

July 8, 2010

**CARE ASSIGNS 'CARE BBB-' RATINGS TO THE BANK FACILITIES OF KALYAN JEWELLERS INDIA PVT LTD.****Ratings**

<b>Facilities</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	145.78	<b>'CARE BBB-' (Triple B Minus)</b>	Assigned
<b>Total Facilities</b>	<b>145.78</b>		

**Rating Rationale**

The rating derives its strengths from the wide reach of Kalyan Jewellers India Pvt Ltd (KJIPL) in the southern gold jewellery market, synergies of operations with group firms, established track record of the promoter and a well-established brand name in the states of Kerala and Tamil Nadu.

The rating is however constrained by low profit margins, relatively high gearing ratio primarily on account of high working capital borrowing, highly competitive nature of the industry and high level of inventory which is exposed to fluctuation in gold prices.

Going forward, the ability of KJIPL to handle fluctuations in gold price movement, achieving sales growth from the newly-opened showrooms and ensuring high inventory turnover will be critical for its financial sustainability and will be the key rating sensitivities.

**Company Profile**

KJIPL was originally incorporated in the year 1994 and became a private limited company on January 2009. KJIPL belongs to Kalyan group of Thrisur, a century old group engaged in textile business. KJIPL is presently engaged in retailing of gold, silver, platinum, and diamond jewellery and pearls. Kalyan group as a whole operates 16 showrooms across the states of Tamil Nadu and Kerala of which eight showrooms (including the four new showrooms added during FY10) are under KJIPL and remaining are operated under partnership firms.

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<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com)

KJIPL registered a PAT of Rs.1.76 cr on a total income of Rs.305 cr during FY09. For the nine-month period ended December 31, 2009 (unaudited), KJIPL posted Rs.4.30 cr on a total income of Rs.352 cr.

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