

## Sulthan Gold Private Limited

August 22, 2025

| Facilities/Instruments                 | Amount (₹ crore) | Rating <sup>1</sup>         | Rating Action |
|--|------------------|-----------------------------|---------------|
| Long-term bank facilities              | 8.52             | CARE BBB-; Stable           | Assigned      |
| Long-term / Short-term bank facilities | 231.48           | CARE BBB-; Stable / CARE A3 | Assigned      |

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

To arrive at ratings to SGPL, CARE Ratings Limited (CareEdge Ratings) has combined financial and business profiles of SGPL, Sulthan Retail LLP and Sulthan Gold International due to interlinked business and operational synergies, cash flow fungibility and common promoters and common management group.

Ratings assigned to bank facilities of Sulthan Gold Private Limited (SGPL) derive strength from the promoter's extensive experience in the retail business of over five decades and the company's well-established track record in the jewellery retail sector. The strategically located showrooms coupled with strong brand recognition results in high inventory turnover and revenue per square feet. Ratings factor in consistent growth in scale of operations as a result of addition of new stores, higher prices of gold coupled with growth in revenue from same store sales. However, rating strengths are tempered on account of high leverage, marked by total outside liability to total net worth (TOL/TNW) of over 4x as on March 31, 2025, and moderate debt coverage indicators with total debt to profit before interest, lease rentals, depreciation and taxation (TD/PBILDT) at 6.98x in FY25.

The rating also remains tempered by the inherently working capital-intensive nature of retail operations, highly fragmented and competitive landscape of the jewellery retail industry, and susceptibility of profit margins to fluctuations in gold prices and regulatory changes.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improvement in scale of operations above ₹2000 crore and PBILDT margin over 5% on a sustained basis.
- Overall gearing below 1.5x and TOL/TNW below 2.5x on a sustained basis.
- Improvement in inventory days below 100 days on a sustainable basis.

#### Negative factors

- Sharp decline in the scale of operations and contraction in the profitability margins by 50 bps.
- Un-envisaged incremental debt-funded capital expenditure, leading to deterioration in TOL/TNW beyond 4.5x and TD/PBILDT beyond 7x on a sustained basis.

### Analytical approach: Combined

To arrive at ratings to SGPL, CareEdge Ratings has combined financial and business profiles of SGPL, Sulthan Retail LLP and Sulthan Gold International due to interlinked business and operational synergies, cash flow fungibility and common promoters and common management group. Refer [Annexure 6](#) for list of entities combined.

### Outlook: Stable

CareEdge Ratings believes SGPL will continue to maintain growth in scale and sustain its margins on the back of existing and upcoming showrooms, considering established track record of operations and experienced promoters in the retail business with a strong brand.

### Detailed description of key rating drivers:

### Key strengths

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Vast experience of promoters in jewellery business with established track record of operations**

SGPL was founded by Dr. Abdul Rahoof and Abdul Rahim. It is the flagship brand of the Sulthan Group, originally established by the late T M Kunhammed, who began his journey in the jewellery business in 1960 and built a legacy spanning over six decades. The Sulthan brand was formally launched in 1992. Over the years, SGPL has grown from a single-store operation to a multi-brand retail stores with a strong presence across Karnataka and Kerala. The promoters, and their family, are actively involved in the day-to-day operations of all 13 showrooms.

**Growing scale of operations**

SGPL's total operating income (TOI) increased significantly to ₹1,572 crore in FY25 from ₹566 crore in FY21, registering a robust compound annual growth rate (CAGR) of 28.8%. This growth was driven by higher sales volumes from new store openings in FY24 and FY25 and a rise in gold prices. While the company's scale has expanded significantly, its PBILDT margin remains lower at 3.85% in FY25, reflecting the impact of early-stage store operations. However, CareEdge Ratings expects the company's scale of operations to grow steadily in the medium term, supported by upcoming showrooms and the gradual stabilisation of newly opened showrooms.

