

Gems & Jewellery



Radiance of Success



Magnificent Maharashtra
Opportunities Unlimited

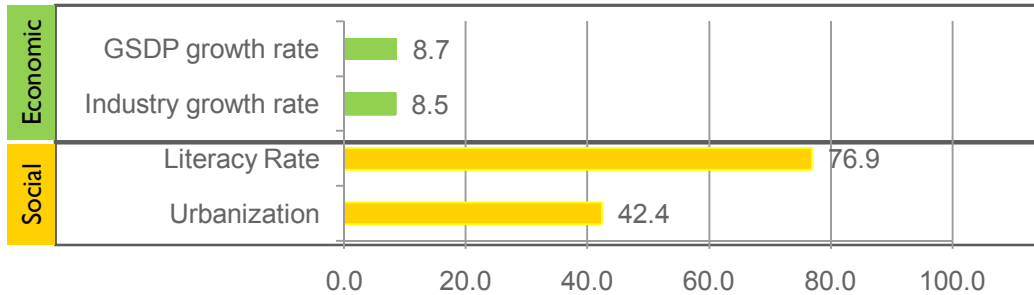


Knowledge Partner

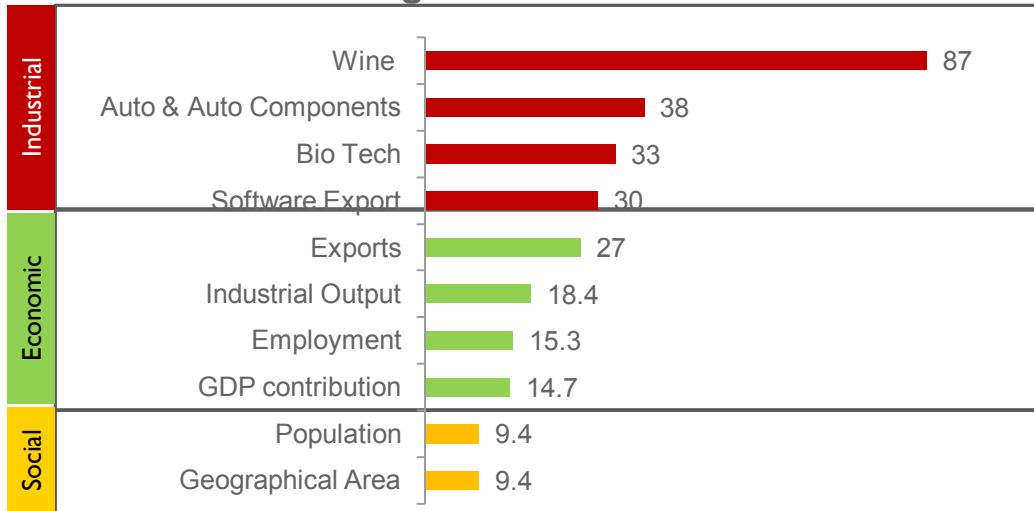
ERNST & YOUNG
Quality In Everything We Do

Maharashtra Profile

Percentage in Maharashtra



Percentage of Maharashtra in India



Maharashtra:

- Highest State Domestic Product
- Highest aggregate bank deposits and gross credits
- Highest contribution to India's corporate tax collections (61%)
- Most urbanized State

With 9.4% of India's population, Maharashtra has 18.4% of industrial production.

* Maharashtra's GSDP contribution to India's GDP is at current prices

Maharashtra Profile

Road



Road Connectivity	India	Maharashtra
Total Length of National Highway (in km):	70,934	4,376
Total Length of State Highway (in km):	1,31,899	34,102
Total Length of Major District Roads(in km):	4,70,000	49,901
Total Length of Other District and Village Roads (in km):	26,50,000	1,51,661

- 97.5 % of the villages are well connected with all weather and 2 % by fair weather roads in the state.

Source: GoM (2010), *Economic Survey of Maharashtra 2010-11*, Mumbai: Directorate of Economics and Statistics, Planning Department.

Railway



Railway Connectivity	India	Maharashtra
Total Length of Railway network (in km):	64,755	5,983

- The state encompasses 2 major railway zones; the Central and Western
 - 9.4 % of total railway network in the country
 - The railway route length per 1,000 sq. km of geographical area is 19.44 km in the State as against 19.69 km in the country. (as on 31st March, 2010)

Source: GoM (2010), *Economic Survey of Maharashtra 2010-11*, Mumbai: Directorate of Economics and Statistics, Planning Department.

