

Issue highlights

- Kalyan Jewellers India Limited (“Kalyan Jewellers”) was incorporated in 1993. The company is one of the largest jewellery companies in India based on revenue as of March 31, 2020. The company was established by their founder and one of their Promoters, T.S. Kalyanaraman.
- Kalyan Jewellers has expanded to become a pan-India jewellery company, with 107 showrooms located across 21 states and union territories in India, and also has an international presence with 30 showrooms located in the Middle East as of December 31, 2020. They also sell jewellery through their online platform at www.candere.com.
- Kalyan Jewellers design, manufacture and sell a wide range of gold, studded and other jewellery products across various price points ranging from jewellery for special occasions, such as weddings, which is their highest-selling product category, to daily-wear jewellery
- One of their **key competitive strengths is their ability to operate as a hyperlocal jewellery company**. They endeavour to cater to their customers’ unique preferences, which often vary significantly by geography and micro market, through their local market expertise and region-specific marketing strategy and advertising campaigns.
- The grassroots “My Kalyan” customer outreach and service centre network is another key element of their hyperlocal strategy which enables them to be a neighbourhood jeweller and is focused on marketing and customer engagement across urban, semi-urban and rural areas in India.
- The company is supported by an experienced board of directors which consists of eminent personalities from varied fields and includes the former CEO of Shoppers Stop, former CEO of L&K Saatchi & Saatchi, the former Deputy Governor of the RBI, as well as former leaders of well-reputed banking institutions such as Catholic Syrian Bank, Indian Overseas Bank and State Bank of Travancore. Furthermore, **their shareholders include Highdell, belonging to the Warburg Pincus group**.

Brief Financial Details*

(₹ In Cr)

	As at Dec'31,		As at Mar' 31,		
	2020(9)	2019(9)	2020(12)	2019(12)	2018(12)
Equity Share Capital	839.24	839.24	839.24	839.24	839.24
CCPS Capital#	119.05	119.05	119.05	119.05	119.05
Reserves as stated	1,099.15	1,142.77	1,202.82	1,045.93	1,012.09
Non-controlling interest	0.45	(2.87)	(3.03)	(3.58)	(2.32)
Net worth as stated	2,057.89	2,098.18	2,158.08	2,000.64	1,968.06
Long Term Borrowings	55.68	25.00	84.84	107.50	178.61
Short Term Borrowings	2,635.46	2,366.01	2,338.21	2,099.95	1,843.57
Revenue from Operations	5,516.70	7,960.20	10,100.92	9,770.76	10,547.95
Revenue Growth (%)	(30.70)%	-	3.38%	(7.37)%	-
EBITDA as stated	366.62	580.71	760.27	580.34	732.75
EBITDA (%) as stated	6.65%	7.30%	7.53%	5.94%	6.95%
Profit Before Tax	(59.12)	153.86	220.89	20.93	213.79
Net Profit for the period	(79.95)	94.32	142.28	(4.86)	141.00
Net Profit (%) as stated	(1.45)%	1.18%	1.41%	(0.05)%	1.34%
EPS –Basic (₹)	(0.96)^	1.13^	1.70	(0.04)	1.70
EPS –Diluted (₹)	(0.84)^	0.99^	1.49	(0.04)	1.51
RoNW (%)	(3.91)%	4.52%	6.63%	(0.18)%	7.23%
NAV (₹)	24.52	25.00	25.71	23.84	23.45

Source: RHP *Restated Consolidated, # Compulsorily convertible preference share capital

^ not annualised

Issue Details

Equity Shares aggregating upto ₹1,175 Cr

(Fresh Issue of Equity Shares aggregating upto ₹ 800 Crore and Offer for sale of Equity Shares aggregating upto ₹ 375 Cr)

Issue size: ₹ 1,175 Cr

No. of shares('000):136,627~ - 135,057^

Face value: ₹ 10

Employee Reservation: Equity shares aggregating upto ₹ 2 Cr

(Upto 232,558~ - 229,885^ Shares)

Price band : ₹ 86 - 87

Bid Lot: 172 Shares and in multiple thereof

Employee Discount: ₹ 8/- per share

Post Issue Implied Market Cap = ₹ 8,868 – 8,961 Cr

BRLMs: Axis Capital, Citigroup Global, ICICI Securities, SBI Capital Markets, BOB Capital Markets

Registrar: Link Intime India Pvt. Ltd.

Issue opens on: Tuesday, 16th March'2021

Issue closes on: Thursday, 18th March'2021

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	23-03-2021
Refunds/Unblocking ASBA Fund	24-03-2021
Credit of equity shares to DP A/c	25-03-2021
Trading commences	26-03-2021

Issue break-up

	No. of Shares	₹ In Cr	% of Issue
QIB	68,197,672 – 67,413,792	586.50	50%
NIB	20,459,303 – 20,224,138	175.95	15%
Retail	47,738,372 – 47,189,655	410.55	35%
Emp	232,558 - 229,885	2.00	-
Total	136,627,905- 135,057,470	1,175.00	100%

Listing : BSE & NSE

Shareholding (No. of Shares)

Pre issue	Post issue~	Post issue^
938,099,035	1,031,122,290	1,030,053,057

~@Lower price Band ^@ Upper Price Band

Shareholding (%)

	Pre-Issue	Post-Issue
Promoters & Promoter Gr	67.99%	60.53%
Public	32.01%	39.47%
Total	100.00%	100.00%

BACKGROUND

Company and Directors

The company was originally formed as a sole proprietorship under the name of Kalyan Jewellers at Thrissur in 1993. The sole proprietorship which was converted into a partnership firm thereafter converted into private limited company with the name Kalyan Jewellers TSK Pvt. Ltd. on January 29, 2009.

