



BUSINESS PLAN · INDIA

Jewellery & Gems Export House

Export manufacturing of gold, studded and silver jewellery under SEZ/EOU structure with compliance certification

GEMS, JEWELLERY & PRECIOUS GOODS

AISEVAK.IN · BY ABL DIGITAL TECHNOLOGIES

August 2026

This document is confidential and prepared for planning purposes. All financial figures are illustrative model assumptions for an Indian MSME context and must be validated against live quotes, local rates and professional advice before any investment or borrowing decision.

1. Executive Summary

This plan sets out a **Jewellery & Gems Export House** in India — manufacturing **gold, studded and silver jewellery to international buyer specification** and exporting to brands, chains and wholesalers, operating through an **SEZ/EOU or duty-replenishment structure**, with in-house design and sampling, merchandising, export documentation, compliance certification and social-audit readiness.

Everything the domestic manufacturing plan carries — thin making-charge margins on a large metal base, working capital dominating the balance sheet, karigar scarcity, metal accountability, hallmarking exposure — applies here unchanged. This plan is about what export *adds*, and it adds three things that decide whether the business works.

First, and most misunderstood: an unhedged exporter is running a currency position on top of a gold position — but not the currency position most people assume. The instinct is to think the whole USD invoice is exposed. It is not. Gold is priced internationally in dollars, so the Indian landed metal cost *already moves with the exchange rate*; when the rupee weakens, both the dollar receivable and the rupee metal cost rise together and largely offset. **The real exposure sits on the value-added portion — the making charge — which is precisely the thin part.** On Year 1's ₹7.55 crore of gross value added, **a 4% adverse currency move is roughly ₹30 lakh, more than double the year's entire loss**, while the same move on the ₹30.5 crore invoice value is largely self-cancelling. **Hedge the margin, not the invoice** — and hedge it from the moment the order is priced, because the natural offset only holds if metal is bought when the price is quoted, not months later.

Second, the duty structure decides whether the business is viable at all — this is structural, not marginal. Export manufacturing must run through an **SEZ/EOU unit or the replenishment and advance-authorisation route**, so that import duty on gold is not borne on goods that leave the country. **A plan that models domestic duty-paid gold into an export price is not competitive and never will be**, because competitors in other manufacturing countries do not carry that cost. **Third, buyer credit runs 60–120 days across jurisdictions where recovery is impractical** — suing a defaulting buyer abroad usually costs more than the receivable. **ECGC cover and letter-of-credit discipline are the instruments here, and they are the export equivalent of the gold metal loan: not sophistication to add later, but the thing that separates a business from a bet.**

This plan models a business requiring **₹8.5 crore** (₹2.5 crore promoter + ₹1.6 crore term loan + ₹4.4 crore gold metal loan / packing credit), moving from **₹30.5 crore revenue and a ₹14 lakh loss** in Year 1 to **₹66.5 crore revenue and ₹2.5 crore profit** by Year 3, with exports at 90% of revenue. (*Export manufacturing; making-charge margin, FX- and buyer-concentration exposed — figures illustrative.*)

2. Business Description, Vision & Legal Structure

Concept: An export-oriented jewellery manufacturing house — gold, studded and silver jewellery produced to international buyer specification, with design and sampling, merchandising, metal accounting, QC, hallmarking, export documentation, compliance certification and buyer social-audit readiness, plus domestic wholesale to balance capacity.

Vision: To be the Indian supplier an international brand does not need to audit twice.

Mission: Price the order and buy the metal together; hedge the margin, not the invoice; ship on the date we promised; and keep the factory in a condition where any buyer can walk in unannounced.

Legal structure options

- **Private Limited** — effectively mandatory: SEZ/EOU approval, packing credit and GML facilities, ECGC cover, international buyer contracts and RJC-type certification all presume an audited company with proper governance.
- **SEZ unit or EOU** — a structural decision rather than a legal form: it determines the duty treatment on imported metal and stones and therefore the export price competitiveness.
- **LLP / Proprietorship** — not realistic at this scale or for this compliance load.

