Swarnsarita Jewels India Limited (SJIL)

November 24, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 80.00 Crore	Regulator^
Long Term Rating	IVR BB+/Stable (Rating Downgraded)	RBI
^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: *None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.*

Rationale

Infomerics has downgraded the long-term rating of Swarnsarita Jewels India Limited (SJIL) from IVR BBB-/Stable to IVR BB+/Stable. The downgrade in the rating factors in the significant deterioration in the operating profitability during Q2FY27 (refers to the period July to September) translating into thin cash accruals, thereby exerting pressure on its debt servicing ability and resulting in weak debt coverage metrics. Moreover, Infomerics notes that the company's operations are characterised by significant volatility witnessed in quarterly earnings with a substantial proportion of annual profitability is generated during first 2 quarters i.e. H1 of the fiscal.

Further, ratings remain constrained by thin operating margins, stretched liquidity position owing to elevated utilisation of bank limits, intense competition prevailing in the gold jewellery industry which limits the company's pricing flexibility and margins. Moreover the vulnerability of earnings to volatility in gold prices, forex risks and regulatory risks continue to constrain its credit risk profile.

The rating, however, continues to derive strength from the SJIL's established track record along with extensive experience of the promoters in the gold and diamond industry, large scale of operations coupled with diversified customer base and comfortable capital structure.

Outlook: Stable

The Outlook is Stable, reflecting Infomerics expectations that the company is expected to achieve the revenues and operating profitability as projected on the back of H1FY27 numbers achieved.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Consolidated For the purpose of rating Infomerics has considered consolidated financial statements of Swarnsarita Jewels India Limited (SJIL), which includes its subsidiary. This is because these companies are under control of same management along with operational and financial linkages and cash flow fungibility among the companies.
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

- **Experienced management and established market position in the jewellery industry**

  The promoters of the company, Mr. Mahendra M Chordia and his son Mr. Sunny M Chordia, representing the Chordia family of Mumbai, have over three decades of experience in the gems and jewellery industry. Their extensive experience and established track record have enabled the company to maintain long-standing relationships with customers and suppliers which ensures smooth functioning of day-to-day business.

- **Large Scale of operations coupled with established and diversified client base**

  The company is largely a B2B player engaged in getting gold jewellery such as bangles, chains, necklaces etc. manufactured on job work basis from artisans based in Mumbai, Kolkata and Ahmedabad. The company supplies these manufactured products to organised as well as unorganised domestic jewellery retailers and overseas customers, supporting repeat business. During FY26, SJIL reported revenue of Rs. 868.21 crore (FY25 Rs.761,37 crore) representing growth of ~14% on y-o-y basis. The growth in revenue is largely owing to higher gold prices witnessed during FY26. Besides, export sales contributed around 32.49%

of total revenue in FY26, compared with around 30% in FY25. The major export destinations include Dubai, Singapore etc. In FY26, top 5 customers accounted for nearly 22% (vis-à-vis 30% in FY25) of the overall revenues indicating that the customer base is well diversified.

- **Comfortable capital structure**

  The capital structure of the company remained comfortable, with tangible net worth improving to Rs. 139.79 crore as on March 31, 2026, from Rs. 127.84 crore as on March 31, 2025, supported by accretion of profits to reserves. Overall gearing improved to 0.51x as on March 31, 2026, from 0.68x as on March 31, 2025, while TOL/TNW improved to 0.62x from 0.76x. However, the capital structure witnessed some moderation during H1FY27, with overall gearing increasing to 0.64x and TOL/TNW to 0.89x as on September 30, 2026. The moderation is on account of higher working capital requirement of the business on the back of higher gold prices.

Weaknesses

- **Thin operating margins leading to weak debt coverage metrics**

  During FY26, the company's EBIDTA margin moderated to 1.81% vis-à-vis 2% in FY25 owing to operating losses booked in Q4FY26. Besides, during FY26, the Jewellery segment contributed ~92% of the overall revenues vis a vis 98% in the year ago with the remaining is owing to increased sale of gold bars. Traditionally the operating margin of the company remained thin due to limited value addition whereby the manufacturing activity is outsourced to third parties.

  Further, during H1FY27, EBITDA declined by 13.12% to Rs. 17.02 crore from Rs. 19.59 crore in H1FY26, despite an 8.16% increase in TOI. EBITDA margin moderated to 3.80% from 4.74%, while PAT declined by 16.30% to Rs. 10.78 crore. The moderation in operating profitability has been owing to lower margins of 0.76% reported by the company in Q2FY27. This has translated in weak debt coverage metrics as reflected in interest coverage ratio being less than unity for the quarter ended September 30 2026.

  Thus, the volatility in operating profitability reflected in the quarterly earnings resulting in pressure on debt coverage indicators remains a key credit concern.

