BRICKWORK RATINGS

Rating Rationale

06 July 2026

Sham Jewellers

Brickwork Ratings has upgraded the long-term ratings to BWR A-/Stable and assigned the short-term rating of BWR A2+ for the Bank Loan Facilities of Rs. 191.35 Crs., and withdrawn the ratings for the bank loan facilities of Rs. 0.46 Crs. of Sham Jewellers.

Particulars:

<table>
<tr><th rowspan="2">Facilities**</th><th colspan="2">Amount Rs Cr.</th><th>Tenure</th><th colspan="2">Rating #</th></tr>
<tr><th>Previous</th><th>Present</th><th></th><th>Previous
(15 April 2025)</th><th>Present</th></tr>
<tr><td colspan="6">Fund Based</td></tr>
<tr><td rowspan="4">Fund Based</td><td>0.46</td><td>0.00</td><td rowspan="3">Long Term</td><td rowspan="3">BWR BBB+ /Stable Assignment</td><td>Withdrawal</td></tr>
<tr><td>173.64</td><td>191.35</td><td>BWR A- /Stable Upgrade</td></tr>
<tr><td>(25.00)</td><td>-</td><td>Withdrawal</td></tr>
<tr><td>-</td><td>(120.00)</td><td>Short Term</td><td>-</td><td>BWR A2+ Assignment</td></tr>
<tr><td>Grand Total</td><td>174.10</td><td>191.35</td><td></td><td colspan="2">(Rupees One Hundred Ninety One Crores and Thirty Five lakhs Only)</td></tr>
</table>

*Please refer to BWR website **www.brickworkratings.com/** for definition of the ratings
** Details of Bank Loan facilities is provided in Annexure-I

RATING ACTION / OUTLOOK

Brickwork Ratings has upgraded the long-term ratings to BWR A-/Stable and assigned the short-term rating at BWR A2+ for the Bank Loan Facilities of Rs. 191.35 Crs., and simultaneously withdrawn the ratings for the bank loan facilities of Rs. 0.46 Crs. of Sham Jewellers

Brickwork Ratings (BWR) has Upgraded/Assigned the ratings of Sham Jewellers. (the firm), Considering factors such as Extensive experience of promoters in the gold jewelry industry, Healthy Financial risk profile and debt protection metrics, Increase in scale of operations, and profitability. However, the ratings are constrained by working capital-intensive operations, Intense competition, and geographical concentration in revenue, and the partnership nature of Constitution.

The rating outlook has been assigned as "Stable" as BWR believes that Sham Jewellers' business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenue and profitability margins show sustained improvement. The rating outlook may be revised to 'Negative' if the financial risk profile goes down.

For assigning the rating, BWR has relied upon the last 3 years of audited financials till FY25 and FY26 Provisional and for FY27 and FY28 projected financials, and publicly available information and clarification provided by management.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED
The terms of the sanction include standard covenants normally stipulated for such facilities.

KEY RATING DRIVERS

Credit Strengths-:

- **Extensive experience of promoters in the gold jewelry industry :**
  Extensive experience of promoters in the jewellery industry has led to a deep understanding of the industry dynamics. Over the past two decades, the firm has developed longstanding relationships with customers and suppliers and has successfully navigated business cycles to establish its healthy market position.

- **Healthy Financial risk profile and debt protection metrics :**
  Sham Jewellers' capital structure was healthy as indicated by net worth of around Rs 419.06 Crores and gearing and total outside liabilities to tangible net worth (TOL/TNW) of 0.56 times and 0.65 times respectively for the year ending on 31st March 2026(P). Despite moderate reliance on working capital debt for inventory procurement, the capital structure is expected to remain at comfortable levels over the medium term. The firm's debt protection measures have also been at a healthy level due to leverage and healthy profitability. The interest coverage and net cash accrual to total debt (NCATD) ratios are at 12.94 times and 1.17 times for FY2026(P). The firm's debt protection measures are expected to remain at a similar level over the medium term.

- **Increase in scale of operations and profitability :**
  Driven by an increase in jewellery prices, the firm's total operating income increased from Rs. 1,248.71 crore in FY24 (Audited) to Rs. 1,624.13 crore in FY25 (Audited). Benefiting from economies of scale, profitability improved for the firm, as reflected in the EBITDA and PAT margins rising from 10.09% and 7.94% in FY24 to 11.31% and 10.03% in FY25, respectively. For FY26 (Provisional), the firm reported revenue of Rs. 1,996.48 crore and a PAT of Rs. 276.24 crore, with EBITDA and PAT margins standing at 15.04% and 13.84%, respectively.

