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VALUATION MULTIPLE SERIES INDUSTRY FOCUS - DIAMOND, GEMS & JEWELLERY 1ST EDITION

December 2024



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Methodology for Estimating Valuation Multiples

This Report's goal is to explain how the business valuation, financial performance, and corresponding valuation multiples for companies operating in the Diamond, Gems & Jewellery Industry have changed over time.

The market bases its future growth projections & prospects, business valuation, and associated valuation multiples for enterprises on past financial performance.

India has a long-standing tradition of gems and jewellery craftsmanship that dates back thousands of years, recognized for its exceptional artistry and wide variety of gemstones. The Indian jewellery market is one of the largest in the world, currently witnessing strong growth in both domestic and international demand. As of January 2022, the gold and diamond trade accounted for 7% of India's Gross Domestic Product (GDP), with the diamond, gems and jewellery sector employing approximately 5 million people. In FY24, India's exports of cut and polished diamonds reached US\$ 15.97 billion. The Government of India aims to increase jewellery exports to US\$ 100 billion by 2027, a significant rise from US\$ 35 billion in 2020.

The government has also permitted 100% foreign direct investment (FDI) under the automatic route in this sector. Between April 2000 and March 2024, cumulative FDI inflows in diamond and gold ornaments amounted to US\$ 1,276.52 million, as reported by the Department for Promotion of Industry and Internal Trade (DPIIT). Additionally, India has established 10 Special Economic Zones (SEZs) dedicated to gems and jewellery, housing over 500 manufacturing units that contribute 30% of the country's total exports. India's gold demand is forecasted to range between 800 and 900 tonnes in 2024, while the market size of the country's diamond jewellery sector is anticipated to increase to US\$ 17 billion by 2031.

Source: Indian Brand Equity Foundation

We have identified Diamond, Gems & Jewellery as the key sector, with value creation flowing to and from related sectors, that has a significant influence on the overall economy. Further, we have identified 07 companies ("Representative Companies") that fairly represents the technical dynamics of the Diamond, Gems & Jewellery Industry.

As a part of this research, we have derived cash operating margin (EBITDA Margin) and net profit margin (PAT Margin) for Representative Companies in Diamond, Gems & Jewellery Industry. Along with various other multiples:- Enterprise Value to Sales, Enterprise Value to EBITDA, P/E Ratio, P/B Ratio, etc.

This Report is providing the information of the Representative Companies, namely:



Titan, India's leading lifestyle company, is widely regarded as one of the country's most admired corporates. Established in 1984 as a joint venture between the Tata Group and the Tamil Nadu Industrial Development Corporation (TIDCO), the company has its registered office in Tamil Nadu and employs over 8,680 individuals across 2,000 retail stores under 16 distinguished brands. It has built a strong presence in the Jewellery, Watches, and Eye Care segments, underpinned by trusted brands and a commitment to superior customer experiences. With a vision to make jewellery accessible at the pin code level, Titan aims to facilitate a seamless transition for customers from online browsing to retail channels. The company is focused on providing jewellery designs that resonate with customers throughout various life stages and is poised to reach its next milestone of serving one million additional customers through an aggressive expansion plan in the coming year.



Incorporated in 1989, Rajesh Exports Ltd. is a premier manufacturer of gold and gold products, with its head office located in Bangalore and a dedicated workforce of over 141 employees. The company is recognized as a gold refiner, manufacturer, and exporter, uniquely positioned as the only entity in the world with a presence across the entire value chain of gold—from refining to retailing. Rajesh Exports processes approximately 35% of the gold produced globally. The company's manufacturing and research and development facilities are situated in Bangalore, while its main refining facility operates out of Balerna, Switzerland. With a diverse design portfolio featuring 29,000 active jewellery designs, it sells its products through both wholesale and retail channels. The company's retail presence is anchored by its brand, Shubh Jewellers, which boasts 80 jewellery showrooms across Karnataka.



