



**Gitanjali Gems Limited**

**Investor Presentation**

**September 2010**

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# **Gitanjali Gems Limited**

## **– An overview**



# One of India's Largest Integrated Jewelry Manufacturing and Retailing Enterprise

GITANJALI  
1967

## **Large integrated diamond and branded jewelry company with global footprint**

- Operations capture the entire value chain from sourcing rough diamonds, manufacturing jewelry to retailing branded jewelry in India and other leading markets
- DTC sight holder status through promoter company since 1967

## **Distribution and retail presence across top 5 global jewelry markets**

- Strategic distribution presence across all five top jewelry markets – USA, Japan, China, India & Middle East
- Has 130 retail stores in US under Samuels & Rogers and distribution through retailers in other regions

## **Pioneer in B2B marketing of jewelry with significant retail operations in India**

- Pan India retail presence – spread over 200 cities and 3,400+ Points of Sale (PoS)
- Sales via dedicated retail subsidiaries (Gitanjali Lifestyle and Gitanjali Jewelry Retail) and franchisee network across various formats

## **State of the art manufacturing facilities with ability to produce high quality products**

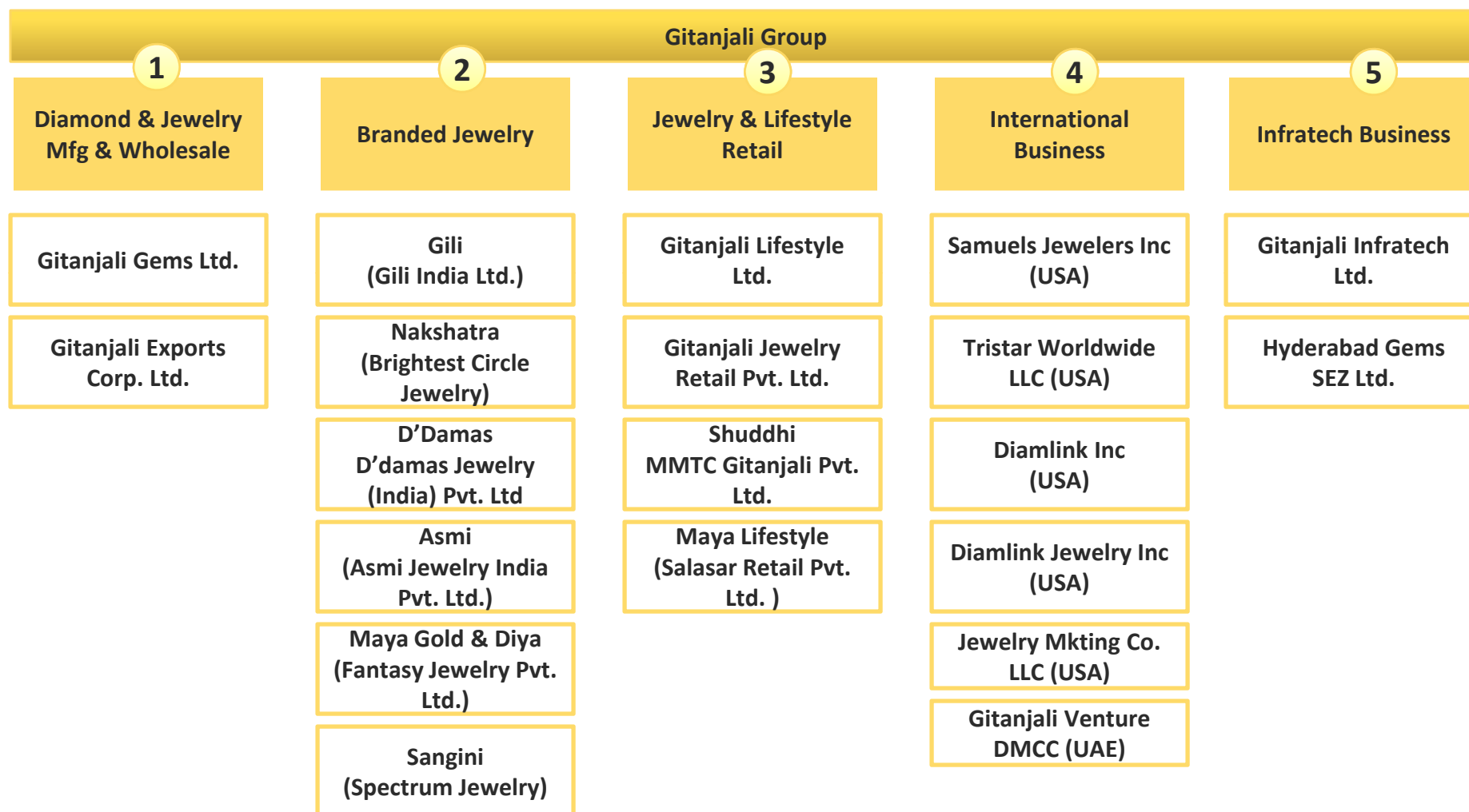
- Gitanjali has modern facilities at nine locations for diamond processing & manufacturing of jewelry
- Highly advanced product development and design capabilities with currently over 9600 active SKUs