The company was promoted by T.S. Kalyanaraman, T.K. Seetharam and T.K. Ramesh who collectively hold an aggregate of 602,051,576 Equity Shares, aggregating to approximately 64.18% of the pre-Offer issued, subscribed and paid-up Equity Share capital of the company. Further, the Promoters along with the Promoter Group collectively hold an aggregate of 637,823,614 Equity Shares, aggregating to 67.99% of the pre-Offer issued, subscribed and paid-up Equity Share capital of the company.

Brief Biographies of Directors

T S Kalyanaraman is one of the Promoter, the Chairman and Managing Director of the company. He has been associated with the company since the incorporation and has been associated with the brand 'Kalyan Jewellers' since 1993. He has over 45 years of retail experience, of which over 25 years is in the jewellery industry.

T K Seetharam is one of the Promoters and a whole-time Director of the company. He has been associated with the company since its incorporation and has been associated with the brand 'Kalyan Jewellers' since 1998. He has approximately 22 years of experience in the jewellery industry.

T K Ramesh is one of the Promoters and a whole-time Director of the company. He has been associated with the company since its incorporation and has been associated with the brand 'Kalyan Jewellers' since 2000. He has approximately 20 years of experience in the jewellery industry.

Salil Nair is the Non-Executive Director of the company and has been on the Board since 2020. He has approximately 23 years of experience in the retail industry.

Anish Kumar Saraf is the Non-Executive, Nominee Director nominated by Highdell and has been on the Board since 2018. He is associated with Warburg Pincus India Pvt. Ltd. since 2006 where he currently holds the position of Managing Director.

Agnihotra Dakshina Murty Chavali is the Independent Director of the company and has been on the Board since 2016. He has over 30 years of experience in the banking sector and has served in various capacities in prestigious financial institutions.

Mahalingam Ramaswamy is the Independent Director of the company and has been on the Board since 2016. He has over 35 years of experience in the banking sector and has served, in various prestigious financial institutions in several capacities.

T S Anantharaman is the Independent Director of the company. He has been on the Board since 2018. He has been appointed as a director of KJFZE and KLLC UAE, the material subsidiaries of the company with effect from August 3, 2020, subject to the necessary approvals. He has several years of experience in various sectors, such as banking and teaching management and accounting.

Kishori Jayendra Udeshi is the Independent Director of the company. She has been on the Board since 2018. She has several years of experience in policy and banking sectors. During the course of her career, she has held prestigious positions with various institutions and government bodies.

Anil Sadasivan Nair is the Independent Director of the company and has been on the Board since 2020. He has over 19 years of experience in the field of advertising.

Key Managerial Personnel

Sanjay Raghuraman is the Chief Executive Officer of the company. He joined the company on October 4, 2012, in his prior capacity as the Chief Operating Officer. He has approximately 14 years of experience in retail financial services and operations.

V Swaminathan is the Chief Financial Officer of the company. He has been associated with the company since September 22, 2016. He has approximately 26 years of experience in finance and corporate planning and control.

Sanjay Mehrottra is the Head of Strategy and Corporate Affairs of the company. He has been associated with the company since January 22, 2018. He has over 26 years of experience in Indian capital markets.

Abraham George is the Head of Treasury & Investor Relations of the company. He has been associated with the company since June 7, 2017. He has approximately 16 years of experience in finance and capital markets.

Rajesh R is the Head of Legal and Compliance of the company. He has been associated with the company since November 25, 2019. He has over 12 years of experience in the legal industry.

Arun Sankar is the Head of Technology of the company. He has been associated with the company since August 6, 2014. He has over 13 years of experience in the technology sector.

Jishnu R G is the Company Secretary and Compliance Officer of the company. He has been associated with the company since December 5, 2018. He has over 6 years of experience in corporate compliance.

OBJECTS OF THE ISSUE

Objects	Amount
Funding working capital requirements of the company*	600.00
General Corporate Purposes	[•]
Total	[•]

*Estimated schedule of deployment of Net Proceeds in Fiscal 2022

OFFER DETAILS

The Offer	Amount	No. of Shares
Fresh Issue	₹ 800 Cr	Upto 93,023,255~ - 91,954,022^ Equity Shares
Offer for Sale		
T S Kalyanaraman – The Promoter Selling Shareholder	₹ 125 Cr	Upto 14,534,883~ – 14,367,816^ Equity Shares
Highdell Investments – The Investor Selling Shareholder	₹ 250 Cr	Upto 29,069,767~ – 28,735,632^ Equity Shares

(~ at lower price band and ^ upper price band)

Shareholding Pattern:

Shareholder	Pre-offer		No. of Shares offered	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter & Promoter Group					
- T S Kalyanaraman	230,012,492	24.52%	14,367,816	215,644,676	20.94%
- Other Promoters and Promoter groups	407,811,122			407,811,122	
Total for Promoter & Promoter Group	637,823,614	67.99%		623,455,798	60.53%
Public					
- Highdell	300,275,419	32.01%	28,735,632	271,539,787	26.36%
- Public – Others	2	-		135,057,472	
Public Total	300,275,421	32.01%		406,597,259	39.47%
Total Equity Share Capital	938,099,035	100.00%	43,103,448	1,030,053,057	100.00%

BUSINESS OVERVIEW

Kalyan Jewellers Limited (“**Kalyan Jewellers**”) is one of the largest jewellery companies in India based on revenue as of March 31, 2020, according to the Technopak Report. The company was established by their founder and one of their Promoters, T.S. Kalyanaraman, who has over 45 years of retail experience, of which over 25 years is in the jewellery industry. The company started their jewellery business in 1993 with a single showroom in Thrissur, Kerala.

