



GIL is a play on value migration in diamond jewelry industry from natural diamonds to lab grown diamonds which are available at 1/10th cost with strong distribution moats & unlocking value with its own Lab-grown diamond (LGD) brand in India.

GIL's 4QFY24 consolidated revenue grew by 9.6%, in a non-seasonal quarter with LGD jewelry contributing 54% of overall revenue vs 51% in 3Q & on full year basis LGD mix stands at 45% for FY24. EBITDA margins came in slightly lower maybe due to drop in average realizations in LGD from \$890 to \$792 from 3Q to 4Q & markdown in the larger caratage jewelry. Volume growth continues to remain healthy for LGD at 192% YoY clearly indicating the penetration of LGD increasing. In case of natural diamonds volumes have been soft at -25% YoY.

- Revenues at ₹1479Mn, 9.6%YoY/-26.8%QoQ
- EBITDA (Excl OI) at ₹240Mn, 6%YoY/-41.1%QoQ
- PAT at ₹178Mn, 9.6%YoY/-44.6%QoQ
- Gross Margin came in at 34.3% vs 35% YoY/29.7% QoQ
- EBITDA Margin (Excl OI) came in at 16.2% vs 16.8% YoY/20.2% QoQ
- PAT Margins came in at 11.8% vs 12.1% YoY/15.8% QoQ

Financial Summary

Y/E Mar (Rs mn)	FY20	FY21	FY22	FY23	FY24	FY25e	FY26e
Net sales	3,645	4,060	6,877	5,332	6,029	7,146	8,858
EBIDTA	443	783	1,302	1,040	1,143	1,357	1,690
Margins	12.2	19.3	18.9	19.5	19.0	19.0	19.1
PAT (adj)	470	511	1,052	844	910	1,007	1,242
Growth (%)	-2.8	48.1	58.0	-19.6	6.7	10.7	23.3
EPS	4.24	5.50	9.65	7.75	8.52	9.43	11.63
P/E (x)	41	32	18	23	21	19	15
P/B (x)	5	4	4	3	3	3	2
EV/EBITDA (x)	39	22	13	16	14	12	10
RoE (%)	12	12	21	15	15	15	16
ROCE (%)	15	18	30	21	20	20	22
RoIC (%)	22	26	34	25	28	21	21

Source : Company, Dalal & Broacha Research

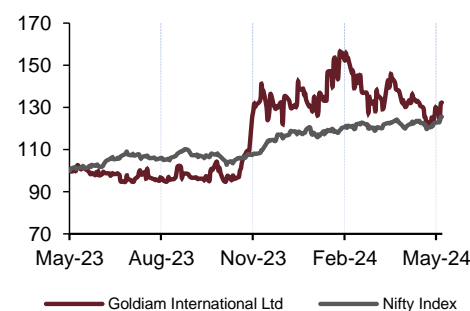
Rating	TP (Rs)	Up/Dn (%)
BUY	230	32

Market Data

Current price	Rs	174
Market Cap (Rs.Bn)	(Rs Bn)	19
Market Cap (US\$ Mn)	(US\$ Mn)	223
Face Value	Rs	2
52 Weeks High/Low	Rs	216.55 / 120.05
Average Daily Volume	('000)	2,178
BSE Code		526729
Bloomberg		GLDM.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Apr-24	Dec-23
Promoters	64.26	64.26
Public	35.74	35.74
Total	100	100

Source: BSE

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Key Highlights

- Launches non wedding day jewellery brand “Erah” in India with plans to launch 3-5 stores by 3QFY24 (Mumbai,Bangalore,Delhi NCR) & 15 stores in C.Y.25.
- Retail business will be headed by Abhinav Kumar (Previous experience : Melora,ALDO,Arvind fashion,Tansihq).Management maintains guidance of 20-21% EBITDA going forward.We believe due to initial store opex overall company level EBITDA margins could see some softness which provides an entry opportunity (Baked in our model at 19% level).
- Total order book stands at **Rs.1200 Mn** executable in next 3-4 months with majority contributing towards LGD.
- **Retail Store Matrix [Focus on mall & high street stores]:**
 - **MALL** : Total capex outlay of Rs.25 Mn/store [Rs.18-19 Mn in inventory & balance towards store capex]
 - **HIGH STREET STORES** : Total capex outlay of Rs.35 Mn/store [Rs.22 Mn in inventory & balance towards store capex]
 - Avg selling price : Rs.45-55k
 - Break even level at store level : Rs.30-35 lacs/month
 - Target Gross margin : Between High 30% & Low 40%
- **Key triggers going forward** : [1] Execution of retail brand & its scaling [2] Addition of new customers in the B2B segment

Valuation & Outlook

During Titan's 2QFY24 conference call, it was revealed that bridal engagement rings make up 40% of the US jewelry market. Notably, 50% of this segment has shifted to Lab-Grown Diamonds (LGDs), comprising a substantial 20% volume share in the overall USA jewelry market. This underscores a transformative trend in the diamond jewelry sector, signaling a notable shift in consumer preferences within the jewelry industry. Lab-Grown Diamonds (LGDs) are revolutionary products, possessing properties comparable to natural diamonds but are accessible at only 1/10th of the cost.

