GREENLAB DIAMONDS LLP

June 02, 2025

Facilities	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	253.61	CARE BBB+; Stable	Assigned
Long Term / Short Term Bank Facilities	164.39	CARE BBB+; Stable / CARE A2	Assigned

Details of facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Greenlab Diamonds LLP (GDL), derive strength from its resourceful partners and strategic advantage as an early entrant in the industry. Ratings also take cognisance of GDL's moderate scale of operations on the back of continuous growth in sales volume while maintaining its healthy profitability, improvement in its financial risk profile and adequate liquidity.

However, the rating strengths are partially offset by increasing competition in lab-grown diamond (LGD) space, which has led to a declining trend of LGD prices in the last two years and overall LGD export from India in FY24 (FY refers to April 01 to March 31) and FY25, although there was volume growth with growing acceptance of LGDs.

Ratings also consider high fixed capital intensity of GDL's operations and risks associated with GDL's constitution as a limited liability partnership (LLP).

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in scale of operations above ₹1000 crore on a sustained basis.
- Improvement in overall gearing below 0.40x on a sustained basis.

Negative factors

- Deterioration in its overall gearing above 1.20x on a sustained basis.
- Inability of the firm to scale up its operations post commissioning of its new capacity or higher than envisaged decline in sales realisation.
- Decline in Profit before interest lease depreciation and tax (PBILDT) margin below 25% on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CARE Ratings) believes that GDL will continue to derive benefit from its experience and a track record of operations in LGD segment and its comfortable financial risk profile.

Detailed description of key rating drivers:

Key strengths

Continuous growth in sales volume while maintaining its profitability

GDL has reported strong compounded annual growth rate (CAGR) of 96.83% over last six years ended on March 31, 2025, as its TOI grew from ₹20.64 crore in FY20 to ₹613.08 crore in FY25 (provisional).

In FY25, GDL's TOI grew by 3.13% y-o-y to ₹613.08 crore (FY24: ₹593.31 crore) backed by substantial growth in the volume sales of polished LGD, which increased from 2,28,430 carats in FY24 to 4,68,667 carats in FY25. Sales in the domestic market accounted for around 56% of total sales during last two years ended FY25.

Going forward, Care Ratings expects marginal increase in GDL's TOI supported by growth in sales volume and gradual increase in the proportion of LGD-studded jewellery. GDL's ability to maintain consistent performance from its existing capacity and calibrate new reactors, to achieve quality output amid increasing competition, decline in sales realisation and higher operating cost remains crucial from rating perspective.

While GDL's TOI remained stable, its PBILDT margin has declined from 63.32% in FY20 to 36.03% in FY25, primarily on account of continued reduction in LGD prices consequent to increase in supply and competitive intensity. Nevertheless, GDL's PBILDT remained healthy at 36.03% in FY25 (FY24: 35.91%), primarily on account of reduction in per carat manufacturing cost. The firm's PAT margin improved by 489 bps y-o-y to 10.51% in FY25 (FY24: 5.62%), primarily due to reduction in interest and depreciation expense. Going forward, CARE Ratings expects GDL's profitability to remain under pressure amid pricing pressure.

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

Comfortable financial risk profile despite high fixed capital intensity
Since FY20, GDL has implemented a series of capital expenditure (capex) plans aimed at expanding LGD growing capacity (setting up reactors), setting up renewable power capacity and upgrading its processing facilities to support growth in TOI. These projects have been financed through a combination of debt and capital infusion.
Despite high fixed capital intensity, GDL's strong operating profitability and regular infusion of capital has led to a comfortable financial risk profile marked by strong net worth base of ₹357.79 crore and an overall gearing ratio of 0.87x as on March 31, 2025 (2.03x as of March 31, 2024). The improvement was primarily on account of capital infusion of Rs.70.78 crore, which has been utilized for repayment of unsecured loan of ₹114.25 crore and scheduled repayment of term loans. The firm had minimal reliance on bank borrowings for working capital requirements.
The firm's debt coverage indicators remained comfortable marked by total debt to gross cash accruals (TD/GCA) of 1.83x as on March 31, 2025 (2.70x as on March 31, 2024) and interest coverage of 7.43x in FY25 (FY24: 6.47x).
The firm is undertaking capex to support growing demand of LGDs. However, total cost and its mode of funding has not been finalized.

