



SENCO GOLD LIMITED

IPO NOTE

July 2023

Issue highlights

- ❑ **Senco Gold Limited (“Senco”)** was incorporated on August 22, 1994. Senco is a pan-India jewellery retail player with a history of more than 5 decades. Senco is the largest organized jewellery retail player in the eastern region of India based on number of stores and among eastern India based jewellery retailers, they have the widest geographical footprint in non-eastern states. Their products are sold under the “Senco Gold & Diamonds” tradename, through multiple channels, including their **70 Company Operated Showrooms and 57 Franchisee Showrooms** (including 4 franchisees owned and company operated Showrooms) currently, and various online platforms.
- ❑ With a catalogue offering more than **108,000 designs for gold jewellery and more than 46,000 designs for diamond jewellery**, they offer a large variety of designs of handcrafted jewellery, most of which are designed and manufactured in-house by their designers in close collaboration with skilled local craftsmen (*Karigars*) in Kolkata and across the country.
- ❑ Senco has a dedicated design team, comprising 20 designers as on March 31, 2023 focused on developing new products and designs that meet customers’ expectations. The manufacturing of their jewellery is carried out mainly by over 170 experienced Karigars.
- ❑ As on March 31, 2023, they have 136 showrooms, which have a total area of approximately 409,882 sq. ft., in 96 cities and towns over 13 states across India.
- ❑ The company consistently work towards providing an omni channel experience both in-showroom as well as through their websites www.sencogoldanddiamonds.com; www.mygossip.in; www.everlite.in; www.mydigigold.com and www.mysenco.in and MySenco App complementing their ability to reach customers.
- ❑ Currently, Senco has a **manufacturing facility located at the Gems and Jewellery Park, Ankurhati in Howrah, West Bengal**. They undertake wholesale exports of their jewellery primarily to Dubai, Malaysia and Singapore. As at March 31, 2023, they had 2,138 employees.
- ❑ The company is benefited from the experience and support of **SAIF Partners India IV Ltd** who have been invested in the company since 2014.

Brief Financial Details*

(₹ In Cr)

	As at Mar’ 31,		
	2023	2022	2021
Share Capital	55.85	53.19	53.19
Instruments entirely equity in nature	13.30	13.30	13.30
Reserves	876.37	659.49	536.14
Net worth as stated	944.97	725.77	602.51
Revenue from Operations	4,077.40	3,534.64	2,660.38
Revenue Growth (%)	15.36%	32.86%	-
Adj. EBITDA	303.08	252.63	174.85
Adj. EBITDA Margin (%)	7.43%	7.15%	6.57%
Profit before Tax	216.15	176.96	83.66
Net Profit for the year	158.48	129.10	61.48
Net Profit Margin (%)	3.89%	3.65%	2.31%
EPS – Basic (₹)	22.93	19.42	9.25
EPS – Diluted (₹)	22.87	19.37	9.25
RONW (%)	18.96%	19.43%	10.65%
Net Asset Value (₹)	136.83	109.20	90.64
ROCE (%)	14.22%	15.58%	13.22%

Source: RHP, *Restated Consolidated

Issue Details

Fresh Issue of Equity shares aggregating upto ₹270 Cr and Offer for sale of Equity shares aggregating upto ₹135 Cr

Issue size: ₹ 405 Cr

No. of shares: 13,455,148 – 12,776,025

Shares

Face value: ₹ 10/-

Price band: ₹ 301 – 317

Bid Lot: 47 Shares and in multiple thereof

Post Issue Implied Market Cap = ₹ 2,351 – 2,462 Cr

BRLMs: IIFL Securities, Ambit Pvt Ltd, SBI Capital Market

Registrar: KFin Technologies Ltd.

Issue opens on: Tuesday, 4th July, 2023

Issue closes on: Thursday, 6th July, 2023

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	11-07-2023
Refunds/Unblocking ASBA Fund	12-07-2023
Credit of equity shares to DP A/c	13-07-2023
Trading commences	14-07-2023

Issue break-up

	No. of Shares		₹ In Cr	% of Issue
	@Lower	@Upper		
QIB	6,727,573	6,388,012	202.50	50%
NIB	2,018,273	1,916,404	60.75	15%
-NIB1	672,758	638,802	20.25	-
-NIB2	1,345,515	1,277,602	40.50	-
RET	4,709,302	4,471,609	141.75	35%
Total	13,455,148	12,776,025	405.00	100%

NIB-1=NII Bid between ₹ 2 to 10 Lakhs

NIB-2 =NII Bid Above ₹ 10 Lakhs

Listing: BSE & NSE

Shareholding (No. of Shares)

Pre issue	Post issue~	Post issue^
69,145,806	78,115,906	77,663,156

~@Lower price Band ^@ Upper Price Band

Shareholding (%)

	Pre-Issue*	Post-Issue
Promoters	74.71%	66.25%
Promoters Group	2.20%	1.96%
Public – SAIF Partner India IV	19.23%	11.64%
Public - Others	3.86%	19.88%
Total	100.00%	100.00%

BACKGROUND

Company and Directors

The Company was incorporated as 'Senco Gold Private Limited' at Kolkata on August 22, 1994. The company was promoted by Suvankar Sen, Jai Hanuman Shri Siddhivinayak Trust and Om Gaan Ganpataye Bajrangbali Trust. Currently, Promoters hold 51,661,743 Equity Shares equivalent to 74.71% of the issued, subscribed and paid-up Equity Share capital of the company.

Brief Biographies of Directors

Ranjana Sen is the Chairperson and Whole Time Director of the company. She has been associated with the company since the incorporation of the company and has over 29 years of experience in the jewellery industry.

