

Investment Opportunities in the Indian Gems & Jewelry Industry



January 2008

Market Snapshot

- ✓ Large market for Gems & Jewelry with domestic sales of over \$10 billion
 - 4% of the global Gems and Jewelry market
- ✓ Exports of over \$15.5 billion; over 18% of India's exports
- ✓ India is the largest consumer of gold jewelry in the world
 - Accounts for about 20% of world consumption
- ✓ India is the largest diamond cutting and polishing centre in the world
 - 60% value share, 85% volume share and 92% share of the world market by number of pieces
 - Third largest consumer of polished diamonds after USA and Japan



Industry Structure

- ☑ The Indian Gems & Jewelry industry is highly fragmented with a large number of domestic private sector companies
 - A large portion of the market is in the unorganized sector

- ☑ India is gaining prominence as an international sourcing destination for high quality designer jewelry
 - Walmart, JC Penney etc. procure jewelry from India



Policy

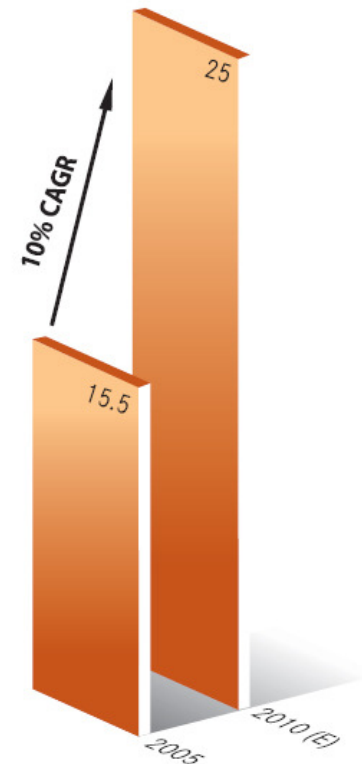
- 100% FDI is permitted in the Gems & Jewelry sector through the automatic route
- SEZs and Gems and Jewelry Parks have been set up to promote investments in the sector



Outlook

- India is the fastest-growing jewelry market in the world
 - Branded jewelry likely to be the fastest-growing segment in domestic sales
 - Expected to grow at 40% p.a. to \$2.2 billion by 2010
 - Exports expected to grow from \$15.5 billion in 2005 to over \$25 billion by 2010

Indian Gems and Jewellery Exports
(US\$ billion)



Source: Statistical Outline of India, 2004-05, TSMG Estimates

Potential

- ☑ India has several well recognized strengths which have made it a significant force in the global Gems and Jewelry business
 - Highly skilled, yet low-cost labor
 - Established manufacturing excellence in jewelry and diamond polishing
 - India is the most technologically advanced diamond cutting centre in the world
- ☑ Opportunity to address one of the world's largest and fastest-growing Gems and Jewelry markets
- ☑ Opportunity to leverage India's strengths to address the global market

About Virtus Global Partners

Virtus Global Partners is a global investment and advisory firm with offices in the US and India. Our primary focus is on US and India based cross border businesses.

We provide a full range of investment banking services including cross border M&A, strategic partnerships, fundraising and general advisory services. Our corporate clients include mid to large size venture-backed enterprises as well as quoted companies.

Our focus sectors include technology and technology enabled businesses, pharmaceuticals, auto ancillary, food processing and industrials.

Virtus Global Partners provides:

- Deep knowledge of US and Indian core industry markets;
- Senior level access to leading industry executives, investors and entrepreneurs, both in US and India;
- In-depth technical and financial skills for value-enhancing deal structuring;
- Refined and responsive transaction process;
- Corporate culture built on teamwork, integrity and professionalism; and
- Relentless focus on maximizing value for our clients.

For more information contact Robin Hughes at rhughes@virtusglobal.com