

Pannalal Mahesh Chandra

July 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	10.00	CARE BBB-; Stable	Assigned
Short Term Bank Facilities	60.00	CARE A3	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Pannalal Mahesh Chandra (PMC) are strengthened by significant improvement in its scale of operations driven by Tariff Rate Quota (TRQ) authorisation for import of gold bullions from United Arab Emirates (UAE) at a concessional custom duty rate, and contribution from a diverse product portfolio. The ratings also factor in the experience of the partners with a long track record of operations, and a moderate financial risk profile. However, these strengths are offset by the firm's low profitability margins inherent in trading industry, its constitution as a partnership firm, and its presence in a highly competitive industry with margins susceptible to regulatory risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in the total operating income (TOI) and Profit before interest, lease rentals, depreciation and taxes (PBILDT) margin of more than 2% on a sustained basis.
- Sustained improvement in operational cash flows and liquidity profile of the firm.

Negative factors

- Deterioration in capital structure leading to overall gearing above 2.00x.
- Significant decline in the TOI of the firm along with moderation in profitability margins leading to deterioration in its liquidity profile.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings) expectation of sustenance in firm's scale of operations driven by the experience of its promoters and contribution from non-bullion segment.

Detailed description of key rating drivers:

Key strengths

Diverse product portfolio

PMC primarily deals in bullions and other gold and silver jewellery items. The firm imports bullions via the India International Bullion Exchange (IIBX) and sells them to domestic jewellers and retailers. In FY25 (refers to April 01 to March 31), jewellery segment accounted for approximately 75% of the firm's TOI. PMC also imports various commodities (accounting for the balance 25%), including spices, gambier, PVC resin, polymer products (HDPE, LLDPE, LDPE, PP, etc.), and petroleum-based products such as bitumen, rubber process oil, and paraffin wax. The firm's profitability is susceptible to geopolitical tensions and crude oil prices; however, its diverse product portfolio helps safeguard against adverse price movements in any one segment.

Experienced Promoter

PMC was founded by Mr. Mahesh Chandra Jain and his wife, Mrs. Shakuntala Jain, with an equal profit-sharing ratio. Mr. Jain, with over 60 years of industry experience, oversees business planning, finance, taxation, and overall operations. Their son, Mr. Prashant Jain, manages the firm's day-to-day operations, supported by a team of professionals. The Jain family has been engaged

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

in bullion trading for more than 100 years, and the fourth generation has also joined the business. The partners have extensive experience in various industries, including jewellery showrooms, edible oil refineries, leather chemicals and footwear accessories, solvent extraction plants, and real estate.

Improvement in scale of operations driven by TRQ benefits

TOI grew at a compounded annual growth rate (CAGR) of 44.97% over the last five years ending FY25. TOI increased by 102% to Rs 1,362.73 crore in FY25 compared to FY24, driven by the award of ~1000 kg of bullion under the TRQ system on IIBX, which allowed for gold imports at concessional custom duty rates under the India-UAE Comprehensive Economic Partnership Agreement (CEPA). Additionally, improved realizations in gold and silver bullion amid volatile geopolitical conditions also contributed to this growth. The rise in commodity prices was influenced by factors such as global economic uncertainties, increased central bank gold buying, and a weaker rupee. Furthermore, the firm is continuously focusing on the non-bullion segment, and the contribution from the non-bullion segment increased to Rs 325 crore as against Rs 248 crore in FY24.

Key weaknesses

Presence in a highly competitive and regulated industry with volatile gold prices

The firm operates in a highly competitive and tightly regulated bullion trading industry. The industry is marked by low entry barriers, leading to intense competition and pressure on margins. Furthermore, gold prices are inherently volatile, driven by global economic trends, currency fluctuations, and geopolitical developments. Regulatory oversight, including changes in import duties and compliance requirements further adds to operational uncertainties and could affect the firm's financial flexibility.

Low profitability margin

The firm's profitability margins remain low due to its presence in the trading industry, with PBILDT margins ranging between 1-2% over the past few years and Profit After Tax (PAT) margins consistently below 1%. The margins in the bullion segment are particularly low and remain below 1%. Consequently, the firm's ability to increase its share in the non-bullion segment, which offers better margins, remains a key monitorable.

Moderate capital structure with weak debt coverage indicators

The entity's capital structure stood modest, as marked by an overall gearing of 1.38x as on March 31, 2025 (1.55x as on March 31, 2024) owing to its low net worth base. The debt profile of the firm largely comprises working capital debt and unsecured loans from related party to the tune of Rs 17.35 crore as on March 31, 2025. The bullion trading segment remains debt-free, as purchases and sales are executed on the same day. Working capital borrowings are primarily used to fund the operational cycle in non-bullion segment, including the lead time for imports or domestic procurement of commodities and the associated receivable period. The total outside liabilities to net worth stood high at 2.42x as on March 31, 2025 (deteriorating from 1.64x as on March 31, 2024). Further, debt coverage indicators also remained moderate, as marked by comfortable PBILDT interest coverage of 6.30x in FY25 (1.03x in FY24) and high total debt to gross cash accruals (TD/GCA) of 5.66x in FY25 (28.16x in FY24).

Constitution of the entity being partnership firm

PMC's constitution as a partnership firm makes it susceptible to inherent risk of possibility of withdrawal of capital and dissolution of the firm in case of death/insolvency/separation of the partners.

Liquidity: Adequate

The liquidity of PMC is marked adequate marked by expected GCA of around Rs 10 crore in FY26 against minimal debt repayment obligation of Rs 0.12 crore for vehicle loans. The operating cycle stood stable at 3 days as on March 31, 2024, backed by improved inventory period for commodity products. The average working capital limit utilisation stood low at 50% for 12 months period ending May 31, 2025. The firm also has free cash and bank balance of Rs 3.99 crore as on March 31, 2025. There is no debt funded capex plans in medium term.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

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

Pannalal Mahesh Chandra (PMC) is a partnership firm established on June 01, 1994, by Mr. Mahesh Chandra Jain and Mrs. Shakuntala Jain, with an equal profit-sharing ratio. PMC deals in both bullion and non-bullion jewellery, along with a variety of agricultural and other commodity items. The firm imports various commodities, including spices, gambier, PVC resin, polymer products, and petroleum-based products such as bitumen, rubber process oil, and paraffin wax.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	673.21	1,362.73
PBILDT	3.63	15.96
PAT	1.60	8.02
Overall gearing (times)	1.55	1.38
Interest coverage (times)	1.03	6.30

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	10.00	CARE BBB-; Stable
Non-fund-based - ST-Letter of credit		-	-	-	60.00	CARE A3

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 2025-2026	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
1	Non-fund-based - ST-BG/LC	ST	-	-	-	-	-	1)Withdrawn (20-Mar-23) 2)CARE A4+ (20-May-22) 3)CARE A4+ (04-May-22)
2	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)Withdrawn (20-Mar-23) 2)CARE BB+; Stable (20-May-22)
3	Fund-based - LT-Cash Credit	LT	10.00	CARE BBB-; Stable				
4	Non-fund-based - ST-Letter of credit	ST	60.00	CARE A3				

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	Non-fund-based - ST-Letter of credit	Simple

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

Note on complexity levels of rated instruments: CareEdge 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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