Incorporated in 2005 and with its registered office in Delhi, PC Jeweller employs over 617 individuals and specializes in the manufacturing, sale, and trading of gold jewellery, diamond-studded jewellery, and silver items across various geographical regions. The company conducts its gold jewellery export business on a B2B basis through a network of dealers in the Gulf, primarily utilizing firms in Dubai. With a talented team of in-house designers, PC Jeweller enhances its diverse product offerings while actively engaging in the trading and manufacturing of gold, diamonds, and precious stones. The company operates 57 showrooms, including four franchise locations, across 42 cities in 15 states, supported by four manufacturing facilities located in Noida, Uttar Pradesh.



Thangamayil Jewellery Limited, incorporated in 2000 and having its registered office in Tamil Nadu, employs over 2,112 individuals and operates a chain of retail jewellery stores exclusively within the state, which accounts for 40% of India's total gold consumption. The company specializes in four primary product lines: Gold, Silver, Diamonds, and Platinum, with gold sales serving as its main source of revenue. Thangamayil has established four manufacturing units staffed by skilled in-house goldsmiths who create designer jewellery that reflects current market trends, ensuring a diverse and appealing product portfolio. With a strong presence in tier-II and tier-III cities, the company operates 54 stores, holding a dominant market position in its key market of Madurai.



Incorporated in 1986 and headquartered in Mumbai, Goldiam International Ltd. employs over 58 individuals and specializes in the manufacturing and exporting of gold and diamond jewellery to global retailers. A significant portion of the company's revenue is generated from its international operations, particularly in the USA, UK, Russia, Dubai, China, Hong Kong, and Australia. Notably, 95% of its revenue comes from the U.S. market. It sells 80% of its jewellery to retailers and 20% to wholesalers. The company stands out as one of the few diamond jewellery manufacturers that is fully backward integrated across the entire supply chain of Lab Grown Diamonds (LGD), encompassing growing, cutting, jewellery manufacturing, and distribution. This integration facilitates smooth communication, faster turnaround times, and an efficient product development cycle, enhancing the company's competitive edge in the market.



Vaibhav Global Limited (VGL), incorporated in 1989 and with its registered office in Jaipur, Rajasthan, employs over 4,147 individuals and has established a strong presence in the global retail market, particularly in the jewellery, accessories, and lifestyle product segments, serving major economies such as the United States and the United Kingdom. VGL operates several 24-hour live shopping channels, including Shop LC for the USA, Shop TJC for the UK, and Shop LC for Germany, along with proprietary web platforms—tjc.co.uk, shoplc.com, and shoplc.de—and mobile applications for its retail offerings. The company has seven manufacturing facilities, with its primary setup in Jaipur, which meets approximately 70% of its fashion jewellery requirements. This manufacturing facility spans 169,000 square feet and produces between 3 to 4 million pieces of jewellery annually, demonstrating VGL's commitment to quality and production scale.



Incorporated in 2007, Tribhovandas Bhimji Zaveri Ltd. (TBZ) specializes in the retail sale of ornaments crafted from gold, diamonds, silver, platinum, and precious stones. Headquartered in Mumbai, the company employs over 997 individuals and is part of a legacy that spans 150 years as a family-run Indian jewellery business. TBZ was a pioneer in introducing 100% BIS hallmarked 22 karat gold jewellery, certified solitaire diamonds, and a lifetime buyback scheme for its gold and diamond products. The company has also led the way in lightweight precious jewellery, offering a diverse collection of handcrafted pieces, including gold, diamond, jadau, and platinum jewellery suitable for various occasions, along with contemporary designs for everyday wear. With 33 stores across 25 cities in 12 states, TBZ has established a prominent presence in the Indian jewellery market.

Financial Performance of Representative Companies

Revenue

Revenue is the money generated from normal business operations, calculated as the average sales price times the number number of units sold.

