

ND Sarraf Jewels Wholesale Private Limited

February 27, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	59.50	CARE BB+; Stable	Assigned
Long Term / Short Term Bank Facilities	31.00	CARE BB+; Stable / CARE A4+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of ND Sarraf Jewels Wholesale Private Limited (referred as ND Sarraf Group as the financials of group entities of ND Sarraf Jewels Wholesale Private Limited i.e. Narayan Das Sarraf Jewellers Private Limited, Shri Krishna Radha Krishna Jewellery Manufacturing Private Limited, and Radha Krishna Payal Bhandar Private Limited are combined) reflect the price variation risk faced by the company due to high levels of stock in hand considering wholesale trading nature of business, susceptibility of margins to volatile gold prices, concentrated geographic presence with sales primarily focused in Varanasi and surrounding areas to B2B customers comprising of smaller businessmen. The ratings also remain constrained by highly competitive and fragmented nature of Gems and jewellery industry. Further, the ratings also take cognizance of the income tax raid in one of the group concerns, wherein the matter remains under investigation and any penalty imposed which may adversely impact financial risk profile shall remain a key monitorable. The ratings, however, derive comfort from the experienced promoters, comfortable financial risk profile followed by volatile yet substantial scale of operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustainable improvement in the scale of operations with ROCE stabilizing above 20% on a sustained basis.
- Sustained improvement in cash flow from operations leading to better liquidity.

Negative factors

- Deterioration in coverage ratios marked by total debt to GCA above 4x.
- Significant increase in inventory days thereby leading to stretched liquidity.

Analytical approach: Combined approach. The financials of group entities of ND Sarraf Jewels Wholesale Private Limited i.e. Narayan Das Sarraf Jewellers Private Limited, Shri Krishna Radha Krishna Jewellery Manufacturing Private Limited, and Radha Krishna Payal Bhandar Private Limited are combined considering common promoters and management, similar line of business and inter-company transactions in the form of sale and purchase.

Outlook: Stable

CARE Ratings believes that the group will maintain its operational performance and financial risk profile over the medium term, supported by rising gold prices.

Detailed description of key rating drivers:

Key weaknesses

Price variation risk due to high level of stock in hand

As the group is primarily into wholesale trading of jewellery, there is an absence of back-to-back orders thereby leading to inventory management and price volatility risk. The group has to maintain a wide range of jewellery to cater to regular demands of its B2B clientele, thereby leading to higher inventory days (usually between 40 to 80 days). Therefore, maintaining higher inventory also exposes the group to price volatility risk, however the risk is mitigated to an extent as the price of such metals usually appreciates as seen over the past few years.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Susceptibility of profitability margins to volatile gold prices

The PBILDT margins of the group usually remain range bound between 3% - 7% considering the volatile prices of gold and trading nature of its business. Therefore, any adverse change in the gold prices is likely to have a significant impact on the company's revenues and margins. The volatility in the gold prices and regulatory control over the supply of gold significantly affect the entities which are engaged in G&J business. The ROCE (Return on Capital Employed) of the group, though stood comfortable at 23.19% during FY24, however consistently moderated from past 3 fiscals (FY22: 32.44%, FY23: 25.31%) due to volatile jewellery prices, thereby impacting procurement costs alongside additional debt availed in the main entity.

Concentrated Geographic Presence

The group has a concentrated geographic presence, with sales primarily focused in Varanasi and surrounding areas. Additionally, the group primarily caters to B2B customers, with a fairly diversified portfolio where the top five customers contribute less than 15% of the overall revenue. However, most of its sales are to smaller businessmen concentrated in nearby rural areas. The top five suppliers account for 30% of the overall purchases, indicating a major dependence on third parties for procurement. Around 20% of the jewellery designs are custom-made on a job-work basis.

Highly competitive and fragmented nature of business

The Indian retail jewellery sector is fragmented and intensely competitive with organized and unorganized players in the market. Jewellery retail is largely dominated by region-specific closely held family managed entities. Despite Tanishq being an established and dominant brand, it is exposed to intense competition from some of the other regional players and local jewellers which has a bearing on business volumes and margins.