## **Well diversified business**

- Foray into lifestyle products to leverage customer base, domain knowledge and cross selling
- Diversified in development of jewelry Special Economic Zone (SEZ) to assist in processing and manufacturing operations

# Gitanjali Gems – Key Subsidiaries

**GITANJALI**  
GEMS



Note: Key subsidiaries listed – Not exhaustive

## Gitanjali Gems – Vision



- To be a leading manufacturer and retailer of diamonds and branded jewelry with a strong, globally diversified infrastructure and integrated operations efficiently linking diamonds from rough to retail
- To promote a culture where jewelry is a brand, that creates an ‘aspiration value’ for customers and is judged by its uniqueness in designs with highest quality of manufacturing & finish

# Gitanjali Gems – Responsible Corporate Citizen

GITANJALI  
GEMS



*Company won the prestigious National award for being the “Best Employer for PWD” in 2009*

## **Sambhav**

CSR initiative of the group. Comprises of various initiatives across education, health, providing employment to PWDs, etc under various banners **Saksham, Saakshar, Sujyot, Sneh and Srishti**

**Saksham** - focused on empowerment of People with Disabilities (PWD's) through training and employment

- Special Saksham training centre operates at Rajiv Gems Park, Hyderabad SEZ
- Currently employs nearly 200 persons with disabilities and shall be employing more than 1,000 additional disabled workers in next three years

**Saaskhar** - Empowerment through Education

- Aid and assistance to agencies and institutions working in the field of education for both rural and urban youth
- Projects are centered in Palanpur, an economically and educationally backward district of Gujarat - over 70% of students come from less privileged strata of society

**Sujyot** – donation for eye camps

- One of the major donors for mega eye camps organized in remote areas of Bihar. Includes free diagnosis and operations
- Covers ~ 2,000 villages. On an average about 45,000 people are examined and close to 10,000

# Changing Preferences of Indian Customer

Yesterday	Today
Unbranded From Family Jeweler	Branded
Gold Jewelry	Diamond Studded Jewelry
Jewelry for Investment	Jewelry for fashion
Traditional Ethnic and Chunky designs	Fashionable, light weight and innovative designs
Marriage and Festival Season as peak seasons	“Wearability” and Gifts demand through the year
Jewelry sold on commodity basis with labour charges	Jewelry being sold on a per piece basis

INDIA

## Market Potential

India has the 2<sup>nd</sup> largest population and the **largest youth population** in the world