Regulatory anchor: exports run under **Foreign Trade Policy provisions for gems and jewellery — SEZ/EOU operation, replenishment authorisation and advance authorisation** for duty-free metal against export obligation, with GJEPC registration in practice. **Export proceeds must be realised and repatriated within the prescribed period and are tracked on EDPMS;** outstanding entries create RBI and banking consequences well beyond the individual shipment. **Kimberley Process certification governs rough diamond movement, and lab-grown must be declared as lab-grown with separate classification.** Buyer-side obligations increasingly bind the supplier: **OECD due-diligence expectations on responsible sourcing, RJC certification, and social-compliance audits covering wages, working hours, child and forced labour, and chemical safety.** Domestically, **BIS hallmarking with HUID** applies to domestic sales, PMLA reporting-entity duties and **Section 269ST's ₹2 lakh cash cap** apply, and factory, labour and environmental law apply as for any manufacturing unit.

3. Promoter & Ownership

Led by a promoter with jewellery export, manufacturing or international merchandising background. Three competences decide outcomes: *buyer management* — international accounts are demanding on specification, dates and compliance, and are won and lost on reliability rather than price; *treasury discipline*, since this business stacks a currency exposure on a metal exposure on a thin margin and the promoter cannot delegate the decision of how much of either to carry; and *compliance capability*, because a failed social audit closes an account instantly regardless of product quality. Buyer reliability, hedging discipline, audit readiness & design-to-sample speed are the differentiators. Ownership, equity & any partner are editable inputs.

4. Market Analysis — Export

Demand is driven by India's position as a leading jewellery export origin, cost and craftsmanship advantage in labour-intensive work, buyers diversifying manufacturing sourcing, diaspora and ethnic-jewellery demand in Gulf, US and UK markets, and growing brand demand for audited, traceable supply chains. Demand is genuine and durable but **concentrated in few buyers per supplier**. The market rewards reliability, compliance & design capability; it is **FX-exposed, credit-exposed and audit-gated**.

Demand drivers

- **India's craftsmanship and cost position** in hand-finished and studded work that machine manufacturing cannot replicate economically.
- **Sourcing diversification** by international brands seeking alternatives and second sources.
- **Diaspora and ethnic demand** in the Gulf, US, UK and South-East Asia — a large, stable, culturally anchored market.
- **Traceability and audit requirements** favouring suppliers who can evidence sourcing and labour practice — a barrier that becomes a moat once cleared.
- **Free-trade and duty arrangements** improving access to specific markets.

Market sizing (illustrative framing)

Layer	Definition	Indicative scale
TAM	Indian gems & jewellery exports	Very large
SAM	Product categories & buyer markets served	Serviceable
SOM (Yr 1-3)	Buyer accounts retained & capacity utilised	Concentrated by nature

Target segments

- **International jewellery brands** — highest standards, best margins, hardest to win, most valuable once retained.
- **Retail chains and department-store programmes** — volume, seasonal, date-critical.
- **Wholesalers and importers** in Gulf, US and UK markets.
- **Ethnic and diaspora jewellery buyers**, aligned to Indian design capability.
- **Domestic wholesale** — deliberately retained to balance capacity between export seasons.

5. Competition & Competitive Advantage

Landscape: established Indian export houses in Mumbai, Surat and the SEZs; manufacturing origins in Thailand, Turkey, China and Italy competing on different strengths; buyers' own sourcing offices; and domestic manufacturers attempting export without the structure to price competitively. **Competition is on reliability, compliance and design turnaround far more than on making charge.**

The business's edge

- **Correct duty structure from day one** — SEZ/EOU or replenishment, so export pricing is competitive by construction rather than by margin sacrifice.
- **Audit-ready factory** — wage records, hours, safety and chemical management maintained continuously, not assembled before an inspection.
- **Design-to-sample speed** — the credential that opens buyer conversations and the reason programmes get repeated.
- **Documented responsible sourcing** — KP records, supplier due diligence and traceability, increasingly a precondition rather than a differentiator.
- **Hedging discipline** — quoting with a known margin, which lets the house price tightly without gambling.

