



Date; 29th April, 2024

To
The Department of Corporate Services
BSE Limited
25th Floor, PhirozeJeejeebhoy Towers,
Dalal Street, Fort, Mumbai – 400001

Ref: UDAYJEW | Scrip Code: 539518 | ISIN: INE551B01012

Sub: Information Memorandum

Dear Sir/Madam

With reference to the above-captioned subject, please find herewith, enclosed the Information Memorandum including the financial statements up to December 31, 2023.. The aforesaid Information Memorandum is also being disseminated on Company's website at

<https://udayjewellery.com/>

This is for your information and records

Thanking You,

Yours Faithfully

For **UDAY JEWELLERY INDUSTRIES LIMITED**

NIVYA SONI
2024.04.29
10:10:53 +05'30'

NIVYA SONI
Company Secretary & Compliance Officer

Uday Jewellery Industries Limited
manufacturers • exporters • distributors



Uday Jewellery Industries Limited

Information Memorandum



Important Notice

The purpose of this Information Memorandum (IM) prepared by Invictus Corporate Solutions LLP (“the Advisors”) is to provide information on Uday Jewellery Industries Limited (hereinafter also referred to as “UJIL” or “the Company”) and the Hanumanth Rai Sanghi Group (hereinafter also referred to as “the HRS Group” or “the Group”) to assist third parties in determining whether they have any interest in participating in the equity ownership of the Company. Unless expressly stated otherwise, information contained in this document has been derived from records maintained by the Company and publicly available sources and has not been verified by Independent Audit.

Statements made in Management Discussion and Analysis and other projections, estimates and predictions mentioned in this IM may be considered to be forward looking statements including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to UJIL and its affiliated companies’ future business developments and economic performance. While these forward looking statements indicate the assessment and future expectations of the Advisors concerning the development of the Company’s business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from the Advisors’ expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with the Company, legislative developments, and other key factors that could affect the Company’s business and financial performance.

The information in this document is provided as a matter of interest only. The Recipient should not treat the contents of this document as advice relating to legal, taxation or investment assessment and should consult their own advisors. The Recipient must make his own independent assessment and investigation of the Company and should not rely on any statement contained in this document as to the significance, adequacy or accuracy of any matter described.

This IM or any of its contents is not an agreement to sell any securities or any of the businesses or assets which are held by the Company, or to enter into an agreement or arrangement of any kind with any party. This IM does not purport to contain all the information and data each Investor and/or their advisors may desire or require in reaching decisions with respect to a prospective investment in the Company. Every Investor should conduct his own investigations and analysis and should check the accuracy, reliability and completeness of the information furnished to them either verbally or in writing and should form their own views as to what information provided herein or separately is relevant to any decisions that they make and should make their own independent investigations in relation to any additional information that they may require.

All estimates of the future performance of the Company have been made on the basis of the internal assessment and analysis of the Advisors and the Management of the Company takes no responsibility for the accuracy or completeness of the said information.

While this IM has been prepared in good faith, neither the Advisors nor their employees/associates/counsels make any representation or warranty, express or implied, or accept any responsibility or liability, whatsoever, in respect of any statements or omissions herein, or the accuracy, completeness or reliability of Information, and shall incur no liability under any law, statute, rules or regulations as to the accuracy, reliability or completeness of this IM.

The contents of this IM are privileged and confidential. By accepting this IM you recognize and acknowledge the competitive value and confidential nature of the information contained herein and agree not to use such information in a manner prejudicial to the interests of either the Company and/or the Advisors and/or any of their affiliates and associates.

Table of Contents

| | |
|---|----|
| 1. Executive Summary..... | 04 |
| 2. Investment Highlights... .. | 08 |
| 3. Ownership & Management..... | 10 |
| 4. Business of the Company..... | 21 |
| 5. An Analyst of the Market... .. | 31 |
| 6. Financial Track Record of the Company..... | 44 |
| 7. Management Discussion and Analysis | 48 |
| 8. Valuation Discussion... .. | 54 |

Uday Jewellery Industries Ltd. (UJIL) - an Overview

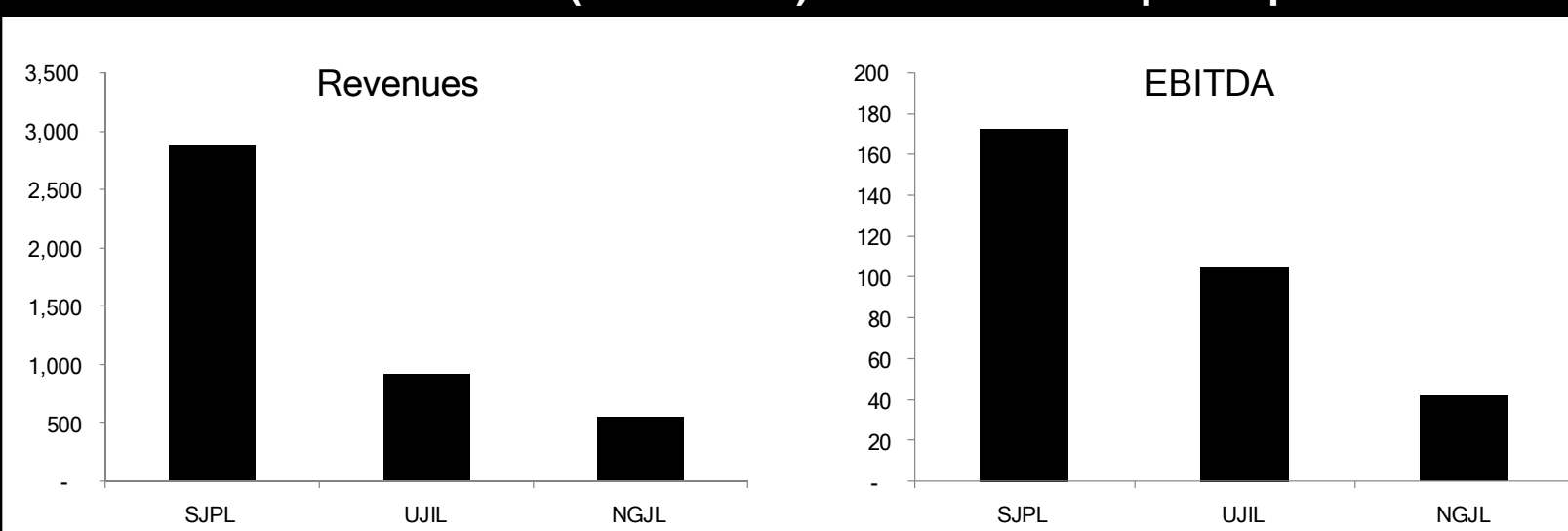
Lineage and Legacy

- UJIL is a part of the Hyderabad based “**Hanumanth Rai Sanghi Group**” („the HRS Group” or “the Group”) that carries forward a 100 year old legacy in the gems & precious gem stone studded jewellery business.
- The HRS Group is managed by 4th generation gems and jewellery professionals.
- The HRS Group was a pioneer in creating a manufacturing base for a jewellery range inspired by the traditional Hyderabad Nizami designs and patterns. The Group set the trend in 1993 when the first ever jewellery manufacturing unit in Hyderabad was set up
- The flagship of the HRS Group is Sanghi Jewellers Pvt. Ltd. (SJPL). SJPL is the largest manufacturer of precious gem studded jewellery in India..
- The HRS Group also includes Narbada Gems & Jewellery Ltd. (NGJL), a listed company with a focus on diamond and coloured stones studded jewellery.
- UJIL holds a leading position in the Cubic Zirconia (CZ) and colour stone studded jewellery.
- The HRS Group is one of the most trusted suppliers and product development partners of the marquee brands of India including Kalyan Jewellers, Malabar Gold & Diamonds, Joyalukkas, etc.
- The core strength of the Group lies in innovative designs, cost effective operations and manufacturing excellence.

Business

- The Company specializes in the manufacture and trade of gold jewellery studded with Cubic Zirconia and other precious stones.
- UJIL has developed a completely integrated production infrastructure in Hyderabad that is equipped with state-of-the-art machinery and technology to manufacture and deliver a wide range of products including rings, earrings, bracelets, bangles, long necklaces, short necklaces, choker sets, etc. with a total installed capacity of 30 kg.
- UJIL operates primarily in the B2B segment of the jewellery industry and has forayed in the Middle Eastern markets through establishment of beachhead in the UAE in 2018.
- The Company has plans to extend its footprint in the B2C segment mainly through asset light routes including the franchise model and e-commerce channels, thereby achieving greater reach and higher realizations.

FY20 Turnover and EBITDA (INR Million) of the HRS Group Companies



The Hanumanth Rai Sanghi Group has established itself firmly as one of the dominant players in the Indian gems & jewellery market that contributes 7% to the GDP of the country. Having cemented its position as the preferred supply partner for almost all leading brands in India, the Group is now poised to meaningfully explore global markets and also extend its reach into the retail segment. These two factors are expected to serve as a significant momentum for growth and profitability in the near to medium term.

The Gems & Jewellery Market - Trends & Dynamics

India in the Global Context

- India is the largest consumer of gold in the world, the sector being propelled by favourable macro trends including rising disposable income levels and rapid urbanization.
- India's gems and jewellery sector contributes ~29% to the global jewellery consumption.
- India is deemed to be the hub of the global jewellery market because of its low costs and availability of highly skilled human capital.
- The G&J market has been impacted by the global Covid 19 pandemic and activities in this sector have been subdued till December 2020 with early signs of revival visible in the last quarter of FY21.

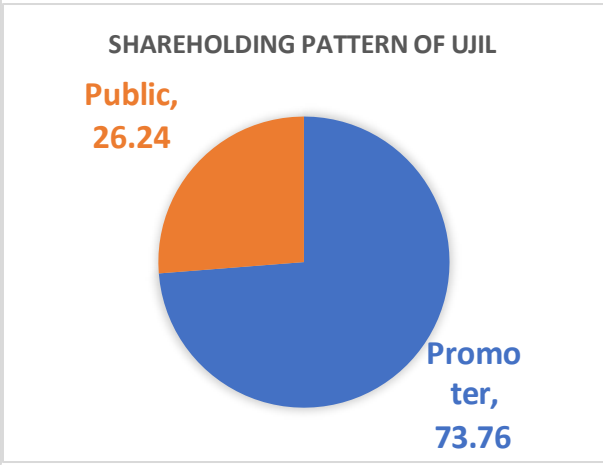
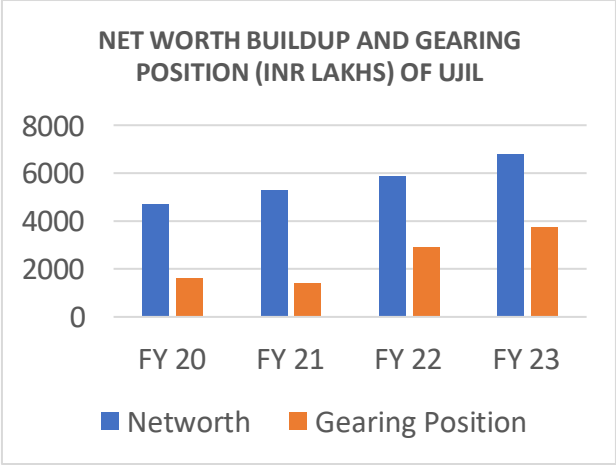
Market Size and Growth

- India's G&J market is one of the largest in the world, contributing 29% to the global jewellery consumption.
- India is the 5th largest exporter of Gems & Jewellery (G&J) in the world, accounting for 5.8% of the world's exports, ahead of China (8th position with a 3.4% share).
- India's G&J imports during FY20 were USD 24.4 Billion.
- The sector is home to more than 300,000 gems and jewellery players. It is estimated that its market size will grow to USD 103.06 billion by 2023..
- India's gems and jewellery sector contributes around 15% to India's total merchandise export. The overall net export of gems and jewellery stood at USD 29.01 Billion in FY20
- The Government of India has a target of reaching an export level of USD 80 Billion in the G&J sector between 2019 and 2024 and has been working on creating a favourable policy platform to enable the growth.

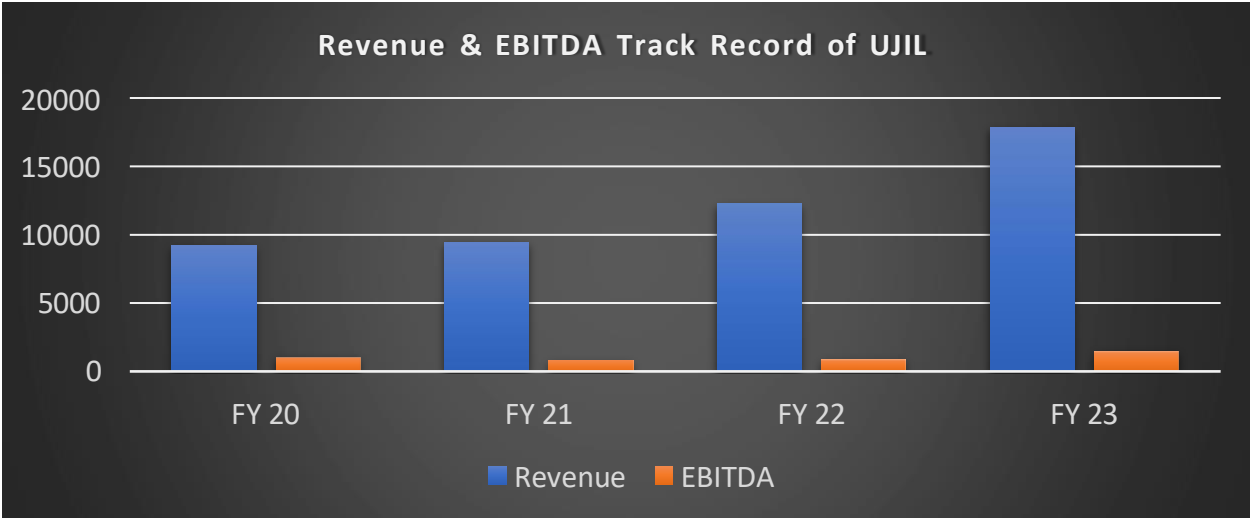
Clusters in the G&J Market in India



Note: Map not to scale



Share Price Movement on BSE between 2022-23





2.0 | Investment Highlights

Key Operational and Strategic Factors that Distinguish UJIL

| | | |
|---|---|---|
| Strong Lineage & Established Parentage | Backed and promoted by the H.R. Sanghi Group, the largest manufacturer of precious gem studded jewellery in India | Enjoys a legacy of 100 years of excellence and market recognition in gems & jewellery |
| The Group Management has developed, over the years, extensive domain knowledge & sector understanding | Key Management Personnel are 4 th generation gems & jewellery professionals | Entrenched position in the Indian gems & jewellery market with wide network of relationships and partnerships |

| | | |
|--|---|---|
| Financial Soundness | Operations are very thinly leveraged with negligible reliance on borrowed capital | Long Term Debt Rating recently upgraded by ICRA to BBB- (Stable) |
| Consistent top line growth at a CAGR of close to 30% between FY16 and FY20 | Steady rise in profitability margins over the last 4 financial years | Efficient capital management leading to an ROCE of ~18% during FY20 |

| | | |
|--|---|---|
| Robust Operational Framework | UJIL's innovation and creativity in conceptualization & development of product design is widely appreciated | Completely integrated production facilities with technology enabled systems & processes to ensure highest quality at economical costs |
| Efficient Treasury Operations to Mitigate risks arising from gold price fluctuations | Longstanding & symbiotic relationship with the largest branded retail players in the market | Efficient procurement & logistics platform perfected over the last 100 years of group operation |

| | | |
|--|---|--|
| Favourable Macro Tailwinds | UJIL is a part of the largest gems & jewellery market in the world with an enormous domestic & global customer base | Increase in the size of the Indian middle class (~547 Million by 2025) expected to push up demand for jewellery |
| Active govt. support in the form of policy enablement & fiscal and non-fiscal incentives | Exports are a key growth driver - govt. pushing for exports of USD 70 Billion over the next 5 years | Rise in income levels is directly proportional to rise in gold demand - India to become 3 rd largest consumer economy by 2025 |



3.0 | Ownership & Management

UJIL has been promoted by the Hanumanth Rai Sanghi (HRS) Group



The Sanghi Family

Mr. Hanumanth Rai Sanghi promoted Sanghi Jewellers, the flagship of the HRS Group. Mr. Sanghi is a Science Graduate and has been in the gems and jewellery business for over 55 years.

