Kataria Dhulchand Pannalal Jewellers Limited

August 10, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term / Short Term Bank Facilities	RBI	102.50	CARE BBB; Stable / CARE A3	Assigned
Long Term Bank Facilities	RBI	5.00	CARE BBB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Kataria Dhulchand Pannalal Jewellers Limited (KDPJL) derives strength from the experience of the promoters, significant increase in scale of operations with moderate profitability and comfortable capital structure and debt coverage indicators.

The ratings, however, remains constrained on the back of working capital-intensive business, profitability margins susceptible to volatile gold prices and presence in a highly fragmented and competitive industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Volume backed growth in scale of operations with TOI above 900 crore while maintaining profitability above 6%.
- Improvement of debt coverage indicators marked by Total debt/ PBILDT below 1.5x on sustained basis.

Negative factors

- Any moderation in scale of operations from the current levels.
- Deterioration of debt coverage indicators marked by Total debt to PBILDT above 3x on sustained basis.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE Ratings' expectation that KDPJL will continue to benefit from its established brand presence in parts of Madhya Pradesh and its comfortable capital structure.

Detailed description of key rating drivers

Key strengths

Experienced promoters with established track record in the retail sector

The promoters have more than 3 decades of experience in the jewellery business with its oldest store operational for more than 2 decades in Ratlam. The roots of the business were set up by late Shri Dhulchand Kataria in 1940. Thus, the KDPJL has a well-established brand name in parts of Madhya Pradesh. Currently the business is being managed by Mr. Harsh Kataria (Son of Mr. Ravi Kataria) and Mr. Yash Kataria and Mr. Bhavya Kataria (sons of Mr. Sunil Kataria).

Growing scale of operations

KDPJL commenced its operations with the Transfer of business from sole proprietor concern named 'Kataria Jewellers' in January 2023 and currently operates three retail stores across Madhya Pradesh. The company has exhibited a significant expansion in its scale of operations over the last three years, with income from operations increasing to ₹477.87 crore in FY26 from ₹320.46 crore in FY25 and ₹152.93 crore in FY24, reflecting a healthy year-on-year growth of around 49% in FY26. The growth was primarily driven by a sharp increase in sales realizations following the surge in gold prices during the year. In Q1FY27, KDPJL reported TOI of ~Rs. 116 crore. Although gold sales volumes declined by around 11% in FY26 as consumers deferred purchases amid elevated gold prices, the company reported strong growth in total operating income, supported by a 62% increase in average sales realizations. The company's operational performance also remained healthy, as evidenced by sales per sq. ft. of ₹2.28 lakh in FY26, same-store sales growth of around 35%, and the successful ramp-up of the newly opened store during the year.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Moderate Profitability

The company's profitability remained moderate, albeit improved, supported by the significant increase in scale of operations and higher sales realizations during FY26. PBILDT margin improved to 14.52% in FY26 from 7.48% in FY25, while PAT margin increased to 9.33% from 4.13% over the same period. The improvement in margins was primarily driven by operating leverage and higher realizations on account of the sharp increase in gold prices. Going forward, the company's ability to sustain its normal profitability (around 5-6%) amid volatility in gold prices and increasing competitive intensity in the organized jewellery retail segment will remain a key monitorable.

Comfortable Capital Structure and debt coverage indicators

KDPJL's financial risk profile remained comfortable, supported by a healthy net worth base, moderate leverage, and strong debt protection metrics. Net worth improved significantly to ₹169.47 crore as on March 31, 2026, aided by healthy profitability and equity infusion during the year. Although total debt increased to ₹104.77 crore to support the higher scale of operations and working capital requirements, the overall gearing improved to 0.62x as on March 31, 2026 (PY: 1.03x), owing to the substantial increase in net worth and moderate dependence on bank borrowings to fund working capital requirements. The debt coverage indicators also strengthened considerably, with PBILDT interest coverage improving to 9.49x in FY26 from 4.40x in FY25 and Total Debt/GCA improving to 2.25x from 5.25x over the same period, reflecting the company's enhanced debt-servicing ability.

Key weaknesses

Exposure of margins to volatile gold prices; fragmented and competitive industry

The company's profitability remains exposed to volatility in gold prices, as jewellery is sold at prevailing market prices while inventory is typically held for three to four months. In the absence of a formal hedging mechanism, adverse movements in gold prices can impact both inventory valuations and consumer demand.

Further, the Indian jewellery retail industry remains highly fragmented and intensely competitive, with the presence of large, organised chains alongside unorganised family-run jewellers, limiting the firm's competitive positioning and growth prospects.

Working capital intensive operations

KDPJL's operations are inherently working capital intensive due to large inventory requirements typical of the jewellery retail business. To attract customers and sustain sales, the company needs to maintain an extensive range of designs and varieties of finished jewellery at its showroom. Consequently, average inventory holding period stood at 166 days in FY26 (PY: 135 days). Given the nature of the gold retail segment, which necessitates maintaining substantial inventory levels, the company's working capital intensity is expected to remain elevated going forward.

Liquidity: Adequate

The company's liquidity position remains adequate, supported by healthy gross cash accruals of ₹46.52 crore in FY26 against modest term debt repayment obligations of around ₹6-7 crore (Largely lease payment) over the next three years. Liquidity is further aided by free cash and bank balances of ₹11.60 crore as on March 31, 2026. However, cash flow from operations remained negative in FY26 owing to higher working capital requirements, primarily on account of inventory build-up with growing scale of operations. The average utilization of fund-based working capital limits remained moderately high at around 88% during the 12 months ended March 2026.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
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

Ratlam, Madhya Pradesh-based Kataria Dhulchand Pannalal Jewellers Limited (KDPJL) is managed by Mr. Harsh Kataria, Mr. Yash Kataria, and Mr. Bhavya Kataria. The company is engaged in the retail sale of gold, diamond, platinum, and silver jewellery, offering products such as rings, earrings, necklaces, bangles, bridal jewellery, and other ornaments. As on March 31, 2026, the company operated three retail stores, comprising one store in Indore and two stores in Ratlam

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (UA)	Q1FY27 (UA)
Total operating income	320.46	477.87	116.88
PBILDT*	23.97	69.38	NA
Profit after tax (PAT)	13.23	44.58	NA
Overall gearing (x)	1.03	0.62	NA
Interest coverage (x)	4.40	9.49	NA

A: Audited; UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease liability, 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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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/ST	RBI	Simple	-		-	-	102.50	CARE BBB; Stable / CARE A3
Term Loan-Long Term	RBI	Simple	-		-	31-03-2028	5.00	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 2026-2027	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
1	Fund-based-LT/ST	LT/ST	102.50	CARE BBB; Stable / CARE A3				
2	Term Loan-Long Term	LT	5.00	CARE BBB; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: 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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