

Manohar Lal Sarraf and Sons Jewellers Private Limited

December 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	86.50	CARE BB+ / CARE A4 (RWN); ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category; Continues to be on Rating Watch with Negative Implications

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 Manohar Lal Sarraf and Sons Jewellers Private Limited (MLSSJPL) to monitor the ratings vide email communications/letters dated December 01, 2025, November 27, 2025, and November 11, 2025, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information and monthly No Default Statement for three consecutive months for monitoring the ratings. 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. The rating on MLSSJPL's bank facilities will now be denoted as CARE BB+; RWN; ISSUER NOT COOPERATING / CARE A4; RWN; ISSUER NOT COOPERATING. The ratings have been moved to INC category on account of non-availability of requisite information due to non-cooperation by MLSSJPL. CARE views information availability risk as a key factor in its assessment of credit risk.

The ratings continue to be on rating watch with negative implications owing to the ongoing dispute which reached an impasse whereby the division of business looks imminent and exact implication on the operational performance, banking conduct and financial risk profile will remain a key monitorable. CARE will continue to monitor the developments in this regard and will take a view on the ratings, once the exact implications of the above on the credit profile and business operations of the company is clear based on best available information.

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

Analytical approach: Standalone

Detailed description of key rating drivers:

At the time of last rating on December 17, 2024, the following were the rating strengths and weaknesses:

Key weaknesses

Risk related to division of business among the directors: The company is presently managed by three brothers Mr. Sudhir Singhal, Mr. Prabhat Shekhar and Mr. Himanshu Shekhar. It was originally established as a partnership firm named as Raghu Nandan Manohar Lal Sarraf & Sons Jewellers (RNM) in 1930. Currently, the company operates five showrooms: three in New Delhi and two in Uttar Pradesh. Of these, two showrooms are managed by Mr. Himanshu Shekhar, two by Mr. Prabhat Shekhar, and one showroom managed by Mr. Sudhir Singhal. There is an ongoing dispute between two directors Mr. Prabhat Shekhar and Mr. Himanshu Shekhar. Although, each brother managing different showroom is availing the bank limits from different banks. However, a shared banking relationship exists between the two directors, Mr. Prabhat Shekhar and Mr. Himanshu Shekhar. The ongoing dispute between the two brothers has led to poor coordination in managing timely interest payments, resulting in operational inefficiencies and multiple instances of overdrawing in the working capital limits with one of the lenders which were regularised within 28 days. Arbitration proceedings have been initiated to resolve the dispute, and the matter is currently under process. As per the statutory auditor, the dispute is in their personal capacity, there is no arbitration between the company and the said two individuals, meaning thereby the company is nowhere party of the said litigation/arbitration. However, despite this, the arbitrator has issued an order staying the implementation of resolutions made during in the board meeting. The company, disagreeing with the arbitrator's decision, has filed an appeal under Section 37 of the Arbitration & Conciliation Act 1996. Further, the pending litigation may impact the financial position of the company. The escalated dispute, however has reached a stage where division of businesses and stores looks imminent.

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

Deterioration in financial risk profile: The overall gearing ratio of the company has deteriorated to 1.25x as on March 31, 2024, as against 0.77x as on March 31, 2023. This deterioration is primarily driven by the reclassification of unsecured loans as debt. Previously, these unsecured loans were subordinated to the bank loan and treated as quasi-equity, which had bolstered the net worth base in line with the stipulated condition by the lenders towards non withdrawal of the unsecured loans to the tune of Rs.41.74 crore till the tenor of the bank facility. However, as per the latest sanction, aforesaid stipulation has been removed by the lender and unsecured loan of Rs.8.39 crore has also been withdrawn by the directors in FY24. Further, as a result of reclassification of unsecured loan, the total debt has increased to Rs.118.82 crore as on March 31, 2024 as against Rs.89.94 crore as on March 31, 2023. The company has recorded further withdrawal of unsecured loan of Rs.6.69 crore during H1FY25 (refers to the period April 01, 2024, to September 30, 2024).

Although, owing to increasing profitability, the debt coverage indicators though slightly improved but remained moderate as marked by PBILDT interest coverage and TDGCA (Total Debt to Gross Cash Accruals) of 2.75x (PY:2.39x) and 6.35x (PY: 6.99x) in FY24 respectively.

Price variation risk associated with the high level of stock in hand: The company specializes in the manufacturing and retailing of gold jewellery. Gold prices have shown volatility due to fluctuations in demand and supply, as well as changes in foreign currency exchange rates. However, the company follows the inventory replenishment method (i.e., purchasing the same quantity of gold as is sold during the day) for managing the risk associated with volatility in gold prices.

Highly competitive and fragmented G&J industry: The retail jewellery sector in India is highly fragmented and fiercely competitive, with numerous organized and unorganized players. This market is largely dominated by region-specific, family-managed entities. Although 'MLSJ' is a well-established brand in Delhi-NCR, it faces significant competition from other regional players, which could impact its profit margins. Sustained growth in volumes as a result of opening of new store in the key market amidst presence of renowned brands will be a key monitorable.

