Sonam Limited

September 07, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long Term / Short Term Bank Facilities	RBI	7.00 (Enhanced from 2.00)	CARE BBB-; Stable / CARE A3	LT rating and Stable outlook assigned and ST rating reaffirmed
Long Term / Short Term Bank Facilities	RBI	42.01 (Enhanced from 19.63)	CARE BBB-; Stable / CARE A3	Reaffirmed
Long Term Bank Facilities	RBI	1.64 (Reduced from 3.19)	CARE BBB-; Stable	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 and granule trading 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 ₹350 crore along with profit before interest, lease, depreciation and tax (PBILDT) margin over 8% on sustained basis.
- Sustenance of debt protection metrics on present level.

Negative factors

- Significant decline in TOI and/PBILDT leading to lower than envisaged gross cash accruals (GCA) on sustained basis.
- Any debt funded leading to overall gearing above 0.75x on sustained basis.
- Any significant elongation in operating cycle impacting liquidity.

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 and granules trading 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.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Comfortable capital structure and healthy debt coverage indicators

The capital structure of Sonam remained comfortable, marked by an overall gearing of 0.36x as on March 31, 2026 (PY: 0.36x). While the net worth base remained moderate at ₹59.16 crore (₹50.68 crore as on March 31,2025), the total debt level remained low at ₹21.23 crore as on March 31, 2026 (₹18.39 crore as on March 31, 2025). With low debt and moderate profitability, debt coverage indicators remained healthy, marked by PBILDT interest coverage of 7.03x and total debt to gross cash accruals (TDGCA) of 2.10x in FY26 (FY refers to April 01 to March 31) (FY25: 6.27x and 2.02x, respectively).

Key weaknesses

Moderate scale of operations and profitability

Although TOI grew by 63% to ₹171.27 crore in FY26 (FY25: ₹105.60 crore) , it continues to remain moderate. The growth in TOI was on account of increase in trading sales of granules. For FY26, revenue is primarily derived from trading activities (60-70%) followed by clock sales (20-25%), and clock movements (10-15%).

Due to change on the sales mix towards trading sales, PBILDT margin declined by 381 basis points (bps) to 8.56% (FY25: 12.37%) in FY26. In line with the decline in PBILDT margin, profit after tax (PAT) margin also declined to 4.28% (FY25: 6.03%), with gross cash accruals of ₹10.10 crore (FY25: ₹9.09 crore) in FY26.

In Q1FY27, Sonam reported TOI of ₹66.57 crore (Q1FY26: ₹37.90 crore), while PBILDT margin remained at 8.08%.

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 9% of net sales in FY26 (FY25: 21%). 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 days of 135-155 over the past five years ended FY26. Gross current asset days remained high since Sonam gives credit averaging 60 days to domestic customers for clock sales and 45-90 days to existing export customers, while it receives a limited credit period from suppliers. Sonam needs to maintain sufficient inventory levels for uninterrupted operations, considering its import dependency for some parts. However, during FY26, average inventory days improved to 75 days as against 89 days in FY25 and average debtor collection period decreased to 19 days in FY26 as against 33 days in FY25. Its operating cycle although improved, however remained elongated at 68 days in FY26, as against 105 days in FY25.

Liquidity: Adequate

Liquidity of Sonam remained adequate, marked by moderate gross cash accruals as against low repayment obligations. Sonam is expected to generate GCA of ~₹12-13 crore against debt repayment obligations of ~₹1.57 crore in FY27. Average fund-based working capital utilisation remained moderate at 79.09% for the past 12 months ended July 31, 2026. Cash flow from operations (CFO) remained positive at ₹7.57 crore in FY26 (FY25: ₹6.39 crore). Current ratio remained moderate at 1.57x as on March 31, 2026 9 1.52x as on March 31, 2025). The company had cash and bank balances of ₹0.23 crore as on March 31, 2026 (0.38 crore as on March 31, 2025). Apart From this it also had equity investments of ₹10.19 crore as on March 31,2026 ₹3.04 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
Wholesale Trading

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 granules trading (majorly General Purpose Polystyrene (GPPS), Acrylonitrile Butadiene Styrene (ABS) and High Impact Polystyrene (HIPS)) and 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, 2026. 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, 2025 (A)	March 31, 2026 (A)	Q1FY27(UA)
Total operating income	105.06	171.27	66.57
PBILDT*	13.00	14.65	5.38
Profit after tax (PAT)	6.33	7.32	3.00
Overall gearing (x)	0.36	0.36	NA
Interest coverage (x)	6.27	7.03	8.68

A: Audited; UA: Unaudited; NA: Not Available; Note: these are latest available financial results
PBILDT: Profit before interest, lease, depreciation and tax

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 September 25,2025 due to non-availability of the information.

Any other information: None

In all other cases, please say Not Applicable.

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	RBI	Simple	-	-	-	31-01-2027	1.64	CARE BBB-; Stable
Fund-based - LT/ ST-Working Capital Limits	RBI	Simple	-	-	-	-	42.01	CARE BBB-; Stable / CARE A3
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	RBI	Simple	-	-	-	-	7.00	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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	1.64	CARE BBB-; Stable	-	1)CARE BBB-; Stable (08-Sep-25)	1)CARE BBB-; Stable (06-Sep-24)	-
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	42.01	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (08-Sep-25)	1)CARE BBB-; Stable / CARE A3 (06-Sep-24)	-
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	7.00	CARE BBB-; Stable / CARE A3	-	1)CARE A3 (08-Sep-25)	1)CARE A3 (06-Sep-24)	-

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: 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

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Kalpesh Ramanbhai Patel Director **CARE Ratings Limited** Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in Jignesh Trivedi Associate Director **CARE Ratings Limited** Phone: 079-40265631 E-mail: jignesh.trivedi@careedge.in Utsavi Jigneshbhai Shah Lead Analyst **CARE Ratings Limited** E-mail: Utsavi.Shah@careedge.in

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

For detailed Rating Report and subscription information,
please visit www.careratings.com