

**MIRA INFORM REPORT**

<b>Report No. :</b>	546045.2
<b>Report Date :</b>	29.12.2018

**IDENTIFICATION DETAILS**

<b>Name :</b>	RARE JEWELS
<b>Registered Office :</b>	FC-8021/22, Bharat Diamond Bourse, BKC, Bandra (East), Mumbai-400051, Maharashtra
<b>Mobile No.:</b>	91-9833769269 (Mr. Mihir Desai)
<b>Country :</b>	India
<b>Financials (as on) :</b>	31.03.2018
<b>Year of Establishment:</b>	2008
<b>Capital Investment / Paid-up Capital :</b>	INR 63.527 Million
<b>PAN No.:</b> [Permanent Account No.]	AAKFR7301R
<b>GSTN :</b> [Goods & Service Tax Registration No.]	27AAKFR7301R1ZK
<b>Legal Form :</b>	Partnership Concern with an Unlimited Liability of the Partners
<b>Line of Business :</b>	Manufacturer, Trader and Exporter of Diamonds. (Confirmed by management)
<b>No. of Employees :</b>	12 (Approximately)

**RATING & COMMENTS**

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

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

<b>Status :</b>	Satisfactory
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**RARE JEWELS - 546045.2 (SUPPLEMENTARY REPORT)**

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<b>Payment Behaviour :</b>	Slow but Correct
<b>Litigation :</b>	Clear
<b>Comments :</b>	<p>Subject is a partnership firm established in the year 2008. It is a manufacturer, trader and exporter of diamonds.</p> <p>As per the financial records of 2018, the firm has reported a decline in its revenue as compared to the previous year and has reported low net profit margin of 0.21%.</p> <p>The overall financial position of the firm seems to be satisfactory marked by adequate capital base along with average debt balance sheet profile.</p> <p>Rating strength is partially offset by susceptibility of the company's margins to movement in foreign currency exchange rates and strong competition from the organized as well as unorganized players in cut and polished diamonds industry.</p> <p>Payment seems to be slow but correct.</p> <p>In view of aforesaid, the subject can be considered for business dealings at usual trade terms and condition.</p>

**NOTES :**

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

**ECGC Country Risk Classification List**

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
India	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

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**EXTERNAL AGENCY RATING**

Rating Agency Name	CARE
Rating	Long Term Loans = BB
Rating Explanation	Moderate risk of default
Date	27.02.2018

**RBI DEFAULTERS' LIST STATUS**

Subject's name is not enlisted as a defaulter in the publicly available RBI Defaulters' list.

**EPF (Employee Provident Fund) DEFAULTERS' LIST STATUS**

Subject's name is not enlisted as a defaulter in the publicly available EPF (Employee Provident Fund) Defaulters' list as of 31-03-2018.

**BIFR (Board for Industrial & Financial Reconstruction) LISTING STATUS**

Subject's name is not listed as a Sick Unit in the publicly available BIFR (Board for Industrial & Financial Reconstruction) list as of 28.12.2018

**IBBI (Insolvency and Bankruptcy Board of India) LISTING STATUS**

Subject's name is not listed in the publicly available IBBI (Insolvency and Bankruptcy Board of India) list as of report date.

**INFORMATION PARTED BY (GENERAL DETAILS)**

Name :	Mr. Mihir Desai
Designation :	Manager
Contact No.:	91-9833769269
Date :	21.12.2018

**LOCATIONS**

Registered Office :	FC-8021/22, Bharat Diamond Bourse, BKC, Bandra (East), Mumbai-400051, Maharashtra, India
Tel. No.:	91-22-40041001 / 40033399 / 40033999
Mobile No.:	91-9833769269 (Mr. Mihir Desai)

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**RARE JEWELS - 546045.2 (SUPPLEMENTARY REPORT)**

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<b>Fax No.:</b>	91-22-4004 0708
<b>E-Mail :</b>	<a href="mailto:sales@rjdiamonds.com">sales@rjdiamonds.com</a> <a href="mailto:contact@rjdiamonds.com">contact@rjdiamonds.com</a>
<b>Website :</b>	<a href="http://www.rjdiamonds.com">http://www.rjdiamonds.com</a>
<b>Location :</b>	Owned
<b>Factory :</b>	7/3986, Bamanji Strret, Rugnathpura Road, Lal Darwaja, Surat, Gujarat, India
<b>Tel. No.:</b>	91-261-2459555
<b>E-Mail :</b>	<a href="mailto:factory@rjdiamonds.com">factory@rjdiamonds.com</a>

