

## Sonam Limited

September 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	3.19 (Reduced from 5.37)	CARE BBB-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	19.63	CARE BBB-; Stable / CARE A3	Reaffirmed
Short Term Bank Facilities	2.00	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to the bank facilities of Sonam Limited (Sonam) continue to derive strength from experienced promoters with long track record of operations in wall clock industry, established customer and supplier base, comfortable capital structure, healthy debt coverage indicators and adequate liquidity.

Ratings, however, continue to remain constrained due to its moderate scale of operations and profitability, susceptibility of its profitability to volatility in raw material prices and foreign currency fluctuation risk, presence in highly competitive industry and large working capital requirement for its business.

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

#### Positive factors

- Increase in total operating income (TOI) above Rs.150.00 crore along with profit before interest, lease, depreciation and tax (PBILDT) margin over 12% on sustained basis.
- Improvement in liquidity with improvement in operating cycle below 90 days on sustained basis.

#### Negative factors

- Decline in scale of operations with TOI below Rs.75 crores and PBILDT margin below 8% on sustained basis.
- Any debt funded leading to overall gearing above 1.50x
- Elongation in operating cycle above 150 days

### Analytical approach: Standalone

#### Outlook: Stable

The outlook on the long-term rating of Sonam is "Stable" considering extensive experience of the promoter in the wall clock manufacturing industry. CARE Ratings Limited (CareEdge Ratings), expects Sonam to maintain comfortable financial risk profile, supported by moderate cash accruals and low debt levels.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced promoters with long track record of operations

Sonam has been operating in the clock manufacturing industry for more than three decades. Company is promoted by Jayeshbhai Shah, having extensive experience in the wall clock industry. He is supported by his son, Harshil Shah, and other family members in the operations of the company. Promoters are ably supported by the experienced management team in the functioning of the company. The manufacturing facility of Sonam is located in Morbi, Gujarat which is one of the major clock manufacturing hubs in India thus benefitting it in terms of easy availability of raw materials and labour. Company has established presence in the domestic as well as export market. In export markets, it majorly caters to middle east countries, Dubai, Qatar, Iraq etc. The promoters' comprehensive experience has provided them with insights into market dynamics, facilitating the development of strong networks with both suppliers and customers.

##### Comfortable capital structure and healthy debt coverage indicators

The capital structure of Sonam remained comfortable marked by overall gearing of 0.36x as on March 31, 2025 (P.Y.: 0.50x). While net worth bases remain moderate at Rs. 50.68 crore, total debt level remained low at Rs.18.39 crore as on March 31, 2025. With the low debt level and moderate profitability, debt coverage indicators remained healthy marked by PBILDT interest coverage

<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.

of 6.27x and total debt to gross cash accruals (TDGCA) of 2.20x in FY25 (P.Y.: 4.41x and 2.70x respectively). Going forward, with no debt-funded capex planned in near term to medium term, CareEdge Ratings expects capital structure of Sonam to remain comfortable in line with the present level.

### **Key weaknesses**

#### **Moderate scale of operations and profitability**

Over FY21–FY25, Sonam's operations grew at a moderate compounded annual growth rate (CAGR) of ~6%, reaching Rs.105.06 crore in FY25 (FY24: Rs.87.64 crore). Revenue is primarily derived from clock sales (35–40%), clock movements (25–30%), and trading activities, mainly in plastic granules like high impact polystyrene (HIPS) and general-purpose polystyrene (GPPS) used in clock manufacturing.

Operating margins remained moderate at 10–14% over the period. In FY25, PBILDT margin declined by 196 bps to 12.37% (FY24: 14.33%) due to higher raw material and freight costs. Profit after tax (PAT) margin was stable at 6.03% (FY24: 6.26%), with gross cash accruals of Rs.9.09 crore (FY24: Rs.8.22 crore) in FY25.

In Q1FY26, Sonam reported revenue of Rs.37.90 crore (Q1FY25: Rs.22.67 crore), while PBILDT margin declined to 6.75% (Q1FY25: 11.42%) due to a higher share of trading sales. The margin is expected to normalize in the coming quarters.