Credit Risks-:

- **Working capital-intensive operations :**
  The jewellery retail business is inherently working capital-intensive due to the need to maintain optimal inventory levels in stores to display a diverse range of jewellery designs. Inventory requirements are seasonal, peaking during festive periods. Sham Jewellers manages both display inventory and stock for confirmed orders, while also extending credit periods of up to 10 days. This requires significant working capital investment to cover both the production cycle and the debtor collection period. Consequently, Sham Jewellers' working capital cycle increased to 116 days in FY26(P), up from 97 days in FY25.

- **Intense competition and geographical concentration in revenue :**
  The retail jewellery industry in India is intensely competitive and highly fragmented, with many small and large players. Although Sham Jewellers has been in the jewellery business for decades, it derives its entire revenue from retail customers in Chandigarh. As a result, the business is susceptible to changes in customer preferences, purchasing power, and local

business conditions. Being concentrated in a single city, Chandigarh, will continue to constrain the business profile of the firm.

- **Partnership Nature of Constitution :**
  The firm's partnership structure limits its ability to raise capital and exposes the company to risks associated with potential capital withdrawal by partners, which could adversely impact the capital structure and restrict financial flexibility.

ANALYTICAL APPROACH - Standalone

Standalone - For arriving at its ratings, BWR has considered the standalone performance of Sham Jewellers. BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Going forward, the firm's ability to improve the scale of operations, improve liquidity, and manage its working capital efficiently will be the key rating sensitivities.

Positive:

- The firm improves the scale of operations on a sustained basis, with NPM margins exceeding 14%.
- A Comfortable capital structure of the firm and other key credit metrics.

Negative:

- The ratings may be downgraded if revenue declines on a sustained basis due to weaker demand, with NPM margins falling below 11% on a sustained basis.
- More-than-expected working capital requirement or significant capital withdrawals, resulting in gearing of above 1 time.

LIQUIDITY INDICATORS - Strong

The firm's liquidity position is Strong, supported by healthy net cash accruals of Rs. 277.02 Cr in FY26(P) and projected Rs. 285.59 Cr in FY27(P) to cover nominal CPLTD. Debt coverage indicators remain comfortable, with the Interest Service Coverage Ratio (ISCR) at 12.94 times and the Debt Service Coverage Ratio (DSCR) at 9.63 times as of March 31, 2026(P), improved from the ISCR of 9.18 times in FY25. The firm maintains a comfortable liquidity profile, reflected by a healthy current ratio of 4.76 times as of March 31, 2026(P). Cash credit working capital utilization remained low at 27.86% over the past 12 months, and the firm held cash and bank balances of Rs. 10.68 Cr as of March 31, 2026(P).

COMPANY's PROFILE

The firm, M/s Sham Jewellers, was established in 1995 as a partnership firm by Mr. Harinder Singh, Mr. Davinder Singh, and Mr. Gagandeep Khurana. Effective from 31.03.2022, Mr. Davinder Singh retired from the firm, and the firm and the firm continues with the remaining partners, Mr. Harinder Singh and Mr. Gagandeep Khurana, joined by new partner Mr. Jasraj Khurana. The firm is engaged in the trading of gold, diamond, and silver jewelry and ornaments. It mainly focuses on retail trading, and its exclusive showroom is located in a prime commercial area of Chandigarh at SCO 172-174, Sector 34-A, Chandigarh.

Macroeconomic Indicator	Sector	Industry	Basic Industry
Commodities	Metals & Mining	Non - Ferrous Metals	Precious Metals

EGS Profile
The company demonstrates an evolving ESG profile based on its environmental, social, and governance practices.

Environmental: As a retail trading business, the company's environmental impact is primarily limited to its office and showroom operations, where it focuses on managing waste and energy use efficiently.

Social: The firm is a major local employer in the Chandigarh region retail sector, supporting the regional economy by maintaining a substantial workforce of sales executives, security personnel, and administrative staff.

Governance: Since this is a partnership firm, the firm does not have independent directors in the board, and operational transparency is maintained by strictly adhering to a 100% BIS Hallmarked gold policy.