EBITDA Margin

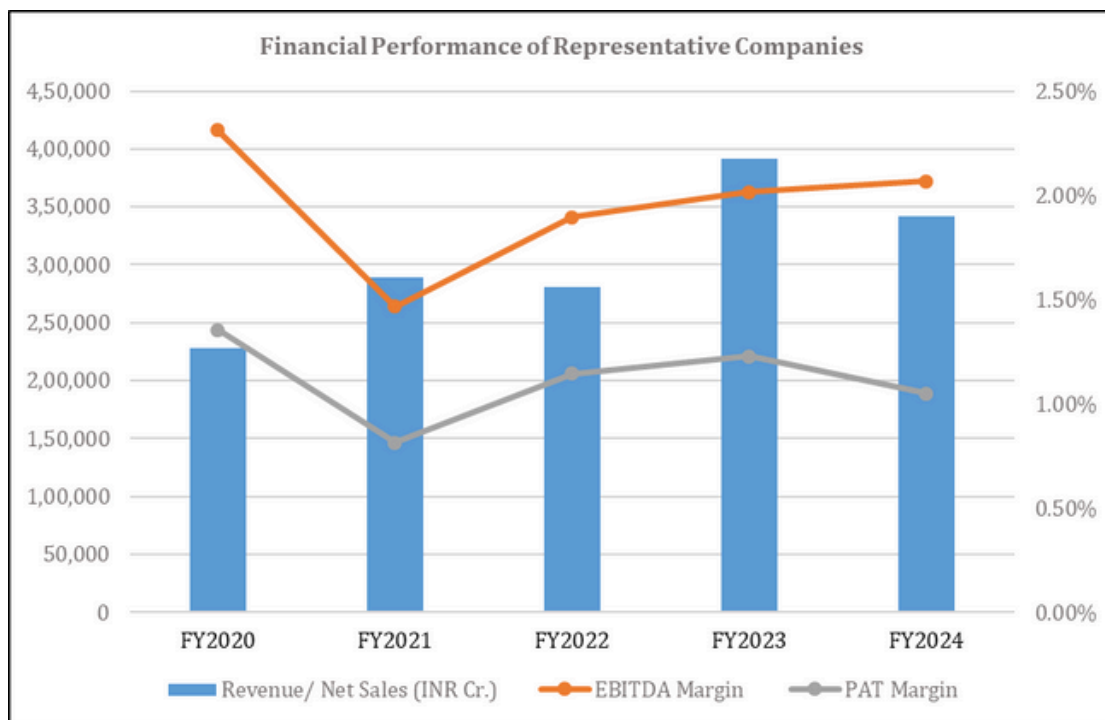
EBITDA margin is a profitability ratio that measures how much earnings a company is generating before interest, taxes, depreciation and amortization, as a percentage of revenue.

EBITDA Margin = EBITDA/Revenue. It is also referred to as 'Cash Operating margin'.

PAT Margin

Profit After Tax refers to the amount that remains after a company has paid off all of its operating and non operating expenses, interest and taxes.

PAT Margin = PAT/Revenue.



Particulars	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue/ Net Sales (INR Cr.)	2,27,711	2,88,883	2,81,010	3,91,507	3,42,135
EBITDA Margin	2.31%	1.47%	1.90%	2.02%	2.07%
PAT Margin	1.35%	0.81%	1.15%	1.23%	1.05%