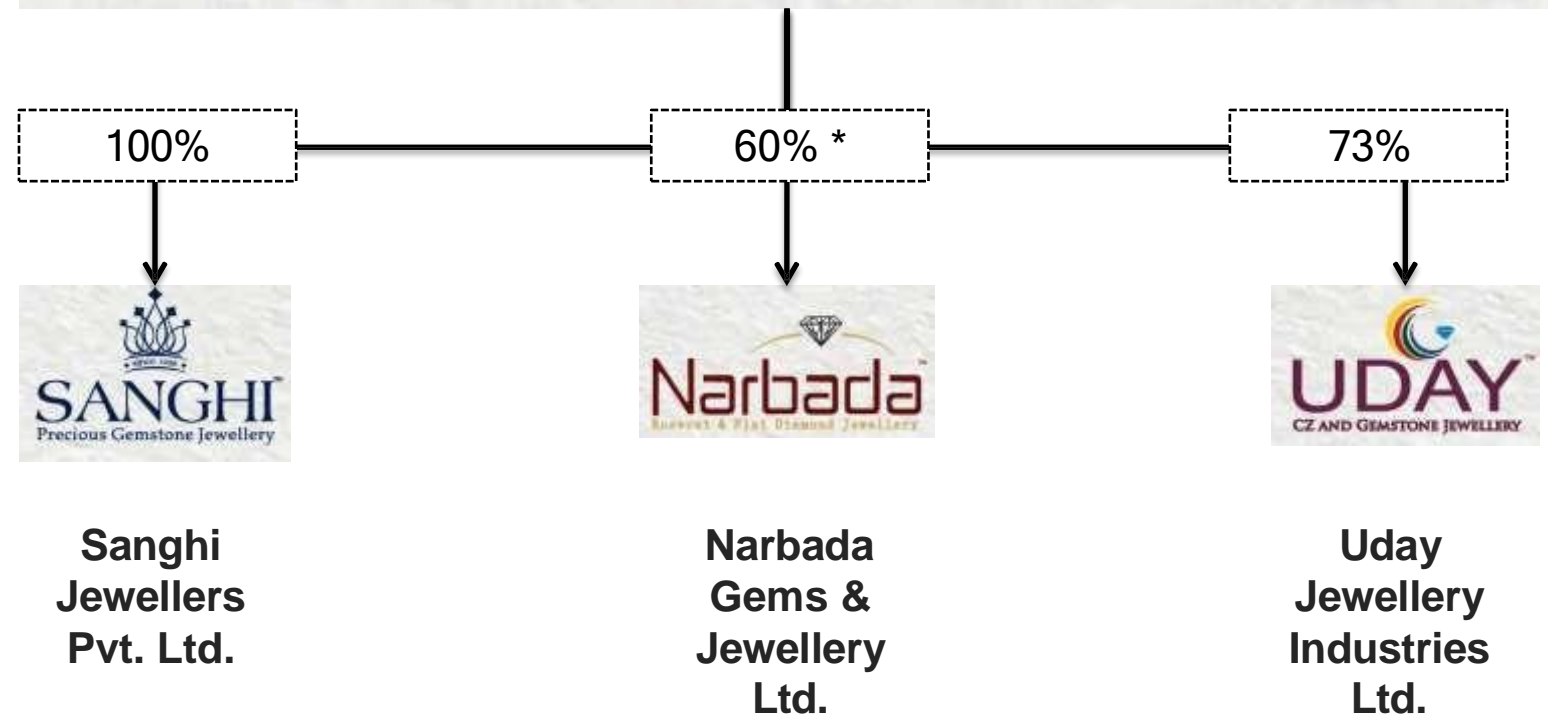
The Group benefits substantially from Mr. Sanghi's extensive knowledge in the intricacies of the jewellery business and his vast experience in the field of operations and strategy in the industry.

His expertise and proficiency in the processes and techniques as well as his proactive approach towards the induction of state-of-the-art technology in jewellery manufacturing have proved invaluable for the Group.

Mr. Sanghi is a pioneer in the "lost wax" casting technology (also called cire-perdue), a process that is now extensively used by jewellers across the trade to produce the finest quality of ornaments.

Mr. Sanghi has been the inspiration behind the innovative spirit of UJIL and the Company's ongoing journey towards perfection.

THE HANUMANTH RAI SANGHI GROUP Gems & Jewellery ♦ Real Estate ♦ Finvest



* Post ongoing preferential issue the promoter stake will increase to 74.85%

The Hanumanth Rai Sanghi (HRS) Group is one of the leading players in the Gems & Jewellery industry in India with a legacy of more than 100 years and an entrenched position amongst suppliers of value added jewellery to marquee players in the branded retail segment. UJIL derives considerable operational synergies and market strength by being a part of the HRS Group.

Key Milestones in the History of the Hanumanth Rai Sanghi Group



1905 – Commenced supplying jewellery to the Nizam of Hyderabad



1928 – first jewellery retail store in Abids New City – Hyderabad



1993 – first ever organized jewellery manufacturing unit in Hyderabad



2010 – BSE listing of Narbada Gems & Jewellery



2020 – Inauguration of Sanghi House, a state-of-the-art integrated manufacturing unit

A Golden Legacy of more than 100 years of Dedication, Discipline & Diligence ...

1921 – first retail store in Charminar Old City – Hyderabad



1975 – first in-house manufacturing unit in Hyderabad



2007 – Recognition as a Star Export House by Govt. of India



2015 – BSE listing of Uday Jewellery Industries



The three Key Members of the HRS Group offer Distinct Value Propositions

Sanghi Jewellers, Narbada Gems & Jewellery and Uday Jewellery Industries – the three principal arms of the HRS Group Jewellery Business are specialized in different product niches and market segments and together they dominate a large section of the Indian jewellery market across customer preferences and demand categories and serve a wide range of customers across India and overseas



- **Economies of Scale** - A Group level approach towards procurement, vendor network management, etc. results in significant economies of scale and higher bargaining power vis-à-vis counterparties.
- **Wide Market Coverage** - The HRS Group commands a large portion of the Indian jewellery market through specialization in three different verticals under three different corporate entities, each with its own set of manufacturing and operational support bases.
- **Large Organized Player** – the HRS Group is one of the largest organized players in the Indian jewellery production market and hence in a position to harness the benefits of size and adjust comfortably with the increasingly rigorous regulatory environment while adhering to the strictest quality and operational standards of the biggest jewellery brands of India and overseas.
- **The Hyderabad Tradition** – The HRS Group’s legacy and heritage are aligned with the tradition of Colour Stone Studded Jewellery of the *Hyderabadi Gharana* and the Group, through its three corporate entities caters to the growing market for stone studded and metal light jewellery across various categories and segments.
- **Growth Potential** – Given the extensive market coverage, established market position and command over an integrated value chain the HRS Group is at the cusp of transition and consolidation within the industry and poised to emerge as one of the leading players in the Indian jewellery market especially in an environment marked by progressive consolidation and highly dynamic customer preference patterns.

The HRS Group is the Flag Bearer of the Asaf Jahi Heritage in Jewellery

- Established by Mir Qamaruddin Asaf Jah I, the Nizams of Hyderabad belonged to the Asaf Jahi Dynasty who ruled from 1724 until 1948, when the erstwhile Hyderabad State was incorporated in the Union of India.
- The fashion ecosystem and the cultural ethos around the jewellery of Hyderabad, centred around its historic Golconda mines is distinct from the aesthetic narratives around the metal heavy jewellery of the rest of India.
- The Asaf Jahi tradition of jewellery is built around diamonds and gemstones like rubies, amethysts, emeralds and pearls set in exquisite patterns and designs on metal and stands out as one of India's finest cultural legacies in art and craft.
- The HRS Group has over the last 100 years mastered the science and art of Asaf Jahi jewellery and is currently the dominant player in this "Gharana" or school of master artisans that is unique to Hyderabad.
- The Asaf Jahi tradition has today morphed into a thriving market for "costume/fashion jewellery" in India that is worth an estimated INR 150 Billion and is growing at a CAGR of around 20%.

Some of the Finest Examples of Asaf Jahi Jewellery that is rapidly capturing the imagination of the Indian Millennial ...



The Board of UJIL is led by the 4th Generation of the HRS Group Legacy



Ritesh Kumar Sanghi – Managing Director

Mr. Ritesh Sanghi is a Commerce Graduate and has been actively involved in the business of gems and jewellery for a period of more than 26 years. His area of expertise and specialization includes production processes and techniques involved in the manufacturing of gold jewellery.



Sanjay Kumar Sanghi – Executive Director

Mr. Sanjay Sanghi is a commerce graduate and Gemologist with more than 31 years of experience in the business of Gems and Jewellery. Sanjay specializes in the sorting and evaluation of a diverse range of precious and semi-precious gems used in manufacturing of various CGold stone jewellery.

The current Promoters represent the 4th generation of the Promoter Family. Their operational style and strategic perspectives draw on the core values and business principles of the HRS Group inherited by the management as well as the extensive experience, expertise and domain knowledge built over the last 100 years.

The Board also comprises professionals with close to 90 years of combined experience

| | |
|-------------------------------|--|
| Mrs. Pritha Sanghi | Mrs. Sanghi is an experienced professional in the field of jewellery designing and gemology with a track record of around 25 years. The HRS Group has gainfully leveraged her extensive expertise and deep insight in the jewellery fashion trends in developing and guiding the design and development team. |
| Mr. Ram Prasad Vempati | Mr. Vempati is an Accountancy, Finance and Business Administration Professional with almost 40 years of experience. Mr. Vempati provides invaluable support to the financial governance infrastructure of the Company and is the Chairman of the Audit Committee and serves on the Nomination & Remuneration Committee and Stakeholders Relationship Committee of the Company. |
| Mr. Vikram Goel | Mr. Goel is a young professional with approximately 10 years of experience in managing complex operational and financial aspects of business. Mr. Goel serves as a member of the Audit Committee and the Nomination & Remuneration Committee besides holding the chair of the Stakeholders Relationship Committee of the Company. |
| Mr. Sunil Garg | Mr. Garg is a finance professional with close to 15 years of experience across diverse functions of the financial and operational aspects of business. Mr. Garg serves on the Audit Committee and Stakeholders Relationship Committee of the Company and chairs the Nomination & Remuneration Committee of the Company. |

The Board is supported by a team of Experience & Dedicated Professionals

Key Management Personnel

CFO

The CFO of the Company, Mr. Rakesh Agarwal, is responsible for all the banking and financial planning exercises of UJIL. He is the primary interface with the Statutory and the Internal Auditors and looks after all compliance related processes.. He is also in charge of implementation of new processes, along with risk monitoring and risk mitigation activities and evaluation and execution of new projects.

Design & Merchandise Head

Mrs. Mydhili Koganti is the Design & Merchandise Head of the Company and has a track record of 18 years in the gems & jewellery industry in functional areas including analysis of market trends, design development, customer relationship management and business development

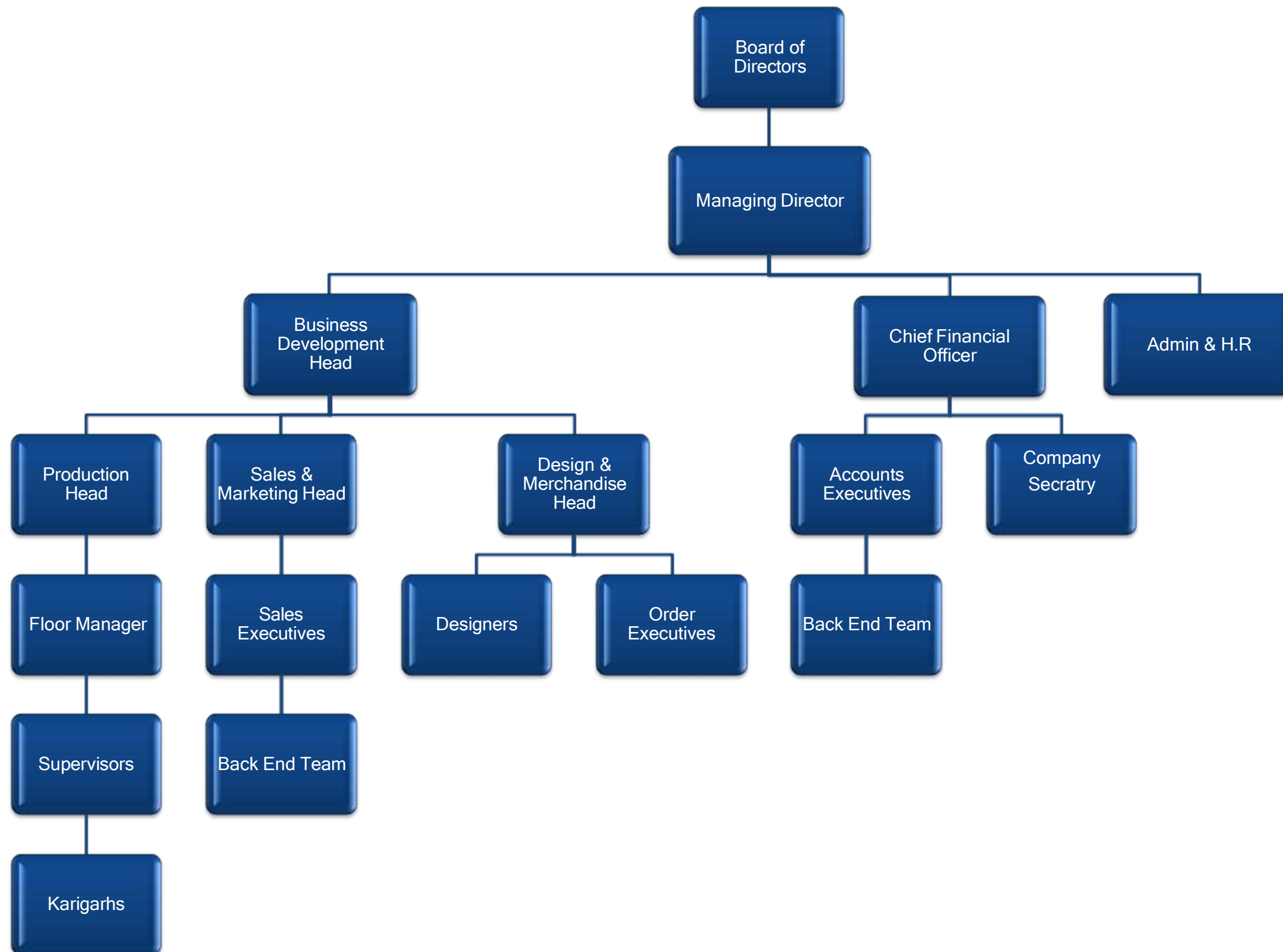
Sales & Marketing Head

Mr. Ankit Deepak Bajaj is the Sales & Marketing Head of UJIL and has an experience of 10 years in the area of B2B and direct marketing functions in the gems & jewellery industry with a particular focus on gathering and analyzing market intelligence in areas of customer tastes and preferences.

Production Planning & Control (PPC) Head

Mr. S. Hariharan is the PPC Head of UJIL and brings to the table 16 years of experience in the gems and jewellery industry. He is an engineer by qualification and has over the last one and a half decades worked extensively on from product development, set up establishment, resource planning, workflow planning, quality assurance, cost control and business development. Mr. Hariharan is responsible for the rapid mechanization of UJIL"s production infrastructure and has spearheaded the adoption of globally benchmarked technology and equipment in the production process.

