Nuvo Aeon Diamond and Jewellery Private Limited

(erstwhile Nuvo Aeon Diamond and Jewellery LLP)

June 06, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Short Term Bank Facilities	19.00	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Rating Reaffirmed	Simple
Total	**19.00 (Rupees Nineteen crore only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed its rating assigned to the bank facilities of Nuvo Aeon Diamond and Jewellery Private Limited (NADJPL) (erstwhile Nuvo Aeon Diamond and Jewellery LLP) at IVR A3. The rating derives strength from experienced promoters and long track record of operations in diamond industry, strong support in the form of operational synergies from group companies, and conversion from LLP to private limited company for enhanced financial stability. The rating strengths are however tempered by susceptibility to volatility in finished lab grown diamond (LGD) prices and foreign exchange fluctuation risk, capital intensive nature of operations, increasing competition in LGD segment, decreased revenue due to falling lab-grown diamond prices and sluggish U.S. demand and deterioration in capital structure in FY25(Prov) (refers to the period from 1st April to 31st March).

The ‘Stable’ outlook is based on Infomerics’ view that the prices of LGDs have bottomed out and further significant decline in prices is unlikely. Additionally, the agency expects the market for LGDs to expand steadily at the cost of natural diamonds. Based on this view, Infomerics’ believes that NADJPL is likely to demonstrate steady growth in revenues from FY25 (Prov.) levels, while maintaining EBITDA margins at ~20% levels (close to FY25 (Prov.) levels but significantly lower than levels reported in previous two years. Given the low level of bank borrowings, coverage metrics are expected to be maintained at strong levels in future.

Key Rating Sensitivities:

Upward Factors

- Sustained & substantial improvement in scale of operations and EBITDA margin leading to improvement in debt protection parameters.

Downward Factors

- A further decline in the scale of operations or the EBITDA margin from FY25 levels, leading to deterioration in the debt protection parameters.
- Larger than expected debt-funded capex, deteriorating capital structure and debt protection metrics.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters and long track record of operations in diamond industry**
  The company is promoted by Mr. Anil Poddar who has experience of over 40 years in the diamond industry. The promoters understand the industry dynamics, which has helped them in procuring the right technology for manufacturing and processing of LGD and have established long standing relationships with the suppliers and customers. The company is mainly engaged in processing and trading of Cut and Polished Lab Grown Diamonds (CPLGDs). From FY25 they have started to shift their focus more on selling in domestic markets under the brands 'Nuvo' and 'Sparkles'.

- **Strong support in the form of operational synergies from group companies**
  NADJPL derives strong group support in form of operational synergies with various group companies. It sells CPLGDs to its group companies viz. Poddar Diamond Private Limited, Aarush Diam LLC, Pure Stones BV and Friendly Diamonds INC. On the other hand, it procures carbon plates and CPLGDs from Aarush Diam LLC and Pure Stones BV and procures rough LGDs from Pure Stones BV. The sales to the group companies comprised 78% of the sales in FY24, whereas the purchases from them comprised 29% of the total purchases in the year.

- **Conversion from LLP to Private Limited Company for enhanced financial stability**
  NADJPL was earlier structured as a Limited Liability Partnership (LLP), where significant withdrawals by partners directly impacted its net worth and capital structure. To enhance financial stability and support long-term growth, the firm was converted into a private limited company, Nuvo Aeon Diamond and Jewellery Private Limited, effective April 1, 2025. This transition allows for better governance, improved capital retention, and greater fundraising flexibility.

Key Rating Weaknesses

- **Susceptibility to volatility in finished LGD prices and foreign exchange fluctuation risk**
  LGD prices have dropped sharply—from ~70% of natural diamond prices in 2019 to ~10–20% by 2025—due to oversupply and rising competition, pressuring margins and leading to inventory write-downs. While Infomerics believe prices have largely bottomed out, minor reductions due to continued competitive pressure may still impact revenues and margins. The company's revenue declined to ₹184.68 crore in FY25 (Prov.) from ₹234.76 crore in FY24 (A), despite a significant rise in LGD volumes (FY24: 1,23,056 carats; FY25: 2,00,264 carats), mainly due to compressed pricing and weakening overseas demand. Exports formed ~87% of total sales in FY25, while imports accounted for ~20% of purchases. With ~₹27 crore in unhedged net forex receivables as on March 31, 2025, the absence of a hedging policy exposes the company to forex volatility, which may further impact profitability.