Maharashtra Profile

Airport



Airport Connectivity	India	Maharashtra
Total No. of Airport:	449	22
Total No. of International Airports:	17	3
Total No. of Domestic Airports:	114	5

*-Maharashtra is well connected to major cities in the USA, EU, Asia and other Indian metropolitan cities.
 -The state has the highest number of airports in the country .*

Source: MIDC, AAI and MADC

Port



Port Connectivity	India	Maharashtra
Coast-line (in km):	7,517	720
No. of Major Ports:	12	2
No. of Minor and intermediate Ports:	187	48
Container traffic (in TEU million):	6.89	4.15

*- JNPT in Maharashtra is India's largest container port (59.4%).
 - 20.5% of the total cargo traffic of the major ports in India is handled by the state (3rd highest)*

Source: GoM (2010), Economic Survey of Maharashtra 2009-10, Mumbai: Directorate of Economics and Statistics, Planning Department.

Maharashtra Profile

Power



Power Facilities	India	Maharashtra
Electricity Generation Capacity (in MkWh):	77,15,510	81,345
Installed Capacity (in MW):	1,73,626	19,166

- Maharashtra has the largest installed electricity generation capacity

Source: GoM (2010), *Economic Survey of Maharashtra 2009-10*, Mumbai: Directorate of Economics and Statistics, Planning Department.

IT/ ITeS



IT/ITeS Facilities	India	Maharashtra
Total no. of Industrial Training Institutes:	2,133	388
Total no. of Industrial Training Centres:	5,906	297
Total seating capacity:	11,15,628	1,21,744

*- Out of 1396 Government ITIS being developed in India in PPP mode, 266 are in Maharashtra
- India's 18% of ITIs is in the state with a 20 % seating capacity*

Source: dget.nic.in, April 2010

SEZ



Special Economic Zones	India	Maharashtra
Notified SEZs:	377	63
Approved SEZs:	738	143

- Highest number of approved SEZ in the country are in Maharashtra

Source: <http://www.sezindia.nic.in/index.asp> & Maharashtra Industries Department, September 2010



GLOBAL – GEMS & JEWELLERY INDUSTRY

Global Gems & Jewellery Industry

- ▶ Global jewellery sales will grow at 4.6% y-o-y to touch USD 185 bn in 2010 and USD 230 bn in 2015, according to a report by GJEPC
- ▶ The industry witnessed a compound annual growth rate (CAGR) of 6.2 per cent between 2003 and 2008
- ▶ The industry is forecasted to grow at a CAGR of 6 per cent for the period 2007–2012
- ▶ In 2008, the largest regional market was Asia-Pacific (including Japan) while US was the single largest market globally

Leading G&J companies

BULGARI

FINLAY

GITANJALI GROUP

LVMH

RICHEMONT

SIGNET

TIFFANY



INDIA – GEMS & JEWELLERY INDUSTRY

India's Gems & Jewellery Industry - Overview

- ▶ The Indian G&J sector is highly dominated by unorganized players and is fragmented in nature
- ▶ Currently, only 4-6% of the industry constitutes of the organized players
- ▶ Although the market is highly dominated by unorganised players, with increase in consumer income and economic prosperity, the future of organised branded jewellery in India is very bright
- ▶ ~15,000 players in gold processing industry, with only 80 having revenues over USD 5 mn
- ▶ India is a home to a large number of jewelers, goldsmiths and processors (~4,50,000 goldsmiths and 1,00,000 gold jewelers, ~6,000 diamond processing players and 8,000 diamond jewelers)
- ▶ Gems & Jewellery is the 2nd largest foreign exchange earner in the country surpassing even the USD 22bn earned by the textile and apparel sector
- ▶ The branded jewellery players are constantly opening exclusive retail outlets in malls and in high footfall locations

Key facts

According to FICCI, the domestic market is in USD 18-20bn and expected to grow by 13% p.a. to reach USD 35-40bn by 2015

Exports of cut and polished diamonds grew by 23.44%, followed by gold jewellery (15.38%), and coloured gemstones (3.8%) y-o-y in Jan 2011

According to WGC India's share of global demand rose to 25 % in 2010 from 16% in '09