Key strengths

Experienced promoters

The group is promoted and managed by Shri Krishna Aggarwal along with Radha Krishna Aggarwal. Both are engaged in managing the sales and finance functions of the company respectively and are supported in their overall operations by their sons, Mr. Aditya Vikram Aggarwal (son of Shri Krishna Aggarwal) and Ram Krishan Aggarwal (Son of Radha Krishan Aggarwal). The promoters have vintage of 41 years, where they initially started off as a proprietorship firm and subsequently converted into company.

Comfortable financial risk profile

The total debt of the group comprised of term loan of Rs.71.03 crore, working capital loan of Rs.37.88 crore and unsecured loan from promoters of Rs.3.09 crore. The overall gearing ratio of the group stood comfortable at 0.63x as on March 31, 2024 (PY: 0.62x). Owing to the increase in interest expenses during the year, the Interest Coverage ratio (PBILDT/Interest) moderated, however stood comfortable at 6.49x (PY: 14.30x). Further, the total debt to GCA stood comfortable at 2.65x as on March 31, 2024 (PY: 2.69x).

Volatile albeit substantial scale of operations

The group's total operating income has shown significant volatility over the past five fiscal years, ending FY24, and was reported at Rs.821.34 crore for FY24 (April 1, 2023, to March 31, 2024). This volatility is attributed to the price-sensitive nature of the industry and the highly competitive business environment. However, the scale of operations increased to Rs.900.53 crore during the first nine months of FY25 (April 1, 2024, to December 31, 2024), driven by higher sales volumes and a modest price increase of around 10-12%.

Liquidity: Adequate

The company has adequate liquidity, with a sufficient cushion in expected accruals for FY25 relative to repayment obligations of Rs.6.14 crore. Additionally, there are no capital expenditure plans moving forward. The company's bank limits are utilized to approximately 29%, supported by a current ratio above unity.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)
[Wholesale Trading](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial Services & Supplies	Trading & Distributors

Incorporated in 2006, the company ND Sarraf Jewels Wholesale and Retail Private Limited is primarily engaged in the business of wholesale and retail trading of gold, diamond and silver jewellery. Having a vintage of 41 years, it was originally established as a proprietorship business and subsequently converted to private limited company. The company is a part of ND Sarraf Group which is promoted and managed by Shri Krishna Aggarwal along with Radha Krishna Aggarwal. Both are engaged in managing the sales and finance functions of the flagship company i.e. ND Sarraf Jewels Wholesale and Retail Private Limited respectively and are supported in their overall operations by their sons, Mr. Aditya Vikram Aggarwal (son of Shri Krishna Aggarwal) and Ram Krishan Aggarwal (Son of Radha Krishan Aggarwal). Further, the company has a staff strength of 50 employees and a client base of 15000-18000 customers.

Brief Financials (₹ crore) (Combined Financials)	March 31, 2023 (UA)	March 31, 2024 (UA)	9MFY25 (UA)
Total operating income	805.30	821.34	900.53
PBILDT	42.31	58.30	49.90
PAT	30.40	38.72	29.70
Overall gearing (times)	0.62	0.63	0.56
Interest coverage (times)	14.30	6.49	9.14

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

Basis of combination: The numbers have been combined through row-by-row addition of all line items of ND Sarraf Jewels Wholesale Private Limited and its group entities i.e. Narayan Das Sarraf Jewellers Private Limited, Shri Krishna Radha Krishna Jewellery Manufacturing Private Limited, and Radha Krishna Payal Bhandar Private Limited, after excluding intra-group purchase/sales.

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 - LT/ ST-Cash Credit		-	-	-	31.00	CARE BB+; Stable / CARE A4+
Term Loan-Long Term		-	-	March 2027	59.50	CARE BB+; 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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT/ ST-Cash Credit	LT/ST	31.00	CARE BB+; Stable / CARE A4+				
2	Term Loan-Long Term	LT	59.50	CARE BB+; 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: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Cash Credit	Simple
2	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE 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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About us:

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