- **Increasing competition in LGD segment**
  With increasing concerns on environmental impact of mining of natural diamonds and sustainability, LGDs are well placed to grow in the near to medium term. In key markets such as USA, a preference for LGDs is observed especially by young consumers who are indifferent to the source of the diamonds but who are attracted to the lower prices of LGDs. This factor along with low entry barriers has attracted a lot of players into this segment resulting in intense competition, which is reflected in the moderation of EBITDA margins

of players such as NADJPL in recent times. Any further pressure on prices of CPLGDs would be detrimental to the company's financial profile.

- **Deterioration in Capital Structure**
  In FY25 (P), the company's capital structure weakened significantly due to the conversion of the partner's current account balance into Rs. 134 crores of unsecured loans from promoters. This reclassification led to a sharp reduction in tangible net worth to ₹29.50 crore, compared to the previous year. Additionally, the company invested ₹112 crore in its subsidiary and group companies, resulting in an adjusted tangible net worth (adjusted for investments in group companies) of negative ₹83.45 crore. Consequently, the overall gearing ratio deteriorated to -1.73x in FY25 (P) from 0.40x in FY24 (A), while the TOL/TNW ratio increased to -2.55x in FY25(P)from 2.87x in FY24(A). However, Infomerics notes that, if the unsecured loans from promoters are excluded from the debt calculation (as these are interest free loans) and treated as quasi equity, the adjusted gearing and TOL/TNW ratios improve to 0.20x and 1.54x, respectively at end FY25 from 0.40x and 2.87x at end FY24.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies.

Criteria on assigning rating outlook

Policy on Default Recognition and Post-Default Curing Period

Complexity Level of Rated Instruments/Facilities

Financial Ratios & Interpretation (Non-Financial Sector).

Liquidity – Adequate

The company's liquidity is adequate marked by ~70% average utilization of fund-based working capital limits (of Rs. 17.00 crore) for the last 12 months ended March 2025. It expects moderate cushion in cash accrual against its scheduled debt repayment obligation. The current ratio and quick ratio of the company stood at 0.16x and 0.06x respectively as on March

31, 2025(P). The gross cash accruals are expected to be in the range of ~Rs.37.00 to 40.00 crore annually in FY26-28 annually against the annual repayment obligation in the range of ~Rs. 0.05 to 0.35 crore in the same period, hence, will provide a comfortable cushion to the liquidity of the company.

About the Company

Nuvo Aeon Diamond and Jewellery Private Limited (NADJPL) was incorporated in July 2016 and is engaged in manufacturing, processing and trading of Lab Grown Diamonds. Nuvo Aeon Diamond and Jewellery LLP was converted into NADJPL with effect from April 01, 2025.The firm has two production setups in Mumbai at Kandivali and Dahisar. The firm deals in LGD ranging from 0.30 carats to 10 carats and certified stones in varied shapes like rounds, ovals, pears, cushions, emeralds, asscher, princess, marquise, and heart.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	234.76	184.68
EBITDA	76.77	37.98
PAT	41.79	20.52
Total Debt	15.84	144.64
Tangible Net Worth	152.08	29.50
EBITDA Margin (%)	32.70	20.57
PAT Margin (%)	17.18	10.55
Overall Gearing Ratio (x)	0.10	4.90
Interest Coverage (x)	39.37	42.67

* *Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Nil

Any other information: None

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-2026)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-2024	Date(s) & Rating(s) assigned in T-2	Date(s) & Rating(s) assigned in T-3
					Date (March 15, 2024)	**Date** (Month XX, 20XX)	**Date** (Month XX, 20XX)
1.	Export Packing Credit	Short Term	17.00*	IVR A3	IVR A3	--	--
2.	Derivative	Short Term	2.00	IVR A3	IVR A3	--	--

**Sub-limit of EPC-Packing Credit in Foreign Currency (PCFC) of Rs. 17.00 crore*
Sub-limit of PCFC- Post Shipping Credit in Foreign Currency (PSFC) of Rs. 17 crore

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Export Packing Credit	-	-	-	-	17.00*	IVR A3
Derivative	-	-	-	-	2.00	IVR A3

**Sub-limit of EPC-Packing Credit in Foreign Currency (PCFC) of Rs. 17.00 crore*
Sub-limit of PCFC- Post Shipping Credit in Foreign Currency (PSFC) of Rs. 17 crore

Annexure 2: Facility wise lender details
https://www.infomerics.com/admin/prfiles/Len-NuvoAeon-Diamond-6june25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: NA

Annexure 4: List of companies considered for consolidated/Combined analysis: NA

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.