



SHRENUJ

HERITAGE · INNOVATION · PASSION

# Shrenuj & Company Ltd.

30 June 2008



SHRENUJ

HERITAGE · INNOVATION · PASSION

# Company Profile

- 102 years and four generations
- Across the value chain from diamond processing to branding and retailing jewellery
- Direct sourcing of rough diamonds. DTC Sight holder since 1983. Direct supply from Russia.
- Manufacturing facilities in India, Israel, France and China
- Distribution presence in 12 countries across 4 continents
- Retail presence in Hong Kong and India



**SHRENUJ**

HERITAGE · INNOVATION · PASSION

# Milestones

Entry into  
Diamond  
Business

Laser  
Technology  
introduced in  
India by  
Shrenuj

Listed on BSE

Platinum  
Guild  
authorises  
Shrenuj as  
manufacturer

1906

1983

1987

1989

1992

1999

2003

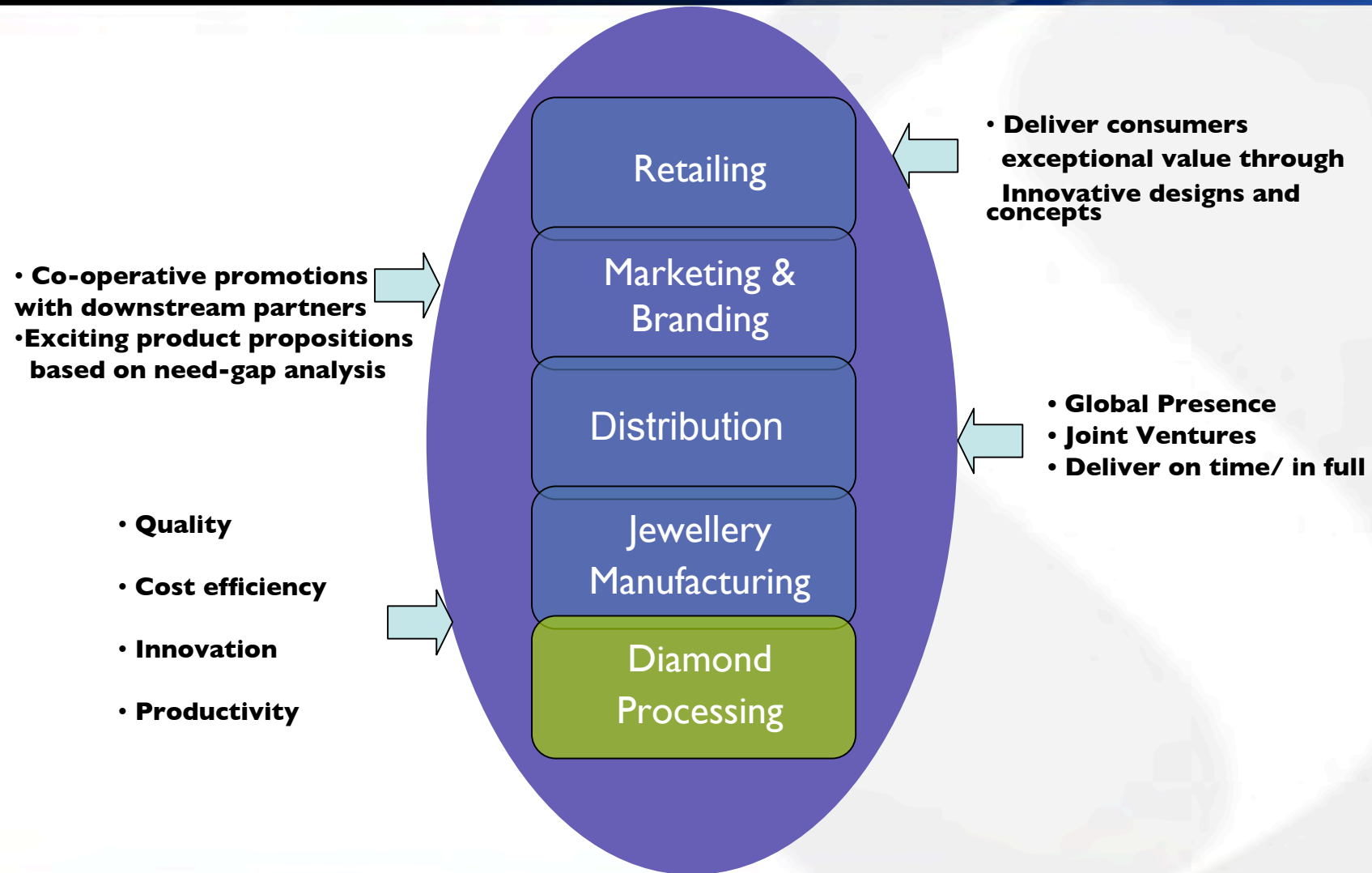
2007

Becomes sight  
Holder

Sets up first 100%  
export unit in  
Mumbai

Venturing into  
Retail Business  
by acquiring Daily  
jewellery

Acquired  
Simon Golub,  
one of the  
largest  
distributors in  
USA





**SHRENUJ**  
HERITAGE · INNOVATION · PASSION

