BUSINESS PLAN · INDIA

Fashion & Costume Jewellery Business

Design-led imitation jewellery manufacturing for wholesale, private label, export and D2C

GEMS, JEWELLERY & PRECIOUS GOODS

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

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1. Executive Summary

This plan sets out a **Fashion & Costume Jewellery Business** in India — designing and manufacturing **imitation and fashion jewellery in brass, alloy and zinc die-cast with gold, rhodium and e-coat plating, set with CZ, glass, resin and simulated pearls** — supplying wholesalers and distributors, modern retail chains on private label, export buyers, and an own D2C and marketplace brand.

> **This is the only plan in the vertical with no precious metal in it, and it therefore inverts almost every convention the preceding seven plans established.** The metal-as-pass-through lens is abandoned entirely: material here is **34% of revenue rather than 78%**, gross margin is **66% rather than 22%**, and there is **no gold price exposure, no hallmarking, no assay, no metal loan, no vault-grade custody problem.** A promoter arriving from gold jewellery will find the financial shape unrecognisable and, at first glance, far more attractive.

> **The catch is a single asymmetry, and it governs the whole business.** In every previous plan, a design that failed to sell was recoverable — **melt it, and the metal is worth what it always was.** Gold businesses can afford to be wrong about design because the mistake retains its intrinsic value. **Here, unsold fashion jewellery is worth scrap. A design failure is a total loss.** That converts the business from a metal problem into a **fast-fashion problem**, where the things that kill you are **design velocity, trend risk and dead stock** — and where the governing metric is not inventory turns of an intrinsically valuable asset but **full-price sell-through**, exactly as in apparel. This plan carries **markdown and dead-stock write-down as an explicit cost line at 6.4–8.5% of revenue**, because a fashion jewellery plan that omits it is not describing the business.

The honest structural weakness follows from the same place: **this is a low-barrier business.** The equipment is inexpensive and widely available, imports are cheap, and anyone can enter. **The barrier is the design team and the retail relationship, not the factory** — which is why design and product development is funded here at a level that would look extravagant in a gold unit.

This plan models a business requiring **₹2.4 crore** (₹95 lakh promoter + ₹75 lakh term loan + ₹70 lakh working-capital finance), moving from **₹7.3 crore revenue and a ₹25 lakh loss** in Year 1 to **₹18.5 crore revenue and ₹1.6 crore profit** by Year 3, with full-price sell-through improving from 62% to 73%. *(Fashion jewellery; margin- and sell-through-driven, trend-exposed — figures illustrative.)*

2. Business Description, Vision & Legal Structure

Concept: A fashion and costume jewellery manufacturer — in-house design and product development, die-casting, stamping, assembly, stone setting, plating and finishing; supplying wholesale and distribution, modern retail private label, exports, and an own D2C brand, with tooling and design-development services.

Vision: To get a trend from sketch to shelf faster than anyone we compete with — and to have nothing left over when the trend passes.

Mission: Design constantly, produce to demonstrated demand, plate to the thickness we claim, and certify that what we make is safe against skin.

Legal structure options

- **Private Limited** — recommended: retail-chain vendor registration, export documentation and working-capital facilities all favour it.
- **LLP** — workable for a design-and-outsourced-manufacturing model.

- **Proprietorship** — genuinely viable at small scale in this trade, which is precisely why the barrier to entry is so low.

> **Regulatory anchor: BIS hallmarking does not apply** — this is not precious metal — but a different and often-underestimated compliance set does. **Nickel and lead content matter legally, not just commercially: EU REACH restricts nickel release from items in prolonged skin contact, and the US CPSIA sets strict lead limits, particularly for children's jewellery. A supplier who cannot certify nickel release simply cannot export to Europe**, and heavy-metal non-compliance in a children's line is a recall-and-liability event rather than a quality complaint. **Plating operations bring electroplating effluent under pollution-control consent**, with heavy-metal-bearing streams requiring treatment; **cyanide-based plating baths, where used, are a fatal hazard demanding documented protocol.** Otherwise: factory and labour law, GST, **design registration under the Designs Act** (worth doing for signature pieces, though enforcement in this trade is realistically limited), export registration and, for D2C, e-commerce and consumer-protection rules including accurate material description — **describing plated brass in language that implies gold content is misdescription.**

