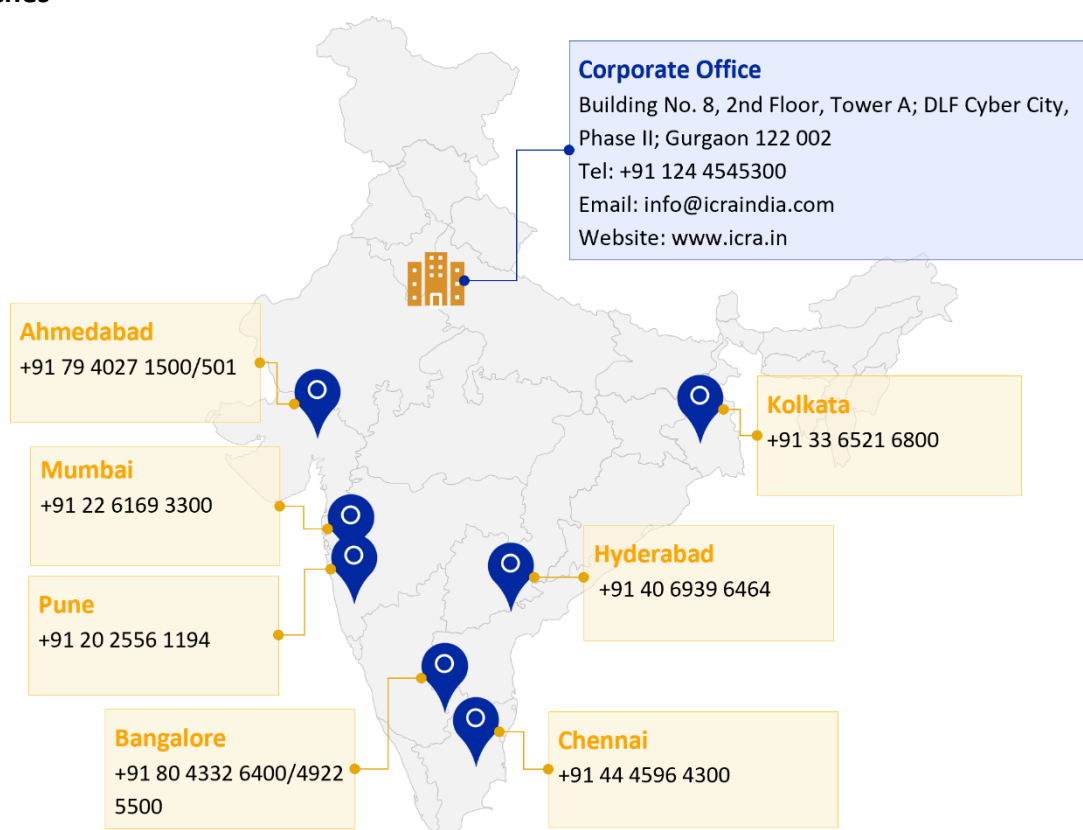
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