Nouveau Jewellery LLP

October 14, 2025

Facilities	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	202.31 (Reduced from 344.55)	CARE BBB-; Stable	Reaffirmed

Details of facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the rating assigned to the long-term bank facilities of Nouveau Jewellery LLP (NJLLP) reflects experienced partners, its presence across the lab-grown diamond (LGD) value chain through multiple entities in Nouveau Group (NG), and a moderate rough LGD production capacity, which is under enhancement. Ratings also factor in the comfortable and improved capital structure and healthy profitability margins, despite moderation in FY25 (FY refers to April 01 to March 31). The rating also consider adequate liquidity with management's commitment to infuse funds in case of shortfall in meeting debt obligations which was demonstrated in FY25.

The rating remains constrained by limited track record of operations with a moderate scale, customer concentration risk, and the partnership nature of constitution. The rating is impacted by declining trend in LGD prices, which has affected scale and profitability, although stable sales volumes provide comfort to an extent. The rating also factors in moderation of operating cycle, and the entity's exposure to technology and capital intensity in the LGD segment.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Stabilising operations and achieving a total operating income (TOI) of over ₹300 crore with continued healthy profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins on a sustained basis.
- Improving gross cash accruals (GCA) over ₹120 crore resulting in improved debt service coverage ratio (DSCR) on a sustained basis.

Negative factors

- Absence of financial support by the partners through timely infusion of funds, as and when required, to ensure timely debt servicing and improve liquidity position.
- Significantly increasing operating cycle beyond 150 days on a sustained basis.
- Deterioration in PBILDT and scale on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes NJLLP will continue to benefit from its experienced and resourceful promoters.

Detailed description of key rating drivers:

Key strengths

Healthy profitability margins, although moderated in FY25

Profitability margins marked by PBILDT continue to remain at healthy levels in FY25 at 51.39% although moderated from 58.81% in FY24. Moderation in margin is due to fall in rough and polished LGD prices, which resulted in lower sales realisations and consequently impacted margins. Increase in labour cost considering the entity outsourcing polishing rough LGDs in the year also impacted the margin. In Q1FY26, PBILDT margin is better placed at 61.43% compared to FY25. As articulated by the management, rough and polished LGD prices have bottomed out and are expected to stabilise with a potential gradual recovery going forward. Accordingly, a moderate improvement in operating profitability is anticipated in the near term. Expected improvement is further supported by cost efficiencies arising from in-house renewable energy assets (solar and wind), which presently meet over 60% of NJLLP's power requirements, reducing reliance on grid power and lowering energy costs.

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

Moderate rough LGD production capacity, expected to increase further

The firm currently operates 640 chemical vapour deposition (CVD) machines, with an annual rough LGD production capacity of ~1.69 million carats (based on 220 carats per machine monthly; gross output can reach 250–270 carats). In comparison, India's total polished LGD exports stood at ~7.81 million carats in FY24, valued at ₹11,612.36 crore (US$1,402.44 million), while FY25 exports declined to ₹10,716.13 crore (US$1,276.26 million) due to falling prices, despite higher volumes. This positions the firm among the largest players in the Indian LGD space. NJLLP plans to procure 80 additional CVD machines by December 2025 (without external borrowings), which will enhance its annual rough LGD production capacity to ~2 million carats, strengthening its competitive edge in the growing LGD segment.

Comfortable and improved capital structure

Capital structure remains comfortable, marked by improvement in total outside liabilities to tangible net worth (TOL/TNW) to 0.53x as on March 31, 2025, against 0.75x as on March 31, 2024, primarily due to reduction in term debt. Overall gearing also improved to 0.48x as on March 31, 2025, against 0.69x as on March 31, 2024, following significant debt repayments and capital infusion by partners to support the entity, given net-level losses in FY25. Going forward, capital structure is likely to remain comfortable in absence of additional external borrowing plans for FY26.

Experienced partners

Designated partners Karandeep K Singh and Chiragkumar B Limbasiya have over a decade of experience in the diamond industry, particularly in the LGD segment. Nouveau Diamonds LLP holds 99.99% in NJLLP. NJLLP also benefits from strong association with other partners from the Parikh family, one of the largest players in the Indian gems and jewellery industry.

Key weaknesses

Limited track record of operations and moderate scale of operations

NJLLP was incorporated on December 09, 2019, but commenced operations only from September 2021, indicating a limited track record. Consequently, the scale of operations remained at moderate level. NJLLP's TOI declined by 9.74% y-o-y to ₹215.54 crore in FY25 from ₹238.80 crore in FY24, primarily due to lower sales realisation.

