

Indian Gem & Jewellery Creation Private Limited

April 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	46.40 (Reduced from 50.50)	CARE BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of ratings assigned to bank facilities of Indian Gem & Jewellery Creation Private Limited (IGJCPL) considers the continued improvement in financial performance in FY24 (A) and 9MFY25 (UA) marked by increase in total operating income (TOI) with improving profitability margins.

Ratings further factors in the experience of the promoters, visible brand presence and association with leading brands, and long-term relationship with contractual artisans.

However, the ratings remain constrained by moderate capital structure and debt protection metrics, working capital intensive nature of operations, geographic concentration of revenue, the company's presence in a highly competitive, fragmented, and regulated industry and profitability susceptible to volatile gold prices.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in scale of operations, marked by TOI of above ₹225 crores while maintaining profit before interest, lease rentals, depreciation, and taxes (PBILDT) margin of over 8% on a sustained basis.
- Improving capital structure marked by overall gearing and total debt to gross cash accrual (TD/GCA) below 0.75x and 7x respectively, on a sustained basis.

Negative factors

- Decline in TOI below ₹100 crore on a sustained basis.
- Deteriorating overall gearing above 1.50x on sustained basis.

Analytical approach: Standalone.

Outlook: Stable

The stable outlook is based on CARE Ratings Limited's (CARE Ratings) expectation of sustained growth momentum in scale of operation while maintaining its profitability margin.

Detailed description of the key rating drivers:

Key strengths

Experienced promoters and established track record of operations in the jewellery business

IGJPL's promoters have experience of more than three decades in the jewellery business, starting with a showroom at Vardaan AC market in 1984 under a partnership firm named 'Indian Gem & Jewellery'. The promoters, Pramod Dugar and his sons, Prayas Dugar and Pratik Dugar, are actively involved in routine operations of the business. Promoters have also supported the company when required in the past.

Improvement in scale of operation during FY24 and 9MFY25 along with improving profitability margins

The total operating income (TOI) of the company increased by 9% y-o-y basis in FY24 to Rs 136 crores as against Rs 125 crores in FY23. The PBILTD and PAT margins also improved and stood at 6.85% (P.Y. 6.07%) and 2.15% (P.Y. 1.46%) in FY24 respectively. TOI and PBILDT margins for 9MFY25 stood at ₹108 crores and 6.91% respectively.

The scale of operation is expected to improve gradually in the near-to-midterm given the steady demand for jewellery and related products, with stable margins.

Visible brand presence in Kolkata and association with leading brands

IGJCPL's jewellery collection range from Polki, Kundan Jadau, Antique, and Meenakari work in gold jewellery, diamond jewellery, gemstones, and is marketed under the name "Indian Gem & Jewellery Creation", which has good brand recall in West Bengal.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

IGJCPL also uses various modes of promotion – newspapers advertisements, billboards and hoarding, radio advertisements, and digital catalogues to promote the brand. IGJCPL is also associated with leading brands such as Forever Mark and Platinum Priority.

Long-term association with contractual artisans and a dedicated in-house designing team offering a wide range of products

IGJCPL has an in-house design development department, where it develops specialty designs based on latest market trends and customer preferences. Manufacturing activity is outsourced to local artisans in and around Kolkata, who are primarily engaged in catering to IGJCPL's jewellery demand. IGJCPL's long-term association with most artisans mitigate risk of availability of contractual manpower required for meeting gold jewellery demand.

Key weaknesses

Geographic concentration of revenue

IGJCPL has been a regional player since inception, with seven out of eight stores based in and around Kolkata, providing it a well-established brand-name among local customers. However, entire operations are concentrated in the region, exposing the company to adverse developments related to competition, and economic, demographic, and other changes in the region, which may adversely affect its business prospects, financial conditions, and operation results.

Moderate capital structure and debt protection metrics albeit improvement in FY24

The capital structure of the company improved during FY24, with overall gearing moving below unity at 0.96x, as on March 31, 2024, as compared to 1.04x as on March 31, 2023, backed by gradual repayment of term loans and accruals of profits to networth of the company. The debt structure of the company majorly consists of working capital limit utilisation.

The debt coverage indicators remained moderate for FY24, with interest coverage ratio of 1.97x (PY: 1.71x) and TD/GCA of 12.76x (PY: 18.54x). The debt capital structure and debt coverage metrics are expected to improve gradually over the medium term.