Kalyan Jewellers has since expanded to become a pan-India jewellery company, with 107 showrooms located across 21 states and union territories in India, and also has an international presence with 30 showrooms located in the Middle East as of December 31, 2020. All of their showrooms are operated and managed by them. In Fiscal 2020, and in the 9 months ended December 31, 2020, the revenue from operations was ₹10,100.92 crore and ₹5,516.70 crore, of which 78.19% and 86.21% was from India and 21.81% and 13.79% was from the Middle East. Their total showrooms have increased from 77 as of March 31, 2015 to 137 showrooms as of December 31, 2020, and they

intend to continue to open additional showrooms as they expect significant opportunity for further penetration in their existing markets as well as in new markets, primarily in India. They also sell jewellery through their online platform at www.candere.com.

Kalyan Jewellers design, manufacture and sell a wide range of gold, studded and other jewellery products across various price points ranging from jewellery for special occasions, such as weddings, which is their highest-selling product category, to daily-wear jewellery. In Fiscal 2020 and in the 9 months ended December 31, 2020, 74.77% and 75.88% respectively, of their revenue from operations was from the sale of gold jewellery, 23.36% and 21.72% respectively, was from the sale of studded jewellery (which includes diamonds and precious stones), and 1.87% and 2.40% respectively, was from the sale of other jewellery.

Hyperlocal Jeweller: One of their **key competitive strengths is their ability to operate as a hyperlocal jewellery company**. They endeavour to cater to their customers' unique preferences, which often vary significantly by geography and micro market, through their local market expertise and region-specific marketing strategy and advertising campaigns. They engage local artisans to manufacture jewellery (based on their specifications) that is suited to local tastes in the markets in which they operate and hence endeavour to curate a localised product mix and store experience within each of their showrooms to suit their customers' preferences in the immediate micro market. It is in large part due to some of these strategies, as well as their ability to operate as a hyperlocal jewellery company, that has enabled them to become one of only the few pan-India jewellery companies.

Trusted Jewellery Brand: The Company pride themselves on being a trusted jeweller and have endeavoured to establish a strong brand that their customers associate with trust and transparency. They were one of the first jewellery companies in India to voluntarily have all of their jewellery BIS hallmarked as well as accompanied by a detailed pricing tag disaggregating the various components of price to aid transparency to consumers. These initiatives, along with their carefully crafted customer education and awareness campaigns around the lack of transparency historically prevalent in the Indian jewellery industry, have helped build the strength of their brand and enabled them to develop a loyal customer base. They were **awarded the Superbrands title of being 'India's most preferred jewellery brand in Fiscal 2020'**.

"My Kalyan" Neighbourhood Centres: The "My Kalyan" network and strategy is a unique pillar of their business which significantly enhances the distribution footprint in a manner which is difficult for their peers to easily replicate and enables Kalyan Jewellers to access India's large pool of jewellery customers across urban, semi-urban and rural markets.

Information Technology: Kalyan Jewellers has built robust information technology and operational management systems for their operations. These systems are specific to their business needs to ensure best-in-class standards of controls and operational efficiency. They particularly regard the implementation of their policies concerning inventory management and the mitigation of gold price fluctuations as critical to the success of their business. Additionally, they consider investments in technology to be a key enabler of their growth and have invested in building various technology platforms, particularly in their "My Kalyan" operations, to support their customer acquisition activities. They also plan to leverage the "near me searches" technology through which they are able to make their "My Kalyan" centres and showrooms discoverable across internet searches and allow their customers to contact a showroom or "My Kalyan" centre closest to them seamlessly.

Promoters and Management: Kalyan Jewellers is led by a management team with extensive experience in the jewellery and retail industries and with a proven track record of performance. Founded by the Chairman, Managing Director and Promoter T.S. Kalyanaraman, they are led by their whole-time Directors and Promoters, T.K. Seetharam and T.K. Ramesh, who have been involved in their business since company's inception and oversee the development of their business strategy. The company has built an experienced team of senior management professionals, led by the Chief Executive Officer, Sanjay Raghuraman who joined the company in 2012 when they were only present in South India and has been a key figure in their geographical expansion and evolution into a pan-India business. Raghuraman is supported by a strong and experienced team of cross functional professionals across senior and middle level management.

Board of Directors and Shareholders: The Company is supported by an experienced board of directors with diversified expertise which actively contributes to and participates in their strategy. Their Board consists of eminent personalities from varied fields such as banking and finance, retail, marketing and regulatory bodies and includes the former CEO of Shoppers Stop, former CEO of L&K Saatchi & Saatchi, the former Deputy Governor of the RBI, as well as former leaders of well-reputed banking institutions such as Catholic Syrian Bank, Indian Overseas Bank and State Bank of Travancore. Furthermore, **their shareholders include Highdell, belonging to the Warburg Pincus group**.

BUSINESS IMPACT – COVID 19

March 2020 to May 2020

An outbreak of COVID-19 was recognised as a pandemic by the WHO on March 11, 2020. Due to a government mandated lockdown in India, they had to temporarily close all of their showrooms, “My Kalyan” centres, manufacturing facilities, procurement centres and offices from mid-March to May 2020. Their operations in the Middle East were similarly impacted during this period, and given the slowdown in the general economy of the Middle East countries in which they have operations, they chose to permanently close 7 of their showrooms. As of December 31, 2020 they operated 30 showrooms in the Middle East.

May 2020 onwards

In May 2020, Kalyan Jewellers resumed operations and in June 2020 they opened most of their showrooms. Their pan-India presence, strong supply chain network and the capabilities and depth of their management team enabled them to restart the operations quickly after the lockdowns eased. They were able to leverage their 13 procurement centres across India to direct supplies from centres that were relatively unaffected by COVID-19. They have experienced a return of customer traffic to their showrooms and in July 2020 generated revenues in their open showrooms that were broadly in line with pre-COVID-19 levels and the corresponding period in Fiscal 2019.

