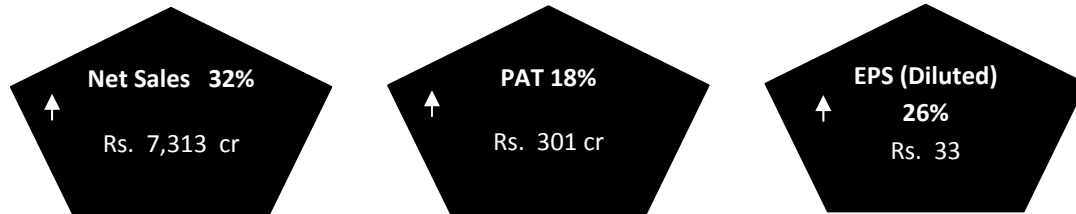


Gitanjali Group announces results for the Half year ended September 30, 2012



Editor's Synopsis

- Net Sales in the first half of FY2013 were Rs. 7,313 Cr as against Rs. 5,548 Cr. in the corresponding period last year; up 32%
- PAT in the first half was Rs. 301 Cr as against Rs. 256 Cr last year
- EPS (diluted) for H1FY13 was Rs. 33, up 26%
- Jewellery Sales in the first half were at Rs. 4,277 Cr up 48%
- EBIT in the first half was Rs. 532 Cr as against Rs. 429 Cr in the corresponding period last year
- Balanced portfolio of gold jewellery and diamond jewellery as well as the domestic and international businesses.
- Continuous shift from product brands to retail brands and category expansion

Key Financial Highlights-

In Rs. cr	Consolidated					
	3 Months ended Sept 30th			6 Months ended Sept 30th		
	Q2FY'13	Q2FY'12	% chg	H1FY'13	H1FY'12	% chg
Sales Turnover	3,928	2,972	32%	7,313	5,548	32%
EBIT	263	222	19%	532	429	24%
EBIT Margin (%)	6.7%	7.4%		7.3%	7.7%	
Net Profit	152	132	15%	301	256	18%
PAT Margin (%)	3.9%	4.4%		4.1%	4.6%	
EPS (Diluted)	17	14	22%	33	26	26%

For 6 months ended Sept 30, 2012 the company achieved Net Sales of Rs. 7,313 cr vs. Rs. 5,548 cr in the corresponding period last year, registering a growth of 32%. The company's net profit increased to Rs. 301 cr, as against Rs. 256 cr, achieving a growth of 18% on a YoY basis.

Consequently, EBIT for H1FY'13 was Rs. 532 cr, a growth of 24% over H1'FY12

Earnings per Share (Diluted) for H1FY'13 stood at Rs. 33 as compared to Rs. 27 for the corresponding period last year, achieving a growth of 26%.

Commenting on the performance, **Mr. Mehul Choksi, Chairman and Managing Director, Gitanjali Gems Ltd.** said, "Stable gold prices have driven volumes during the quarter in India. With the upcoming Diwali and marriage seasons we are expecting better sales." Mr. Choksi further added, "We have also been working on re-aligning our business to unlock value for stakeholders."

Segment-Wise Breakup-

In Rs. Cr	Consolidated					
	6 Months ended Sept 30 th			3 Months ended Sept 30 th		
	H1FY'13	H1FY'12	% chg	Q2FY'13	Q2FY'12	% chg
Revenues by Category						
Diamond Segment	3,347	2,895	15%	1,679	1,607	5%
Jewellery Segment	4,277	2,884	48%	2,450	1,538	59%
Inter Segment	319	247		198	183	
Others	8	16		(3)	11	
Total	7,313	5,548	32%	3,928	2,973	32%
EBIT by Category						
Diamond Segment	151	112	34%	56	53	7%
Jewellery Segment	386	326	18%	209	176	19%
Others	(4)	(9)		(2)	(7)	
Total	533	429	24%	263	222	19%
EBIT Margins by Category						
Diamond Segment	4.5%	3.9%		3.4%	3.3%	
Jewellery Segment	9%	11.3%		8.5%	11.4%	
Total	7.3%	7.7%		6.7%	7.5%	
Revenues by Geography						
India	4,222	2,361	79%	2,446	1,462	67%
International	3,091	3,188	(3%)	1,482	1,510	(2%)
% Share by Geography						
India	58%	43%		62%	49%	
International	42%	57%		38%	51%	

