

MIRA INFORM REPORT

Report No. :	539152.2
Report Date :	17.11.2018

IDENTIFICATION DETAILS

Name :	NAROLA GEMS
Registered Office :	Office No.4, 15/B, 1 st Floor, Sopariwala Estate, Prasad Chamber, 1st Compound, Opera House, Mumbai-400004, Maharashtra
Mobile No.:	91-9967418130 (Mr. Balwant Gogawale)
Country :	India
Financials (as on) :	31.03.2018
Year of Establishment :	19.09.2001
Capital Investment / Paid-up Capital :	INR 658.754 million
IEC No.: [Import-Export Code No.]	0301039186
GSTN : [Goods & Service Tax Registration No.]	27AADFN0658G1ZC (Maharashtra) 24AADFN0658G1ZI (Gujarat)
PAN No.: [Permanent Account No.]	AADFN0658G
Legal Form :	Partnership Concern with an Unlimited Liability of the Partners
Line of Business :	Manufacturer, Trader, Exporter and Importer of uncut and unpolished diamonds and manufacturing doing through job work. [Confirmed by management]
No. of Employees :	35 (Approximately)

RATING & COMMENTS

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

MIRA's Rating :

A

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NAROLA GEMS - 539152.2 (SUPPLEMENTARY REPORT)

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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	Slow but correct
Litigation :	Clear
Comments :	<p>Subject is a partnership concern established in the year 2001.</p> <p>It is a trader, exporter and importer of uncut and unpolished diamonds.</p> <p>Mr. Balwant Gogawale (Accounts Manager) provided information about the subject to us.</p> <p>As per the financials of FY 2018, the concern has achieved revenue growth of 24.60% as compared to the previous year along with an average profit margin of 2.39%.</p> <p>The satisfactory financial risk profile of the concern is marked by comfortable capital base along with negligible debt balance sheet profile.</p> <p>Rating continues to derive strength from well-established and experienced promoters having proven track record in cut and polish diamond (CPD) industry, presence of concern in key gems and Jewellery (G&J) markets and well established clientele.</p> <p>Rating is constrained on account of working capital intensive nature of business, volatility in diamond prices, foreign exchange rate fluctuation risk and prevalent completion in CPD industry.</p> <p>Business is active. Payment seems to be slow but correct.</p> <p>In view of aforesaid, the concern can be considered for business dealings at usual trade terms and conditions.</p>

NOTES :

Any query related to this report can be made on e-mail : 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

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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

EXTERNAL AGENCY RATING

Rating Agency Name	CARE
Rating	Long Term Bank Facilities (BBB-)
Rating Explanation	Moderate degree of safety and moderate credit risk.
Date	13.07.2017

Rating Agency Name	CARE
Rating	Short Term Bank Facilities (A3)
Rating Explanation	Moderate degree of safety and higher credit risk.
Date	13.07.2017

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 17.11.2018

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.

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INFORMATION PARTED BY

Name :	Mr. Balwant Gogawale
Designation :	Accounts Manager
Contact No.:	91-9967418130
Date :	13.11.2018

91-22-40664444 (Ringing)

LOCATIONS

Registered Warehouse :	Office/	Office No.4, 15/B, 1 st Floor, Sopariwala Estate, Prasad Chamber, 1st Compound, Opera House, Mumbai-400004, Maharashtra, India
Tel. No.:		91-22-40664444
Mobile No.:		91-9967418130 (Mr. Balwant Gogawale)
Fax No.:		91-22-40660000
E-Mail :		sales@narolagems.com info@narolagems.com account@narolagems.com
Website :		http://narolagems.com
	Location:	Owned
	Locality:	Commercial
Sales/ Marketing/ Branch Office		CC-2201, 2nd Floor, Bharat Diamond Bourse, Bandra Kurla Complex, Bandra (East), Mumbai 400-051, Maharashtra, India

PARTNERS

Name :	Mr. Dalsukhbhao L. Narola
Designation :	Partner
Address:	27, Udaynagar Society, Near Madhavanand Ashram, Katargam Road, Surat-395003, Gujarat, India
Name :	Mr. Dhirubhai L. Narola
Designation :	Partner
Address:	27, Udaynagar Society, Near Madhavanand Ashram, Katargam Road, Surat-395003, Gujarat, India