# Diamond Manufacturing

- 3 factories in Mumbai, processing different sizes of diamonds
- 1 factory in Tel Aviv for niche cuts
- Total manpower of 1000 people
- Rough intake capacity: US\$ 200 mn p.a. (single shift basis)
- Customised web-based Factory Management System Software, providing real time analysis of efficiencies, quality and costs
- Piloting automation of entire diamond cutting and polishing, except final finishing, resulting in decreased costs and improved consistency in products



**SHRENUJ**

HERITAGE · INNOVATION · PASSION

# Business Profile





**SHRENUJ**  
HERITAGE · INNOVATION · PASSION

# Jewellery Manufacturing

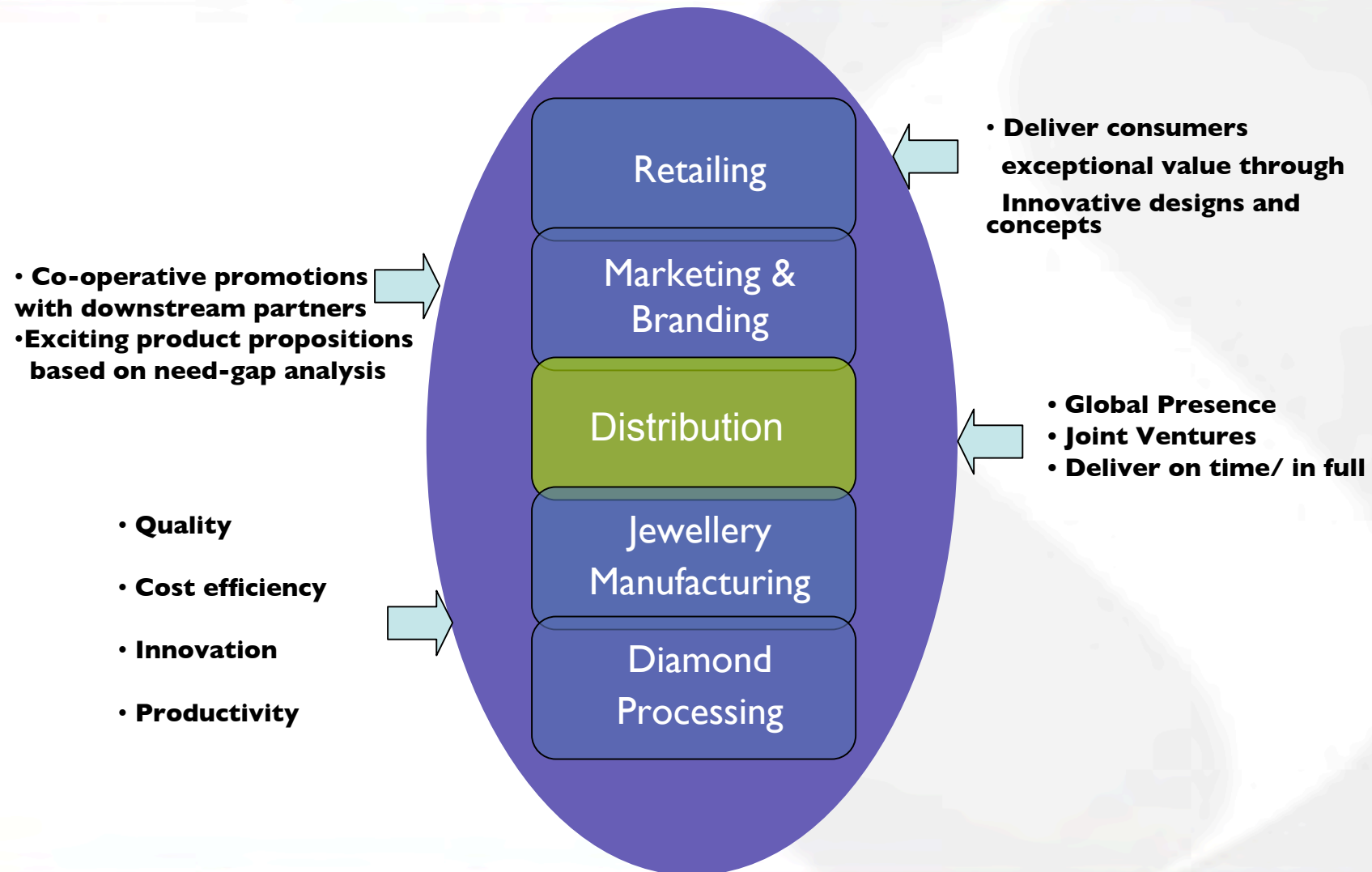
- 4 jewellery manufacturing units in Seepz, 1 factory in Tardeo, 2 JV factories in Seepz and Lyon, France
- New factory has commenced production from June '08 in Seepz (30,000 sq ft)
- Outsourcing office in Hong Kong working with 4 dedicated factories in China
- Total employee strength: 2,200 with the new factory
- Production: 550,000 pcs per annum (to be increased to 1,000,000 pieces per annum by Dec. 2008)
- Designing and product development in Mumbai, USA, Hong Kong and Germany



