Kiran Jewelry

January 09, 2026

Facilities	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	80.00 (Reduced from 115.00)	CARE A; Negative	Reaffirmed
Short-term bank facilities	-	-	Withdrawn

Details of facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has taken a combined analytical view of Kiran Group (KG), which includes Kiran Gems Private Limited (KGPL) – Consolidated, Kiran Jewelry (KJ), and Kiran Jewels (India) (KJI), due to common promoters, shared management, similar business operations, and strong operational and financial linkages.

Reaffirmation of ratings factors in significant reduction in debt levels of the KG group with low utilisation of working capital limits. However, the group has reported continued decline in total operating income (TOI) and profitability FY25 (FY refers to April 1 to March 31) due to global headwinds impacting the demand from key diamond-consuming nations and price correction in the cut and polished diamonds (CPD) industry. The punitive tariffs levied by the US Government on imports from India could further impact group performance in the near term. The KG group has taken steps to protect its business interests in the light of the heightened US tariffs and its substantial exposure to US including expanding its revenue contribution in other geographies and is following the reprocessing model for jewellery sales to the US. CareEdge Ratings expects pressure on demand and profitability to continue in FY26, with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins likely to remain below historical levels unless global demand improves and tariffs are rationalised.

Ratings continue to factor in promoters' extensive experience in the CPD industry, strong business profile supported by international marketing presence, established sourcing arrangements with leading global suppliers, and a diversified customer base. Ratings also reflect a healthy capital structure and improved debt coverage indicators.

Ratings remained tempered by its working capital intensive operations, profitability vulnerable to fluctuation in rough and polished diamonds, which is further augmented due to foreign exchange movements, and the fragmented nature of the CPD industry.

CareEdge Ratings has withdrawn the rating assigned to proposed non-fund-based short-term bank facilities of KJ with immediate effect at the firm's request. The firm has not availed the proposed bank facilities rated by CareEdge Ratings, and there is no outstanding amount as on date.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors:

- Growing scale of operations with PBILDT margin above 6% on a sustained basis.
- Efficient working capital management, resulting in liquidity improvement and working capital cycle below 120 days.

Negative factors:

- TOI falling below ₹15,000 crore and PBILDT margin below 3% on a sustained basis.
- Sharp rise in receivables and inventory, leading to working capital cycle deterioration and limit utilisation above 90%.
- Overall gearing exceeding 0.8x on a combined basis.

Analytical approach: Combined

CareEdge Ratings has adopted a combined analytical approach for KG, considering strong operational and financial linkages, common brand and promoters, and fungible cash flows. The analysis covers KGPL (Consolidated) including its four subsidiaries—Kiran Gems DMCC, Kiran Wind Energy Private Limited, Kiran Gems USA INC, and Kiranmani Investment and Finance Private Limited—along with KJ and KJI.

Outlook: Negative

Continuation of the Negative outlook reflects CareEdge Ratings' expectation of continued pressure on scale and profitability due to sluggish CPD industry demand and potential impact of the 50% reciprocal tariff by the US on Indian gems and jewelry imports.

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

The outlook may be revised to Stable in case of reduction in tariff and/or group being able to sustain its scale and profit margins despite global headwinds.

Detailed description of key rating drivers:

Key strengths

Extensive experience of promoters in the CPD industry

KGPL, the flagship company of KG, is promoted by Babubhai Lakhani, Director, and Mavjibhai Patel, Managing Director. KGPL commenced business as a partnership firm under the name Kiran Exports in 1985 and was incorporated in September 2007 as a private limited company. Promoters have over 36 years of experience in the gems and jewellery (G&J) industry and have established the group as one of the largest exporters of CPD from India. The group also operates in the jewellery segment through its group companies, KJ and KJI.

