# Red Exim Diamond LLP

October 07, 2026

| Facilities/Instruments | Name of the Regulator[1] | Amount (₹ crore) | Rating[2] | Rating Action |
|---|---|---|---|---|
| Long Term / Short Term Bank Facilities | RBI | 15.00 | CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* | Downgraded from CARE BBB-; Negative / CARE A3 and moved to ISSUER NOT COOPERATING category |
| Long Term Bank Facilities | RBI | 95.00 | CARE BB+; Stable; ISSUER NOT COOPERATING* | Downgraded from CARE BBB-; Negative 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 Red Exim Diamond LLP (RE) to monitor the rating(s) vide e-mail communications and letters dated September 24, 2026, September 09, 2026, August 19, 2026, July 29, 2026, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with extant Securities and Exchange Board of India (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 RE's bank facilities will now be denoted as **CARE BB+; Stable/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 the account of non-submission of the requisite information for monitoring the ratings. The ratings continue to factor in the extensive experience of promoters in the cut and polished diamonds (CPD) industry with established relationship with customers and suppliers. However, ratings remain constrained by elongated working capital cycle, exposure to intense competition in a fragmented industry, susceptibility of the firm's profit margins to volatility in gold and diamond prices, and exposure to regulatory risks. Ratings also continue to consider the risks of capital withdrawal associated with the partnership constitution of the firm.

## Analytical approach: Standalone

## Outlook: Stable

The Stable outlook on long-term rating reflects CARE Ratings' expectations that the company will continue to maintain stable performance in the coming years.

## Detailed description of key rating drivers

At the time of last rating October 06, 2025, the following were the key strengths and weaknesses (updated for the information received from RE).

## Key weaknesses

### Working capital intensive operations

RE's operations are working capital intensive reflected by operating cycle of 222 days in FY26 as compared to 236 days in FY25. The inventory holding period reduced to 173 days as on March 31, 2026 (PY: 186 days) and average collection days stood at 91 days (PY: 93 days), whereas average creditor days stood at 42 days (PY: 43 days).

### Susceptibility to volatility in profitability margins and industry characterised by intense competition

Due to high inventory holding periods, the firm runs an inherent risk of volatility in rough and polished diamond prices. In FY25, the exports contributed ~39% of the revenues, which partially hedge the exchange rate fluctuation risk, the profits continue to remain susceptible to the same, as the firm mainly depends on a natural hedge for its foreign currency exposure. In FY26, RE

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

incurred a forex gain of ₹3.89 crore (PY: gain of ₹2.76 crore). The diamond industry is fragmented, with low value addition and intense competition. HVK faces intense competition from unorganised and few established organised players, which limits its pricing power. However, the promoters' established presence in the industry for more than four decades and diverse product offerings helped HVK develop healthy business relationships with its customers and suppliers.

**Constitution as a partnership firm**

The credit risk profile is tempered by the constitution as 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 capitalisation and coverage metrics. In FY25, net withdrawal stood at around ₹9.26 crore (PY: ₹7.09 crore).

## Key strengths

**Experienced partners in the CPD industry**

RE was established in 2010 as a partnership firm by brothers Sujal H. Shah and Heman H. Shah. Sujal Shah started working in the diamond industry in 1987. He initially started with assortment and then moved to Antwerp, Belgium to work in the diamond industry. Heman Shah also started working in the diamond industry in 1987 and gathered professional experience in manufacturing, including cutting, polishing, and assortment. Both the partners are actively involved in day-to-day operations of the firm and are duly supported by a team of experienced middle-level managers and staff.

**Satisfactory financial risk profile**

The firm's financial risk profile is satisfactory marked by moderate net worth with no long-term repayment obligation, low gearing and average debt protection indicators. Its net worth stood at ₹233 crore as on March 31, 2026 (PY: ₹232 crore) with reduction in total debt to ~45 crore as on Mar 31, 2026. The capital structure remained comfortable, marked by overall gearing at 0.19x (PY:0.29x) and TOL/TNW at 0.48x (PY: 0.44x) as on March 31, 2026. Debt protection metrics stood adequate marked by PBILDT interest coverage ratio at 5.55x in FY26 (PY: 6.07x).