The Organization Chart of UJIL



Promoters have a well laid out Succession Plan with the 5th Generation already in place

The Hanumanth Rai Sanghi Group is poised to be steered and guided to new growth orbits by the fifth generation of the family comprising young, globally educated and dedicated members of the family who have already involved themselves in the strategy and operations of the business of the Group

Uday Sanghi



Mr. Uday Sanghi is 25 and currently serves as the Business Development Head at UJIL. Uday has obtained a BBA Degree from the Amity University and has completed specialized courses in Consumer Behaviour & Strategic Management from the London School of Economics. Uday has completed his Graduation in Strategic Management from Harvard Business School. Uday contributes significantly in the field of product development, consumer connect strategies and operating processes.

Tejas Sanghi



Mr. Tejas Sanghi is 27 and currently serves as the Business Development Head at NGJL. Tejas has obtained a BBA Degree from the Amity University and has completed specialized courses in Consumer Behaviour & Strategic Management from the London School of Economics (LSE). Tejas is an accomplished gemologist and has completed a professional course on coloured stones from LSE. Tejas has completed the “Family Managed Business” Programme from S.P. Jain Global, Mumbai in 2015-16.



4.0 | Business of the Company

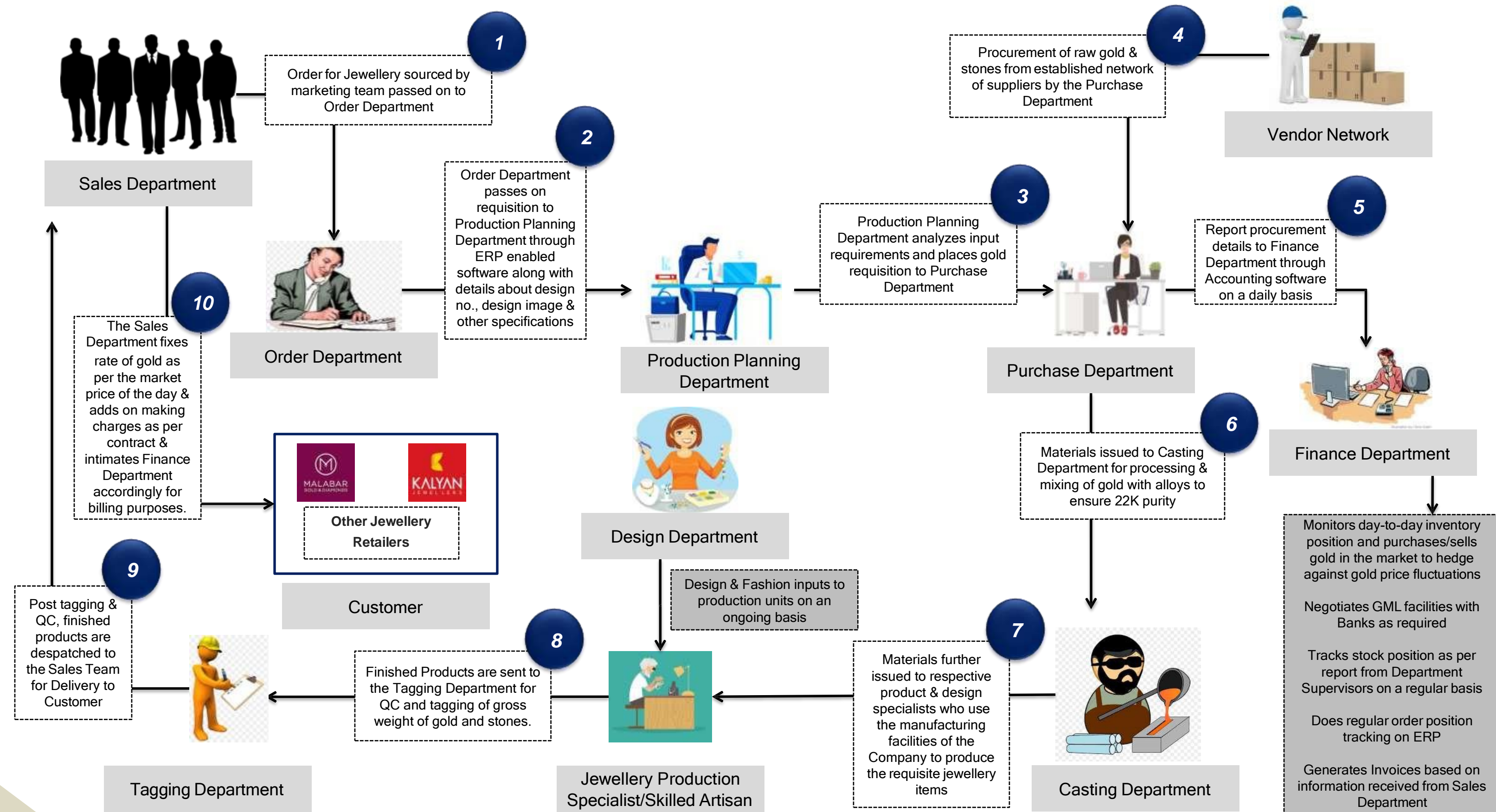
UJIL specializes in the manufacture of CZ & Coloured Stone Studded Jewellery

- UJIL is a leading wholesaler of CZ and coloured stone studded jewellery and supplies to most of the marquee branded retail players of India. The Company is a dominant player in its chosen niche that has few established players.
- The Company's operations are based at a 4,000 sq. foot workshop situated in Hyderabad. A second unit comprising 10,000 sq. feet of space is expected to be in operation by August 2021. The production facilities of the Company are equipped with state-of-the-art machinery and technology.
- UJIL's production infrastructure includes a large pool of highly skilled artisans and craftsmen who bring in years of experience and specialized expertise in the manufacture of both machine made and handmade jewellery of the highest quality.
- The Company's in-house design and development team is supported by cutting edge technology including 3D printing, laser engraving, CAD (computer aided design), etc.
- UJIL supplies finished jewellery to large retailers both in India and overseas. UJIL's ideation and innovation capabilities have been recognized and appreciated by its customers.
- UJIL has been supporting its marquee clientele with product conceptualization and product design services based on first hand market feedback and research.
- While the Company's business is currently focused on B2B operations, the Management has plans to foray into the B2C domain through asset light platforms including digital commerce and the franchise route.

A Snapshot of the Product Range of UJIL



The Current Operating Process of the Company



The Production Facilities of UJIL

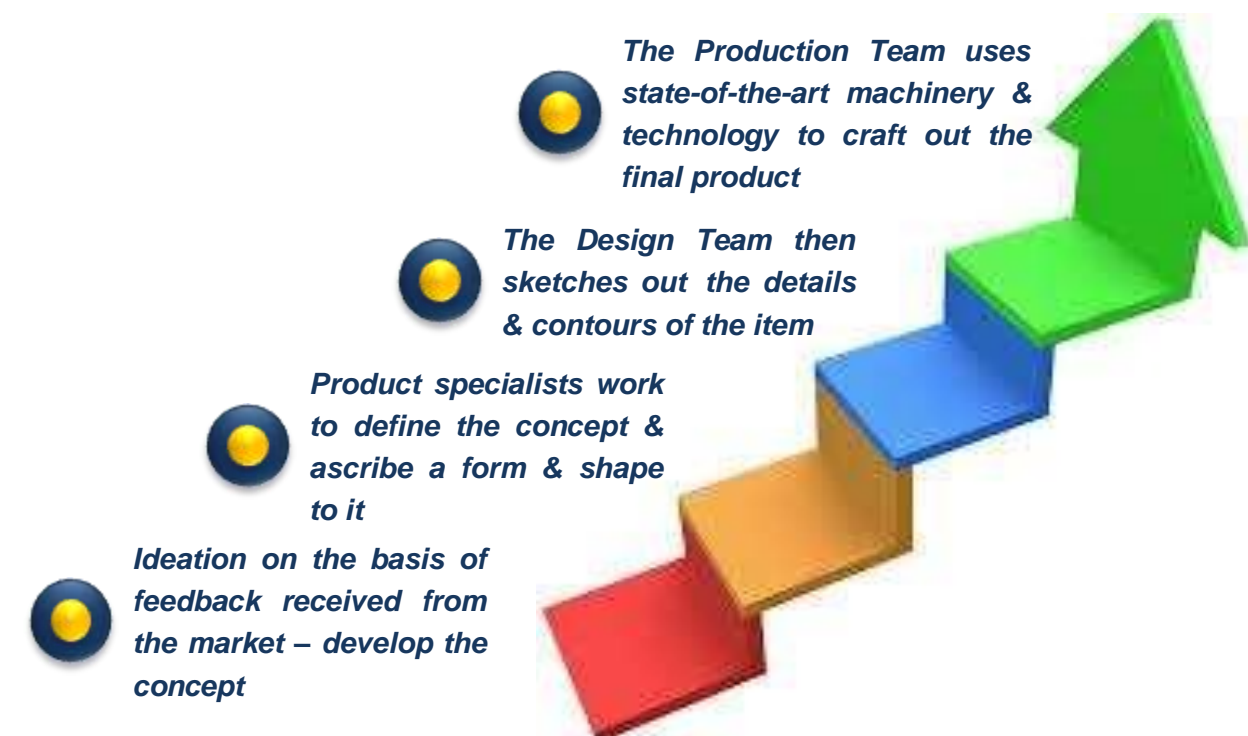
Production Infrastructure

- UJIL's production facility in Hyderabad is fully equipped and end-to-end integrated unit over an area of 4,000 sq. feet.
- A second unit covering an area of 10,000 sq. feet is currently under completion and is expected to be ready by August 2021.
 - The upcoming unit is designed to be a completely digital set up equipped with visual control & visual management facilities and supported by state-of-the-art and Artificial Intelligence (AI) powered machinery.
- Jewellery products are manufactured using two techniques – one is the lost wax casting technique and the other is handmade process. UJIL's production infrastructure is equipped for the best use of both methodologies as and when they are required.
- The Casting Department of UJIL's production unit is equipped with state-of-the-art machinery and technology including KWS and Indotherm (German technology) casting machines.
- The equipment repertoire of the jewellery manufacturing unit of UJIL includes the latest generation models of:
 - Magnetic Polisher Machine
 - Micro Brazer Machine
 - Rolling Machine
 - Stream Machine
 - Ultrasonic Cleaners
 - CAD & CAM equipment
 - Vacuum Buffing Machine
- UJIL has a pool of highly skilled human capital for the production of handmade jewellery. At present, the production unit of UJIL is served by a workforce comprising with a wide range of artisans, craftsmen, designers and jewellery experts with an extensive range of skills and domain expertise across diverse areas of jewellery production functions.
- UJIL's product portfolio includes a wide range of items including small earrings, Rings, Pendants, Necklace to bigger products like chokers, Long necklace, Bridal sets etc

Design Capabilities

- UJIL's product portfolio is modernized and re-prioritized on an ongoing basis.
- UJIL has a specialized Design Department that is manned by experienced jewellery designers and Graduates from renowned Design Institutes like NIFT, NID, etc., who are supported by CAD/CAM machines and the latest tools and techniques of jewellery design to develop innovative designs across all collections and categories of products.
- The Designing Team develops innovative jewellery designs based on regular feedback from the Sales Team as well as global and local trends to stay ahead of the fashion curve.
- In an environment of rapidly shifting fashion trends, the Design Team of UJIL also provides value added inputs to the Company's corporate customers on latest trends and consumer preferences and accordingly supports them in their effort to stay in sync with changes in fashion dynamics.

The Product Development Process



The Revenue Model of UJIL

The Customer Interface Model

- UJIL is a trusted supplier of jewellery products to a large number of branded retail players in India and abroad.
- The arrangement with wholesale customers typically forms a one year or two year contract that mentions the type of products along with input specification, design parameters, etc. and making charge payable.
- Wholesale customers place orders on the basis of their requirements to the Sales Department of the Company with specifications regarding weight, design details, etc.
- The Company's production infrastructure is geared to handle a wide range of product specifications in line with customer preference.
- Customers are also provided with products that may be available from the Company's finished stock/catalogue or from UJIL's proprietary design bank.
- UJIL's engagement with its customers is an ongoing exercise that involves regular exchange of feedback and market intelligence in order to synchronize design and product specifications with market trends.
- UJIL's partnership with its clientele provides the latter with a strong, reliable and economically efficient base for a steady supply of the desired quantity and quality of jewellery items required at their retail outlets.
- UJIL's proposed B2C initiatives will take the form of capital light approaches including the franchise route and the use of e-commerce platforms.

The Product Pricing Model

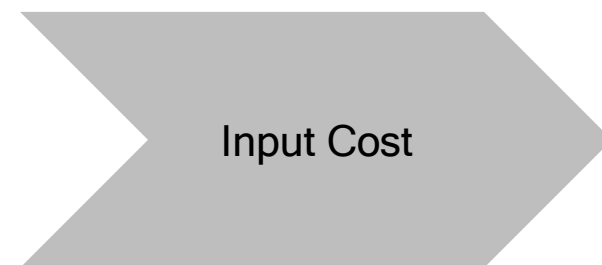
- As per industry standards, the jewellery delivered to the customer is invoiced in two parts – the price of gold at the market price prevalent on the day of invoice plus the making charge (agreed upon beforehand by way of a contract/agreement).
- On account of UJIL's tight control on the entire production value chain and its scale of operations the Company usually manages to offer highly competitive pricing to its customers while maintaining a good margin for itself.
- UJIL usually allows a credit period of 45 – 90 days to its customers depending upon various factors like the customer's credit standing, value of the supply and profit margins expected.
- Early payment discounts are offered to customers as an incentive for shortening the payment cycle.

Top Five Customers of UJIL



Cost Structure of UJIL's Operations

The Operating Cost of the Company comprises three main components – Input Cost, Manufacturing Cost and Inventory Carrying Cost. UJIL has developed an efficient set of systems & processes as well as physical infrastructure to exercise strict control on all aspects of cost.



- The key components of input cost are the cost of gold and precious gemstones.
- Gold is only available from authorized bullion dealers or govt. recognized trading agencies or select banks.
- Gold purchase by UJIL is carried out as a part of a larger Treasury Management exercise in order to minimize exposure to market volatilities.
- Gold is also available in the form of Gold Metal Loans (GML) from select banks as and when required.
- On account of the strictly enforced procurement discipline as well as a proactive, real time market participation policy, gold costs of the Company work out to be quite economical on the whole.
- Gemstones and CZ Diamonds are purchased from an established vendor network at attractive prices mainly on account of the Company's longstanding relationship with the suppliers as well as the scale and volume of orders placed by the Company.

- The Company has developed world class production infrastructure at its own premises with end-to-end integration across all functions related to the manufacture of jewellery items.
- The state-of-the-art technology and equipment enable the Company to produce jewellery at a fraction of the cost incurred by other players for similar products.
- The scale of operations and volumes generated also allow the Company to keep manufacturing costs low.

- A highly effective and efficient Supply Chain Management (SCM) system developed over the years allows the Company to minimize its inventory carrying cost.
- Besides, active and regular participation in the gold market ensures that the carrying cost of gold inventory is kept at the minimum.
- While the operations of the Company are working capital intensive, the management of UJIL has devised tools and techniques to successfully control working capital financing costs, e.g. through judicious use of GML facilities and utilization of short term credit at the lowest possible cost.

Reasonably priced products with low Making Charge for Customer that leaves substantial margin for the buyer while allowing the Company to make a decent profit on every item sold.

