

## 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### Rating Withdrawn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Short Term Rating	ACUITE A4 (Withdrawn)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

Acuite has withdrawn the short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.20.00 Cr.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 Acuite'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The rating is being withdrawn on account of request received from the company and NOC received from the banker.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

Acuite 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)

**Contacts**

Analytical	Rating Desk
<p>Aditya Gupta Vice President – Corporate Ratings Tel: 022 – 49294041 <a href="mailto:aditya.gupta@acuite.in">aditya.gupta@acuite.in</a></p> <p>Aditya Sahu Analyst – Rating Operations Tel: 022 – 49294055 <a href="mailto:aditya.sahu@acuite.in">aditya.sahu@acuite.in</a></p>	<p>Varsha Bist Senior Manager - Rating Desk Tel: 022 – 49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a></p>

**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.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité, Acuité's rating scale and its definitions.