**SHRENUJ**

HERITAGE · INNOVATION · PASSION

# Business Profile





**SHRENUJ**  
HERITAGE · INNOVATION · PASSION

# International Distribution and Manufacturing Network



Hub



Manufacturing Facility



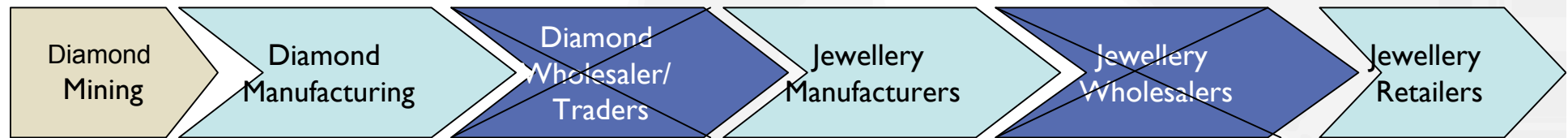
Proposed





**SHRENUJ**  
HERITAGE · INNOVATION · PASSION

# Value Chain Consolidation



- Moved from purely manufacturing to consumer centric model
- Consolidated position in the value chain to improve margins



SHRENUJ

HERITAGE · INNOVATION · PASSION

## Distribution

- Hub and satellite model for diamond distribution
- Mass market jewellery distribution developed organically
- Jewellery distribution to independent stores developed inorganically
- Domestic distribution managed from Mumbai & New Delhi
- Acquired US based distributor Simon Golub in May 2007
- Investment in distribution is sufficient to cater to our growth projections for next 3 years