Working Capital Management

- UJIL's operations are working capital intensive and the main components of the current assets of the business are inventory and receivables.
- Gold is a regulated commodity in India and can only be imported/sold by authorized agencies. UJIL procures the requisite gold from banks and approved agencies and precious stones from reliable market players. The Company has access to an extensive vendor network developed by the HRS Group over the last 8-10 decades. Procurement of inputs is done as per requisitions received from the Production Planning Department and orders in hand. UJIL also buys gold from the market from time to time to hedge itself against price fluctuations. The closing stock of gold is valued as per the Weighted Average Cost method in line with the provisions of the Income Tax Act.
- Inventory holding period is kept under control by the management through a mix of judicious "Just in Time" (JIT) procurement practices and a system of real time online inventory control and MIS built around multiple parameters including an ABC analysis of stock based on profitability and the speed of movement of stock. UJIL's Inventory Turnover has been around 4x – 5x over the last 5 years.
- Typically, a credit period of 45-90 days is extended to customers. Approx. 70% of the Company's revenues are accounted for by five customers all of whom have an excellent standing in the market. Hence, quality of receivables has never been an issue. However, the Company also incentivizes early settlement of invoices by offering a cash discount on a selective basis.
- Overall, the working capital requirements of the Company have till date been met without any undue stress on the cash flow of the business. The Net Current Asset (NCA) turnover of the Company which stood at approx. 2.12x as on 31st March, 2020 may have some scope for improvement. But the cost of capital has been under control at all times (average cost of debt works out to less than 9% for FY20).
- UJIL enjoys a cash credit limit of INR 150 Million from Kotak Mahindra Bank. The limit is usually only utilized to the extent of around 80-90%. A GML line has been offered by Kotak Mahindra Bank as a sub-limit to the cash credit facilities. This allows the Company to procure gold for a period of up to 180 days at an interest rate of 4% p.a. Another sub-limit offered by the Bank is a PCFC limit that the Company utilizes to finance its export receivables.

The Procurement and Processing Value Chain of UJIL



- **Customer Engagement Policy:** UJIL's customer acquisition policy is based on considerations including the credit worthiness of the potential client, their standing in the market and track record with other vendors and the prospects of a long and rewarding relationship with the said party. Once a customer is on-boarded UJIL's marketing and sales team members maintain constant engagement with the said customer to keep a tab on their product requirements and to obtain feedback on fashion and design trends in the market based on offtake at their end.
- **Channels of Communication:** UJIL follows a direct marketing approach combined with Social media outreach. Traditional Direct Marketing techniques including personal, one-on-one and team presentations, demonstration of product catalogue, etc. are employed by the Sales & Marketing team of the Company. The Company's social media based marketing initiatives are designed and executed by "*Black Cab*", a digital marketing and brand strategist agency which count marquee names like Axis Bank, Cadbury, Dubai Police and Radio Mirchi as its clients.
- **Target Audience Segmentation:** The Company's marketing team focuses on five major target audiences:
 - National Chains - i.e. retail chains with a National footprint;
 - Local Chains - i.e. retail chains with a strong local or regional presence with brand visibility that enjoy customer loyalty in their area of influence;
 - Family Jewellers - i.e. traditional small scale but highly reputed jewellers that cater to a small but extremely sticky customer base;
 - Distributors - i.e. agencies that supply to other retail chains/customers; and
 - Exporters
- The Direct Marketing approach with each of the above segments is fine tuned to suit the particular priorities and preferences of the target audience focused on. For National Chains, a more formal approach is adopted with pre-arranged presentations and product demonstrations while for local or family jewellers, an informal approach is preferred often with physical stock being carried to the potential client to allow them the "touch and feel" required to appraise a jewellery product.

An Illustrative List of UJIL's Clientele



The Global Footprint of UJIL



Apart from India, UJIL has achieved market outreach in the USA, the UAE, Sri Lanka, Malaysia, Qatar, the Kingdom of Saudi Arabia, Oman, Kuwait and Bahrain. UJIL also has a prominent presence in global jewellery market hotspots like London, Singapore and Hong Kong.



5.0 | An Analysis of the Market

An Overview of the Indian Gems & Jewellery Market

Contribution to GDP & Employment

- The Indian gems & jewellery (G&J) sector contributes ~7% to the GDP and 16% to India's total merchandise exports.
- The sector employs over 4.64 million people. By 2022 the number of people employed in this sector is expected to grow to 8.23 million.

Diamonds Processing & Exports

- India processed ~1 billion pieces of diamonds during 2019, valued at USD 23 Billion.
- India is the world's largest centre for cut and polished diamonds in the world exports 75% of the world's polished diamonds. Exports in FY20 stood at USD 18.66 Billion.
- 14 out of every 15 diamonds sold in the world is polished in India.

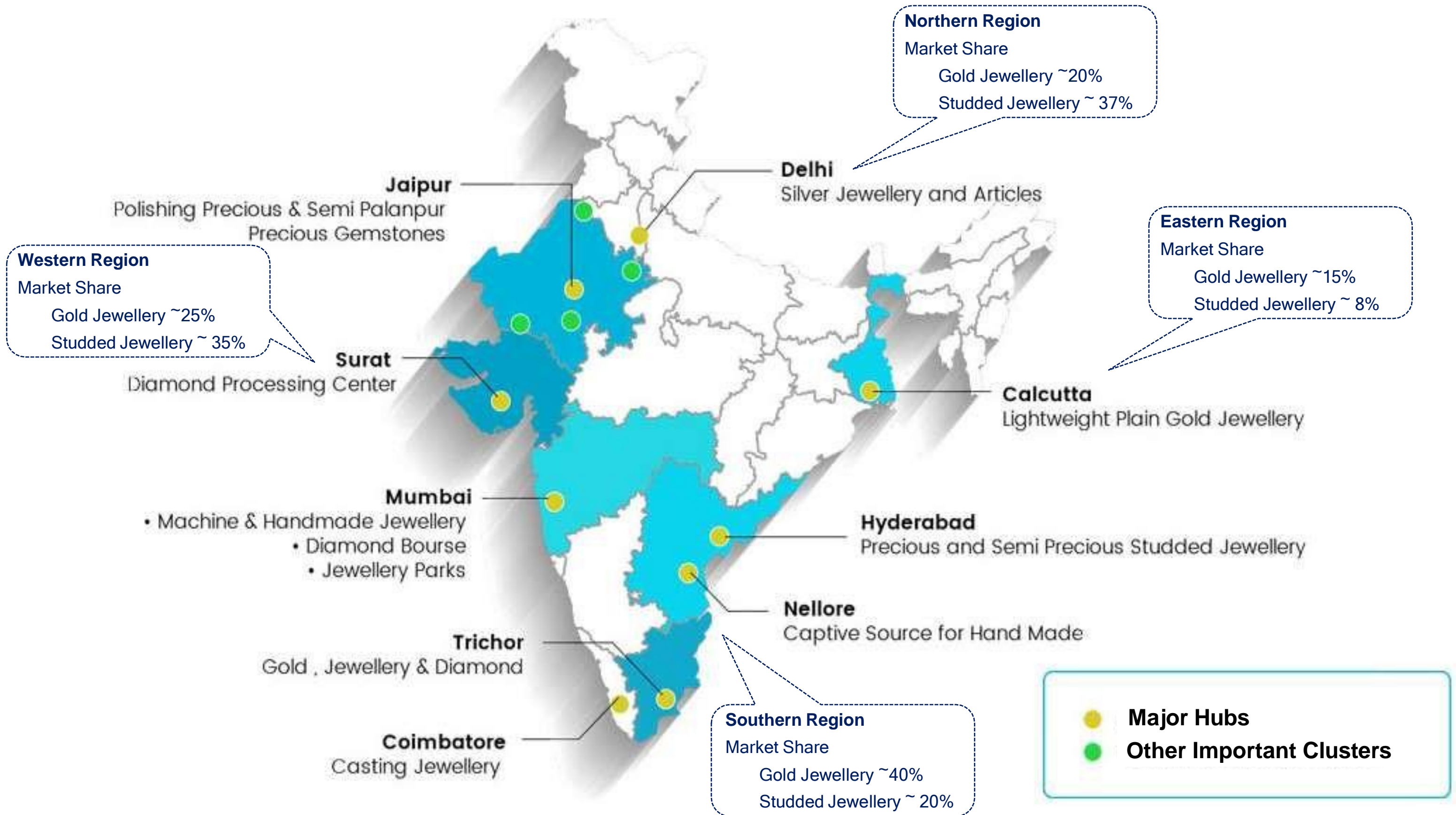
Market Size & Growth

- The Indian G&J sector is one of the largest in the world, contributing ~29% of the global jewellery consumption. The sector is largely unorganized and has ~300,000 players.
- The size of the G&J market is expected to reach ~USD 103 Billion by 2023. The market is estimated to be growing at a CAGR of ~5.5%.
- Exports form a critical component of the G&J market. In 2019 India was the 5th largest exporter of gems & jewellery products, accounting for 5.8% of total world exports of USD 629.06 Billion.
- The USA, Hong Kong and the UAE are the three major export destinations, the three together accounting for more than 90% of total exports from India during the half year ended Sept. 2020.

Govt. Policy & Operating Environment

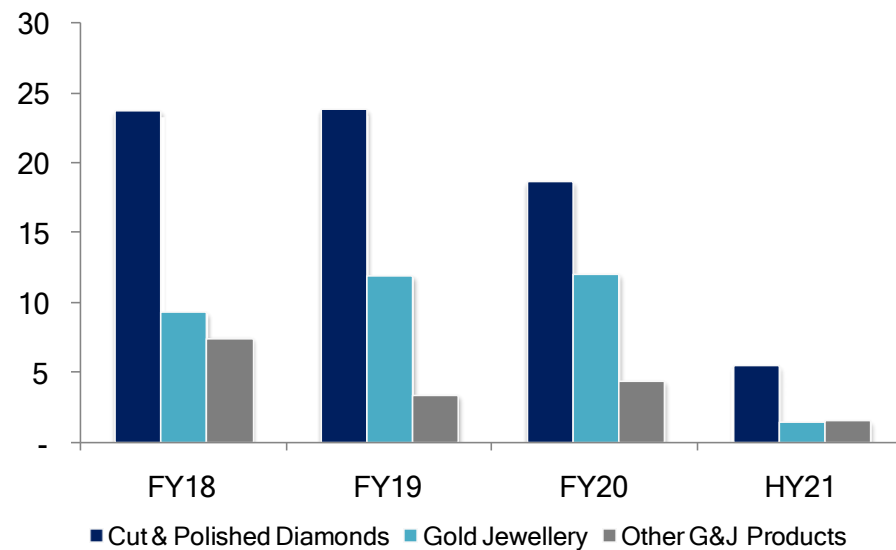
- The Govt. of India has implemented several policy reforms such as allowing 100% FDI in this sector, introduction of the Gold Monetization Scheme to back up the Gold Metal Loan programme of banks launched in Nov. 2015, etc.
- Banks have actively participated in the growth story of the G&J sector - current bank credit to the sector stands at ~USD 8 Billion.

The Gems & Jewellery Map of India

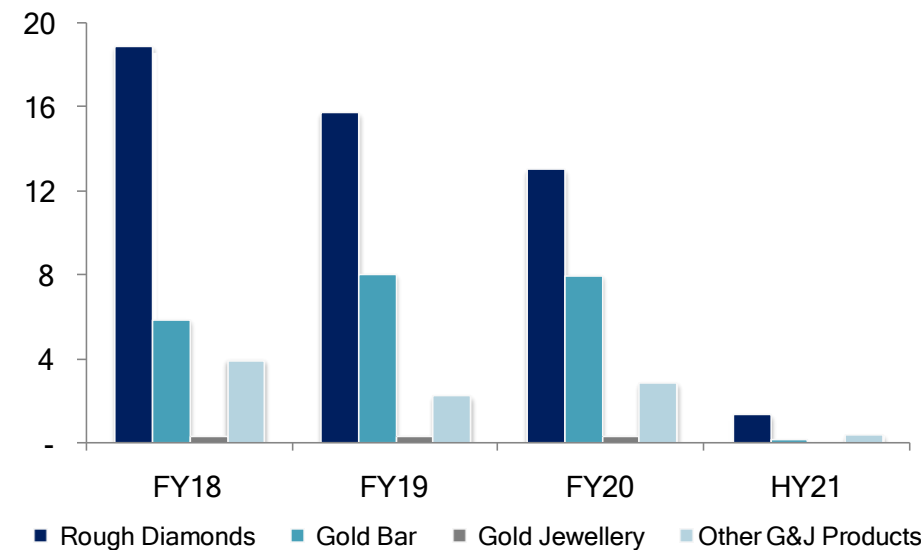


Key Markers of the G&J Market's Export & Import Performance

Export of G&J Products (USD Billion)

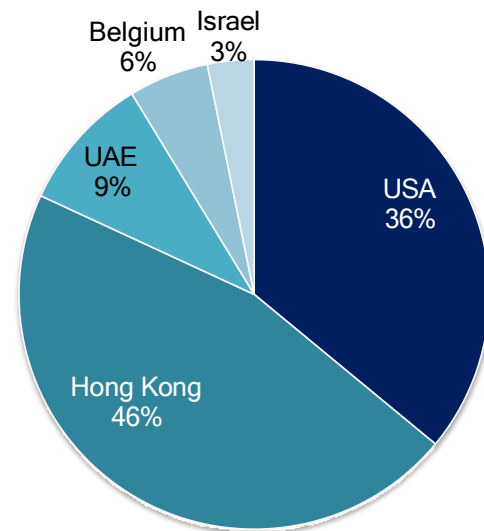


Import of G&J Products (USD Billion)

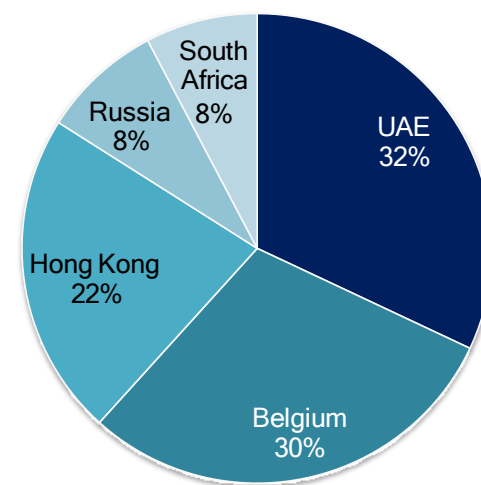


- India is the most preferred country in terms of gems and jewellery export.
- India is the world's second largest gold consumer.
- The overall export of gems and jewellery stood at USD 35 Billion during FY20, whereas India imported goods worth USD 24 Billion during same period.
- India exported USD 18.66 billion worth of cut and polished diamonds in FY20. This accounted for 64% of the total gems and jewellery export.
- The Government of India has set itself a target of achieving USD 80 billion worth of jewellery exports by 2024.
- The total gems and jewelry export amounted to USD 14.31 Billion between April and November 2020, and during November 2020 exports were USD 2.70 Billion.
- The role played by the Gem and Jewellery Export Promotion Council (GJEPC) in the development and growth of the sector has been quite momentous. GJEPC undertakes direct promotional activities, including joint participation in international jewellery shows, sending and hosting trade delegations, and sustained image-building exercises apart from serving as a platform for the G&J sector for a meaningful interface with the government and policy makers.

Key Export Destinations during HY21



Key Sources of Import during HY21



Source: Gem & Jewellery Export Promotion Council, India

Key Growth Drivers in the G&J Sector – Macro Factors

Demographic Drivers

Growing Urbanization

- India has the world's second largest urban population in absolute terms at 472 million in FY19,
- With growing urbanization and evolving aspiration levels, the proclivity for conspicuous consumption increases. This has led to rising demand for ornaments & jewellery.

Women in Workforce

- Improving education opportunities, better health care and greater media focus are enabling women in India, in both urban and rural areas, to exercise greater influence on their families and society as a whole.
- Workforce demographics are being increasingly influenced by the influx of women. This has resulted in a progressive rise in the spending power among women, leading to a rise in jewellery consumption.

Growth in Youth Population

- India's economically empowered and upwardly mobile youth population has also been a major driver for the growth in the G&J sector in India.

