

Kalyan Jewellers plans IPO in two years to fund growth



SWANSY AFONSO

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Kalyan Jewellers India, the company giving away Volkswagen AG's Audi cars as freebies to lure customers, is exploring an initial public offering (IPO) within the next two years as the company seeks to raise funds to expand its global footprint.

"You will hear of an IPO soon — we won't have to wait too long," T S Kalyanaraman, chairman of the Thrissur, Kerala-based company, said in a phone interview. A possible share sale could happen between 2018 and 2019, he said.

Kalyan, which counts Bollywood superstar Amitabh Bachchan as a brand ambassador, last month won additional investment from private equity firm Warburg Pincus LLC as the jeweler looks to double its stores to 200 over the next three years.

Warburg invested ₹500 crore (\$78 million), adding to the ₹1,200 crore it invested in 2014, to help the jeweler enter new markets Saudi Arabia, Bahrain, Oman, Singapore and Malaysia. "We wanted an investor like Warburg, who has a very good reputation in the community, to come

and join hands with us to add more professionalism and to get more expertise," Kalyanaraman said.

Kalyan plans to spend ₹800 crore in the current financial year started April 1 to open 22 more stores this year in India and the Middle East, taking the total number of outlets to 127, he said. The new stores, in addition to estimated growth of as much as eight per cent at existing branches, may boost the company's revenues by 15 per cent this financial year from ₹9,830 crore last year, Kalyanaraman said.

"We are very positive on demand," he said. Prime Minister Narendra Modi's move to withdraw high-denomination currency notes last year to crack-down on blackmarket cash will only help organized players like Kalyan, he said. "There is no difference in the customer purchase pattern and the only difference is the mode of payment to credit cards and debit cards from cash."

Indian purchases have been recovering, with the World Gold Council estimating annual consumption to be at the higher end of 650 tonnes to 750 tonnes in 2017.

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