Suvankar Sen is the Promoter and Whole Time Director designated as Managing Director and Chief Executive Officer of the company. He has been associated with the company since 2005 and has over 17 years of experience in the jewellery industry.

Vivek Kumar Mathur is the Non-Executive Nominee Director on the Board and has been nominated by SAIF Partner India IV Ltd pursuant to the terms of the Shareholders' Agreement. He has previously served at Dell International Services Pvt Ltd and is currently a partner at Light Ray Advisors LLP.

Bhaskar Sen is an Independent Director of the company. He has experience of more than 4 decades in the banking sector. He has been associated with the company since 2021. Prior to joining the company, he was associated with Bandhan Bank Ltd, United Bank of India and Dena Bank.

Kumar Shankar Datta is an Independent Director of the company. He has been associated with the company since July 2018 and has over 30 years of experience in different corporate organisations.

Suman Varma is an Independent Director of the company. She has been associated with the company since 2018. She is an advertising and marketing professional with years of experience in the sector and was earlier associated with J Walter Thompson (India), Rediffusion – Y & R (India) and Hamdard Laboratories (India).

Joita Sen is a Whole Time Director of the company. She has been associated with the company since 2009 and has over 10 years of experience in the designing and marketing.

Shankar Prasad Halder is an Independent Director of the company. He has over 30 years of experience in both wire line as well as wireless mobile and telecommunication service providers.

Key Managerial Personnel

Sanjay Banka is the Chief Financial Officer of the company. He has been associated with the company since December 21, 2020. Prior to joining the company, he was associated with Landmark Group, Saudi Arabia, Bharat Road Network Ltd, Merino Industries Ltd. and Aksh Optifibre Ltd. He has over 20 years of experience in the various field.

Surendra Gupta is the Company Secretary & Compliance Officer and Legal Head of the company. He joined the company on May 22, 2013. He has over 8 years of experience in the jewellery industry.

OBJECTS OF THE ISSUE

The net proceeds of the Fresh Issue are proposed to be utilised as:

Objects	Amount (₹ Cr)
• Funding working capital requirements of the Company	196.00
• General Corporate Purposes	[•]
Total	[•]

OFFER DETAILS

The Offer	₹ Cr	No. of Shares
Fresh Issue	(₹ 270 Cr)	Approx. upto 8,970,099~ - 8,517,350 Equity Shares
Offer for Sale	(₹ 135 Cr)	WACA on a fully Diluted Equity Shares (₹ Per Share)
The Promoter Selling Shareholder:		
SAIF Partner India IV Ltd	Approx. upto 4,485,049~ - 4,258,675 Equity Shares	60.17^

(~ at lower price band and ^ upper price band) WACA= Weighted Average Cost of Acquisition

SHAREHOLDING PATTERN

Shareholders	Pre-offer		No. of Shares offered*	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter	51,661,743	74.71%		51,661,743	66.52%
Promoters Group	1,521,969	2.20%		1,521,969	1.96%
Total for Promoter and Promoter Group	53,183,712	76.92%		53,183,712	68.48%
Public - SAIF Partner India IV Ltd	13,296,453	19.23%	4,258,675	9,037,778	11.64%
Public - Others	2,665,641	3.86%		15,441,666	19.88%
Total for Public Shareholder	15,962,094	23.08%	4,258,675	24,479,444	31.52%
Total Equity Share Capital	69,145,806	100.00%	4,258,675	77,663,156	100.00%

* Shares at Upper Band

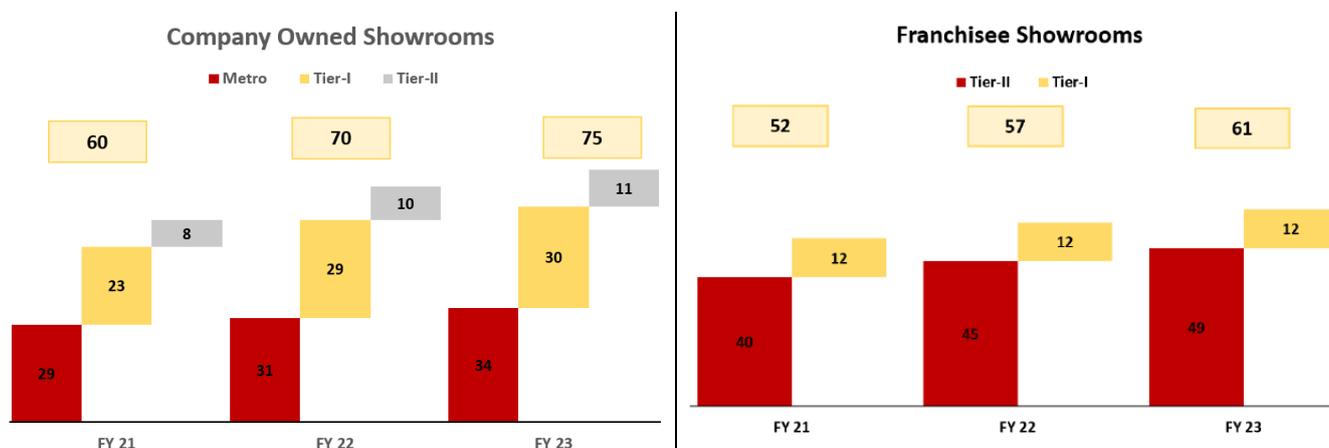
BUSINESS OVERVIEW

Senco Gold Limited (“Senco”) is a pan-India jewellery retail player with a history of more than 5 decades and have a 4th generation entrepreneur in the jewellery industry as their Promoter. Senco is the largest organized jewellery retail player in the eastern region of India based on number of stores and among eastern India based jewellery retailers, they have the widest geographical footprint in non-eastern states. They primarily sell gold and diamond jewellery and also sell jewellery made of silver, platinum and precious and semi-precious stones and other metals. Their other offerings also include costume jewellery, gold and silver coins and utensils made of silver. Their products are sold under the “Senco Gold & Diamonds” tradename, through multiple channels, including their **70 Company Operated Showrooms and 57 Franchisee Showrooms** (including 4 franchisees owned and company operated Showrooms) currently, and various online platforms, including their website www.sencogoldanddiamonds.com.