- **Susceptibility of profitability to volatility in raw material prices**

  SJIL's revenue and profitability remain susceptible to fluctuations in gold prices, which are influenced by the international commodity market and exhibit high volatility, which could lead to sizeable inventory loss/gain. The company follows the practice to match back-to-back gold procurement and price-fixing arrangements, which mitigates the risk to some extent. However, as the company maintains inventory of ~49 days, the company undertakes forward contracts to hedge the inventory. Nevertheless, due to timing mismatches, the company's profitability margins remain susceptible to volatility in gold prices. During FY26, the company reported profit from forward contracts of Rs.6.71 crore.

- **Susceptibility to regulatory changes**

  The company derives approximately 32.49% of its revenue from exports and remains exposed to changes in international trade policies, import duties, taxation and regulations in India and overseas markets. Any adverse regulatory changes may impact the company's operations, export competitiveness and revenue generation.

- **Exposure to foreign exchange risk**

  SJIL's profitability remains exposed to foreign exchange fluctuations arising from export receivables and foreign currency transactions. The unhedged foreign currency exposure increased to ~Rs. 20.90 crore as on March 31, 2026, from Rs. 0.54 crore as on March 31, 2025. The majority of export transactions are hedged through forward contracts with some minimal portion remaining unhedged so any adverse movement in exchange rates on the unhedged portion may impact profitability and cash accruals.

- **Intense competition in G&J Industry**

  The gems and jewellery industry remains highly competitive and fragmented, with the presence of several organised and unorganised players. This limits the

company's pricing flexibility and bargaining power, eroding its profitability and exposing its earnings to fluctuations in gold prices.

Liquidity – Stretched

SJIL's liquidity remains stretched with fund-based working capital limits almost fully utilised at around 96% and a low free cash and bank balance of ~Rs.2.78 crore as on September 30, 2026. Further, during H1FY27, the company's cash flows from operations has turned negative owing to increased working capital intensity on the back of sizeable inventory holding. It is to be noted, that the company has availed WCTL of Rs.10.90 crore under ECLGS 5.0 scheme and unsecured loans from promoters of Rs,10.97 crore to facilitate the inventory holding. Infomerics notes that the scheduled term loan repayment is expected to be met from the cash accruals projected.

Rating Sensitivities

Upward Factors

- Improvement in EBITDA margins to ~2.25% on a quarterly sustained basis.
- Reduction in vulnerability of earnings such that ICR>2.5x on a quarterly sustained basis
- Improvement in Debt to EBITDA to below 3x.
- Significant improvement in debt coverage metrics and operating cash accruals on a sustained basis.

Downward Factors

- Moderation in the scale of operations and/or operating profitability impacting debt coverage metrics.
- Any significant rise in working capital intensity leading to a deterioration in liquidity.
- Significant increase in indebtedness or weakening of the capital structure

About the Company

Swarnsarita Jewels India Ltd. (SJIL) is engaged in the manufacturing and wholesale of gold jewellery, including bangles, chains, and necklaces as well as diamond studded jewellery largely on a job-work basis. The company is a part of Chordia family of Mumbai. The company is a B2B player as it derives ~30% of revenues from exports to Dubai and

remaining from supplies to various jewellers in the country. SJIL gets jewellery manufactured from job workers/artisans located in Kolkata, Mumbai and Ahmedabad.

It has a wholly owned subsidiary, Swarnsarita Trading Private Limited (STPL), which trades in diamond jewellery.

Key Financial Indicators (Consolidated):

For the year ended/ As on*	31-03-2025	31-03-2026	H1FY2027
	Audited	Audited	Unaudited
Total Operating Income	761.37	868.21	447.47
EBITDA	15.26	15.73	17.02
PAT	5.41	12.49	10.78
Total Debt	86.41	71.08	96.01
Tangible Net Worth (TNW)	127.84	139.79	151.55
EBITDA Margin (%)	2.00	1.81	3.8%
PAT Margin (%)	0.71	1.43	2.4%
Overall Gearing (times)	0.68	0.51	0.63
Interest Coverage (times)	2.23	2.60	4.85

**Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company*

Applicable Criteria

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Criteria for Assigning Rating Outlook

Policy on Default Recognition

Complexity Level of Rated Instruments/Facilities

Criteria on Consolidation of Companies

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26
					August 26, 2025
1.	Fund based facilities	LT	80.00	IVR BB+ /Stable	IVR BBB-/Stable

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned / Outlook	Listing Status	Regulator ^	Complexity Indicator
Cash Credit	-	-	-	-	55.00	IVR BB+ /Stable	NA	RBI	Simple
Cash Credit	-	-	-	-	20.00	IVR BB+ /Stable	NA	RBI	Simple
Proposed Cash Credit	-	-	-	-	5.00	IVR BB+ /Stable	NA	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:
https://infomericstorage.blob.core.windows.net/uploads/Len_Swarnsarita_Jew24_Nov26_a9172cdc74.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for Consolidated:

Sr. No	Name of the Entity	Extent of the Consolidation	Rational for Consolidation
1.	Swarnsarita Trading Private Limited	Full	Subsidiary

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* $	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts $	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	+
22	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
23	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

Footnotes:

** Includes securitisation transactions involving assignee payout, acquirer's payout.*

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

 # There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

***Note:** For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.*

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