6. Products & Revenue Model

Line	Model	Basis
Gold jewellery exports	Metal + making, FOB	Volume (~47%)
Studded / diamond jewellery exports	Metal + stones + making	Best value addition
Silver & fashion-fine jewellery exports	Lower metal, higher labour %	Margin-rich, volume-led
Domestic wholesale	Metal + making	Capacity balancing (~7%)
Job work, sampling & development charges	Charged service	Relationship anchor

The domestic wholesale line is small and deliberate, and it should not be trimmed away in pursuit of a purer export story. Export programmes are seasonal and lumpy — a buyer's order book is set by their retail calendar, not by the factory's need for continuous work — and **karigars who are idle between programmes do not wait; they go elsewhere and may not come back.** In a trade where skilled craftsmen are the binding constraint, **domestic wholesale at ~7% of revenue is not diversification, it is how the workforce is held together between export seasons.** Similarly, **silver and fashion-fine jewellery carries far less metal value and far more labour per rupee of revenue,** which makes it margin-rich and much lighter on working capital — a useful counterweight in a business where every rupee of gold revenue must be funded.

7. Go-to-Market — Winning and Keeping International Buyers

The sales cycle is long, the qualification is demanding, and the retention economics justify both.

Winning

- **International trade shows** — the primary venue for buyer contact and collection presentation.
- **Sampling and development** — speed and accuracy from tech-pack to approved sample is the deciding credential.
- **Compliance qualification** — factory audit, sourcing documentation, and often RJC or equivalent certification before a first order is placed.
- **Trial programme** — a small first order that is really a test of dates, specification and communication.

Keeping

- **On-time shipment against the buyer's retail calendar** — a late delivery misses a selling season entirely and cannot be made good.
- **Specification and quality consistency** across repeats, verified by the buyer's own QC.
- **Continuous audit readiness**, since unannounced visits are increasingly normal.
- **Design contribution** — suppliers who propose rather than only execute get invited into the next programme.

Sales approach

Qualify on compliance before chasing orders, since an unaudited factory cannot be considered → present at trade shows with a designed collection, not a capability brochure → convert through fast, accurate sampling → deliver the trial programme flawlessly → grow within the account and then **deliberately add accounts to reduce concentration, which this plan models falling from 62% of revenue in the top three buyers to 46% by Year 3. That reduction is a strategic objective, not a by-product of growth** — an export house with two large buyers is one procurement reshuffle away from an empty factory, and the reshuffle will have nothing to do with how well it performed.

8. Operations Plan (sample, source, make, document, ship)

- **Design & sampling:** buyer tech-pack to CAD, master, sample, costing and approval — the front end that wins programmes.
- **Sourcing:** duty-free metal under the SEZ/EOU or replenishment route, stones with KP and supplier due-diligence records.
- **Manufacturing:** casting, karigar work, setting, finishing and plating, to buyer specification and tolerance.
- **Metal accounting:** issue, return, wastage and recovery per karigar per job, with export-obligation reconciliation on top.
- **QC:** buyer-specification inspection, purity verification, and hallmarking where applicable.

- **Export documentation:** invoice, packing list, shipping bill, KP certificates, certificates of origin, and **EDPMS realisation tracking through to closure.**
- **Logistics:** insured high-value air freight with approved carriers and secure handover.
- **Compliance:** continuous maintenance of wage, hours, safety and chemical records for audit at any time.

Order cycle

Stage	Activity	Metric
Sample	Tech-pack to approved sample	Sampling turnaround days
Price	Cost, quote & hedge the margin	Quoted vs. realised margin
Source	Duty-free metal & documented stones	Duty structure integrity
Make	Casting to finishing	Wastage %; rejection rate
Ship	Documentation & insured freight	On-time shipment
Realise	Collection & EDPMS closure	Realisation days; open entries

The step most often executed carelessly is pricing, and it is where the year's profit is decided. A buyer asks for a quotation; the house prices it on today's metal rate and today's exchange rate; the order is confirmed weeks later, metal is bought later still, production runs for two months and payment arrives ninety days after shipment. **Across that span both the gold price and the exchange rate move, and the margin being defended is only about 25% of the invoice value.** The discipline that resolves it is simple to state and hard to enforce: **the moment an order is confirmed, fix the metal — through gold metal loan drawdown or forward booking — and hedge the value-added portion of the receivable.** A house that quotes tightly to win an account and then leaves both exposures open has not won an order; **it has sold a fixed-price contract and taken two open positions to fund it,** and it will discover the result only at collection.

