

## D. P. Abhushan Limited

January 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	51.95 (Reduced from 56.06)	CARE A-; Stable	Reaffirmed
Long-term / Short-term bank facilities	288.00 (Enhanced from 158.00)	CARE A-; Stable / CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### **Rationale and key rating drivers**

Ratings assigned to bank facilities of D. P. Abhushan Limited (DPAL) continue to derive strength from its experienced promoters in jewellery retail, strong operational track record of over eight decades under the brand 'DP Jewellers' in Madhya Pradesh and Rajasthan, healthy growth in scale of operations and moderate profitability. Ratings also consider DPAL's prudent working capital management, comfortable financial risk profile, and adequate liquidity.

However, ratings remain constrained by profitability susceptible to volatile gold prices, inherent regulatory risks, and presence in a highly fragmented and competitive gems and jewellery (G&J) industry.

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

#### **Positive factors**

- Significant volume-driven-growth in scale of operations supported by new store addition and improvement in profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 6% on a sustained basis.

#### **Negative factors**

- Decline in sales volume resulting in total operating income (TOI) falling below ₹2,000 crore and PBILDT margin below 3% on a sustained basis.
- Operating cycle elongating beyond 75 days, leading to higher utilisation of working capital limits.
- Overall gearing deteriorating beyond unity on a sustained basis.

### **Analytical approach:** Standalone

#### **Outlook:** Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CareEdge Ratings) expectation that DPAL will continue to benefit from experienced promoters, a strong operational track record, and brand recall in Madhya Pradesh and Rajasthan jewellery markets.

### **Detailed description of key rating drivers:**

#### **Key strengths**

##### **Growing scale of operations and improving profitability**

DPAL reported 42% year-on-year growth in TOI, increasing to ₹3,312 crore in FY25 from ₹2,340 crore in FY24, driven by strong performance across major stores. In H1FY26, TOI stood at ₹1,508 crore, broadly stable compared to ₹1,509 crore in H1FY25, however, sales volume declined due to lower industry demand amid rising gold prices. The company opened one store in Ratlam in April 2025 and plans to add two more stores in FY26, followed by additional 14 new stores in the next two years. CareEdge Ratings expects DPAL to maintain healthy growth in the medium term, supported by same-store sales growth and incremental revenue from new stores.

Profit before interest, lease rentals, depreciation and taxation (PBILDT) margin improved to 5.34% in FY25 from 4.38% in FY24, supported by higher spreads and increased contribution from gold-studded jewellery. In H1FY26, PBILDT margin rose further to 8.62% due to inventory gains amid rising gold prices. However, margins are expected to normalise in the full year and remain in the range of 6-7%.

#### **Comfortable capital structure and debt coverage indicators**

DPAL's capital structure remained comfortable with overall gearing at 0.46x as on March 31, 2025, compared to 0.72x as on March 31, 2024. The company has low long-term debt, and reliance on bank borrowings for working capital continues to be

<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.

moderate due to prudent inventory management. DPAL raised ₹42.08 crore on preferential basis and ₹25.64 crore from convertible warrants aggregating to ₹67.74 crore up to June 2025, which has augmented its net worth. These funds have been utilised for new store openings and incremental working capital requirements.

Debt coverage indicators remained strong, with interest coverage improving to 10.37x in FY25 (FY24: 7.38x) and total debt to gross cash accruals (TD/GCA) at 1.52x in FY25 (FY24: 2.56x).

### **Prudent working capital management**

Being a jewellery retailer, DPAL maintains a wide range of finished goods inventory at its showrooms for display and sales, and bullion, which typically results in high inventory holding and working capital intensity. The company meets these requirements through low-cost funding sources such as customer advances, internal accruals, and unsecured loans from promoters, in addition to working capital limits. In FY25, DPAL reported an inventory turnover ratio of 5.63x (FY24: 5.84x), indicating faster inventory rotation. DPAL manages inventory centrally from its head office in Ratlam and follows an inventory replenishment model for hedging against gold price volatility risk.

### **Experienced promoter and well-established operational track record of over eight decades in jewellery retail market**

Promoted by Late Dhulchand Kataria in 1940, DPAL began as a sole proprietorship and later became a partnership firm before converting into a public limited company in 2017. It was listed on NSE in November 2017. The business is currently managed by the third and fourth generation - Ratanlal Kataria, Anil Kataria, Santosh Kataria, and Vikas Kataria supported by a team of qualified professionals. DPAL has a well-established operational track record of over eight decades in the gems and jewellery (G&J) industry under the brand 'DP Jewellers,' which has built strong brand recall and trust among consumers in Madhya Pradesh and Rajasthan over the years. As on September 30, 2025, DPAL operates 11 showrooms with a combined retail area of 50,650 sq. ft.