KEY EXECUTIVES

Name :	Mr. Balwant Gogawale
Designation :	Accounts Manager

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BUSINESS DETAILS

Line of Business :	Manufacturer, Trader, Exporter and Importer of uncut and unpolished diamonds and manufacturing doing through job work. [Confirmed by management]
Products :	Diamond
Brand Names :	Not Available
Agencies Held :	Not Available
Exports :	
Products :	Finished Goods
Countries :	<ul style="list-style-type: none"> • United States of America • Hong Kong • Israel • South Africa • Belgium
Imports :	
Products :	Raw Material
Countries :	<ul style="list-style-type: none"> • Belgium • Israel • United States of America
Terms :	
Selling :	Cash, L/C and Credit (30 Days)
Purchasing :	Cash, L/C and Credit (30 Days)

GENERAL INFORMATION

Suppliers :	Reference :	Not Divulged
	Name of the Person :	--
	Contact No.:	--
	Since How Long Known :	--
	Maximum Limit Dealt :	--
	Experience :	--
	Remark:	--
Customers :	Wholesalers, Retailers and End Users	
	Reference :	Not Divulged
	Name of the Person :	--

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	Contact No.:	--
	Since How Long Known :	--
	Maximum Limit Dealt :	--
	Experience :	--
	Remark:	--
No. of Employees :	35 (Approximately)	
Bankers :	Banker Name :	State Bank of India
	Branch :	Diamond Branch, BKC, Mumbai – 400051, Maharashtra, India
	Contact Number :	91-22-26752300/ 02 (Ringling)
	IFSC Code:	SBIN0009276
Auditors :		
Name :	V.A. Parikh and Associates Chartered Accountants	
Address :	BKC, Bandra, Mumbai, Maharashtra, India	
Membership No.:	121674	
Memberships :	Not Available	
Collaborators :	Not Available	
Sister Concern:	Not Divulged	

CAPITAL STRUCTURE

As on: 31.03.2018

Particular	Amount (INR In Million)
Fixed Capital	0.030
Current Capital	658.724
Total	658.754

FINANCIAL DATA
[all figures are in INR Million]

ABRIDGED BALANCE SHEET

SOURCES OF FUNDS	31.03.2018	31.03.2018	31.03.2016
SHAREHOLDERS FUNDS			
1] Partner Capital	658.754	516.495	425.995
2] Reserves & Surplus	0.000	0.000	0.000
3] (Accumulated Losses)	0.000	0.000	0.000
NETWORTH	658.754	516.495	425.995
LOAN FUNDS			
1] Secured Loans	374.072	333.249	371.610
2] Unsecured Loans	0.000	33.174	35.422
TOTAL BORROWING	374.072	366.423	407.032
DEFERRED TAX LIABILITIES	0.000	0.000	0.000
TOTAL	1032.826	882.918	833.027
APPLICATION OF FUNDS			
FIXED ASSETS [Net Block]			
Capital work-in-progress	85.710	65.465	23.436
	0.000	0.000	0.000
INVESTMENT	0.625	0.625	0.625
DEFERRED TAX ASSETS	0.000	0.000	0.000
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	1246.384	1208.197	746.153
Sundry Debtors	506.449	518.191	376.744
Cash & Bank Balances	22.129	33.666	50.819
Loan and Advances and Deposit	233.570	179.810	53.183
Total Current Assets	2008.532	1939.864	1226.899
Less : CURRENT LIABILITIES & PROVISIONS			
Sundry Creditors	0.000	0.000	0.000
Current Liabilities and Provision	1062.041	1123.036	417.933
Total Current Liabilities	1062.041	1123.036	417.933
Net Current Assets	946.491	816.828	808.966
MISCELLANEOUS EXPENSES	0.000	0.000	0.000
TOTAL	1032.826	882.918	833.027