**Established sourcing network**

RE has established a strong sourcing network over the years wherein it procures from both mining companies and secondary markets. However, majority of its requirement of rough diamonds is from secondary markets. RE does not have fixed long-term supply contracts with their suppliers and purchases from them based on their requirements and prices. RE procures rough diamonds through bidding-based procurement from secondary market through advance payment / COD and from very few suppliers it gets credit period of 90-120 days. RE does not have significant reliance on supplier in bidding-based procurement with procurement from top 10 suppliers accounting for ~48% of total rough diamonds purchase in FY25 (PY: ~58%).

**Established clientele with presence across multiple geographies**

RE has a global presence with clients based out of almost all the major gems and jewellery hubs in the world. The firm exports contributing ~39% in FY25 as compared to 35% in FY24. Revenue-wise, apart from India, Thailand continues to remain the major market for RE accounting for ~10% of total sales in FY25 followed by Belgium contribution of 9%. The firm draws operational efficiencies from its diverse product profile and varied client base across geographies.

**Liquidity**: Adequate

The firm has adequate liquidity marked by projected cash accruals between ₹6-8 crore p.a. against no long-term repayment obligations over the medium term. As of March 2026, free cash and bank stood at around ₹7.50 crore. The average utilisation of working capital limits for the past 12 months ending July 2025 was 37%, providing liquidity cushion. As on March 31, 2026, the firm's current ratio stood at 4.06x. The firm has no plans to undertake debt-funded capex in the medium term.

**Assumptions/Covenants:** Not applicable

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

## Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Information Adequacy Risk and Issuer Non-Cooperation
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 |

Formerly known as Red Exim, RE is engaged in processing rough diamonds and selling CPD. The firm specialises in round and fancy-shaped diamonds ranging from 0.003 to 3 carats, with a particular focus on smaller stones (less than 1 carat). Established in 2010 as a partnership firm by Sujal H. Shah and Heman H. Shah, Red Exim was converted into a Limited Liability Partnership (LLP) in September 2024. The company sources rough diamonds from both mining companies and secondary markets. RE has three units, one of them, at Dahisar, Mumbai (smaller unit) is owned by the firm, whereas manufacturing is outsourced to Supergems Enterprise. The other two units in Surat are owned and managed by Shivam Export and Bhargavi Gems Private Limited. The entire cutting and polishing of diamonds at Surat is also done by Shivam Export on a job work basis.

| Brief Financials (₹ crore) | March 31, 2025 (A) | March 31, 2026 (UA) |
|---|---|---|
| Total operating income | 432.19 | 419.68 |
| PBILDT* | 12.18 | 10.61 |
| Profit after tax (PAT) | 6.47 | 5.50 |
| Overall gearing (x) | 0.29 | 0.19 |
| Interest coverage (x) | 6.07 | 5.55 |

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

**For complexity level of instruments rated refer to Annexure-1**

**Lender details**: Annexure-4

**Disclosure on facilities/instruments and name of the regulators:**
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

**Annexure-1: Details of instruments/facilities**

| Name of the Instrument | Name of the Regulator | Complexity Level | 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-EPC/PSC | RBI | NA | - | - | - | - | 95.00 | CARE BB+; Stable; ISSUER NOT COOPERATING* |
| Fund-based/Non-fund-based-LT/ST | RBI | NA | - | - | - | - | 15.00 | CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* |

*Issuer did not cooperate; based on best available information.
NA: Not Applicable

**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 2026-2027 | 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 |
| 1 | Fund-based - LT-EPC/PSC | LT | 95.00 | CARE BB+; Stable; ISSUER NOT COOPERATING* | - | 1)CARE BBB-; Negative (06-Oct-25) | 1)CARE BBB-; Stable (30-Sep-24) | 1)CARE BBB; Negative (27-Feb-24)<br>2)CARE BBB; Stable (06-Oct-23) |
| 2 | Fund-based/Non-fund-based-LT/ST | LT/ST | 15.00 | CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING* | - | 1)CARE BBB-; Negative / CARE A3 (06-Oct-25) | 1)CARE BBB-; Stable / CARE A3 (30-Sep-24) | 1)CARE BBB; Negative / CARE A3+ (27-Feb-24)<br>2)CARE BBB; Stable / CARE A3+ (06-Oct-23) |

*Issuer did not cooperate; based on best available information.
LT: Long term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Lender details**

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

**Annexure-5: List of entities consolidated:** Not applicable

**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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