**PARTNERS**

<b>Name :</b>	Mr. Vishal Doshi
<b>Designation :</b>	Partner
<b>Name :</b>	Mr. Pritesh Doshi
<b>Designation :</b>	Partner

**KEY EXECUTIVES**

<b>Name :</b>	Mr. Mihir Desai
<b>Designation :</b>	Manager

**BUSINESS DETAILS**

<b>Line of Business :</b>	Manufacturer, Trader and Exporter of Diamonds. (Confirmed by management)
<b>Products :</b>	Diamonds
<b>Brand Names :</b>	Not Available
<b>Agencies Held :</b>	Not Available
<b>Exports :</b>	
<b>Products :</b>	Polished Diamonds
<b>Countries :</b>	<ul style="list-style-type: none"> <li>• New York</li> <li>• Thailand</li> <li>• Belgium</li> <li>• Hong Kong</li> </ul>
<b>Imports :</b>	
<b>Products :</b>	Rough Diamonds
<b>Countries :</b>	Belgium

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<b>Terms :</b>	
<b>Selling :</b>	L/C, Cheque, Credit (90 Days) and RTGS
<b>Purchasing :</b>	L/C, Cheque, Credit (90 Days) and RTGS

**GENERAL INFORMATION**

<b>Suppliers :</b>	<b>Reference :</b>	Not Divulged
	<b>Name of the Person :</b>	--
	<b>Contact No.:</b>	--
	<b>Since How Long Known :</b>	--
	<b>Maximum Limit Dealt :</b>	--
	<b>Experience :</b>	--
	<b>Remark:</b>	--
<b>Customers :</b>	Manufacturer	
	<b>Reference :</b>	Not Divulged
	<b>Name of the Person :</b>	--
	<b>Contact No.:</b>	--
	<b>Since How Long Known :</b>	--
	<b>Maximum Limit Dealt :</b>	--
	<b>Experience :</b>	--
<b>Remark:</b>	--	
<b>No. of Employees :</b>	12 (Approximately)	
<b>Bankers :</b>	<b>Bank Name</b>	Not Divulged
	<b>Branch</b>	Not Divulged
	<b>Person Name (With Designation)</b>	--
	<b>Contact Number</b>	--
	<b>Name of Account Holder</b>	--
	<b>Account Number</b>	--
	<b>Account Since (Date/Year of Account Opening)</b>	--
	<b>Average Balance Maintained (If Possible)</b>	--
	<b>Credit Facilities Enjoyed (If any)</b>	--
	<b>Account Operation</b>	--
	<b>Remarks (If any)</b>	--
<b>Auditors :</b>	<b>Name :</b>	Mr. Ketanbhai Chartered Accountant

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<b>Memberships :</b>	Not Available
<b>Collaborators :</b>	Not Available
<b>Sister Concern:</b>	Not Available

**CAPITAL STRUCTURE**

**As on 31.03.2018**

<b>Capital Investment</b>	<b>INR in Million</b>
<b>Owned :</b>	<b>63.527</b>
<b>Borrowed :</b>	<b>-</b>
<b>Total :</b>	<b>63.527</b>

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**FINANCIAL DATA**  
*[all figures are in INR Million]*