9. Regulatory, Licences & Compliance (India & buyer-side)

- **Duty & export structure:** SEZ/EOU operation or **replenishment / advance authorisation** for duty-free metal against export obligation; export-obligation records reconciled continuously, since shortfall attracts duty and penalty.
- **Realisation: export proceeds realised and repatriated within the prescribed period, tracked on EDPMS** — open entries create RBI and banking consequences disproportionate to the shipment value.
- **Kimberley Process** on rough diamond movement; **lab-grown declared as lab-grown with separate classification — undisclosed mixing is fraud and would end buyer relationships permanently.**
- **Responsible sourcing:** OECD due-diligence expectations, supplier declarations, and chain-of-custody documentation increasingly demanded contractually by brand buyers.
- **Social compliance: audits covering wages, working hours, overtime, child and forced labour, freedom of association, safety and chemical management. A failed audit closes an account immediately, and product quality does not enter the conversation.**
- **Domestic:** BIS hallmarking with HUID on domestic sales; PMLA reporting-entity obligations; Section 269ST ₹2 lakh cash cap.
- **Factory & environment:** factory licence, contract-labour compliance, effluent treatment and **cyanide and acid handling protocols** — which are also exactly what a buyer's auditor inspects.

10. Organisation & Manpower Plan

Role	Yr 1	Yr 2	Yr 3
Promoter / managing director	1	2	2
Karigars & manufacturing craftsmen	148	218	300
Designers, CAD & sampling	14	21	30
Merchandising & buyer servicing	10	16	23
QC, assaying & hallmarking	9	14	20
Stores, weighing & metal accounting	8	12	17
Export documentation & logistics	7	11	15
Security	7	9	12
Admin, accounts & treasury	6	9	13
Compliance, audit & sustainability	4	7	10
Sales, trade shows & business development	5	8	12
Total	219	327	454

Two functions distinguish this from a domestic factory. **Merchandising is the buyer's voice inside the factory** and is what makes programmes repeat. And the **compliance team exists to keep the factory permanently audit-ready** — a supplier that prepares for audits rather than operating to the standard will eventually be visited unannounced, which is the point of unannounced visits.

11. Implementation Timeline & Milestones

Phase	Timeline	Milestone
Setup	Month 0-8	SEZ/EOU approval, factory, GML & packing credit, ECGC, compliance certification, karigar recruitment
Ramp	Month 8-12	~330 kg processed; ₹30.5cr revenue, ₹14L loss; first buyer programmes
Grow	Year 2	Turns 4.9x, concentration to 54%; ₹46.8cr, ₹94L profit
Scale	Year 3	₹66.5cr revenue, ₹2.5cr profit, ~29% ROCE; exports 90%, top-3 buyers 46%

12. Financial Plan (Illustrative)

All figures are illustrative model assumptions for an Indian context, shown so the promoter can replace them with live rates. They are not projections of guaranteed results. Making-charge realisation, FX, duty structure, buyer mix, wastage & karigar cost are the levers. **Gold price and exchange rate are assumed stable for modelling; §14 addresses what happens when they are not, which is the principal financial risk here.**

12.1 Project cost & means of finance

Capital requirement	₹
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Working capital (metal & stone inventory, WIP, export receivables)	5,80,00,000
Manufacturing equipment & finishing lines	92,00,000
Factory / SEZ unit setup, security, vault & bonded storage	78,00,000
Design studio, CAD/CAM & sampling	34,00,000
Compliance, certification (RJC, social audit) & systems	28,00,000
IT, ERP & export documentation systems	18,00,000
Legal, registrations, GJEPC & launch	12,00,000
Brand, catalogue, trade shows & business development	8,00,000
Total project cost	8,50,00,000
Gold metal loan / packing credit	4,40,00,000
Promoter contribution	2,50,00,000
Term loan	1,60,00,000