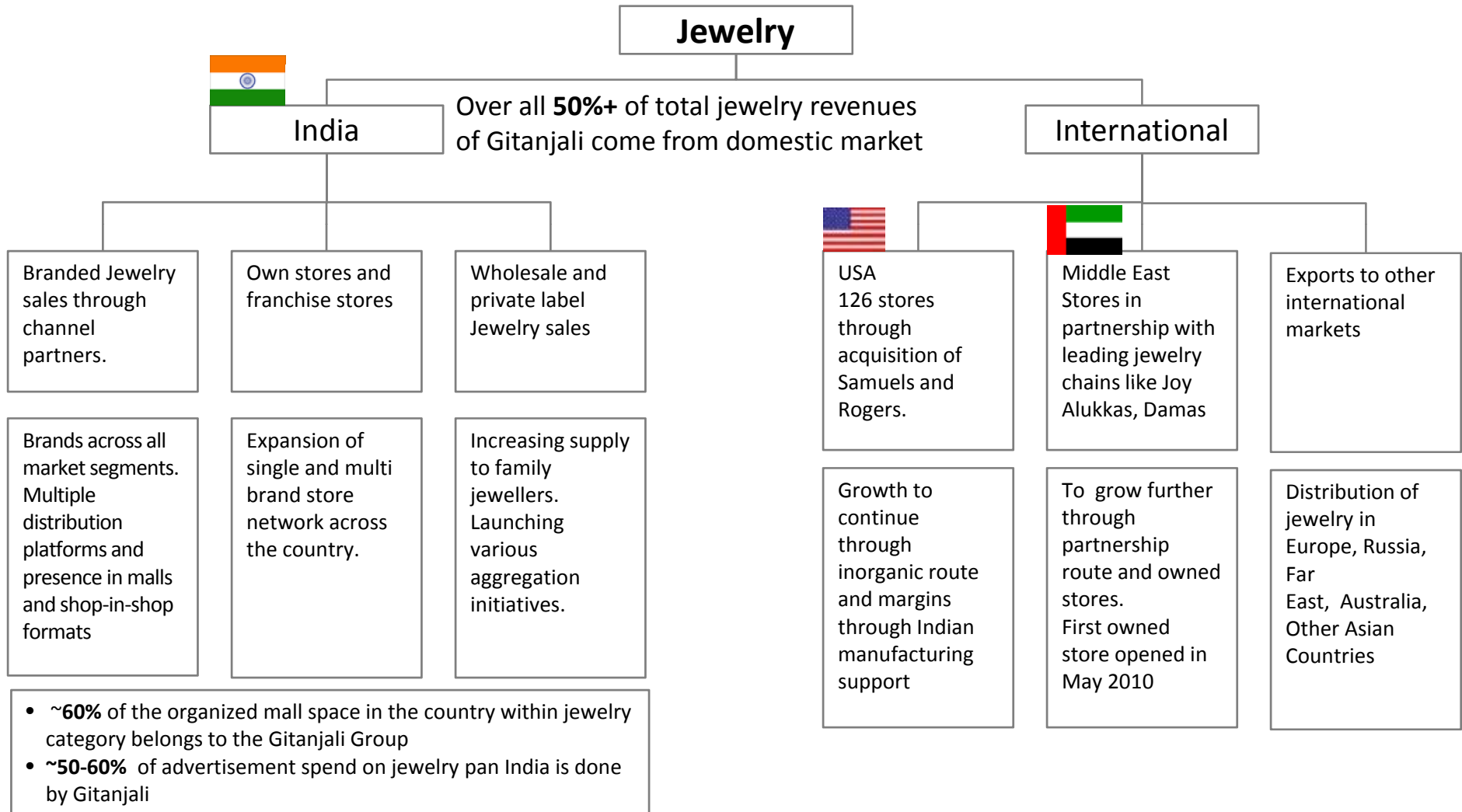
## Emerging market

World's **third largest diamond Jewelry market**, growing swiftly (\$10bn by 2015)

## Growing economy

One of the fastest growing economies in the world with **6% growth** over the last decade

# Retail Business – Driving Aggressive Growth



# Jewelry Preferences Across Regions in India

## North-West

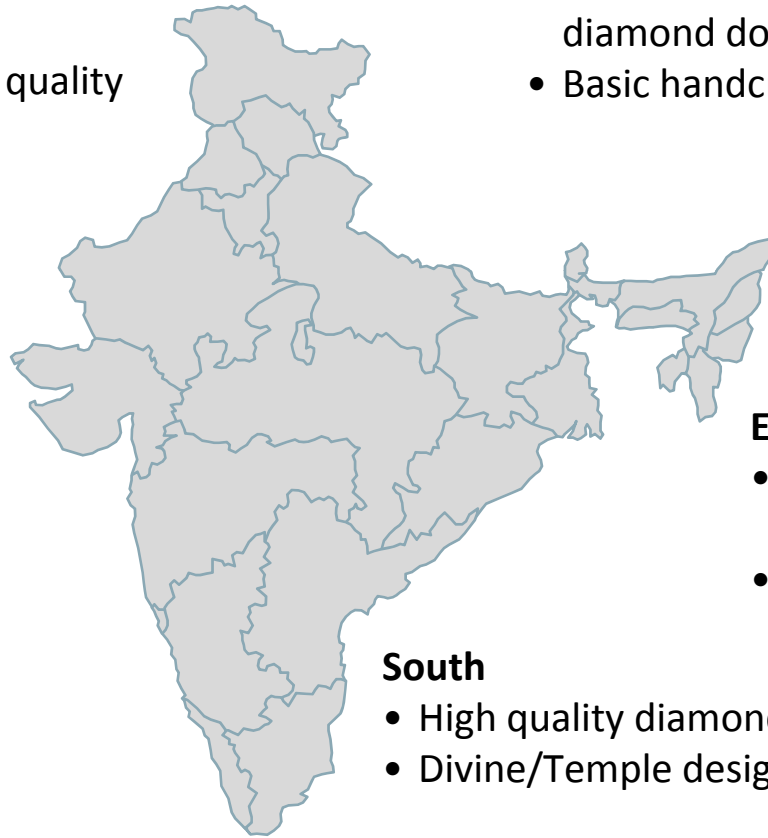
- Medium to low quality diamonds
- Heavy designs

## North-East

- Medium-low quality diamond dominant
- Basic handcrafted designs

## West

- Medium-high quality diamonds
- Fine designs



## East

- Medium-low quality diamond dominant
- Handcrafted designs







## South

- High quality diamonds
- Divine/Temple designs

Geographical diversity and cultural differences require an extensive product range and dynamic distribution capabilities







# Portfolio of Well Established Brands in India

GITANJALI  
GI 1921

	<i>Brand</i>	<i>What it stands for?</i>	<i>Brand ambassador</i>	<i>Brand positioning</i>
<i>Top Gitanjali Indian Brands constitute over Rs. 21 bn in Revenues</i>		<i>Mesmerizing, Epitome of Beauty and Luck, Elegant and Timeless</i>	 <i>Katrina Kaif</i>	<i>Classic Luxury</i>
<i>Brand ambassadors meticulously chosen such that celebrity image relates to brand personality and association with purchaser</i>		<i>Free, Spirited, Goal oriented, Successful, Independent</i>	 <i>Priyanka Chopra</i>	<i>Fashion Luxury</i>
<i>Captures share of mind, attention and mileage</i>		<i>Stylish, Contemporary, Extrovert, Enthusiastic, Self-made</i>	 <i>Bipasha Basu</i>	<i>Contemporary Luxury</i>

