



Press Release

Prince Gold and Diamonds India Private Limited

September 23, 2025

Ratings:

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	235.00	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Upgraded	Simple
Total	235.00 (Rupees Two Hundred and Thirty – Five Crores)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The upgrade of the ratings by Infomerics to the bank facilities of Prince Gold and Diamonds India Private Limited (PGDPL) factors the growing operating margins, broader market coverage with small-format stores funded through capital infusion without any external borrowings to aid further growth.

The ratings, however, are constrained by stretched working capital cycle and low inventory turnover.

The 'Stable' outlook indicates that PGDPL is expected to continue to derive benefits out of the strong brand image and vast experience of the promoters, a long-track record of operations and expected improvement in revenue and profitability.



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Key Rating Sensitivities:

- **Upward Factors**
 - Significant & sustained improvement in the revenues & profitability leading to improvement in capital structure and debt protection metrics and
 - Timely infusion of capital and store expansion as planned.
- **Downward Factors:**
 - Any decline in scale of operations and /or profitability leading to deterioration in capital structure and debt protection metrics and/or further pressure on liquidity all / one on a sustained basis.

List of Key Rating Drivers with Detailed Description

A. Key Rating Strengths

Strong brand image and experienced promoters

Prince Gold and Diamonds India Private Limited was incorporated in 2006 and established by Mr. Princeson Jose, who hails from Kottayam and a family known for jewellery business since 1933. The brand “Prince” in the jewellery segment has an operational track record of over 40 years with an established brand presence in the southern part of India. The promoters of the company have average of more than two decades of industry experience in the jewellery field. This has enabled them to develop a keen grasp of local market dynamics, anticipate price trends and calibrate purchase and stock decisions, which will continue to support the business. Further, the long track of operations of the company has enabled established relationship with the supplier and clientele base over the decade.

Growing operating margins despite marginal decline in revenue

The company reported audited revenue of Rs 687.05 crore in FY25 (Refer period April 01, 2024 to March 31, 2025), reflecting a marginal decline of 2.77% compared to FY24 (Refer period April 01, 2023 to March 31, 2024). This dip was primarily attributed to the closure of its Kerala showroom, which had contributed approximately 8% of FY24 revenue but operated at significantly lower margins. Additionally, elevated gold prices likely impacted consumer buying behaviour during the year. The Kerala market also demonstrated limited demand for higher-margin studded gold jewellery, further weighing on overall profitability. Despite this setback, the company effectively mitigated the revenue impact through improved performance across



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its continuing operations, with the remaining showrooms collectively posting an aggregated sales growth of around 6%. As a result, the revenue loss was largely offset. Over the past three years, the company has maintained a revenue CAGR of 13.85%. In FY25, net profit rose sharply to Rs 12.17 crore, up 58.18% from FY24, supported by improved EBITDA margins, which expanded from 4.63% to 5.96%. This margin improvement was driven by a more favourable product mix, strategic store-level decisions and sectoral inventory dynamics. The company reported a revenue of Rs 245 crores in 5MFY26. Looking ahead, the performance in FY26 is expected to improve with the addition of a new outlet, healthy gold jewellery demand and footfalls in the existing showrooms with conversion rate of around 90%, offering positive revenue visibility for the remainder of FY26 and years ahead.

Broader market coverage with small-format stores to aid further growth

Compared to peers, PGDPL operates a leaner store network but delivers significantly higher revenue per outlet. A Same-Store Sales Growth of 6% on an average, with Tambaram Store, a relatively small format store reflecting a SSSG of 22% in FY25, followed by the flag ship store (large format) at T. Nagar registering an SSSG of 15%, underscores the company's focused, high-efficiency operating model, supported by large-format stores, a premium product mix, and strong regional brand recall. In the context of the jewellery retail sector, this level of SSSG reflects healthy organic traction. To build on this foundation, the company has initiated a strategic shift toward broader market coverage with the launch of a small-format showroom in Bangalore at the end of FY26. This move is aimed at enhancing accessibility, reducing rental and working capital intensity, and improving operational flexibility. It also helps mitigate geographic concentration risks and supports volume-led growth. The store will be funded entirely through capital infusion without external borrowings, with an estimated payback period of 18–24 months, supporting both growth ambitions and an improvement in credit metrics. While the expansion is currently limited in scope, maintaining brand consistency and customer experience across formats will be critical to long-term sustainability.

Moderate financial risk profile

As of March 31, 2024, the firm's overall gearing ratio was 1.55 times. However, this ratio improved in FY25 to 1.43 times. The Total Debt /EBITDA stood at 5.85 times in FY25 as against 7.35 times in FY24 due to improvement in the EBITDA. The interest coverage ratio of the company has increased from 1.42 times in FY24 to 1.75 times in FY25 due to increase in



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EBITDA and same level of interest expenses. The increase in the Gross Cash Accruals (GCA) contributed to a significant improvement in the Total Debt to GCA ratio, from 23.64 times in FY24 to 16.99 times in FY25. Furthermore, the firm's Debt Service Coverage Ratio (DSCR) marginally increased to 1.57x in FY25 from 1.38x in FY24. Additionally, the ratio of Total Outside Liabilities to Adjusted Tangible Net Worth (TOL/ATNW) also reflected moderate leverage which stood at 2.54 times in FY24 and 2.56 times in FY25. The company is expected to infuse additional capital in FY26, which is likely to strengthen its financial profile by improving key credit metrics, including leverage and debt coverage indicators.