Company’s strategy of operating through multiple channels enables them to allocate capital as required, as they continue to expand geographic presence and work towards an omni channel network. With a **catalogue offering more than 108,000 designs for gold jewellery and more than 46,000 designs for diamond jewellery**, they offer a large variety of designs of handcrafted jewellery, most of which are designed and manufactured in-house by their designers in close collaboration with skilled local craftsmen in Kolkata and across the country. Machine made light weight jewellery in gold and diamonds are also manufactured at their manufacturing facility based on designs prepared by the inhouse designers and also sourced from third partner manufacturing vendors.

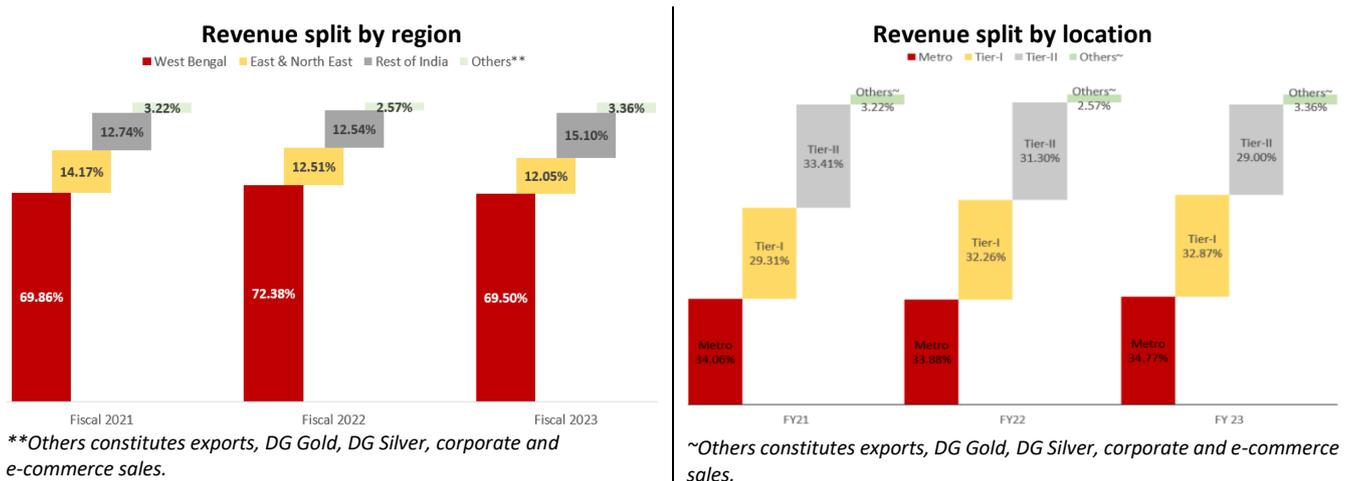
As on March 31, 2023, they have 136 showrooms, which have a total area of approximately 409,882 sq. ft., in 96 cities and towns over 13 states across India. Some of their Franchisee Showrooms are located in areas other than metros and tier-I, providing greater reach in tier-II locations.

The Showroom growth:



The company consistently work towards providing an omni channel experience both in-showroom as well as through their websites www.sencogoldanddiamonds.com, www.mygossip.in, www.everlite.in, www.mydigigold.com and www.mysenco.in and **My Senco App** complementing their ability to reach customers. They also have marketing arrangements with leading online marketplaces. They have built and continue to focus on improving their centralised digital infrastructure, from inventory tracking to customer management which has made their front and back end robust and user friendly, enabling them to give faster service.

The revenue from operations split (without including franchisee fees and discount allowed) by region and location is as follows:



Senco has been serving customers for more than 5 decades now, and they are continuously trying to focus on customer retention initiative through adoption of quality norms, loyalty programs, hyper local offerings, phygital approach and also making sure that they design jewellery in line with the latest market trends and regional variations. Senco has a dedicated design team, comprising 20 designers as on March 31, 2023, focused on developing new products and designs that meet customers' expectations. The manufacturing of their jewellery is carried out mainly by over 170 experienced Karigars. They also manufacture machine crafted jewellery and source jewellery from third party vendors.

Senco offers a diverse jewellery collection, which includes gold jewellery, diamond jewellery, platinum jewellery and studded jewellery of various forms, across various price points (ranging from approximately ₹ 2,000 to approximately ₹ 500,000) to maximise their customer base. Their strategy and experience in selling light weight jewellery has enabled them to reach out to a wide customer base across age groups. Also, they are able to reach out to a wider customer base through their presence in tier-II and tier-III locations.

Through their *D'Signia* Showrooms and Vivaha collection Senco aims to cater to customers seeking heavier or premium designer jewellery or a more premium jewellery retail shopping experience. Their standard Showrooms have an Average Ticket Size of ~₹ 48,000, while the *D'Signia* Showrooms have an Average Ticket Size of ~₹ 51,000 and their Everlite Showrooms have an Average Ticket Size of ~₹ 29,000 each for the Fiscal 2023.