# Brands Promoted by Most Well Known Indian Celebrities

GITANJALI  
GOLD

<i>Brand</i>	<i>What it stands for?</i>	<i>Brand ambassadors</i>	<i>Brand positioning</i>
	<i>Celebrate Always</i>		<i>Affordable Luxury</i>
	<i>For special togetherness</i>		<i>Affordable Fashion and Wedding</i>
	<i>Moments like these speak gold</i>		<i>Bridal Gold Jewelry</i>

Advertising spend of over Rs. 1bn over last 3 years to build and promote brands

# Dedicated Marketing Campaigns on Key Occasions and Festivals

GITANJALI  
GI 121

*Special promotions during all major festivals and major gifting opportunities across the year*

**Valentine's Day**



**Mother's Day**



**Dusshera & Diwali**



*Semi-annual product launches*

*Distribution of marketing materials to franchisees, third party distributors and other sales channels on a regular basis*

Feb    Mar    Apr    May    Jun    Jul    Aug    Sep    Oct    Nov    Dec    Jan

**Akshay Tritiya**



**India Int'l Jewelry Show**



**Indian Wedding season**



**Helps generate revenues, increase distribution and enhance brand awareness**

# Brands Well Recognized by Consumers and Industry

GITANJALI  
GIJALI

GITANJALI

## Gitanjali Group

- Best retail chain of the year (Retail Jeweller Awards 2009)
- Retailer of the year (India Retail Congress)
- Retailer of the year (Indian Diamond & Colorstone Association NY)



- Gili accorded “Superbrands” status over the years
  - Superbrand in years 2003, 2004, and 2009
  - Best Platinum jewelry of the Year (at Retail Jeweller Awards 2009)



- Nakshatra accorded “Superbrands” status over the years
  - Superbrand in years 2004 and 2009



- Asmi awarded the Best 360 degree Marketing Campaign of the Year (at Retail Jeweller Awards 2009)



**Gili and Nakshatra** are the only jewelry brands in the country to be conferred the prestigious “Superbrands” status

# Large and Diversified Product Range

GITANJALI  
GI 1921

Currently over 9,500 SKUs in assortment across all brands combined

Gitanjali typically introduces and retires ~ 1,000 SKUs per annum

Maintains constant track of fast moving ("Bin") SKUs across brands (~150-200 SKUs)

## Various Materials

Diamond, solitaire, diamond studded, gold jewelry

### Diamond



### Diamond Studded



### Gold



## Product Categories

Pendants, earrings, rings, necklaces, bangles, nose pins



## Design options

From traditional, classics to contemporary, trendy

### Traditional, classic designs



### Contemporary, trendy



Offers choice to consumers across materials, categories and designs

# Caters to Various Consumer Needs

GITANJALI  
GI 1921

*For various occasions*

*Catering to weddings, anniversaries, parties and other gifting occasions*

*Wedding, engagement*



*Anniversary, special occasion, party, work, daily wear*



*Covering all age groups*

*Right from young teenage girls to brides, working women and affluent and mature customers*

*Teen collection*



*Pendants, earrings, rings*

**Offers jewelry designs for every occasion and age group**

# Integrated Design and Manufacturing Capabilities

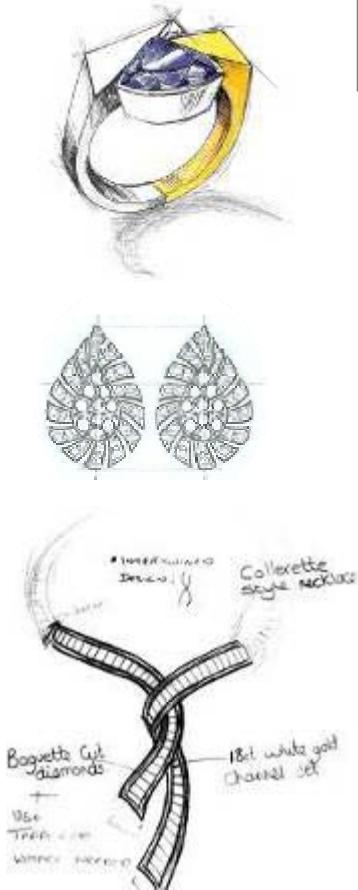
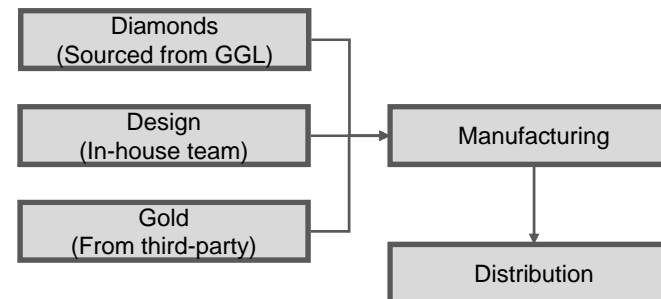
## Design and product development

