

Rating Rationale

Brickwork Ratings assigns BWR BB+ (Outlook: Stable) rating for long-term bank and BWR A4+ for short term loan facilities of Sejal Exports (India)

Brickwork Ratings assigns BWR BB+ (Outlook: Stable) **Ratings¹** for long-term bank and BWR A4+ for short term loan facilities of Sejal Exports (India). (SEI or “the Firm”)

Facility	Limits (₹ Cr)*	Tenure	Rating
Pre/ Post Shipment Financing	30.00	Long Term/Short Term	BWR BB+ (Pronounced as BWR double B plus) (Outlook – Stable) BWR A4+ (Pronounced as BWR A Four plus)
Total	30.00	INR Thirty Crore only	

BWR has relied upon SEI’s audited financial results up to FY16, projected financials up to FY18, publically available information and the information/clarifications provided by the Company.

The ratings, inter alia, factors established track record of the firm, experience of the promoters in the diamond industry, strong financial profile, ability of the partners to infuse capital in the business and diversified customer base with long term association. The ratings, however, constrained by risk of capital withdrawal by partners, inherent volatility in the prices of raw material, working capital intensive nature of the business, and competitive nature of the industry.

Firm’s Background and Operations

Sejal Exports (India) is a partnership firm formed by the family members engaged in the business of procuring Cut & Polished Diamonds from local market and exporting the same. The firm was incorporated in the year 1983 and Mr. Chandulal M. Shah is the founder of the said firm. The firm mainly caters to South East Asian markets like Hong Kong and Thailand.

Financial Performance

As per audited financials for FY16 provided by the Firm, SEI’s operating income stood at ₹207.00 Cr. with a PAT of ₹ 2.96 Cr. as against operating income of ₹ 207.44 Cr. with a PAT of ₹ 3.53 Cr. in FY 15.

The Company’s debt equity ratio as on 31st March, 2016 is at 0.30 times. The Company’s interest coverage indicator continues to remain moderate with at 1.73x and current ratio at 1.91x.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Outlook

The outlook is Stable. The Company's ability to maintain turnover and margins despite of volatility in the raw material prices and intense competition, achieving estimated revenues, managing working capital cycle will be key rating sensitivity factors.

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