3. Promoter & Ownership

Led by a promoter with fashion, accessories, jewellery or retail-sourcing background. Two competences decide outcomes: *trend judgement and design velocity* — the ability to read what will sell three months out and get it made, because **in this business the design calendar is the production plan**; and *channel management*, since retail and wholesale buyers reorder on sell-through and drop suppliers who cannot refresh. Notably, **metallurgical and assay skills, which dominated every other plan in this vertical, are largely irrelevant here — and product-safety testing knowledge matters far more.** Design capability, speed to shelf, plating quality & compliance certification are the differentiators. Ownership, equity & any partner are editable inputs.

4. Market Analysis — India & Export

Demand is driven by fashion-led accessorising, occasion and festive wear, the affordability of imitation against rising gold prices, wedding and bridal imitation sets, social-media-driven trend cycles, and export demand for Indian design and craftsmanship at accessible price points. Demand is large and genuinely growing — **and gold's price rise is a direct tailwind, since it pushes occasion buyers toward imitation.** The market rewards design and speed; it is **trend-exposed, import-pressured and margin-rich**.

Demand drivers

- **Rising gold prices** pushing occasion and festive buyers toward high-quality imitation — **the single clearest structural tailwind in this vertical.**
- **Fashion accessorising** among younger buyers who change pieces with outfits rather than keeping them for decades.
- **Bridal and festive imitation sets**, including temple, kundan-style and polki-look ranges.
- **Social media trend cycles** compressing the time from a look appearing to demand arriving.
- **Export demand** for Indian design at accessible price points, particularly ethnic and fusion ranges.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Indian fashion & imitation jewellery	Very large, largely unorganised
SAM	Channels served: wholesale, modern retail, export, D2C	Serviceable

SOM (Yr 1–3)	**Designs that sell through at full price**	Bounded by design capability

Target segments

- **Wholesalers and distributors** — the volume base, price-sensitive, fast-moving.
- **Modern retail chains on private label** — better margin, demanding on compliance and consistency, and stickier once qualified.
- **Export buyers** — best realisation, strictest heavy-metal compliance.
- **D2C and marketplace** under own brand — highest margin, but carries the acquisition problem set out in the e-commerce plan.
- **Costume and occasion rental businesses** and film/television stylists — small but useful for visibility.

5. Competition & Competitive Advantage

Landscape: a vast unorganised manufacturing base concentrated in Mumbai, Delhi, Rajkot and Coimbatore; **very cheap Chinese imports**; organised branded players; and retail chains sourcing directly. **Competition on price is unwinnable against imports and the informal sector, and attempting it is the commonest way an organised unit fails in this category.**

The business's edge

- **Design velocity** — 400 to 880 new designs a year, which is the actual moat; craftsmanship is not, because the category does not pay for it.
- **Indian aesthetic depth** — temple, kundan-look and ethnic ranges that imports handle poorly.
- **Plating integrity** — plating to the micron thickness claimed, which is the difference between a repeat retail account and a returns problem.
- **Compliance certification** — nickel-release and lead testing, which excludes most informal competitors from export and modern retail entirely.
- **Speed to shelf** — a trend converted into stock in weeks rather than months.

6. Products & Revenue Model

Channel	Model	Basis
Wholesale to retailers & distributors	Volume, thin per-piece margin	~44% — the base load
Modern retail & chain private label	Contract supply	**Better margin, compliance-gated**
Export orders	FOB, order-based	**Best realisation, strictest testing**
D2C & marketplace own brand	Consumer pricing	Highest margin, CAC-exposed
Job work, tooling & design development	Charged service	Capacity filler

> **The 66% gross margin is the headline attraction of this business and it is also the trap, because most of it is consumed before it reaches the bottom line.** A promoter comparing this to the 22% gross margin of gold jewellery manufacturing will assume a far more profitable business — but the gold unit's margin sits on material it can always recover, while **this one must fund design at ₹42–90 lakh a year, tooling and dies for every style, markdown and dead stock at 6.4–8.5% of revenue, and selling costs into fragmented channels.** The net result is **7–9%, respectable**

> **but nothing like the gross figure implies.** The correct reading is that **the high gross margin is not profit — it is the budget for being wrong about design**, and a business that spends it on volume growth instead of on design and markdown discipline will discover the shortfall in its year-end stock count.