- Dedicated design teams for each brand with overall strength of 80 designers
- Highly qualified and experienced designers with international experience
  - Group’s designers have won prestigious designer awards from GJEPC
  - Design team has an average experience of over a decade in jewelry designing
  - Trained in Corel Draw, Adobe Photoshop, Rhino, Jewel CAD, Art Campro, etc
- Each year the group conceptualizes over 10,000 designs of which ~ 1,000 actually hit the markets
  - Major catalogue launched during India International Jewelry Show in August each year

## Manufacturing capabilities

- Experience of over 20 years in jewelry manufacturing
- Has six state-of-the-art production facilities
- Overall manufacturing team consists of ~ 1,500 people (including contract labour)

### Manufacturing chain – an overview



# Multiple Channels for Sales Growth

Sales through  
**Distributor/ Retailers  
Network**  
PoS: ~2,800

- **Exclusive distributor network** for each brand to sell to jewelry retailers across the country
- Once delivered, the distributor assumes the responsibility of selling the product
- Commission paid depends on the brand and sale value of the final product

Sales through **Franchise  
Partners**  
PoS: ~200

- Franchise network spread across India for **Exclusive Branded Outlets (EBO)** as well as **Multi Branded Outlets (MBO)**
- Dedicated teams for recruiting franchise and servicing the same for different retail formats e.g. Gitanjali Jewels, Gili

Sales to **Department  
Stores and Reputed  
Jewelry Retailers**  
PoS: ~400

- Large jewelry stores, shopping malls and department stores
  - Shoppers Stop
  - Globus
  - Westside
  - Gold Souk
- Directly serviced by the Gitanjali Group

Sales through **Retail  
Stores owned/ managed  
by the Group**  
PoS: ~100

- The retail operations of the group are classified into three different formats
  - Retail Stores owned by the group
  - Shop in shop outlets in department stores
  - Franchisee stores

Note: PoS includes third party retailers

# Future Outlook: Emerging Retail Strategy

**Emerging Retail Concept** ■ Extension of retail and marketing expertise to leverage successful Indian and international brands to complement its product categories with other lifestyle products

**Concept Overview**

- Existing 1 million sq ft retail space scalable up to 2 million sq. ft in next 3 years
- Flexibility through various store sizes ranging from 1000 sq ft to 20,000 sq ft
- Located on high-streets and in malls in upcoming towns and cities
- Product categories include jewelry, accessories, apparels, lifestyle products, cosmetics and perfumes
- Target customer segments are sec A and B
- Store layout and interiors designed by leading Indian design houses and architects
- Revenue sharing model for national and international brands

**Opportunity of mid-sized organized retail venture in tier II and tier III cities**

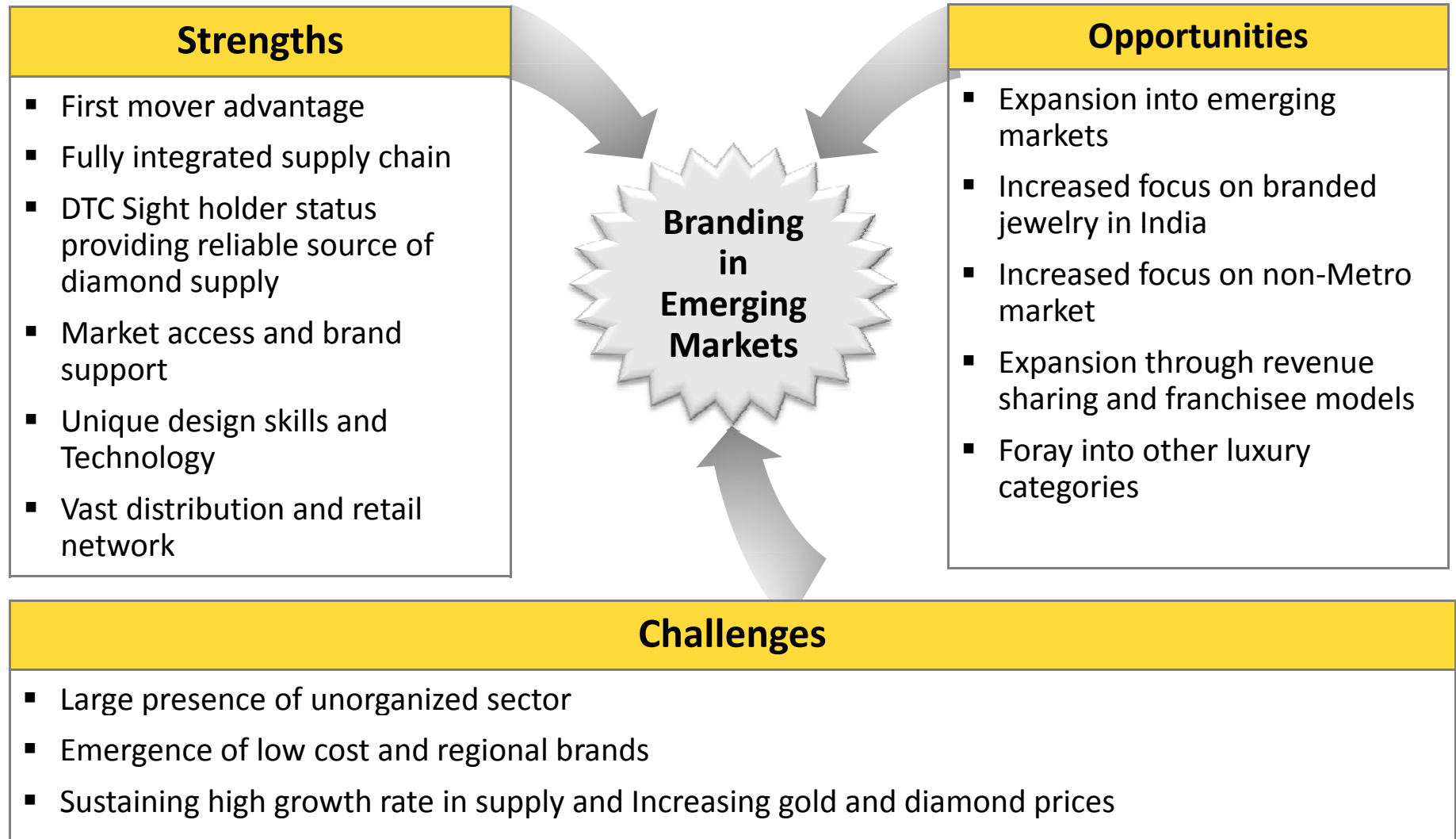
- Opportunity in mid-sized segment with premium branded categories
- Tier II and tier III cities with significant demographics having discretionary income
- Organized retail as a whole expected to grow at 25-30% in next 5 years
- Large branded players are likely to dominate all categories and formats