Strong business profile with international marketing set-up

KG has integrated operations throughout the G&J value chain – from sourcing, cutting, and polishing rough diamonds to jewellery manufacturing and marketing. It has established strong relationships with a diversified client base across geographies. The group draws significant operational efficiencies from its integrated operations and diverse client base. CPD sales are conducted through KGPL, which has the requisite expertise to process rough diamonds into polished ones according to the best combination of carat, cut, colour, and clarity. KGPL has sales exposure in domestic and international markets through its group companies and marketing affiliates. KGPL marketing affiliates and group associates are in key diamond centres and major markets including Hong Kong, the US, Belgium, and the UAE. Hong Kong, UAE, and the US were KGPL's biggest market in the last three years YTD FY26. Thus, integrated operations and global reach are expected to support KG's ability to retain clients and sustain volumes despite industry slowdown in the near term.

Sourcing rough diamonds from world's leading diamond mining companies

KG is a site holder through associates – KGPL, Kiran Gems DMCC, and Kiran Exports B.V.B.A. KGPL has a sight-holder agreement with De Beers. KGPL also procures its rough diamond requirements from its associates, Kiran Exports B.V.B.A and Kiran Gems DMCC, a Dubai-based group associate. These companies procure rough diamonds from miners and the secondary market and supply them to KGPL. Access to primary sources of rough diamonds imparts a significant competitive advantage to the group, as it ensures access to consistent supply of quality rough diamonds. It also enables the group to plan production efficiently, as delivery timings of rough supplies are reasonably known to sight holders in advance. This enables the group to service a large customer base efficiently. Apart from procuring rough diamonds, KGPL also procures polished diamonds to meet specific customer requirements. Other key raw materials include gold, silver, and dyes and moulds for jewellery manufacturing, which are procured through bullion exchanges and traders. Access to primary sources is expected to help KG maintain supply stability and operational efficiency despite global demand challenges.

Established relationships with customers

KGPL has a diversified customer base with exposure to jewellery manufacturers and retailers worldwide. KGPL has a significant exposure to group entities and affiliates, as sales in international markets are routed through group companies. Sales for KGPL (standalone) from the top 10 customers accounted for ~50% in the last two years ended FY25.

Significant reduction in debt levels resulting comfortable leverage and debt coverage indicators

On combined basis, KG's capital structure has improved and remain comfortable marked by improved overall gearing of 0.01x as on March 31, 2025, against 0.28x as on March 31, 2024, owing to significant reduction in debt levels with negligible working capital utilisation. It is expected to remain comfortable in the near-to-medium term with the group focusing on reducing bank debt. KGPL's sanctioned working capital facility has reduced from ₹2,800 crore as on September 30, 2024, to ₹1,479.60 crore as on December 31, 2025. The company has approached lenders for further reduction in sanctioned limits to ₹800 crore. This process is underway as articulated by the consortium lead banker.

Debt coverage indicator marked by interest coverage ratio improved and stayed at comfortable levels at 5.90x in FY25 (4.16x in FY24) due to reduction in total interest cost, as the company has not utilised working capital limits since October 2024. This reduced debt has improved the total debt to gross cash accruals (TD/GCA) to 0.46x as on March 31, 2025 (PY: 4.20x) despite margin contraction. Going ahead, as articulated by the management, the bank limit utilisation will remain minimal, unless market recovers, hence, leverage position and coverage indicators are expected to continue to stay healthy.

Key weaknesses

Continued moderation in scale of operations and decline in profitability

On combined basis, in FY25, KG reported moderation in TOI and significant decline in profitability in the second consecutive year. TOI decreased by over 10% in FY25 y-o-y, compared to 22.57% decrease in FY24 over previous year. Though jewellery segment provided cushion, the reduction in TOI is primarily due to continued sluggish demand across CPD industry, as reflected by contraction total CPD exports from India by 28% in FY24 over FY23 and 17% in FY25 over FY24, which marks India's CPD export at lowest level in two decades. Hence, against the industry decline, KG performed slightly better. On a standalone basis, KGPL reported revenue of ~₹3,133.75 crore in 5MFY26, highlighting around one-third of FY25 TOI achievement, indicating continued subdued demand, impacting the performance.