7. Go-to-Market — Design Calendar as Production Plan

Getting listed

- **Collection presentations** on a seasonal calendar — buyers commit to ranges, not to catalogues.
- **Compliance qualification** for modern retail and export: nickel, lead and plating-thickness certification before a first order.
- **Trade fairs** for wholesale reach and export contact.
- **Private-label proposals** to chains wanting fashion ranges without design capability of their own.

Staying listed

- **Sell-through performance** — buyers reorder what moved and drop what sat, with little sentiment involved.
- **Refresh cadence** — a supplier who shows the same range twice is replaced.
- **Plating durability** — because **tarnish and discolouration within weeks is the single largest complaint in this category**, and it comes straight back as returns and delisting.
- **Reliability on repeat orders** of a style that is selling, which is when the buyer is most exposed.

Sales approach

Build a design calendar and hold to it → produce initial quantities small and **reorder against demonstrated sell-through rather than forecasting** → qualify on compliance early to open modern retail and export → use wholesale for volume and cash conversion while building private label for margin → grow D2C deliberately and slowly, since it carries the acquisition economics of the e-commerce plan without its trust premium. **The discipline that decides the year is production sizing. The temptation is to run a large first batch because the per-piece cost falls** — and in a category where an unsold piece is worth scrap, **the cheaper unit cost on a batch that does not sell is the most expensive saving available.** Small first runs, fast reorder, and the willingness to let a good style sell out are worth more than any purchasing efficiency.

8. Operations Plan (design, tool, cast, plate, finish)

- **Design & product development:** trend research, sketching, CAD, sampling — **the front end that is genuinely the business**, running 400 to 880 new designs a year.
- **Tooling & die-making:** dies and moulds per style; tooling cost is a real per-style commitment and a reason not to proliferate styles carelessly.
- **Casting & stamping:** zinc die-cast, brass casting and sheet stamping to component.
- **Assembly & stone setting:** CZ, glass, resin and simulated pearl setting, largely hand work.
- **Plating:** gold, rhodium and e-coat, **to specified micron thickness with process control and thickness verification**.
- **Finishing & QC:** anti-tarnish treatment, polish, and **nickel-release, lead-content and plating-thickness testing**.
- **Inventory management: style-level sell-through, ageing and weeks-of-cover tracking, with scheduled markdown of non-movers**.
- **Effluent:** electroplating streams to ETP with heavy-metal treatment under consent conditions.

Product cycle

Stage	Activity	Metric
Design	Trend to sample	Designs launched; sketch-to-shelf days
Tool	Dies & moulds per style	Tooling cost per style
Produce	Small first run	**First-run size vs. reorder ratio**
Plate	To specified microns	**Thickness verified vs. claimed**
Test	Nickel, lead, durability	Test pass rate
Sell	Channel dispatch	**Full-price sell-through %**

> **Plating thickness is where this industry cheats, and it is worth understanding precisely why. Thickness is invisible at the point of purchase and obvious within three weeks** — a piece plated at half the specified microns looks identical on the shelf, costs meaningfully less to make, and tarnishes or wears through by the time the customer has worn it a few times. **The saving is captured immediately by the manufacturer; the cost lands later on the retailer and the consumer**, which is exactly the structure that makes under-plating endemic in the trade. For a business seeking modern-retail and export accounts, it is also commercially suicidal: **the buyer's own quality team will test, and a thickness failure ends the account rather than generating a debit note.** The second discipline sits alongside it. **Nickel release and lead content are not quality preferences but legal limits** — REACH for skin-contact items in Europe and CPSIA lead limits in the US, especially for children's jewellery — and **a heavy-metal failure in a children's line is a recall and a liability event, not a returns issue.** Testing at ₹18–42 lakh looks like a large overhead for a costume jewellery unit until it is understood as **the thing that excludes most of the informal competition from the accounts worth having.**