The rapid recovery and subsequent growth in their business is being driven by the following key factors:

- Resilience of wedding-related jewellery, the highest-selling product category
- Jewellery seen as a store of value and as an investment
- Preference for safety of organised retail shopping experience

Cost control

In order to reduce the impact of COVID-19 on their operations, Kalyan Jewellers has proactively taken various steps to manage their expenses and liquidity, including reducing the marketing costs; seeking partial rent waivers and discounts under most of their lease agreements for their showrooms, “My Kalyan” centres and offices; temporarily reducing the cash compensation of senior executives; and reducing the administrative overhead expenses. The company did not layoff any of their employees or terminate their contractual arrangements with the suppliers and contract manufacturers during the lockdown period.

COMPANY PRODUCT PORTFOLIO

Product Offerings

The company design, manufacture and sells a wide range of jewellery products at varying price points for uses ranging from jewellery for special occasions such as weddings, to daily-wear jewellery. They offer gold jewellery, studded jewellery (including diamond) and other jewellery (including platinum jewellery and silver jewellery). Within these product categories, they offer jewellery for personal milestones and occasions, festival jewellery, wedding jewellery, daily-wear jewellery and men’s jewellery, with many different jewellery options, including rings, earrings, pendants, bracelets, necklaces, chains, waist bands and bangles. They also produce niche jewellery for specific target markets and consumer groups. In Fiscal 2020 and in the 9 months ended December 31, 2020, the average invoice value was ₹43,609.40 and ₹54,360.

The company has launched a number of sub-brands around their studded jewellery, such as “Nimah”, “Muhurat”, “Tejasvi”, “Rang”, “Anokhi”, “Glo”, “Ziah”, “Hera”, “Laya” and “Apoorva”, targeting different customer segments and occasions. The revenue from sales of studded jewellery increased from 20.65% of their revenue from operations in Fiscal 2018 to 23.36% in Fiscal 2020.

The breakdown of their revenue from operations in Fiscal 2020 and in the 9 months ended December 31, 2020 by product category:

Particulars	Fiscal 2020		9 months ended Dec’31, 2020	
	Revenue (₹ in Cr)	% to Revenue from Operations (%)	Revenue (₹ in Cr)	% to Revenue from Operations (%)
Gold	4,185.96	75.88%	7,552.53	74.77%
Studded	1,198.27	21.72%	2,359.97	23.36%
Others	132.48	2.40%	188.43	1.87%
Total for Revenue from Operations	5,516.71	100.00%	10,100.93	100.00%

“MY KALYAN” - BRAND BUILDING AND MARKETING

- **What is it:** Company’s “My Kalyan” customer outreach network consists of multiple smaller centres that serve as satellite locations situated in a wide radius around most of their showrooms. On average, they have approximately 7 “My Kalyan” locations per showroom. As of December 31, 2020, they had 766 “My Kalyan” locations and 2,699 dedicated “My Kalyan” employees located across 21 states and union territories in India. They generally hire “My Kalyan” employees from the communities in which they serve, and with local language skills and relationships.
- **Objective:** The “My Kalyan” locations employ dedicated “My Kalyan” personnel with local language and cultural knowledge who engage in door-to-door and other direct marketing efforts within their local communities to promote their brand, showcase their product catalogue, enroll customers in their purchase advance schemes, enrich the customer database and help drive traffic to their showrooms.
- **Strategies employed:** Since wedding-related jewellery is their highest selling product category, “My Kalyan” employees build relationships with various players in the wedding ecosystem such as marriage halls, astrologers, caterers, event managers, make-up artists and other wedding vendors to identify potential jewellery customers, who are likely to purchase their products given the imminence of special occasions within their extended families, in order to target them with tailored offerings and promotions.
- **Relevance to the business:** Through the aforementioned strategies, Kalyan Jewellers endeavour to connect and engage with over 10 million potential customers each year. Their “My Kalyan” network has been a critical tool in boosting the sales productivity of their showrooms and increasing enrolment of their purchase advance schemes. **The “My Kalyan” network contributed 17.02% and 20.82% of the revenue from operations in India and 30.88% and 36.02% of the enrolment to their purchase advance schemes in India in Fiscal 2020 and on the 9 months ended December 31, 2020.** Through their “My Kalyan” network, they have been able to enter rural and semi-urban markets in India that often have limited exposure to organised jewellery companies, and hence are typically served by long-established local and unorganised jewellers. It is through unique marketing outreach efforts such as these that they have been able to gain customer trust with face-to-face interaction and hence significantly widen their customer base.
- **Use of Technology:** The Company use technology to help enable the activities of their “My Kalyan” personnel. By utilising their state-of-the-art “Equals” digital platform, their “My Kalyan” employees are able to register customers directly into their purchase advance schemes without needing to bring customers into their locations, and their employees can also serve as a resource to collect periodic payments from customers enrolled in the scheme. Further, they have created the “iLead” application to capture and register wedding-related information from various sources which helps their “My Kalyan” employees target potential new customers.

JEWELLERY MANUFACTURING

The company manufactures their products through a network of artisans throughout India, who work in the capacity of contract manufacturers and as their independent contractors to manufacture their products. The company executes agreement with their contract manufacturers whereby they control the entire manufacturing process and the ultimate risk of the raw materials and products lies with them. Their jewellery in the Middle East consists of a mix of products manufactured by them as well as finished products purchased from local manufacturers. They have 4 manufacturing facilities in Sharjah and Oman where they produce jewellery.

