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## ICRA assigns LBB (stable) and A4+ ratings to the bank facilities of Hiraco Jewellery (India) Private Limited (HJPL)

ICRA has assigned LBB (pronounced L double B) / A4+ (pronounced A four plus) rating to the Rs. 12 crore<sup>1</sup> fund based bank limits of Hiraco Jewellery (India) Private Limited (HJPL)<sup>†</sup>. The long term rating carries stable outlook.

The rating favourably factors in the long experience of HJPL's promoters in the gems & jewellery industry and the company's comfortable capital structure as of FY10. The ratings are constrained by HJPL's susceptibility of revenues and profitability to adverse foreign exchange fluctuations as well as its exposure to concentration risks arising from its sales to a single client, viz., one of its co-promoters - Facet Jewellery Solutions S.L. (FJS), Spain. Nevertheless, the fact that FJS sells the studded jewellery procured from HJPL to a diversified end customer base consisting of retailers and wholesalers across Europe through its marketing network partially offsets the revenue concentration risk.

### Company Profile

Hiraco Jewellery (India) Private Limited (HJPL) was established in July 2005 for manufacture and export of diamond studded jewellery. The company is a 50:50 joint venture between the RTStar group and Facet Jewellery Solutions S.L. (FJS), Spain. HJPL manufactures studded jewellery at its SEEPZ facility in Mumbai and exports solely to FJS which in turn sells it to various retailers and wholesalers across Europe. The RTStar group, which is a co-promoter of HJPL, was founded in 1978 by Mr. Nitin Ratilal Shah, son of Late Shri Ratilal Tribhovandas Shah (founder promoter of the RTStar Group). Mr. Nitin Shah has a wide experience of over three decades in the gems and jewellery industry. The other major companies in the RTStar Group include RTStar Solitaires {rated LBB+ (stable)/A4+ by ICRA}, RTStar Diamonds {rated LBB (stable)/A4 by ICRA}, RTStar Jewellery Private Limited {rated LB/A4 by ICRA}, etc.

Facet Jewellery Solutions S.L. (FJS) was established in 2004 and is a part of the Facet group based out of Spain. Promoted by Mr. Jose Miguel Serret, the group has over 30 years of experience in the diamond and studded jewellery business. FJS was established to market studded jewellery to various jewellery retailers and wholesalers across Europe.

### Recent results:

For the financial year ended March 2010, the company reported a Net Profit of Rs. 5.2 crore on an operating income of Rs. 67.7 crore.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

<sup>1</sup>100 lakh = 1 crore = 10 million

<sup>†</sup> For complete rating scale and definitions, please refer to ICRA's website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications.

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