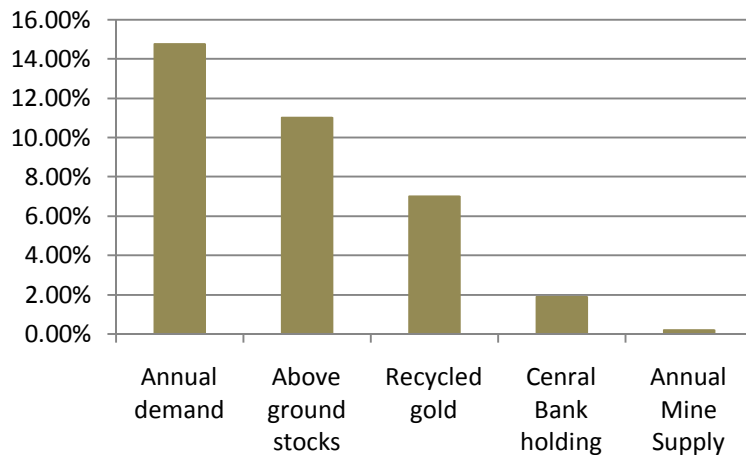
The Indian gems and jewellery sector is expected to grow at a CAGR of around 15% to reach a size of USD 58bn from current USD 25bn according to report by FICCI

Gems and jewellery exports from India, the largest supplier, rose by 39 per cent in the April 2010-January 2011 period, according to the GJEP

Indian Gems & Jewellery Industry: A key contributor to the economy

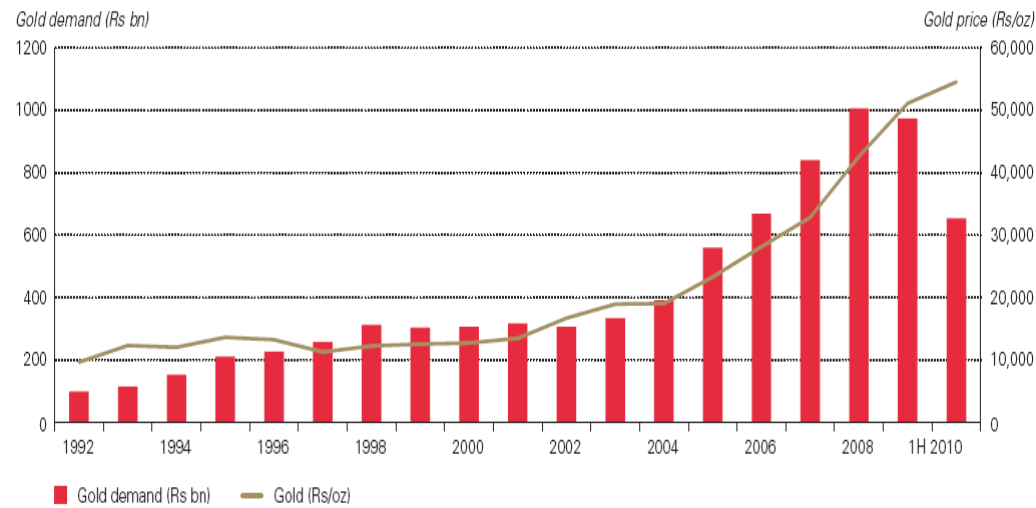
- ▶ India is world's largest gold consumer, consuming almost one fifth of total world gold demand
- ▶ India owns over 18,000 tonnes of above ground gold stocks, worth approx. USD 800 billion
- ▶ Gold import is likely to rise by 15 per cent in 2011 to around 805 tonnes, as compared to 2010 due to growing demand for gems and jewellery
- ▶ Gold jewellery makes up about 30 percent of Indian jewelry exports, which totaled \$43.14 billion in fiscal year 2010-2011

India gold market as % of global gold market



Sources: WGC, GFMS, IMF

Total gold demand in India



Note: Indian gold consumption figure includes jewellery consumption, investment and industrial demand only.

