



**Press Release**  
**DIABU DIAMOND TOOLS (INDIA) PRIVATE LIMITED**  
**October 29, 2025**  
**Rating Reaffirmed**

| Product                            | Quantum (Rs. Cr) | Long Term Rating                | Short Term Rating       |
|------------------------------------|------------------|---------------------------------|-------------------------|
| Bank Loan Ratings                  | 8.95             | ACUITE BB   Stable   Reaffirmed | -                       |
| Bank Loan Ratings                  | 2.00             | -                               | ACUITE A4+   Reaffirmed |
| Total Outstanding Quantum (Rs. Cr) | 10.95            | -                               | -                       |
| Total Withdrawn Quantum (Rs. Cr)   | 0.00             | -                               | -                       |

**Rating Rationale**

Acuite has reaffirmed its long-term rating of '**ACUITE BB**' (read as **ACUITE double B**) and the short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 10.95 crore bank facilities of Diabu Diamond Tools (India) Private Limited (DDTPL). The outlook is '**Stable**'.

**Rationale for reaffirmation**

The reaffirmation of the rating for Diabu Diamond Tools (India) Private Limited reflects a slight improvement in its operating performance, supported by an increase in operating income, though it remained modest and stable profitability margins. The rating continues to derive strength from the extensive experience of the management. It also factors in the company's adequate liquidity position and moderate financial risk profile, as indicated by its stable net worth, low gearing levels, and comfortable debt protection indicators. However, the rating remains constrained by the working capital intensive nature of the company's operations and its ability to operate effectively within a highly fragmented and competitive industry environment.

**About the Company**

Diabu Diamond Tools (India) Private Limited (DDTPL), based at Bangalore (Karnataka), was incorporated in 1993. The company is engaged in manufacturing of cutting tools since 2004. The manufacturing facility is located at Bangalore with an installed capacity of 7,68,000 pieces per annum of diamond cutting tools and 72,000 meters per annum of diamond wires. The directors of the company are Mr. Arvind Kumar Sharma, Mr. Satya Prakash Venkatesh, Mr. Michael Jank And Mr. Dirk Buttner.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of DDTPL to arrive at

the rating.

## Key Rating Drivers

### Strengths

#### Experienced management and long operational track record

DDTPL has an established presence of over a decade since 2004 in the manufacture of cutting tools. The company is the Indian subsidiary of Heinz Büttner GmbH, Diabü Diamantwerkzeuge, a 50-year-old German company and one of Europe's leading diamond tools companies. The promoters possess over two decades of experience in the same line of business, supported by stable revenue growth over the years. The extensive experience of the promoters and the group has helped the company maintain long-standing relationships with its suppliers and customers. Acuité believes that the company will benefit from its longstanding relationships with clients and the experience of the promoters.

#### Modest scale of operations albeit moderation in profitability margins

In FY2025, DDTPL reported a revenue of Rs. 27.15 crore, marking an increase from Rs. 25.23 crore in FY2024. The company witnessed an improvement in order volumes from domestic customers during FY2025 compared to FY2024. Revenue is primarily generated through the sale of three key product segments namely, diamond tools, diamond wires, and abrasives. The contribution from the abrasives segment has moderated and is expected to remain rangebound, as the company shifts its strategic focus towards the diamond tools and wires segment. In the first half of FY2026 (H1FY26), the company recorded revenue of approximately Rs. 12.50 crore and anticipates closing the year with a topline in the range of Rs. 30 to Rs. 35 crore. The operating profit margin stood at 9.21 per cent in FY25, slightly lower than the 10.09 per cent recorded in the previous year. Similarly, the PAT margin moderated marginally to 1.85 per cent in FY2025 from 1.96 per cent in FY2024. Acuite believes, the company's scale of operations would remain modest over the medium term.

#### Moderate Financial Risk Profile

DDTPL maintains a moderate financial risk profile, supported by a stable tangible net worth, low gearing levels, and comfortable debt protection metrics. As of 31 March 2025, the company's tangible net worth stood at Rs. 20.94 crore, up from Rs. 20.44 crore as of 31 March 2024. The company adheres to a moderate leverage policy, reflected in its low gearing ratio of 0.59 times as on 31 March 2025, compared to 0.57 times in the previous year. The total outstanding debt of Rs. 12.29 crore comprises long-term borrowings of Rs. 7.17 crore, unsecured loans from promoters amounting to Rs. 2.89 crore, a term loan of Rs. 1.38 crore, and maturing debt repayment obligations of Rs. 0.85 crore. Coverage ratios remained moderate, with the Interest Coverage Ratio (ICR) at 1.92 times for FY2025, slightly lower than 2.03 times in FY2024. The Debt Service Coverage Ratio (DSCR) stood at 1.07 times for FY2025, compared to 1.34 times in FY2024. Additionally, the Total Outside Liabilities to Tangible Net Worth (TOL/TNW) ratio was 0.90 times as on 31 March 2025, up from 0.78 times as on 31 March 2024. Acuite believes that the financial risk profile of the company is expected to remain moderate in the absence of any debt funded capex plan.

### Weaknesses

#### Working Capital Intensive Operations

The operations of DDTPL are inherently working capital-intensive, as reflected in the high Gross Current Assets (GCA) of 272 days for FY2025. This elevated GCA is primarily driven by high debtor days, which stood at 190 during the same period. Inventory levels remained moderate, with inventory days at 81 days for FY2025 compared to 71 days in FY2024, and the average inventory holding period is around 75 days. Creditor days increased significantly to 88 days in FY2025 from 44 days in FY2024, with the average credit period extended to suppliers being approximately 75 days. The working capital-intensive nature of operations has resulted in high utilisation of the company's sanctioned working capital limits, which stood at approximately ~95.54 per cent for the 05 months ended July 2025. Acuite believes, the operations of the company would remain working capital intensive due to nature of business.