12.2 Projected Profit & Loss (3 years)

Particulars	Year 1	Year 2	Year 3
Gold jewellery exports	14,80,00,000	22,50,00,000	31,50,00,000
Studded / diamond jewellery exports	9,50,00,000	15,20,00,000	22,80,00,000
Silver & fashion-fine jewellery exports	2,60,00,000	4,10,00,000	5,80,00,000
Domestic wholesale (capacity balancing)	2,80,00,000	3,80,00,000	4,60,00,000
Job work, sampling & development charges	80,00,000	1,20,00,000	1,80,00,000
Total revenue	30,50,00,000	46,80,00,000	66,50,00,000
Gold, diamond & material cost (pass-through)	22,95,00,000	35,01,00,000	49,21,00,000
Karigar wages & manufacturing labour	2,72,00,000	4,00,00,000	5,60,00,000
Salaries (design, QC, merchandising, docs, admin)	1,45,00,000	2,05,00,000	2,85,00,000
Factory, power, security, insurance & overheads	92,00,000	1,28,00,000	1,72,00,000
Depreciation, interest & other	88,00,000	1,12,00,000	1,38,00,000
Export logistics, freight, insurance & duties	62,00,000	92,00,000	1,28,00,000
Selling, trade shows, travel & buyer development	62,00,000	82,00,000	1,08,00,000
Compliance, certification, audits & hallmarking	48,00,000	66,00,000	88,00,000
Total expenses	30,64,00,000	45,86,00,000	64,00,00,000
Net profit / (loss) before tax	(14,00,000)	94,00,000	2,50,00,000
Net margin	(0.5%)	2.0%	3.8%
Material as % of revenue (pass-through)	75.2%	74.8%	74.0%

Gross value added — and the true FX exposure base	7,55,00,000	11,79,00,000	17,29,00,000
Inventory turns	4.0×	4.9×	5.5×
Return on capital employed	—	~17%	~29%
Exports as % of revenue	88.2%	89.3%	90.4%
Top-3 buyer concentration — target: falling	62%	54%	46%
Gold processed (kg approx.)	~330	~490	~680

12.3 Unit economics & break-even

- **Read return as ROCE, not net margin** — material is a ~74% pass-through, so Year 3's 3.8% net margin is roughly **29% ROCE at 5.5 turns**. Export turns are better than domestic manufacturing because programmes are scheduled and inventory is committed against confirmed orders.
- **Value addition is higher than domestic manufacturing** — 24.8% rising to 26.0% of revenue against 22-23.5% domestically, reflecting design content, finishing standards and studded work.
- **The FX exposure is on ₹7.55 crore of value added, not on ₹30.5 crore of invoice value** — and a 4% adverse move on the former is roughly ₹30 lakh, over twice Year 1's loss.
- **Silver and fashion-fine work is capital-light**: far less metal per rupee of revenue, so it improves blended ROCE even at similar margins.
- **Break-even**: Year 2, as programmes repeat and sampling costs amortise across larger orders. **Year 1's loss is deliberate** — sampling, certification and audit qualification are all incurred before the first meaningful order ships.

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

Particulars (₹)	Q1	Q2	Q3	Q4
Opening balance	85,00,000	35,00,000	15,00,000	5,00,000
Collections	6,40,00,000	6,90,00,000	7,30,00,000	7,60,00,000
Metal, karigar wages, freight, compliance & overheads	6,90,00,000	7,10,00,000	7,40,00,000	7,40,00,000
Closing balance	35,00,000	15,00,000	5,00,000	25,00,000

The cash cycle is the domestic one with an ocean added to it. Metal is drawn and karigars paid during production; goods then ship, and **payment arrives 60-120 days after that, from a buyer in another legal system. Two instruments make this workable and neither is optional. Packing credit** funds pre-shipment production against confirmed orders at concessional rates — it is the working-capital backbone of any export house and should be arranged before the first programme, not after cash tightens. And **ECGC cover plus letters of credit on new or unrated buyers** address the fact that **litigating a defaulting buyer across jurisdictions usually costs more than the receivable is worth**, which means an uninsured bad debt in this business is simply a loss. The discipline to hold is unglamorous and absolute: **credit terms are extended on cover, not on relationship** — the buyers who fail are rarely the ones who seemed likely to.