Source: WGC estimates, Bloomberg, GFMS

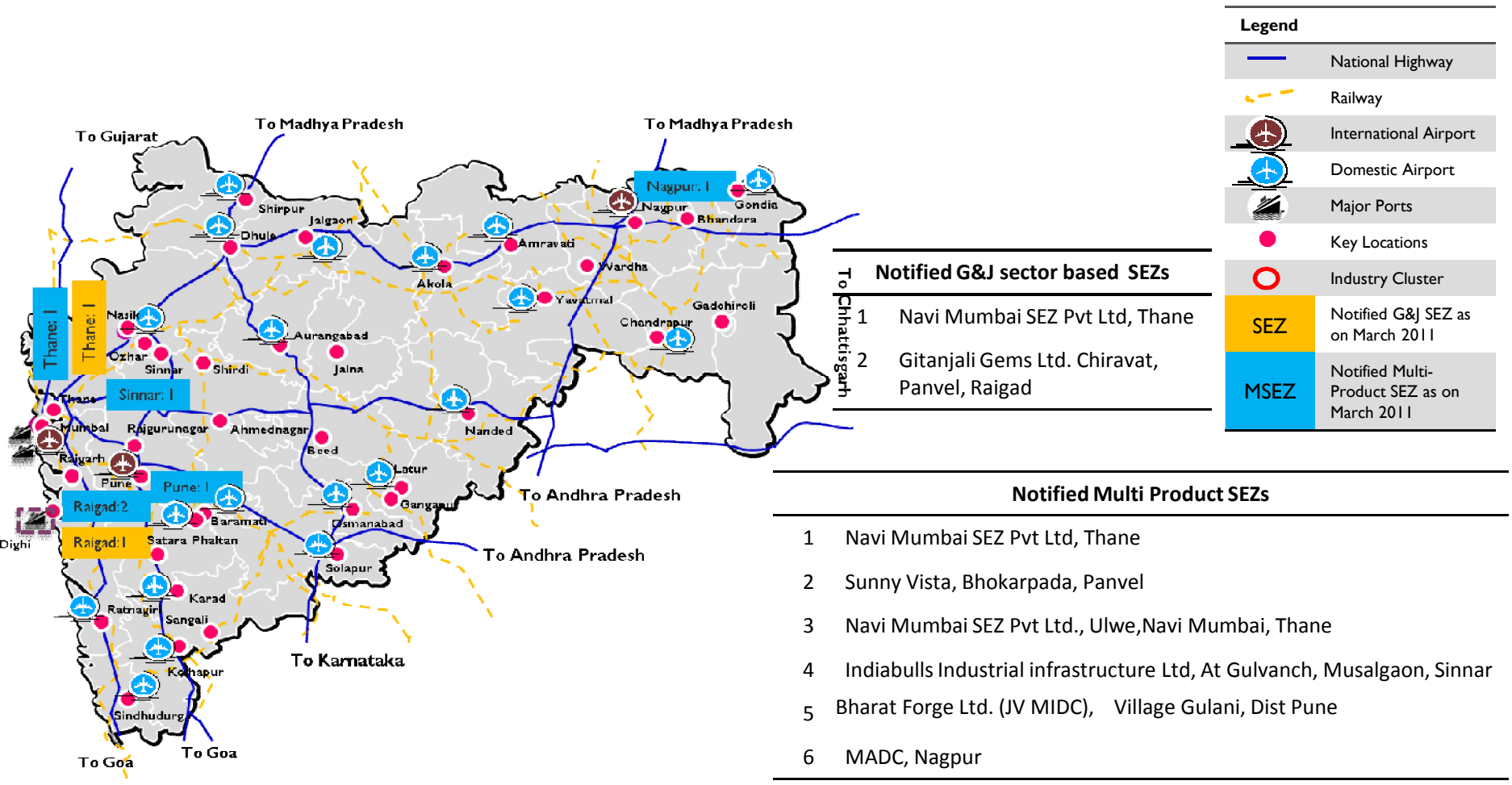


MAHARASHTRA – GEMS & JEWELLERY INDUSTRY

Maharashtra Gems & Jewellery Industry

- ▶ The centre of India's GJ industry is Mumbai. Most imports of gold and rough diamond arrives in Mumbai.
- ▶ Gems and jewellery clusters in the state is concentrated in various regions of **Mumbai**
- ▶ The state is a leading trader of cut and polished diamonds in the country
- ▶ Mumbai itself has an increasing number of modern semi-automatic factories and laser-cutting units. Indian diamond merchants have good international reach having offices in Antwerp, New York, Los Angeles, etc.
- ▶ Many diamond processing units have been set up in Mumbai in Maharashtra.
- ▶ Mumbai continues to be the main diamond trading center of India accounting for the dispatch of 93% of diamond exports.
- ▶ A state of the art diamond trading centre is recently inaugurated in Mumbai, which has all the major diamond trading houses of India. As in 2009-2010, the export of diamonds from Mumbai is Rs. 61,000 crore.
- ▶ Mumbai has a strong presence of players with export focus located in SEEPZ
- ▶ The Apex body for promotion of exports in Gems & Jewellery sector, The Gems and Jewellery Export Promotion Council (GJEPC) is headquartered in Mumbai

