

October 12, 2023

Joyalukkas India Limited: Update on Material Event

Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Fixed Deposits	600.00	600.00	[ICRA]A+ rating watch with negative implication
Long-term fund based – Term Loans	37.09	37.09	[ICRA]A+ rating watch with negative implication
Long-term/short-term fund based limits	1,337.40	1,337.40	[ICRA]A+ rating watch with negative implications/ [ICRA]A1 rating watch with negative implications
Short-term – Interchangeable limits	(1,063.00)	(1,063.00)	[ICRA]A1 rating watch with negative implications
Long-term/short-term – Unallocated Limits	137.51	137.51	[ICRA]A+ rating watch with negative implications/ [ICRA]A1 rating watch with negative implications
Total	2,112.00	2,112.00	

*Instrument details are provided in Annexure-1

Rationale

Material Event

ICRA has come to know on October 06, 2023 that the interest of Rs. 39,727 on Working Capital Demand Loan (WCDL) of Joyalukkas India Limited, which was to be paid on August 31, 2023, as confirmed by the banker, was delayed by four days (including two non-working days). ICRA has also received a confirmation from the respective bank that JIL had sufficient funds in its account with the bank on the due date, which the bank could not be debit due to technical reasons. ICRA understands that no penal interest was charged by the bank on the pending interest amount. As per information available, in addition to the surplus funds mentioned above, JIL had a liquidity buffer of ~Rs. 194 crore in the form of undrawn working capital bank limits on the due date.

Impact of Material Event

In ICRA's assessment, looking at the facts, the above incident is on account of technical issues, beyond the control of JIL, and does not reflect the financial inability or unwillingness of the company to meet its debt service obligations on time. Hence, the same has not been considered as a default by ICRA, in line with its policy on default recognition. The ratings remain unchanged at [ICRA]A+ rating watch with negative implications/ [ICRA]A1 rating watch with negative implication on JIL's bank facilities and [ICRA]A+ rating watch with negative implication on JIL's fixed deposits.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology – Gems & Jewellery (Retail) Policy on Default Recognition
Parent/Group support	Not applicable

Analytical Approach	Comments
Consolidation/Standalone	Standalone

About the company

Joyalukkas India Limited (JIL), promoted by Mr. Alukkas Varghese Joy and family, is among the largest organised jewellery retailers in India with a presence for more than three decades. The company operates 85 retail stores as on December 31, 2022, of which 70 were across south Indian states of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Kerala. The company derives ~90% of its revenue from south India and gold jewellery accounts for ~80% of its operating income.

Key financial indicators

Consolidated	FY2022 (audited)	FY2023 (audited)	Q1 FY2024 (unaudited)
Operating income (Rs. crore)	10,309	14,513	4,621
PAT (Rs. crore)	700	899	313
OPBDIT/OI (%)	12.0%	10.9%	11.4%
PAT/OI (%)	6.8%	6.2%	6.8%
Total outside liabilities/Tangible net worth (times)	1.3	1.1	1.1
Total debt/OPBDIT (times)	1.8	1.5	1.1
Interest coverage (times)	5.9	6.6	8.0

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Note: All financial information as per ICRA's calculation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current Rating (FY2024)			Chronology of Rating History for the past 3 years						
		Amount Rated (Rs. crore)	Amount Outstanding as of Mar 31, 2023 (Rs. crore)	Date & Rating	Date & Rating in FY2023			Date & Rating in FY2022			Date & Rating in FY2021
					Oct 12, 2023	Mar 23, 2023	Mar 03, 2023	Jun 03, 2022	Mar 28, 2022	Nov 18, 2021	Aug 31, 2020
1	Fixed Deposits	Long-term	600.00	-	[ICRA]A+ rating watch with negative implications	[ICRA]A+ rating watch with negative implications	[ICRA]A+ rating watch with negative implications	[ICRA]A+ (Stable)	[ICRA]MA+ (Stable)	-	-
2	Term Loans	Long-term	37.09	33	[ICRA]A+ rating watch with negative implications	[ICRA]A+ rating watch with negative implications	[ICRA]A+ rating watch with negative implications	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A (Stable)
3	Fund based working capital limits	Long-term/short-term	1,337.40	-	[ICRA]A+ rating watch with negative implications/ [ICRA]A1 rating watch with negative implications	[ICRA]A+ rating watch with negative implications/ [ICRA]A1 rating watch with negative implications	[ICRA]A+ rating watch with negative implications/ [ICRA]A1 rating watch with negative implications	[ICRA]A+ (Stable)/ [ICRA]A1	[ICRA]A+ (Stable)/ [ICRA]A1	[ICRA]A+ (Stable)/ [ICRA]A1	[ICRA]A (Stable)/ [ICRA]A1
4	Fund based/ non-fund based (sub limits)	Short-term	(1,063.00)	-	[ICRA]A1 rating watch with negative implications	[ICRA]A1 rating watch with negative implications	[ICRA]A1 rating watch with negative implications	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1
5	Unallocated Limits	Long-term/short-term	137.51	-	[ICRA]A+ rating watch with negative implications/ [ICRA]A1 rating watch with negative implications	[ICRA]A+ rating watch with negative implications/ [ICRA]A1 rating watch with negative implications	[ICRA]A+ rating watch with negative implications/ [ICRA]A1 rating watch with negative implications	[ICRA]A+ (Stable)/ [ICRA]A1	[ICRA]A+ (Stable)/ [ICRA]A1	[ICRA]A+ (Stable)/ [ICRA]A1	[ICRA]A (Stable)/ [ICRA]A1

Complexity level of the rated instrument

Instrument	Complexity Indicator
Fixed Deposits	Very Simple
Long-term fund based – Term Loans	Simple
Long-term/short-term fund based limits	Simple
Short-term – Interchangeable limits	Very Simple
Long-term/short-term – 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 analyzing 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: [Click Here](#)

Annexure-I: 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	-	-	-	600.00	[ICRA]A+ rating watch with negative implications
NA	Term Loan – I	FY2021	-	FY2024	9.98	[ICRA]A+ rating watch with negative implications
NA	Term Loan – II	FY2021	-	FY2025	7.81	[ICRA]A+ rating watch with negative implications
NA	Term Loan – III	FY2021	-	FY2027	19.30	[ICRA]A+ rating watch with negative implications
NA	Fund based working capital facilities	-	-	-	1,337.40	[ICRA]A+ rating watch with negative implications/ [ICRA]A1 rating watch with negative implications
NA	Fund based/non-fund based (sub limits)	-	-	-	(1,063.00)	[ICRA]A1 rating watch with negative implications
NA	Unallocated Limits	-	-	-	137.51	[ICRA]A+ rating watch with negative implications/ [ICRA]A1 rating watch with negative implications

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-II: List of entities considered for consolidated analysis – N.A.

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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.

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Branches



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