**Critical Success Factors**

- Pull to drive in footfalls
- Advertising and marketing support
- Competitive advantage for:
  - Location
  - Loyal customer segment
  - Format (availability, accessibility, size, merchandising mix and layout)
- Presence of prominent brands
- Experienced management team and trained staff

# Strategy

## Leveraging Branding Strength



# Sustained Financial Performance

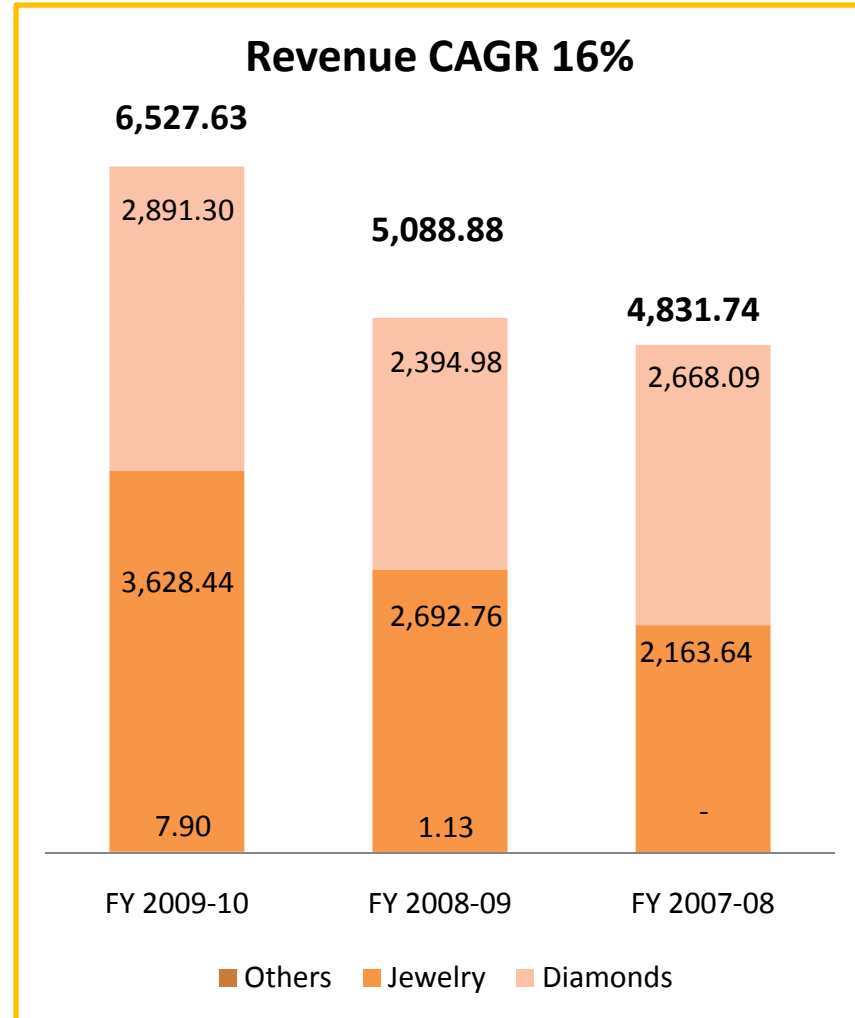


# Strong Revenue Growth - Group

## FY 2009-10

In Rs. Crores

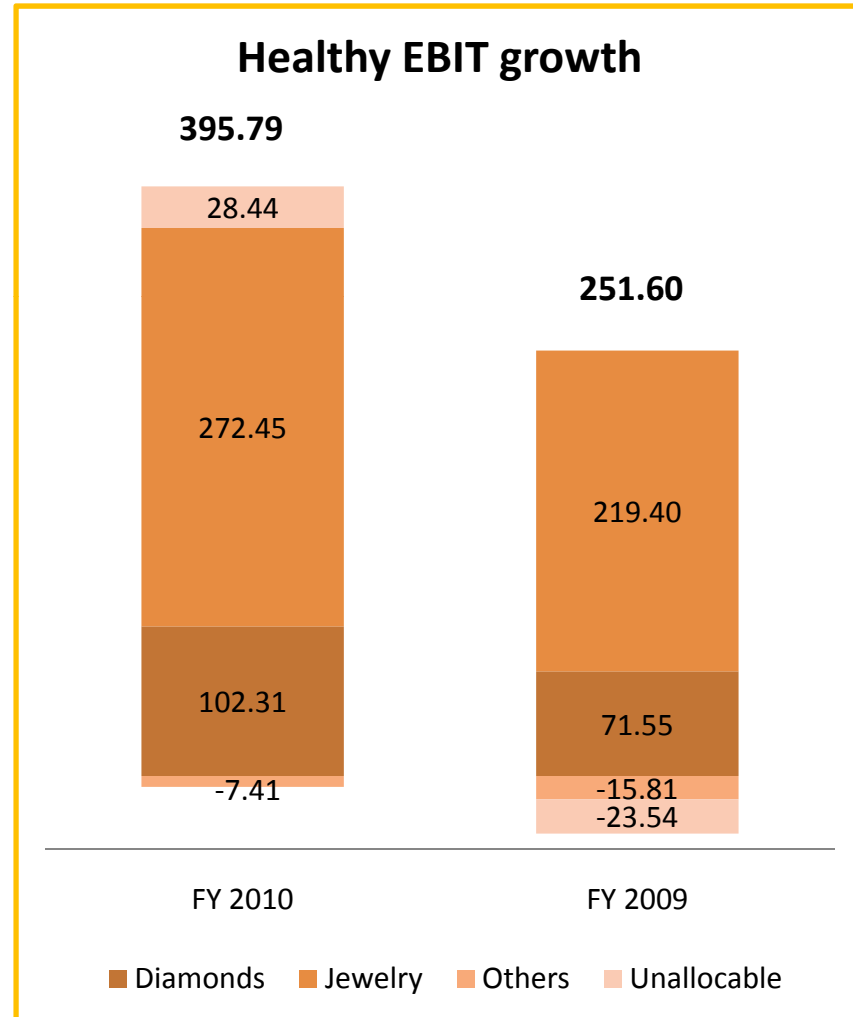
- Rapid expansion
  - Total revenue grew by 28% to Rs.6,527 crores
- Jewelry and retailing lead with faster sales growth
  - Jewelry segment revenue grew by 35%, accounting for 56% of total revenue
  - Diamond segment revenue grew by 21%
- Indian market gaining significance with growing retail footprint
  - India revenues grew by 38% to Rs.2,605 crores
  - Exports and overseas revenues grew by 22% to Rs.3,923 crores



## EBIT Growth - Group FY 2009-10

- EBIT grew by 55% to Rs.395.79 crores
