

## Kalamandir Jewellers Limited

January 12, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	650.00 (Enhanced from 530.00)	CARE BBB+; Stable / CARE A2	Reaffirmed
Fixed Deposit	70.00	CARE BBB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The Ratings assigned to the enhanced bank facilities and fixed deposit facility of Kalamandir Jewellers Limited (KJL) continue to derive strength from its established brand presence and operational track record of more than four decades in Gujarat's jewellery retail market, growing scale of operations with improving profitability, demonstration of prudent inventory management marked by high inventory turnover and adequate liquidity.

The above rating strengths, however, continue to remain constrained by KJL's moderate capital structure and debt coverage indicators, working capital intensive nature of operations, geographical concentration risk with exposure to intense competition from large organised and local unorganised players limiting its pricing flexibility, vulnerability of profit margins to gold price fluctuations and susceptibility to regulatory risks existent in the gems and jewellery industry.

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

#### Positive factors

- Continued geographical diversification of its operations outside the Gujarat market
- Increase in total operating income (TOI) above ₹8,000 crore with sustained profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin
- Improvement in capital structure as marked by overall gearing below unity

#### Negative factors

- Decline in sales volume leading to its TOI falling below current levels with PBILDT margin below 3.00% on a sustained basis
- Debt-funded expansion resulting in the deterioration of capital structure as marked by an overall gearing of above 2x
- Elongation in its operating cycle beyond 120 days, resulting in higher reliance on debt to meet working capital requirements.

### Analytical approach: Standalone

#### Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that KJL will continue to benefit from the extensive experience of the promoter family and established brand presence in its key markets.

### Detailed description of key rating drivers:

#### Key strengths

##### Established brand presence and extensive experience of promoter family

Operational since 1986 under the current chairman Mr. Mohanlal Shah, KJL benefits from an established presence in Gujarat's jewellery retail market. Over nearly four decades, KJL has expanded from a single store into a multi-location retail network, including six flagship stores (five across key locations in Gujarat and one in Mumbai, Maharashtra) and eight airport outlets across India, with its Surat store being one of the largest and busiest jewellery stores in Gujarat.

The business is currently being managed by the second generation of the Shah family, with Milan Shah, Sharad Shah, Rajesh Shah, Dipesh Shah, and Nilam Shah overseeing various strategic and operational aspects of the business. They are ably supported by a professional management team overseeing the different functions.

##### Growing scale of operations with moderate profitability

KJL has witnessed a growing scale of operations over the past few years. In FY21 (FY refers to period between April 01 to March 31), the company reported TOI of ₹1,133 crore, which has grown at a CAGR of nearly 51% to ₹5,930 crore by FY25, which includes ~₹2,080 crore from bullion trading.

TOI from the jewellery segment has grown at a CAGR of ~42% from ₹959 crore in FY21 to around ₹3,900 crore in FY25 backed by expansion of showroom space along with an increase in sales realisation and volume. KJL has clocked TOI of Rs. 3563.84

<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.

crore in H1FY26 primarily and is expected to close FY26 at ~Rs.7000-7500 crore. CareEdge Ratings expects the company to sustain its growth trajectory in the near to medium term.

KJL's profitability remains moderate, marked by PBILDT margin of 4.11% in FY25 (PY: 3.58%) and PAT margin of 2.13% (PY: 1.55%). In H1FY26, KJL's PBILDT margin moderated to ~3.5% on account of increase in bullion sale to Rs. 1264.50 crore till September 2025 (FY25: Rs. 1993.35 crore) and change in hedging mechanism. With increase in margin requirement and cost of availing gold metal loan, KJL commenced hedging via MCX. Hedging in an increasing gold price scenario has constrained the company's ability to benefit from rising prices, as the hedge was locked in at lower rates. Consequently, profitability was impacted, and the company reported mark-to-market losses as of the half year ended September 30, 2025, along with booked losses on squared-off transactions. However, the cash flow effect remains neutral since inventory value also increased, though to a lesser extent due to the weighted average cost method.

Further, after adjusting for bullion sales, the PBILDT margin stands at around 6.08% for FY25 (PY: 3.92%). While margins have improved year-on-year till FY25 owing to inventory gains and increase in sale of studded jewellery, CareEdge ratings expects KJL's profitability to remain relatively moderate owing to competitive labour charges markup on jewellery sales.

### **Prudent inventory management albeit working capital intensive nature of operations**

Being a jewellery retailer, KJL maintains a wide variety of designs of finished goods inventory at its showrooms for display and sales. This normally leads to high inventory holding and working capital intensity. Out of the overall working capital requirements of KJL, around 55% is funded through bank borrowings, 8% through gold scheme advances from customers, and balance through own sources (net worth, internal accruals and unsecured loans). Further, company reported an average inventory turnover ratio (adjusted for bullion sales) of 4.31 times during FY25 (PY: 5.13 times), indicating faster rotation of inventory.

With planned expansion and consequent requirement to maintain higher inventory levels, CareEdge Ratings expects an increase in the working capital intensity of the company, and management of the same shall remain a key rating monitorable.

### **Key weaknesses**

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

KJL's capital structure stood moderate as marked by an overall gearing of 1.68 times as on March 31, 2025 (PY: 1.92 times). Improvement in the same was primarily driven by accretion of profits to reserves, resulting in a net worth base of ~₹404 crore as on March 31, 2025 (PY: ₹280 crore). Company's debt profile stood satisfactory and comprised primarily of working capital borrowings used for procurement of bullion / finished jewellery (66%) with balance being in the form of lease liabilities, term loans availed for the purpose of fixed asset addition, and unsecured loans from promoters.

