

## Mukti Gold Private Limited

August 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	120.00 (Enhanced from 55.00)	CARE BBB; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of the rating reflects the steady performance of Mukti Gold Private Limited (MGPL) in FY25 (Prov.) backed by its established track record in the gold jewellery segment and CARE Ratings Limited's (CareEdge Ratings') expectations of sustained performance in the medium term supported by its long relationships with reputed clientele and wide product portfolio. The rating factors in sustained improvement in scale of operation in the last three years, as reflected by its revenue compounded annual growth rate (CAGR) of ~30% between FY21 and FY25, backed by increasing sales volume and rising gold prices. Total operating income (TOI) grew by ~24% YoY to ~₹670 crore in FY25 (Prov.) driven by steep rise in gold prices amidst steady volumes and its profit before interest, lease rentals, depreciation and taxation (PBILDT) margin sustained above 4%. CareEdge Ratings expects MGPL's revenue to grow by 10-12% YoY over the next 2-3 years, supported by increasing wallet share of existing clients, expansion of product portfolio and rising prices, with operating margin sustaining ~3.5-4.5% per annum, translating to adequate gross cash accruals (GCA). The rating also considers the company's adequate debt coverage metrics marked by PBILDT interest covers above 4x in FY25. The rating also derives comfort from the reputed client base and extensive experience of MGPL's promoters in the domestic jewellery industry.

However, the rating remains constrained by MGPL's moderate capital structure marked by total outside liabilities to tangible net worth (TOL/TNW) above 2x and overall gearing above 1.20x as on March 31, 2025, due to significant increase in total debt to fund rising inventory. The company remains exposed to intense competition in the jewellery manufacturing industry, which limits its pricing flexibility, and is exposed to gold price volatility and regulatory risks faced by the sector.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Substantially growing scale of operation and PBILDT margin leading to better cash accruals.
- Improving TOL/TNW below 1.75x.

#### Negative factors

- Significantly declining scale of operation or PBILDT margin, leading to declining cash accruals putting pressure on liquidity.
- Deteriorating interest coverage below 3x on a sustained basis.
- Deterioration of overall gearing above 2x or TOL/TNW above 2.50x on a sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable

The Stable outlook reflects CareEdge Ratings' expectations that MGPL will continue maintaining adequate financial risk profile in the medium term, while benefiting from its established operational track record and experience of promoters.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced promoters having established track record in jewellery industry

MGPL is promoted by Mahendrakumar B Jain, Shreyans Sureshkumar Jain, and Gautam Babulal Pomani. Promoters have a long experience of over two decades in the gems and jewellery industry, which helped it develop strong relationships with key customers and suppliers. Promoters have extended unsecured loans of ₹13.38 crore (including ₹8.42 crore subordinated unsecured loans) as on March 31, 2025 (Prov.), to the company, which benefits its financial risk profile.

#### Reputed clientele base despite client concentration risk prevails

MGPL is a B2B player and supplies manufactured products to several jewellery retailers. Some key customers include renowned jewellery retail chains. MGPL has a long-established relationship with its clients indicated by repeated orders. In FY25 (Prov.), top

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

five customers accounted for nearly 37% of TOI (PY: ~43%). While there is some concentration risk, the risk is mitigated to a large extent by long relations with key customers.

### **Growing but moderate scale of operations with steady profitability**

MGPL has reported a healthy increase in its TOI at a CAGR of 30% in the last four years to ₹670 crore in FY25 compared to ₹235 crore in FY21. It reported YoY growth of 24% in revenue in FY25, primarily driven by higher realisation amidst steady sales volumes. Growth in revenues over the years is considering uptick in demand of traded gold jewellery, higher realisation owing to increase in gold prices, and positive industry prospect. In FY25, PBILDT margin stood at 4.48% and profit after tax (PAT) margin stood at 2.56%. Its profitability has remained stable in the last five years marked by PBILDT margins between ~3.5% and ~4.5% and PAT margins stood between 1.5% and 2.5%. Going forward, improvement in scale of operations driven by volume and sustenance of profitability margins remain key rating sensitivities.

### **Key weaknesses**

#### **Moderate capital structure and adequate debt coverage indicators**

MGPL's capital structure deteriorated YoY considering increase in total debt to ~₹80 crore as on March 31, 2025, compared to ~₹41 crore as on March 31, 2024, primarily considering increase in working capital utilisation driven by increase in gold prices. This led to decline in overall gearing to 1.21x (PY: 0.84x) and TOL/TNW at 2.27x (PY: 2x) as on March 31, 2025. Nevertheless, capital structure remained at moderate levels. Debt coverage indicators stood at adequate levels marked by PBILDT interest coverage at 4.08x in FY25 compared to 5.53x in FY24. CareEdge Ratings expects the company to maintain an adequate financial risk profile in the medium term.

#### **Moderate operating cycle despite operations being working capital intensive**

The company's operations are working capital intensive because of its need to maintain sizeable inventories and extend credit periods to major customers. MGPL's working capital cycle days remained moderate at 65 days in FY25 (PY: 61 days) with the average inventory days remained at 43 days (PY: 34 days) and average collection period at 51 days (PY: 54 days). Average working capital utilisation of fund-based facilities of MGPL in 12-months ending June 2025 stood at higher levels at ~79%. The company is planning enhancement in near term to add some liquidity cushion.

#### **Profitability margins susceptible to volatility in gold prices and intense competition limits pricing flexibility**

A high inventory of unhedged raw materials exposes the company's profitability to gold price volatility. The company faces intense competition from other players in the jewellery manufacturing industry, which remains largely unorganised, limiting pricing flexibility.

#### **Liquidity: Adequate**

The liquidity position remains adequate marked by sufficient projected cash accruals between ₹16 and ₹20 crore per annum against low repayment obligations of ₹1-1.50 crore p.a. over the next three years. Average utilisation of fund-based facilities stood at 79% in 12-months ending June 2025. As on March 31, 2025, the current ratio stood comfortable at 1.50x (PY: 1.58x) and quick ratio stood at 0.81x (PY: 1x).

#### **Environment, social, and governance (ESG) risks: Not applicable**

### **Applicable criteria**

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

### **About the company and industry**

#### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Gems, jewellery and watches

MGPL is engaged in manufacturing machine made jewellery with product portfolio encompassing gold jewellery, natural diamond jewellery, 22 carat and 18 carat CZ Jewellery (Cubic Zirconia) and has recently launched CVD Lab-grown diamond and Polki

jewellery. The company was incorporated in 2012, and promoted by Mahendrakumar B Jain, Shreyans Sureshkumar Jain, and Gautam Babulal Pomani.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Prov.)
Total operating income	538.35	670.06
PBILDT	22.80	30.05
PAT	13.70	17.15
Overall gearing (times)	0.84	1.21
Interest coverage (times)	5.79	4.08

A: Audited Prov.: Provisional; 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	-	-	-	-	116.90	CARE BBB; Stable
Fund-based - LT-Term Loan	-	-	-	01-09-2028	3.10	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 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	Fund-based - LT-Cash Credit	LT	116.90	CARE BBB; Stable	-	1)CARE BBB; Stable (02-Jul-24)	-	-
2	Fund-based - LT-Term Loan	LT	3.10	CARE BBB; Stable	-	1)CARE BBB; Stable (02-Jul-24)	-	-

LT: Long 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 details**

To view 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](mailto:care@careedge.in) for clarifications.

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