Bhima Jewels Private Limited

September 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	285.00	CARE A-; Stable	Assigned
Long-term / Short-term bank facilities	406.00	CARE A-; Stable / CARE A2+	Assigned
Short-term bank facilities	175.00	CARE A2+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Bhima Jewels Private Limited (BJPL) draw comfort from the promoter family's extensive experience spanning nearly a century and the strong brand legacy of Bhima group in south India. Ratings also factor in the sustained growth in scale of operations, continued geographical expansion beyond its traditional Kerala base and the company's diversified supplier network and exclusive goldsmith partnerships.

However, ratings remain constrained by BJPL's leveraged capital structure, working capital intensive nature of jewellery retail business, vulnerability of profit margins to gold price fluctuations, and exposure to regulatory risks in a highly fragmented and competitive industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors:

- Increase in total operating income (TOI) above ₹7,000.00 crore with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins above 7% on a sustained basis.
- Improvement in debt coverage indicators marked by total debt to gross cash accruals (TD/GCA) below 5x.

Negative factors:

- Deterioration in the capital structure with increase in overall gearing above 2.50x.
- Any significant elongation in operating cycle.
- Stagnation or below-par operational performance in new geographies the company has entered.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that BJPL will continue to benefit from the extensive experience of the promoter family and established brand presence in its key markets.

Detailed description of key rating drivers

Key strengths

Extensive experience of promoter family and a strong brand legacy

BJPL is a well-established jewellery brand in south India, and a part of the Kerala-based Bhima Group. BJPL is one of the five family-fractions sharing the Bhima brand name and logo, which carries a legacy of nearly 100 years since the group's founding in 1925. BJPL is promoted by B. Bindumadhav, son of the founder, Lakshminarayana Bhattar. Currently, the company's operations are led by the third-generation promoter and MD, Abhishek Bhatt. Under his leadership, the company has evolved from a promoter-driven organisation into a professionally managed enterprise. In last few years, a team of senior professionals with extensive experience in the retail sector has been inducted into the company to lead key leadership positions.

Improvement in scale of operation; albeit muted volume growth

In FY25, BJPL demonstrated a significant growth in scale, with TOI increasing by 35% year-on-year (y-o-y) to ₹4,909 crore, primarily driven by increase in gold prices. The company reported ~20% y-o-y growth in retail sales in FY25, against 3% growth recorded in FY24. Despite a 3.4% decline in gold jewellery sales volume, overall revenue growth was supported by higher

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

realisations on gold. The volume decline is attributed mainly to elevated gold prices in the last two years, a trend which has impacted the entire sector.

All new stores opened in the last three years recorded sales growth in FY25, collectively contributing ~₹795 crore to the company's overall revenue. While growth in these newer markets is expected to be gradual due to intense competition and BJPL's relatively recent entry, the company's strong brand recognition, and a market shift from unorganised to organised players, is expected to help BJPL steadily increase its market share in these regions.

Geographical diversification undertaken in phased manner; albeit concentration in Kerala

BJPL's sales have traditionally been concentrated in Kerala, with 11 of its 19 stores located in the home state. While this regional concentration carries inherent risks, BJPL benefits from a strong brand legacy and recall in Kerala.

As part of its geographical diversification strategy, the company has been proactively expanding into new markets through a phased approach in the last few years. As a result, the share of sales from Kerala has decreased from 91% in FY21 to 74% in FY25. BJPL has identified Telangana and Andhra Pradesh as key growth markets. Over last three years, the company has opened five new stores in Telangana and one in Andhra Pradesh, with plans to further expand in these regions. In FY25, these two states contributed ~16% to the company's total sales. Additionally, BJPL operates one store each in Karnataka and Tamil Nadu, which together contribute ~10% of total sales.

Established relationship with a diversified supplier base and exclusive goldsmith network

BJPL benefits from a well-diversified supplier base, with its top 10 suppliers accounting for only 10-15% of total purchases in the last few years. The supplier network offers quick delivery of fast-moving items, ensuring a reliable supply to support the company's retail operations. The company purchases finished jewellery, particularly fast-moving items, from these corporate suppliers. BJPL has established long-standing relationships with these suppliers and maintains regular purchases. Additionally, the company has established relationship with network of ~200 goldsmiths, primarily based in Thrissur, which enhances its jewellery craftsmanship and production capabilities.

Key weaknesses

Leveraged capital structure, stretched debt coverage indicators

The capital structure is leveraged with an overall gearing ratio of 2.40x as of March 2025 (PY: 2.61x). The company's debt profile includes customer advances of ₹332 crore under gold schemes and unsecured loans totalling ₹64 crore from related parties and lease liabilities of ₹118 crore as of March 2025 related to its retail store leases. The debt coverage indicators also remain stretched with TD/GCA of 10x and TD/ PBILDT of 5.35x as of March 2025.