9. Regulatory, Licences & Compliance (India & export)

- **No BIS hallmarking** — this is not precious metal, and claiming or implying gold content would be misdescription.
- **Heavy-metal limits: EU REACH nickel-release restriction for prolonged skin contact; US CPSIA lead limits, strictest for children's jewellery. Without nickel-release certification, European export is simply not available.**
- **Electroplating effluent:** pollution-control consent, heavy-metal treatment, hazardous-waste authorisation; **cyanide-based baths where used are a fatal hazard requiring documented protocol and trained handling.**
- **Product description:** accurate material disclosure — plated brass described in language implying gold is misdescription under consumer-protection law.
- **Design registration** under the Designs Act for signature pieces, **with realistic expectations about enforcement in a trade where copying is immediate and pervasive.**
- **Export:** registration, correct classification, and buyer-mandated testing and social-compliance audits for chain customers.
- Factory, labour, contract-labour, GST and e-commerce/consumer rules for the D2C channel.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / managing director	1	1	2

Production (casting, assembly, stone setting)	78	128	188
Plating & finishing operators	14	22	32
Designers & product development	**8**	**14**	**22**
Sales, merchandising & business development	8	14	22
Stores, packing & dispatch	7	12	18
QC, testing & compliance	**6**	**10**	**15**
Tooling & die-making	5	8	12
Admin, accounts & IT	4	7	10
Total	**131**	**216**	**321**

Note what is *absent* compared with every other plan in this vertical: **no assayers, no metal accounting team, no vault security establishment.** The value has moved from the material to the idea, and the headcount follows it — **designers and merchandisers together are the function that a gold unit would have spent on protecting metal.**

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0–5	Factory, plating line & ETP, design studio, tooling, testing tie-ups
Ramp	Month 5–12	~420 designs, ~14.5 lakh pieces; ₹7.3cr revenue, ₹25L loss
Grow	Year 2	Sell-through to 68%, export & private label build; ₹12.15cr, ₹53L profit
Scale	Year 3	₹18.5cr revenue, ₹1.6cr profit; **sell-through 73%, markdown down to 6.4%**

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. ***Full-price sell-through, markdown/dead stock, design output, plating cost & channel mix are the levers — and markdown is carried as an explicit line because a fashion jewellery plan that omits it is not describing the business.***

12.1 Project cost & means of finance

Capital requirement	₹
Working capital (raw material, WIP, finished stock & receivables)	92,00,000
Manufacturing equipment (die-casting, stamping, plating, polishing)	62,00,000
Design studio, CAD, sampling & tooling/dies	**34,00,000**
Factory setup, plating ETP & utilities	24,00,000
Testing (nickel/lead/plating thickness) & QC lab	**12,00,000**
IT, ERP & PLM systems	8,00,000

Brand, catalogue, trade shows & business development	5,00,000
Legal, registrations, certifications & launch	3,00,000
Total project cost	**2,40,00,000**
Promoter contribution	95,00,000
Term loan	75,00,000
Working-capital finance	70,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Wholesale to retailers & distributors	3,20,00,000	4,80,00,000	6,60,00,000
Modern retail & chain supply (private label)	**1,85,00,000**	**3,20,00,000**	**4,90,00,000**
Export orders	1,15,00,000	2,10,00,000	3,40,00,000
D2C & marketplace own brand	78,00,000	1,55,00,000	2,90,00,000
Job work, tooling & design development	32,00,000	50,00,000	70,00,000
Total revenue	**7,30,00,000**	**12,15,00,000**	**18,50,00,000**
Raw material (brass, alloy, stones, plating chemicals)	2,55,00,000	4,15,00,000	6,20,00,000
Manufacturing labour & wages	1,32,00,000	2,05,00,000	3,00,00,000
Salaries (design, QC, sales, admin)	88,00,000	1,32,00,000	1,92,00,000
Factory, power, plating, ETP & overheads	68,00,000	1,02,00,000	1,48,00,000
Markdown, dead stock write-down & returns	**62,00,000**	**88,00,000**	**1,18,00,000**
Selling, marketing, trade shows & travel	58,00,000	88,00,000	1,28,00,000
Design, tooling, dies & sampling	**42,00,000**	**62,00,000**	**90,00,000**
Depreciation, interest & other	32,00,000	42,00,000	52,00,000
Testing, certification & compliance	18,00,000	28,00,000	42,00,000
Total expenses	**7,55,00,000**	**11,62,00,000**	**16,90,00,000**
Net profit / (loss) before tax	**(25,00,000)**	**53,00,000**	**1,60,00,000**
Net margin	(3.4%)	4.4%	8.6%
Gross margin — vs. 22% in gold jewellery	**65.1%**	**65.8%**	**66.5%**
Material as % of revenue — *vs. 78% in gold*	34.9%	34.2%	33.5%
Markdown & dead stock as % of revenue	**8.5%**	**7.2%**	**6.4%**
Full-price sell-through — the governing metric	**62%**	**68%**	**73%**
New designs launched (approx.)	~420	~640	~880
Pieces produced (lakh)	~14.5	~24	~36

