June 03, 2022

Kalyan Jewellers India Limited: Migration of the rating outstanding on the medium-term rating scale to the long-term rating scale

Summary of rating action

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fixed Deposits	525.00	525.00	[ICRA]A (Stable); Migrated from MA (Stable)
Long term – Fund Based TL	166.00	166.00	[ICRA]A (Stable); Outstanding
Long term/Short term - Fund based	2,559.00	2,559.00	[ICRA]A (Stable)/[ICRA]A2+; Outstanding
Short term-Interchangeable	(1,033.00)	(1,033.00)	[ICRA]A2+; Outstanding
Long term – Unallocated	305.00	305.00	[ICRA]A (Stable); Outstanding
Total	**3,555.00**	**3,555.00**	

Rationale

In compliance with the circular [SEBI/HO/MIRSD/MIRSD_CRADT/P/CIR/2021/594] issued by the Securities and Exchange Board of India (SEBI) on July 16, 2021 and the subsequent circular SEBI/HO/MIRSD/MIRSD_CRADT /P/CIR/2022/43 of April 1, 2022, for standardizing the rating scales used by the Credit Rating Agencies, ICRA has discontinued the medium-term rating scale which was being used to assign ratings to the fixed deposit programmes of entities.

Accordingly, ICRA has migrated the rating currently outstanding for the fixed deposits programme of Kalyan Jewellers India Limited from the medium-term rating scale to the long-term rating scale. The medium-term rating scale of ICRA was a 14-point scale, while the long-term rating scale is a 20-point scale. The migration of the rating has resulted in a change in the rating symbol; however, this is to be construed only as a recalibration of the rating from one scale to another, and not as a reflection of a change in the credit risk of the fixed deposit programme.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: Click here

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology for Entities in Gold Jewellery - Retail Industry
Parent/Group Support	Not Applicable
Consolidation/Standalone	The rating is based on the consolidated financial statements of the company.

About the company

KJIL, managed by Mr. T.S. Kalyanaraman and his sons, is an established jewellery retailer in the domestic markets with a presence for more than three decades. The company had 117 showrooms in India as on September 30, 2021 of which 73 were in South India and the remaining 44 in non-South markets. In December 2013, the company had expanded its footprint to the Middle East market with six showrooms. KJIL had 30 showrooms in the Middle East as on September 30, 2021 after closing six showrooms in FY2021. The company was listed on the Bombay Stock Exchange and the National Stock Exchange in March 2021 with the promoter holding around 60% stake in the company, Highdell Investment Limited (Warburg Pincus Group) holding around 26% stake and public holding the rest.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2023)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding as on September 30, 2021 (Rs. crore)	Date & Rating in	Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020
					June 03, 2022	October 28, 2021	October 26, 2020	September 09,2019
1	Fixed Deposits	Long-term	525.00	-	[ICRA]A (Stable)	MA (Stable)	MA- (Stable)	MA- (Stable)
2	Term Loans	Long-term	166.0	77.3	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)
3	Fund Based – Working Capital Facilities	Long term/ Short term	2559.0	-	[ICRA]A (Stable)/ [ICRA]A2+	[ICRA]A (Stable)/ [ICRA]A2+	[ICRA]A- (Stable) / [ICRA]A2+	[ICRA]A- (Stable) / [ICRA]A2+
4	Fund-based/Non-fund Based (sublimit)	Short term	(1033.0)	-	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+
5	Unallocated Limits	Long term	305.0	-	[ICRA]A (Stable)	[ICRA]A (Stable)	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Fixed Deposits	Very Simple
Term Loans	Simple
Fund Based – Working Capital Facilities	Simple
Fund-based/Non-fund based (sub limits)	Very Simple
Unallocated Limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Fixed deposits	-	-	-	525.00	[ICRA]A (Stable)
NA	Term Loans	FY2021	-	FY2023	166.00	[ICRA]A (Stable)
NA	Fund Based – Working Capital Facilities	-	-	-	2559.00	[ICRA]A (Stable)/[ICRA]A2+
NA	Fund-based/Non-fund based (sub limits)	-	-	-	(1033.00)	[ICRA]A2+
NA	Unallocated Limits	-	-	-	305.00	[ICRA]A (Stable)

Source: *Company*

Annexure-2: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Kalyan Jewellers FZE	100%	Full Consolidation
Kalyan Jewellers Inc.	100%	Full Consolidation
Enovate Lifestyles P Limited	77%	Full Consolidation

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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