SHRENUJ

HERITAGE · INNOVATION · PASSION

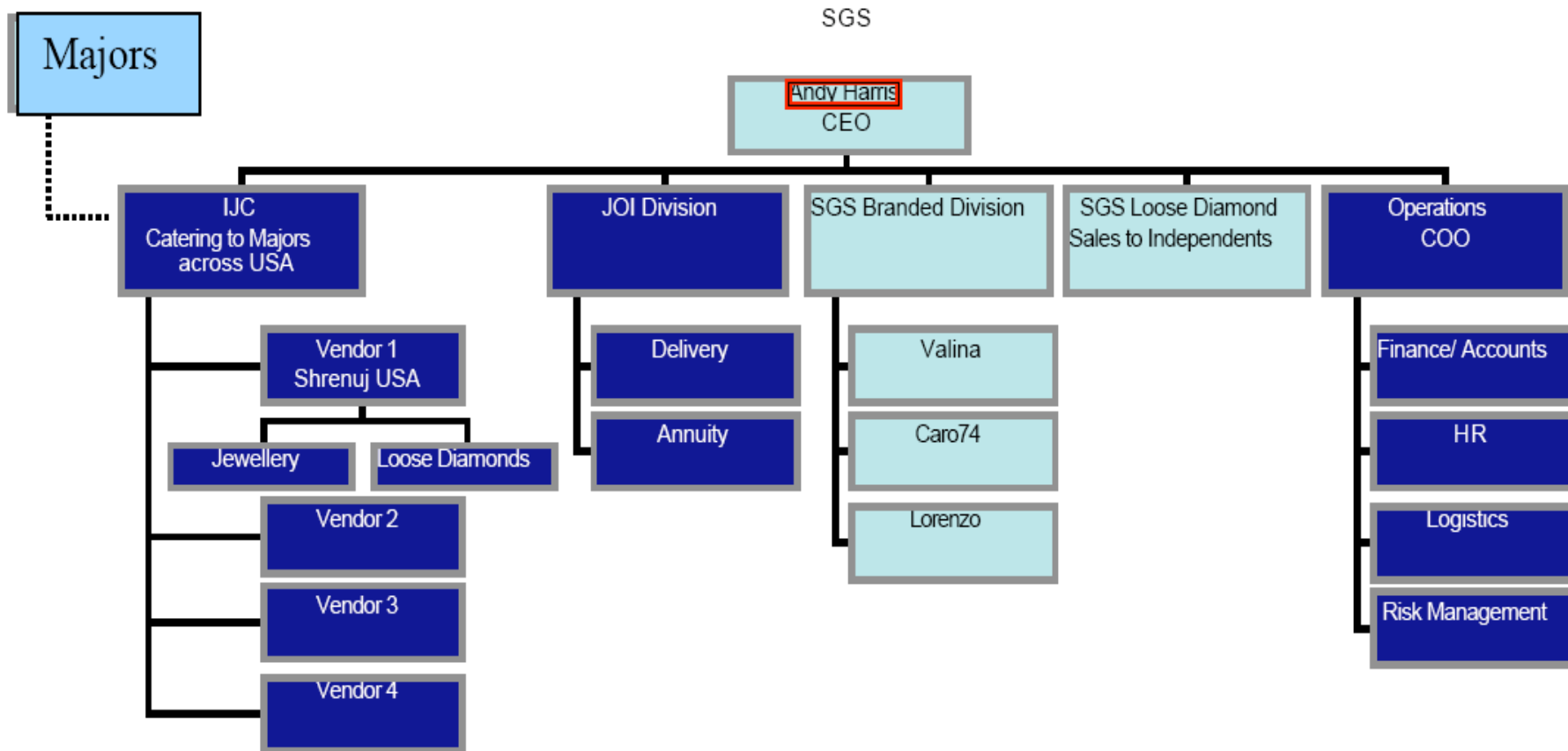
# Simon Golub & Sons

- 80 years old jewellery distribution company based in Seattle, US
- US\$ 100 mn supplies to majors like JC Penny, Sterling, Zales on commission basis
- US\$ 36 mn sales to independent retailers (Mom & Pop stores)
- 2,400 accounts: 650 very active accounts
- Total employee strength: 130
- Acquisition cost: US\$ 22.63 mn for 84.6% stake
- Source of funds: Long term debt, FCCB and internal accrual
- Entered into a 6 yrs contract with key employees and management



**SHRENUJ**  
HERITAGE · INNOVATION · PASSION

# Simon Golub Acquisition





**SHRENUJ**

HERITAGE · INNOVATION · PASSION

# Business Profile





SHRENUJ

HERITAGE · INNOVATION · PASSION

# Marketing & Branding

- Active in mass marketing since 2001 (Arisia)
- Brands spread over 9 countries
- B2B as well as B2C initiatives
- Active participation of DTC in many initiatives
- Plans to spend upto 10% of sales revenue as marketing spend

# Brands presence across the Globe





# Arisia: Promotion

*150 years ago you were not allowed  
to set eyes on a solitaire unless you were a Queen.  
Today you have the Rajmata's permission to take one home.*



*Gayatri Devi*  
limited edition

Information call: 9622 011222

A DIAMOND IS FOREVER  DTC



# SHRENUJ

HERITAGE · INNOVATION · PASSION

## Sveni: Promotion



*Leave no stone unturned  
to make heads turn.*

The light, sparkle and brilliance in our solitaires has inspired the birth of 'Sveni'. A collection of exquisite rings and earrings, Sveni is designed to dazzle. Our sparkling solitaires set in yellow or white gold, will light up your inner beauty. Not to mention, the look in his eye.

Sveni solitaires range from 0.51 carat to 0.99 carat. Sveni diamonds are certified by the IGI of Antwerp. Every Sveni solitaire is marked with a unique laser code, making it truly yours.

**SVENI**  
SOLITAIRE DIAMOND JEWELLERY

*The light of your life.*

# The VALINA Collection



A Designer Bridal Collection

With  
Quality Workmanship  
At  
Affordable Prices

You can view the New Valina Collection at the following shows or  
call for a private appointment in your Store

JCK Show/Las Vegas	June 1-5	Booth #3084
SJTA Atlanta Jewelry Show	August 11-13	Booth #511-513
Columbus Jewelry Show	August 25-26	Booth #701-703-705
Southwest Jewelry Show	September 8-10	Booth #224-325
Jewelers International Showcase	October 19-22	Booth #1302-1304
JA Special Delivery Show	October 28-30	Booth #1868-1870

VALINA™

C & A Diamonds International, LLC, 558 East Main Street, Canfield, Ohio 44406  
telephone: 800-377-8896 email: jewelry@cadiamonds.com website: www.cadiamonds.com

## Valina: Promotion



**SHRENUJ**  
HERITAGE · INNOVATION · PASSION

# Web Sales

## TRAPZ

Never let your solitaire stand alone.