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PROFIT & LOSS ACCOUNT

	PARTICULARS	31.03.2018	31.03.2017	31.03.2016
	SALES			
	Income	6683.098	5363.841	2941.222
	Other Income	0.966	3.546	11.315
	TOTAL	6684.064	5367.387	2952.537
Less	EXPENSES			
	Cost of Goods Sold	6274.459	5017.095	2774.205
	Administrative Expenses	37.650	32.593	23.487
	Selling and Distribution Expenses	76.056	72.632	33.450
	Remuneration to Partners	1.800	1.800	1.800
	Donation	0.231	0.500	0.055
	TDS/Tax	0.00	0.249	0.191
	TOTAL	6390.196	5124.869	2833.188
	PROFIT/ (LOSS) BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION	293.868	242.518	119.349
Less	FINANCIAL EXPENSES	34.070	32.110	23.041
	PROFIT/ (LOSS) BEFORE TAX, DEPRECIATION AND AMORTISATION	259.798	210.408	96.308
Less	DEPRECIATION/ AMORTISATION	15.193	9.789	3.784
	PROFIT/ (LOSS) BEFORE TAX	244.605	200.619	92.524
Less	TAX	85.000	70.000	32.091
	NET PROFIT	159.605	130.619	60.433

Note: Sole Proprietary and Partnership concerns are exempted from filing their financials with the Government Authorities or Registry

KEY RATIOS

EFFICIENCY RATIOS

PARTICULARS	31.03.2018	31.03.2017	31.03.2016
Average Collection Days (Sundry Debtors / Income * 365 Days)	27.66	35.26	46.75
Account Receivables Turnover	13.20	10.35	7.81

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(Income / Sundry Debtors)			
Inventory Turnover (Operating Income / Inventories)	0.24	0.20	0.16
Asset Turnover (Operating Income / Net Fixed Assets)	3.43	3.70	5.09

LEVERAGE RATIOS

PARTICULARS	31.03.2018	31.03.2017	31.03.2016
Debt Ratio ((Borrowing + Current Liabilities) / Total Assets)	0.69	0.74	0.66
Debt Equity Ratio (Total Liability / Networth)	0.57	0.71	0.96
Current Liabilities to Networth (Current Liabilities / Net Worth)	1.61	2.24	1.06
Fixed Assets to Networth (Net Fixed Assets / Networth)	0.13	0.13	0.06
Interest Coverage Ratio (PBIT / Financial Charges)	8.63	7.55	5.18

PROFITABILITY RATIOS

PARTICULARS		31.03.2018	31.03.2017	31.03.2016
Net Profit Margin ((PAT / Sales) * 100)	%	2.39	2.44	2.05
Return on Total Assets ((PAT / Total Assets) * 100)	%	7.62	6.51	4.83
Return on Investment (ROI) ((PAT / Networth) * 100)	%	24.23	25.29	14.19

SOLVENCY RATIOS

PARTICULARS	31.03.2018	31.03.2017	31.03.2016
Current Ratio (Current Assets / Current Liabilities)	1.89	1.68	2.71
Quick Ratio	0.72	0.63	1.06

