

June 22, 2010

**CARE REAFFIRMS RATING ASSIGNED TO THE BANK FACILITIES OF  
M/S H.K.DESIGNS (INDIA)**

**Ratings**

<b>Facilities/Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	33.25	<b>'CARE BBB-' (Triple B Minus)</b>	Reaffirmed
Short-term Bank Facilities	5.80	<b>'PR3' (PR Three)</b>	Reaffirmed
<b>Total Facilities</b>	<b>39.05</b>		

**Rating Rationale**

The rating derives strength from the promoter's experience and background in the industry and healthy profitability ratios.

The rating is however, constrained by the small size of operations, closely-held nature of the partnership firm, limited track record of operations, withdrawal of capital by the partners in the past, country concentration risk (USA) and slump in demand in international markets due to global economic meltdown.

Further, the ability of M/s H.K.Designs (India) (HKD) to maintain its profitability margins amidst volatile spot international prices of commodities (diamond and gold) coupled with currency rate fluctuations forms the key rating sensitivity.

**Firm Profile**

HKD, a part of M/s Hare Krishna Exports is engaged in manufacturing and exporting of diamond-studded jewellery. It operates from a Special Economic Zone (SEZ) located in Mumbai. In FY09, the firm reported total income of Rs.124 crore and PAT of Rs.22 crore. For 9MFY10, the firm achieved a PAT of Rs.10.90 crore on total income of Rs.76.39 crore.

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

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