Trapezoids

Half Moon

Pairs

Triple Trapz

Twin Trapz

3 Stone Sets

5 Stone Sets

Leafz & Cadl  
By Trapz™

Step Cut

Brilliant Cut



### Brilliant Cut

Our Brilliant Cut Trapz complement Center Stones that have a Brilliant cut bottom whether it's Princesses, Radiants, Cushions or Rounds. Trapz Brilliant's have the cut necessary to maximize the stone's brilliance. As an option, all Trapezoids are available with cut corners.

[Home](#)

[About Us](#)

[Collection](#)

[Distribution](#)

[Members](#)

[Guest Book](#)

[Contact](#)

[News](#)

| Cut to fit your exact needs |





**SHRENUJ**

HERITAGE · INNOVATION · PASSION

# Business Profile





SHRENUJ

HERITAGE · INNOVATION · PASSION

## Retailing

- Focus on high growth low risk markets like India, China and Middle East
- Acquired Daily Jewellery in Hong Kong in 2003
- Successful transformation from discount store to fashion jewellery chain
- Joliesse operates 10 stand alone stores in Hong Kong
- Entering into mainland China in FY09 by opening store in Shanghai
- Launched Diti (shop-in-shop) in India in H2 -2007 with 11 stores. To be increased to 170 POS by 2010
- Contribution from brands and retail segment would be Rs. 500 crores by 2010



**SHRENUJ**  
HERITAGE · INNOVATION · PASSION

# Retail Environment- Joliesse



**Old: Discount Store**



**New: Fashion Jewellery**



**SHRENUJ**  
HERITAGE · INNOVATION · PASSION

# Diti

- B2C Initiative across India
- Shop-in-shop concept in malls
- Average retail price point- Rs. 15,000, targeting SEC A and AB
- Products: Solitaires, Multi-stones in gold and platinum
- Each jewellery piece is certified by Shrenuj
- Planning to grow to 170 outlets in 3 yrs
- Low investment model with higher penetration





**SHRENUJ**  
HERITAGE · INNOVATION · PASSION

## Diti : Future plans

- For every 30 shop in shop outlets one image building exclusive retail store to add visibility to the brand
- Plans to launch exclusive standalone retail stores after 3 years