### **Highly fragmented and competitive industry**

The industry is marked by the presence of a large number of organized and unorganized players. It is intensely competitive and fragmented due to low entry barriers and moderate capital requirements. The high level of competition limits pricing flexibility and puts pressure on the margins of all participants. Furthermore, the end users of the products belong to cyclical industries such as gems and jewelry and real estate. However, the established brand presence, diversified geographical reach, and experienced management help mitigate these risks to some extent.

### **Rating Sensitivities**

- Substantial improvement in scale of operation while maintaining profitability margins
- Elongation in working capital cycle leading to higher reliance on working capital limits
- Deterioration in debt protection metrics and liquidity profile

### **Liquidity Position Adequate**

The liquidity position of the company remains adequate, supported by sufficient net cash accruals to meet its maturing debt obligations. For FY2025, the company generated net cash accruals of Rs. 0.99 crore against debt repayments of Rs. 0.84 crore. Over the period FY2025 to FY2027, net cash accruals are expected to remain in the range of Rs. 1.00 to Rs. 1.50 crore, comfortably covering the maturing obligations estimated between Rs. 0.50 to Rs. 0.85 crore. The company maintains an unencumbered cash and bank balance of Rs. 0.27 crore, and its current ratio stood at 1.60 times in FY2025, indicating a healthy short-term financial position. However, the working capital limits have been highly utilised, with an average utilisation of approximately 95.54 per cent over the five months ended July 2025.

### **Outlook: Stable**

#### **Other Factors affecting Rating**

None

## Key Financials

| Particulars                   | Unit    | FY 25 (Actual) | FY 24 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income              | Rs. Cr. | 27.15          | 25.23          |
| PAT                           | Rs. Cr. | 0.50           | 0.49           |
| PAT Margin                    | (%)     | 1.85           | 1.96           |
| Total Debt/Tangible Net Worth | Times   | 0.59           | 0.57           |
| PBDIT/Interest                | Times   | 1.92           | 2.03           |

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

| Date        | Name of Instruments/Facilities   | Term       | Amount (Rs. Cr) | Rating/Outlook                  |
|-------------|----------------------------------|------------|-----------------|---------------------------------|
| 31 Jul 2024 | Letter of Credit                 | Short Term | 2.00            | ACUITE A4+ (Reaffirmed)         |
|             | Cash Credit                      | Long Term  | 7.40            | ACUITE BB   Stable (Reaffirmed) |
|             | Proposed Long Term Bank Facility | Long Term  | 0.79            | ACUITE BB   Stable (Reaffirmed) |
|             | Covid Emergency Line.            | Long Term  | 0.56            | ACUITE BB   Stable (Reaffirmed) |
|             | Term Loan                        | Long Term  | 0.20            | ACUITE BB   Stable (Reaffirmed) |
| 08 May 2023 | Letter of Credit                 | Short Term | 2.00            | ACUITE A4+ (Reaffirmed)         |
|             | Cash Credit                      | Long Term  | 7.40            | ACUITE BB   Stable (Reaffirmed) |
|             | Proposed Long Term Bank Facility | Long Term  | 0.58            | ACUITE BB   Stable (Reaffirmed) |
|             | Working Capital Term Loan        | Long Term  | 0.97            | ACUITE BB   Stable (Reaffirmed) |
| 18 Apr 2022 | Letter of Credit                 | Short Term | 2.00            | ACUITE A4+ (Reaffirmed)         |
|             | Cash Credit                      | Long Term  | 7.40            | ACUITE BB   Stable (Reaffirmed) |
|             | Proposed Long Term Bank Facility | Long Term  | 0.58            | ACUITE BB   Stable (Reaffirmed) |
|             | Working Capital Term Loan        | Long Term  | 0.97            | ACUITE BB   Stable (Reaffirmed) |

## Annexure - Details of instruments rated

| Lender's Name  | ISIN                 | Facilities                       | Date Of Issuance     | Coupon Rate          | Maturity Date        | Quantum (Rs. Cr.) | Complexity Level | Rating                          |
|----------------|----------------------|----------------------------------|----------------------|----------------------|----------------------|-------------------|------------------|---------------------------------|
| Indian Bank    | Not avl. / Not appl. | Cash Credit                      | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 7.40              | Simple           | ACUITE BB   Stable   Reaffirmed |
| Indian Bank    | Not avl. / Not appl. | Covid Emergency Line.            | 17 Nov 2021          | Not avl. / Not appl. | 17 Oct 2026          | 0.56              | Simple           | ACUITE BB   Stable   Reaffirmed |
| Indian Bank    | Not avl. / Not appl. | Letter of Credit                 | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 2.00              | Simple           | ACUITE A4+   Reaffirmed         |
| Not Applicable | Not avl. / Not appl. | Proposed Long Term Bank Facility | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 0.79              | Simple           | ACUITE BB   Stable   Reaffirmed |
| Indian Bank    | Not avl. / Not appl. | Term Loan                        | 04 Feb 2022          | Not avl. / Not appl. | 04 Jan 2026          | 0.20              | Simple           | ACUITE BB   Stable   Reaffirmed |

## Contacts

|                                                          |                                                                                                               |
|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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