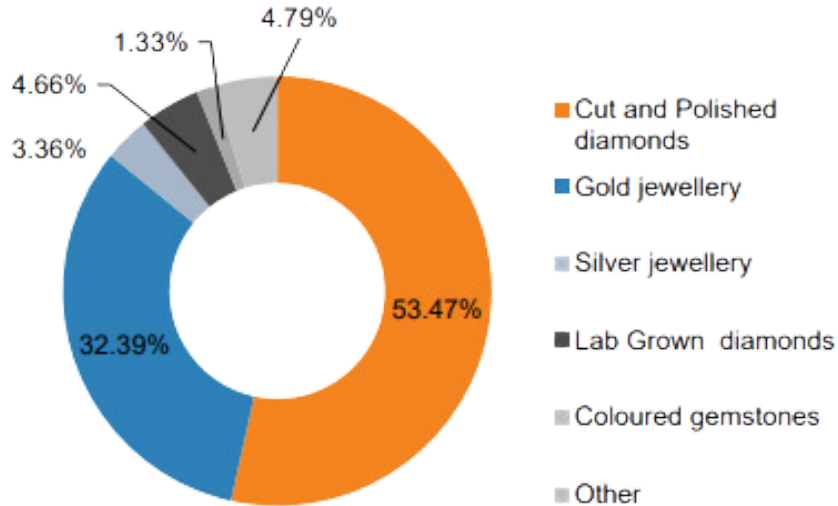
The Diamond, Gems & Jewellery Industry has grown at a steady rate over the last 5 years with revenue growth at a CAGR of 11% from FY20 to FY24.

- The revenue figures grow steadily from INR 2,27,711 crores in FY20 to INR 2,88,883 crores in FY21. They then increase to INR 2,81,010 crores in FY22, followed by a significant rise to INR 3,91,507 crores in FY23. However, in FY24, the revenue decreases to INR 3,42,135 crores.
- The EBITDA margin decreases from 2.31% in FY20 to 1.47% in FY21. It then shows an uptrend, rising to 1.90% in FY22 and reaching 2.02% by FY23. In FY24, the margin further increases to 2.07%.
- The PAT margin decreases from 1.35% in FY20 to 0.81% in FY21. It then shows a positive trend, rising to 1.15% in FY22 and reaching 1.23% in FY23. However, it declines again to 1.05% in FY24.



Share of various segments in total Gems & Jewellery exports

Indian exports of gems & jewellery comprises various items such as cut and polished diamonds, silver and gold jewellery, gold medallions and coins, rough diamonds, coloured gemstones and others.



Source:IBEF

Clusters in the Indian Gems& Jewellery Industry

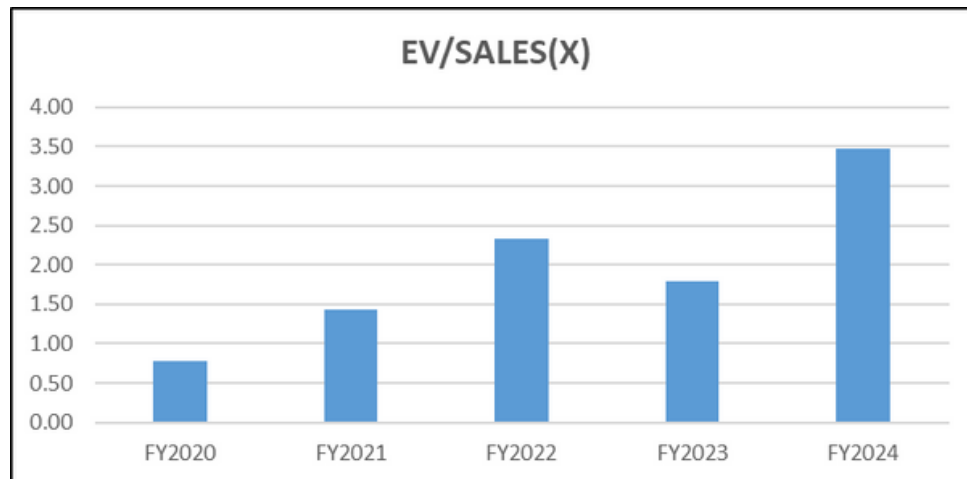


Source:IBEF

Multiples: DIAMONDS, GEMS & JEWELLERY

EV/SALES

Enterprise value-to-sales (EV/sales) is financial valuation measure that compares the enterprise value (EV) of a company to its annual sales. The EV/sales multiple gives a quantifiable metric of how to value a company based on its sales while taking account of both the company's equity and debt.