Senco has launched an online platform of the purchase of digital gold, **mydigigold.com**, which allows customers to accumulate gold in a physical third-party secure vault and to subsequently sell the same online or redeem the gold in the form of jewellery at any of their Showrooms. They also offer jewellery purchase schemes with monthly installments from 6 months up to 18 months with minimum investments starting from ₹ 1,000. Their jewellery purchase schemes have been rated as [ICRA] A (stable) to the extent of ₹ 235 crore by ICRA Limited and their bank facilities are rated by ICRA Ltd as [ICRA]A (stable) indicating low credit risk, to the extent of ₹ 1,200 crore.

Company's marketing schemes vary as per occasion, season and the needs of the customers and are tailored to befit occasions such as weddings, anniversaries, birthdays and festivities, when people customarily buy jewellery. During the Fiscals 2023, 2022 and 2021, they incurred expenses of ₹ 81.04 crore, ₹ 50.58 crore and ₹ 26.19 crore respectively, on advertising and sales promotion representing 1.99%, 1.43% and 0.98% respectively of the revenue from operations for the respective years.

As a part of their marketing initiatives, they have appointed Kiara Advani, actor, Vidya Balan, actor, and Sourav Ganguly, ex-captain, Indian men's cricket team, as brand ambassadors to enhance their brand presence and market their products. They also tie-up with regional celebrities, such as Sunita Devi (alias Sunita Kaushik), Isha Saha (alias Moumita Saha) and Madhumita Chakraborty (alias Madhumita Sarcar) to enhance their brand presence for specific markets.

Senco has implemented a loyalty program with 696,723 active customers, as of March 31, 2023, through which they can earn benefits on repeated purchases or referrals and they have entered into an agreement with a third-party service provider for providing among others, financing facilities to enable customers to purchase high value diamond jewellery through repayment in installments.

Senco stringently follow the hallmarking process for their gold jewellery. All their diamonds, comprising jewellery and loose diamonds are certified by SGL Labs, and additionally, certain specific diamonds such as Hearts & Arrows cut diamonds are certified by GEMEX. Loose diamond stock is regularly assessed for valuation so as to derive greater transparency to their

business. Majority of the gold used as raw material by them is sourced by way of gold metal loan facilities offered by bullion banks.

Currently, Senco has a **manufacturing facility located at the Gems and Jewellery Park, Ankurhati in Howrah, West Bengal**. They undertake wholesale exports of their jewellery primarily to Dubai, Malaysia and Singapore. As at March 31, 2023, they had 2,138 employees.

KEY PERFORMANCE INDICATORS

KPI	Fiscal 2023	Fiscal 2022	Fiscal 2021
Return on Capital Employed (%)	14.22%	15.58%	13.22%
Return on Equity (%)	18.96%	19.43%	10.65%
Revenue CAGR (Fiscal 2021 – Fiscal 2023) (%)	23.80%		
Inventory Turnover Ratio	2.49	2.91	2.50

REVENUE FROM OPERATIONS

Particulars	Fiscal Year ended March 31,					
	2023		2022		2021	
	Amount (₹ Cr)	% to Total	Amount (₹ Cr)	% to Total	Amount (₹ Cr)	% to Total
Sale of products	4,069.75	99.81%	3,525.39	99.74%	2,654.67	99.79%
Gold jewellery	3,657.09	89.69%	3,235.14	91.53%	2,444.95	91.90%
Diamond and precious/semi-precious stones	276.08	6.77%	188.57	5.33%	134.49	5.06%
Silver jewellery and articles	39.09	0.96%	33.81	0.96%	20.70	0.78%
Platinum jewellery	82.98	2.04%	57.01	1.61%	46.93	1.76%
Fashion jewellery	9.66	0.24%	6.78	0.19%	4.97	0.19%
Novelty and accessories	4.84	0.12%	4.08	0.12%	2.62	0.10%
Other operating revenue	7.66	0.19%	9.25	0.26%	5.71	0.21%
Franchisee fees	7.66	0.19%	9.25	0.26%	5.71	0.21%
Total - Revenue from Operations	4,077.40	100.00%	3,534.64	100.00%	2,660.38	100.00%

COMPANY OPERATIONS AND PRODUCTS



Senco Showroom



D'Signia Showroom



Everlite & Gossip Showroom

Showrooms

Senco operates through their Company Operated Showrooms and Franchisee Showrooms. As on March 31, 2023, they have 75 Company Operated Showrooms and 61 Franchisee Showrooms (including 4 franchisee owned and Company operated Showrooms).

The number of Company Operated Showrooms and the number of franchisee owned and operated and franchisee owned and company operated Showrooms:

Particulars	Company Operated Showrooms			Franchisee Showrooms		
	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2023	Fiscal 2022	Fiscal 2021
No. of showrooms at the beginning of the year	70	60	56	57	52	51
No. of showrooms added during the year	5	10	4	6	7	2
No. of showrooms closed during the year	-	-	-	2	2	1
No. of showrooms at the end of the years	75	70	60	61	57	52

Total	Company operated and Franchisee showrooms								
	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2023	Fiscal 2022	Fiscal 2021
	Senco	Everlite	D'Signia	Senco	Everlite	D'Signia	Senco	Ever lite	D'Signia
Showroom Count Opening	117	2	8	106	1	5	103	1	3
Addition	11	0	0	13	1	3	4	0	2
Closing	2	0	0	2	0	0	1	0	0
Showroom count at the end of the year	126	2	8	117	2	8	106	1	5

