

March 30, 2022

KGK Jewellery Manufacturing Limited: Moved to Non-Cooperating category based on best available information

Summary of rating action

Instrument [^]	Previous Rated Amount (US\$ million)	Current Rated Amount (US\$ million)	Rating Action
Short-term, Fund based limits	25.00	25.00	[ICRA]A4+ ISSUER NOT COOPERATING *; Rating moved to the 'issuer not cooperating' category
Total	25.00	25.00	

*Issuer did not cooperate; based on best available information

[^]Instrument details are provided in Annexure-1

Rationale

ICRA has moved the ratings for the bank facilities of **KGK Jewellery Manufacturing Limited** in the 'Issuer Not Cooperating' category. The rating is denoted as "[ICRA]A4+ ISSUER NOT COOPERATING"

ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. The current rating action has been taken by ICRA basis on best available information on the issuers' performance. Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity. The rating action has been taken in accordance with ICRA's policy in respect of non-cooperation by a rated entity available at www.icra.in.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#) ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy in respect of non-co-operation by the rated entity
Parent/Group Support	NA
Consolidation/Standalone	The rating is based on standalone financial statements of the issuer.

About the company

Based out of Hong Kong, KGK Jewellery Manufacturing Limited manufactures diamond and precious stones studded jewellery. Its immediate holding company, United Pacific Excel Limited, has a 98.9% stake in KJML (as on March 31, 2020). The remaining is held by the promoters, Mr. Sanjay Navrattan Kothari (0.56%) and Mrs. Manju Kothari (0.54%). The ultimate holding company, Sino Charm Limited, is registered in British Virgin Islands, which is wholly owned by Mr. Kothari. KJML has two subsidiaries, KGK Creation (Guangzhou) Limited and KGK Creations USA Inc. KGK Creation (Guangzhou) Limited, incorporated in 2004, is the manufacturing arm of KJML, to whom it supplies all raw materials and also pays its labour charges for manufacturing jewellery. KGK Creations USA Inc. is the holding company of the jewellery operating companies in USA. The company has two subsidiaries,

Martin Flyer and KGK Jewels LLC, through which it sells and distributes diamonds and jewellery. KJML holds 19.6% and the balance 80.4% is held by KGK Creations India Limited. The company has classified it as a subsidiary as it has considerable sales from this entity and, thus has large exposure to variability of returns.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2022)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (US\$ Million)	Amount Outstanding (US\$ Million)	Date & Rating in	Date & Rating in FY2021	Date & Rating in FY2020	Date & Rating in FY2019
					Mar 30, 2022			
1	Short-term, Fund based limits	Short Term	25.00	-	[ICRA]A4+; ISSUER NOT COOPERATING	[ICRA]A4+	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Short-term, Fund based limits	Very Simple

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: www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (US\$ million)	Current Rating and Outlook
NA	Short-term, Fund based limits	NA	NA	NA	25.00	[ICRA]A4+ ISSUER NOT COOPERATING

Source: Company

Annexure-2: List of entities considered for consolidated analysis: Not Applicable

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About ICRA Limited:

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