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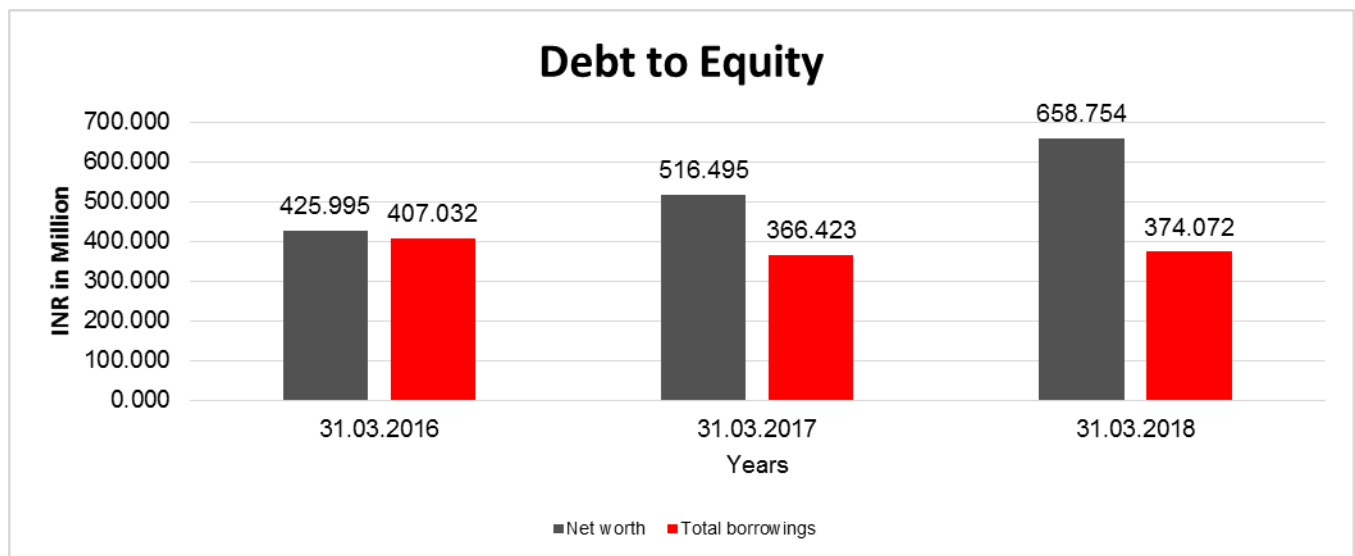
((Current Assets – Inventories) / Current Liabilities)			
G-Score Ratio Financial (Networth / Total Assets)	0.31	0.26	0.34
G-Score Ratio Debt (Debts / Equity Capital)	0.57	0.71	0.96
G-Score Ratio Liquidity (Total Current Assets / Total Current Liabilities)	1.89	1.68	2.71

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

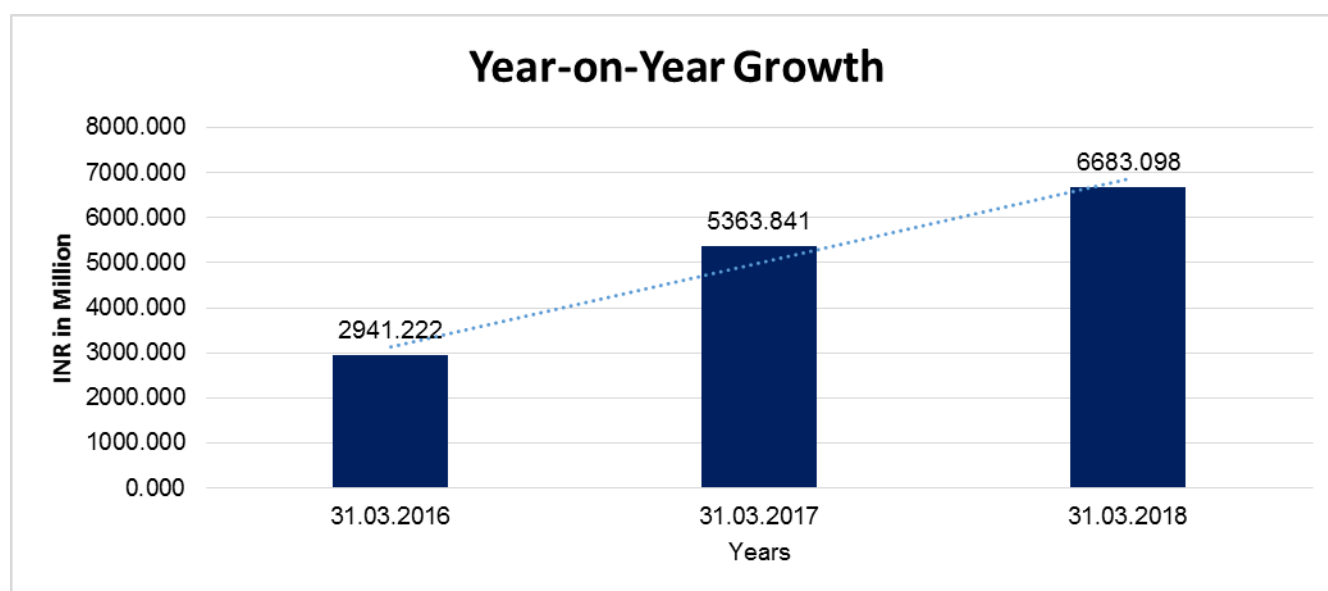
Particular	31.03.2016	31.03.2017	31.03.2018
	INR In Million	INR In Million	INR In Million
Partner Capital	425.995	516.495	658.754
Reserves & Surplus	0.000	0.000	0.000
Net worth	425.995	516.495	658.754
Secured Loan	371.610	333.249	374.072
Unsecured Loan	35.422	33.174	0.000
Total borrowings	407.032	366.423	374.072
Debt/Equity ratio	0.955	0.709	0.568