**ABRIDGED BALANCE SHEET**

<b>SOURCES OF FUNDS</b>	<b>31.03.2018</b>	<b>31.03.2017</b>	<b>31.03.2016</b>
<b>SHAREHOLDERS FUNDS</b>			
1] Capital Account	63.527	79.240	81.385
2] Reserves and Surplus	0.000	0.000	0.000
<b>NETWORTH</b>	<b>63.527</b>	<b>79.24</b>	<b>81.385</b>
<b>LOAN FUNDS</b>			
1] Secured Loans	92.811	89.485	102.870
2] Unsecured Loans	0.000	3.800	2.000
<b>TOTAL BORROWING</b>	<b>92.811</b>	<b>93.285</b>	<b>104.870</b>
DEFERRED TAX LIABILITIES	0.000	0.000	0.000
<b>TOTAL</b>	<b>156.338</b>	<b>172.525</b>	<b>186.255</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS [Net Block]</b>			
Capital work-in-progress	0.000	0.000	0.000
<b>INVESTMENT</b>	0.666	0.659	0.653
DEFERREX TAX ASSETS	0.000	0.000	0.000
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	158.236	146.415	204.307
Sundry Debtors	128.214	202.746	126.752
Cash & Bank Balances	0.689	0.789	6.016
Other Current Assets	0.000	0.000	0.000
Loans & Advances	18.547	8.026	4.193
<b>Total Current Assets</b>	<b>305.686</b>	<b>357.976</b>	<b>341.268</b>
<b>Less : CURRENT LIABILITIES &amp; PROVISIONS</b>			
Sundry Creditors	172.594	194.056	152.179
Other Current Liabilities	7.576	20.621	7.946
Provisions	1.225	2.384	5.188
<b>Total Current Liabilities</b>	<b>181.395</b>	<b>217.061</b>	<b>165.313</b>
<b>Net Current Assets</b>	<b>124.291</b>	<b>140.915</b>	<b>175.955</b>
<b>MISCELLANEOUS EXPENSES</b>	0.000	0.000	0.000
<b>TOTAL</b>	<b>156.338</b>	<b>172.525</b>	<b>186.255</b>

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**PROFIT & LOSS ACCOUNT**

	PARTICULARS	31.03.2018	31.03.2017	31.03.2016
	<b>SALES</b>			
	Sales	865.248	1328.307	1369.949
	Other Income	4.973	11.482	0.773
	<b>TOTAL</b>	<b>870.221</b>	<b>1339.789</b>	<b>1370.722</b>
<b>Less</b>	<b>EXPENSES</b>			
	Cost of Goods Sold	813.082	1245.195	1293.618
	Direct Expenses	21.601	32.073	32.340
	ECGC Premium	1.627	1.909	2.441
	Exhibition Charges	1.397	0.000	0.291
	Grading Certification Charges	12.586	34.265	15.491
	Foreign Travelling Expenses	2.574	2.564	2.798
	Salary	2.537	2.254	1.746
	Other Expenses	5.101	7.784	7.161
	<b>TOTAL</b>	<b>860.505</b>	<b>1326.044</b>	<b>1355.886</b>
	<b>PROFIT BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION</b>	<b>9.716</b>	<b>13.745</b>	<b>14.836</b>
<b>Less</b>	<b>FINANCIAL EXPENSES</b>	6.264	6.312	5.856
	<b>PROFIT BEFORE TAX, DEPRECIATION AND AMORTISATION</b>	<b>3.452</b>	<b>7.433</b>	<b>8.980</b>
<b>Less/ Add</b>	<b>DEPRECIATION/ AMORTISATION</b>	0.577	0.315	0.255
	<b>PROFIT BEFORE TAX</b>	<b>2.875</b>	<b>7.118</b>	<b>8.725</b>
<b>Less</b>	<b>TAX</b>	1.031	1.499	2.346
	<b>NET PROFIT</b>	<b>1.844</b>	<b>5.619</b>	<b>6.379</b>

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**KEY RATIOS**

**EFFICIENCY RATIOS**

PARTICULARS	31.03.2018	31.03.2017	31.03.2016
Average Collection Days (Sundry Debtors / Income * 365 Days)	54.09	55.71	33.77
Account Receivables Turnover (Income / Sundry Debtors)	6.75	6.55	10.81
Average Payment Days (Sundry Creditors / Purchases * 365 Days)	77.48	56.88	42.94
Inventory Turnover (Operating Income / Inventories)	0.06	0.09	0.07
Asset Turnover (Operating Income / Net Fixed Assets)	0.31	0.44	1.54

**LEVERAGE RATIOS**

PARTICULARS	31.03.2018	31.03.2017	31.03.2016
Debt Ratio (Borrowing + Current Liabilities) / Total Assets)	0.81	0.80	0.77
Debt Equity Ratio (Total Liability / Networth)	1.46	1.18	1.29
Current Liabilities to Networth (Current Liabilities / Net Worth)	2.86	2.74	2.03
Fixed Assets to Networth (Net Fixed Assets / Networth)	0.49	0.39	0.12
Interest Coverage Ratio (PBIT / Financial Charges)	1.55	2.18	2.53

