



March 8, 2010

ICRA has assigned an IPO Grade 2 to the proposed IPO of Goenka Diamond & Jewels Limited

ICRA has assigned an IPO Grade 2, indicating below average fundamentals, to the proposed initial public offering (IPO) of Goenka Diamond & Jewels Limited (GDJL). ICRA assigns IPO gradings on a scale of IPO Grade 5 to IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals.

The assigned grading takes into account the company's established position in the cut and polished diamond (CPD) business, and its successful foray in the retail jewellery business which has higher margins and is expected to drive the company's growth and profitability in the future. The grading is constrained by the execution risks involved in scaling up the retail business where its track record is limited and competitive pressures high, the challenging operating environment that all CPD companies are currently facing leading to pressure on margins, delay in realization of export bills and build-up of inventory and the inherently high working capital intensity in both the businesses which would constrain the company's ability to generate free cash flows.

About the Company

Goenka Diamond & Jewels Limited (GDJL), the flagship business establishment of the Goenka group, is a closely held limited company established in the year 1990. The company is recognized as one of the leading manufacturer and trader of cut and polished diamonds (CPDs) in the country. The company is also engaged in manufacturing and marketing of studded jewellery through its retail stores - 'G Wild' and 'CERES'. GDJL has state of the art facilities at Surat (Gujarat) and Goregaon (Mumbai) for manufacturing CPDs and studded jewellery.

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