Business Highlights

Gitanjali's performance in the first half mirrors the positive mood prevalent in the home country leading up to the Festive season. Jewellery sales surged ahead of Diwali. In keeping with its innovative spirit, the company unveiled its new brands and collections namely **Envi**, **Moira**, **True Platinum** and **Karina** at the India International Jewellery Show (IJS), targeted at a wide range of customers. Gitanjali's brands have been benefitting from growing brand awareness and a shift towards organized retail on the part of the Indian consumer. Some of the recent expansions in Japan and Middle-East have also given incremental sales to the company.

Significant Developments

- **Introduction of new brands and schemes**
 - **Envi** (emerald jewellery), **Moira** (freshwater pearls and natural diamonds), **Karina** (rubies and exquisite diamonds) and **True Platinum** (Platinum Jewellery)
 - **Gold and Diamond saving schemes** which allow for jewellery purchases in a planned manner. These schemes add significant value by lending greater flexibility to jewellery purchases.
- **Introduction of Gold jewellery collections for premier brands**
 - Gitanjali's leading brands – Nakshatra, Gili, Asmi and D'damas, have all introduced gold jewellery collections amongst its offerings to the retail customers. These collections enable transformation of these brands into retail chains and offer complete store range of products to its consumers.
- **Manufacturing**
 - In the first half of the year, Gitanjali opened a factory in Jaipur to manufacture Jadau, Kundan and Polki jewellery. This factory has a monthly production capacity of 15,000 pieces. This will add to the current manufacturing strength.
- **Indian Retail**
 - In H1FY13 Gitanjali expanded its retail presence by opening 14 Owned stores and 36 Shop-in-shops and 31 franchisees. The franchisees have been opened in second and third tier towns such as Kurnool, Jharsuguda, Angul, etc., where a surge in jewellery demand is being observed
 - The first half of the year also witnessed steady growth in diamond jewellery and a significant surge in the demand for gold jewellery from Gitanjali. Prime driver was the conversion of product brands to retail brands. This necessitated additional categories in gold jewellery that connected traditional and modern jewellery buyers.
 - The second quarter, in particular, witnessed an increase in footfalls and conversions (almost 35%) at our stores.
 - To enhance store design and visual appeal make-over, Gitanjali appointed Fitch, a renowned retail designing and merchandising firm.

- **Innovative Retailing formats**

- **The Gold and Diamond Vending Machine**

Gitanjali Gems launched its third gold and diamond vending machine on the occasion of Ganeshotsav at Lalbaugcha Raja, Mumbai's most popular destination during the festival. The vending machine dispenses gold and silver coins as well as jewellery. This initiative was tremendously successful and extremely popular with visitors.

- **The E-Franchise Model**

The E-franchise concept is aimed at allowing for the retail of jewellery typically by entrepreneurs, housewives and financial planners by eliminating the need for setting up of a store. This is a low investment-high margin business model. This concept has demonstrated encouraging signs that show that it is rich with promise. It is expected to grow strongly in tandem with the rapid evolution of online retail.

- **E-commerce**

With a view to establishing itself further in the e-commerce space, Gitanjali entered into tie-ups with some of the largest online retailers in India to facilitate the sale of its branded jewellery online. These tie-ups are also aimed at improving product accessibility and enhancing customer satisfaction by delivering a richer buying experience. Gitanjali's initiatives in this regard are expected to enable it to increase its share in the growing online jewellery market space over the next two years.