Declining polished diamond prices and sluggishness across major diamond-consuming countries impacted KG's profitability significantly. PBILDT margin reduced significantly by over 208 bps to 1.76% in FY25 compared to 3.84% in FY24. With continued sluggish demand and moderation in prices, CareEdge Ratings expects KG's TOI and margins to remain under pressure in the near-to-medium term.

Working capital intensive business

KG's operations continue to remain working capital intensive. Rough diamonds are procured on an advance payment/cash basis from miners directly with balance from group entities and others on a credit of 90-120 days. Average creditor period was at 52 days in FY25 against 50 days in FY24. Processing of diamonds takes ~3-4 months and average credit period is ~2-3 months, which results into elongated working capital cycle ~4-5 months across CPD players. KGPL offers variety in sizes (0.1 carat to 10 carat), colours and clarity. To facilitate these varieties, KGPL has to maintain ~2-3 months of raw material inventory and finished good inventory of at least two months. KG's (Combined) working capital cycle marginally improved, yet remained high, to 156 days as on March 31, 2025 (PY: 163 days) considering improvement in inventory days to 122 days as on March 31, 2025 (PY: 128 days) and largely stable collection period of 87 days as on March 31, 2025 (PY: 85 days). Working capital cycle is expected to remain at similar levels in medium term given the need to maintain inventory variety and extended processing timelines.

Profitability susceptible to volatile prices of rough diamonds and foreign exchange fluctuations

Entities engaged in the processing of rough diamonds have limited bargaining power against diamond mining companies and jewellery retailers, who earn maximum profits in the value chain. Increase or decrease in rough diamonds prices impact all CPD manufacturers in the industry equally, and so, increase in rough diamond prices is passed on to buyers of polished diamonds. KGPL depends on imports to meet its rough diamond requirements, with the entire rough diamonds purchase being imported. KGPL also procures polished diamonds for trading. KGPL's profitability margins are susceptible to rough and polished diamond prices, which are market driven and volatile, as seen in FY25.

KGPL enjoys a natural hedge on most of its foreign exchange exposure. KGPL is exposed to foreign currency fluctuation risk for receivables and payables in foreign currency, while the rest, on a net basis, is covered through forward covers and options contracts. However, margins continue to remain exposed to forex risk owing to timing differences.

Sluggish demand scenario and fragmented nature of CPD industry

The CPD industry has been experiencing a rough phase in the last two years amidst global headwinds and now braces itself against the steep export tariffs to the US, which is the key diamond-consuming nation. The CPD industry operates in single-digit profit margins, and the imposition of blanket tariffs as high as 50% has further exacerbated pressures across the value chain, deepening concerns around revenue, profitability, liquidity, and operational resilience. The significant share of India in diamond processing (90% by volume of polished diamonds) limits the options for buyers in the near term. However, high tariff, if fully passed on, increases the price of end consumer, significantly in the US, which is likely to impact the CPD demand adversely. Hence, the outlook remains negative, and CareEdge Ratings expects further 17-20% decline in CPD exports to ~US$ 11 billion in FY26. The CPD industry in India is highly fragmented with presence of numerous unorganised players and large integrated G&J manufacturers, leading to a high level of competition and limited pricing flexibility.

Liquidity: Strong

On a combined basis, KG reported GCA of ₹220.62 crore in FY25 (₹443.09 crore in FY24). The current ratio improved to 3.07x as on March 31, 2025 (2.41x in FY24). Cash and liquid investments, including mutual funds, equity, and bonds, stood at ₹670.13 crore, of which free cash and bank balance stood at ₹278.77 crore as on March 31, 2025. Cash flow from operations remained positive at ₹2,236.07 crore in FY25. These factors—moderated GCA with nil repayment obligations, healthy current ratio, and strong cash balance—result in a robust liquidity position for the group.

