

## Navinchandra Laxmichand Shah

March 13, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Short Term Bank Facilities	46.00	CARE A4; ISSUER NOT COOPERATING*	Downgraded from CARE A4+ and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has been seeking information from Navinchandra Laxmichand Shah (NLS) to monitor the ratings through email communications and letters dated March 05, 2026, March 02, 2026, February 26, 2026, February 24, 2026, February 18, 2026 and February 06, 2026, among others and numerous phone calls. However, despite repeated requests, the entity has not provided the requisite information for monitoring the ratings. In line with extant SEBI guidelines, CareEdge Ratings has reviewed the rating based on the best available information, which however, in CareEdge Ratings' opinion is not sufficient to arrive at a fair rating. Ratings for Navinchandra Laxmichand Shah's bank facilities will now be denoted as CARE A4; ISSUER NOT COOPERATING.

### Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings have been revised on account of non-submission of the requisite information for monitoring the ratings. The ratings continue to factor in its diversified clientele and the extensive experience of the promoters in the business. These strengths are offset by its small scale of operations, working capital intensive operations, moderate financial risk profile and susceptibility to

**Analytical approach:** Standalone

**Outlook:** Not Applicable

### Detailed description of key rating drivers:

At the time of last rating on February 05, 2025, the following were the strengths and weaknesses

#### Key weaknesses

##### Small scale of operations; profitability margins continue to remain low

The firm is engaged in the manufacturing and trading of rough and cut and polished diamonds. The total operating income of the firm declined by 34.50%, standing at Rs. 162 crores during FY24 as against Rs. 248 crores. during the previous year. PBILDT margins however improved to 3.92% in FY24 as compared to 2.64% in FY23.

##### Moderate financial risk profile

The financial risk profile remained stood comfortable with overall gearing of 0.32x as on March 31st, 2024. The debt comprises mainly of working capital borrowings and funds from the promoters by way of unsecured loans. The coverage indicators were also moderate with interest coverage at 1.86x (PY: 2.22x) and TD/GCA at 7.04x (PY: 21.15x) during FY24. The improvement in TD/GCA is on account of significantly decline in debt levels.

##### Working capital intensive nature of operations

India is the largest centre for cut and polished diamonds in the world. The industry often requires extension of long credit periods to their customers; while on the other hand, they may sometimes be required to buy rough diamonds on cash on delivery basis, especially if they are procuring them directly from the mines. Long inventory days are also a characteristic feature of this industry, as sufficient time is required for the sourcing of raw diamonds, cutting and polishing processes, and the certification process. Therefore, most companies often hold moderately high levels of inventories in order to be able to service their customers better as per their requirements. The operating cycle of the firm has deteriorated from 107 days in FY23 to 132 days in FY24.

##### Susceptible to fluctuation in foreign exchange fluctuation risk

NLS imports rough diamonds from the secondary market which require a long time to be processed, thereby running into high inventory holding periods. Higher inventory holding periods generally exposes the entity to more risks in fluctuations in raw material and finished goods prices. The major customers of NLS for its cut and polished diamonds comprise wholesalers who in turn sell the polished diamonds to jewellery manufacturers. The exports contribute to 50-60% of the firm's total sales, while the

<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.

firm procure majority of their raw materials through imports. Though there is natural hedge to an extent the firm is exposed to foreign exchange risk due to timing mismatches.

#### Partnership constitution of the business

The credit risk profile of the entity is also constrained by its constitution as a partnership firm as there is an inherent risk of withdrawal of the capital which limits its financial flexibility, in turn increasing the vulnerability of the capitalization and coverage metrics. ...

#### Susceptibility to volatility in raw material prices

NLS procures rough diamonds largely from non – sight holding sources and other suppliers from the open market which are further processed into cut and polished diamonds. The major customers of NLS comprise wholesalers who in turn sell the polished diamonds to jewellery manufacturers. In order to meet the requirement of CPD of end customers the firm inherently maintains higher levels of inventory. Thus, exposing operational performance of the firm to volatility of diamond prices.

#### Key Strengths

##### Experienced promoters & marketing support from group concern abroad

Mr. Nilesh Shah (Partner) has experience of around four decades, whereas the other partners have experience of more than two decades in the business of cutting & polishing of diamonds. The firm continues to receive marketing support from the members of the promoter family located abroad.

##### Diversified client base

NLS is not a sight holder. The firm procures rough diamonds mainly from the open market. The firm depends on imports for the procurement of both rough diamonds for trading and manufacturing activities. The firm has a diverse client base with presence in both the domestic and international markets. The firm derived around 51% of its total sales from exports during FY24. The major export destinations were Belgium and Hong Kong during FY24. The customer mix mainly consists of other diamond players and jewellery manufacturers. Customer concentration risk is moderate with top 5 customers forming 66.79% of its total sales during FY24 (PY: 67.72%).

##### Liquidity: Adequate

Liquidity is adequate, marked by comfortable current ratio, moderate utilization of its working capital limits. There is no term loan on the books. The current ratio was comfortable at 1.77x during FY24. The bank limits of Rs. 46 crore were utilised at around 39% during last 12 months ended March 2024. Operations are highly working capital intensive and net working capital as a percentage of capital employed was 59% as on March 31, 2024. While cashflow from operations was positive at Rs.46 crore in FY24, unencumbered cash and bank balance was around Rs.4.19 crore as on March 31, 2024.

**Assumptions/Covenants:** Not Applicable

**Environment, social, and governance (ESG) risks:** Not Applicable

#### Applicable criteria

[Definition of Default](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[Liquidity Analysis of Non-Financial Sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Cut and Polished diamonds](#)

[Financial Ratios – Non financial Sector](#)

[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

Navinchandra Laxmichand Shah (NLS) was established as a proprietorship concern in 1956 and was later converted into partnership concern in 1979. The firm is engaged in trading & manufacturing of rough and polished diamonds.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25(UA)
Total operating income	247.59	162.16	83.29
PBILDT*	6.53	6.35	2.76
Profit after tax (PAT)	2.17	1.77	1.40
Overall gearing (x)	1.14	0.32	NA
Interest coverage (x)	2.22	1.86	3.00

A: Audited UA: Unaudited; 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 - ST-Working Capital Limits		-	-	-	16.00	CARE A4; ISSUER NOT COOPERATING*
Fund-based - ST-Working Capital Limits		-	-	-	30.00	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

### 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 - ST-Working Capital Limits	ST	16.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+ (05-Feb-25)	1)CARE A4+ (15-Mar-24)	1)CARE A4+ (13-Mar-23)
2	Fund-based - ST-Working Capital Limits	ST	30.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4+ (05-Feb-25)	1)CARE A4+ (15-Mar-24)	1)CARE A4+ (13-Mar-23)

\*Issuer did not cooperate; based on best available information.

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 - ST-Working Capital Limits	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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