Particulars	Company operated								
	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2023	Fiscal 2022	Fiscal 2021
	Senco	Everlite	D'Signia	Senco	Everlite	D'Signia	Senco	Everlite	D'Signia
Showroom Count Opening	60	2	8	54	1	5	52	1	3
Addition	5	0	0	6	1	3	2	0	2
Closing	0	0	0	0	0	0	0	0	0
Showroom count at the end of the year	65	2	8	60	2	8	54	1	5

Particulars	Franchisee Owned								
	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2023	Fiscal 2022	Fiscal 2021
	Senco	Everlite	D'Signia	Senco	Everlite	D'Signia	Senco	Everlite	D'Signia
Showroom Count Opening	57	0	0	52	0	0	51	0	0
Addition	6	0	0	7	0	0	2	0	0
Closing	2	0	0	2	0	0	1	0	0
Showroom count at the end of the year	61	0	0	57	0	0	52	0	0

Senco primarily sell gold, diamonds, studded gold jewellery, jewellery made of silver, and platinum, gold and silver coins. They also sell other products like costume jewellery and utensils made of silver. They offer a wide variety of jewellery options, including necklaces, bangles, rings, earrings, pendants, bracelets, mangtika, mangalsutra and chains.

Some of their brands and collections include:

Brand	Brand Details
Everlite	Everlite is crafted for the modern Indian women. This light-weight gold and diamond collection starts from approximately ₹ 5,000 and goes up to ₹ 60,000. The products offered with various collections named Denim, Venus, Nature, Tribe, Magnificence and Floral. The objective is to promote daily usage of jewellery which is inspired from nature or geometrical shapes.
Gossip	'Gossip' brand for fast- moving, fashionable and easy-to-wear silver jewellery. The 'Gossip' brand is made of sterling silver or base metal with precious and semi-precious stones, including zirconia. This gives freedom to change jewellery with varying clothes preferences at different occasions.

Brand	Brand Details
Aham	Aham collection has been designed especially for the cosmopolitan man and can be used as part of daily wear as well as in social occasions. This offers a collection of rings, bracelets, cufflinks, ear-studs, chains and pendants in diamond, platinum, gold and silver.
The Vivaha Collection	The Vivaha Collection (marketed under the Senco-Di-wedding campaign) has a wide range of jewellery for wedding in the family, including the bride, the groom and their respective the families. This collection offers an exclusive range of Filigree, Temple, Antique, Polki, Kundan and unique diamond collection.
Perfect Love Diamond Solitaires	This collection offers an exquisite range of solitaire earrings, rings, pendants, nose pins and single diamond studs. All their diamonds, comprising jewellery and loose diamonds are certified by SGL, and additionally, certain specific diamonds such as Hearts & Arrows cut diamonds are certified by GEMEX for brilliance.

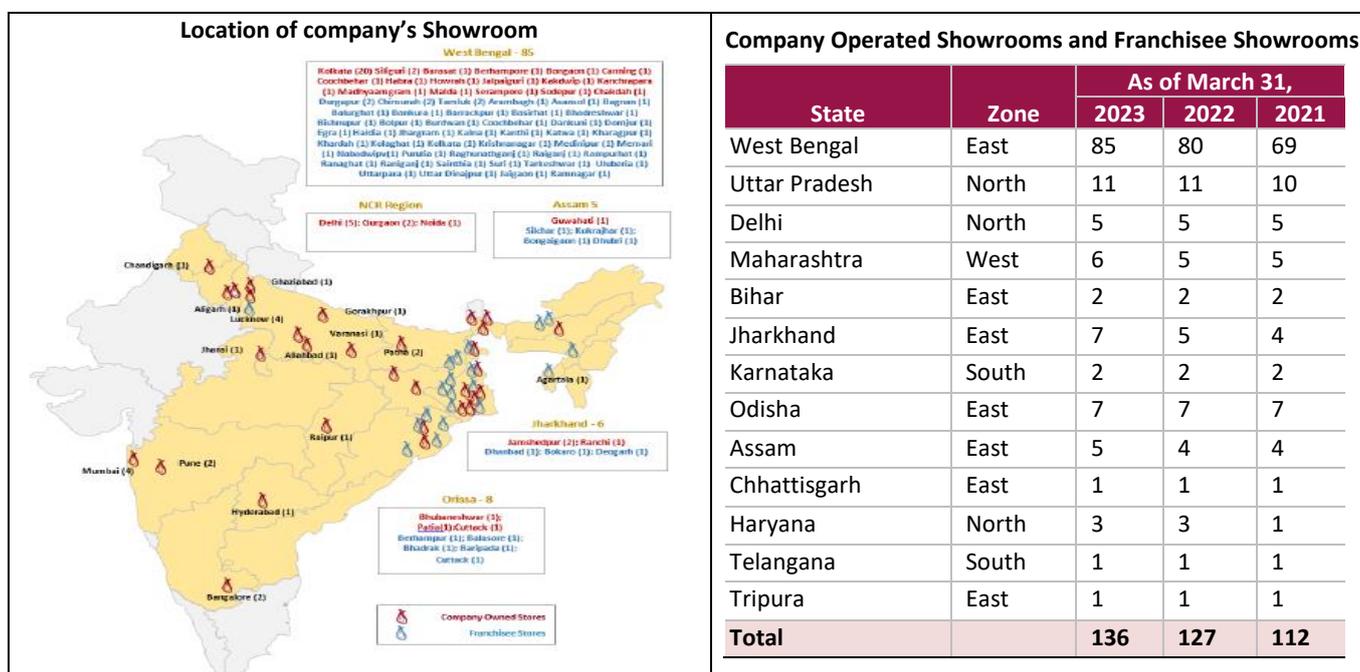
Some of the schemes and digital offerings are below:

Brand	Brand Details
Jewellery purchase schemes	Senco offers a secure and convenient way to buy jewellery, gradually through periodic installment under the jewellery purchase schemes. Senco provides 3 types of jewellery purchase schemes, <i>Swarna Labh</i> for installments of 6 months, <i>Swarna Yojana</i> for installments of 11 months and <i>Swarna Vridhi</i> for installments up to 18 months. The minimum enrolment amount is ₹ 1,000 and installments are in multiple of ₹ 1,000 thereafter. The jewellery purchase schemes are also available online through their website and through their mobile application.
DG Gold	Senco has introduced DG Gold through which they provide customers a digital platform for the purchase, redemption and sale of the gold through their website, www.mydigigold.com . Through DG Gold, customers can purchase a minimum quantity of 50 mg of gold or gold of equivalent value. The purchased gold is 24 carat of 99.5% purity. The digitally purchased gold can either be redeemed at their Showrooms in the form of jewellery or may be sold online (through DG Gold) by the customer.
DG Silver	Senco has introduced DG Silver through which they provide customers a digital platform for the purchase, redemption and sale of the silver through their website, www.mydigisilver.com . Through DG Silver, customers can purchase a minimum quantity of 50 mg of silver or silver of equivalent value. The purchased silver 99.9% purity. The digitally purchased silver can either be redeemed at their showrooms in the form of jewellery or may be sold online (through DG Silver) by the customer.

Jewellery Design: Senco has a dedicated design team, comprising 20 designers as on March 31, 2023. All of their designers are focused on developing new designs that meet customers' requirements.

Sen'nes: Senco is diversifying their product offerings and expanding into bags and perfumes. By venturing into this sector, they can diverse customer base that spans across different demographics and geographies.

GEOGRAPHICAL FOOTPRINTS



COMPETITIVE STRENGTHS

- ***The strong brand name with heritage and a legacy of over 5 decades***

Company's commitment to quality and transparency has enabled them to position "Senco Gold & Diamonds" as a strong and trusted brand in markets in which they operate East and North-East India, as a jewellery retailer with a wide range of gold, silver and diamond jewellery products. They have received the award of "Best Chain of Retail Stores (National-2017)" by Indian Bullion and Jewellers Association Ltd at the 4th India Bullion and Jewellery Awards, 2017. They have improved their ranking from 4th most trusted jewellery brand by TRA's Brand Trust Report 2017 to 2nd most trusted jewellery brand by TRA's Brand Trust Report 2020. They have been consistently ranked 2nd by TRA's Brand Trust Report in the jewellery category for each of the years 2020-2023. They have been awarded the Best Brand in Jewellery Category by The Economic Times in 2021. The Company has also been awarded the Business Leadership Award by CMA Management Excellence and Shakti award for women leadership in Jewellery sector by Informa market and SVAR in 2022. The company has also received the KALEIDO award by ET Brand Equity, Best Organisational Development (OD) Programme and Best Training Initiative for retail by national awards for Leadership and Excellence and Marketing Campaign of the Year at the Awards for Excellence in Branding and Marketing by CMO Asia in 2021 and 2022 for Bangle Utsav 2021 and 2022, respectively.

- ***Largest organised jewellery retail player in the eastern region of India based on number of stores***

Senco is the largest organised jewellery retail player in the eastern region of India based on number of stores and among eastern India based jewellery retailers, they have the widest geographical footprint in non-eastern states. They have strategically expanded their presence to 13 states across India. As on March 31, 2023, they have 75 Company Operated Showrooms and 61 Franchisee Showrooms (including 4 franchisee owned and company operated showrooms) located across 96 cities and towns in India with an aggregate area of approximately 409,882 sq. ft.

- ***Strong 'Company Operated Showroom' base complemented by an established asset-light 'franchise' model leading to operating leverage***

Senco focuses on attaining an optimal balance between their operated Showrooms and expanding their asset-light franchisee model. They use a 'hub and spoke' approach to enter new geographies and optimize their inventory management. As on March 31, 2023, they had 57 Showrooms which are 'franchisee owned, franchisee operated' and 4 Showrooms which are 'franchisee owned, Company operated'. Their 1st franchisee agreement was signed in the year 2000 and since then they have been maintaining a cordial relationship with their franchisee partners, which has resulted in opening of multiple "Senco Gold & Diamonds" showrooms by the same franchisee partner.

- ***Calibrated focus on light, affordable jewellery to cater to the upwardly mobile and younger generation***

Company's wide range of product offerings caters to diverse customer segments. In particular, they cater to the upwardly mobile class and younger generation. Further, they have a diverse range of offerings within the category of affordable jewellery, with an active catalogue of more than 120,000 designs for gold jewellery designs and more than 69,000 designs for diamond jewellery.

They have developed 2 specific ranges/ brands to target these demographics. The *Everlite* brand of light-weight gold and diamond jewellery varies from approximately ₹ 5,000 to ₹ 60,000 and is targeted at the upwardly mobile. Currently, they had 2 exclusive *Everlite* Showrooms in addition to dedicated *Everlite* counters at most of their Showrooms. The *Gossip* brand caters to the silver and costume jewellery needs of their younger customers. This *Gossip* brand is made of sterling silver or base metal, studded with semi-precious stones and imitation stones including zirconia and coloured crystals. They have also started the *D'Signia* branded Showrooms to focus on more premium or higher value jewellery. In 2019 they have launched the *Aham* collection to provide jewellery for men.