In 8MFY26, KGPL (Standalone) reported nil working capital utilisation. Moreover, in FY25, the company's working capital utilisation remained nil from October 2024 with ₹70 crore utilisation at the year-end. Such nominal utilisation provides significant headroom for addressing any future working capital need, if any.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Withdrawal Policy
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

About KGPL

KGPL is the flagship company of KG, promoted by Vallabhbhai Patel (Chairman), Babubhai Lakhani (Director), and Mavjibhai Patel (Managing Director). KGPL commenced business as a partnership firm (erstwhile Kiran Exports) in 1985 and was changed to private limited company in September 2007. KG offers a wide range of CPDs across shapes (such as rounds, marquise, pears, princess, emeralds, hearts, and ovals), clarity (IF to S12), colours (D to M), and sizes (varying from one cent to 10 carat). KGPL sold over 1.83 million polished carats in FY25 (PY:2.13 million). KG's operations are well-integrated from sourcing of rough diamonds to CPDs to diamond-studded jewellery manufacturing. KG has established itself as one of the largest players in CPD in India. KGPL's manufacturing units are in Surat spreading from ~10.55 lakh sq. ft. KGPL has sourcing arrangement for rough diamonds with all leading miners - De-Beers, and Okavango.

About Kiran Jewelry (KJ)

Majority of KJ's sales are made in the US market through Unique Designs Inc. Manufacturing facility of KJ SEZ unit is in Surat, Gujarat. KJ is engaged in manufacturing diamond-studded jewellery. KJ caters to export markets majorly the US, Malaysia, and India. KJ sources majority of its raw material from KGPL. KJ's revenue accounted for 2 to 5 % of the group's TOI.

About Kiran Jewels (India) (KJI)

It is another group entity of KG, which is into diamond-studded jewellery manufacturing. KJI's manufacturing facility is in Surat, Gujarat. KJI largely caters to domestic markets. KJI contributed ~2 to 5% of the group's TOI.

Brief Financials (₹ crore) (KG Combined)	March 31, 2024 (UA)	March 31, 2025 (UA)
Total operating income	17,658.81	15,827.13
PBILDT*	678.39	277.91
Profit after tax (PAT)	339.59	142.28
Overall gearing (x)	0.28	0.01
Interest coverage (x)	4.16	5.90

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Brief Financials (₹ crore) (KJ Standalone)	March 31, 2024 (A)	March 31, 2025 (A)	7MFY26 (UA)
Total operating income	389.74	434.51	249.84
PBILDT*	38.08	23.83	NA
Profit after tax (PAT)	18.88	11.51	NA
Overall gearing (x)	1.24	0.00	NA
Interest coverage (x)	4.93	4.34	NA

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 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-Long Term		-	-	-	80.00	CARE A; Negative
Non-fund-based - ST-Forward Contract		-	-	-	0.00	Withdrawn

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-Long Term	LT	80.00	CARE A; Negative	-	1)CARE A; Negative (10-Oct-24)	1)CARE A+; Negative (29-Feb-24) 2)CARE A+; Stable (09-Oct-23)	1)CARE A+; Stable (07-Nov-22) 2)CARE A+; Stable (10-Oct-22)
2	Non-fund-based - ST-Forward Contract	ST	-	-	-	1)CARE A2+ (10-Oct-24)	1)CARE A1 (29-Feb-24) 2)CARE A1 (09-Oct-23)	1)CARE A1 (07-Nov-22) 2)CARE A1 (10-Oct-22)

LT: Long term; ST: 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-Long Term	Simple
2	Non-fund-based - ST-Forward Contract	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities combined

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Kiran Gems Private Limited (Consolidated)	Full	Operational and financial linkages
2	Kiran Jewels (India)	Full	Operational and financial linkages

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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