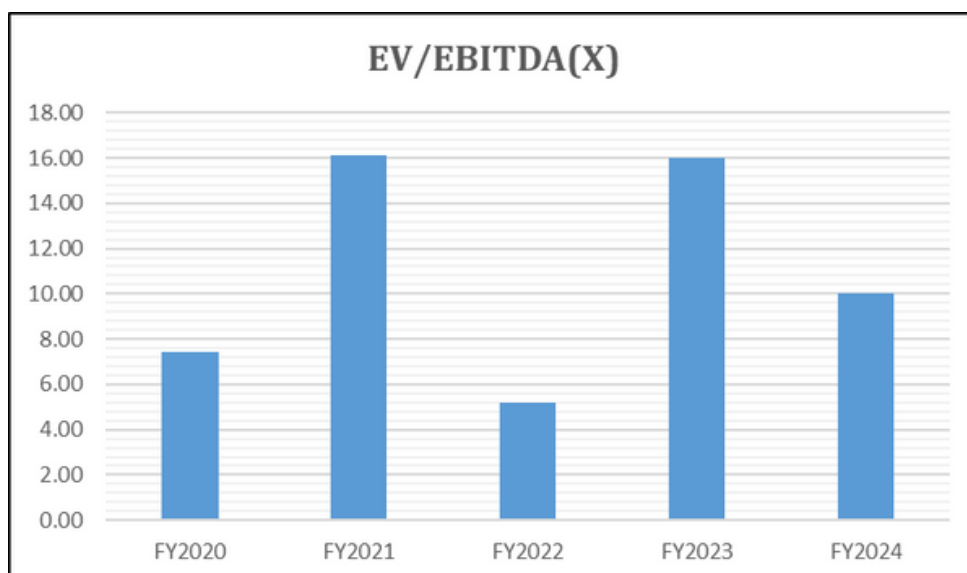


Particulars	FY2020	FY2021	FY2022	FY2023	FY2024
EV/Sales	0.78	1.44	2.34	1.80	3.47

The EV/Sales multiple increases from 0.78x in FY20 to 1.44x in FY21, further rising to 2.34x in FY22. However, it then declines to 1.80x in FY23 before rebounding significantly to 3.47x in FY24.

EV/EBITDA

EV/EBITDA multiple is used to project the Enterprise Value (EV) of a company in terms of the EBITDA.

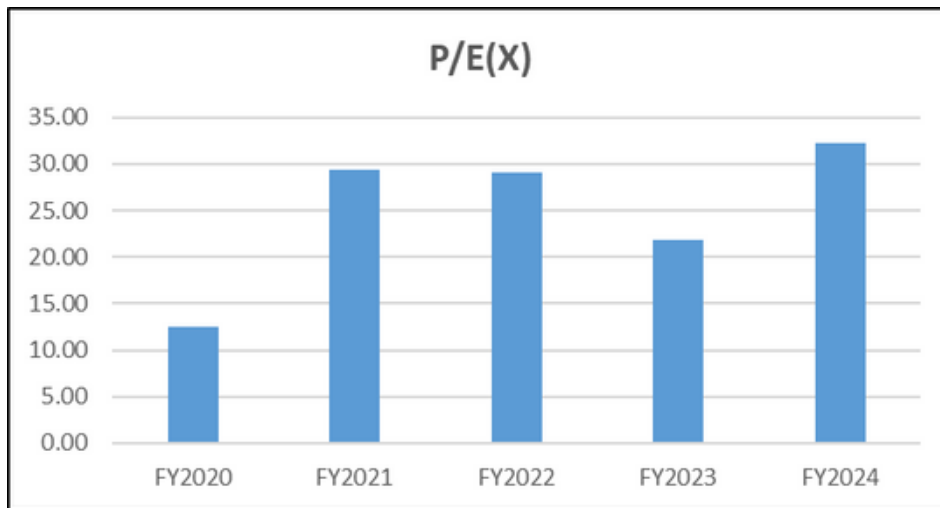


Particulars	FY2020	FY2021	FY2022	FY2023	FY2024
EV/EBITDA	7.46	16.10	5.19	15.99	10.03

The EV/EBITDA multiple rises from 7.46x in FY20 to 16.10x in FY21, then falls to 5.19x in FY22. It rebounds to 15.99x in FY23 but subsequently declines to 10.03x in FY24.

