



Press Release

B N JEWELLERS INDIA PRIVATE LIMITED (ERSTWHILE B N JEWELLERS)

June 02, 2025

Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	20.00	ACUITE BBB+ Stable Assigned	-
Bank Loan Ratings	85.00	ACUITE BBB+ Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	105.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE BBB+**' (read as **ACUITE Triple B Plus**) on the Rs. 85.00 Cr. bank facilities of B N Jewellers India Private Limited (BNJIPL)(Erstwhile B N Jewellers). The outlook is '**Stable**'.

Acuite has assigned the long-term rating of '**ACUITE BBB+**' (read as **ACUITE Triple B Plus**) on the Rs.20.00 Cr. bank facilities of B N Jewellers India Private Limited (BNJIPL)(Erstwhile B N Jewellers). The outlook is '**Stable**'.

Rationale for rating

The company demonstrated robust revenue growth of 20.55% to Rs.747.51 Crore in FY2025(prov). Although margins have declined it remains healthy with EBITDA margins at 7.26% and PAT margins at 3.87%. The company's tangible net worth stood at Rs.93.81 crore as of March 31, 2025(prov), with a leverage of 1.47 times and an overall TOL/TNW ratio of 1.89 times, indicating moderate capital structure. Debt protection metrics although moderated, remain comfortable with an interest coverage ratio of 4.87 times and a debt service coverage ratio of 2.69 times, while net cash accruals of Rs.33.99 crore provide adequate coverage over debt obligations. Despite high bank limit utilization (~90% over last 6 months ended April 2025) and industry challenges such as intense competition and regulatory risks, BNJIPL's strategic inventory management, diversified revenue streams, and import plans underpin its strong financial profile. The ratings, however, also consider the risks of intense competition both from organised and unorganised players, which limits players' pricing flexibility, vulnerability of earnings to the volatility in gold prices and the inherent regulatory risks in the gems and jewellery industry.

About the Company

Mumbai based B N Jewellers India Private Limited (BNJIPL) was established as a proprietorship in 1989 by Mr.Babulal Rawal. It was reconstituted as a partnership firm in the year 2004. The partnership firm was converted into a private limited company in May ,2021. Currently, the day-to-day operations of the entity are managed by Mr. Babulal Rawal and his son Mr. Nirmal Rawal. The company undertakes manufacturing of gold and platinum jewellery at its processing unit at Andheri in Mumbai (Maharashtra). The Company caters to both domestic(~85%) as well as export markets(~15%).

Unsupported Rating

Not applicable

Analytical Approach

Acuité has considered the standalone view of the business and financial risk profile of BNJIPL to arrive at the rating.

Strengths

Experienced management and long track record of operations

B N Jewellers, was established as a proprietorship firm in 1989 by Mr. Babulal Rawal. It was reconstituted as a partnership firm in the year 2004. Further, the partnership firm was converted into a private limited company on May 21, 2021. The company has an operational track record of over 3 decades in the industry. Mr. Babulal Rawal possesses extensive industry experience of around four decades. He is well supported by his son Mr. Nirmal Rawal who has been involved in the business for over two decades. The company deals with reputed jewellery retailers like Tanishq, Joyalukkas, Kalyan Jewellers, Titan, PNG, Malabar Gold, Senco Gold, Tribhovandas Bhimji Zaveri, Tara Jewels and others. The extensive experience coupled with long track record of operations has enabled the company to forge long term relations with customers and suppliers. Acuité believes that the experience of the management in the industry is likely to favourably impact the business risk profile of the company over the near to medium term.

Above average financial risk profile

The tangible net worth of the company stood at Rs.93.81 Cr. as on March 31, 2025(prov) as compared to Rs.99.86 Cr. as on March 31, 2024. The slight decline is attributable to change in analytical adjustment wherein Acuite has changed the treatment of unsecured loans of Rs. 35.00 Cr. which was earlier treated as quasi equity, into debt in present assessment. This adjustment is partially off-set by accretion of profit to reserves. The gearing of the company stood at 1.47 times as on 31st March, 2025(prov) as compared to 1.02 times as on 31st March 2024. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.89 times as on March 31,2025(prov) as compared to 1.36 times as on March 31, 2024. The debt protection metrics of the company remain comfortable marked by Interest coverage ratio (ICR) of 4.87 times and debt service coverage ratio (DSCR) of 2.69 times for FY2025(prov). The net cash accruals to total debt (NCA/TD) stood at 0.25 times in FY2025(prov). Acuite believes that the financial risk profile of the company is likely to be sustained backed by steady accruals and no major debt funded capex plans.