- EBIT / Sales ratio improved to 6.06% in FY 2009-10 as compared to 4.94% in FY 2008-09
  - Return from jewelry segment (before adjustment) reduced to 7.5% in FY 2009-10 from 8.1% in FY 2008-09 due to gold price volatility
  - Return on Diamond segment (before adjustment) improved to 3.2% in FY 2009-10 from 2.6% in FY 2008-09
- Control over manpower and operating costs contributed to improvement in operational performance

In Rs. Crores



# Profit & Loss account - Group

## FY 2009-10

In Rs. Crores

Particulars	FY 2009-10 (Audited)	FY 2008-09 (Audited)
	Total	Total
<b>Sales</b>	<b>6,527.6</b>	<b>5,088.9</b>
Raw material cost	5,525.2	4,238.3
<b>Gross Profit</b>	<b>1002.4</b>	<b>850.6</b>
<b>Gross profit margin</b>	<b>15.4%</b>	<b>16.7%</b>
Manpower costs	209.1	216.6
Other operating income	2.6	2.24
Operating expenses	354.1	346.4
<b>EBITDA</b>	<b>441.7</b>	<b>289.9</b>
<b>EBITDA margin</b>	<b>6.8%</b>	<b>5.7%</b>
Depreciation	44.5	33.6
<b>EBIT</b>	<b>395.7</b>	<b>251.6</b>
<b>EBIT margin</b>	<b>6.1%</b>	<b>5.0%</b>