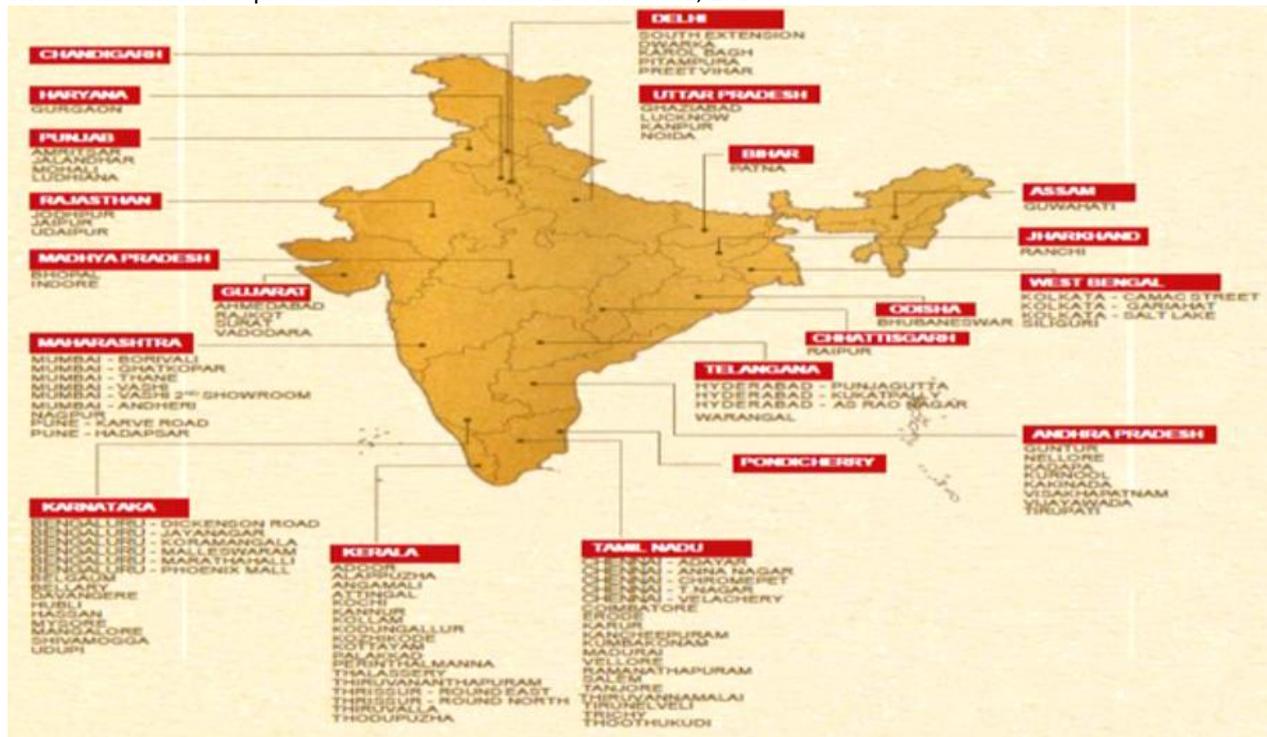
The aggregate installed capacity and capacity utilisation by product category at the manufacturing facilities:

Location of Plant	Type of Jewellery	Details of capacity as at and for the Financial year ended (in Kilograms)								
		March 31, 2020			March 31, 2019			March 31, 2018		
		Installed Capacity	Actual Production	%	Installed Capacity	Actual Production	%	Installed Capacity	Actual Production	%
SAIF Facility I	Gold Jewellery	1,020	123.2	12.1%	1,020	102.9	10.1%	1,020	166.2	16.3%
	Gold Jewellery	-	-	-	1,800	55.6	3.1%	-	-	-
SAIF Facility II	Old Gold Refinery	5,400	116.7	2.2%	-	-	-	-	-	-
Kenouz Facility	Gold Jewellery	12,420	585.7	4.7%	10,560	449.9	4.3%	5,760	258.1	4.5%
Oman Facility	Gold Jewellery	720	91.4	12.7%	360	15.5	4.3%	-	-	-

Showroom Network

As of December 31, 2020, Kalyan Jewellers had 107 showrooms located across 21 states and union territories in India, which covered a total aggregate area of 4,65,235 sq. ft. as well as 30 showrooms located in the Middle East, which covered a total aggregate area of 38,056 sq. ft. All of their showrooms are operated and managed by them.

The showroom centre presence across India as of December 31, 2020:



Showroom Expansion

The company has undergone a significant expansion in recent years in an effort to capitalise on the attractive market opportunity exists in the Indian jewellery industry. Their retail footprint increased from 77 showrooms as of March 31, 2015 to a total of 137 showrooms as of December 31, 2020.

Showroom Design and Operations

Company's showrooms are usually located in high-visibility, high-street areas and are generally well known by their customers in the local micro markets, and hence serve as destination stores. Their showrooms are stocked with a wide variety of jewellery products that allow them to target a broad consumer base across genders, socio-economic status levels and age groups, as well as for various occasions.

Further, many of their showrooms have an "Aishwaryam" section dedicated to selling higher-volume mass market products, and a "Muhurat" section dedicated to selling more ornate wedding jewellery. Their typical showroom in India is a large-format store with an average size of 4,348 sq. ft. and 32 sales staff.

Online Sales

The company also offers jewellery through their online platform, where they cater to a younger and more digitally savvy customer base. In addition to jewellery, they also offers purchase advance schemes on their online platform. The revenue from their Candere business increased from ₹12.30 crore in Fiscal 2018 to ₹55.74 crore in Fiscal 2020 and increased from 42.69 crore in the 9 months ended December 31 2019 to 60.37 crore in the 9 months ended December 31, 2020. The company intends to set up Candere kiosks in shopping malls and at some of their showrooms.

Marketing and Promotion

According to the Technopak Report, **Kalyan Jewellers is one of the first jewellery companies in India to have all of its jewellery BIS hallmarked as well as accompanied by a detailed pricing tag to aid transparency.** Their branding strategy focuses on maintaining consistency in their brand messaging across all of their communication channels and markets in which they operate.