Despite this moderation, comfort is drawn from the extensive experience of promoters in the LGD segment, improved sales volume and the entity's ability to maintain healthy PBILDT margins. In the current fiscal, performance remains stable—NJLLP reported TOI of ₹58.85 crore in 4MFY26, marginally higher than ₹57.22 crore in 4MFY25. Going forward, NJLLP's ability to achieve envisaged revenue and improving profitability will remain a key monitorable.

Customer concentration risk

NJLLP remains exposed to high customer concentration, with ~87% of total sales in FY25 derived from a single customer—S P Diamond and Jewellery FZCO, a distributor catering to end-clients in the US. While this indicates dependence on a key relationship, the concentration risk has gradually reduced over the years, from 97% in FY23 to 94% in FY24 and further to 87% in FY25. NJLLP has added seven new customers, reflecting its intent to diversify the client base and mitigate operational risk in the medium term.

Partnership constitution

NJLLP operates as a partnership firm, which inherently carries the risk of capital withdrawal by partners in personal contingencies. This structure also limits access to external borrowings, as lenders primarily evaluate net worth and partners' creditworthiness, restricting funding avenues and financial flexibility. Such constraints can potentially limit growth in scale of operations. However, comfort is derived from the fact that there have been no net withdrawals since inception, as periodic infusions have offset withdrawals. This demonstrated commitment by partners provides some cushion against structural risk associated with the partnership constitution.

Increase in working capital cycle however remained at a moderate level

The operating cycle of NJLLP increased to 113 days in FY25 from 78 days in FY24, mainly due to a higher share of polished LGD inventory and longer credit terms. This was driven by the shift in operations where the entity has witnessed increase share in sale of polished LGD in FY25. Polished LGDs typically have a longer processing and credit cycle of 90–120 days, compared to 30–60 days for rough LGDs, leading to higher working capital requirements.

Despite this increase, the impact is partly mitigated at the group level, as Nouveau Group operates across the entire LGD value chain—growing rough LGDs, cutting and polishing, and manufacturing LGD-studded jewellery. This integrated structure provides better control over inventory and receivables, and NJLLP also undertakes polishing on a job-work basis for other group entities, ensuring efficient utilisation of resources.

Going forward, as NJLLP will continue to handle both rough and polished LGDs, the operating cycle is expected to remain elongated. However, the group's integrated presence and operational synergies are likely to provide an advantage in managing these higher working capital requirements.

Liquidity: Adequate

NJLLP's liquidity position remains adequate, marked by envisaged GCA in the range of ₹90-92 crore for FY26 against debt repayment obligations of ₹88.90 crore. The LLP had free cash and liquid balance of ₹14.40 crore as on March 31, 2025 (UA) and reported positive cash flow from operations of ₹89.36 crore in FY25. The management has articulated that partners will infuse funds in case of shortfall in meeting debt obligations. This is supported by past instances where in FY25, partners have done net infusion of ₹31.22 crore, which aided in servicing debt obligations of ₹88.90 crore in the year, given relatively lower GCA of ₹76.14 crore. Such demonstrated support from partners provides comfort to liquidity.

Assumptions/Covenants: Not applicable

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]

About the company and industry

Industry classification

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

NJLLP was incorporated as a partnership firm on December 09, 2019. The firm is engaged in manufacturing and trading LGD. Its manufacturing plant is at Sachin, Gujrat. The firm's designated partners include, Karandeep K Singh and Chiragkumar B Limbasiya, both having experience of over a decade in diamond industry, especially LGD segment. The entity named Nouveau Diamonds LLP holds 99.99% stake in NJLLP.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	4MFY26 (UA)
Total operating income	238.80	215.54	58.44
PBILDT	140.43	110.76	35.90
PAT	8.82	-10.77	NA
Overall gearing (times)	0.69	0.48	NA
Interest coverage (times)	3.41	3.12	NA

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

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 facilities

Name of the Facility	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-Term Loan		-	-	30/06/2028	202.31	CARE BBB-; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the 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-Term Loan	LT	202.31	CARE BBB-; Stable	-	1)CARE BBB-; Stable (10-Oct-24)	1)CARE BBB-; Stable (22-Mar-24) 2)CARE BBB-; Stable (07-Apr-23)	-

LT: Long 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-Term Loan	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.

Contact us

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