

MIRA INFORM REPORT

Report No. :	542262
Report Date :	03.12.2018

IDENTIFICATION DETAILS

Name :	SHEETAL (FAR EAST) LIMITED
Registered Office :	Room 1316, 13/F., Peninsula Square, 18 Sung On Street, Hunghom, Kowloon
Country :	Hong Kong
Date of Incorporation :	03.05.2011
Com. Reg. No.:	58302462
Legal Form :	Private Limited Company
Line of Business :	Importer, exporter and wholesaler of all kinds of diamonds and jewellery products, emerald, precious stones
No. of Employees :	4 (Including associates)

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Good
Payment Behaviour :	Slow but Correct
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

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ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Hong Kong	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

HONG KONG - ECONOMIC OVERVIEW

Hong Kong has a free market economy, highly dependent on international trade and finance - the value of goods and services trade, including the sizable share of reexports, is about four times GDP. Hong Kong has no tariffs on imported goods, and it levies excise duties on only four commodities, whether imported or produced locally: hard alcohol, tobacco, oil, and methyl alcohol. There are no quotas or dumping laws. Hong Kong continues to link its currency closely to the US dollar, maintaining an arrangement established in 1983.

Excess liquidity, low interest rates and a tight housing supply have caused Hong Kong property prices to rise rapidly. The lower and middle-income segments of the population increasingly find housing unaffordable.

Hong Kong's open economy has left it exposed to the global economic situation. Its continued reliance on foreign trade and investment makes it vulnerable to renewed global financial market volatility or a slowdown in the global economy.

Mainland China has long been Hong Kong's largest trading partner, accounting for about half of Hong Kong's total trade by value. Hong Kong's natural resources are limited, and food and raw materials must be imported. As a result of China's easing of travel restrictions, the number of mainland tourists to the territory surged from 4.5 million in 2001 to 47.3 million in 2014, outnumbering visitors from all other countries combined. After peaking in 2014, overall tourist arrivals dropped 2.5% in 2015 and 4.5% in 2016. The tourism sector rebounded in 2017, with visitor arrivals rising 3.2% to 58.47 million. Travelers from Mainland China totaled 44.45 million, accounting for 76% of the total.

The Hong Kong Government is promoting the Special Administrative Region (SAR) as the preferred business hub for renminbi (RMB) internationalization. Hong Kong residents are allowed to establish RMB-denominated savings accounts, RMB-denominated corporate and Chinese government bonds have been issued in Hong Kong, RMB trade settlement is allowed, and investment schemes such as the Renminbi Qualified Foreign Institutional Investor (RQFII) Program was first launched in Hong Kong. Offshore RMB activities experienced a setback, however, after the People's Bank of China changed the way it set the central parity rate in August 2015. RMB deposits in Hong Kong fell from 1.0 trillion RMB at the end of 2014 to 559 billion RMB at the end of 2017, while RMB trade settlement handled by banks in Hong Kong also shrank from 6.8 trillion RMB in 2015 to 3.9 trillion RMB in 2017.

Hong Kong has also established itself as the premier stock market for Chinese firms seeking to list abroad. In 2015, mainland Chinese companies constituted about 50% of the firms listed on the Hong Kong Stock Exchange and accounted for about 66% of the exchange's market capitalization.

During the past decade, as Hong Kong's manufacturing industry moved to the mainland, its service industry has grown rapidly. In 2014, Hong Kong and China signed a new agreement on achieving basic liberalization of trade in services in Guangdong Province under the Closer Economic Partnership Agreement (CEPA), adopted in 2003 to forge closer ties between Hong Kong and the mainland. The new measures, which took effect in March 2015, cover a negative list and a most-favored treatment provision. On the basis of the Guangdong Agreement, the Agreement on Trade in Services signed in November 2015 further enhanced liberalization, including extending the implementation of the majority of Guangdong pilot liberalization measures to the whole Mainland, reducing the restrictive measures in the negative list, and adding measures in the positive lists for cross-border services as well as cultural and telecommunications services. In June 2017, the Investment Agreement and the Agreement on Economic and Technical Cooperation (Ecotech Agreement) were signed under the framework of CEPA.