B. Key Rating Weaknesses:

Stretched working capital cycle, low inventory turnover

The company's working capital cycle remained stretched in FY25, with the operating cycle increasing to 279 days from 252 days in FY24. This was primarily due to a rise in the inventory holding period, which stood at 311 days in FY25. Although the collection period remained minimal at 1 day and the creditor period provided some offset at 33 days, the overall cycle continues to reflect pressure on working capital. The company has a low inventory turnover ratio, indicating slower movement of stock, which ties up capital for longer periods and increases storage and holding costs. This low turnover is partly driven by the diverse and wide product mix, including high-value gold jewellery pieces that typically have longer sales cycles. To improve inventory utilization and enhance turnover, the company plans to open a new showroom in Bangalore. This strategic expansion is expected to accelerate stock movement by reaching a broader customer base and increasing sales velocity. Also, the working capital cycle is favourably supported by steady inflows from customer advances under gold chit schemes. Gold, the key raw material, is sourced through a mix of customer-exchanged old or beaten gold (75%), Gold Metal Loans (GML) from banks (20%), and bullion purchases from the open market (5%). Although the high reliance on old gold exchange supports liquidity by reducing immediate cash outflows, the necessity to maintain a broad inventory range to meet diverse customer preferences has contributed to the stretched inventory cycle. Enhancing inventory management and improving turnover will be essential to alleviate working capital pressures going forward.

Intense competition and gold price fluctuations



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The Jewellery industry in India is highly fragmented with presence of numerous unorganized players, apart from some very large integrated Gold and Jewellery manufacturers leading to highly competitive intensity. The company faces stiff competition from both organized as well as unorganized players. The industry players have to continuously offer new designs and innovative marketing practices to attract and retain customers. The competitive and fragmented nature of the industry impacts the company's profit margins.

Regulatory risks in the jewellery industry

Gold is an important commodity traded in the international market, so trading in gold and gold jewellery is highly influenced by several government policies and regulations, which changes from time to time.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Trading Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity: Adequate

The gross cash accruals of the company stood at Rs 10.16 crores in FY24 as against loan obligations of Rs 0.98 crores. While in FY25, the GCA stood at Rs 14.09 crores as against the loan obligations of Rs 0.56 crores. The company is expected to generate cash accruals of Rs 19.80 crores in FY26 as against the debt obligation of Rs 0.50 crores. The low level of scheduled repayments, coupled with steady improvement in cash generation, supports a moderate liquidity profile, indicating sufficient internal accruals to meet financial commitments without external dependence. Liquidity is also supported by steady inflows from customer advances under gold chit schemes, which provide a non-debt source of working capital. While these advances enhance cash availability, their use remains linked to future product delivery obligations. Notably, customer advances have shown a growing trend, reaching Rs 106 crore as of FY25, marking a 47% increase compared to FY23 (Refer period April 01, 2022 to March 31, 2023) i.e., Rs 72 crores. However, the company's average working capital utilization



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remained high at 97.37% for the twelve months ended August 2025, indicating a minimal buffer for day-to-day operations. The estimated capital infusion is expected to support the liquidity of the company. The current ratio of the company stood at 1.37x as on March 31, 2024 and 1.37x as on March 31, 2025. The cash and cash equivalents as on March 31, 2024 is Rs 0.64 crores and Rs 1.55 crores as on March 31, 2025.

About the company

Chennai based Prince Gold and Diamonds India Private Limited (PGDIPL) incorporated in the year 2006. The company is promoted by Mr. Princeson Jose who has over four and a half decades of experience in Jewellery industry. The company is majorly engaged in trading of jewellery in and around South India. The company is currently operating four retail stores in Tamil Nadu (three in Chennai and one in Coimbatore), and one in Bangalore.

Financials (Standalone):

For the year ended* / As on	(Rs. Crore)	
	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	706.60	687.05
EBITDA	32.69	40.95
PAT	7.69	12.17
Total Debt	240.25	239.37
Adjusted Tangible Net worth	154.80	167.20
EBIDTA Margin (%)	4.63	5.96
PAT Margin (%)	1.08	1.77
Overall Gearing ratio (X)	1.55	1.43
Interest coverage (x)	1.42	1.75

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Brick work ratings (BWR) vide its press release dated May 23, 2025, has continued to classify the case under Issuer Not Co-operating category on account of non-submission of relevant information.

Any other information: None

Rating History for last 3 years:



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Sr. No.	Name of Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					Date: July 10, 2024	Date: June 16, 2023	-
1	Cash Credit/WCDL	Long Term	235.00	IVR BBB/Stable	IVR BBB-/Stable	IVR BBB-/Stable	-

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd.] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Facility details:

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	229.00	IVR BBB/Stable
WCDL	-	-	-	-	6.00	IVR BBB/Stable

The company also has GML and WCDL as sublimit of CC. The above-mentioned facilities have been provided based on the sanction letters.

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-princegold-sep25.pdf>

Annexure 3: Detailed explanation of covenants of the rated security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.