



MSEARCH

IPO OFFERING

KALYAN JEWELLERS INDIA LTD



About Company

Recommendation: Subscribe with caution

Kalyan Jewellers India Ltd (Kalyan Jewellers) is one of the largest jewellery companies in India. It designs, manufactures and sells 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. Their capability to cater to customer's unique preferences which often vary significantly by geography and micro market, through their local market expertise and region-specific marketing strategy and advertising campaigns makes it their key strength. As on December 2020, it has presence pan India with 107 showrooms located across 21 states and union territories and also has an international presence with 30 showrooms located in the Middle East. They also sell jewellery through their online platform at www.candere.com.

Price Band	: Rs. 86 to 87 per share
Face Value	: Rs. 10
Bid Lot size	: 172 Shares
Issue size	: Rs. 1175 Cr
Issue Opens	: March 16 th 2021, Monday
Issue Closes	: March 18 th 2021, Wednesday
Min App Amount	: Rs. 14,964 /- at upper band

Important Note: All retail applications compulsory in UPI mode*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

Msearch View: We believe Kalyan Jewellers IPO offer gives investors an opportunity to invest in one of the fastest and leading pan-India jewellery companies in India. We like the business model that the ability to operate as a hyperlocal jewellery company as they endeavour to cater to their customers' unique preferences, which often vary significantly by geography and micro market and region-specific marketing strategy and advertising campaigns. Kalyan Jewellers is well placed to tap the sector demand & growth but one should also consider a few risks before making an informed decision to invest in this IPO that would be like high debt on books with low-profit margins, high competition in domestic brands as well as unorganised markets which can keep margins under, exposure to the cyclicity of gold price business. Considering all the IPO factors risk concerns weigh more over rationales to invest in this IPO offer hence we recommend risky investors can "SUBSCRIBE WITH CAUTION". We see high competition from both organised and unorganised players in the Indian jewellery industry as majority of the 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. We also believe jewellery business remained quite risky & volatile gold prices. **On valuations parse at upper price band (Rs 87/-), the issue is asking for a market cap of Rs 8961 Cr, due to incurred losses in FY2019 and even for 9 months ending Dec-2020 we cannot annualise last 9 months EPS to value on annualised price-earnings ratio and we believe the ask valuations seems this IPO offer is fully priced on industry average so conservative investors can give a miss on this.**



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BASIC FINANCIAL DETAILS

Particulars Rs (in Cr)	2018	2019	2020	9M FY20	9M FY21
Equity Share Capital	839	839	839	839	839
Reserves as stated	1012	1046	1203	1143	1099
Net worth as stated	1968	2001	2158	2098	2058
Revenue from Operations	10548	9771	10101	7960	5517
Revenue Growth (%)	-	(7.37)%	3.38%	-	(30.70)%
EBITDA as stated	733	580	760	581	367
Profit Before Tax	214	21	221	154	(59)
Net Profit for the period	141	(5)	142	94	(80)
EPS (Rs)	1.7	-	1.7	1.13	-
RONW%	7.23%	-	6.63%	4.52%	-
NAV (₹)	23.45	23.84	25.71	25	24.52

Source: Company RHP

COMPARISON WITH LISTED INDUSTRY PEERS Rs (in Cr).

Companies	Mcap	FV	Revenue FY20	EPS	NAV	P/E	RoNW
Kalyan Jewellers India Ltd	8961	10	10181	1.7	25.71	-	6.63%
Titan Company Ltd	131787	1	21205	16.91	75.12	84.23	22.38%

Source: Company RHP