#### **Susceptibility of profitability to volatility in raw material prices and foreign currency fluctuation risk along with competitive industry landscape**

Sonam's key material includes plastic granules, glass and time movement parts etc. and prices of which being commodity in nature are volatile exposing its profitability to volatile prices. Further, Sonam imports plastic granules, glass as well as parts of time movement. Sonam's exports sales (clock and clock movements) forms 21% of net sales in FY25 (FY24: 25%). However, Sonam is a net importer and with no active hedging policy in place, its profitability is exposed to the foreign exchange fluctuation risk. The wall clock market is highly fragmented with the presence of few large integrated players and large number of mid-sized companies. Also, with the advent of the new technologies, consumer preferences remain evolving. Sonam faces competition from the various domestic players as well as from cheaper imports.

#### **Large working capital requirement for its business**

Sonam's operations are working capital intensive as marked by gross current asset (GCA) days of 140-200 over the past 5 years ended FY25. GCA days remains high since Sonam gives credit of on an average 60 days to domestic customers and 45-90 days to existing export customers while it receives limited credit period. Sonam needs to maintain sufficient inventory level for uninterrupted operations considering its import dependency for some of its parts. Average inventory days were 89 days in FY25 (FY24: 89 days). Its operating cycle remained elongated at 105 days in FY25; albeit it improved from 118 days in FY24.

#### **Liquidity: Adequate**

Liquidity of Sonam remained adequate marked by moderate gross cash accruals against low repayment obligations. It is expected to generate gross cash accruals of around Rs. 7.5-9 crore against debt repayment of ~Rs.2 crore in FY26. Average fund based working capital utilisation remained moderate at 76% for the past 12 months ended July 2025. Cash flow from operation (CFO) remained positive albeit moderate at Rs.6.39 crore in FY25 (FY24: Rs.11.41 crore). Current ratio remained moderate at 1.52x as on March 31, 2025. Company has cash and bank balance of Rs.0.38 crore as on March 31, 2025

#### **Assumptions/Covenants: Not applicable**

#### **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](#)

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

## Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Household Appliances

Promoted by Jayesh Shah & family in 2001, Sonam Limited (Sonam; CIN: L33302GJ2001PLC039689) is engaged in the manufacturing of wall clocks, alarm clocks and clock movements at its manufacturing facility in Morbi, Gujarat. It has installed capacity of 60 lacs clocks, 135 lacs clock movements and 4.5 lacs time pieces as on March 31, 2025. It also undertakes trading of granules, glass, clock movement parts etc. It got listed on 'NSE emerge platform' in 2018 and later in 2022 was migrated to NSE main board. Sonam was initially incorporated as a private limited company by the name of 'Sonam Clock Private Limited'. Its name was changed to present one in September 2023. Sonam is ISO 9001:2008 accredited company.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26(UA)
Total operating income	88.11	105.06	37.90
PBILDT	12.63	13.00	2.56
PAT	5.52	6.33	1.32
Overall gearing (times)	0.50	0.36	NA
Interest coverage (times)	4.41	6.27	4.65

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

**Status of non-cooperation with previous CRA:** CRISIL has placed the ratings assigned to the bank facilities of Sonam under Issuer not co-operating category vide press release dated July 25, 2024 due to non-availability of the information.

**Any other information:** None

**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 (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	31/01/2027	3.19	CARE BBB-; Stable
Fund-based - ST-EPC/PSC	-	-	-	-	2.00	CARE A3
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	-	-	-	-	19.63	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 - LT-Term Loan	LT	3.19	CARE BBB-; Stable	-	1)CARE BBB-; Stable (06-Sep-24)	-	-
2	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	19.63	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (06-Sep-24)	-	-
3	Fund-based - ST-EPC/PSC	ST	2.00	CARE A3	-	1)CARE A3 (06-Sep-24)	-	-

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 - ST-EPC/PSC	Simple
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple

**Annexure-5: 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](mailto:care@careedge.in) for clarifications.

### Contact us

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