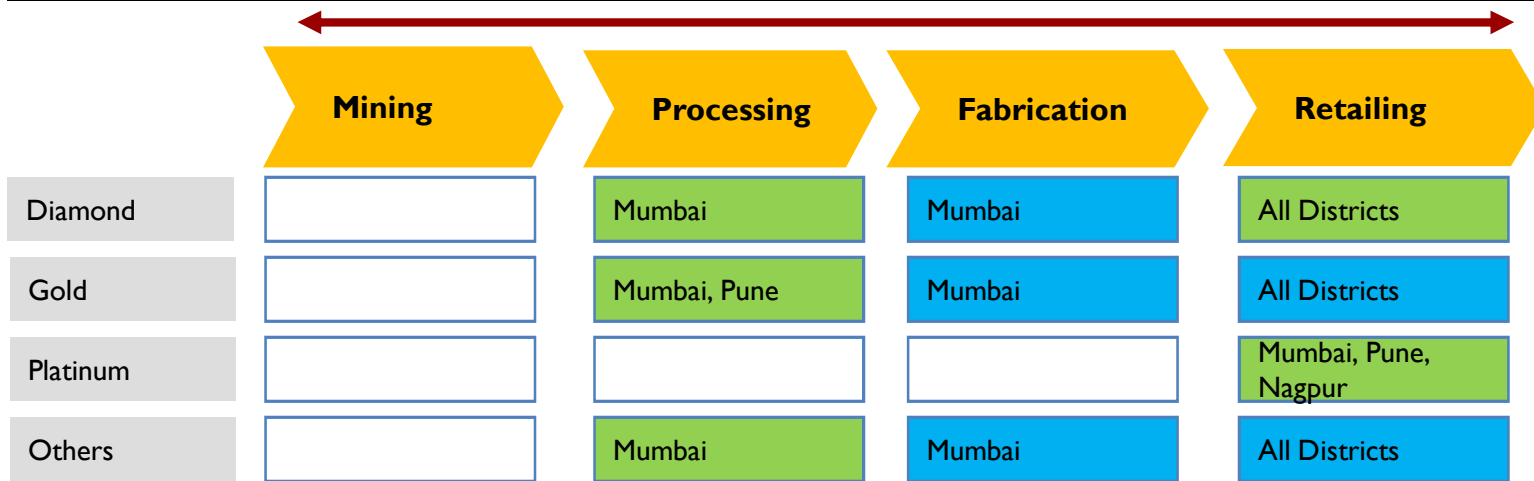
Maharashtra Gems & Jewellery Sector – Industrial Scenario



Maharashtra Gems & Jewellery Industry – Value Chain

Maharashtra has strongly emerged as the top trading destination in India for G&J sector, with a strong presence across the value chain

Gems and jewellery industry value chain



■ Strong
 ■ Medium



KEY PLAYERS

Major Players



Gitanjali Gems Ltd: It is a listed company based in Mumbai, with a annual revenue of INR **33,552 Mn** in 2009-10. Operates with retails brands like D'dmas, Asmi, Sangini, Nakshatra, Gili, Giantti. Also has strong retails network with **2000 outlets**. Company has 185 exclusive stores in India and 400 exclusive distributors and 126 stores in USA



Asian Star Company Ltd: It is listed company based in Mumbai, with a revenue of INR **13494 mn** 2009-10. It is one of the world's leading diamond manufacturer and a diamond trading company. Operates a retail brand 'Shagun Jewels'.



Classic Diamond India Ltd: It is a listed company based in Mumbai, with a revenue of INR **6558 mn** in 2009-10. Processes rough diamonds, they are largest manufacturer of below 2pts diamond in the world. Operates a retail brand 'Classic Jewels'.



Flawless Diamonds India Ltd: It is a listed company based in Mumbai, with a revenue of INR **6108 Mn** in 2009-10. It is involved in trading of diamonds mostly. Recently launched a series of designer diamond jewellery namely AUM Star, AUM Exquisite etc.



Golkunda Diamond and Jewellery Ltd: It is a listed company based in Mumbai, with a annual revenue of INR **816 Mn** in 2009-10. It is an exporter of Diamond Jewellery. They have state of the art facility located in SEEPZ.