P/E

Price to earnings ratio measures the company's current share price relative to its earnings per share. P/E ratios are used to determine the relative value of a company's shares.

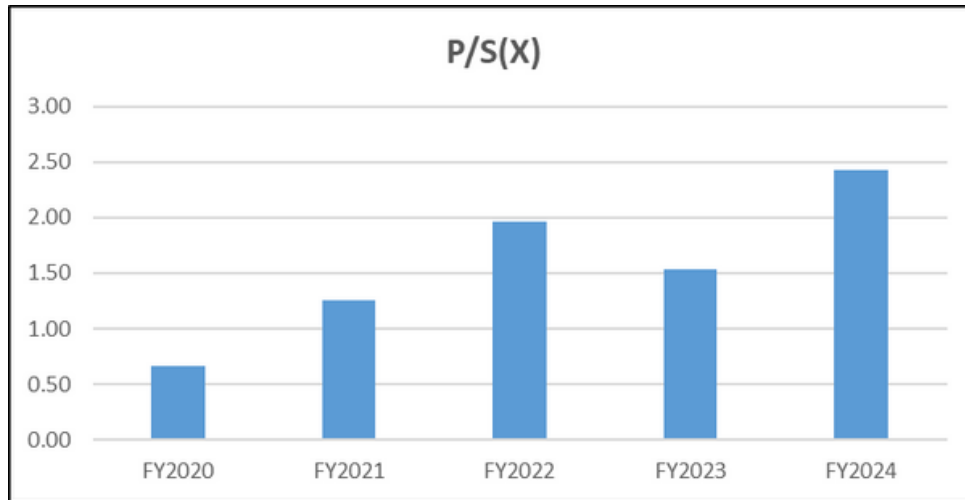


Particulars	FY2020	FY2021	FY2022	FY2023	FY2024
P/E	12.53	29.30	29.11	21.83	32.21

The P/E ratio rises from 12.53x to 29.30x between FY20 and FY21, then slightly declines to 29.11x in FY22. It continues to decrease to 21.83x in FY23 before showing a positive trend, rising to 32.21x in FY24.

P/S

P/S ratio shows a company's market capitalization divided by the company's sales for the previous 12 months. It is a measure of the value investors are receiving from a company's stock by indicating how much equity is required to generate 1 rupee of revenue.