With moderately high debt levels and moderate profitability, debt coverage indicators also stood moderate, with PBILDT interest coverage ratio of 4.89 times in FY25 (PY: 3.42 times) and total debt to GCA of 4.57 years (PY: 8.34 years).

#### **Geographical concentration risk and intense competition from organised and unorganised players**

KJL operates a network of retail outlets primarily concentrated in Gujarat (with only outlet outside Gujarat, i.e. the Borivali store). Any adverse economic, regulatory, or competitive developments in the company's core market could disproportionately impact overall performance.

In addition, the jewellery retail industry in India is characterized by intense competition from both organised players (national and regional chains) and many unorganised retailers. The presence of established brands with pan-India operations, coupled with price-sensitive consumer behaviour and regional preferences, creates a highly competitive operating environment. Unorganised players, in particular, pose a challenge due to their lower cost structures and deep local customer relationships.

KJL's positioning in the premium segment and its large-format experiential stores offer some differentiation. However, sustaining growth and margins will require continued investment in brand building, customer experience, and geographic diversification to mitigate these structural risks.

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

KJL's margins remain inherently vulnerable to fluctuations in gold prices, primarily because the company operates in a retail jewellery business where the selling price closely tracks prevailing market rates for gold and other precious metals. The primary contributor to profitability is the making charge, which is directly tied to the ornament's sale value.

KJL's inventory is held mainly for jewellery sales, with negligible exposure to bullion trading activities owing to quick turnaround in bullion. The company follows inventory replenishment strategy, as prevalent in the retail jewellery business. This approach, together with substantial inflows of old gold from customers (which serve as a natural hedge), reduces its vulnerability to some extent. However, the absence of a structured financial hedging framework continues to leave KJL's margins susceptible to adverse movements in gold prices.

### Susceptibility to regulatory risks existent in the gems and jewellery industry

The gems and jewellery sector remains exposed to regulatory risks, given gold's position as India's second-largest import item after petroleum. Over the years, the government has introduced several measures such as import duty changes, hallmarking norms, and gold monetization schemes to improve transparency and manage trade. While demand for gold jewellery has remained resilient due to strong cultural preference, any major policy shift can impact supply chains and pricing.

KJL imports gold from the UAE under the tariff rate quota (TRQ), which is subject to approval by the Directorate General of Foreign Trade (DGFT). This exposes the company to regulatory risk, as future quota allocations depend on government discretion. The company uses this gold for bullion activities such as sale to artisans, job work, and exchange settlement, earning a modest margin but contributing a material sum to its TOI. Any adverse changes in import policy or quota allocation may affect the company's cost structure and operating performance to an extent.

### Liquidity: Adequate

KJL's liquidity stood adequate as marked by sufficient gross cash accruals vis-à-vis fixed repayment obligations (including lease liabilities and redemption of public deposits). The company's operating cycle stood satisfactory at 71 days in FY25 (PY: 56 days), driven largely by an average inventory holding period of around 84 days (adjusted for bullion sales; PY: 70 days). Average utilization of fund-based working capital limits remained high at ~94% during the twelve months ended November 2025, indicating high working capital intensity. KJL had free cash and bank balances of ₹30.83 crore as on September 30, 2025.

### Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Retail](#)

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### About the company and industry

#### Industry classification

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

Founded in 1986 in Kosamba, Gujarat, and formally incorporated in December 2009, Kalamandir Jewellers Limited (KJL) specializes in the retail sale of gold, diamond, platinum, silver, and lab-grown diamond jewellery. Currently, it operates six flagship stores across Gujarat and Maharashtra, including locations in Mumbai, Ahmedabad, Surat, Kosamba, Bharuch, and Vapi. Additionally, it has eight airport outlets in cities such as Surat, Jaipur, Chennai, Udaipur, Varanasi, Vadodara, Lucknow, and Kolkata.

The business is currently being managed by the second generation of the Shah family, with Milan Shah, Sharad Shah, Rajesh Shah, Dipesh Shah, and Nilam Shah overseeing various strategic and operational aspects of the business. They are ably supported by a professional management team overseeing the different functions.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	September 30, 2025 (UA)
Total operating income	3,338.55	5,929.96	3563.84
PBILDT	119.59	250.04	123.79
PAT	51.87	126.06	60.26
Overall gearing (times)	1.92	1.68	NA
Interest coverage (times)	3.42	4.98	4.01

A: Audited UA: Unaudited; NA: Not available Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** CRISIL has placed the rating assigned to bank facilities and fixed deposits of KJL under issuer non-cooperation category considering CRISIL's inability to carry out a rating exercise in the absence of the requisite information from the company vide its press release dated June 30, 2025.

**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
Fixed Deposit		-	-	-	70.00	CARE BBB+; Stable
Fund-based-LT/ST		-	-	-	650.00	CARE BBB+; 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	LT/ST	650.00	CARE BBB+; Stable / CARE A2	1)CARE BBB+; Stable / CARE A2 (07-Oct-25)			
2	Fixed Deposit	LT	70.00	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Oct-25)			

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	Fixed Deposit	Simple
2	Fund-based-LT/ST	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.

## Contact us

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