**PROFITABILITY RATIOS**

PARTICULARS		31.03.2018	31.03.2017	31.03.2016
Net Profit Margin [(PAT / Sales) * 100]	%	0.21	0.42	0.47
Return on Total Assets [(PAT / Total Assets) * 100]	%	0.55	1.44	1.81

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Return on Investment (ROI) ((PAT / Networth) * 100)	%	2.90	7.09	7.84
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**SOLVENCY RATIOS**

PARTICULARS	31.03.2018	31.03.2017	31.03.2016
Current Ratio (Current Assets / Current Liabilities)	1.69	1.65	2.06
Quick Ratio ((Current Assets – Inventories) / Current Liabilities)	0.81	0.97	0.83
G-Score Ratio Financial (Networth / Total Assets)	0.19	0.20	0.23
G-Score Ratio Debt (Debts / Equity Capital)	1.46	1.18	1.29
G-Score Ratio Liquidity (Total Current Assets / Total Current Liabilities)	1.69	1.65	2.06

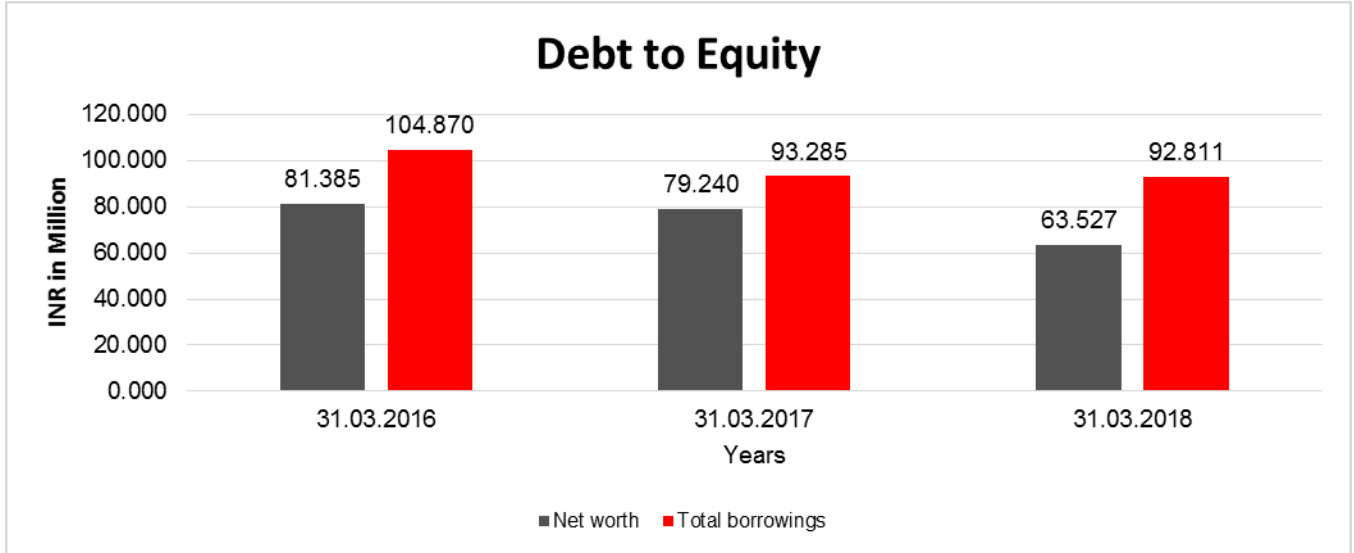
Total Liability = Short-term Debt + Long-term Debt + Current Maturities of Long-term debts