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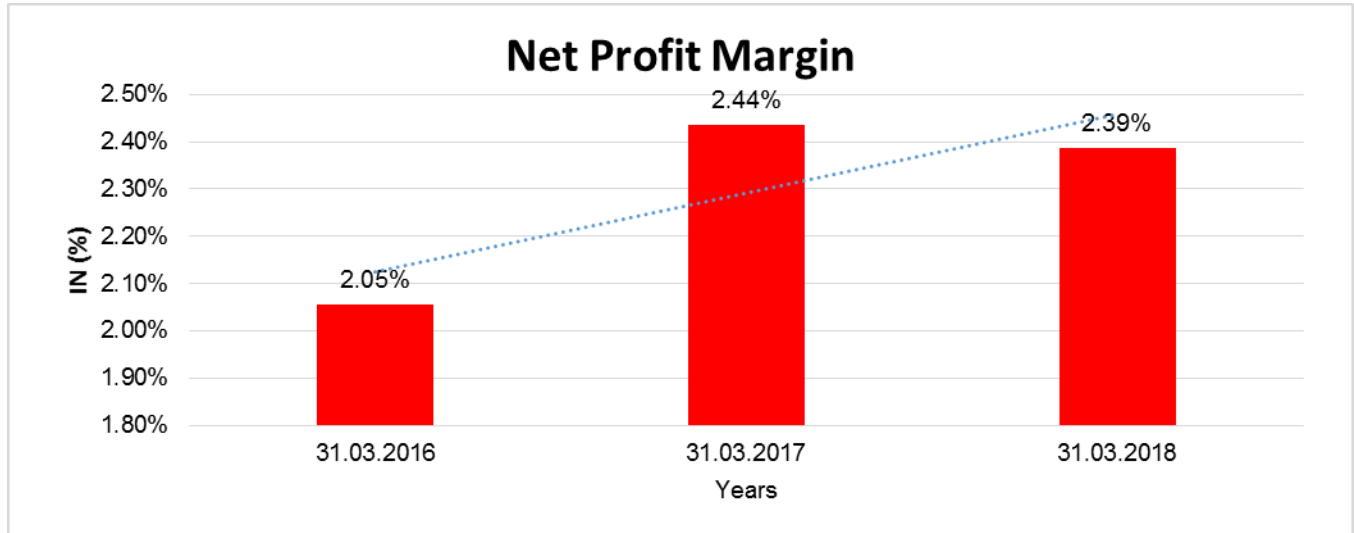
YEAR-ON-YEAR GROWTH

Year on Year Growth	31.03.2016	31.03.2017	31.03.2018
	INR In Million	INR In Million	INR In Million
Sales	2941.222	5363.841	6683.098
		82.368	24.595



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	2941.222	5363.841	6683.098
Profit/ (Loss)	60.433	130.619	159.605
	2.05%	2.44%	2.39%



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 -Incorporation details	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	Yes

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21	Banking facility details	No
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 8th Century B.C. India, in fact, remained undisputed leader till 18th 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 30th October 2010 is as under –
- Gem & 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

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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 71.80
UK Pound	1	INR 91.92
Euro	1	INR 81.46

INFORMATION DETAILS

Information Gathered by :	JRL
Analysis Done by :	PYK
Report Prepared by :	MTN

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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