- **International developments**

- After the USA and the Middle East, Gitanjali is now expanding in Japan as a third focused dimension of its international presence. Japan is the third largest diamond jewellery market in the world where nearly 12% of the world's diamond jewellery is consumed. It is a market offering high margins and excellent returns. Significant sales are being witnessed in markets such as the Middle East, Japan, Nepal and Bangladesh. We are expecting nearly 100% growth in these emerging markets. Overall we feel that the international markets are ready to expand and achieve significant margins & returns in the Group's portfolio. The company intends to target fashion-conscious buyers in the Japanese market.

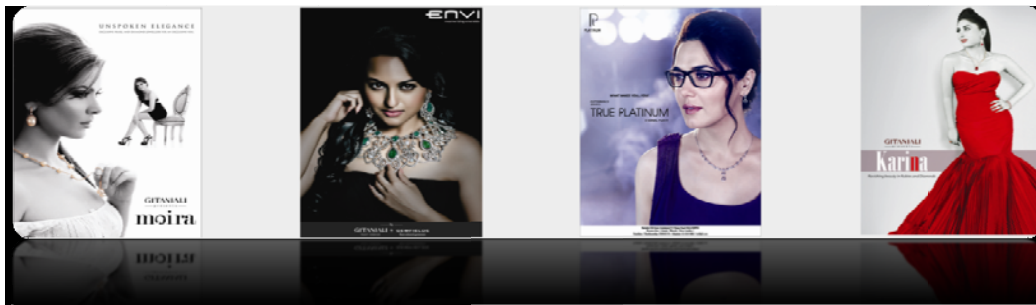
- In the US the company has outperformed other regional players. The focus is on value for the consumers. Also, the company has remodeled some of its stores for a fresh, improved look and for better inventory turns.

- **Awards & Accolades**

- Gitanjali Gems Ltd. received the prestigious **‘Niryat Shree Gold Award’** in the Gems & Jewellery category for its outstanding contribution towards export promotion.

Business Outlook

- Planning to extend its presence to 600 cities and towns from the current 300 cities and towns (with an emphasis on Tier II and III cities and towns that are witnessing a rapidly growing demand for gems and jewellery)
- Focus on the franchising model which gives geographic flexibility in terms of reaching out to Tier 3 and Tier 4 towns. This model is capital-friendly and gives better returns on capital employed.
- Striving towards being bracketed with leading international jewellery and luxury brands through effective branding and marketing initiatives
- Foraying into the fastest growing jewellery markets such as Russia, Brazil and Africa



About Gitanjali Group

Gitanjali Group is the world's largest integrated branded jewellery manufacturer-retailer with an annual turnover of over \$2.5 billion. Established in 1966, today its activities are spread across the entire value chain from rough diamond sourcing, cutting, polishing and distribution, jewellery manufacturing to branding and retailing gold and diamond jewellery in India and abroad.

The Group pioneered the jewellery retail revolution in India by launching '**Gili**' way back in 1994. It today owns and distributes eight out of the top ten jewellery brands in the country including *Gili*, *Nakshatra*, *Asmi*, *D'Damas*, *Sangini*, *Diya* and *Maya Gold*. Gitanjali's extensive network of own stores, shop-in-shops and franchise outlets span across 300 cities and 4000 points of sale.

It has 3 world-class diamond polishing facilities in India located at Surat, Mumbai and Hyderabad with a production capacity of 4,00,000 stones a month. Domestic jewellery manufacturing facilities are located at Mumbai, Hyderabad, Coimbatore, Kolkata, Surat and Jaipur. These produce 2,20,000 pieces of finished jewellery each month, while the international manufacturing set up is in Bangkok and China. The Group's international design hub is located in Italy.

Over the last two decades, the Group has expanded its operations to include the USA, the UK, Belgium, Italy the Middle East, China, Singapore and Japan.

Today the group owns a large retail chain in the US, Samuels Jewelers Inc. and has acquired a number of brands such as Stefan Hafner, Valente, Io Si, Poratti and others in Italy. The Group also has a rapidly growing presence in China, the Middle East and other emerging markets such as Russia, Saudi Arabia and the Far-eastern region.

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