GIL stands at the forefront of the current shift in value within the diamond jewelry sector, bolstered by robust distribution advantages derived from its partnerships with major retailers in the USA.

We believe Goldiam is well placed to capture the growing penetration of lab grown diamonds in USA & India. With its strong balance sheet & healthy cash position of Rs.3132 Mn even after distributing Rs.2246 Mn in dividends & buybacks in last 6 years company stands out in the small cap space. If we exclude the cash on books company's market cap is ~Rs.15 bn on FY24 PAT of ~Rs.0.91bn (Adjusting for post-tax other income PAT comes to ~Rs.0.81) company with great prospects is available at 19x on TTM basis whereas some of the small cap stocks with very poor governance & revenue visibility are trading at obnoxious valuation. GIL currently trades at 15x FY26e EPS of Rs.11.6. We have a BUY rating on the stock with a target price of Rs.230 valuing the company at 20x FY26e EPS

Quarterly Financials

(Rs.Mn)	Q4FY24	Q4FY23	YoY Growth (%)	Q3FY24	QoQ Growth (%)
Revenue from Operations	1,479	1,349	10%	2,018	-27%
Other Income	35	(1)	-6909%	31	11%
Total RM Cost	972	878	11%	1,419	-32%
Employee Benefits Expense	60	51	17%	80	-25%
Other Expenses	208	194	7%	113	84%
Total Expenses	1,239	1,123	10%	1,612	-23%
EBITDA (Excluding Other Income)	239	226	6%	406	-41%
Depreciation and Amortisation Expenses	17	20	-17%	17	1%
EBIT / PBIT	257	205	25%	421	-39%
Finance Costs	(0)	(1)	-83%	0	-144%
EBT/ PBT	257	206	25%	421	-39%
Tax Expense	80	44	82%	100	-20%
Net Profit after Tax	178	162	10%	321	-45%
Adj Earning Per Share	1.67	1.49	12%	3.03	-45%
Margins (%)			(In bps)		(In bps)
Gross Margins	34.3%	34.9%	-65	29.7%	460
EBITDA Margins (Excl Other Income)	16.2%	16.8%	-56	20.1%	-394
PAT Margins	11.8%	12.0%	-23	15.8%	-398
As a % to sales					
RM as a % to sales	65.7%	65.1%		70.3%	
EE Cost as a % to sales	4.0%	3.8%		4.0%	
Other exps as a % to sales	14.0%	14.4%		5.6%	
Key Operational Metrics			(In bps)		(In bps)
Lab-grown diamond jewellery mix (%)	54.2%	23.2%	3100	51.3%	290
Order wins for the Qtr	500				
Total Order Book (As per latest Qtr closing)	1,200				

Source : Company

Financials

P&L (Rs mn)	FY20	FY21	FY22	FY23	FY24	FY25e	FY26e
Net Sales	3,645	4,060	6,877	5,332	6,029	7,146	8,858
Operating Expenses	-2,733	-2,717	-4,865	-3,528	-4,086	-4,859	-6,006
Employee Cost	-133	-159	-269	-243	-257	-331	-409
Other Expenses	-336	-401	-441	-520	-543	-599	-754
Operating Profit	443	783	1,302	1,040	1,143	1,357	1,690
Depreciation	-25	-36	-54	-74	-61	-56	-56
PBIT	418	747	1,248	966	1,082	1,301	1,634
Other income	221	72	246	211	139	45	25
Interest	-20	-5	-8	-3	-0	-0	-0
PBT	620	814	1,486	1,175	1,221	1,345	1,659
Profit before tax	620	972	1,486	1,175	1,221	1,345	1,659
Provision for tax	-167	-301	-427	-323	-312	-339	-418
Profit & Loss from	-	-	-	-	-	-	-
Reported PAT	453	671	1,060	852	909	1,006	1,241
MI	17	-61	-8	-8	1	1	1
Owners PAT	470	610	1,052	844	910	1,007	1,242
Adjusted Profit	470	511	1,052	844	910	1,007	1,242

