Ideal Fiscal Services Limited

March 31, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Short-term bank facilities	200.00 (Enhanced from 55.00)	CARE A3+	Upgraded from CARE A3
Short-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in the short-term ratings assigned to bank facilities of Ideal Fiscal Services Limited (IFSL) is considering significant growth in its scale of operations in FY25 (refers to April 01 to March 31) and strengthening of capital structure considering reduction in debt levels following a shift in the business model to a customer-advance-based structure, eliminating the need for external working capital borrowings.

The rating continues to derive comfort from IFSL's experienced and resourceful promoter group having an established track record of over three decades in bullion trading business, comfortable debt coverage indicators, and adequate liquidity.

However, the rating strengths are partially offset by IFSL's thin operating margin which is susceptible to volatility associated with commodity (gold bars) prices, high customer concentration and moderate net worth base.

The rating assigned to the short-term bank facilities has been withdrawn based on No Due Certificate received from the lender that had extended these facilities.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in its scale of operations and profit margin on a sustained basis while maintaining its comfortable financial risk profile.
- Improvement in the net worth base to over ₹300 crore.

Negative factors

- Decline in scale of operations below ₹3,000 crore and profit before interest, lease rentals, depreciation and taxation (PBILDT) margin below 2% on a sustained basis.
- Any change in its operating model resulting in deterioration in capital structure with overall gearing over 0.50x on a sustained basis.
- Any significant moderation in the profile of its parent, Augmont Enterprise Limited (AEL).

Analytical approach: Standalone while factoring in managerial and financial linkages with its parent, AEL.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Growing scale of operations

IFSL has short track record of operations with FY23 being its first full year of operations under the new management. In FY25, IFSL was able to scale up its operations achieving a TOI of ₹7,566 crore against ₹1,509 crore in FY24. The strong growth trajectory is supported by increased demand supported by higher penetration and higher price realisations, primarily driven by the sharp rise in gold prices in the period. IFSL has achieved TOI of ₹5,360 crore in 9MFY26 compared to ₹3,901 crore in 9MFY25.

Strong capital structure

IFSL's capital structure strengthened with overall gearing improving to 0.05x as on March 31, 2025, from 4.93x as on March 31, 2024. The improvement was driven by healthy profit accretion and a substantial reduction in total debt following a shift in the business model from LC-based bill discounting to a customer-advance-based structure, eliminating the need for external working

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

capital borrowings. Accordingly, total debt declined to ₹5.22 crore as on March 31, 2025, majorly consisting of unsecured loans from promoters and vehicle loan against ₹104.89 crore as on March 31, 2024. IFSL's net worth base stood moderate at ₹113.91 crore as on March 31, 2025.

Experienced and resourceful promoter group

IFSL is a part of the Mumbai-based Augmont Group. The flagship company of the Augmont group, AEL was incorporated in October 2012, by the second generation of the Kothari family and operates in the domestic bullion trading market through a network of 18 branches. The family's first generation is engaged in the similar bullion trading business through another entity named, Riddhi Siddhi Bullions Limited since 1994.

AEL holds a strong market position in the bullion trading segment as reflected by its total sales of ₹66,234 crore in FY25 (FY24: ₹34,931 crore) on a consolidated basis. As on March 31, 2025, AEL had free cash and liquid investments of ₹179.05 crore against external debt of ₹9.28 crore on a consolidated basis.

Key weaknesses

Thin profitability which is susceptible to volatility associated with precious commodity trading business and regulatory risk

Due to its presence in an intensely competitive and low value-added standardised plain gold jewellery segment, the company's profitability remained low marked by PBILDT and profit after taxation (PAT) margin at 1.76% and 1.22% in FY25, respectively (FY24: 1.99% and 0.88%, respectively). The PBILDT margin remained stable at 1.79% in 9MFY26.

IFSL's procurement of precious commodities (gold bars) is largely backed by confirmed order from the customers, resulting in minimal inventory and susceptibility to price volatility risk. Further, as per the recent Reserve Bank of India (RBI) guidelines for INR-denominated trade settlement with select countries, the company transitioned from USD-based invoicing to INR settlement from December 2024 onwards. This transition is likely to minimise foreign exchange exposure and related cost burdens.

Customer concentration risk

IFSL is located in SEZ, Jaipur, and its entire sales are concentrated in four countries, UAE, Singapore, Hong Kong, and Turkey. In FY25, top-5 customers contributed ~87% of TOI (FY24: 83%), reflecting high customer concentration risk. In the last few months, the demand momentum has slowed substantially due to geopolitical tensions, particularly the war impacting the key consumption and trading hubs in UAE and surrounding regions, which remains key rating monitorable.

Liquidity: Adequate

Liquidity profile of IFSL remained adequate, supported by the absence of term debt obligations and nil working capital limits, as the company has surrendered all its bank facilities following a shift in its business model to an advance-from-customers basis. The company's operations are primarily funded through its net worth, supplemented by need-based fund infusions from AEL. IFSL maintained free cash and bank balances (including liquid investments) of ₹13.58 crore as on March 31, 2025. Operating cycle remained lean at five days in FY25 (FY24: five days), aided by low inventory levels.

Assumptions/Covenants: Not applicable

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

Applicable criteria

Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Withdrawal Policy
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

IFSL, the subsidiary company of Mumbai-based AEL is engaged in bulk gold jewellery manufacturing and export business.

AEL, flagship company of the Augmont group, acquired 45% stake in IFSL in November 2021 and has thereafter ventured in the gold jewellery manufacturing business exclusively to cater international markets. In FY23, AEL and its promoters acquired 100% stake in IFSL. As on March 31, 2025, AEL held 91.04% stake in IFSL and the balance shares were held by the Kothari family (promoters of AEL). IFSL has its own fully equipped manufacturing facility at Sitapura SEZ, Jaipur.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	1,509.29	7,566.07	5,360.43
PBILDT*	30.11	132.90	96.14
Profit after tax (PAT)	13.25	92.65	130.93
Overall gearing (x)	4.93	0.05	0.01
Interest coverage (x)	1.86	16.36	86.91

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - ST-FBN / FBP		-	-	-	200.00	CARE A3+
Fund-based - ST-FBN / FBP		-	-	-	0.00	Withdrawn

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 - ST-FBN / FBP	ST	200.00	CARE A3+	-	1)CARE A3 (13-Mar-25)	1)CARE A3 (07-Feb-24)	-
2	Fund-based - ST-FBN / FBP	ST	-	-	-	1)CARE A3 (13-Mar-25)	1)CARE A3 (07-Feb-24)	-

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 - ST-FBN / FBP	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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