- ***Established Systems and Procedures to mitigate risk and improve efficiencies***

Company's operational processes are set forth in an operating manual as:

- ***Efficient Inventory Management:*** company's inventory of jewellery for both the Company Operated Showrooms and their Franchisee Showrooms is bar-coded and monitored and controlled through their ERP.
- ***Strong Technology Focus:*** Senco has POS systems at all Showrooms which are integrated with their centralised ERP system and use the ERP across all showrooms and offices in order to maintain greater control over business operations.
- ***Quality Control:*** Senco stringently follow the hallmarking process for all their gold jewellery. Most of their diamonds, comprising jewellery and loose diamonds are certified by SGL, and certain specific diamonds are certified by GEMEX.

- **Procurement advantage:** Company's operations integrate their sourcing, manufacturing, retail and export sales with several competitive advantages. One of their key strengths lies in the meticulous craftsmanship of their Bengali Karigars.
- **Safety, Security and Surveillance Systems:** Safety, security and surveillance of their facilities and locations is a critical part of their business as well as risk management systems. Their factory and procurement departments are managed with their 24*7 CCTV surveillance. Additionally, all of their showrooms are equipped with night vision CCTV cameras, burglar alarms, fire management systems and remote sensors. Further, they have entered into agreements with security agencies for providing security services at most of their showrooms.
- **Comprehensive Corporate Planning and Budgeting:** The annual budgeting process is designed to achieve functional and divisional goals and profitability for the year. Their annual budget also accounts for new showroom expansion plans and estimated revenue expected to be generated from such new showrooms and rational allocation of expenditure for existing and projected showrooms.
- **Experienced management team and institutional investor support**

Senco is led by a right mix of professionals from various fields, their corporate setup has been appropriately balanced to include management and other professionals. Their Individual Promoter and Managing Director and Chief Executive Officer, Suvankar Sen has been involved in the jewellery business in India for more than a decade and is a 4th generation entrepreneur, with an established track record and extensive experience in the jewellery industry. Their Chairperson and Whole Time Director, Ranjana Sen has over 28 years of experience in the jewellery industry. The Whole Time Director, Joita Sen has over 10 years of experience in designing and marketing. They also benefit from the experience and support of **SAIF Partners India IV Ltd**, who have been invested in the company since 2014.

KEY BUSINESS STRATEGIES

- **Further expand the presence through a strong and diverse distribution channel**

As part of their expansion strategy and becoming future ready company, Senco intends to customise their showroom formats based up on location and target segment. In addition to their regular Senco Gold & Diamonds Showroom format they intend to add new and future generation showroom formats including, *D'Signia* Showrooms in areas of comparatively higher affluence and *Everlite* Showrooms in areas with comparatively lower age median. In addition to physical showrooms, they have also adopted a "Phy-gital" model to ensure that they reach to geographies beyond their physical showrooms. They also aim to continue to increase their presence in the digital space through their online platforms and through online marketplaces.

- **Focus on increasing the overall operating margins by adapting optimal product mix**

Senco intends to continue to increase their gross margins by focusing on product categories which yield higher margins. They intend to prioritise diamond jewellery, as the consumer demand for diamond jewellery in India has increased at relatively higher rates compared to the demand for gold jewellery.

- **Continue to invest in the marketing and brand building initiatives through hyperlocal strategy**

Company's marketing and promotion efforts seek to increase sales by building brand awareness that stimulates interest in their product range and strengthening their position in the Indian jewellery industry. The key marketing channels that they use on an ongoing basis include customer advertisements with specific coverage. They intend to continue to leverage their existing customer base to encourage customers through referral and loyalty programs.

- **Focus on catering to the younger generation and the upwardly mobile in India**

Jewellery retailers have started manufacturing lightweight fashion jewellery of contemporary designs, suitable for daily use as rising number of young consumers prefer to purchase jewellery for adornment rather than investment, consumer preference is shifting away from traditional bulky jewellery towards lightweight fashion items. Having set up their *Everlite* and *Gossip* brands and their *Perfect Love Diamond Solitaires* and *Aham* collections, Senco aims to cater to the younger generation and the upwardly mobile in India by building brands with a lower product price.

- **Leverage technology to enhance operational efficiency, customer experience and delight**

Senco aims to continue to increase their presence in the digital space through their online platforms as well as through online marketplaces. This helps them extend their reach to geographies beyond where they have Company Operated Showrooms and Franchisee Showrooms. Their strategy is to increase their business through the digital platform and leverage manufacturing capability on creation of an asset light sales channel thereby offering a seamless combination of both offline and online buying choice for customers.

COMPETITION

Senco faces competition from both the organized and un-organised sectors of the jewellery retail business, including online jewellery sellers and online marketplaces. Some of the major organised jewellery retailers in India include **Titan Company Ltd** (through its brand Tanishq), **PCJ, KJIL, JIPL, TBZ, TJL and Malabar Gold Pvt. Ltd.** Also, some of the major organised jewellery retailers in eastern India include **PC Chandra Jewellers, Anjali Jewellers Pvt Ltd and MP Jewellers.** They also face competition from the un-organised segment which comprised 62-67% of the total market in India as of fiscal 2022.