Balance Sheet (Rs mn)	FY20	FY21	FY22	FY23	FY24	FY25e	FY26e
Equity capital	222	222	218	218	214	214	214
Reserves	3,878	4,426	4,981	5,639	6,091	6,947	8,003
Net worth	4,100	4,648	5,199	5,857	6,305	7,161	8,216
MI	54	165	61	65	50	49	48
Non Current Liabilites	-23	22	47	67	65	17	18
Current Liabilites	892	1,301	1,014	1,060	923	1,120	1,325
TOTAL LIABILITIES	5,023	6,136	6,322	7,048	7,343	8,347	9,607
Non Current Assets	736	828	651	668	583	453	422
Fixed Assets	201	412	402	406	402	379	347
Right of Use Assets	-	-	-	27	48	0	1
Financial Assets	517	395	220	189	119	61	61
Deferred Tax Asset	-	-	-	25	13	13	13
Advances	18	20	30	21	-	-	-
Assets	-	-	-	-	-	-	-
Current Assets	4,287	5,308	5,671	6,380	6,761	7,894	9,185
Current investments	1,534	1,798	1,181	1,190	1,624	1,643	1,663
Inventories	935	1,072	1,769	2,483	2,226	3,524	4,368
Trade Receivables	996	1,292	1,787	1,473	1,427	1,958	2,427
Cash and Bank Balances	546	916	866	1,189	1,448	731	684
Advances	276	208	47	18	21	21	21
Other Financial Assets	-	-	-	-	-	-	-
Other Current Assets	1	23	21	27	15	17	21
TOTAL ASSETS	5,023	6,136	6,322	7,048	7,343	8,347	9,607

Cashflow (Rs mn)	FY20	FY21	FY22	FY23	FY24	FY25e	FY26e
PBT	620	972	1,486	1,175	1,221	1,345	1,659
Depreciation	25	36	54	74	61	56	56
Net Chg in WC	266	-103	-1,090	-197	69	-1,633	-1,110
Taxes	-144	-254	-382	-382	-315	-339	-418
Others	-94	-160	-167	-18	33	56	-4
CFO	673	491	-98	652	1,070	-515	184
Capex	-21	-303	-36	-92	-66	-	-
Net Investments made	-284	-35	956	65	-305	-19	-19
Others	65	221	29	10	96	-	-
CFI	-241	-117	950	-18	-276	-19	-19
Change in Share capital	-126	-5	-456	-	-331	-	-
Change in Debts	-189	148	-198	-27	-	-	-
Div. & Div Tax	-149	-147	-139	-284	-129	-151	-187
Others	-60	-	-110	-0	-75	-47	-24
CFF	-523	-3	-902	-311	-535	-199	-211
Total Cash Generated	-90	370	-50	323	259	-733	-47
Cash Opening Balance	636	546	916	866	1,189	1,448	731
Cash Closing Balance	546	916	866	1,189	1,448	731	684
Ratios	FY20	FY21	FY22	FY23	FY24	FY25e	FY26e
OPM	12.2	19.3	18.9	19.5	19.0	19.0	19.1
NPM	12.2	12.4	14.8	15.2	14.8	14.0	14.0
Tax rate	-27.0	-31.0	-28.7	-27.5	-25.5	-25.2	-25.2
Growth Ratios (%)							
Net Sales	-18.3	11.4	69.4	-22.5	13.1	18.5	24.0
Operating Profit	-20.7	76.7	66.2	-20.1	9.9	18.6	24.6
PBIT	-9.9	78.6	67.1	-22.6	12.0	20.2	25.6
PAT	-2.8	48.1	58.0	-19.6	6.7	10.7	23.3
Per Share (Rs.)							
Net Earnings (EPS)	4.24	5.50	9.65	7.75	8.52	9.43	11.63
Cash Earnings (CPS)	4.46	5.83	10.15	8.43	9.09	9.95	12.15
Dividend	6.50	8.00	3.60	2.00	1.21	1.41	1.74
Book Value	36.98	41.92	47.71	53.74	59.03	67.05	76.93
Free Cash Flow	5.27	2.46	-1.73	3.99	8.77	-5.73	1.40
Valuation Ratios							
P/E(x)	41	32	18	23	21	19	15
P/B(x)	5	4	4	3	3	3	2
EV/EBIDTA(x)	39	22	13	16	14	12	10
Div. Yield(%)	3.70	4.55	2.05	1.14	0.69	0.81	0.99
FCF Yield(%)	3.00	1.40	-0.98	2.27	4.99	-3.26	0.80
Return Ratios (%)							
ROE	12%	12%	21%	15%	15%	15%	16%
ROCE	15%	18%	30%	21%	20%	20%	22%
RoIC	22%	26%	34%	25%	28%	21%	21%

Source: Dalal & Broacha Research, Company

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