



IPO DETAILS

Issue Date	16 th Mar-18 th Mar 2021
Price Band	Rs 86-87 per Share
Bid Lot	172 & in multiple thereof
Face Value	Rs 10/Share
Listing	BSE, NSE
Issue Size	Rs 1175 Cr
Fresh issue	Rs 800 Cr
Offer For sale	Rs 375 Cr
Pre Issue Eq Shares	938099035 Eq Shares
BRLM	Citigroup Global Markets India Private Limited, Axis Capital Limited, ICICI Securities Limited, BOB Capital Markets Ltd.
Registrar	Link Intime India Private Limited

Company is one of the largest jewellery companies in India based on revenue as of March 31, 2020. Company have since expanded to become a pan-India jewellery company, with 107 showrooms located across 21 states and union territories in India, and also have an international presence with 30 showrooms located in the Middle East as of December 31, 2020.

Key Highlights:

Established Pan India presence: Company have since expanded to become a pan-India jewellery company, with 107 showrooms located across 21 states and union territories in India, and also have an international presence with 30 showrooms located in the Middle East as of December 31, 2020. All of company's showrooms are operated and managed by company. Company's total showrooms have increased from 77 as of March 31, 2015 to 137 showrooms as of December 31, 2020, and company intend to continue to open additional showrooms as it expect significant opportunity for further penetration in existing markets as well as in new markets, primarily in India. Company also sell jewellery through its online platform at www.candere.com.

Hyperlocal Jeweller: One of company's key competitive strengths is its ability to operate as a hyperlocal jewellery company. Company endeavour to cater to its customers' unique preferences, which often vary significantly by geography and micro market, through its local market expertise and region-specific marketing strategy and advertising campaigns. Company engage local artisans to manufacture jewellery that is suited to local tastes in the markets in which company operate and hence endeavour to curate a localised product mix and store experience within each of its showrooms to suit its customers' preferences in the immediate micro market.

Experienced Promoter & board of directors: Company was founded by Chairman, Managing Director and Promoter, Mr. T.S. Kalyanaraman, who has over 45 years of retail experience, of which over 25 years is in the jewellery industry. Company's 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, company's shareholders include Highdell, belonging to the Warburg Pincus group.

Valuation

Company is bringing the issue at p/e multiple of approx 63x at higher end of price band of Rs 86-87/share on FY20 PAT basis.

Though company being one of the established brand & among one of the India's largest jewellery companies with a pan India presence & wide range of product offerings & strong promoters base but looking after financial performance we recommend investor with high risk appetite to subscribe the issue for short term. However investor with long term horizon can apply for the issue.



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, Cntemporary	Uniquely localised	Regional	Local/Regional	Local designs	Uniform
Price Positioning	Mid to Premium	Mass Premium to	Mass to mid	Mass to Premium	Mass	Mid –Price
Current Product Focus	Daily & Fashion wear	Wedding related Daily &	Wedding related & Daily	Wedding related & Daily	Daily Wear	Fashion Wear

Peer Comparison Data

Company (Fig in Cr)	Revenue	PAT	EBIDTA Margin	PAT Margin	ROE	P/E
Titan	20767.70	1496.69	11.72	7.10	23.51	175.34
Kalyan Jeweller	10100.92	142.27	31	1.41	6.59	

Note: Data for FY20
#: As on 15th Mar'21

Source: Ace Equity Database

PEERS DATA



One of India's largest jewellery companies with a pan-India presence

Company is one of the largest jewellery companies in India based on revenue as of March 31, 2020. Company have a pan-India presence with 107 showrooms located across 21 states and union territories in India and also have 30 showrooms located in the Middle East, as of December 31, 2020. In Fiscal 2020 and in the nine months ended December 31, 2020, 78.19% and 86.21% of company's revenue from operations was from India and 21.81% and 13.79% was from the Middle East.

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 its product portfolio also caters to a wide range of price points. Company have launched numerous sub-brands that address specific customer niches such as:

- Ornate wedding jewellery, which company sell through its "Muhurat" brand to its wedding customers;
- High-volume, mass market jewellery, which company sell through its "Aishwaryam" brand to its value conscious customers;
- Antique and heritage gold jewellery, studded with precious stones jewellery, polki and uncut diamond jewellery that company sell through its "Mudhra", "Sankalp", "Nimah" and "Anokhi" brands to its mid-to-high end customers; and
- Technology savvy customers, to whom company cater through its online platform. Recognizing early the powerful potential of engaging customers online in an increasingly digitally connected world, company invested and acquired a majority stake in Enovate Lifestyles Private Limited and its online platform, www.candere.com.