KEY FINANCIAL INDICATORS

Key Financial Indicators	Units	FY 23 -24	FY 24 -25	FY 25 - 26
Result Type		**Audited**	**Audited**	**Provisional**
Operating Revenue	Rs. Crs.	1248.71	1624.13	1996.48
EBITDA	Rs. Crs.	125.94	183.63	300.23
PAT	Rs. Crs.	99.16	162.88	276.24
Tangible Net Worth	Rs .Crs.	210.89	270.38	419.06
Total Debt / Tangible Net Worth	Times	0.59	0.68	0.56
Current Ratio	Times	3.47	2.69	4.76

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY:
Not Applicable

ANY OTHER INFORMATION:
Not Applicable

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal & suspended]

Facilities	Current Rating (2026)			(2025)			2024		2023	
Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating
Fund Based	LT	0.00	Withdrawal	15April2025	0.46	BWR BBB+/Stable (Assignment)	NA	NA	NA	NA
Fund Based	LT	191.35	BWR A-/Stable (Upgrade)	15April2025	173.64	BWR BBB+/Stable (Assignment)	NA	NA	NA	NA
FB SubLimit	LT	-	Withdrawal	15April2025	(25.00)	BWR BBB+/Stable (Assignment)	NA	NA	NA	NA
FB SubLimit	ST	(120.00)	BWR A2+ (Assignment)	15April2025	NA	NA	NA	NA	NA	NA

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to financial ratios
- Trading Entities
- Short-Term Debt
- BWR Withdrawal Policy

Analytical Contacts	
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Sham Jewellers

ANNEXURE I

Details of Bank Loan Facilities rated by BWR

Sr. No	Name of the Bank	Type of Facilities	Long Term (Rs.Crs.)	Short Term (Rs.Crs.)	Total (Rs.Crs.)	Complexity of the Instrument
1	HDFC Bank	Cash Credit - Sanctioned Working capital demand loan (Sub-Limit of CC) -Sanctioned	190.00 -	- (120.00)	190.00	Simple##
3	HDFC Bank	SEASONAL CASH CREDIT-Sanctioned	0.00	-	0.00	Simple##
4	HDFC Bank	GECL-Out-standing	0.00	-	0.00	Simple##
5	HDFC Bank	GECL 1.0-Out-standing	1.35	-	1.35	Simple##
Total			**191.35**	**-**	**191.35**	
	(Rupees One Hundred Ninety One Crores and Thirty Five lakhs Only)					

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com / download / ComplexityLevels.pdf. Investors' queries can be sent to info@brickworkratings.com.

ANNEXURE II

INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS

Instrument	Issue Date	Amount (Rs.Crs)	Coupon Rate (%)	Maturity Date	ISIN Particulars	Complexity of the Instrument
Nil	Nil	Nil	Nil	Nil	Nil	Nil

ANNEXURE III

List of entities consolidated

Name of Entity	% Ownership	Extent of consolidation	Rationale for consolidation
NA	NA	NA	NA

List of Instruments and Regulators

Instrument / Activity	Regulator
Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) 1	SEBI
Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) 1	SEBI
Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) 1	RBI
Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs 2	RBI
External Commercial Borrowings and other similar borrowings	RBI
Certificates of Deposit	RBI
Fixed Deposits raised by NBFC's, Banks, HFCs, Fis	RBI
Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
Inter Corporate Deposits/Loans extended by Corporates	MCA
Borrowing programme 3	-
Issuer Ratings 4	-
Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
Listed Security Receipts	SEBI
Unlisted Security Receipts	RBI
Independent Credit Evaluation (ICE)	RBI
Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	RBI
Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) 1	Investor-side Regulator such as IRDAI, PFRDA 5

Monitoring Agency	SEBI
Research activities, incidental to rating, such as research for Economy, Industries and Companies 6	NA

1. Includes securitisation transactions involving assignee payout, acquirer's payout.
2. Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
3. 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), BWR shall separately capture the rated quantum details along with names of respective regulators.
4. There is no instrument being rated and hence, Regulator of the Instrument is not applicable.
5. These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side regulators have been included.
6. Permitted by SEBI vide SEBI Master Circular for CRAs

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About Brickwork Ratings
Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI]. BWR is the 5th agency to get a credit rating registration in India in 2009 and its corporate office in Bengaluru. It has a country-wide presence with representatives in 150+ locations. Canara Bank is Brickwork's strategic partner and promoter.

Brickwork offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

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