Economic Drivers

Growing Middle Class

- Households with annual earnings between USD 5,000 and USD 10,000 have grown at a CAGR of 12% between FY12 and FY18.
- Households with annual earnings between USD 10,000 and USD 50,000 have grown at a CAGR of 25% between FY12 and FY18.
- It is estimated that 23% of the entire global middle class will be from India by FY30. The phenomenal growth in the volume of the middle class (especially households with annual earnings of USD 10,000 to USD 50,000) has led to an increase in spending on food and beverages, apparel & accessories, luxury products, consumer durables and across other consumption categories.

Evolution in Retail Consumption Patterns

- While total retail spending has grown from USD 370 Billion to USD 845 Billion between FY12 and FY18 the wallet share of jewellery has grown from 7.1% to 7.6%.
- Jewellery remains the 3rd largest retail category after Food & Grocery and Apparels & Accessories. Jewellery is projected to emerge as the 2nd largest retail spending category by 2025.

Growth in Digital Commerce

- The online jewellery market in India has been registering rapid growth esp. as a collateral impact of the Corona virus pandemic.

Social/Cultural Drivers

Symbolic Significance of Jewellery/Gold

- Indians have a strong social connect and cultural affinity to gold with an entire ecosystem structured around the metal. It serves the dual purpose of consumption (jewellery) and investment (bars/coins).
- Strong association of jewellery with weddings and festivals creates a natural demand for expenditure for jewellery in India.
- India is a market of approximately 10 million marriages annually and this market alone is estimated to generate demand for 300 to 400 tonnes of gold.
- The age profile of the country will continue to sustain the high growth of weddings in India to support this demand.

Nuclearization

- In India, growth in the number of households exceeds population growth. This indicates an increase in the rate of nuclearization in India. According to the 2011 census, 74% of urban households have five or less members, compared to 65% in 2001.
- Smaller households with higher per capita disposable income will result in higher levels of expenditure on discretionary items including jewellery.

A combination of these socioeconomic factors and trends will result in larger and growing volumes of Gems & Jewellery consumption in India

Key Growth Drivers in the G&J Sector – Govt. Policy

BIS Hallmarking Scheme

- The Govt. has made Hallmarking mandatory for gold jewellery and artefacts. The one year period granted to jewellery operations for compliance ends in January 2021.
- Mandatory hallmarking will lead to a weakening of the position of unorganized players and create more space in the industry for organized players besides creating significant transparency for jewellery buyers.

Introduction of Gold Spot Exchange

- The Govt. has announced the establishment of a Gold Spot Exchange that will significantly enhance the efficiency of the gold market in India and will enable transparent and quick price discovery
- An efficient gold spot exchange would lead to a successful implementation of the gold monetization scheme, development of gold-backed products, empower bullion banking and lead to a greater integration of India with the global gold market

The Gold Monetization Scheme (GMS)

- The Govt. has rolled out several amendments and reforms in the existing GMS framework to encourage increasing volumes of idle gold to be deposited in banks and financial institutions.
- The proposed amendments include exemption of small depositors (of up to 100 gms) from submitting tax documents, exemption of deposits from GST, capital gains and wealth tax requirements and income tax exemption on interest earned on gold deposits.
- The Govt. is also considering making it mandatory for at least state-run banks to roll out GMS services.

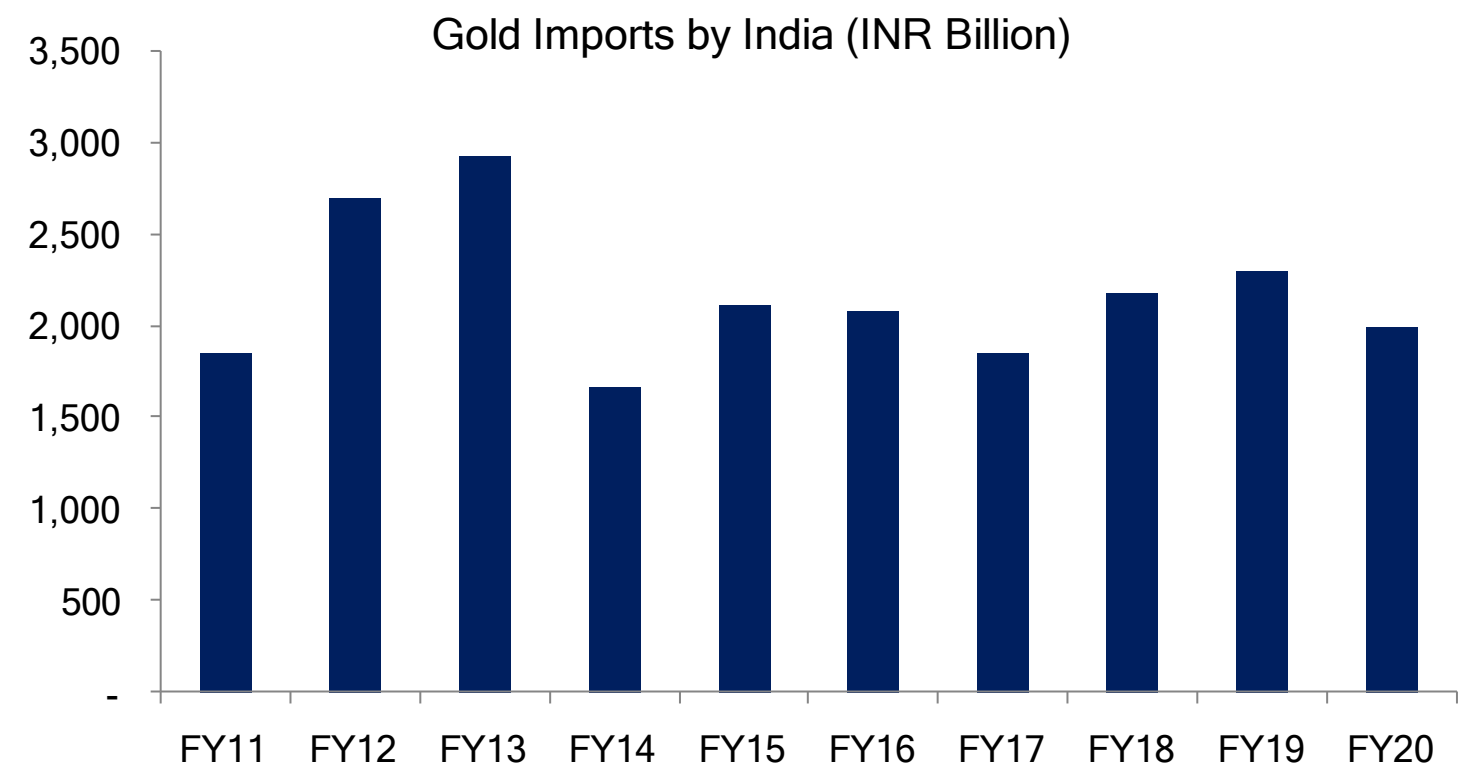
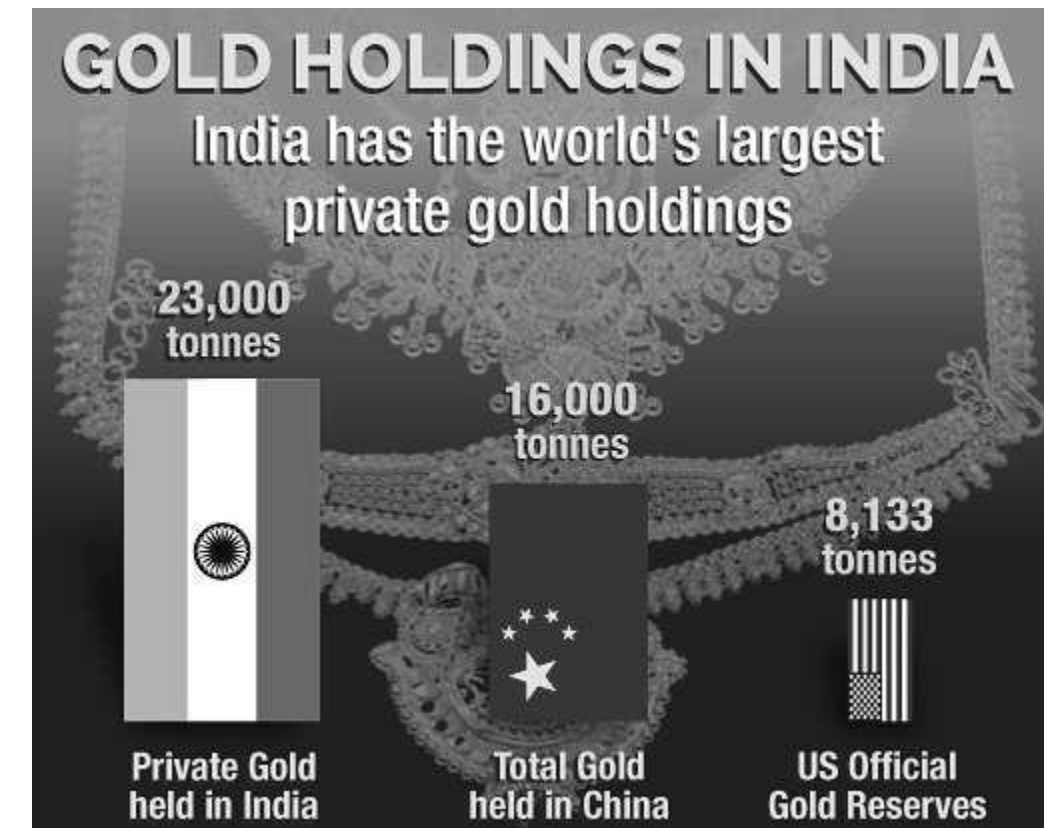
Development of Production Infrastructure

- The Govt. has been encouraging the strengthening of support infrastructure for the G&J sector. A 25 acre jewellery park in Navi Mumbai is being developed at a cost of ~USD 2.1 Billion by GJEPC in partnership with Maharashtra Industrial Development Corporation (MIDC).
- Currently four Common Facility Centres (CFC) equipped with state-of-the-art equipment and facilities are operational in Gujarat. As per representation from GJEPC six more are in the pipeline in Hyderabad, Calcutta, Rajkot, Jaipur, Delhi and Coimbatore.

The Gold Market in India

- Apart from China, India is the world's largest gold consuming nation. During 2019 the total demand for gold in India was approx. 690 metric tonnes.
- As per WGC the demand for gold in Q3CY20 stood at 86.6 tonnes, down 30% as compared to the same period in 2019 at 123.9 tonnes primarily on account of the impact of the Covid 19 crisis.
- Since gold mining in India is very limited, gold demand has to be satisfied by either a) non-domestic supply, which comprises official imports or b) domestic supply via recycling.
- At present gold attracts an import duty of 7.5% (reduced from 12.5% in the FY22 Union Budget).
- Entities that are permitted to import gold into India require authorization by the Directorate General of Foreign Trade (DGFT). DGFT has authorized two types of entities to import gold into India:
 - Banks nominated by the Reserve Bank of India
 - Agencies/entities notified by the Department of Commerce (including Star Trading Houses)
- Since gold is an internationally traded commodity and is subject to wide price fluctuations, jewellers in India need to remain active on the gold market to protect themselves from unfavourable movements in gold prices. The gold hedging policy in India usually takes two forms:
 - The gold-on-lease method (extended by banks in the form of Gold Metal Loan, backed by gold deposits received by banks through the Gold Monetization Scheme or GMS introduced in 2015) whereby a jewellery manufacturer borrows gold metal instead of rupees and settles the GML with the sale proceeds obtained. GML can be availed for 180 days in case of domestic jewellery manufacturers and for 270 days in case of exports and is usually priced at around 4% - 5% p.a.*
 - Purchase of gold in the spot market and a simultaneous execution of a counter position in the gold futures market. While, this results in recognition of a loss or profit in the short term, over the long term, this hedge unwinds and there is, hence, no impact on the jeweller's P&L..*

- UJIL is supported by an experienced Treasury team that takes care of day-to-day gold procurement and hedging requirements of the Company so as to ensure the minimum impact on the profitability of the Company on account of gold price fluctuations.
- UJIL also avails of Gold Metal Loans (GML) from banks from time to time to adequately insulate its operations from gold price fluctuations and ensure efficient inventory management.



Emerging Trends in the Gems & Jewellery Sector in India (1/2)

Increasing Importance of E-Commerce

- The share of e-commerce in the retail G&J market in FY20 was ~2% at around USD 1.3 Billion. E-commerce penetration is expected to touch 4.4% of a USD 91 Billion retail market by 2025.
- The current growth of online jewellery retailing is driven by the affordable range of low carat gold, CZ jewellery, gemstone studded ornaments and silver jewellery that are form a significant segment of urban demand in Metro cities and Tier I towns. It is expected that the daily-wear segment within the G&J sector will be readily served through online channels whereas wedding related purchases will take some time to migrate to the online platform.
- Most leading national players have appreciated the growing importance of this trend and therefore have started to invest in digital marketing and online platforms.

Rising share of Organized Players

- Between 2007 and 2020 the share of organized retailing in jewellery has increased from 6% to 32% (i.e. the fastest rate of systematization and rationalization amongst all sectors).
- This trend is expected to continue across the G&J sector especially in light of the massive blow that the Demonetization measure dealt on the cash markets and multiple govt. initiatives to enhance discipline and transparency in the sector (including mandatory customer KYC, hallmarking, etc.)
- On the demand side this trend has been strengthened by the increasing preference of customers to transact with well known brands and the desire to shop in a safe and secure environment (online as well as offline).

Broad basing of Economic Growth

- Economic growth in India going forward is expected to be more evenly spread across regions and geographies. This will increase the importance of Tier 2 and Tier 3 centres as demand hotspots for jewellery.
- Players with strong online reach shall have a competitive advantage over peers in this emerging scenario.

Weddings to become less Lavish

- Another interesting factor that has made jewellery makers optimistic is the fact that smaller but memorable weddings are being preferred.
- Money saved in wedding expenses is most likely to be channeled to jewellery.

Emerging Trends in the Gems & Jewellery Sector in India (2/2)

Increasing Popularity of Costume Jewellery

- The new age urban woman is no more interested in piling up her locker with traditional metal heavy jewellery used occasionally during festivals and family events.
- As an increasing percentage of urban women need to step out for work they need more functional jewellery pieces which they can wear daily. This has triggered the trend for costume jewellery which are inexpensive and stylish..
- Between 2014 and 2019 the costume jewellery market in India expanded at a CAGR of 15% and has been largely driven by the rapid proliferation of internet access and e-commerce activity.
- While large players like Tanishq and Kalyan Jewellers have a good foothold in this market, foreign players like Swarovski and Tiffany have only made tentative initial approaches as they are not familiar with the trends and dynamics of local fashion preferences.

Demand for Men's Jewellery on the rise

- As men become more fashion conscious demand for men's jewellery and accessories has been rising.
- Young and affluent males have been increasingly relying on jewellery pieces like rings, earrings, bracelets, chains, etc. to push up their fashion quotient.
- The demand for both affordable costume jewellery as well as expensive fine jewellery such as solitaire diamonds for ear studs, platinum chains and bracelets, etc. has been demonstrating a trend upturn.

Bank Finance is getting more difficult to obtain

- Banks have been adopting an increasingly conservative stance in their credit appraisal of jewellery sector players especially as an aftermath of certain recent events that led to serious questions being raised about their systems and controls.
- However, this development has in a way contributed to the consolidation of the organized segment within the G&J sector as established players with good track record and a strong financial position have been benefitted by the strengthening of the credit assessment apparatus of banks while smaller and unorganized players have been facing increasing difficulties in raising resources to fund their business.

The CZ Jewellery Market Contours in India

Diamonds are Low Quality Economic Assets

- Diamond prices have traditionally been sticky and pundits suggest that diamond is not a good investment as compared to gold or similar alternatives. Overall, the price of diamonds has registered a CAGR of only about 1.5% between 2010 and 2020.
- Most big jewellers do not buy back diamonds not sold by them. They typically pay anywhere between 75% and 80% of the price of the diamond on that day and only in the form of an exchange of another diamond.
- Hence, it is difficult to cash out of diamonds at the desired economic value when the need arises.