Experienced Promoter & board of directors: Company was founded by Chairman, Managing Director and Promoter, Mr. T.S. Kalyanaraman, who has over 45 years of retail experience, of which over 25 years is in the jewellery industry. Company's 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, company's shareholders include Highdell, belonging to the Warburg Pincus group.



ABOUT COMPANY

Company 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 its highest-selling product category, to daily-wear jewellery. Company's grassroots "My Kalyan" customer outreach and service centre network is another key element of company's hyperlocal strategy which enables company to be a neighbourhood jeweller and is focused on marketing and customer engagement across urban, semi-urban and rural areas in India. As of December 31, 2020, company had 766 "My Kalyan" locations and 2,699 dedicated "My Kalyan" employees.

The following table provides a breakdown of company's revenue from operations in Fiscal 2020 and in the nine months ended December 31, 2020 by product category:

	In Fiscal 2020		Nine months ended Dec 31,2020	
	Rs in Millions	% of revenue from operations	Rs in Millions	% of revenue from operations
Gold	75,525.27	74.77%	41859.57	75.88%
Studded	23599.65	23.36%	11982.71	21.72%
Other	1884.25	1.87%	1324.77	2.40%

Company's jewellery in the Middle East consists of a mix of products manufactured by company as well as finished products purchased from local manufacturers. Company have four manufacturing facilities in Sharjah and Oman where it produce jewellery. The following table provides the aggregate installed capacity and aggregate capacity utilisation by product category at company's manufacturing facilities as at March 31, 2018, 2019 and 2020

Location of plant	Type of Jewellery	Details of capacity as at & for the financial year ended(in Kg)								
		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	1020	123.20	12.1	1020	102.90	10.1	1020	166.20	16.3
	Total	1020	123.20	12.1	1020	102.90	10.1	1020	166.20	16.3
SAIF Facility II	Gold Jewellery	--	---	--	1800	55.6	3.1	--	--	--
	Old Gold Jewellery	5400	116.70	2.2	--	--	--	---	---	--
	Total	5400	116.70	2.2	1800	55.60	3.1	--	---	---
Kenouz Facility	Gold Jewellery	12420	585.70	4.7	10560	449.90	4.3	5760	258.1	4.5
	Total	12420	585.70	4.7	10560	449.90	4.3	5760	258.1	4.5
Oman Facility	Gold Jewellery	720	91.4	12.7	360	15.5	4.3	---	---	--
	Total	720	91.4	12.7	360	15.5	4.3	--	--	--



Risk Factors:

As per the Restated Consolidated Financial Information, company incurred a loss of ₹48.64 million in Fiscal 2019 and a loss of ₹799.48 million in the nine months ended December 31, 2020 on a consolidated basis. Company also had negative cash flows from operating activities of ₹2,281.16 million in the nine months ended December 31, 2020.

Objects of Issue:

Fresh Issue

The Net Proceeds from the Fresh Issue are proposed to be utilized towards the following objects:

1. Funding working capital requirements of company; and
2. General corporate purposes.

Financial Statement

(Rs Cr)

Particulars	FY18	FY19	FY20	9MFY21
Total Income	10547.95	9770.76	10100.92	5516.70
Total Exp	9815.20	9190.43	9340.65	5150.09
EBIDTA	732.75	580.34	760.27	366.62
Other Income	32.25	43.27	80.10	33.09
Depreciation	202.03	223.62	239.17	170.05
EBIT	562.97	399.98	601.20	229.66
Interest	349.11	379.06	380.32	288.78
PBT	213.86	20.93	220.89	-59.12
E/O Items	0.00	0.00	0.00	0.00
PBT	213.86	20.93	220.89	-59.12
Sh Of Profit in				
Asso	0.00	0.00	0.00	0.00
PBT	213.86	20.93	220.89	-59.12
Tax	72.79	25.79	78.61	20.83
PAT	141.07	-4.86	142.27	-79.95
Eq Cap	839.02	839.24	839.24	839.24
Net Worth	13,756.80	2,000.64	2,158.08	2,057.89
Eq Shares	83.90	83.92	83.92	83.92
EPS	1.68	-0.06	1.70	-0.95
Book Value	163.96	23.84	25.71	24.52
ROE	0.98	-0.51	6.59	-3.88
EBIDTA Margin %	6.95	5.94	7.53	6.65
PAT Margin %	1.27	-0.10	1.41	-1.45

Source:RHP

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