Return on capital employed	**—**	**~27%**	**~50%**

12.3 Unit economics & break-even

- **ROCE is far higher than anywhere else in this vertical — ~50% against 22–29% — for one reason: no precious metal is locked up.** The gold plans reach the mid-twenties with 4–5× inventory turns on an intrinsically valuable asset; **this business reaches double that with only 3.4 turns, because the capital base is small.** That is the entire economic case for the category.
- **Sell-through, not turns, is the metric.** Every point of full-price sell-through drops almost entirely to profit, because the piece was going to be made either way. Moving from 62% to 73% is worth more than any material saving available.
- **Markdown is the cost of being wrong about design** and cannot be engineered to zero — a business with no markdown is under-designing and missing trends. **The target is not zero but controlled: 6–7% of revenue with the write-down taken promptly.**
- **Small first runs beat cheap unit costs:** in a category where unsold stock is worth scrap, **the lower per-piece cost of a large batch that does not sell is the most expensive saving available.**
- **Break-even:** Year 2. **Year 1's loss reflects tooling, design build-up and the sell-through learning curve** — a new range's hit rate is genuinely lower until the design team learns the channel.

12.4 Projected Cash Flow — Year 1 (quarterly, illustrative)

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	45,00,000	18,00,000	6,00,000	12,00,000
Collections	1,55,00,000	1,68,00,000	1,78,00,000	1,88,00,000
Material, wages, design, plating & overheads	1,82,00,000	1,80,00,000	1,72,00,000	1,75,00,000
Closing balance	**18,00,000**	**6,00,000**	**12,00,000**	**25,00,000**

> **The cash risk here is unlike anything else in the vertical, and it is easy to miss precisely because the amounts are small.** In the gold plans, inventory was expensive but safe — **metal locked up capital yet never lost its value.** Here the inventory is cheap and **perishable in economic terms: a style that misses its season is worth its scrap brass.** The consequence is that **a fashion jewellery business can look liquid on paper while holding stock that will never convert**, and the discovery comes at the annual count rather than in the bank balance. Three disciplines follow. **Age stock by style and take markdowns on schedule rather than when convinced** — the write-down has already happened economically, the accounts are merely catching up. **Watch wholesale receivables closely**, since the fragmented trade is a weaker credit than the retail chains and tends to pay slowest exactly when its own stock is not moving, which is the same moment yours is not either. And **keep the D2C channel's marketing spend inside its own contribution**, because it carries the acquisition economics described in the e-commerce plan without the trust premium that a certified gold product commands.

12.5 Key Performance Indicators to Monitor

- **Design & sell-through: full-price sell-through % by style and channel**; hit rate of new launches; sketch-to-shelf days; **first-run size vs. reorder ratio**.
- **Stock: ageing by style and weeks of cover**; markdown taken vs. deferred; dead-stock value; styles never reordered.
- **Quality & compliance: plating thickness verified vs. claimed**; nickel and lead test pass rates; tarnish complaints and returns by batch; buyer QC rejections.
- **Commercial:** channel mix and margin by channel; private-label and export share; wholesale receivable days; ROCE.

