

## Kakadiam LLP

April 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	29.49 (Reduced from 38.17)	CARE BBB-; Stable	Reaffirmed
Long Term / Short-term bank facilities	64.51 (Enhanced from 55.83)	CARE BBB-; Stable / CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to bank facilities of Kakadiam LLP (KL) continues to derive strength from vast experience of its partners, established track record in the cut and polished diamond (CPD) industry, well-diversified clientele, moderate scale of operations and adequate liquidity.

However, ratings remain constrained by KL's thin profitability, which is vulnerable to volatile rough diamond prices and exchange rate fluctuations, moderation in financial risk profile, and the firm's presence in an intensely competitive and fragmented CPD industry.

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

#### Positive factors

- Sustained improvement in the firm's scale of operations above ₹800 crore while maintain its profit before interest, lease rentals, depreciation and taxation (PBILDT) margin on a sustained basis.

#### Negative factors

- Decline in total operating income (TOI) below ₹350 crore and PBILDT margin falling below 3% on a sustained basis.
- Withdrawal of partner's capital or major borrowings leading to overall gearing above 1.50x.

**Analytical approach:** Standalone

### Outlook: Stable

The stable outlook reflects CARE Ratings' (CareEdge Ratings') expectations that KL will continue to benefit from its established operational track record and experienced partners, which shall enable it to sustain its operational performance in the medium term.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced partners and established track record of operations in CPD industry

Constituted as a partnership firm in October 2007 and reconstituted as a Limited Liability Partnership (LLP) in May 2024, KL is managed by Pravin K Kakadiya and Hasmukh K Kakadiya, having over 18 years of experience in the CPD industry. Partners are ably supported by a team of well-qualified professionals and second generation of the family; Milan P Kakadiya, who looks after the firm's foreign operations. In FY24, Manubhai V. Mangukiya joined as a new partner, and the firm expanded its operations by establishing a new manufacturing unit in Surat.

##### Moderate scale of operations

KL's TOI remained largely stable at ₹540.76 crore in FY25 compared to ₹524.15 crore in FY24. Sales volume of polished diamonds increased by 21% on y-o-y basis in FY25 while sales realisation of polished diamonds declined from ₹29,371 per carat in FY24 to ₹23,005 per carat in FY25. In 9MFY26, sales realisation of polished diamonds remained ~₹22,750 per carat, while the firm's turnover reached ~₹448 crore.

<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.

**Diversified clientele**

KL maintained a low customer concentration risk by building relationships with well-established clients in domestic and export markets. For four years ending FY25, the company's revenue has been well-diversified, with its top five customers contributing between 14-19% TOI, reducing risk associated with revenue concentration from a single client. The firm achieved ~77% of total sales from domestic market in FY25.

**Key weaknesses****Thin profitability, which remains vulnerable to price volatility and exchange rate fluctuations**

KL's PBILDT margin remained stable at 4.71% in FY25, compared to 4.29% in FY24, while the profit after taxation (PAT) margin remained low at 1.66% (FY24: 1.60%). Marginal improvement was largely due to the firm's focus on smaller-sized diamonds (below 20 cents), which experienced less price erosion compared to larger diamonds. Continued sluggish demand and moderation in prices would remain a key credit monitorable. KL depends on imports to meet its requirement of rough diamonds and ~77% of its sales is focused in domestic market, hence the firm's profitability is vulnerable to exchange rate fluctuations.

**Moderation in financial risk profile**

KL's capital structure moderated marked by increase in overall gearing to 1.24x as on March 31, 2025 (0.32x as on March 31, 2024), primarily due to term loan availed for the capex and increase in its working capital borrowings. The company recently concluded the capex in FY25 with ~cost of ₹55 crore in Surat to facilitate its operations. This was financed through a ₹30 crore term loan, ~₹13 crore through promoter's contribution, ~₹9 crore through unsecured loans from related parties and remaining through internal accruals. Debt coverage metrics also moderated in FY25 marked by interest coverage of 5.30x (PY: 6.76x) and Total debt to gross cash accruals (TD/GCA) of 5.28x (PY:2.08x) due to increase in finance cost and total debt. Capital structure and debt coverage indicators are expected to remain moderate in the near-to-medium term due to increased debt levels.

**Presence in fragmented industry**

India is the world's largest centre for cutting and polishing of diamonds. However, the CPD industry in India is highly fragmented with the presence of numerous unorganised players in addition to large integrated gems and jewellery (G&J) manufacturers leading to a high level of competition. In the last couple of years, CPD exports have been under pressure, experiencing a decline due to reduced demand from countries to which India exports. Lab-grown diamond's (LGD's) growth and popularity led to cannibalisation of natural diamonds market. Adding to this, declining CPD exports, demand-supply imbalance, and price corrections have negatively impacted the sector. Overall, the near-term outlook for the sector remains negative.

Exports of CPD are expected to hit five years low due to factors such as lower demand due to high inflationary pressure in the US and China, rise of alternative discretionary spending options, growing market for LGD, and geopolitical tensions. However, major revenue contribution (~77%) of KL in FY25 remained from domestic market signifying lower impact of slow-down in exports market.

**Liquidity: Adequate**

KL has adequate liquidity marked by adequate cash accruals generation envisaged ₹20-23 crore against repayment obligation in the range of ₹8-9 crore in the next two years FY27 and FY28. The firm held free cash and bank balance of ₹4.40 crore as on March 31, 2025. Average working capital limit utilisation remained moderate at ~83% for 12 months ended December 2025. KL's cashflow from operations turned negative at ₹10.34 crore in FY25, primarily due to increase in inventory. The firm's operating cycle remained at 36 days in FY25 (PY: 22 days).

**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

Headquartered in Surat, KL (LLPIN: ACH-5744) was originally established as a partnership firm in October 2007 before transitioning into a limited liability partnership (LLP) in May 2024. Led by the Kakadiya family, the firm specialises in processing and selling small-sized CPDs ranging from 0.70 mm to 2.40 mm in size.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	524.15	540.76	448.20
PBILDT*	22.47	25.49	NA
Profit after tax (PAT)	8.38	9.00	NA
Overall gearing (x)	0.32	1.24	NA
Interest coverage (x)	6.76	5.30	NA

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:** CRISIL has moved the rating assigned to bank facilities of KL into ISSUER NOT COOPERATING category vide press release dated March 13, 2025, considering its inability to carry out a review in the absence of requisite information from the company.

**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-Term Loan		-	-	02-03-2029	29.49	CARE BBB-; Stable
Fund-based - LT/ ST-Cash Credit		-	-	-	42.50	CARE BBB-; Stable / CARE A3
Fund-based - LT/ ST-Working Capital Limits		-	-	-	22.01	CARE BBB-; Stable / CARE A3

**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	42.50	CARE BBB-; Stable / CARE A3	-	1)CARE BBB- ; Stable / CARE A3 (26-Mar-25)	-	-
2	Fund-based - LT- Term Loan	LT	29.49	CARE BBB-; Stable	-	1)CARE BBB- ; Stable (26-Mar-25)	-	-
3	Fund-based - LT/ ST-Working Capital Limits	LT/ST	22.01	CARE BBB-; Stable / CARE A3	-	1)CARE BBB- ; Stable / CARE A3 (26-Mar-25)	-	-

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-Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple
3	Fund-based - LT/ 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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