## Profit & Loss account - Group FY 2009-10 (contd.)

In Rs. Crores

Particulars	FY 2009-10 (Audited)	FY 2008-09 (Audited)
	Total	Total
<b>EBIT</b>	<b>395.7</b>	<b>251.6</b>
<b>EBIT margin</b>	<b>6.1%</b>	<b>5.0%</b>
Interest	172.4	97.8
Exceptional items	--	--
<b>PBT</b>	<b>224.7</b>	<b>158.5</b>
Taxes (net of DTA)	23.2	3.18
Share in Associates' PAT	--	--
Minority share in (Profit) / Losses	1.4	4.7
<b>PAT</b>	<b>200.2</b>	<b>150.6</b>
<b>EPS (Rs.10 FV)</b>	<b>23.7</b>	<b>17.7</b>
<b>Diluted EPS</b>	<b>20.4</b>	<b>15.3</b>

# Profit & Loss account - Standalone Company

## FY 2009-10

GITANJALI  
GROUP

In Rs. Crores

Particulars	FY 2009-10 (Audited)	FY 2008-09 (Audited)
	Total	Total
<b>Sales</b>	<b>3354.9</b>	<b>2694.0</b>
Raw material cost	3064.0	2430.0
Gross Profit	<b>290.9</b>	<b>264.0</b>
Gross profit margin	<b>8.7%</b>	<b>9.8%</b>
Manpower costs	15.0	15.8
Other operating income	0.2	2.2
Operating expenses	21.6	67.8
<b>EBITDA</b>	<b>254.4</b>	<b>180.3</b>
<b>EBITDA margin</b>	<b>7.6%</b>	<b>6.7%</b>
Depreciation	3.9	4.3
<b>EBIT</b>	<b>250.5</b>	<b>176.0</b>
<b>EBIT margin</b>	<b>7.5%</b>	<b>6.5%</b>

# Profit & Loss account - Standalone Company

## FY 2009-10 (contd.)

In Rs. Crores

Particulars	FY 2009-10 (Audited)	FY 2008-09 (Audited)
	Total	Total
<b>EBIT</b>	<b>250.5</b>	<b>176.0</b>
<b>EBIT margin</b>	<b>7.5%</b>	<b>6.5%</b>
Interest	101.1	45.3.8
Exceptional items	--	--
<b>PBT</b>	<b>149.3</b>	<b>130.7</b>
Taxes (net of DTA)	7.1	3.5
Share in Associates' PAT	--	--
Minority share in (Profit) / Losses	--	--
<b>PAT</b>	<b>142.1</b>	<b>126.7</b>
<b>EPS (Rs.10 FV)</b>	<b>16.8</b>	<b>14.9</b>
<b>Diluted EPS</b>	<b>14.5</b>	<b>12.9</b>

# Gitanjali Group: Key Management Team

GITANJALI  
GIRJI



**Mr. Mehul Choksi**  
**Chairman and Managing Director**

- Founded Gitanjali Gems in 1986
- Has been a visionary in identifying and executing various initiatives including branding and retailing
- Instrumental in launching several successful brands
- Pioneer in corporatising the jewelry industry in India

<b>Priti M. Choksi</b> Manufacturing	<b>Nehal Modi</b> International Business	<b>Nishit Mehta</b> International Business	<b>Sunil Varma</b> Group CFO	<b>Deepak Gandhi</b> Samuels & Rogers
<b>Kaushik Shah</b> CFO: Jewelry Division	<b>Rahul Vira</b> CEO: Gili	<b>Amrish Masalia</b> CEO: Nakshatra	<b>Santosh Srivastava</b> CEO: Gitanjali Jewelry Retail	<b>R.K. Menon</b> CEO: D'Damas
<b>Pankaj Shah</b> CEO: Asmi	<b>Jaison S. Panakkal</b> CEO – Fantasy	<b>Shekhar Wadke</b> COO: Asmi – B2C	<b>Sailesh Goyal</b> President: Gitanjali Infratech	<b>Devashish Dutta</b> CEO: Gitanjali Lifestyle
<b>Sharad Mehta</b> Diamond Manufacturing	<b>Vikram Singh</b> Jewelry Manufacturing	<b>Sudhir Mehta</b> Sourcing & Manufacturing	<b>Nirav Adalja</b> President: Gitanjali Lifestyle	<b>Jaydeep Banarjee</b> COO: MGPL
<b>Niyat Parekh</b> CEO: Diya	<b>Anand Kumar</b> Sr. VP. Corp. Finance	<b>R. Rao</b> Head: Legal	<b>Sanjay Banarjee</b> President: Luxury Business	<b>Pankhuri Warange</b> Company Secretary

# Infratech and Real Estate



# Unlocking Hidden Value

## Upcoming Infratech Projects

<b>Borivali, Mumbai</b>	~330,000 sq ft of Residential Project launched in FY 2010-11.
<b>Hyderabad Gems SEZ, Andhra Pradesh</b>	Rental Facilities of ~200,000 sq ft to be leased in FY 2010-11.
<b>Andheri MIDC, Mumbai</b>	Commercial Premises ~100,000 sq ft to be developed in FY 2010-11 for rental and outright sale.

### Borivali Residential Project



### Hyderabad SEZ: World Class Manufacturing Capacity



Gitanjali Infratech will unlock values from opportunistic investments in Infratech in the Financial Year 2010-11 and continue to expand in the next 3 years.



**THANK YOU**

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