13. Funding Requirement & Bankability

Total ask: **₹75 lakh term loan plus ₹70 lakh working-capital finance** against ₹95 lakh promoter contribution — **by far the smallest requirement in this vertical**, because there is no precious metal to fund. Four points frame the credit. **First, the security is weak in a specific way that a lender should price honestly**: the plant is modest and, critically, **the finished-goods inventory has almost no realisable value if the business stops — unlike a gold unit, whose stock can simply be melted. Second, the return on capital is genuinely excellent — around 50% by Year 3** — which is the compensation for that weak security and reflects a business that earns well precisely because it employs little. **Third, the risk is trend and inventory, not price or counterparty**, so **full-price sell-through and stock ageing are the metrics to monitor, not gold rates or debtor concentration. Fourth, the barrier to entry is low and should be acknowledged rather than argued away** — anyone can start this business, imports are cheap, and the defensibility rests entirely on the design team and the retail relationships. A lender assessing this file should look hardest at **the design function and the customer list**, because those are the only assets that are difficult to replace.

13.1 Funding utilisation

Use of funds	₹	% of total
Working capital (raw material, WIP, finished stock & receivables)	92,00,000	38.3%
Manufacturing equipment (die-casting, stamping, plating, polishing)	62,00,000	25.8%
Design studio, CAD, sampling & tooling/dies	34,00,000	14.2%
Factory setup, plating ETP & utilities	24,00,000	10.0%
Testing (nickel/lead/plating thickness) & QC lab	12,00,000	5.0%
IT, ERP & PLM systems	8,00,000	3.3%
Brand, catalogue, trade shows & business development	5,00,000	2.1%
Legal, registrations, certifications & launch	3,00,000	1.3%
Total	**2,40,00,000**	**100%**

14. Risk Analysis & Mitigation

Risk	Mitigation
Dead stock — unsold designs worth scrap	**The defining risk, and the exact inversion of the gold plans where an unsold design keeps its metal value.** Small first runs with reorder against demonstrated sell-through; style-level ageing and weeks-of-cover; **scheduled markdown rather than markdown when convinced**; target controlled 6–7% markdown, not zero — **zero markdown means under-designing**
Trend miss / design failure	High design velocity (420 → 880 launches) so no single range carries the year; channel feedback loops; **the 66% gross margin is the BUDGET for being wrong about design, not profit**
Plating thickness shortfall	Process control and verified micron testing; **thickness is invisible at purchase and obvious in three weeks, which is why under-plating is endemic — and why a buyer's quality team testing it ends the account rather than raising a debit note**

Nickel / lead non-compliance	**Legal limits, not preferences — REACH nickel release and CPSIA lead, strictest for children's jewellery, where a failure is a RECALL and liability event.** Certified testing per batch; **without nickel-release certification European export is simply unavailable**
Import and informal-sector price competition	**Do not compete on price — it is unwinnable and is the commonest way an organised unit fails here.** Compete on design velocity, Indian aesthetic depth, plating integrity and compliance, which exclude most informal competitors from the accounts worth having
Design copying	Register signature designs **with realistic expectations about enforcement**; rely on speed and refresh cadence rather than on protection; stay ahead rather than litigate behind
Batch-size temptation	**The cheaper unit cost of a large batch that does not sell is the most expensive saving available**; hold first-run discipline and accept sell-outs
Wholesale receivable stress	Credit limits by distributor; monitor closely, since the fragmented trade pays slowest exactly when its stock is not moving — **which is the same moment yours is not either**
Electroplating effluent & cyanide exposure	ETP for heavy-metal streams under consent; hazardous-waste authorisation; **cyanide baths where used demand documented protocol and trained handling — a fatal hazard**
D2C channel losing money quietly	Keep marketing spend inside the channel's own contribution; apply the first-order-payback discipline of the e-commerce plan **without assuming the trust premium a certified gold product enjoys**

15. SWOT Analysis

Strengths **Smallest capital requirement and highest ROCE in the vertical (~50%)**; 66% gross margin; **no gold price risk, no hallmarking, no assay, no vault problem**; rising gold prices are a direct demand tailwind; Indian ethnic design depth imports handle poorly; compliance certification excludes informal competition from good accounts.	**Weaknesses** **Unsold stock is worth scrap — a design failure is a total loss**; trend risk is the whole risk; **low barrier to entry with cheap imports**; weak collateral since finished goods have little realisable value; plating and heavy-metal quality failures are account-ending; design capability is a single point of dependence.
Opportunities Gold prices pushing occasion buyers to imitation; modern retail seeking private-label fashion ranges; export demand for Indian design at accessible price points; social-media trend cycles favouring fast design; D2C and marketplace reach; lab-grown-adjacent "affordable fine" positioning.	**Threats** Cheap imports resetting price expectations; a rapid trend shift leaving stock stranded; copying eroding any design advantage within weeks; tightening heavy-metal regulation raising cost; retail-chain delisting on a quality failure; plating input cost inflation.