Working capital intensive nature of operations

The company being a gold jewellery manufacturer-cum-retailer is required to maintain sufficient finished goods inventory at its showrooms for display and sales leading to higher inventory period. The average inventory days, though high, remained stable at 268 days in FY24 (FY23: 279 days). The operating cycle days also remained stable, though remained at higher levels at 251 days during FY24 (FY21: 263 days). A higher operating cycle would necessitate higher reliance on bank finance to meet the working capital requirement which is reflected in high working capital utilisation which stood at around 94% during the 12 months ending January 2025.

Presence in a highly competitive, fragmented, and regulated industry

The G&J industry in India is characterised by several organised and unorganised players. Increasing penetration of organised players, who offer greater variety in product-mix and jewellery design; with customer's changing lifestyle, increasing urbanisation, growing trend towards online buying, and strategic marketing by jewellers is envisaged to increase share of organised jewellery retail segment going ahead.

G&J sector has been one of most regulated, given that gold alone makes India's second largest import bill after petroleum. To reduce Current Account Deficit (CAD), RBI had earlier introduced regulations on domestic consumption of gold. Thus, it continues to remain vulnerable to regulatory risk and adverse movement of CAD or consequent measures taken by the government/RBI.

Susceptibility of margins to volatile gold prices

The major raw material for IGJCPL is gold, and it also buys diamonds and other precious stones for studded jewellery. The company sources gold mainly through bullion dealers and old gold bought from customers who come to exchange their jewellery and also tend to stay invested in gold. Gold prices have exhibited sharp volatility depending upon the demand & supply scenario and geopolitical headwinds. However, the company follows a policy of replenishing the day's sale within a day or two with equivalent amount of stock, which helps in mitigating the volatility of gold price to a larger extent.

Liquidity analysis: Adequate

The liquidity position of the company remained adequate with GCA of Rs 3.79 crore during FY24 as against debt repayment obligation of Rs 3.25 crore. The company has Rs 3.04 crore of debt repayment obligation in FY25, which has been mostly completed. Going ahead, the IGJCPL is expected to comfortably meet its debt repayment obligations from the cash accruals generated.

The company holds inventory of Rs 100.35 crores as on December 31, 2024, which majorly consists of gold and is highly liquid in nature. The average utilization of working capital borrowings stood 94% for the 12 months period ended January, 2025.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Retail](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Gems, Jewellery And Watches

IGJCPL, incorporated in November 2006 by Pramod Dugar, is engaged in retailing and trading gold, diamond, and stone-studded jewellery. The promoter was earlier involved in the jewellery business through the entity named Indian Gem & Jewellery Pvt Ltd. In 2006 the business of Indian Gem & Jewellery Pvt Ltd (incorporated in 1993) was divided among two brothers. Currently, Pramod Dugar and his sons, Prayas Dugar and Pratik Dugar, are actively involved in day-to-day operations of the company.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	125.38	135.81	108.26
PBILDT	7.62	9.30	7.48
PAT	1.82	2.92	-
Overall gearing (times)	1.04	0.96	-
Interest coverage (times)	1.71	1.97	-

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable.

Any other information: Not Applicable.

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	44.50	CARE BBB-; Stable
Fund-based - LT-Term Loan		-	-	Dec, 2026	1.90	CARE BBB-; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Non-fund-based - ST-Bank Guarantee	ST	-	-	-	1)Withdrawn (27-Mar-24)	1)CARE A4+ (23-Mar-23)	1)CARE A4+ (04-Mar-22)
2	Fund-based - LT-Cash Credit	LT	44.50	CARE BBB-; Stable	-	1)CARE BBB-; Stable (27-Mar-24)	1)CARE BB+; Positive (23-Mar-23)	1)CARE BB+; Stable (04-Mar-22)
3	Fund-based - LT-Term Loan	LT	1.90	CARE BBB-; Stable	-	1)CARE BBB-; Stable (27-Mar-24)	1)CARE BB+; Positive (23-Mar-23)	1)CARE BB+; Stable (04-Mar-22)

LT: Long term; ST: Short term.

Annexure-3: Detailed explanation of covenants of rated instruments/facilities : Not Applicable.**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender detailsTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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