

Press Release

Jedi Dia India Private Limited

September 26, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 15.00 Cr.
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

Acuite has assigned short term rating of '**ACUITE A4**' (read as **ACUITE A four**) to the Rs. 15.00 crore bank facilities of Jedi Dia India Private Limited (JDIPL).

JDIPL is a mumbai based company incorporated in 2013. It is promoted by Mr. Darpil Narendra Shah and Mr. Devang Sevantilal Shah. JDIPL is engaged in the trading of cut and polished diamonds of less than 1 carat and has started manufacturing from FY2018. JDIPL is totally into export to Hongkong and USA.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Jedi Dia. (India) Private Limited (JDIPL) to arrive at the rating.

Key Rating Drivers

Strengths

- Promoters' extensive industry experience**

The promoters of the company have been in the diamond business for more than two decades. The promoters have developed healthy relationship with its customers during this period. Acuite believes that the company will be benefitted by the experienced management.

- Consistent growth in revenues**

The company has registered a compound annual growth rate of around 23.59 percent from FY2016 to FY2018. The revenues stood at Rs.38.06 crore in FY2018, as compared to Rs.26.76 crore in FY2016. Further, the company has booked revenue of Rs. 23.59 crore for the period 31 April, 2018 to 21 August, 2018.

Weaknesses

- Working-capital intensive nature of operations and stretched liquidity**

The company has working capital intensive nature of operations evident from Gross Current Assets (GCA) of 249 days in FY2018 as against 178 days in FY2017. This is majorly on account of stretched debtor days of 225 in FY2018 as against 150 days in FY2017. Also, creditor days stood at 164 in FY2018 as against 120 days in FY2017. The bank limit utilisation is almost full for the last six months ended July, 2018.

- Intense competition from established players in the organised and unorganised sector**

JDIPL operates in a highly competitive and fragmented industry characterised by large number of unorganised players affecting margins.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	38.06	26.76	20.16
EBITDA	Rs. Cr.	1.25	0.05	0.45
PAT	Rs. Cr.	0.62	-0.40	0.08
EBITDA Margin	(%)	3.29	0.17	2.21
PAT Margin	(%)	1.62	-1.49	0.42
ROCE	(%)	11.92	-1.22	12.86
Total Debt/Tangible Net Worth	Times	1.88	1.68	0.72
PBDIT/Interest	Times	3.08	0.17	2.52
Total Debt/PBDIT	Times	6.00	75.56	4.38
Gross Current Assets (Days)	Days	249	178	208

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
PC/PCFC*	Not Applicable	Not Applicable	Not Applicable	7.50	ACUITE A4
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	7.50	ACUITE A4

*PC is interchangeable with FBP/FBD

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About Acuité Ratings & Research:

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