

August 26, 2010

**CARE ASSIGNS 'PR4+' RATING TO THE SHORT-TERM BANK FACILITIES  
GOLD STAR JEWELLERY DESIGNS PVT. LTD.**

**Ratings**

| Facilities                 | Amount<br>(Rs. crore) | Ratings <sup>1</sup>   | Remarks  |
|----------------------------|-----------------------|------------------------|----------|
| Short-term Bank Facilities | 37.50                 | PR4+<br>[PR Four Plus] | Assigned |
| <b>Total Facilities</b>    | <b>37.50</b>          |                        |          |

**Rating Rationale**

The ratings are constrained by the closely-held nature of GSJDPL, the small size of operations and long working capital cycle. Further, the ratings also factor-in the intense competition from various organised as well as unorganised players in the industry.

Nevertheless, the ratings gather strength from the promoters' experience in the Gems & Jewellery (G&J) industry, group support in operations and established relations with customers.

Ability of GSJDPL to improve sales and profitability given the recovery in the global economies is the key rating sensitivity.

**Company Profile**

Goldstar Jewellery Designs Pvt. Ltd was incorporated on May 14, 2004, as part of Gold Star group which was formed in late 1960s promoted by Mr. Satish Shah who has been in this business for more than four decades. The company is engaged in the manufacturing of diamond-studded gold jewellery. GSJDPL is an export-oriented company with exports to countries like USA, UK, UAE and other countries such as Ireland, Japan, Spain, Pakistan, Switzerland, Hong Kong and Netherlands, with majority of sales to USA. Further, the company procures raw material from Goldstar Jewellery Pvt. Ltd. (GSJPL) which in turn procures rough diamonds from a group company, viz. DiamStar which is a DTC sight-holder.

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<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

In FY09, GSJDPL reported sales growth of 6.99% y-o-y to Rs.86.16 crore. However, PBILDT margin declined to 4.47% in FY09 compared to 6.69% in FY08. Further, the company reported a notional forex gain, treated as non-operating income, of Rs.6.64 crore in FY09 which resulted in positive PAT of Rs.6.43 crore in FY09.

As per provisional FY10 results, net sales of GSJDPL increased 16.06% y-o-y. The company reported PBILDT and PAT margin of 5.21% and 1.62%, respectively.

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