Supported by resourceful partners and early-mover advantage in the industry
Promoted by Mr Mukesh Patel, the firm is a family-owned and operated enterprise with over 30 years of experience in the natural diamond industry and six years in the LGD sector. The partners, supported by a competent second-tier management team, have demonstrated robust operational capabilities by swiftly scaling new capacities and delivering high-quality output within a short period. Furthermore, the in-house availability of renewable power capacity enhances the firm's operational efficiency.
This positions them well to adapt to industry shifts and capitalize on their established market presence as the sector continues to mature. Additionally, the partners possess substantial financial resources, enabling them to infuse capital as required and support the firm's sustained growth trajectory.

Key weaknesses

High competitive intensity and exposure to technological obsolescence
Despite growing demand, the segment faces challenges from rapidly evolving technology and intense competition, impacting realisations and profitability, as reflected by a trend of declining operating margins in the LGD space. Moreover, LGD operations are fixed capital and technology intensive, requiring continuous investment in growing-and-processing capacity and power availability. Ability of the management to mitigate these risks remains crucial from the credit perspective.

Constitution as a limited liability partnership
The constitution of the firm as a Limited Liability Partnership (LLP) inherently entails the risk of capital withdrawal by partners, which may constrain financial flexibility. Nevertheless, the partners have infused capital amounting to ₹70.78 crore in FY25 (FY24: ₹45.59 crore) to support capital expenditure and operational requirements over the two-year period ending FY25.
Moreover, the management's intention to convert the LLP into a corporate entity during the current fiscal year is anticipated to strengthen financial stability. GDL's capital structure consequent the proposed conversion will remain a key rating sensitivity.

Liquidity: Adequate

GDL maintains adequate liquidity, supported by moderate long-term debt repayment obligations relative to its gross cash accruals. As of March 31, 2025, the company reported free cash and bank balances of ₹13.90 crore (PY: ₹25.79 crore).
In FY25, GDL's gross cash accruals stood at ₹169.42 crore, comfortably covering debt repayments of ₹69.23 crore during the year. Over the medium term (FY26–FY28), gross cash accruals are projected to remain healthy in the range of ₹150–160 crore, against scheduled debt repayments of ₹45–76 crore.
While investment in working capital has increased marked by elongation of its working capital cycle to 105 days in FY25 (FY24: 75 days) due to increase in inventory holding, a large part of working capital requirement has been funded from its operating cash flow from operations. GDL's reported cash flow from operations at ₹188.26 crore in FY25 (PY: ₹122.10 crore).
The firm has availed working capital limits of Rs.40 crore in Q3FY25 and its average utilisation remained moderate ~56% for 5 months ended in March 2025.

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](#)
[Cut and Polished Diamonds](#)
[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

Incorporated in December 2018, Surat-based, GDL is a Limited Liability Partnership (LLP) engaged in the manufacturing of rough lab-grown diamonds (LGD) and the sale of LGDs and LGD jewellery. The firm has installed 905 CVD machines for production of rough LGDs at its manufacturing facilities located in Surat, Gujarat.
The firm's operations are overseen by Mr Mukesh Patel, while his sons, Mr Sanket Patel and Mr Smit Patel is responsible for business strategy including research & development and finance function and jewellery manufacturing respectively.
Mr Jitesh Patel and Mr Vipul Patel are at the helm of overall manufacturing and sales.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Prov.)
Total operating income	593.31	613.08
PBILDT	218.99	220.87
PAT	33.37	64.42
Overall gearing (times)	2.03	0.87
Interest coverage (times)	6.47	7.43

A: Audited Prov.: Provisional; Note: these are latest available financial results

Status of non-cooperation with previous CRA: None

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Cash Credit		-	-	-	40.00	CARE BBB+; Stable / CARE A2
Fund-based - LT/ ST-Working Capital Limits		-	-	-	114.39	CARE BBB+; Stable / CARE A2
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	10.00	CARE BBB+; Stable / CARE A2
Term Loan-Long Term		-	-	31/03/2032	253.61	CARE BBB+; Stable

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/ ST-Cash Credit	LT/ST	40.00	CARE BBB+; Stable / CARE A2				
2	Term Loan-Long Term	LT	253.61	CARE BBB+; Stable				
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	10.00	CARE BBB+; Stable / CARE A2				
4	Fund-based - LT/ ST-Working Capital Limits	LT/ST	114.39	CARE BBB+; Stable / CARE A2				

LT: Long 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/ ST-Cash Credit	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple
4	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE 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	Kalpesh Ramanbhai Patel Director **CARE Ratings Limited** Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in
Relationship Contact Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Ujjwal Manish Patel Associate Director **CARE Ratings Limited** Phone: 079-40265649 E-mail: ujjwal.patel@careedge.in Ashutosh Sharma Analyst **CARE Ratings Limited** E-mail: Ashutosh.sharma@careedge.in

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