Margins susceptible to gold price fluctuation

BJPL's margins remain inherently vulnerable to fluctuations in gold prices, primarily because the company operates in a retail jewellery business where the selling price closely tracks prevailing market rates for gold and other precious metals. The primary contributor to profitability is the making charge, which is applied on the ornament's value and typically averages ~7–8% of the product price. BJPL follows a daily replenishment strategy, carefully monitoring sales and adjusting inventory flows to limit exposure. This approach, together with substantial inflows of old gold from customers—which serve as a natural hedge—helps mitigate some price risk, but the lack of formal financial hedging leaves margins exposed to gold price movements.

Working capital intensive nature of business

Jewellery retailing is inherently working capital intensive due to the need to maintain large inventories with diverse designs to meet customer preferences. BJPL maintains average inventory levels of ~130 days in FY25 to ensure product availability and drive sales, which contributes to a longer operating cycle. This is a structural characteristic of the industry, where wide product variety is essential. Also, BJPL operates predominantly large-format stores, with an average showroom size exceeding 8,000 square feet. The company follows a cash-and-carry model, resulting in minimal trade receivables. The gold retail business is inherently a working capital intensive one, and therefore, the working capital intensity is likely to remain at elevated levels.

Presence in a highly fragmented and competitive industry

BJPL operates in the highly fragmented and competitive gems and jewellery industry, particularly within the retail segment, which continues to be dominated by unorganised players. This puts pressure on pricing flexibility for organised players, often impacting their margins. However, the past decade has seen a gradual shift in consumer preference towards organised retailers, leading to the emergence of several pan-India retail chains. The sector is also subject to frequent regulatory interventions, such as changes in customs duties on gold imports and the promotion of sovereign gold bonds and gold savings schemes as alternatives to physical gold. These measures have historically influenced demand patterns and capital flows within the industry. Going forward, the combination of intense competition, price volatility, and evolving regulatory dynamics is expected to continue to pose challenges for players in this industry.

Liquidity: Adequate

The company has a comfortable gross cash accruals (GCA) of ₹138 crore in FY25 against term debt repayment obligations of ~₹22 crore in FY26. The company also has free cash and bank balances of ~₹26 crore and lien marked FD of ~₹104 crore as on March 31, 2025. Average fund-based working capital utilisation has been ~92% for 12-month period ended March 2025.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Retail
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer durables	Consumer durables	Gems, jewellery and watches

Established in 2011, BJPL is a key player in the retail sale of gold, silver, diamond, and other jewellery in South India. BJPL is a part of the Bhima Group, which was founded in 1925 by K. Lakshminarayana Bhattar, and benefits from nearly a century of rich heritage and strong brand recognition, particularly in its home state of Kerala. The company is promoted by B. Bindu Madhav, a second-generation family member with extensive industry experience, while day-to-day operations are managed by the third-generation entrepreneur, Abhishek Bhatt. As of June 2025, BJPL operates 19 showrooms across South India, including 11 in Kerala, five stores Telangana and one store each in Tamil Nadu, Karnataka, and Andhra Pradesh.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	Q1 FY26 (UA)
Total operating income	3,650.52	4,908.82	1,071.94
PBILDT	211.77	258.27	58.55
PAT	63.26	105.66	NA
Overall gearing (times)	2.61	2.40	NA
Interest coverage (times)	2.25	2.62	NA

A: Audited; UA: Unaudited; NA: Not available; Note: these are latest financial results available

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
Fund-based - LT-Cash Credit		-	-	-	285.00	CARE A-; Stable
Fund-based - LT/ ST-Working Capital Demand loan		-	-	-	175.60	CARE A-; Stable / CARE A2+
Fund-based - LT/ ST-Working Capital Limits		-	-	-	155.40	CARE A-; Stable / CARE A2+
Fund-based - ST-Bill Discounting/ Bills Purchasing		-	-	-	35.00	CARE A2+
Fund-based - ST-Vendor financing		-	-	-	80.00	CARE A2+
Fund-based - ST-Working Capital Demand loan		-	-	-	60.00	CARE A2+
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	75.00	CARE A-; Stable / CARE A2+

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	Fund-based - LT-Cash Credit	LT	285.00	CARE A-; Stable				
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	155.40	CARE A-; Stable / CARE A2+				
3	Fund-based - ST-Vendor financing	ST	80.00	CARE A2+				
4	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	75.00	CARE A-; Stable / CARE A2+				
5	Fund-based - LT/ ST-Working Capital Demand loan	LT/ST	175.60	CARE A-; Stable / CARE A2+				
6	Fund-based - ST-Working Capital Demand loan	ST	60.00	CARE A2+				

7	Fund-based - ST-Bill Discounting/ Bills Purchasing	ST	35.00	CARE A2+				

LT: Long term; ST: Short term; 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	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT/ ST-Working Capital Demand loan	Simple
3	Fund-based - LT/ ST-Working Capital Limits	Simple
4	Fund-based - ST-Bill Discounting/ Bills Purchasing	Simple
5	Fund-based - ST-Vendor financing	Simple
6	Fund-based - ST-Working Capital Demand loan	Simple
7	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	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.

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About us:

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