12.5 Key Performance Indicators to Monitor

- **Treasury: quoted margin vs. realised margin per order**; unhedged value-added exposure vs. policy limit; metal fixed at order confirmation (% of orders); forward cover outstanding.

- **Buyer: top-3 concentration (target falling);** on-time shipment %; sampling turnaround; programme repeat rate; buyer QC rejection.
- **Compliance:** audit findings by category; **unannounced-audit outcomes;** export-obligation fulfilment vs. authorisation; **EDPMS open entries (target zero).**
- **Capital & metal:** inventory turns; ROCE; wastage % per karigar per job; realisation days by buyer; ECGC-covered share of receivables.

13. Funding Requirement & Bankability

Total ask: **₹4.4 crore gold metal loan and packing credit plus ₹1.6 crore term loan** against ₹2.5 crore promoter contribution. Four points frame this credit. **First, the facility mix matters more than the amount** — packing credit against confirmed export orders and GML for metal are the correct instruments, and a rupee cash-credit line used to buy gold would recreate exactly the unhedged commodity position both are designed to avoid. **Second, the headline margin is thin by construction** and the assessment belongs on gross value added, turns and ROCE; 3.8% at 5.5 turns is a sound credit. **Third, buyer concentration is the sharpest operating risk in the file** — this plan starts at 62% in the top three accounts and treats reducing it to 46% as an objective, and a lender should track that number as closely as any ratio, because **an export house that loses one of two anchor buyers has lost a third of its factory overnight for reasons unconnected to its own performance.** **Fourth, the sector-wide financing caution noted in the diamond plan applies here too,** with export documentation adding a further layer: **EDPMS discipline, verifiable export-obligation records and ECGC-covered receivables are what distinguish a clean borrower,** and a promoter should offer that evidence rather than wait to be asked for it.

13.1 Funding utilisation

Use of funds	₹	% of total
Working capital (metal & stone inventory, WIP, export receivables)	5,80,00,000	68.2%
Manufacturing equipment & finishing lines	92,00,000	10.8%
Factory / SEZ unit setup, security, vault & bonded storage	78,00,000	9.2%
Design studio, CAD/CAM & sampling	34,00,000	4.0%
Compliance, certification (RJC, social audit) & systems	28,00,000	3.3%
IT, ERP & export documentation systems	18,00,000	2.1%
Legal, registrations, GJEPC & launch	12,00,000	1.4%
Brand, catalogue, trade shows & business development	8,00,000	1.0%
Total	8,50,00,000	100%

14. Risk Analysis & Mitigation

Risk	Mitigation
Currency movement eroding the making-charge margin	Hedge the margin, not the invoice — the gold component is naturally offset since metal is dollar-priced, so forward-cover the value-added portion from order confirmation ; written unhedged-exposure limit; a 4% adverse move on ₹7.55cr of value added is ~₹30L, over twice Year 1's result

Gold price movement between quote and delivery	Fix the metal the moment the order is confirmed via GML drawdown or forward booking; never quote a fixed price with metal unfixed — otherwise the house has sold a fixed-price contract and taken two open positions to fund it
Buyer concentration — losing an anchor account	Deliberate account addition, modelled 62% → 46% top-three; domestic wholesale as partial ballast; multiple markets rather than one geography; treat concentration reduction as a strategic objective, not a by-product of growth
Export buyer default across jurisdictions	ECGC cover and LC on new or unrated buyers; credit extended on cover, not on relationship — litigating abroad usually costs more than the receivable, so an uninsured bad debt is simply a loss
Failed social-compliance audit	Operate to the standard continuously rather than preparing for visits; wage, hours, safety and chemical records maintained daily; dedicated compliance team — a failed audit closes an account immediately and product quality does not enter the conversation
Duty structure error or export-obligation shortfall	SEZ/EOU or replenishment operated correctly from day one; obligation reconciled continuously; domestic duty-paid gold in an export price is never competitive
EDPMS open entries & realisation delay	Documentation closed shipment by shipment; realisation tracked to closure; escalate before the deadline, since consequences exceed the shipment value
Missed shipment date against a retail calendar	Production planned backwards from the buyer's season; capacity reserved; a late delivery misses a selling season entirely and cannot be made good
Karigar attrition between export programmes	Domestic wholesale at ~7% of revenue holds the workforce together between seasons ; retention advances, welfare and housing
Undisclosed lab-grown or sourcing-documentation failure	Screening, segregation and declaration on every consignment; KP and supplier due-diligence records; this is fraud, not a labelling issue, and would end buyer relationships permanently