**Strategic location of stores resulting improved revenue per square feet (sq ft)**

SGPL commenced its first retail showroom in Mangalore in 2012. To expand its operations and diversify in new geographies, the company opened showrooms in Shimoga, Jayanagar, and Ulsoor (Bangalore) in 2015; Kanhangad, Kerala in 2018; Udupi, Karnataka in 2019; and Surathkal, Karnataka in 2020. In 2024, three new showrooms were launched in Puttur, HBR Layout, and Mysuru, followed by Electronic City (Bangalore) and Hubballi in FY25. All these showrooms are strategically located in prime areas. SGPL currently operates 13 showrooms with a total retail space of 60,600 sq ft, offering a wide range of products with dedicated floors or segments for gold, silver, and gemstone jewellery. In addition to its core brand, SGPL also manages two other labels: Caia, catering to the everyday jewellery segment, and Kyomi, focused on luxury offerings. Both are currently operated under a shop-in-shop model, with plans to launch exclusive standalone showrooms in FY26. Furthermore, The company is preparing to open two additional showrooms in Bijapur and Kalaburagi, each spanning ~4,000 sq ft, expected to be operational by December 2025. According to CareEdge Ratings, the addition of new showrooms is expected to enhance SGPL's scale, with sales projected to grow at a compound annual growth rate (CAGR) of 10–15% over the near-to-medium term. As a result of its long-standing existence coupled with strong brand, SGPL continues to command healthy revenue per square feet at ₹2.48 lakh and high inventory turnover which stood at 2.66x in FY25.

**Key weaknesses****Moderate capital structure**

SGPL's debt profile as on March 31, 2025, comprised working capital loans, unsecured loans from Shareholders and customer advances under scheme and a term loan (GECL). SGPL's capital structure remained moderate with overall gearing at 2.54x (including 'offer' schemes) and TOL/TNW at 4.12x as on March 31, 2025, owing to higher level of working capital borrowings to fund inventory. Furthermore, TD/PBILDT stood at 6.98x in FY25 (4.58x in FY24). CareEdge Ratings expects financial risk profile to improve in the medium term in the absence of major debt-funded capex and accretion of profits to reserves, however, planned addition of stores to result in higher working capital borrowings.

**Working capital intensive nature of operations**

Jewellery retailing business is inherently working capital intensive because of the optimal inventory required to be maintained across the stores, given the need to display varied designs of jewellery to customers. SGPL maintains inventory of 40-50 kg gold at its showrooms to provide a wide range of designs to its customers resulting in higher inventory holding and elongated working capital cycle. The operating cycle continues to remain elongated at 107 days in FY25; albeit slight improvement compared to 136 days in FY24.

**Highly fragmented and competitive nature of the industry**

The gold and jewellery industry is highly fragmented and is characterised by the presence of a large number of organised and unorganised players with the share of organised jewellery retail sector at 30%. In case of manufacturing segment, the dominance of unorganised players is even higher. This creates stiff competition for the organised players. Apart from this, regulatory intervention such as compulsory hallmarking, and requirement of permanent account number (PAN) among others, change in regulation of gold related savings schemes coupled with changing consumer preferences among others impacts the sector's overall operating performance.

**Vulnerability of its margins to volatility in gold prices**

In a price-sensitive market, higher gold prices lead consumers to delay their purchases. Lending to the sector remains cautious with enhanced due diligence and checks on credit and inventory quality. Tightened credit has impacted store expansion plans

and the working capital of industry players, particularly those in the unorganised sector. SGPL's primary raw material is gold, making its profitability vulnerable to volatile gold prices. SGPL sources 20-25% gold through gold metal loans, 40- 45% from private vendors, and 30-40% through the exchange of old ornaments. The company mitigates gold price volatility to some extent by replenishing the day's sales with an equivalent amount of stock within a day.

#### **Liquidity: Adequate**

Liquidity is adequate marked by sufficient cushion in accruals against repayment obligations. The company's current ratio stood at 1.25x as on March 31, 2025. The average working capital utilisation remains moderate at 61% in the 12 months ended June 2025. Increased demand of jewellery products and increased prices of underlying asset gold has kept the utilisation at higher levels. The group on a combined level is projected to generate gross cash accrual (GCA) of ₹35 crore to 76 crore in projected years against negligible repayment obligation.