Hong Kong's economic integration with the mainland continues to be most evident in the banking and finance sector. Initiatives like the Hong Kong-Shanghai Stock Connect, the Hong Kong- Shenzhen Stock Connect the Mutual Recognition of Funds, and the Bond Connect scheme are all important steps towards opening up the Mainland's capital markets and have reinforced Hong Kong's role as China's leading offshore RMB market. Additional connect schemes such as ETF Connect (for exchange-traded fund products) are also under exploration by Hong Kong authorities. In 2017, Chief Executive Carrie LAM announced plans to increase



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government spending on research and development, education, and technological innovation with the aim of spurring continued economic growth through greater sector diversification.

Source : CIA

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COMPANY NAME AND ADDRESS

SHEETAL (FAR EAST) LIMITED

ADDRESS: Room 1316, 13/F., Peninsula Square, 18 Sung On Street, Hunghom, Kowloon, Hong Kong.

PHONE: 852-2379 1460, 2739 8299

FAX: 852-2739 8211, 2739 9200

E-MAIL: reception.hongkong@sheetals.net

MANAGEMENT

Managing Director: Mr. Jignesh Manjibhai Donda

SUMMARY

Incorporated on: 3rd May, 2011.

Organization: Private Limited Company.

Issued Share Capital: HK\$70,300,000.00

Business Category: Diamond Trader.

Employees: 4 (Including associates)

Main Dealing Banker: Wing Lung Bank Ltd., Hong Kong.

Banking Relation: Satisfactory.

ADDRESS

Registered Head Office:-

Room 1316, 13/F., Peninsula Square, 18 Sung On Street, Hunghom, Kowloon, Hong Kong.

Holding Company:-

Sheetal Golden Works (India) LLP, India.

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BUSINESS REGISTRATION NUMBER

58302462

COMPANY FILE NUMBER

1595440

MANAGEMENT

Managing Director: Mr. Jignesh Manjibhai Donda

ISSUED SHARE CAPITAL

HK\$70,300,000.00

SHAREHOLDER

(As per registry dated 03-05-2018)

Name

Sheetal Golden Works (India) LLP
104 Radhe Vallabha CHS Limited, Opera House, Mumbai 400 004,
India.

No. of shares

70,300,000
=====

DIRECTORS

(As per registry dated 03-05-2018)

Name

(Nationality)

Jignesh Manjibhai DONDA

Address

Flat B, 25/F., Tower 4, The Greenwood, Laguna Verde,
8 Laguna Verde Avenue, Hunghom, Kowloon, Hong Kong.

Chirag Ravjibhai KAKADIA

10 Siddharth Nager, B/H Affiel Tower, L.H. Road, Surat City,
Pin: 395006, Guharat, India.

SECRETARY

(As per registry dated 03-05-2018)

<u>Name</u>	<u>Address</u>	<u>Co. No.</u>
Taxbase Consultants Ltd.	Room 1408, 14/F., Hollywood Plaza, 610 Nathan Road, Kowloon, Hong Kong.	0411324

HISTORY

The subject was incorporated on 3rd May, 2011 as a private limited liability company under the Hong Kong Companies Ordinance.

It increased its issued share capital to HK\$70.2 million in December 2017 from HK\$100,000.00
Apart from these, neither material change nor amendment has been ever traced and noted.

OPERATIONS

Activities: Importer, Exporter and Wholesaler.

Lines: All kinds of diamonds and jewellery products, emerald, precious stones.

Brand Names: *Sheetal, Kiah.*

Employees: 4. (Including associates)

Commodities Imported: India, Canada, Russia, Australia, Belgium, other European countries, etc.

Markets: Hong Kong, Japan, other Asian countries, Europe, Middle East, US, etc.

Terms/Sales: CAD, L/C, T/T, etc.

Terms/Buying: L/C, T/T, D/P, etc.

MEMBERSHIP: Hong Kong Jewelry Manufacturers' Association, Hong Kong.

FINANCIAL INFORMATION

Issued Share Capital: HK\$70,300,000.00

Profit or Loss: Made small profits in past years.