**FINANCIAL ANALYSIS**  
[all figures are in INR Million]

**DEBT EQUITY RATIO**

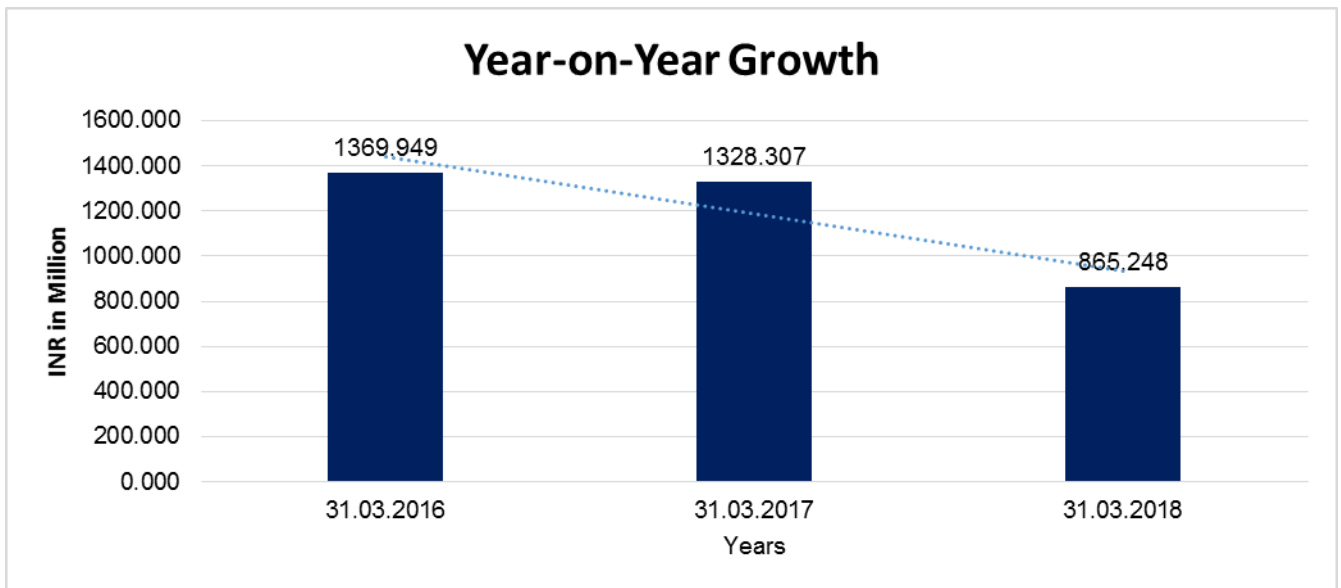
Particular	31.03.2016 INR In Million	31.03.2017 INR In Million	31.03.2018 INR In Million
Capital Account	81.385	79.240	63.527
Reserves & Surplus	0.000	0.000	0.000
<b>Net worth</b>	<b>81.385</b>	<b>79.240</b>	<b>63.527</b>
Secured Loans	102.870	89.485	92.811
Unsecured Loans	2.000	3.800	0.000
<b>Total borrowings</b>	<b>104.870</b>	<b>93.285</b>	<b>92.811</b>
<b>Debt/Equity ratio</b>	<b>1.289</b>	<b>1.177</b>	<b>1.461</b>

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**YEAR-ON-YEAR GROWTH**

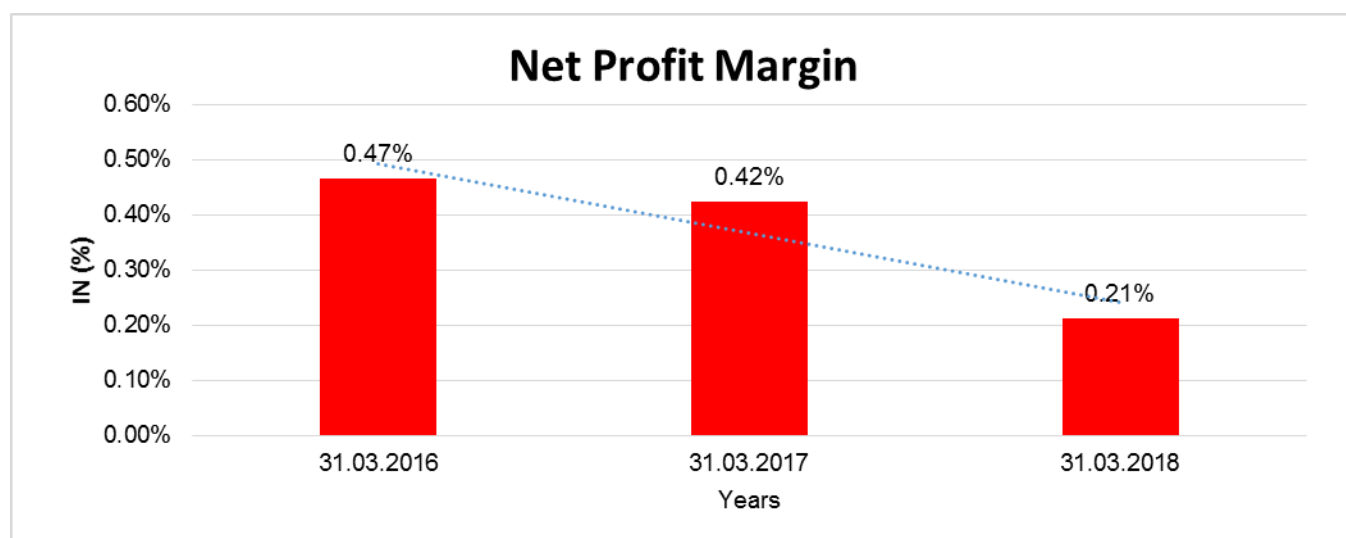
Year on Year Growth	31.03.2016	31.03.2017	31.03.2018
	INR In Million	INR In Million	INR In Million
Sales	1369.949	1328.307	865.248
		<b>(3.040)</b>	<b>(34.861)</b>