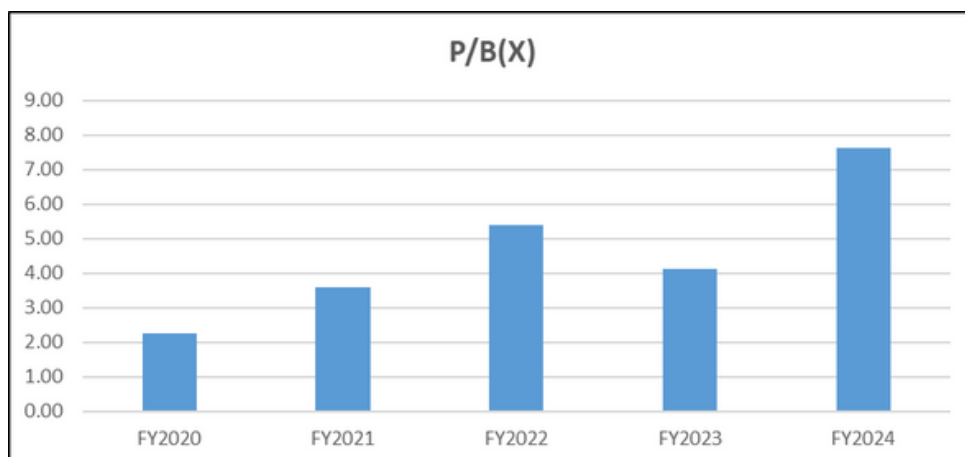


Particulars	FY2020	FY2021	FY2022	FY2023	FY2024
P/S	0.66	1.26	1.96	1.54	2.43

The P/S ratio rises from 0.66x in FY20 to 1.26x in FY21, then increases to 1.96x in FY22. It subsequently falls to 1.54x in FY23 before rising again to 2.43x in FY24.

P/B

Price to book ratio compares a firm's market capitalization to its book value and is usually used to locate undervalued companies. This multiple is calculated by dividing the company's current stock price per share by its book value per share.



Particulars	FY2020	FY2021	FY2022	FY2023	FY2024
P/B	2.26	3.58	5.40	4.14	7.63

The P/B ratio rises from 2.26x in FY20 to 3.58x in FY21 and further increases to 5.40x in FY22. It then experiences a decline, falling to 4.14x in FY23, before rising again to 7.63x in FY24.



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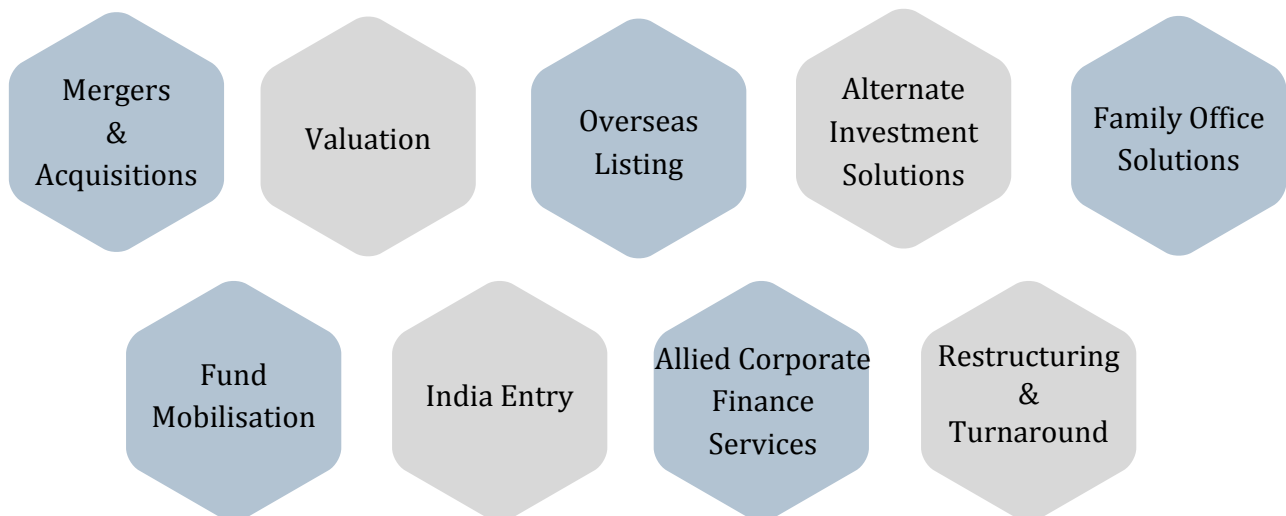
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RNM provides advisory services to its leading clients across sectors and geographies in area of mergers & acquisitions, joint ventures/ collaborations, fund mobilization, restructuring & turnaround, valuations, due diligence, India entry, other allied corporate finance matters, family office solutions and alternate investment solutions. RNM boasts strong direct access to Promoters of Indian Corporates across sectors.

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RNM's has strong relationship with most of the active PE/VC Funds, Banks, NBFCs and Financial Institutions and experience of closing multiple fund raise assignments under most challenging situations.

Our Services



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