15. SWOT Analysis

Strengths India's craftsmanship and cost position in labour-intensive work; correct duty structure gives competitive pricing by construction; better turns (5.5x) and higher value addition (26%) than domestic manufacturing; audit qualification is a moat once cleared; silver and fashion-fine work is capital-light; domestic wholesale holds the workforce between seasons.	Weaknesses Two stacked exposures — metal and currency — on a thin making-charge margin; high buyer concentration (62% in top three at start); export receivables across jurisdictions where recovery is impractical; compliance and certification cost before first revenue; long qualification cycle; 68% of capital in working capital.
Opportunities Brands diversifying manufacturing sourcing; traceability requirements favouring audited suppliers; free-trade arrangements improving market access; diaspora demand growth; studded and design-led work commanding better value addition; lab-grown studded programmes as a distinct export category.	Threats Sharp currency or gold moves compressing an already thin margin; buyer procurement reshuffles unrelated to supplier performance; competing origins on cost or trade terms; consuming-market recession; tightening buyer compliance standards raising cost; sector-wide bank caution constraining working capital.

16. Recommended AiSevak Tools for This Business

This jewellery export house would use AiSevak's Gems vertical tools in operations:

- **Treasury: quoted-vs-realised margin per order**, unhedged value-added exposure monitor, metal-fixed-at-confirmation tracker, forward-cover register.
- **Buyer: concentration dashboard with reduction target**, on-time shipment and sampling-turnaround tracking, programme repeat-rate analysis.
- **Compliance:** continuous audit-readiness checklist, **export-obligation vs. authorisation reconciliation**, **EDPMS open-entry register**, KP and responsible-sourcing documentation.
- **Metal:** issue-return-wastage per karigar per job, stock reconciliation, hallmarking and HUID traceability on domestic sales.
- **Finance:** packing-credit utilisation, ECGC-covered receivable share, inventory turns and ROCE dashboard (with Finance vertical).