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**NET PROFIT MARGIN**

Net Profit Margin	31.03.2016	31.03.2017	31.03.2018
	INR In Million	INR In Million	INR In Million
Sales	1369.949	1328.307	865.248
Profit	6.379	5.619	1.844
	<b>0.47%</b>	<b>0.42%</b>	<b>0.21%</b>



**LOCAL AGENCY FURTHER INFORMATION**

Sr. No.	Check list by info agents	Available in Report (Yes/No)
1	Year of establishment	Yes
2	Constitution of the entity	Yes
3	Locality of the entity	Yes
4	Premises details	Yes
5	Buyer visit details	--
6	Contact numbers	Yes
7	Name of the person contacted	Yes
8	Designation of contact person	Yes
9	Promoter's background	No
10	Date of Birth of Proprietor / Partners / Directors	No
11	Pan Card No. of Proprietor / Partners	No
12	Voter Id Card No. of Proprietor / Partners	No
13	Type of business	Yes
14	Line of Business	Yes
15	Export/import details (if applicable)	Yes
16	No. of employees	Yes
17	Details of sister concerns	No
18	Major suppliers	No
19	Major customers	No
20	Banking Details	No
21	Banking facility details	Yes
22	Conduct of the banking account	--
23	Financials, if provided	Yes
24	Capital in the business	Yes
25	Last accounts filed at ROC, if applicable	No
26	Turnover of firm for last three years	Yes
27	Reasons for variation <> 20%	--
28	Estimation for coming financial year	No
29	Profitability for last three years	Yes
30	Major shareholders, if available	No
31	External Agency Rating, if available	No
32	Litigations that the firm/promoter involved in	--
33	Market information	--
34	Payments terms	Yes
35	Negative Reporting by Auditors in the Annual Report	No

## **DIAMOND INDUSTRY – INDIA**

From time immemorial, India is well known in the world as the birthplace for diamonds. It is difficult to trace the origin of diamonds but history says that in the remote past, diamonds were mined only in India. Diamond production in India can be traced back to almost 8<sup>th</sup> Century B.C. India, in fact, remained undisputed leader till 18<sup>th</sup> Century when Brazilian fields were discovered in 1725 followed by emergence of S. Africa, Russia and Australia.

The achievement of the Indian diamond industry was possible only due to combination of the manufacturing skills of the Indian workforce and the untiring and unflagging efforts of the Indian diamantaires, supported by progressive Government policies.

The area of study of family owned diamond businesses derives its importance from the huge conglomerate of family run organizations which operate in the diamond industry since many generations.

Some of the basic traits of family run business enterprises include spirit of entrepreneurship, mutual trust lowers transaction costs, small, nimble and quick to react, information as a source of advantage and philanthropy.

Family owned diamond businesses need to improve on many fronts including higher standard of corporate governance, long-term performance – focused strategies, modern management and technology.

Utmost caution is to be exercised while dealing with some medium and large diamond traders which are usually engaged in fictitious import – export, inter-company transactions, financially assisted by banks. In the process, several public sector banks lost several hundred million rupees. They mostly diverted borrowed money for diamond business into real estate and capital markets.