16. Recommended AiSevak Tools for This Business

This fashion jewellery business would use AiSevak's Gems and Retail vertical tools in operations:

- **Sell-through: full-price sell-through by style and channel**, new-launch hit-rate analysis, first-run-vs-reorder tracker, sketch-to-shelf timing.
- **Stock: style-level ageing and weeks-of-cover with scheduled markdown triggers**, dead-stock valuation, never-reordered style register.

- **Quality: plating-thickness verification log**, nickel and lead test records by batch, tarnish-complaint tracking, buyer QC rejection analysis.
- **Design:** design calendar and launch pipeline, tooling cost per style, design registration register.
- **Finance:** ROCE and channel-margin dashboard, wholesale receivable ageing, D2C contribution-vs-marketing check (with Finance vertical).

17. Key Assumptions & Notes

- Fashion & costume jewellery: brass/alloy/zinc die-cast with gold, rhodium and e-coat plating, set with CZ, glass, resin and simulated pearls; wholesale and distribution, modern-retail private label, exports, own D2C brand, plus job work/tooling/design development.
- ⚠ **THE ONLY PLAN IN THE VERTICAL WITH NO PRECIOUS METAL — AND THEREFORE THE COMPLETE INVERSION OF EVERY CONVENTION THE PRECEDING SEVEN PLANS ESTABLISHED.** The metal-as-pass-through lens is **ABANDONED**: material is **34% of revenue not 78%**, gross margin **66% not 22%**, and there is **NO gold price exposure, NO hallmarking, NO assay, NO metal loan, NO vault-grade custody problem**. Headcount shows it too — **no assayers, no metal accounting team, no vault security establishment; the value has moved from the MATERIAL to the IDEA** and designers/merchandisers are the function a gold unit would have spent on protecting metal.
- **THE SINGLE ASYMMETRY THAT GOVERNS EVERYTHING: in every previous plan a design that failed to sell was RECOVERABLE — melt it and the metal is worth what it always was, so GOLD BUSINESSES CAN AFFORD TO BE WRONG ABOUT DESIGN. HERE UNSOLD STOCK IS WORTH SCRAP AND A DESIGN FAILURE IS A TOTAL LOSS.** That converts a metal problem into a **FAST-FASHION problem** where design velocity, trend risk and DEAD STOCK are what kill you, and where the governing metric is not inventory turns of an intrinsically valuable asset but **FULL-PRICE SELL-THROUGH, exactly as in apparel** (62%→73%). **Markdown/dead stock is carried as an EXPLICIT cost line at 6.4-8.5% of revenue because a fashion jewellery plan that omits it is not describing the business** — and **the target is not ZERO but CONTROLLED, since a business with no markdown is under-designing and missing trends.**
- **THE 66% GROSS MARGIN IS THE HEADLINE ATTRACTION AND ALSO THE TRAP.** A promoter comparing it to gold's 22% assumes a far more profitable business, but **the gold unit's margin sits on material it can always recover** while this one must fund design (₹42-90L/yr), tooling and dies per style, markdown, and selling into fragmented channels — netting **7-9%**. **The correct reading: THE HIGH GROSS MARGIN IS NOT PROFIT, IT IS THE BUDGET FOR BEING WRONG ABOUT DESIGN**, and a business that spends it on volume growth instead of design and markdown discipline will discover the shortfall in its year-end stock count.
- **ROCE IS FAR HIGHER THAN ANYWHERE ELSE IN THE VERTICAL — ~50% vs 22-29% — FOR ONE REASON: NO PRECIOUS METAL IS LOCKED UP.** The gold plans reach the mid-twenties with 4-5× turns on an intrinsically valuable asset; **this reaches double that on only 3.4 turns because the capital base is small. That is the entire economic case for the category.** Every point of full-price sell-through drops almost entirely to profit (the piece was going to be made either way), so **62%→73% is worth more than any material saving available**.
- **SMALL FIRST RUNS BEAT CHEAP UNIT COSTS — the discipline that decides the year.** The temptation is a large first batch because per-piece cost falls, but **in a category where an unsold piece is worth scrap, the cheaper unit cost on a batch that does not sell is the MOST EXPENSIVE SAVING AVAILABLE.** Small runs, fast reorder against demonstrated sell-through, and the willingness to let a good style SELL OUT beat any purchasing efficiency.
- **PLATING THICKNESS IS WHERE THIS INDUSTRY CHEATS AND IT IS WORTH KNOWING WHY: THICKNESS IS INVISIBLE AT PURCHASE AND OBVIOUS WITHIN THREE WEEKS** — half-microns look identical on the shelf, cost meaningfully less, and wear through after a few wearings; **the saving is captured immediately by the**