Ascertaining the Genuineness of a Diamond is difficult

- Estimating the true value of a diamond is an expert's job and it is not easy to verify the economic worth of a diamond over the counter as is the case with gold.
- Besides, diamonds have evolved over time and some particular cut in a diamond bought years ago may not be in fashion today. So, the jeweller may not be able to sell it again.

Emergence of the Millennial Generation with preference for Fashion Jewellery

- Manmade diamonds like Moissanite and Cubic Zirconia (CZ) are rapidly gaining in popularity. Casual observers cannot distinguish Moissanite and CZ from real diamonds, nor can most pawnshop owners using the standard thermal conductivity tests for distinguishing CZ from diamond.
- CZ jewellery is being increasingly preferred by the younger generation mainly because they are a cheaper alternative, look exactly like diamond jewellery and can be replaced quickly in sync with changes in fashion trend without heavy financial implications.

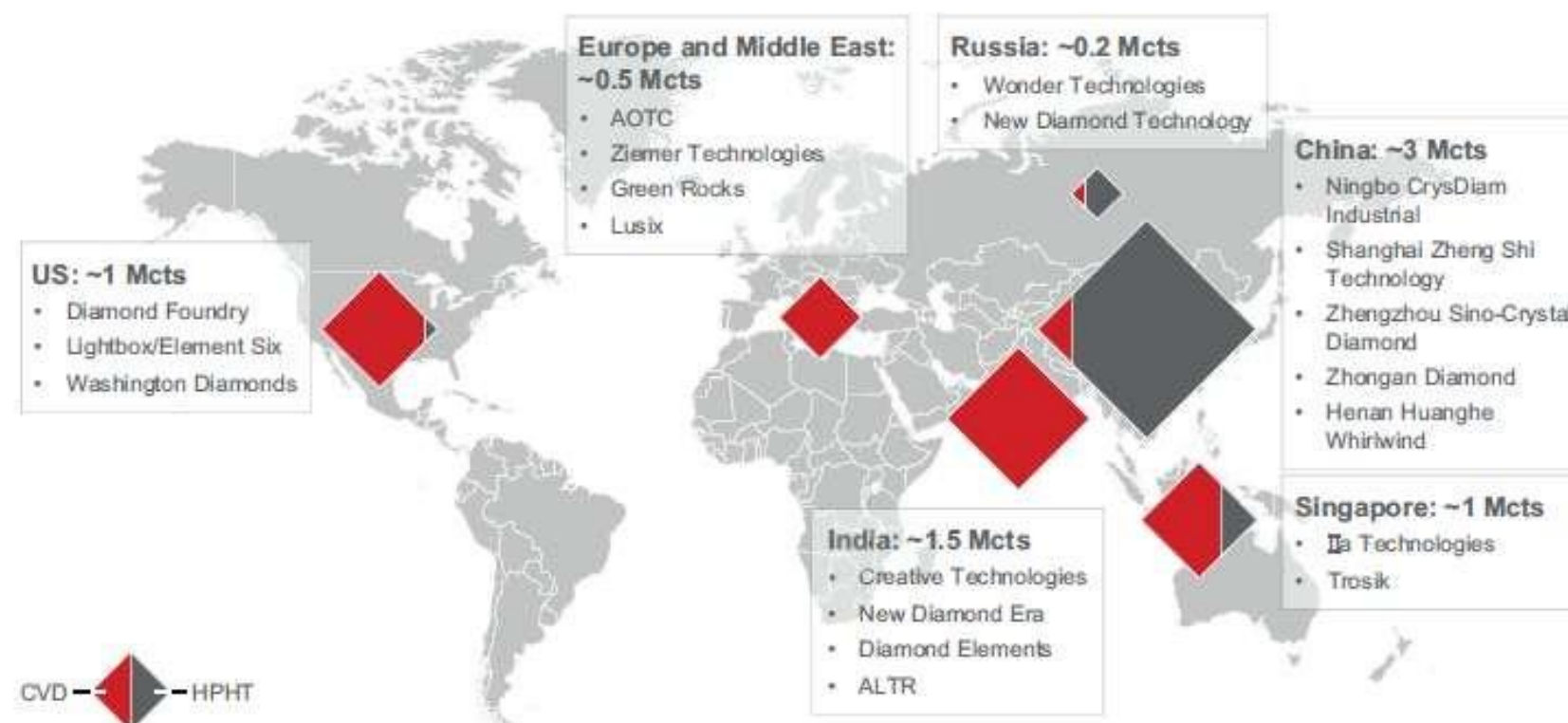
- The size of the fashion jewellery market in India is estimated at INR 150 Billion and it is growing at a CAGR of approx. 20%.
- The market for CZ Jewellery has been driven by rising demand, even from high end customers who could otherwise afford real diamonds, mainly on account of the colour variations and the shapes that can be offered in manmade diamonds.
- A diamond pendant that would have cost INR 200,000, can be purchased for as low as INR 2,000 in the CZ variant and INR 20,000 in the Moissanite version without any compromise on the brilliance or shine and overall attractiveness.
- Also, diamonds, being natural, are known to have some irregularity or flaws. These flaws are completely absent in diamonds made in laboratories. Moissanite and CZ stones have no defects and, hence, are better than the original diamonds.
- The De Beers monopoly on the global diamond market has weakened substantially (their market share has dropped from close to 80% to around 40% over the last 10-15 years). The "perception of scarcity" of diamonds that was carefully cultivated and propagated by De Beers is no longer a defining factor in the market. This has led to a considerable flatness in the trajectory of diamond prices over the last five years.
- Unlike real diamond jewellery, CZ items generally have higher buy-back prospects with a repurchase discount ranging from 5% to 15%.

Synthetic Diamonds are Expected to be the Growth Driver in the G&J Market in Future

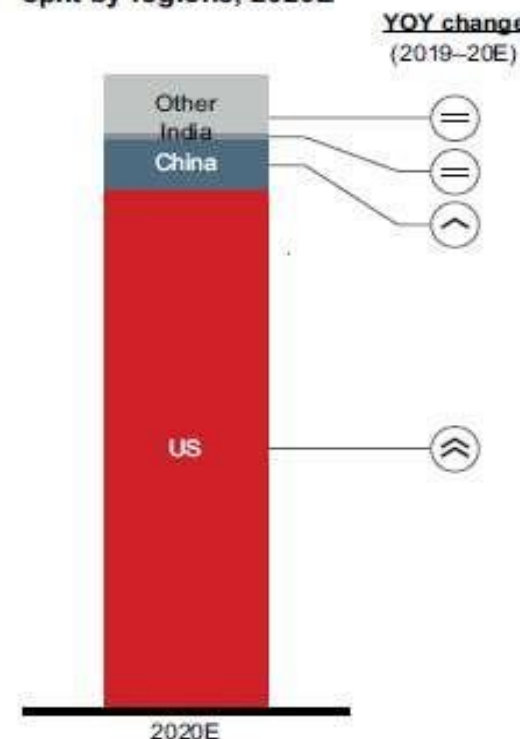
- The total market share of Laboratory Grown Diamonds (LGD) has been growing steadily and is expected to account for 10% (estimated at 19.2 million carats) of the entire worldwide diamond market by 2030.
- India is set to become a major hub for production as well as processing of LGDs.
- Thanks to technological breakthroughs, cost-efficient production of gem-quality stones and growing consumer awareness of synthetic diamonds, India's LGD output is estimated to have reached 1.5 million carats in 2020, according to a recent report prepared by consulting firm Bain & Co and issued by Gem & Jewellery Export promotion Council (GJEPC).
- As per the above research, the synthetic diamonds global market growth is expected to increase by USD 9.8 billion at a compounded annual growth rate (CAGR) of 8.11% during 2019-2024.
- India's gross exports of polished LGDs for the period April 2020 to January 2021 stood at USD 558.71 million, marking a year-on-year growth of 57%.

Source: The Global Diamond Industry 2020-21; Bain & Co.

Total gem-quality lab-grown diamond rough production, 2020E: ~6-7 million carats (Mcts)



Lab-grown diamond retail market split by regions, 2020E



Key lab-grown diamond trends in 2020

- 1 Technological advancements led to larger yields and higher production levels; profitability expectations shifted CVD and HPHT producers toward larger stones
- 2 Prices of larger lab-grown stones are moving away from being pegged to natural diamond prices to a cost-plus model; price declines for smaller goods are slowing; midstream and retail LGD margins are starting to contract
- 3 LGDs are edging into the fashion category as interest is rising among price-conscious consumers who may not have considered buying natural diamond jewelry of relative size/quality; several leading fashion jewelry houses started to offer LGDs

- CVD – Carbon Vapour Deposition method of producing LGD
- HPHT: High Pressure High Temperature method of production of LGD

E-Commerce is set to emerge as one of the Key Growth Drivers

- The Indian e-commerce market is expected to grow to USD 200 billion by 2026 from USD 48.5 billion as of 2018. The growth in e-commerce in general has been enabled and powered by a large number of social, economic and cultural factors including:
 - a) Increasing penetration of the internet – no. of internet users in India has grown at a CAGR of 16.6% between 2015 (302.36 million) and 2021 (761.29 million)
 - b) Rapidly growing Smartphone market in India (Smartphone shipments are growing at a CAGR of 20% and are estimated to reach 172.6 million in 2021)
 - c) Emergence of Tier II and Tier III centres as strong epicentres of growth, given the rising levels of disposable income, changing aspirational levels and rapidly evolving lifestyle
- A recent Crisil study indicated that the gems and jewellery players – largely in the stone-studded and costume & fashion jewellery segment – have been deriving increasingly larger proportions of their revenues from online selling platforms in recent months, especially as a collateral impact of the Covid 19 pandemic.
- Online sales in this category have more than quadrupled to 55% in November 2020 from 13% before the pandemic, with smaller players reaping the largest benefit of this growth.
- Rising penetration of digital commerce in the jewellery industry in India has considerably levelled the playing field for smaller players as opposed to large branded retailers with extensive offline retail networks.
- Emerging online jewellery businesses have empowered customers in Tier II and Tier III cities to shop for a wide variety of jewellery at the click of a button. Convenient delivery options supported by a variety of payment options like cash on delivery and other advantages such as easy installments and discounts have made jewellery shopping stress-free and enjoyable. Online jewellery platforms play a crucial role in influencing offline sales. Large ticket size jewellery above Rs. 1 Lakh is still sold in stores but customers first conduct thorough research before buying the jewellery online.

E-tailing is poised to emerge as a key retail channel that will drive the growth of corporatized retail in the jewellery business across the world. Currently, the world online jewellery market is valued at around USD 10 billion which will grow to USD 18 billion in the next three years and India is well positioned to capture a market share of 20%

Online sales in the fashion/costume jewellery category have more than quadrupled to 55% in November 2020 from 13% before the pandemic, with smaller players reaping the largest benefit of this growth.

Online jewellery market in India is expected to hit USD 3.6 billion in the next three years, that is roughly 20% of the global market size estimated at USD 18 billion, mainly on the back of an e-commerce boom.

UJIL is fully geared to break into the online jewellery market with an unmatched range of offerings across a wide range of ticket sizes. The management of the Company has already initiated the process of developing and perfecting an online platform as an alternate revenue driver to its existing B2B business model.

The Expected post-Covid Scenario in the Retail Jewellery Sector in India

- According to a report issued by India Ratings, despite the steep fall in gold prices and the resultant fall in realizations, retail jewellers are likely to sustain the ongoing demand recovery into the next fiscal with a 30-35% spike in demand.
- There was strong demand recovery in the third quarter of FY21 due to the festive season, pent-up wedding demand, and a 10 per cent correction in gold prices during festival period from its peak in last August
- The rise in demand is also expected to be supported by a rise in savings at the hand of salaried middle-class and upper-middle class end-users, due to the postponement of purchases and cancellation of travel/tourism plans among other reasons.
- With economic activities reaching pre-pandemic levels, the India Ratings expects the momentum to continue into FY22, backed by a softening of gold prices.
- Though price realization gains may not continue in FY22, lower operating leverage and improved efficiencies in terms of lower marketing expenses and lower rentals are likely to support margins, which is expected to be 25-50 bps above FY20 levels.
- Most companies have deferred new showroom launches to FY23 and are consolidating their less profitable showrooms. The sector is likely to deleverage in FY22, backed by a revival in demand and no significant showroom launches.
- Likely Rise in Market Share of Organized Players:
 - *Many small and unorganized jewellers have been unable to cope with the impact of the Covid 19 crisis and have plans to wind down businesses on account of slow moving inventory and weak liquidity position.*
 - *Also, customer preference is shifting progressively towards organised jewellers which can provide a safer buying experience while maintaining social distancing norms. Organized jewellers have an added advantage due to their wider customer reach with presence in digital channels.*
 - *Although the government has extended the deadline for mandatory hallmarking to June 2021, the hallmarking requirements could boost market expansion for organized jewellers. Organized jewellers have been selling hallmarked jeweller for many years and will continue to gain market, basis their transparent pricing and product quality.*

Source: Retail Jewellery: Down but Not Out, Festivals to Support Recovery in 2HFY21; India Ratings & Research



6.0 | **Financial Track Record**

Operating History of UJIL

(Rs. In Lakhs)

| Particulars | FY 19 | FY 20 | FY 21 | FY 22 | FY 23 | Up to 31.12.2023 |
|---|----------------|----------------|-----------------|------------------|------------------|---------------------|
| Income | | | | | | |
| Revenue from operations | 7341.29 | 9174.08 | 9,333.50 | 12,153.53 | 17,673.09 | 13134.17 |
| Other income | 26.06 | 42.41 | 108.33 | 96.20 | 155.06 | 79.23 |
| Total Revenue (I) | 7367.35 | 9216.49 | 9,441.82 | 12,249.73 | 17,828.14 | 13213.41 |
| Expenses: | | | | | | |
| Cost of materials consumed | 7931.95 | 7682.38 | 9072.79 | 12,868.47 | 16,487.86 | 10763.72 |
| Changes in inventories | -1220.85 | 320.04 | -669.72 | (1,796.04) | (511.95) | 756.39 |
| Employee benefits expense | 58.74 | 96.42 | 100.6 | 170.47 | 236.67 | 258.04 |
| Other expenses | 80.33 | 70.95 | 80.06 | 118.59 | 130.45 | 138.96 |
| Total Operating Expenses (II) | 6850.17 | 8169.79 | 8659.87 | 11,361.49 | 16,343.02 | 11,917.11 |
| EBITDA | 517.18 | 1046.70 | 781.95 | 888.24 | 1,485.12 | 1,296.3 |
| EBITDA Margin | 7.02 | 11.36 | 8.28 | 7.25 | 8.33 | 9.82 |
| Depreciation | 18.31 | 19.01 | 19.12 | 19.15 | 25.97 | 21.92 |
| EBIT Profit before tax and exceptional items | 403.22 | 1046.70 | 781.95 | 888.24 | 1,459.15 | 1274.38 |
| Finance costs | 95.66 | 87.76 | 57.02 | 89.79 | 175.42 | 118.25 |
| Profit before tax | 403.22 | 939.93 | | #REF! | 1,283.73 | 1,156.13 |
| Tax expense: | | | | | | |
| Current tax | 92.18 | 246.87 | 203.82 | 207.30 | 337.24 | 290.97 |
| Income tax pertaining to earlier years | | | 0.88 | 3.82 | 0.28 | - |
| Deferred tax | 1.71 | -0.65 | -2.90 | (3.19) | (3.98) | - |
| Profit after tax | 309.32 | 693.71 | 580.15 | 571.36 | 950.19 | 865.16 |
| Net Margin | 4.19 | 7.53 | 6.14 | 4.66 | 5.33 | 6.55 |
| Cash Profit | 327.63 | 712.72 | 599.27 | 590.47 | 976.16 | 887.08 |