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

#### **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](#)

[Retail](#)

[Consolidation](#)

#### **About the company and industry**

##### **Industry classification**

| Macroeconomic indicator | Sector            | Industry          | Basic industry              |
|-------------------------|-------------------|-------------------|-----------------------------|
| Consumer discretionary  | Consumer durables | Consumer durables | Gems, jewellery and watches |

SGPL was incorporated in 2012 by Abdul Rauf (Managing Director) and Abdul Rahim (Director) and is part of Sulthan Group, founded by late T M Kunhammed in the 1960s and branded in 1992. It is a leading jewellery and watch retailer in Karnataka and Kerala. With 13 showrooms, it operates multiple entities including Sulthan Gold International, Sulthan Retail LLP, Sulthan Gold Pvt. Ltd and a non-profit foundation. Its brands include Sulthan Diamonds & Gold, Kyomi, Caia, and Sulthan Watches.

| Brief Combined Financials (₹ crore) | March 31, 2024 (A) | March 31, 2025 (P) |
|-------------------------------------|--------------------|--------------------|
| Total operating income              | 856                | 1,572              |
| PBILDT                              | 46                 | 61                 |
| PAT                                 | 22                 | 35                 |
| Overall gearing (times)             | 1.58               | 2.54               |
| Interest coverage (times)           | 3.41               | 2.97               |

A: Audited UA: Unaudited; 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 | Coupon Rate (%) | Maturity Date | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|---------------------------------|------|------------------|-----------------|---------------|-----------------------------|------------------------------------|
| Fund-based - LT-Term Loan       |      | -                | -               | 07/04/2027    | 8.52                        | CARE BBB-; Stable                  |
| Fund-based/Non-fund-based-LT/ST |      | -                | -               | -             | 231.48                      | CARE BBB-; Stable / CARE A3        |

**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/Non-fund-based-LT/ST        | LT/ST           | 231.48                       | CARE BBB-; Stable / CARE A3 |   |   |   |   |
| 2       | Fund-based - LT-Term Loan              | LT              | 8.52                         | 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: Complexity level of instruments rated**

| Sr. No. | Name of the Instrument          | Complexity Level |
|---------|---------------------------------|------------------|
| 1       | Fund-based - LT-Term Loan       | Simple           |
| 2       | Fund-based/Non-fund-based-LT/ST | Simple           |

**Annexure-5: Lender details**

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

**Annexure-6: List of entities combined**

| Sr No | Name of the entity           | Extent of consolidation | Rationale for consolidation        |
|-------|------------------------------|-------------------------|------------------------------------|
| 1     | Sulthan Gold Private Limited | Full                    | Operational and financial Linkages |
| 2     | Sulthan Gold International   | Full                    | Operational and financial Linkages |
| 3     | Sulthan Retail LLP           | Full                    | Operational and financial Linkages |

**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](mailto:care@careedge.in) for clarifications.

## Contact us

|   |   |
|---|---|
| <b>Media Contact</b><br><br>Mradul Mishra<br>Director<br><b>CARE Ratings Limited</b><br>Phone: +91-22-6754 3596<br>E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a><br><br><b>Relationship Contact</b><br><br>Saikat Roy<br>Senior Director<br><b>CARE Ratings Limited</b><br>Phone: 912267543404<br>E-mail: <a href="mailto:saikat.roy@careedge.in">saikat.roy@careedge.in</a> | <b>Analytical Contacts</b><br><br>Karthik Raj K<br>Director<br><b>CARE Ratings Limited</b><br>Phone: 91-80- 4662 5555<br>E-mail: <a href="mailto:karthik.raj@careedge.in">karthik.raj@careedge.in</a><br><br>Manohar S Annappanavar<br>Associate Director<br><b>CARE Ratings Limited</b><br>Phone: 91-80- 4662 5525<br>E-mail: <a href="mailto:manohar.annappanavar@careedge.in">manohar.annappanavar@careedge.in</a><br><br>Saket Upadhyay<br>Analyst<br><b>CARE Ratings Limited</b><br>E-mail: <a href="mailto:Saket.upadhyay@careedge.in">Saket.upadhyay@careedge.in</a> |
|---|---|

### About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: [www.careratings.com](http://www.careratings.com)

### Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to [https://www.careratings.com/privacy\\_policy](https://www.careratings.com/privacy_policy)

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,  
please visit [www.careratings.com](http://www.careratings.com)**