SHRENUJ

HERITAGE · INNOVATION · PASSION

# Financials



**SHRENUJ**

HERITAGE · INNOVATION · PASSION

# Financial Highlights

## Highlights for the year ( FY08)

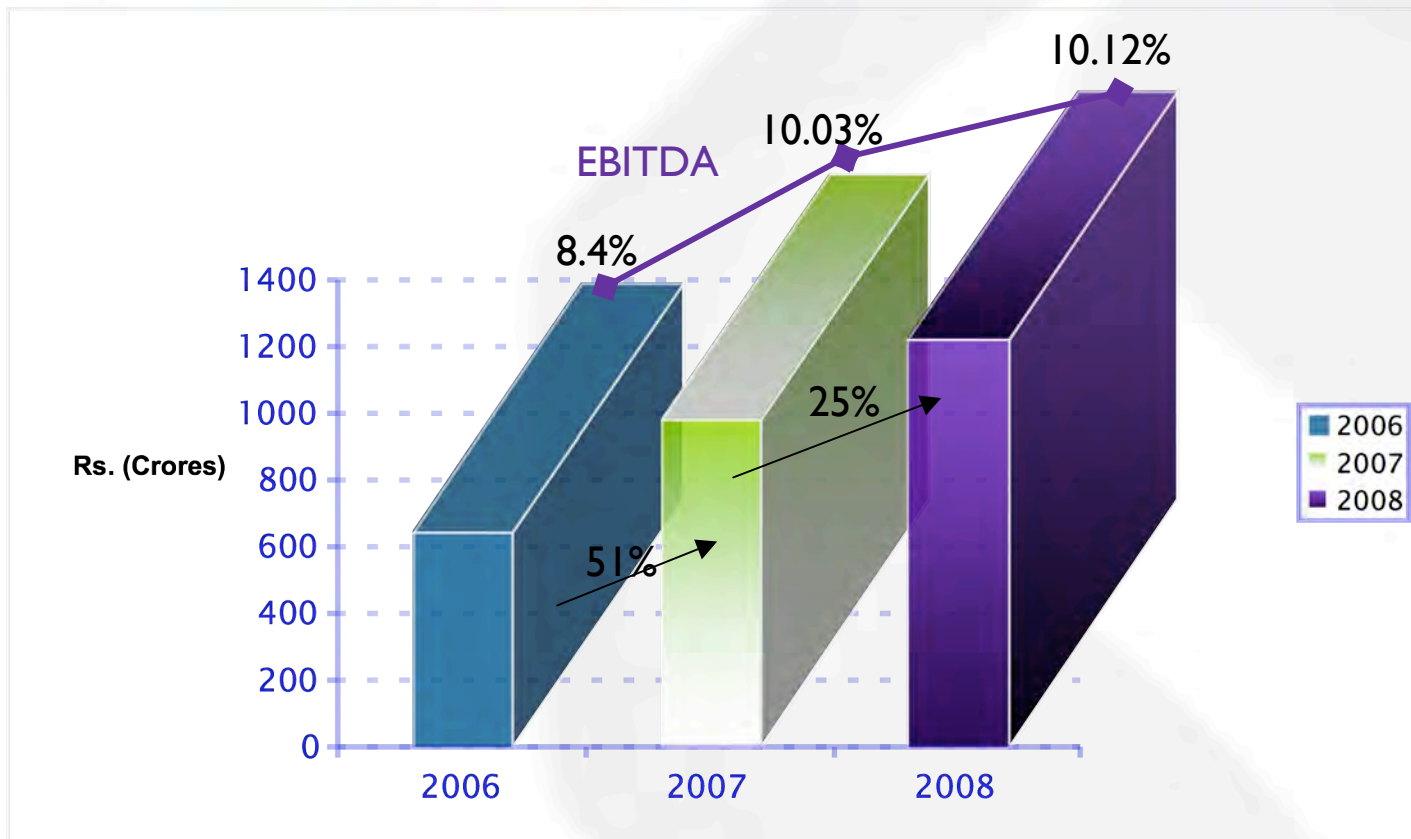
- Net revenues at Rs.12,250.4 mn, an increase of 24.98%
- EBIDTA margin stood at 10.12%
- Net profit at Rs.444.9 mn, registered a growth of 33.36%
- EPS for the year stood at Rs. 6.46 as against Rs. 5.43 last year



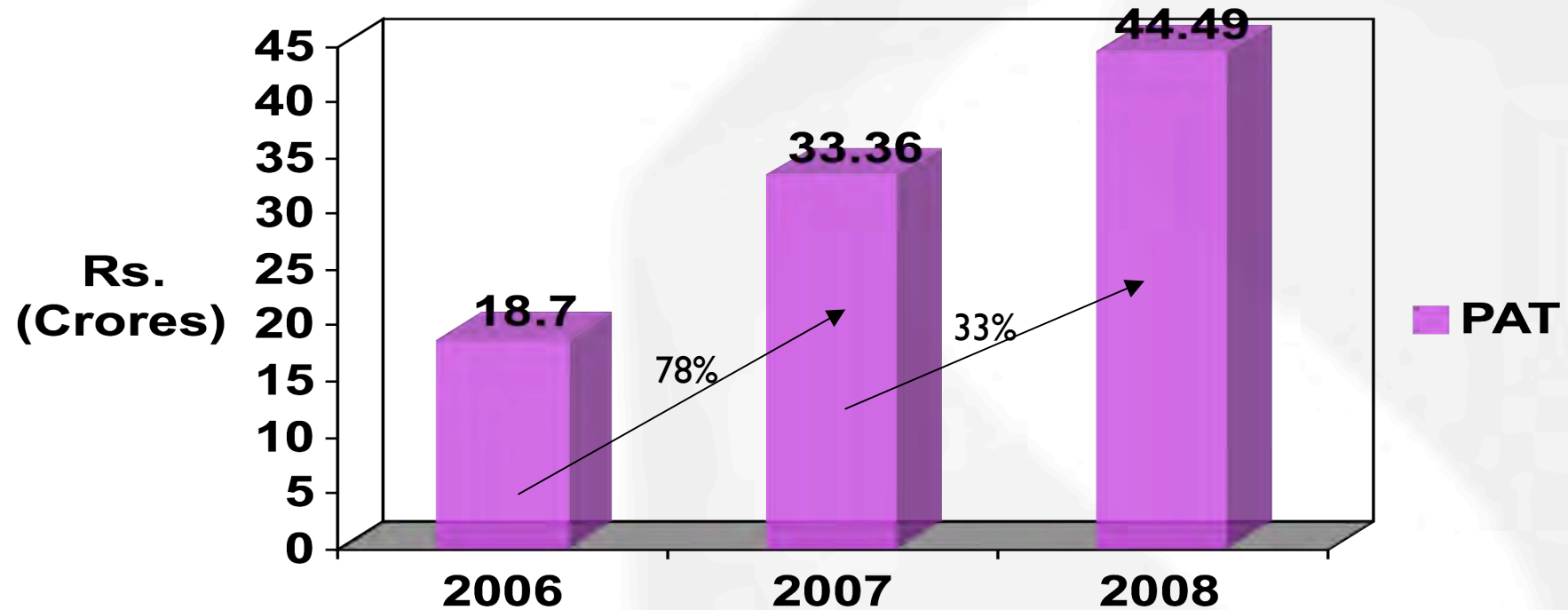
**SHRENUJ**  
HERITAGE · INNOVATION · PASSION