Improvement in scale of operations coupled with healthy margins

BNJIPL has been consistently improving in terms of revenues with Rs.747.51 Cr. operating income in FY2025(prov) as compared to Rs.620.10 Cr. in FY2024, a growth of 20.55%. The improvement in revenues showcases strong demand for their products which incorporate latest designs and quality with respect to other competitors. The capital structure and working capital cycle ensures the company is able to churn its inventory adequately in order to generate higher revenues. Additionally, 80-85% of inventories are backed by orders reducing counterparty credit risk. The company has been maintaining healthy levels of EBITDA and PAT margins i.e 7.26% and 3.87% respectively in FY2025(prov). Acuite believes that the company is likely to improve its scale of operations with sustained margins owing to ~85% of their revenues generated from platinum products which command better margins.

Weaknesses

Strong competition from large number of players in the organized and unorganized sector

The gems & jewellery (G&J) industry is characterized by a large number of organized and unorganized players and intense competition resulting in pressure on margins. The G& J industry in India is highly fragmented with numerous organized and unorganized players. Acuité believes that larger players will benefit from the healthy relationships with their geographically diversified clientele.

Moderate working capital cycle

The GCA days for BNJIPL stood at 103 days as on 31st March,2025(prov) as compared to 117 days as on 31st March,2024. The high GCA days are on account of high inventories which is an industry phenomenon. Inventory days stood at 79 days as on March 31, 2025(prov). The company has 80-85 percent order-backed inventory. However, the company also makes jewellery to keep a buffer stock. Handmade Gold Jewellery takes around 10-15 days of processing and Platinum Jewellery takes around 25-30 days of processing. More customized jewellery as per requirement of the customer takes more time. The debtor's day stood at 25 days as on March 31, 2025(prov) as against 27 days as on March 31, 2024. For Gold Jewellery, the payment terms are ~15 days for large players and 1 week or full/partial advance payment depending upon the relationship and past track record of the client. Days payable outstanding stood at 10 days as on March 31, 2025(prov) as against 8 days as on March 31, 2024. Import of gold bullions and platinum are backed by BG. Further, the average bank limit utilization in the last six months ended April 25 remained at ~90 percent for fund-based limits. Acuite believes that the operations of the company will continue to experience moderate working capital cycle over the medium term due to nature of operations.

Exposed to regulatory risks and seasonality in demand

The domestic jewellery sector continues to remain exposed to the regulatory risks, which could have an adverse

impact on the business. Restrictions on bullion imports, mandatory PAN disclosure on transactions above a threshold limit, imposition of GST and demonetisation are some regulatory developments that have impacted demand and supply in the past. Revenues and cash flows of the jewellery players are also exposed to seasonality in demand, based on the numbers of auspicious days, festivals, crop harvest etc. Acuite believes that changes in customer demand and regulations which may affect the gems and jewellery industry directly or indirectly will remain a key monitorable.

Rating Sensitivities

- Sustenance of Growth in revenue and profitability margins.
- Any deterioration of its financial risk profile and liquidity position.
- Working capital cycle.

Liquidity Position Adequate

The company has adequate liquidity marked by net cash accruals of Rs.33.99 Cr. as on March 31, 2025(prov) as against Rs. 5.51 Cr. long term debt obligations over the same period. The current ratio of the company stood comfortable at 1.82 times in FY2025(prov). The cash and bank balance stood at Rs.1.53 Cr. for FY2025(prov). The utilisation of fund-based bank lines of credit remained high at ~90% for the last six months ended April 2025, indicating high dependency on primary sources of liquidity for operations. The net cash accruals are expected to be in the range of Rs.30-35 Cr. in the medium term. BNJIPL undertakes annual capex of Rs.5-10 Cr. for import of machinery for better efficiency and product quality, funded by mix of debt and internal accruals depending upon the company's financial flexibility. Acuite believes that the liquidity of the group is likely to remain adequate over the medium term on account of comfortable cash accruals against long debt repayments over the medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	747.51	620.10
PAT	Rs. Cr.	28.95	27.37
PAT Margin	(%)	3.87	4.41
Total Debt/Tangible Net Worth	Times	1.47	1.02
PBDIT/Interest	Times	4.87	5.03

Status of non-cooperation with previous CRA (if applicable)

Not applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
14 Mar 2024	Cash Credit	Long Term	45.00	ACUITE BBB+ Stable (Upgraded (Positive to Stable) from ACUITE BBB Positive)
	Cash Credit	Long Term	40.00	ACUITE BBB+ Stable (Upgraded (Positive to Stable) from ACUITE BBB Positive)
15 Dec 2022	Cash Credit	Long Term	32.50	ACUITE BBB Positive (Reaffirmed)
	Cash Credit	Long Term	7.50	ACUITE BBB Positive (Assigned)
	Cash Credit	Long Term	45.00	ACUITE BBB Positive (Assigned)
25 Nov 2022	Cash Credit	Long Term	32.50	ACUITE BBB Positive (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	45.00	Simple	ACUITE BBB+ Stable Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE BBB+ Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BBB+ Stable Assigned

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About Acuité Ratings & Research

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