Marketing

Kalyan Jewellers has invested significantly in the promotion of their brand, particularly in new markets within India and in the Middle East. Their aggregate expenses for marketing and other advertising efforts in Fiscals 2018, 2019 and 2020 was ₹888.11 crore.

(In ₹ Cr)

Particulars	9 months ended Dec'31		Fiscal		
	2020	2019	2020	2019	2018
marketing and other advertising Expenses	113.95	213.59	282.19	297.26	308.66
% to Revenue	2.07%	2.68%	2.79%	3.04%	2.93%

Brand Ambassadors

Company's brand ambassadors include celebrities with a mix of national and regional appeal.

- **National Brand Ambassadors:** Amitabh Bachchan, Katrina Kaif, Jaya Bachchan and Shweta Nanda Bachchan.
- **Regional Brand Ambassadors:** Prabhu Ganesan (Tamil), Nagarjuna Akkineni (Telugu), Shiva Rajkumar (Kannada), Manju Warriar (Malayalam).
- **Regional Influencers:** Pooja Sawant (Marathi), Wamiqa Gabbi (Punjabi), Ritabhari Chakraborty (Bengali) and Kinjal Rajpriya (Gujarati)

Media and Creative Marketing

The company advertise through several key media outlets to promote their brand and product portfolio, including through advertisements on television, radio, newspapers, magazines, billboards and the internet. They have their own inhouse creative studio and team and also work with large and experienced creative agencies to help produce creative content which is market-specific.

Website and Social Media

The company has a dedicated team which is focused on customer relations and marketing through their website www.kalyanjewellers.net and social media. As with their other marketing channels, Kalyan Jewellers implement their localisation strategy through region-special offerings in their online marketing campaigns.

Kalyan Matrimony

The company has an online matchmaking site named Kalyan Matrimony at www.kalyanmatrimony.com, enabling users to explore potential marital partners. The company is able to leverage customer data from their Kalyan Matrimony site to identify potential jewellery customers well before their wedding and to send targeted advertisements to promote brand awareness, particularly for wedding-related jewellery.

COMPETITIVE STRENGTHS

• **Established brand built on the core values of trust and transparency**

Kalyan Jewellers has endeavoured to establish a strong brand in the Indian jewellery market that their customers associate with trust and transparency. They were among the pioneers in the Indian jewellery market in (a) educating consumers about the aforementioned industry issues; (b) instituting the highest quality standards for their jewellery, and (c) introducing complete price transparency with their products. Through the following initiatives, coupled with concurrent customer education and awareness campaigns, particularly through their "My Kalyan" network, they have helped strengthen their brand by building customer trust and promoting transparency.

- **BIS hallmarked jewellery:** While selling BIS, hallmarked jewellery is expected to become mandatory in India in 2021, the company is selling only BIS hallmarked jewellery, which is independently verified for purity by government-approved agencies in accordance with BIS norms.
- **Detailed price tags disaggregating various components:** All of their jewellery items are accompanied by a detailed pricing tag disaggregating the various components such as metal weight, stone weight, stone price and making charges to aid transparency to consumers.
- **Karatmeters to verify purity:** Company's showrooms offer karatmeters to allow customers to verify the purity of their gold jewellery as well as the jewellery they have previously purchased from other sources.
- **Transparency in gold exchange:** In Fiscal 2020 and 9 months ended December 31, 2020, 27.13% and 31.50% of their revenue from operations involved customers exchanging or selling their previously purchased jewellery to them as payment for newly purchased jewellery. They have deployed a transparent process for valuing such exchange of customer gold, including verifying the exchanged gold purity in front of the customer to determine its fair value.
- **Product certification:** With each purchase of jewellery they provide their customers with a "four level product certification" which assures purity, offers lifetime product maintenance, identifies exchange and buy-back terms and provides a detailed product description.

- **Relevant Staff Training:** Company's sales staff is trained to be forthright with customers and to develop trust with the aim of providing long-term customer satisfaction and winning repeat business rather than focusing on a one-time sale.
- **One of India's largest jewellery companies with a pan-India presence**

Kalyan Jewellers has a pan-India presence with 107 showrooms located across 21 states and union territories in India and also has 30 showrooms located in the Middle East, as of December 31, 2020. In Fiscal 2020 and 9 months ended December 31, 2020, 78.19% and 86.21% of their revenue from operations was from India and 21.81% and 13.79% was from the Middle East.

As of December 31, 2020, 72 of their 137 showrooms were located outside of South India (South India includes Kerala, Tamil Nadu, Andhra Pradesh, Telangana, Pondicherry and Karnataka). Their operations outside of South India contributed 57.69% and 49.92% of the gross profit and 47.81% and 40.40% of the revenue in Fiscal 2020 and 9 months ended December 31, 2020. In addition, they have a relatively diversified presence across larger and smaller cities, semi-urban and rural regions. For Fiscal 2020 and 9 months ended December 31, 2020, approximately 51.29% and 53.08% of their revenue in India was generated from sales outside of tier-I cities. The total showrooms have increased from 77 as of March 31, 2015 to 137 as of December 31, 2020.

- **Hyperlocal strategy to cater the wide range of geographies and customer segments**

Jewellery consumption patterns in India are highly localised with customer preferences varying significantly by the region. Jewellery industry's characteristic has acted as a significant barrier for jewellery brands to scale up in India as it demands (a) a nuanced understanding of local customer needs, (b) region-specific procurement and inventory models, which require operating at sufficient scale to attract the best artisans, and (c) significant investments in localised and region-specific marketing campaigns to build awareness and trust with consumers.