Major Players



Shantivijay Jewels Ltd: It is a listed company based in Mumbai, with a annual revenue of INR **472 Mn in 2009-10**. It exports jewellery to 20 countries, with a product range of jewellery in Gold and Platinum



Shrenuj & Company Ltd: It is listed company based in Mumbai, with a revenue of INR **10365 mn 2009-10**. It has manufacturing units in India, Isreal, France and China. Operates with 14 brands of designer jewellery and 2 distinct chains of retails outlets by the name of 'Joliesse' and 'Diti'.



White Diamond Industries Ltd: It is a listed company based in Mumbai, with a revenue of INR **75.8 mn in 2009-10**. Engages in business of cuffing of rough diamonds and trading of cut and polished diamonds.



Sheetal Diamonds Ltd: It is a listed company based in Mumbai, with a revenue of INR **3.7 Mn in 2009-10**. It is associated with De Beers, Rio Tinto and Alrosa. Operates 11 exclusive showrooms across major cities in India with 'Kiah' and 'Bulaire' brands.



Suashish Diamonds Ltd: It is listed company based in Mumbai with a revenue of INR **13360 Mn in 2009-10**. It has 29 factories across western India. Its main activities are import of rough diamonds, cutting and polishing the same and exporting. Operates it own retail brand 'Ishi's' with 125 outlets across 25 cities in India & Middle East.



GEMS & JEWELLERY – EDUCATION INFRASTRUCTURE

All Embracing Educational Support

Educational Scenario for G&J sector

- ▶ Maharashtra has a strong skilled labor base supporting the G&J industry
- ▶ The state offers a strong educational infrastructure with dedicated institutes for the sector, Gemmological Institute of India (GII) being one of them

The Indian Institute of Gems & Jewellery (IIGJ)

- ▶ The Indian Institute of Gems & Jewellery (IIGJ) is a project of the GJEPC sponsored by the Ministry of Commerce and Industry, Government of India
- ▶ IIGJ has set up its second institute at Tardeo, Mumbai in Jan 2011
- ▶ Maharashtra also boasts of a dedicated institute for gems and Jewellery located at Mumbai

Manpower strength in Maharashtra for G&J sector

Sector	Institutions	Capacity
Management Sciences	299	21,585
Industrial Training Institutes	681	1,19,574



GEMS & JEWELLERY SECTOR - POLICY

Policy & Regulatory Support

Ministry of Industry and Commerce Policy

- ▶ All industrial undertakings of G&J are exempted from obtaining an industrial license to
- ▶ Manufacture
- ▶ Small scale units are exempt from the locational restrictions
- ▶ Entrepreneurs are required to obtain statutory clearances relating to pollution control and environment for setting up an industrial project

Taxes and Duties

- ▶ Cutting and polishing of gems and Jewellery treated as manufacturing to be treated for the purpose of exemption under Section 10A of the Income Tax Act
- ▶ Service Tax on services (related to exports), which are rendered abroad have been exempted
- ▶ Duty free import of tools, machinery & equipment, rough semi-precious stones, polished diamond
- ▶ In May 2007, the import duty on polished diamonds was abolished
- ▶ A new scheme by which units in SEZ will be able to obtain tax free receipt of services wholly consumed within the zone

FDI Policy

- ▶ 100 % Foreign direct investment (FDI) allowed in G&J through the automatic route
- ▶ The Indian retail FDI policy permits 51% ownership of single brand retail stores
- ▶ This provides multi-national jewellery brands such as Tiffany, Cartier and Zales among others the opportunity to set up operations directly in India
- ▶ The Government, however, continues to restrict foreign investment in multi-brand retail

Gems and Jewellery Export Promotion Council

- ▶ To neutralize duty incidence on gold jewellery exports, Duty drawback is allowed on such exports
- ▶ Exploring the possibility of direct procurement of rough diamonds from mining countries
- ▶ To promote exports, value limit of personal carriage has been increased from USD 5mn for overseas exhibitions .Also limit for personal carriage as samples for exports promotion is now USD 1mn
- ▶ No of days for re-import of unsold items for exhibition participation in USA is now 90 days
- ▶ Promotion of export of 'hallmark' jewellery from India to assure foreign customers of quality and purity of jewellery made in India



MAJOR OPPORTUNITIES

Opportunities Boundless

Emerging Opportunities in Gems & Jewellery Sector

Jewellery Fabrication

G&J Branding & Retail

Synthetic Diamonds

Artificial Jewellery
Manufacturing

Costume Jewellery

Diamond Processing
and Trading



KEY CONTACTS

Connecting further

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Maharashtra Industrial Development Corporation (MIDC)

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Mahakali Caves Road,
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Principal office

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