Excerpts from Times of India dated 30<sup>th</sup> October 2010 is as under –

Gem and Jewellery Export Promotion Council in its statistical data has shown the export of polished diamonds to have increase by 28 % in February 2013. Compared to \$ 1.4 bn worth of polished diamond export in February, 2012, India exported \$ 1.84 billion worth of polished diamonds in February 2013. A senior executive of GJEPC said, “Export of cut and polished diamonds started falling month-wise after the imposition of 2 % of import duty on the polished diamonds. But February, 2013 has given a new ray of hope to the industry as the export of polished diamonds has actually increased by 28 %. It means the industry is on the track of recovery and round tripping of diamonds has stopped completely.” Demand has started coming from the US, the UK, Japan and China. India’s polished diamond export is expected to cross \$ 21 bn in 2013-14.

The banking sector has started exercising restraint while following prudent risk management norms when lending money to gems and jewellery sector. This follows the implementation of Basel III accord – a global voluntary regulatory standard on bank capital adequacy, stress testing and market liquidity.

**CMT REPORT (Corruption, Money Laundering & Terrorism]**

The Public Notice information has been collected from various sources including but not limited to: **The Courts, India Prisons Service, Interpol, etc.**

**1] INFORMATION ON DESIGNATED PARTY**

No records exist designating subject or any of its beneficial owners, controlling shareholders or senior officers as terrorist or terrorist organization or whom notice had been received that all financial transactions involving their assets have been blocked or convicted, found guilty or against whom a judgement or order had been entered in a proceedings for violating money-laundering, anti-corruption or bribery or international economic or anti-terrorism sanction laws or whose assets were seized, blocked, frozen or ordered forfeited for violation of money laundering or international anti-terrorism laws.

**2] Court Declaration :**

No records exist to suggest that subject is or was the subject of any formal or informal allegations, prosecutions or other official proceeding for making any prohibited payments or other improper payments to government officials for engaging in prohibited transactions or with designated parties.

**3] Asset Declaration :**

No records exist to suggest that the property or assets of the subject are derived from criminal conduct or a prohibited transaction.

**4] Record on Financial Crime :**

Charges or conviction registered against subject: **None**

**5] Records on Violation of Anti-Corruption Laws :**

Charges or investigation registered against subject: **None**

**6] Records on Int'l Anti-Money Laundering Laws/Standards :**

Charges or investigation registered against subject: **None**

**7] Criminal Records**

No available information exist that suggest that subject or any of its principals have been formally charged or convicted by a competent governmental authority for any financial crime or under any formal investigation by a competent government authority for any violation of anti-corruption laws or international anti-money laundering laws or standard.

**8] Affiliation with Government :**

No record exists to suggest that any director or indirect owners, controlling shareholders, director, officer or employee of the company is a government official or a family member or close business associate of a Government official.

**9] Compensation Package :**

Our market survey revealed that the amount of compensation sought by the subject is fair and reasonable and comparable to compensation paid to others for similar services.

**10] Press Report :**

No press reports / filings exists on the subject.

**CORPORATE GOVERNANCE**

MIRA INFORM as part of its Due Diligence do provide comments on Corporate Governance to identify management and governance. These factors often have been predictive and in some cases have created vulnerabilities to credit deterioration.

Our Governance Assessment focuses principally on the interactions between a company's management, its Board of Directors, Shareholders and other financial stakeholders.

**CONTRAVENTION**

Subject is not known to have contravened any existing local laws, regulations or policies that prohibit, restrict or otherwise affect the terms and conditions that could be included in the agreement with the subject.

**FOREIGN EXCHANGE RATES**

Currency	Unit	INR
US Dollar	1	INR 70.33
UK Pound	1	INR 88.98
Euro	1	INR 80.02

**INFORMATION DETAILS**

<b>Information Gathered by :</b>	TEJ
<b>Analysis Done by :</b>	NIY
<b>Report Prepared by :</b>	RSH

**SCORE FACTORS**

DEMERIT POINTS		
--BANK CHARGES	YES/NO	NO
--LITIGATION	YES/NO	NO
--OTHER ADVERSE INFORMATION	YES/NO	NO
MERIT POINTS		
--SOLE DISTRIBUTORSHIP	YES/NO	NO
--EXPORT ACTIVITIES	YES/NO	YES
--AFFILIATION	YES/NO	NO
--LISTED	YES/NO	NO
--OTHER MERIT FACTORS	YES/NO	YES

**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)

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