The company strive to appeal to a broad base of customers via a multi-faceted hyperlocal strategy by deploying the following initiatives in their operations:

- **Localisation of the product portfolio:** The company appeal to a wide audience by endeavouring to understand the local market preferences and trends in the geographies in which they operate and offering a range of jewellery products in their showrooms that are tailored to such tastes.
- **Localisation in brand communication and marketing:** Company's region-specific marketing efforts, including state and city-specific brand campaigns with differential, localised creative content and the use of various relevant brand ambassadors with national, regional and local appeal, is a core element of their brand positioning.
- **Localisation of the showroom experience for customers:** Their localisation strategy is further supported by their policy of hiring personnel for each of their showrooms with local language and cultural knowledge, as well as their practice of designing the showrooms to reflect local tastes and sensibilities.
- **Localisation through the "My Kalyan" network:** Through their strategy of catering to local preferences, combined with their large scale of operations, allows them to cater to a wide range of customers across geographies, age groups, socio-economic status levels and genders as well as across urban, rural and semi-urban markets, all of which greatly widens their appeal and addressability to broad segments of jewellery consumers across India.
- **Extensive grassroots "My Kalyan" network with strong distribution capabilities**

The grassroots "My Kalyan" customer outreach network is a key element of their hyperlocal strategy enabling them to be a neighbourhood jeweller and is focused on marketing and customer engagement across urban, semi-urban and rural areas in India. The network of "My Kalyan" centres provides them with a marketing tool to help address the latent demand that exists in some of these markets.

- **Visionary Promoters with strong leadership and a demonstrated track record**

The company is led by a management team with extensive experience in the jewellery and retail industries with a proven track record of performance.

- **Strong promoter background with extensive experience in retail and jewellery:** The company was founded by the Chairman, Managing Director and Promoter, T.S. Kalyanaraman, who has over 45 years of retail experience, of which over 25 years is in the jewellery industry. They are led by the whole-time Directors and Promoters,

T.K. Seetharam and T.K. Ramesh, who have been involved in their business since the company's inception and oversee the development of their business strategy.

- **Professionally managed:** They have built an experienced team of senior management professionals, led by their Chief Executive Officer, Sanjay Raghuraman who joined the company in 2012 when they were only present in South India. He has been a key figure in their geographical expansion and evolution into a pan-India business. He is supported by a strong and experienced team of cross-functional professionals across senior and mid-level management.
- **Wide range of product offerings targeted at a diverse set of customers**

Company's products span jewellery for special occasions, such as weddings, to daily-wear jewellery, and their product portfolio also caters to a wide range of price points. They have launched numerous sub-brands that address specific customer niches such as:

- **Ornate wedding jewellery**, which they sell through their "Muhurat" brand to their wedding customers;
- **High-volume, mass market jewellery**, which they sell through their "Aishwaryam" brand to their value conscious customers;
- **Antique and heritage gold jewellery**, studded with precious stones jewellery, polki and uncut diamond jewellery that they sell through their "Mudhra", "Sankalp", "Nimah" and "Anokhi" brands to the mid-to-high end customers; and
- **Technology savvy customers**, to whom they cater through their online platform. Recognizing early the powerful potential of engaging customers online in an increasingly digitally connected world, they invested and acquired a majority stake in Enovate Lifestyles Pvt. Ltd. and its online platform, www.candere.com. Through this platform, the customers can purchase a wide variety of jewellery under the Candere and Kalyan brands, as well as enroll in their purchase advance schemes.

A description of company's jewellery sub-brands and their target geographies and themes:



Product Description	Mudhra	Tejasvi	Rang	Anokhi	Nimah	Muhurat	Glo	Eecorva	Ziah	Heph	Laya	Antara
Product Description	Antique (non-yellow gold finish)	Polki collection	Precious studded jewellery	Uncut diamond-studded	Gold-studded with semi-precious stones	Gold, Uncut diamonds, precious stones and diamonds	Diamond jewellery	Diamond jewellery	Diamond jewellery	Diamond jewellery	Diamond jewellery	Diamond jewellery
Theme	Occasion wear	Occasion wear	Occasion wear	Occasion wear	South Indian Heritage jewellery	Bridal Wear	Casual / Semi-formal / Occasion	Illusion setting collection	Light wear cluster-setting collection	Generic / Affordable / Daily-wear	Fancy shape/rose gold	Light Weight, Prong Setting

- **Robust and effective internal control processes to support a growing organisation and showroom network with a pan-India presence**

The company has established a robust set of operational and control processes to manage their business operations and to support their future growth at both the showroom and corporate level. Given the high value nature of their jewellery, the inventory management and internal audit procedures are critical to the success of their business.

The company closely track their inventory starting from the initial procurement of raw materials to its ultimate sale in their showrooms, including by barcoding each piece of finished goods inventory and conducting daily counts at their showrooms. These measures are coupled with an integrated enterprise resource planning, or ERP, system.

KEY BUSINESS STRATEGIES

- ***Leverage the scalable business model to expand the showroom network and diversify the channels of Distribution***

The Indian jewellery industry is expected to continue to witness a shift in demand in favour of organised jewellery companies. Company's strong brand, scalable business model, effective operational processes and proven track record of profitable expansion, all positions them well to capitalise on this market opportunity, and accordingly they intend to further expand their network of showrooms. Between April 1, 2015 and December 31, 2020, Kalyan Jewellers opened 60 net new showrooms at an average rate of approximately 11 showroom openings per year across multiple regions.

The significant investments they have already made in (a) brand building across a large number of local markets, (b) understanding the varying nuances of customer behaviour across geographies, and (c) building an artisan network across various parts of India, will enable them to effectively utilise their previously proven playbook in successfully expanding their showroom network.