### **Key weaknesses**

#### **Presence in highly competitive and fragmented G&J industry**

The retail gold jewellery industry is highly fragmented, with intense competition from organised and unorganised players catering to diverse customer segments. This competitive environment limits pricing flexibility and constrains scope for margin expansion.

#### **Exposure to gold price volatility; mitigated to a certain extent by inventory replenishment model**

DPAL's key raw material, Gold, which constitutes over 90-95% of DPAL's total cost, has exhibited sharp volatility in the past and continues to be influenced by global demand-supply dynamics, economic growth, forex movements, interest rates, among other factors. Jewellery demand is largely discretionary and directly linked to macroeconomic factors such as disposable income, inflation, consumer sentiment among others. However, DPAL's inventory replenishment model provides partial mitigation against gold price volatility risk.

#### **Susceptibility to regulatory risks in the jewellery industry**

The G&J sector is among the most regulated industries, as gold constitutes India's second-largest import bill after petroleum. High regulatory intervention by the Government of India has been observed in the past in terms of import tariffs, gold deposit schemes, mandatory PAN disclosure requirement for purchases above threshold limit among others. The sector remains vulnerable to regulatory risk, as adverse measures by the government or the Reserve Bank of India (RBI) could impact gold demand. While demand for gold jewellery has largely remained resilient due to its investment appeal, significant policy changes may affect demand and supply dynamics in the domestic market.

#### **Liquidity: Adequate**

DPAL has adequate liquidity, marked by moderate utilisation of working capital limits, low long-term debt repayment obligations which shall be repaid entirely by FY26, comfortable operating cycle, and high inventory turnover ratio. Average utilisation of working capital facilities remained moderate at ~68% for 12 months ended September 2025. Its operating cycle was stable at 54 days in FY25 (FY24: 54 days), supported by efficient inventory management. The retail business model and credit period from jewellery suppliers also aid in managing working capital intensity. Free cash and bank balances stood at ₹19.06 crore as on September 30, 2025. Current ratio remained comfortable at 1.77x as on March 31, 2025 (March 31, 2024: 1.67x).

#### **Assumptions/Covenants: Not applicable**

#### **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](#)
- [Retail](#)
- [Short Term Instruments](#)

## About the company and industry

### Industry classification

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

DPAL (CIN: L74999MP2017PLC043234) was incorporated as a sole proprietorship firm under the name "M/s D.P. Jewellers" by Late Dhulchand Ji Kataria in 1940. DPAL is engaged in manufacturing, selling, and trading gold jewellery, diamond jewellery, platinum jewellery, silver jewellery, and other precious metals. Over the years, DPAL has expanded into a retail chain with 11 branches in Ratlam, Indore, Udaipur, Bhopal, Ujjain, Bhilwara, Kota, Banswara, Ajmer, and Neemuch, with a total retail area of 50,650 sq. ft as on September 30, 2025.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	2,339.96	3,311.93	1,508.02
PBILDT	102.53	176.77	130.01
PAT	61.86	112.70	87.88
Overall gearing (times)	0.72	0.46	0.64
Interest coverage (times)	7.38	10.37	16.67

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

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**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 (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	51.00	CARE A-; Stable
Fund-based - LT-Term Loan		-	-	February 2026	0.95	CARE A-; Stable
Fund-based - LT/ ST- Working Capital Limits		-	-	-	288.00	CARE A-; Stable / CARE A2+

**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/ ST-Working Capital Limits	LT/ST	288.00	CARE A-; Stable / CARE A2+	-	1) CARE A- / CARE A2+ (02-Jan-25)	1) CARE BBB+; Positive / CARE A2 (02-Jan-24)	-
2	Fund-based - LT-Term Loan	LT	0.95	CARE A-; Stable	-	1) CARE A-; Stable (02-Jan-25)	1) CARE BBB+; Positive (02-Jan-24)	-
3	Fund-based - LT-Cash Credit	LT	51.00	CARE A-; Stable	-	1) CARE A-; Stable (02-Jan-25)	1) CARE BBB+; Positive (02-Jan-24)	-
4	Fund-based/Non-fund-based-LT/ST	LT/ST	-	-	-	1) Withdrawn (02-Jan-25)	1) CARE BBB+; Positive / CARE A2 (02-Jan-24)	-

LT: Long term; LT/ST: Long term/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
3	Fund-based - LT/ ST-Working Capital Limits	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 for clarifications.

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