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Condition:	Business is normal.
Facilities:	Making active use of general banking facilities.
Payment:	Slow but correct.
Commercial Morality:	Satisfactory.
Banker:	Wing Lung Bank Ltd., Hong Kong.
Standing:	Good.

GENERAL

Having issued 100,000 ordinary shares, Sheetal (Far East) Limited was a wholly-owned subsidiary of Sheetal Golden Works (India) Private Ltd. [Sheetal] which was an India-based firm.

The subject has increased its ordinary shares to 70.2 million of HK\$1.00 each. Now, Sheetal in India is known as Sheetal Golden Works (India) LLP. [LLP is the abbreviation of 'Limited Liability Partnership'.] This new name was formally registered on 31st March, 2016.

The managing director of the subject is Mr. Jignesh Manjibhai Donda [J M Donda] who is also one of the directors of the subject.

The subject is trading in the following commodities:-

GIA Certified and Non-Certified Polished Diamonds Size:

From 0.01 ct to 20.00 ct Cut: Round, Pear, Marquise, Cushion, Heart, Radiant, Rose-Cut, Round Brilliant and Fancy Shapes

Colour: D to M, Fancy Colour (White, Yellow, Champagne/Brown, Pink), White LC, Natts, etc.

Clarity: IF-VVS, VS, SI, I1, I2, I3, etc.

The subject also trades in IGI fine jewellery with diamond and gold such as jewellery set, diamond sapphire necklace, etc.

Most of its products bear the trademarks of *Sheetal* and *Kiah*.

Its products are marketed in Hong Kong, China and exported to the other Asian countries such as Japan, South Korea, Taiwan, Europe, the Middle East, Scandinavia, North America, Central and South America, Australia, etc.

The subject and Sheetal belong to the Sheetal Group.

Established in 1985, Sheetal Group is one of the world's leading manufacturers of polished diamonds with an annual sales turnover about US\$550 million and manufactures about 1.1 million polished carats.

The Group is significant for GIA Round Brilliant, Fancy-Cut, Fancy-Colour +0.30 ct, +1.00 ct, +3.00 ct. Its Polished Parcel includes White, Brown, LC 0.01 – 0.80 ct.

Sheetal Group is also a certified member of the RJC (Responsible Jewellery Council). Besides, the Group is one of the largest suppliers of Argyle polished diamonds, providing the entire suite of Argyle polished from white, grey to champagne diamonds.

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Over the years, Sheetal Group has established a strong distribution network with some of the world's leading polished distributors, jewellery manufacturers and retailers, serving key diamond markets. The United States continues to be one of the major consumer markets for the Group's products. Sheetal Group has also become one of the leading polished suppliers to the Chinese and Indian Retailer segments.

Besides, its products are playing an important role in the growing markets of China and the Middle East. The Group has more than 310,000 sq.ft. of diamond manufacturing infrastructure capacity in Surat, India. Currently, it has about 5,000 employees.

Sheetal Group has had association with major diamond mining companies like De Beers, Rio Tinto, Alrosa and others. It procures diamonds from mining companies in Canada, Russia, Africa and Australia. It has commanded market leadership position in the brown diamonds segment for more than 15 years. Now, Sheetal is jointly managed by the first and second generations of the Kakadia family. Most of the family members are in Mumbai and Surat, India.

The business of the Group is active and lucrative.

In order to penetrate the international market further, the subject has taken part in fairs and exhibitions held in Hong Kong and other foreign large cities.

For instance, it took part in "HKTDC Hong Kong International Diamond, Gem & Pearl Show 2018" which had been held in Hong Kong AsiaWorld-Expo, Lantau, Hong Kong during the period of 27th February to 3rd March, 2018. Its booth No. was AWE 2-D15 and 2-R12.

The contact person of the subject is J M Donda.

The subject is fully supported by the Sheetal Group. History in Hong Kong is over seven years and six months. On the whole, in view of the background of the subject, consider it good for normal business engagements.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 69.66
UK Pound	1	INR 89.08
Euro	1	INR 79.36
HKD	1	INR 8.98

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	SYL

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)