Balance Sheet of UJIL

(Rs. in lakhs)

| Particulars | | FY 19 | FY 20 | FY 21 | FY 22 | FY 23 |
|-------------|--|------------------|------------------|-----------------|-----------------|------------------|
| 1 | Owners Capital | | | | | |
| (a) | Equity share capital | 2 023.37 | 2 281.26 | 2 281.26 | 2,281.26 | 2,281.26 |
| (b) | Other Equity | 1 616.67 | 2 419.60 | 2 999.75 | 3,571.11 | 4,521.31 |
| | Networth | 3 640.04 | 4 700.86 | 5 281.02 | 5,852.38 | 6,802.57 |
| | Non Current liabilities | | | | | |
| (a) | Financial liabilities | | | | | |
| (i) | Borrowings | 0.61 | | | 160.69 | 108.60 |
| (ii) | Trade payables | | | | | |
| (iii) | Other financial liabilities | | | | | |
| (b) | Provisions | | | | | |
| (b) | Deferred tax liabilities (net) | 0.22 | | | | |
| (d) | Provisions | | | | 5.71 | 6.03 |
| (f) | Other non current liabilities | | | 4.94 | | |
| | Total Non Current Liabilities | 0.83 | | 4.94 | 166.41 | 114.64 |
| | Current liabilities | | | | | |
| (a) | Financial liabilities | | | | | |
| (i) | Borrowings | 1 149.64 | 1 021.49 | 1 300.06 | 2,567.56 | 3,212.39 |
| (ii) | Trade payables | | | | | |
| (iii) | Other financial liabilities | | | .00 | - | - |
| (a) | Total outstanding dues of micro and small enterprise | | | | 12.43 | 71.64 |
| (b) | Total outstanding dues other than micro and small enterprise | 65.22 | 42.11 | 49.63 | 107.80 | 246.67 |
| (b) | Other current liabilities | 17.42 | 15.26 | 34.08 | 48.11 | 34.19 |
| (c) | Provisions | | | .00 | - | - |
| (c) | Current tax liabilities (net) | 21.71 | 93.65 | 16.81 | 36.77 | 115.12 |
| | Total Current Liabilities | 1 253.98 | 1 172.51 | 1 400.58 | 2,772.68 | 3,680.02 |
| | TOTAL APPLICATION OF CAPITAL | 22 087.40 | 25 838.50 | 6 686.54 | 8,791.46 | 10,597.23 |

| | | | | | | |
|----------|-------------------------------------|------------------|------------------|-----------------|-----------------|------------------|
| A | Non Current Assets | | | | | |
| 1 | Assets | | | | | |
| 1 | Non-Current assets | | | | | |
| (a) | Property, Plant & Equipment | 103.05 | 90.57 | 74.64 | 77.27 | 139.49 |
| (b) | Capital Work-in-progress | | | 2.25 | 60.45 | 240.68 |
| (c) | Intangible Asset | | | | | 5.11 |
| (d) | Financial assets | | | | | |
| (i) | Loans | 250.00 | 230.70 | 230.70 | 230.70 | - |
| (ii) | Others | 21.27 | 21.71 | 45.34 | 45.30 | 45.27 |
| (e) | Deferred tax Asset (net) | | 0.43 | 3.33 | 6.52 | 10.50 |
| (f) | Other non-current assets | 7.56 | 5.67 | | | |
| | Total Non-Current Assets | 28 618.12 | 33 233.46 | 356.27 | 420.24 | 441.06 |
| 2 | Current assets | | | | | |
| (a) | Inventories | 2 423.42 | 2 103.38 | 2 773.10 | 4,569.14 | 5,081.10 |
| (b) | Financial assets | | | | | |
| (i) | Trade receivables | 1 981.41 | 3 081.09 | 2 909.57 | 3,424.86 | 4,432.49 |
| (ii) | Cash & Cash Equivalents | 5.68 | 7.86 | 164.40 | 4.53 | 388.15 |
| (iii) | Others | 22.42 | 13.66 | 36.06 | | |
| (c) | Current tax assets (net) | | 130.00 | 130.00 | 130.00 | 134.36 |
| (d) | Other Current assets | 80.05 | 188.30 | 317.14 | 242.69 | 120.07 |
| | Total Current Assets | 4 512.98 | 5 524.29 | 6 330.27 | 8,371.22 | 10,156.17 |
| | TOTAL APPLICATION OF CAPITAL | 33 131.10 | 38 757.75 | 6 686.54 | 8,791.46 | 10,597.23 |



7.0 | Management Discussion & Analysis

Management Discussion and Analysis of UJIL's Performance & Outlook (1/2)

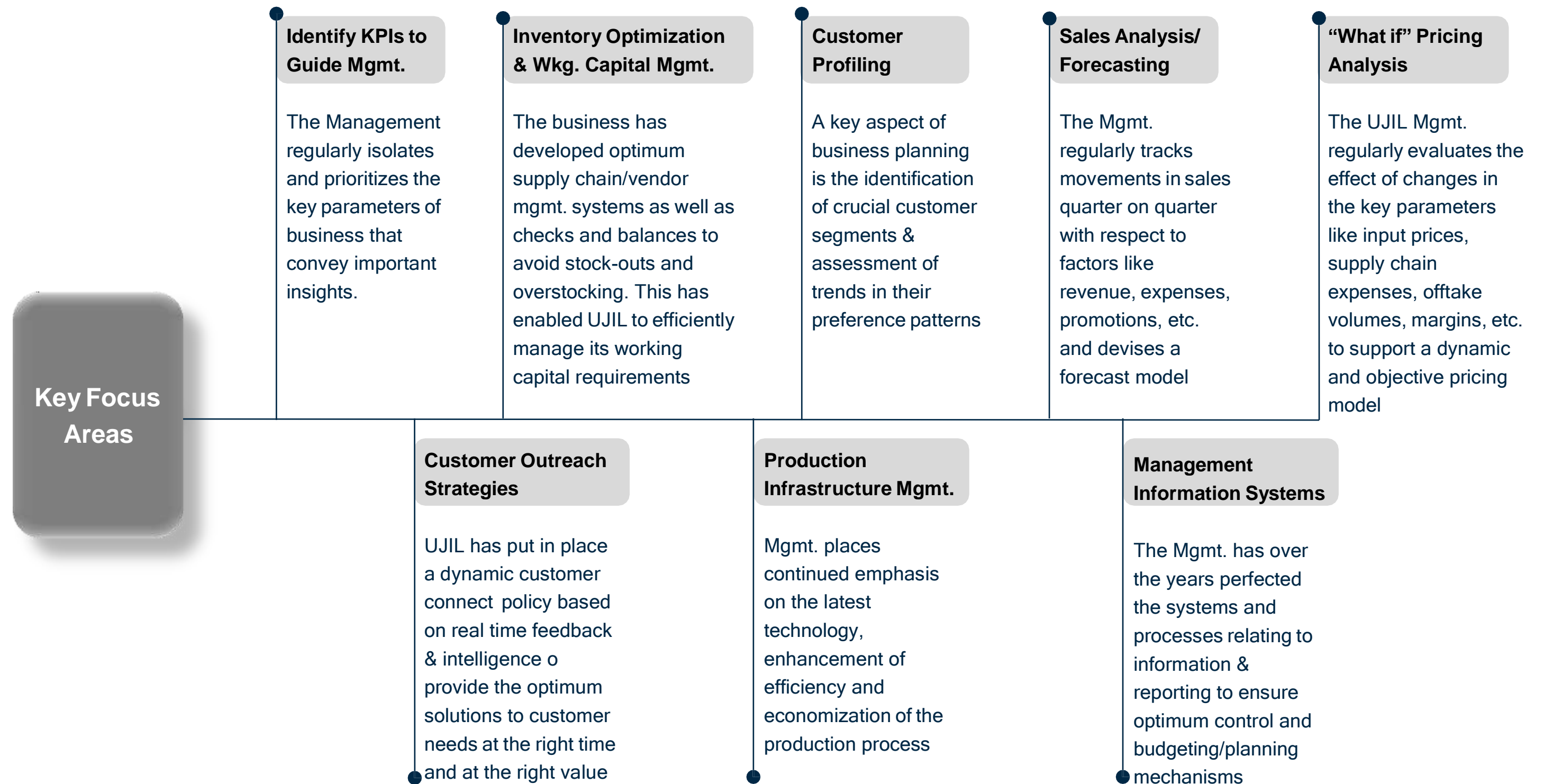
- **Leadership in High Value Niche:** UJIL is a strong player in its chosen niche of precious stone studded jewellery and has emerged as one of the most trusted suppliers to the leading brands of the country. The Company has plans to extend its footprint to the retail space through asset light and easily scalable channels including E-Commerce and the franchise route.
- **Strong Clientele Platform:** The Company's lineage and legacy have enabled the management to reach out to a wide network of high value customers and develop deep relationships based on trust and reliability. The client base of the Company comprises some of the marquee names in the Indian Gems & Jewellery industry. While UJIL's client base is rich and diverse, customer acquisition cost for the Company has been negligible over the years. Going forward, the management of the Company proposes to leverage the enormous customer goodwill that UJIL (both individually as well as a part of the HRS Group) has acquired over the years to expand its customer base and ramp up volumes.
- **Uninterrupted Growth:** The Company has registered steady growth in top line over the last 5 years. Between FY16 and FY20 the Company's revenues have grown at a CAGR of close to 30%. Growth in revenues has mainly arisen in the B2B segment which is the strong suit of the Company. UJIL has in 2018 commenced exports and has achieved significant success in the Middle Eastern market already. The management of UJIL perceives substantial opportunity in the export space and has plans to rapidly scale up the Company's outreach to global customers. Given the current policy environment that actively promotes jewellery exports, the management of the Company is of the opinion that exports will in the short to medium term account for a significant portion of the revenues of the Company.
- **Margins:** Profitability margins of the Company have also been steadily increasing but within the constraints of an essentially B2B business model. Once the retail business of the Company achieves sufficient traction its profitability margins are expected to be significantly boosted.
- **Return on Investment:** Return parameters have been quite satisfactory. UJIL's RONW and ROCE figures have been steadily increasing over the last five financial years. The Company closed FY20 with an RONW of 14.8% and an ROCE of 27.5% which are creditable, especially given the working capital intensity of the operations. The return ratios are expected to be sustained going forward since the Company has no plans to venture into capital intensive growth initiatives and has traditionally managed its working capital financing efficiently.
- **Liquidity Position:** UJIL's Current Ratio and Interest Coverage are quite satisfactory as at the end of FY20. Bankability of the Company's current assets (receivables from blue chip clients + precious metal/precious stone inventory) is high. Hence, the Company's liquidity position is quite comfortable.

Management Discussion and Analysis of UJIL's Performance & Outlook (2/2)

- **Leverage Position:** UJIL's dependence on external borrowing is quite minimal. The Company's Debt/EBITDA ratio as on 31st March, 2020 stood at 0.97x while its Debt/Equity ratio (DER) was a healthy 0.22x as on that date. The Company has managed to register a CAGR of close to 30% in turnover between FY16 and FY20 without requiring to resort to any significant amount of external borrowing. This is a creditable achievement. Besides, the Company's Interest Cover as on 31st December, 2020 stood at a comfortable 13.50x. The Management of UJIL believes that the Company has the potential to grow further along the trajectory achieved over the last five years while the rate of expansion in its scale and volume can be steeper with the addition of a new production unit and the proposed entry into the B2C segment along asset light lines.
- **Manufacturing Excellence:** UJIL's production infrastructure is highly developed and equipped with globally benchmarked technology and machinery. The Company also has a strong pool of highly skilled human capital that provides an extra edge to its production prowess. Also, on account of being a part of the HRS Group, UJIL has access to a 100 year legacy of tools and techniques and a proprietary design portfolio that further consolidate the Company's leadership position in its chosen niche of CZ Diamond and Gem studded jewellery.
- **Working Capital Intensity:** UJIL's business is working capital intensive as the Company requires to extend a credit period of around 45-90 days to its customers besides having to maintain adequate stock of raw material and finished goods. However, the Company has over the years managed its working capital financing efficiently through an optimum mix of low cost short term borrowing and long term sources. During FY20, the Company achieved a Net Current Asset (NCA) Turnover of approx. 2.12x. The NCA Turnover has scope to be improved and the Management of the Company has been exploring ways to put in place more effective receivables management tools to make the Company's NCA work harder for the business.
- **Exposure to Market Uncertainties:** UJIL's business is potentially exposed to volatilities both in the gold and forex markets. However, it has put rigorous systems and procedures in place to take care of these concerns. The Company has in place a comprehensive risk management framework that helps in anticipating, identifying and evaluating business risks and challenges across the Company and finding ways to mitigate the same.
- **Emerging Opportunities:** The Management of UJIL recognizes the enormous opportunity available in the B2C segment worldwide and has plans to break into the business of retailing its own brands through e-commerce and franchise channels. Some progress has been achieved till date. The Management has plans to extend the Company's footprint in new markets and client bases through the B2C initiative also to provide a de-risking cushion to its existing B2B business.

The Governance Framework of UJIL is built around a set of Global Best Practices

The process of Strategic Decision Making and Operational Execution is based on a set of objective principles that are derived from a combination of proven methodologies and the Company's 100 year legacy of disciplined corporate governance and financial management



A Critical Analysis of the Current Standing of the Business of UJIL

S

Strengths

- Access to an established network of vendors and customers based on decades of relationship and trust with backing of the HRS Group.
- Highly developed manufacturing capabilities supported by skilled human capital and state-of-the-art technology and equipment.
- UJIL occupies a dominant position in a niche in the G&J market (gem studded jewellery) that has very few strong players.
- Strong clientele comprising leading names in the industry.
- Design & ideation capabilities based on ground research and real time market feedback.
- Sound financial management with negligible dependence on debt and rising margins despite growing competition on account of UJIL's sourcing and processing efficiency.

W

Weaknesses

- The business of the Company is working capital intensive and necessitates high levels of receivable and inventory.
- UJIL has not yet meaningfully ventured into the B2C space. This keeps margins under pressure.
- The operations of the Company are potentially exposed to the volatilities of the international gold market as well as foreign currency rate fluctuations.

O

Opportunities

- The Indian G&J market is poised to grow again after a temporary setback due to the Covid 19 crisis. Multiple macroeconomic factors as well as favourable trends in the policy framework of the Govt. are expected to propel the market.
- UJIL's top line and profitability are expected to grow manifold as its B2C initiatives gain momentum. The Company has already started tapping the E-Commerce channels for extending its retail footprint. Other avenues of retail customer reach including the franchisee model are also being actively considered.
- The export market offers a significant opportunity to UJIL. Its recent foray into the Middle Eastern markets has already been rewarded quite handsomely.

T

Threats

- The global market for gold and precious stones is controlled by a few foreign suppliers that have control over raw material supply. Besides, the gold market is also subject to impact from international events like a rate hike by the US Federal Reserve, rise in demand from key markets, etc.
- UJIL's position in the retail segment may be challenged by large domestic and international players with established brands and existing brick-and-mortar retail networks.