17. Key Assumptions & Notes

- Jewellery & gems export house: gold, studded and silver jewellery manufactured to international buyer specification and exported to brands, chains and wholesalers via an **SEZ/EOU or duty-replenishment structure**, with design/sampling, merchandising, export documentation, compliance certification and social-audit readiness, plus domestic wholesale for capacity balancing.
- **THE CROSS-BORDER MODEL — everything the domestic jewellery-manufacturing plan carries applies UNCHANGED, and this plan is about what EXPORT ADDS: FOREX and COUNTRY risk on top.**
- **⚠ THE FX POINT MOST PLANS GET WRONG — AN UNHEDGED EXPORTER IS RUNNING A CURRENCY POSITION ON TOP OF A GOLD POSITION, BUT NOT THE ONE PEOPLE ASSUME.** The instinct is that the whole USD invoice is exposed. **It is not: gold is priced internationally in DOLLARS, so the Indian landed metal cost ALREADY moves with the exchange rate** — when the rupee weakens, the dollar receivable and the rupee metal cost rise together and largely offset. **THE REAL EXPOSURE SITS ON THE VALUE-ADDED (MAKING-CHARGE) PORTION — PRECISELY THE THIN PART.** On Y1's ₹7.55cr of GVA a 4% adverse move is ~₹30L, **MORE THAN DOUBLE the year's entire loss**, while the same move on ₹30.5cr of invoice value is largely self-cancelling. → **HEDGE THE MARGIN, NOT THE INVOICE** — and hedge from the moment the order is priced, **because the natural offset only holds if metal is bought WHEN the price is quoted, not months later.**
- **THE DUTY STRUCTURE DECIDES WHETHER THE BUSINESS IS VIABLE AT ALL — STRUCTURAL, NOT MARGINAL.** Export manufacturing must run through **SEZ/EOU or replenishment/advance authorisation** so import duty on gold is not borne on exported goods; **a plan that models domestic duty-paid gold into an export price is not competitive and never will be**, because competing origins do not carry that cost.
- **PRICING IS THE STEP MOST OFTEN EXECUTED CARELESSLY AND IT IS WHERE THE YEAR'S PROFIT IS DECIDED** — quote today, order confirmed weeks later, metal bought later still, two months' production, payment 90 days after shipment: **across that span BOTH gold and FX move while the margin being defended is only ~25% of invoice value.** Discipline: **the moment an order is confirmed, FIX THE METAL (GML drawdown or forward booking) AND hedge the value-added portion. A house that quotes tightly to win an account and leaves both exposures open has not won an order — it has sold a fixed-price contract and taken two open positions to fund it, and will discover the result only at collection.**
- **BUYER CREDIT RUNS 60-120 DAYS ACROSS JURISDICTIONS WHERE RECOVERY IS IMPRACTICAL** — litigating a defaulting buyer abroad usually costs more than the receivable, so an **UNINSURED BAD DEBT IS SIMPLY A LOSS.** ECGC cover + LC on new/unrated buyers, and **PACKING CREDIT** for pre-shipment production against confirmed orders — these are the export equivalent of the GML lesson: not sophistication to add later, but what separates a business from a bet. Rule: **credit is extended on COVER, not on RELATIONSHIP** — the buyers who fail are rarely the ones who seemed likely to.

- **BUYER CONCENTRATION IS THE SHARPEST OPERATING RISK: modelled 62% → 54% → 46% in the top three, and REDUCING IT IS A STRATEGIC OBJECTIVE NOT A BY-PRODUCT OF GROWTH** — an export house with two large buyers is one procurement reshuffle away from an empty factory, and the reshuffle will have nothing to do with how well it performed.
- **A FAILED SOCIAL-COMPLIANCE AUDIT CLOSES AN ACCOUNT IMMEDIATELY AND PRODUCT QUALITY DOES NOT ENTER THE CONVERSATION** — wages, hours, overtime, child/forced labour, freedom of association, safety, chemical management. **Operate to the standard continuously rather than preparing for visits; a supplier that prepares for audits will eventually be visited unannounced, which is the point of unannounced visits.** Audit qualification is a barrier to entry AND a moat once cleared.
- **THE SMALL DOMESTIC WHOLESALE LINE (~7%) IS DELIBERATE AND SHOULD NOT BE TRIMMED FOR A PURER EXPORT STORY** — export programmes are seasonal and lumpy (set by the buyer's retail calendar, not the factory's need for continuous work) and **karigars idle between programmes do not wait; they go elsewhere and may not come back.** In a trade where craftsmen are the binding constraint, **domestic wholesale is not diversification — it is how the workforce is held together between export seasons.** Silver/fashion-fine work is capital-light (far less metal per rupee of revenue) and improves blended ROCE.
- Read return as ROCE not net margin (material ~74% pass-through; Y3 3.8% = ~**29% ROCE at 5.5 turns**, better than domestic because programmes are scheduled and inventory committed against confirmed orders; GVA 24.8%→26.0% vs 22-23.5% domestically). Compliance also covers **EDPMS realisation tracking to closure (open entries create RBI/banking consequences disproportionate to shipment value)**, KP on rough, **lab-grown declared as lab-grown**, BIS/HUID on domestic sales, PMLA and §269ST. ₹8.5cr, ~330→680 kg gold, rev 30.5→66.5cr, exports 88→90%, Y1 –₹14L → Y3 ₹2.5cr. **Y1 loss deliberate — sampling, certification and audit qualification are all incurred BEFORE the first meaningful order ships.** Gold and FX assumed stable for modelling; §14 covers otherwise. Figures illustrative, exclude GST.

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