

Sri Shyam Jewellers

March 21, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	5.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Sri Shyam Jewellers (SSJ) to monitor the rating vide e-mail communications dated February 25, 2025, February 28, 2025, March 04, 2025, INC letter dated March 06, 2025, etc. and numerous phone calls. However, despite our repeated requests, SSJ has not provided the requisite information for monitoring the rating. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, SSJ has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. The rating on SSJ's bank facilities will now be denoted as **CARE B+; Stable; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of Sri Shyam Jewellers has been revised on account of non-availability of requisite information. The ratings also factor in modest scale of operations with thin profitability, weak debt coverage indicators along with stretched liquidity during FY23 (Audited, FY refers to the period April 01 to March 31). Further, the rating also continues to remain constrained on account of susceptibility of operating profitability to volatile gold & silver prices along with price structure being decided by the franchiser with presence in a highly competitive and fragmented Gems & Jewellery (G&J) industry and its constitution as a partnership concern. The rating, however, derives strength from experienced management, established brand presence of the principal brand named "Tanishq" and moderate capital structure.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on March 18, 2024, the following were the rating strengths and weaknesses.

Key weaknesses

Modest scale of operations albeit improved over previous year and thin profitability

SSJ reported growth of 42.82% in its scale of operations because of various marketing techniques SSJ adopted to attract customers like hoardings, pamphlets, public camps etc but remained modest marked by total operating income (TOI) of Rs. 45.06 crore during FY23 as against Rs.31.55 crore in FY22. During 11MFY24 (Prov.), SSJ has achieved TOI of Rs. 51.66 crore and expecting to achieve around Rs. 56 crores by the end of FY24. The profit margins remained thin due to its trading nature of business. PBILDT margin declined marginally owing to increase in cost of sales and continue to remain thin at 3.90% during FY23 compared to 4.13% during FY22. Consequently, PAT margin also declined marginally and remained thin at 0.91% during FY23 as against 1.17% during FY22.

Weak debt coverage indicators

With increase in debt level mainly in form of unsecured loan as well as interest charges, the debt coverage indicators have deteriorated and continued to remain weak marked by total debt to GCA ratio of 24.41 times as on March 31, 2023 as against 18.97 times as on March 31, 2022 and interest coverage ratio of 1.45 times in FY23 from 1.72 times during FY22.

Susceptibility of operating profitability to volatile gold prices along with price structure being decided by the franchiser

During the last few financial years, prices of gold witnessed significant fluctuations, and this price fluctuation has an impact on the margins of the players in gems & jewellery industry. Further, as per the franchise agreement, price structure is decided by the Titan Industries Limited according to the prevailing market rate as well as according to the industry dynamics in that particular region which has to be followed by SSJ.

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

Presence in a highly competitive and fragmented Gems & Jewellery industry albeit brand loyalty enjoyed by it

The industry is highly unorganized with organized market accounting for moderate share of the jewellery retail market. This is because of the buyers' preference and trust in their neighbourhood goldsmith. Even the standardization of designs is not possible due to varying local tastes. Presence of large number of small and big players in the retail jewellery market leads to pressure on profitability. With many regional and national jewellery retailers as well as jewellery manufacturers and exporters lining up aggressive expansion plans, the competition is expected to further intensify. Although, the risk is mitigated to a certain extent by the brand reputation enjoyed by the firm.

Constitution as a partnership concern

Its constitution as a partnership concern restricts its overall financial flexibility in terms of limited access to external fund for any future expansion plans. Furthermore, there is an inherent risk of possibility of withdrawal of capital and dissolution of the firm in case of death/insolvency of partners.

Key strengths

Experienced management

The overall affairs of the firm are looked after by Mr. Ajay Bothra who has more than four decades of experience in the jewellery industry. Further, the partners are assisted by a team of experienced professionals. Furthermore, its group concern, "The Gold Fort" is also an authorized dealer of TIL in Bikaner (Rajasthan).

Established brand presence of the principal brand named "Tanishq"

The brand name of "Tanishq" enjoys strong brand presence and recognition in the jewellery industry in the domestic market for over three decades. It is a division of Titan Industries Limited. The firm being a registered dealer of TIL enjoys its established brand name.

Moderate capital structure

Owing to unsecured promoter loan infusion during FY23, the capital structure of SSJ deteriorated marginally and continued to remain moderate marked by overall gearing ratio of 1.74 times as on March 31, 2023, as against 1.72 times as on March 31, 2022.

Liquidity: Stretched

The liquidity indicators of SSJ remained stretched marked by its low cash and bank balance, negative cash flow from operating activities, higher utilisation of its working capital limits and elongated working capital cycle. Cash and bank balance remained low at Rs.0.21 crore as on March 31, 2023. Cash flows from operating activity has remained negative at Rs. 3.94 crore during FY23 as against negative Rs. 0.97 crore during FY22. Further due to improved inventory management, its operating cycle has improved but remained elongated at 142 days during FY23 as against 157 days during FY22. Further, the firm has tightly matched cash accruals as against debt repayment of Rs. 0.49 crore for FY24, while its Working capital utilization remained high at 90% for past twelve months ended February 2024.

Applicable criteria

[Definition of Default](#)

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

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Retail](#)

About the company and industry

Industry classification

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

Sri Shyam Jewellers (SSJ) was formed in 2013 as a partnership concern by its key partner, Mr. Ajay Bothra along with his family members. SSJ entered into agreement on February, 2014 with Titan Industries Limited (Titan) for retailing of jewellery under brand name of Tanishq. The firm sells wide range of product offered by Titan for gold, diamond, platinum and silver jewellery through its showroom located at Sri Ganga Nagar.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	11MFY24 (UA)
Total operating income	31.55	45.06	51.66
PBILDT	1.30	1.76	NA
PAT	0.37	0.41	NA
Overall gearing (times)	1.72	1.74	NA
Interest coverage (times)	1.72	1.45	NA

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

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-Cash Credit		-	-	-	5.00	CARE B+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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-Cash Credit	LT	5.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (18-Mar-24)	1)CARE BB-; Stable (23-Mar-23)	1)CARE BB-; Stable (29-Mar-22)

*Issuer did not cooperate; based on best available information.

LT: Long 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-Cash Credit	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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