

Press Release

Jodhani Exports

January 19, 2021



Rating Withdrawn

Total Bank Facilities Rated*	Rs.20.00 Cr.
Short Term Rating	ACUITE A4 (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the short term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs.20.00 Cr. bank facilities of Jodhani Exports (JE). The rating withdrawal is in accordance with Acuité's policy on withdrawal of rating.

The rating is being withdrawn on account of request received from the company and NOC received from the banker.

About the Firm

Established in 1989 and based in Mumbai, Jodhani Exports (JE) is a partnership firm engaged in manufacturing of cut and polished diamonds. The firm is promoted by Mr. Limbabhai Jodhani, Mr. Ravjibhai Jodhani and others. It exports the polished diamonds to various countries including United States of America, Thailand and Hong Kong. The firm procures diamonds from local traders of Surat and from countries such as Africa and Belgium.

Analytical Approach

Acuité has considered the standalone view of the business and financial risk profile of JE to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced partners and long track record of operations**

JE commenced operations in 1989 is promoted by Mr. Limbabhai Jodhani, who has more than three decades of experience in the gems and jewellery industry. The extensive experience of the partners has enabled the firm to maintain healthy relationships with their key customers and suppliers.

- **Moderate financial risk profile**

JE has moderate financial risk profile marked by moderate tangible net worth, gearing and debt protection metrics. The tangible net worth of the firm stands moderate at Rs.21.44 Cr. as on March 31, 2020 as against Rs.22.14 Cr. as on March 31, 2019. The company follows a conservative financial policy marked by Gearing (Debt to Equity) Ratio of 0.94 times as on March 31, 2020 as against 0.91 times as on March 31, 2019. The TOL/TNW (Total Outside Liabilities to Total Net Worth) stood at 1.21 times as on March 31, 2020 as against 1.47 times as on March 31, 2019.

The debt profile consists majorly of working capital facilities availed by the firm. The debt protection metrics remain comfortable and improving on Y-O-Y Basis. The ICR (Interest Coverage Ratio) and DSCR (Debt-Service Coverage Ratio) stands at 2.33 times in FY2020 as against 1.66 times in FY2019. The NCA/TD (Net Cash Accrual to Total Debt) stands at 0.08 times in FY2020 as against 0.06 times in FY2019.

Weaknesses

- **Working capital intensive operations**

JE has working capital intensive requirement marked by high Gross Current Asset (GCA) of 250 days in FY2020 as against 270 days in FY2019. The Inventory of the firm stood at 82 days in FY2020 as against 155 days in FY2019 while the Debtors stood at 161 days in FY2020 as against 118 days in FY2019. The firm normally has a credit policy of about 5 to 6 months and is required to maintain their inventory of rough diamonds as

they import majority of them, thus making the operations working capital intensive in medium term.

• Vulnerability to volatility in diamond prices as well as exchange rate fluctuations

The profitability margins of the firm remain susceptible to volatility in the prices of rough diamonds. The firm is exposed to significant forex risk as majority of the revenue arrives from the overseas customers for which they have a defence mechanism to mitigate the risk.

Liquidity position: Adequate

JE has adequate liquidity position marked by net cash accruals of Rs.1.63 Cr. vis-à-vis its maturing debt obligations of less than Rs.0.10 crore in FY2020. The firm maintains unencumbered cash and bank balance of Rs.0.04 crore as on March 31, 2020. The fund based limit utilization remains at an average of ~80 percent for the six month ended December, 2020 while the current ratio stands moderate at 1.71 times as on March 31, 2020.

Rating Sensitivities

Not Applicable

Material Covenants

None

Outlook

Not Applicable

About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	60.29	66.42
PAT	Rs. Cr.	1.17	0.61
PAT Margin	(%)	1.94	0.92
Total Debt/Tangible Net Worth	Times	0.94	0.91
PBDIT/Interest	Times	2.33	1.66

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

None

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>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
06-Feb-2020	Packing Credit	Short Term	4.00	ACUITE A4 (Reaffirmed)
	Post Shipment Credit	Short Term	16.00	ACUITE A4 (Reaffirmed)
21-Dec-2018	Packing Credit	Short Term	4.00	ACUITE A4 (Assigned)
	Post Shipment Credit	Short Term	16.00	ACUITE A4 (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Packing Credit	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE A4 (Withdrawn)
Post Shipment Credit	Not Applicable	Not Applicable	Not Applicable	16.00	ACUITE A4 (Withdrawn)

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 8,507 credit 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 Mumbai.

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