INDUSTRY OVERVIEW

Details of major organised jewellery retailers in east India (indicative list)

Players	Description	Key product segments	Collections	Store count*	Presence
Senco Gold Ltd (SGL)#	Incorporated in August 1994 initially as a private limited company, SGL was reconstituted as a public limited company in 2007. It manufactures and retails plain and studded gold jewellery, along with diamond, platinum and silver jewellery. It also exports to wholesalers in Singapore, Dubai and Malaysia.	Gold, diamond, platinum and silver jewellery	Everlite, Vivaha, Aham, Gossip, Perfect Love, Shloka	108	Pan India; majorly eastern India
PC Chandra Jewellers	The PC Chandra Group has been engaged in jewellery retail since 1939 through its partnership concern, PC Chandra & Sons. The company manufactures and retails gold, silver and precious stone ornaments.	Gold, silver and precious stone ornaments	Goldlites, Little Jewels	77	East India
Anjali Jewellers Pvt Ltd	Anjali Jewellers was incorporated in November 1992 in Kolkata. Apart from manufacturing and retailing, it has a collection of astrological stones. It focusses on customers who are conscious about taste, style and heritage.	Gold, diamond silver and gem stonejewellery	NA	NA	East India
MP Jewellers	Set up in 1945, MP Jewellers is one of the oldest family-run jewellery groups in West Bengal. It manufactures and retails gold, diamond, platinum and silver jewellery. It has 20 retail outlets in West Bengal, Assam and Tripura	Gold, diamond, platinum and silver jewellery	NA	20	Mainly East India

Major organised jewellery retailers – Domestic store-level details in India

	Store break-up		Geographical spread			
	Owned	Franchisee	E&NE [^]	West	North	South
National and major regional players						
Senco Gold Ltd (SGL)#	✓	✓	108	6	19	3
Kalyan Jewellers India Ltd (KJIL)	✓	✓	50	28	30	76
Joyalukkas India Pvt Ltd (JIPL)	✓	x	1	6	6	73
Titan Company Ltd (Jewellery Div.)	✓	✓	66	110	119	116
Tribhovandas Bhimji Zaveri Ltd (TBZ)	✓	✓	7	19	2	4
Thangamayil Jewellery Ltd (TJL)	✓	x	-	-	-	54
PC Jeweller Ltd (PCJ)	✓	✓	13	13	53	-
Other east-based players						
PC Chandra Jewellers	✓	✓	77	1	2	3
MP Jewellers	✓	x	20	-	-	-

* Store counts are sourced from company websites accessed on 25 May 2023; [^]E&NE- East & Northeast; #SGL store count is as on 31 March. 2023

Financial data of major organised jewellery retailers (FY23)

Particulars	Operating income (FY23, Rs Cr)	Operating income growth	Operating margin	Net profit margin	Inventory days	ROCE	Working Capital Days	Gearing	Interest Coverage
SGL	4,077.4	15.0%	8.0%	4.0%	174	26.0%	161	1.2	4
Titan Company [^]	33,706.0	38.0%	13.9%	9.2%	163	31.9%	62	0.2	20
TJL	3,153.0	20.5%	4.9%	2.5%	120	14.9%	117	1.6	5.6
KJIL	14,071.4	56.0%	7.9%	3.2%	208	10.5%	184	0.7	3.7
TBZ	2,393.4	30.0%	4.8%	1.7%	196	8.4%	70	1.01	2.7

Financial data of major organised jewellery retailers (FY20-23 average)

Particulars	Operating income (FY23, Rs Cr)	Operating income growth (FY20-23 CAGR)	Operating margin (FY20-23 average)	Net profit margin (FY20-23 average)	Inventory days (FY20-23 average)	ROCE (FY20-23 average)	Working Capital Days (FY20-23 average)	Gearing (FY20-23 average)	Interest Coverage (FY20-23 average)
SGL	4,077.4	19%	6%	2.5%	166	13.1%	132	1.1%	3.7
Titan Company [^]	33,706.0	17%	8%	4.8%	169	24.0%	61	0.1%	15.3
TJL	3,153.0	23%	4.8%	2.3%	131	15.2%	98	1.3%	4.6
KJIL	14,071.4	12%	7.7%	1.6%	213	12.4%	125	1.1%	2.5
TBZ	2,393.4	10%	5.1%	1.4%	249	6.6%	157	1.0	2.3

COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2023)

Name of the Company	Consolidated/ Standalone	Face Value	Total Income for fiscal 2023 (₹ Cr)	Equity Share Capital (₹ Cr)	Net worth (₹ Cr)	EPS		NAV	P/E	RoNW (%)
						Basic	Diluted			
Senco Gold Ltd	Consolidated	10	4,108.54	55.85	945.52	22.93	22.87	136.83	[•]	18.96
Listed Peers										
Kalyan Jewellers India Ltd	Consolidated	10	14,109.34	1,030.05	3,634.71	4.2	4.2	35.29	29.29	12.79
Titan Company Ltd	Consolidated	1	40,883.00	88.78	11,851.00	36.61	36.61	133.49	81.13	30.73

Source:RHP; P/E Ratio has been computed based on the closing market price of the equity shares (Source: NSE) on June 22, 2023.

The Key Performance of Indicators:

KPI	Senco Gold			Kalyan Jewellers India			Titan Co		
	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2023	Fiscal 2022	Fiscal 2021
Revenue from operations (₹ Cr)	4,077.40	3,534.64	2,660.38	14,071.45	10,817.93	8,573.31	40,575.00	28,799.00	21,644.00
Profit after tax for the year (₹ Cr)	158.48	129.10	61.48	433.11	224.21	(6.30)	3,250.00	2,173.00	973.00
Return on Capital Employed (%)	14.22%	15.58%	13.22%	12.24%	9.53%	6.85%	24.54%	20.51%	12.89%
Return on Equity (%)	18.96%	19.43%	10.65%	12.79%	7.52%	(0.25)%	30.73%	25.87%	13.74%
Revenue CAGR (Fiscal 2021-23) (%)	23.80%			28.11%			36.92%		
Inventory turnover ratio	2.49	2.91	2.50	2.20	1.95	1.71	2.69	2.62	2.62

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