- ***Widen the product offerings to further increase their consumer reach***

The company intends to continue to increase their focus on studded jewellery going forward as these products have widened the consumer base to which they cater and also typically have a higher gross margin profile than their gold jewellery. They have launched a number of sub-brands around their studded jewellery range. The revenue from sales of studded jewellery increased from 20.65% of their revenue from operations in Fiscal 2018 to 23.36% of revenue from operations in Fiscal 2020.

In the last few years, they have introduced a range of jewellery collections under distinct sub-brands, such as "**Muhurat**", "**Mudhra**", "**Rang**", "**Nimah**" and "**Anokhi**", which are designed to cater to specific customer niches such as antique jewellery, temple jewellery and polki diamonds and precious stones jewellery. These brands are marketed through distinct promotional campaigns and have separate shelf-space in their showrooms.

- ***Leverage the "My Kalyan" network to deepen customer outreach and strengthen the distribution network***

The company intends to continue leveraging their extensive "My Kalyan" network of 766 centres across India to deepen customer engagement and actively bolster their efforts to acquire a larger customer base in the markets in which they operate. Additionally, they intend to expand their "My Kalyan" network in areas where their network is currently underpenetrated relative to the scale of the latent demand opportunity in those particular markets. As they continue to embark upon their showroom expansion, they also plan to expand their "My Kalyan" network in tandem with their showroom footprint in order to promote their brand, showcase their product catalogue, enrich their customer database and help drive traffic to their showrooms.

- ***Invest in CRM, marketing and analytics to more effectively target consumers and drive sales***

The company intends to continue to invest in customer relationship management, or CRM, strategies, campaigns and technologies to analyse and manage customer interactions and related data throughout the customer lifecycle, with the goal of creating a long-term relationship with customers, building customer retention and driving sales. Developing a deep and nuanced understanding of their customers and their purchasing patterns is crucial to their business. The company has micro websites for each of their showrooms as well as for various jewellery designs and products that enable search, lead generation and tracking in a hyperlocal manner.

COMPETITION

Kalyan Jewellers face competition from both organised and unorganised companies in the Indian jewellery industry. A majority of the Indian jewellery industry consists of unorganised players who have historically dominated a large part of the market, although their share of the market has been falling and is expected to continue to decline.

The company Jewellers also face competition from organised jewellery companies who compete with them on a national, regional and local level. They have established a pan-India presence with strong brand recognition throughout India and the Middle East, while concurrently having numerous grassroots marketing initiatives, such as their "My Kalyan" network, which allow them to compete with organised and unorganised jewellery companies at a regional and local level across a wide range of geographies. While **their primary competitor at the national level is Titan (Tanishq)**, they have multiple competitors at various regional and local levels across India.

INDUSTRY OVERVIEW

Competitive Landscape

Tanishq (Titan Company Limited) is the leader in the Indian Jewellery market with 3.9% share of the overall jewellery market and 12.5% share of the organized jewellery market, based on Fiscal 2019.

For the same period, **Kalyan Jewellers**, also one of the largest jewellery companies in India based on revenues, had 1.8% share of the overall jewellery market and 5.9% share of the organized jewellery market.

Comparison of Retail Chains, Local and E-commerce Players

	Retail Chains			Local Jewellers		E-commerce
	1	2	3	Destination Stores	Neighbourhood Jewellers	Online led Jewellery stores
Example	Tanishq	Kalyan	Malabar	Mehrasons	Various	Bluestone
Significant Focus	Pan-India	Pan-India	Regional	Regional/Local	Local	N/A
Product Design Ethos	Uniform, Fashion, Contemporary	Uniquely localised	Regional	Local / Regional	Local designs	Uniform
Price Positioning	Mid to Premium	Mass to Premium	Mass to mid	Mass to Premium	Mass	Mid-Price
Current Product Focus	Daily and fashion wear	Wedding related & Daily	Wedding related and daily	Wedding-related and daily	Daily wear	Fashion wear

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2020)

Name of the Bank	Consolidated / Standalone	Face Value	Total Income for Fiscal 2020 (₹ Cr)	EPS		NAV [^]	P/E [~]	RoNW (%)
				Basic	Diluted			
Kalyan Jewellers India Ltd	Consolidated	10	10,181.02	1.70	1.49	25.71	[•]	6.63%
Peer Group								
Titan Company Limited	Consolidated	1	21,204.77	16.91	16.91	75.12	84.23	22.38%

Source: RHP ~P/E Ratio has been computed based on the closing market price on BSE as on February 23, 2021.

AXIS CAPITAL LIMITED

Axis House, 1st Floor, Level-1, C-Wing, C-2, Wadia International Center, Pandurang Budhkar Marg, Worli, Mumbai 400 025.

Tel: +91 22 4325 2525; Fax: +91 22 4325 3000

www.axiscapital.co.in

This document has been prepared by Axis Capital Limited. Affiliates of Axis Capital Limited may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating and target price of the Affiliates research report.

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient.

Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors.

Axis Capital Limited has not independently verified all the information given in this document. Accordingly, no representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval.

Axis Capital Limited, its affiliates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document.

This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of Axis Capital Limited. The views expressed are those of the analyst and the Company may or may not subscribe to all the views expressed therein.

This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. Neither this document nor any copy of it may be taken or transmitted into the United State (to U.S. Persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Axis Capital Limited to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

Kalyan Jewellers India Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares and has filed the RHP with the RoC and thereafter with SEBI and the Stock Exchanges. The RHP is available on the website of Securities and Exchange Board of India at www.sebi.gov.in, on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com as well as on the websites of the BRLMs, Axis Capital Limited at www.axiscapital.co.in. Investors should note that investment in equity shares involves a high degree of risk and for details relating to such risk, see "Risk Factors" of the RHP. Potential investors should not rely on the DRHP filed with SEBI for making any investment decision.

Copyright in this document vests exclusively with Axis Capital Limited.