manufacturer while the cost lands later on retailer and consumer, which is exactly the structure that makes under-plating endemic. Commercially suicidal for good accounts: **the buyer's own quality team WILL test, and a thickness failure ENDS the account rather than generating a debit note** (tarnish/discolouration within weeks is the #1 complaint in the category). Alongside it: **NICKEL RELEASE AND LEAD CONTENT ARE LEGAL LIMITS NOT QUALITY PREFERENCES — EU REACH nickel release for prolonged skin contact and US CPSIA lead limits, strictest for CHILDREN'S jewellery where a failure is a RECALL AND LIABILITY EVENT**; **without nickel-release certification European export is simply not available**. Testing at ₹18-42L looks like heavy overhead until understood as **the thing that EXCLUDES most informal competition from the accounts worth having.**

- **DO NOT COMPETE ON PRICE — it is unwinnable against Chinese imports and the informal sector, and attempting it is the commonest way an organised unit fails in this category.** Compete on design velocity (420→880 launches/yr — **the actual moat; craftsmanship is NOT, because the category does not pay for it**), Indian ethnic/temple/kundan-look aesthetic depth that imports handle poorly, plating integrity and compliance. **Register signature designs but with REALISTIC expectations about enforcement in a trade where copying is immediate and pervasive — stay ahead rather than litigate behind.**
- **THE CASH RISK IS UNLIKE ANYTHING ELSE IN THE VERTICAL AND IS EASY TO MISS BECAUSE THE AMOUNTS ARE SMALL: in the gold plans inventory was EXPENSIVE BUT SAFE (locked up capital yet never lost value); here inventory is CHEAP AND ECONOMICALLY PERISHABLE, so a fashion jewellery business CAN LOOK LIQUID ON PAPER WHILE HOLDING STOCK THAT WILL NEVER CONVERT** — and the discovery comes at the annual count, not in the bank balance. → **Age by style and take markdowns ON SCHEDULE rather than when convinced (the write-down has already happened economically; the accounts are merely catching up)**; watch wholesale receivables, since **the fragmented trade pays slowest exactly when its stock is not moving — the same moment yours is not either**; and keep D2C marketing inside its own contribution, since it carries the e-commerce plan's acquisition economics **without the trust premium a certified gold product commands**.
- Lender framing: smallest ask in the vertical, but **security is weak in a SPECIFIC way — finished goods have almost no realisable value if the business stops, unlike a gold unit whose stock can simply be melted**; the ~50% ROCE is the compensation; **the risk is TREND AND INVENTORY, not price or counterparty, so monitor sell-through and stock ageing, not gold rates or debtor concentration**; and **the low barrier to entry should be ACKNOWLEDGED rather than argued away — anyone can start this, imports are cheap, and defensibility rests entirely on the DESIGN TEAM and the RETAIL RELATIONSHIPS, which are the only assets difficult to replace.** Also: electroplating effluent under consent with heavy-metal treatment, **cyanide baths where used are a fatal hazard**; **describing plated brass in language implying gold content is MISDESCRIPTION.** Rising gold prices are a direct DEMAND TAILWIND for this category — the one plan in the vertical that benefits from what threatens the others. ₹2.4cr, ~14.5→36 lakh pieces, rev 7.3→18.5cr, Y1 −₹25L → Y3 ₹1.6cr. **Y1 loss reflects tooling, design build-up and the sell-through learning curve — a new range's hit rate is genuinely lower until the design team learns the channel.** Figures illustrative, exclude GST.

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