# Financial Highlights

	FY08	FY07	FY06
Net Sales	1,225.41 crs	980.42 cr	647.8 cr
EBIDTA	10.12%	10.03%	8.4%
PAT	44.49 crs (3.62%)	33.36 cr (3.39%)	18.7 cr (2.88%)
EPS (FV Rs. 2)	6.46	5.43	3.6
ROCE	12.20%	12.20%	9.6%
ROE	18.5%	19.2%	13.8%
Debtor Days	112	110	129



Shrenuj sales have grown at an average CAGR of 23.71% in the last three years, which is far ahead of industry growth



Profitability of the company has grown at CAGR of 33.5% in the last three years



SHRENUJ

HERITAGE · INNOVATION · PASSION

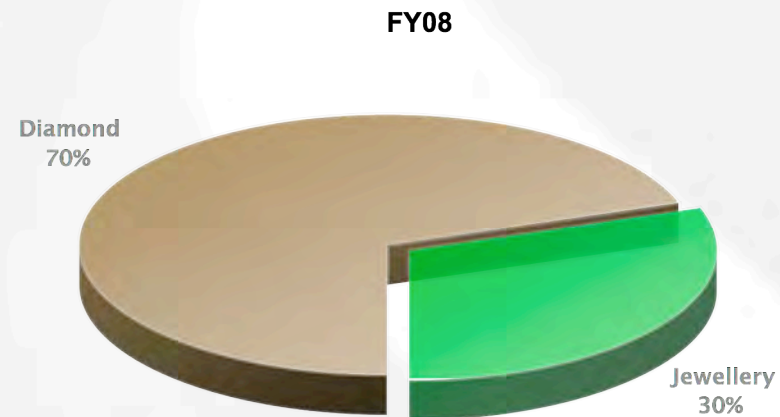
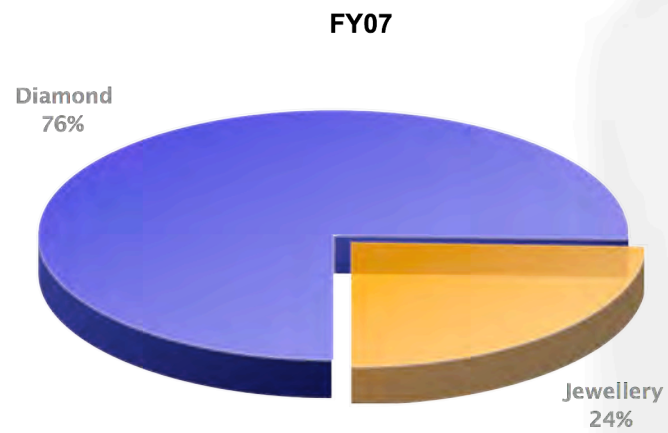
## Segmentwise break-up

FY08	Diamond	Jewellery
Sales	Rs. 853.36 cr	Rs. 372.05 cr
Gross Profit	18.80%	29.91%
EBITDA	12.52%	4.66%



