

## Evermine Diamond Private Limited

January 13, 2026

Facilities	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	175.00	CARE BB; Stable / CARE A4	Reaffirmed

Details of facilities in Annexure-1.

### Rationale and key rating drivers

The reaffirmation of the ratings to the bank facilities of Evermine Diamond Private Limited (EDPL) are constrained by limited track record of operations, high customer concentration risk although reputed customer base, moderate capital structure and debt coverage indicators. The ratings are further constrained by EDPL's exposure to foreign exchange transactions.

The ratings however derive strength from its experienced promoter, improved profitability in FY25 (refers to the period from April 01 to March 31) and H1FY26 (refers to the period from April 01 to September 30), and moderate scale of operations, although significantly declined.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Increase in profit before interest, lease rentals, depreciation and taxation (PBILDT) margins over 2.50% on a sustained basis.
- Improvement in overall gearing below unity on a sustained basis.

#### Negative factors

- Deterioration in overall gearing over 4.00x on a sustained basis.
- Deterioration in liquidity as a result of stretched receivable on a sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable

CARE Ratings believes, EDPL will continue to maintain its financial risk profile supported by experienced promoter with focus on trading and cutting and polishing activities in Lab-Grown Diamonds (LGD) segment coupled with presence in overseas as well as domestic market.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Customer concentration risk, although reputed customer base

EDPL has a diverse and reputed customer base in the LGD segment, including Unique Designs Inc. (US-based), Jewel One (CARE BBB; Stable/A3), and Kiran Jewelry (CARE A; Negative/A2+), among others. However, the company remains highly dependent on a few key customers, with the top five accounting for more than 94% of LGD polished sales in FY25, indicating high customer concentration. This concentration poses a risk, as any reduction in orders from these clients could impact revenue and profitability.

##### Leveraged capital structure with moderation witnessed in debt coverage indicators

EDPL's capital structure, though improved, remains leveraged with overall gearing improving from 3.57x as of March 31, 2024, to 2.98x as of March 31, 2025, due to largely stable debt against improved net worth base as of March 31, 2025. Total debt mainly includes working capital borrowings. Further, debt coverage indicators have moderated, primarily due to a decline in Gross Cash Accruals (GCA) from ₹34.75 crore in FY24 to ₹18.14 crore as of March 31, 2025, leading to a decline in Total Debt/GCA from 8.60x as of March 31, 2024, to 16.47x as of March 31, 2025. The decline in GCA is attributed to lower profit, following the company's shift away from natural rough diamond trading, which had previously contributed to higher revenue and cash generation. The interest coverage ratio also declined from 2.55x in FY24 to 1.99x in FY25, on account of reduced PBILDT level in absolute terms in FY25. Henceforth, the company's debt utilization remains a key factor from the credit perspective.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

### Susceptibility of margins to volatility in diamond prices coupled with foreign exchange fluctuation risk:

The company primarily engages in the export and import of rough lab grown diamonds, with exports accounting for about more than 95% of its total sales during FY25, while imports made up about 33% of its total purchases. Though it has natural hedge, EDPL's forex risk arise due to timing difference between receivables and payables in absence of formal hedging policy. Thus, the company's profitability is susceptible to adverse forex movements. Additionally, the profitability margins of EDPL are vulnerable to the prices of rough as well as cut and polished LGD, which are market-driven and, of late, volatile in nature.

### Key strengths

#### Experienced promoters, although limited track record of operations of EDPL

EDPL is promoted by Mr. Varunkumar Babubhai Lakhani, who holds a bachelor's degree in commerce and has over 15 years of experience in the diamond industry. Mr. Varunkumar had served as a director in Grown One Tech Private Limited and has played a vital role in establishing VGrown Tech Private Limited, and both entities are engaged in rough LGD growing. Although the promoter brings significant industry expertise and business acumen, EDPL itself has a relatively limited track record of operations, with, EDPL, incorporating on March 18, 2021, and commencing its operations in May 2021. Furthermore, the company's ability to grow and strengthen its market position post the strategic shift towards the LGD segment remains critical from the credit perspective.

#### Improvement in PBILDT margin, though scale declined, as a result of strategic shift in operations

EDPL is engaged in the trading and cutting and polishing of rough LGD on an order basis. Previously, the company was also involved in the trading of natural rough diamonds and cut and polished diamonds, with a small portion of revenue coming from the cutting and polishing of natural diamonds in FY24. Therefore, earlier, given the trading nature of the business, profit margins were inherently low marked by PBILDT margins at 1.58% in FY24 which improved to 5.08% in FY25 after strategic shift towards cutting and polishing activities. However, the management has now decided to discontinue trading activities of natural diamonds. Therefore, with the company now focusing only on LGD, which offers relatively better margins. EDPL reported a PBILDT of ₹16.00 crore on a TOI of ₹279.09 crore for H1FY26, resulting in PBILDT margin of 5.73%. Going forth, margins are expected to remain at the similar level of FY25 due to focus on cutting and polishing of LGD, though overall scale is likely to stay moderate compared to previous years.

#### Liquidity: Adequate

The company's liquidity position continues to remain adequate on the back of moderate GCA coupled with no scheduled repayments. The company reported GCA of Rs.18.14 crore for FY25 as against Rs.34.75 crore in FY24. GCA declined due to lower profitability, which was due to reduced scale. Further, EDPL has a free cash and bank balance of Rs.57.37 crore as on March 31, 2025. Moreover, the company's working capital facility utilisation, primarily in the form of Working Capital Demand Loan (WCDL), remains high at ~80% for last 12 months ending October 2025, as articulated by the lender. It also has availed Overdraft facilities backed by Fixed Deposits. Utilisation thereof also remained high at above 90% for last 12 months ending October 2025. Furthermore, the current ratio also improved and stood moderate at 1.49x as on March 31, 2025 (PY: 1.40x). CARE Ratings expects liquidity to remain adequate in the near term, supported by cash reserves, though high utilization of working capital limits financial flexibility.

#### 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](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

#### About the company and industry

##### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Gems, Jewellery And Watches

EDPL was incorporated on March 18, 2021, and operations commenced from May 2021. EDPL is promoted by Mr. Varunkumar Babubhai Lakhani who has completed his bachelor's in commerce and has an experience of over 15 years in diamond industry. Further, he is supported by additional director, Mr. Keyur Dabhi, who has also, over 15 years of experience in diamond industry. EDPL's primary business is trading of rough & polished LGD. And manufacturing (polishing) of rough LGD on order basis. The company has 2 polishing units. In addition to this, previously the company used to do the trading of natural rough diamonds (merchanted transactions), which have been discontinued from FY25 onwards.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	4,340.39	822.14	279.09
PBILDT*	68.64	41.81	16.00
Profit after tax (PAT)	32.76	16.34	NA
Overall gearing (x)	3.57	2.98	NA
Interest coverage (x)	2.55	1.99	1.68

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

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**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/ ST-Cash Credit		-	-	-	175.00	CARE BB; Stable / CARE A4

#### 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/ ST-Cash Credit	LT/ST	175.00	CARE BB; Stable / CARE A4	-	1) CARE BB; Stable / CARE A4 (27-Mar-25) 2) CARE BB; Stable / CARE A4 (06-Sep-24)	-	-

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

#### 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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