September 26, 2023

Kanani Industries Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term / Short Term – Fund Based	24.00	24.00	**[ICRA]B+(Stable)/[ICRA]A4; withdrawn**
Long Term / Short Term – Unallocated	1.00	1.00	**[ICRA]B+(Stable)/[ICRA]A4; withdrawn**
Total	**25.00**	**25.00**	

**Instrument details are provided in Annexure I*

Rationale

ICRA has withdrawn the ratings assigned to the bank facilities of **Kanani Industries Limited** at the request of the company and based on the No Objection Certificate received from the banker, and in accordance with ICRA's policy on withdrawal. ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

The Key Rating Drivers, Liquidity Position and Rating Sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: Click here

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy on Withdrawal of Credit Ratings
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Kanani Industries Limited, which includes the financials of its wholly owned subsidiary, KIL International Limited (based out of Hong Kong). The entities considered for consolidation are enlisted in Annexure 2.

About the company

KIL was originally incorporated as Shivlaxmi Mercantile Company Limited on March 22, 1983, and was listed on the Bombay Stock Exchange (BSE) on May 16, 1984. It began manufacturing diamond-studded silver jewellery from January 2008 onwrads with exports to Hong Kong. KIL had set up a 100% wholly owned subsidiary, KIL International Limited, to increase its presence in the Hong Kong market, which began operations from July 4, 2011, and trades in diamond jewellery.

Key financial indicators (Consolidated)

	FY2022	FY2023	Q1FY2024
Operating Income (Rs. crore)	291.9	270.5	82.1
PAT (Rs. crore)	1.8	2.2	0.3
OPBDIT/OI (%)	1.0%	1.2%	0.8%
PAT/OI (%)	0.6%	0.8%	0.4%
Total Outside Liabilities/Tangible Net Worth (times)	1.4	1.1	-
Total Debt/OPBDIT (times)	8.3	9.6	-
Interest Coverage (times)	3.5	3.3	2.3

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; Source: Company, ICRA Research; All ratios as per ICRA's calculations

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

SN	Instrument	Current Rating (FY2024)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding March 31, 2023 (Rs. crore)	Date & Rating in	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
					Sep 26, 2023	Sep 26, 2022	Dec 09, 2021	Oct 08, 2020
1	Fund Based	Long-Term / Short Term	24.00	-	**[ICRA]B+(Stable)/ [ICRA]A4; Withdrawn**	[ICRA]B+ (Stable)/ [ICRA]A4	[ICRA]B+ (Stable)/ [ICRA]A4	[ICRA]B+ (Stable)/ [ICRA]A4
2	Unallocated	Long-Term / Short Term	1.00	-	**[ICRA]B+(Stable)/ [ICRA]A4; Withdrawn**	[ICRA]B+ (Stable)/ [ICRA]A4	[ICRA]B+ (Stable)/ [ICRA]A4	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term / short-term – Fund-based	Simple
Long-term / short-term – Unallocated	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 are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
-	Long Term / Short Term – Fund Based	-	-	-	24.00	[ICRA]B+(Stable)/[ICRA]A4; Withdrawn
-	Long Term / Short Term – Unallocated	-	-	-	1.00	[ICRA]B+(Stable)/[ICRA]A4; Withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis:

Sr.	Company Name	Consolidation Approach
1	Kanani Industries Limited	Full consolidation
2	KIL International Limited	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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