**SHRENUJ**  
HERITAGE · INNOVATION · PASSION

# Segmentwise Sales

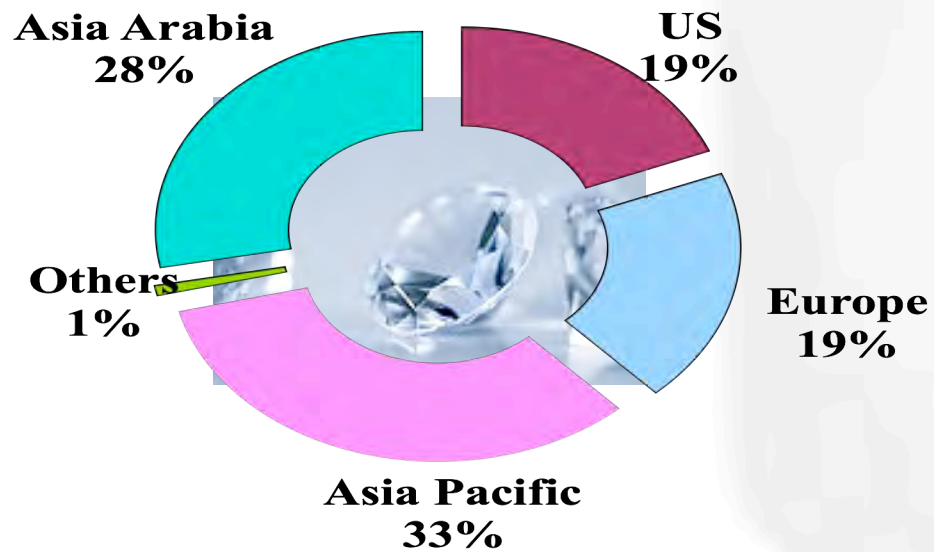




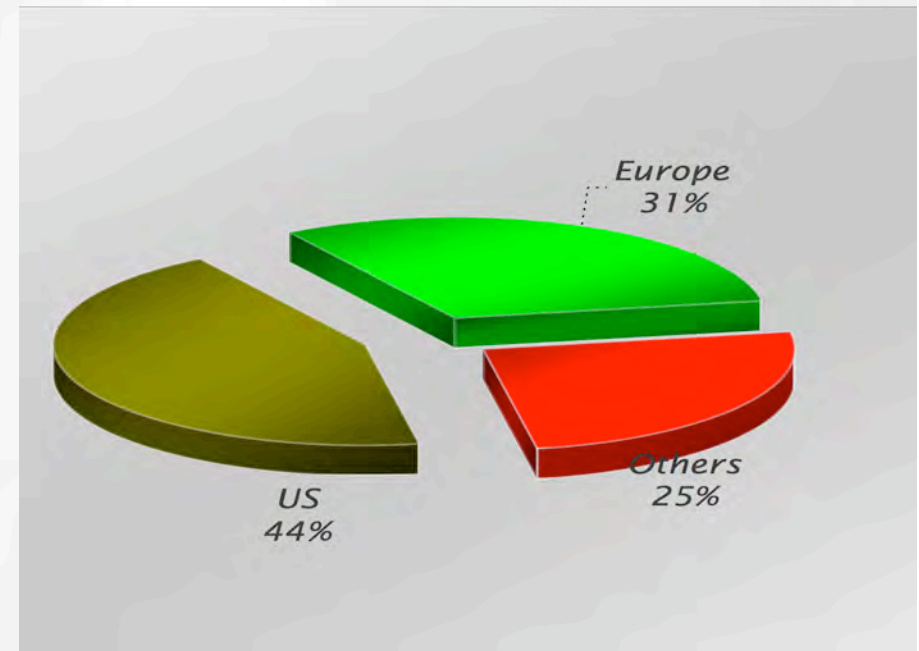
# SHRENUJ Geographic Spread: 2008

HERITAGE · INNOVATION · PASSION

## Diamonds



## Jewellery





**SHRENUJ**  
HERITAGE · INNOVATION · PASSION

# Growth Strategy

- Continued focus on high caratage diamonds for cutting and polishing as compared to smaller low caratage diamonds processed in India. Producing typically European product with Indian cost advantage
- Inorganic growth in distribution network
- Optimise distribution and manufacturing capacity utilisation
- Increase captive consumption of diamonds
- Increase our share in Simon Golub's sales to major chains in US
- Retail growth from emerging markets with lower investments and margins comparable to the traditional markets



**SHRENUJ**  
HERITAGE · INNOVATION · PASSION

# Future Outlook

- \$1 billion revenue by 2012
- Break up of Jewellery and diamond as a percentage of total revenue would be 60:40 by end of FY12
- Growth is expected from increasing pie of branded jewellery as a percentage of jewellery and increasing pie of jewellery as a percentage of total revenue
- Increasing revenue contribution from retail segment
- Expected to grow at CAGR of 30-35% in the next 3 years with EBIDTA growing to 14% by 2010
- Budgeted Capex of Rs. 60 crores in 2008-10, to enhance value, expand retail segment and strengthen manufacturing base.



**SHRENUJ**

HERITAGE · INNOVATION · PASSION

**Thank You!**