Key strengths

Improvement in profitability albeit stagnant scale of operations during FY24: The scale of operations of the company has remained almost stagnant as marked by TOI (Total Operating Income) of Rs.462.64 crore (PY: Rs.475.17 crore). However, the company was able to improve the profitability margins as marked by increase in PBILDT margin to 7.79% in FY24 (PY: 6.21%), mainly on account of higher realization driven by increase in making charges by the company. Consequently, the PAT margin also improved to 3.77% in FY24 (PY: 2.37%).

During H1FY25, the company has reported TOI of Rs.213.17 crore with increase in PBILDT margin to 9.45%.

Promoters' extensive experience: MLSJ is promoted by Mr. Sudhir Singhal, Mr. Himanshu Shekhar and Mr. Prabhat Shekhar who are third generation entrepreneurs, who are also supported by other family members. Currently, Mr. Himanshu Shekhar oversees operations at the showrooms in Indirapuram and South Extension. Mr. Prabhat Shekhar is responsible for managing the showrooms in Preet Vihar and Defence Colony, while Mr. Sudhir Singhal manages Noida showroom.

Established track record of operations: MLSJ commenced operations with a single retail store in Meerut in 1930 as a traditional family jeweller with an established track record of more than nine decades. Over the years, operations have been expanded and currently the company operates 5 showrooms spread across Delhi NCR. Further, its showrooms are located at prime locations (Indirapuram, Noida, South Extension, Preet Vihar, Defence Colony), thereby enabling the company to maintain healthy footfall.

Liquidity: Stretched

The liquidity position of the company remains stretched as marked by high reliance on working capital limits with near full utilization for the trailing 12 months ended November 2024. Further, full utilisation, low churning & lack of coordination for timely interest servicing led to several instances of overdrawing of limits (maximum up to 28 days) with one common lender between the two brothers. Further, continuous withdrawal of unsecured loans by the directors since past two years is also adversely impacting the liquidity profile of the company. However, the company has sufficient operational cash flow, with projected gross cash accruals to the tune of Rs.19.09 crore in FY25 as against the scheduled debt repayment of Rs.13.81 crore in FY25 (Term loan of Rs.3.23 crore and unsecured loan ~10.58 crore) along with free cash and bank balance to the tune of Rs.2.38 crore as on September 30, 2024. Furthermore, the company is not planning to incur any capex over the medium term.

However, any cashflow mismatch due to ongoing dispute between the two directors keep the liquidity vulnerable.

Applicable criteria

[Policy on Default Recognition](#)
[Information Adequacy Risk and Issuer Non-Cooperation](#)
[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Rating of Short Term Instruments](#)
[Organised Retail Companies](#)
[Liquidity Analysis of Non-financial sector entities](#)

About the company and industry

Industry classification

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

Incorporated in 2003, MLSJ is engaged in manufacturing and retailing of 18 Karat (K) and 22 K gold jewellery, diamond studded gold jewellery, pearls and precious stones studded gold jewellery. The company is promoted by Mr. Sudhir Singhal, and Mr. Himanshu Shekhar. It was originally established as a partnership firm named as Raghu Nandan Manohar Lal Sarraf & Sons Jewellers (RNM) in 1930. At present, it has five showrooms located in Delhi-NCR.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	475.17	462.64
PBILDT	29.51	36.05
PAT	11.26	17.45
Overall gearing (times)	0.77	1.25
Interest coverage (times)	2.39	2.75

A: Audited

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
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	3.50	CARE BB+ / CARE A4 (RWN); ISSUER NOT COOPERATING*
LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC		-	-	-	83.00	CARE BB+ / CARE A4 (RWN); 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 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	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	3.50	CARE BB+ / CARE A4 (RWN); ISSUER NOT COOPERATING*	-	1)CARE BB+ / CARE A4 (RWN) (17-Dec-24) 2)CARE BBB / CARE A3 (RWN) (03-Apr-24)	1)CARE BBB; Stable / CARE A3 (05-May-23)	1)CARE BBB; Stable / CARE A3; ISSUER NOT COOPERATING* (28-Mar-23) 2)CARE BBB; Stable / CARE A3 (05-Apr-22)
2	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST	83.00	CARE BB+ / CARE A4 (RWN); ISSUER NOT COOPERATING*	-	1)CARE BB+ / CARE A4 (RWN) (17-Dec-24) 2)CARE BBB / CARE A3 (RWN) (03-Apr-24)	1)CARE BBB; Stable / CARE A3 (05-May-23)	1)CARE BBB; Stable / CARE A3; ISSUER NOT COOPERATING* (28-Mar-23) 2)CARE BBB; Stable / CARE A3 (05-Apr-22)

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

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	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
2	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	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 for clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Puneet Kansal Director CARE Ratings Limited Phone: 120-4452018 E-mail: puneet.kansal@careedge.in</p> <p>Sachin Mathur Associate Director CARE Ratings Limited Phone: 91-120-4452054 E-mail: sachin.mathur@careedge.in</p> <p>Lalit Malhotra Lead Analyst CARE Ratings Limited E-mail: Lalit.malhotra@careedge.in</p>
--	--

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

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

© 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**