Management Response to the Challenges facing the Business of UJIL (1/2)

| Business Issue | Operating Dimensions | Mitigant/Strategic Roadmap |
|---|--|--|
| <p>Operations are based on the B2B Model</p> | <ul style="list-style-type: none"> • UJIL occupies a leadership position in the supply of finished products to the leading retail brands in the country. • Over the years, UJIL has developed a solid and symbiotic relationship with its customers through reliable service and the best product quality. • While the current business model provides adequate flow of orders and steady cash generation, the retail margins are not available to UJIL. | <ul style="list-style-type: none"> • The HRS Group has a fair retail presence in Hyderabad and has a reasonably prominent brand portfolio of its own. However, it has till date consciously avoided capital intensive methods of B2C initiatives including ATL advertising & investment in brick-and-mortar retail outlets. • UJIL's management has plans to utilize the franchise route to extend its reach to the end-customer (i.e. the buyer) and step into the B2C segment. • E-commerce platforms are also planned to be used to ensure cost effective customer outreach and visibility. Some progress has already been made. • Owned/rented brick and mortar retail stores will only be considered once the brand identity/positioning of the UJIL products has been firmly established amongst end customers. • UJIL has also started exporting speciality jewellery to clients in the UAE from 2018 and has plans to ramp up its export performance significantly. |
| <p>Gold Price Volatility & Foreign Currency Fluctuation Risk</p> | <ul style="list-style-type: none"> • Gold price and FX rate fluctuations can potentially affect the profitability of any jewellery business that does not take adequate precautions to insulate itself against unfavourable movements in these markets. • UJIL is similarly exposed. However, over the last 8-10 decades of operation the HRS Group as well as UJIL have developed highly effective hedging and risk mitigation systems & processes that have ensured almost complete protection from market volatilities. | <ul style="list-style-type: none"> • The Treasury Operations of UJIL are managed by experienced professionals who keep a real-time vigil on the gold and FX markets to ensure prompt remedial action once any negative signal is visible in the markets. • The Company has been availing Gold Metal Loans (GML) from banks from time to time to neutralize the effects of gold price fluctuations. • The Company also has an efficient FX management policy in place to hedge itself against foreign currency rate fluctuation risks. • Going forward, the Company perceives no significant challenges to its business on these fronts. |
| <p>Working Capital Intensity of Operations</p> | <ul style="list-style-type: none"> • UJIL's business model is structured as a B2B operation and hence credit periods are on the higher side (60-90 days). • Inventory is valued on the basis of the weighted average method to ensure proper accounting of the entire range of prices available across the inventory held at any given point in time. | <ul style="list-style-type: none"> • UJIL has managed its working capital requirements with minimal financing from external sources including banks. • As on 31st March, 2020 the Debt/EBITDA ratio of UJIL stood at 0.97x and the Company's DER was 0.22x. The comfortable gearing demonstrates that the Company has structured its capital efficiently while effectively addressing working capital issues from long term and internal sources. |

Management Response to the Challenges facing the Business of UJIL (2/2)

| Business Issue | Environmental Parameters | Mitigant/Strategic Roadmap |
|--|---|--|
| Threat from Competitors with Larger Financial Resources | <ul style="list-style-type: none">• UJIL is a dominant player in its chosen niche, i.e. CZ jewellery and other precious gemstone studded artefacts and is the preferred supplier to most marquee jewellery brands in India.• However, the scale of business of the Company is yet to reach a level that could withstand threats from larger players and/or potential impact on the operations of the Company of large players setting up captive production units. | <ul style="list-style-type: none">• UJIL's production processes and manufacturing facilities are benchmarked against the finest in the world and equipped with the latest, state-of-the-art technology and machinery. Hence, the quality of output of the Company and the operational efficiency of the business have, over the years, created a dedicated, loyal and supportive clientele for whom UJIL is an integral part of their business supply chain. For them to switch from the current arrangement to a captive supply mechanism would be capital intensive and extremely cumbersome and, as such, there is no economic incentive for the existing customers of UJIL to shift their procurement base.• UJIL's supply chain efficiency as well as its technology and scale of operations enable the Company to keep costs under control and earn healthy margins even as customers are offered attractive prices. It will be difficult for any other player to replicate the already established systems and processes and the business practices of UJIL that will be able to generate similar economic surpluses.• UJIL leverages its 100 year legacy as well as its goodwill and profile in the market to engage with its clients. For a new incumbent and a potential competitor it will be difficult to establish the same degree of acceptability amongst the branded jewellery players in India. |
| Potential International Events could throw the Gold Market off gear | <ul style="list-style-type: none">• In the recent past the world economy has witnessed several momentous events including various armed conflicts and near-war situations (including the Gulf War of 1990-91, US-Iran tensions of 2013), the financial market meltdown of 2008 and the ongoing Coronavirus pandemic, etc. that have disrupted the Gold Market.• Such volatilities in the Gold Market have tended to seriously impact the business model of jewellers across the world on account of rising gold prices and falling jewellery demand. | <ul style="list-style-type: none">• The HRS Group has been a dominant name in the Indian jewellery market for over 100 years now and has weathered all kinds of economic and extra-economic disruptions and upheavals.• The Company has put in place a robust system of gold procurement and inventory management to address issues arising from global events that threaten to destabilize the Gold Market.• Also, in the Indian context, a large part of the gold jewellery demand is relatively price inelastic on account of the social and cultural connect of the precious metal to the everyday life of buyers. |



9.0 | Valuation Discussion

Vaibhav Global - a Case Study

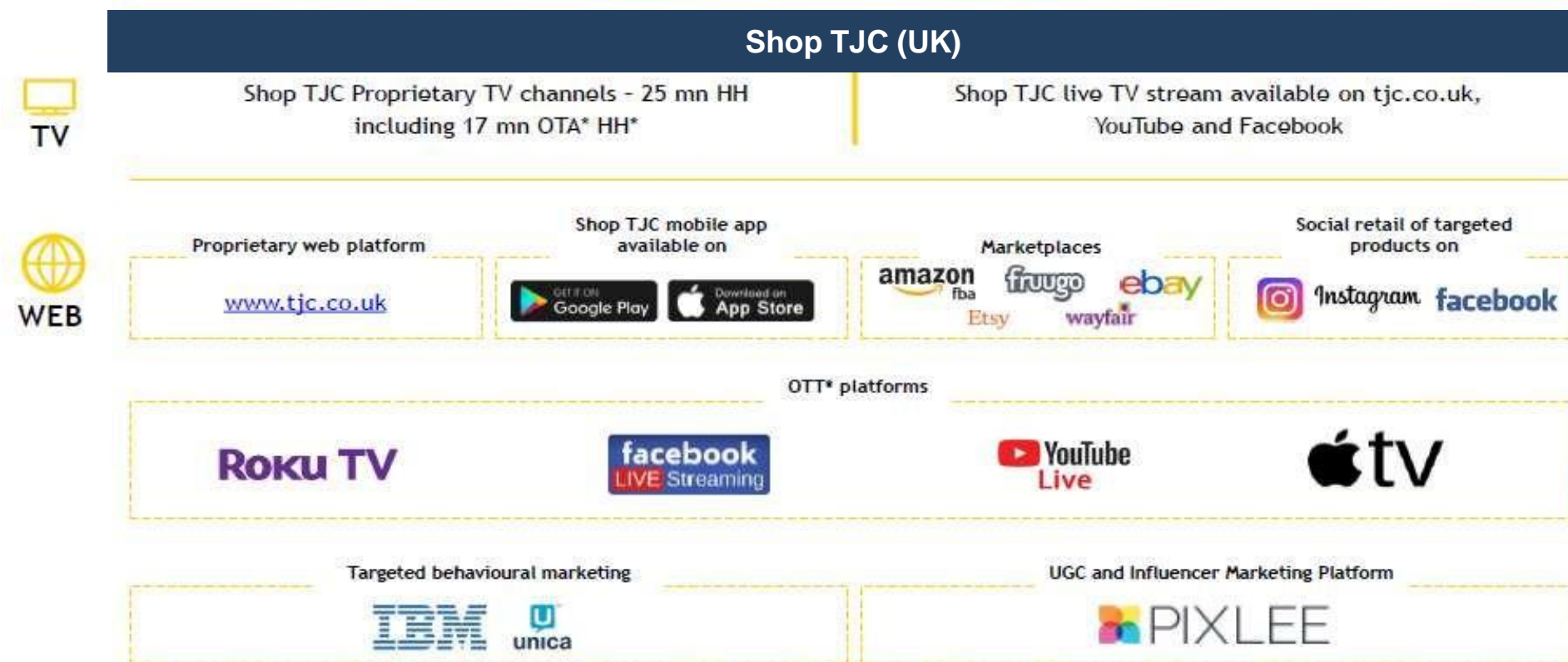
Company Overview

- Vaibhav Global Ltd. (VGL) is a vertically integrated fashion jewellery and lifestyle products retailer with footprint across 27 countries in the world and production facilities in India and China. The company mainly caters to the retail demand for fashion jewellery through the electronic and television platforms in the USA and the UK.
- VGL reaches almost 100 million households through its TV Shopping channels - ShopLC in the US and The Jewellery Channel (TJC) in the UK.
- The VGL Group has a firm standing in the B2B domain also. A group company, STS Jewels Inc., is one of the biggest and most trusted jewellery wholesalers in the global market. STS has a track record of more than 20 years of serving some of the largest jewellery retailers in the USA.

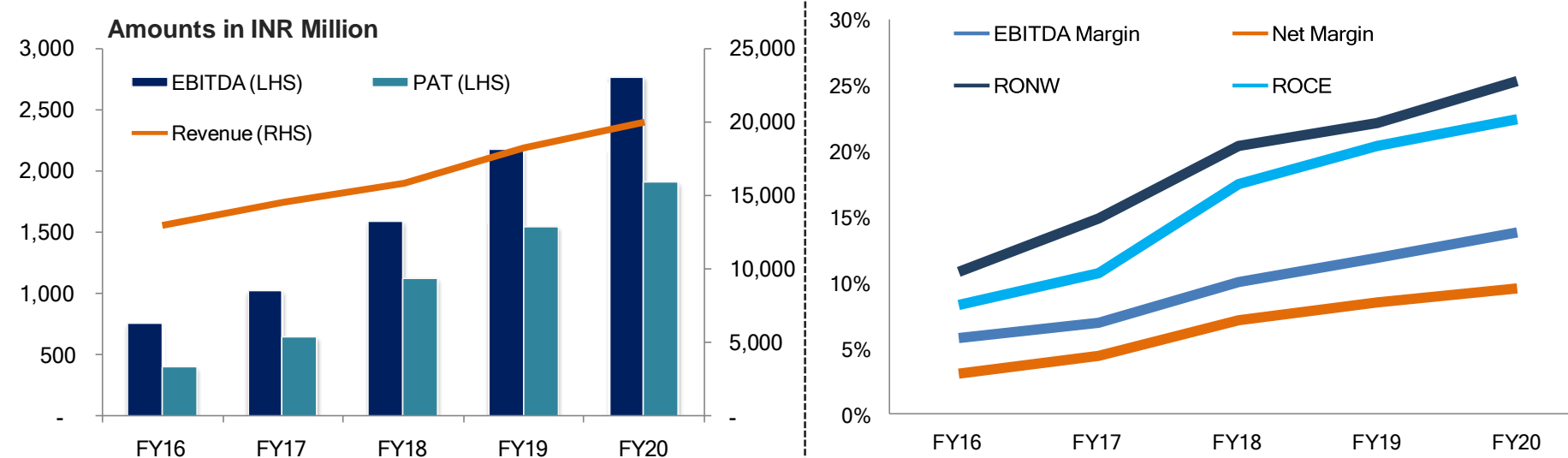
The Business Format & Its Evolution

- VGL operates in mainly two business segments namely, wholesale operations and retail operations. VGL's manufacturing units are at Jaipur and it has subsidiaries as well as step-down subsidiaries at Hong Kong, China, Bali and Thailand for sourcing of products. Further, it has two-step down subsidiaries in the USA and the UK which operate TV channels, websites and mobile apps that showcase VGL's products to viewers and serve as the primary customer interface platforms.
- Over the years, the company has developed its own brands. In its retail division, VGL reported TV coverage of around 99.16M households on full time equivalent (FTE) basis in the UK and the USA in FY20. New registration in e-com websites stood around 178,000 during FY20.
- VGL's journey in the G&J market started essentially as a B2B player. The company has over the years emerged as a strong B2C player by leveraging the explosive growth in global e-commerce as well as by pursuing asset light approaches to achieve maximum customer outreach and establish consumer touch points at all crucial global marketplaces.
- VGL has achieved end-to-end integration in its value chain across the wholesale and retail businesses through complete control on sourcing, production & marketing.

VGL's Omni Channel Sales Platform



Financial Track Record of VGL



- The consistent improvement in scale, margins and return parameters reflects the success of an integrated business model with firm B2B moorings and an innovative, cost effective and capital light B2C programme.
- An initiative on the part of UJIL to progress its business model to the B2C domain with a similar approach can potentially lead to handsome economic rewards going forward.

Benchmarking UJIL against listed Peers

The Peer Comparison Matrix

| Peer Company | Revenue | EBITDA | PAT | Net Worth | Mkt. Cap | EV | Profit Margins | | Return Ratios | | EV/EBITDA | PER | MC/Sales | PBR | |
|--------------------|---|------------|-----------|-----------------|-----------------|--------------|------------------------|----------------|---------------|---------------|--------------|--------------|--------------|-------------|-------------|
| | (INR M) Trailing Twelve Months (TTM) Ending Dec '20 | | | (INR M) - Mar20 | (INR M) 13Apr21 | | EBITDA Margin (%) | Net Margin (%) | RONW (%) | ROEV (%) | (x) | | | | |
| Titan Company | 190,332 | 16,912 | 7,553 | 66,732 | 1,370,875 | 1,390,138 | 8.89% | 3.97% | 11.32% | 0.82% | 82.20 | 181.51 | 7.20 | 20.54 | |
| Rajesh Exports | 2,413,470 | 9,446 | 8,244 | 105,339 | 146,139 | 31,044 | 0.39% | 0.34% | 7.83% | 29.32% | 3.29 | 17.73 | 0.06 | 1.39 | |
| Vaibhav Global | 23,870 | 3,631 | 2,555 | 7,513 | 140,890 | 139,780 | 15.21% | 10.70% | 34.01% | 2.08% | 38.50 | 55.14 | 5.90 | 18.75 | |
| PC Jeweller | 29,178 | 3,557 | (357) | 40,030 | 11,379 | 31,807 | 12.19% | NA | NA | NA | 8.94 | NA | 0.39 | 0.28 | |
| Asian Star | 21,781 | 612 | 333 | 11,631 | 11,570 | 14,792 | 2.81% | 1.53% | 2.86% | 3.28% | 24.16 | 34.79 | 0.53 | 0.99 | |
| Renaissance Global | 10,452 | 545 | 264 | 4,631 | 6,986 | 8,285 | 5.22% | 2.52% | 5.70% | 4.47% | 15.19 | 26.48 | 0.67 | 1.51 | |
| | | | | | | | Median Values: | 7.05% | 2.52% | 7.83% | 3.28% | 19.68 | 34.79 | 0.60 | 1.45 |
| | | | | | | | Average Values: | 7.45% | 3.81% | 12.34% | 7.99% | 28.71 | 63.13 | 2.46 | 7.25 |
| UJIL | 808 | 114 | 81 | 470 | 2,731 | 2,832 | 14.09% | 9.98% | 17.15% | 2.92% | 24.89 | 33.88 | 3.38 | 5.81 | |

- While all listed peers are larger in size UJIL's operations are demonstrated to be qualitatively superior to those of most of its peers.
- Performance of almost all peers during the Quarter Ended 30Jun20 had been affected by the Covid 19 crisis and most of the players in the G&J industry have turned out highly unsatisfactory performances during that quarter. UJIL's performance was similarly impacted and its turnover and profits declined sharply during the said quarter. Overall TTM figures for industry players are, therefore, slightly subdued than in a normal financial year.
- In the overall peer comparison matrix, UJIL's profitability margins are second only to those of Vaibhav Global and Return Parameters are among the highest.
- UJIL's business is B2B focused while that of Titan, Vaibhav Global and PC Jeweller is retail and brand driven. However, primarily on account of UJIL's operational discipline, tight working capital management and inventory control and high levels of functional efficiency in the entire production value chain, UJIL's profit margins are favourably comparable to its retail focused peers.
- UJIL is on a growth track and given its business trajectory we can expect the Company to achieve greater momentum in terms of scale and volume once its second production unit is commissioned and the Company breaks into the B2C segment with its own brands through the franchise and electronic platforms in the way VGL has progressed its business migration over the last 5-7 years.

Thank You!

