International Gemological Institute Limited — FY 2024 Annual Report Analysis

Annual Report Analysis (Consolidated)

Avoid: The independent auditor revealed that the accounting software's audit trail was disabled for key revenue classes, preventing independent verification of transaction integrity while the promoter extracted □**1,345.82 Cr** via common-control transactions.

Key findings

- The auditor revealed that the software tracking revenue of □**1,053 Cr** had its audit trail disabled for specific voucher classes, blocking independent verification of transaction integrity and cutoff windows.
- The promoter entity extracted □**1,345.82 Cr** of cash right at the public offering through common-control acquisitions of overseas groups, causing related-party transaction volumes to surge dramatically.
- The Managing Director and CEO received remuneration of □**26.75 Cr**, which consumes 6.26% of consolidated net profit, with an additional □11.10 Cr remaining accrued as an unpaid balance at year-end.
- The company experienced a deterioration in customer credit cycles as net trade receivables rose 30.3% to □**164 Cr**, outstripping top-line revenue growth and pushing debtor days to a window-worst 57 days.
- The management cushioned its working capital drain by aggressively delaying supplier payments, causing total trade payables to expand by 203.13% to □**59.05 Cr** at the close of the calendar period.
- The company artificially boosted operational earnings by dropping its P&L expected credit loss provision to □**0 Cr**, even though actual gross bad debts written off jumped by 314.14% to □4.10 Cr.
- The pre-tax profit was inflated by other income expanding to □**35.33 Cr**, which includes □7.53 Cr from management's reversal of doubtful debt allowances and excess provisions.
- The company faces cash flow pressure if unexecuted capital commitments of □**137.10 Cr** for infrastructure bite alongside undiscounted long-term lease liabilities of □208.69 Cr.
- The global network carries □**100.58 Cr** of goodwill assets that face mandatory impairment charges if management's projected organic revenue growth rates drop by 25% to 30%.
- The domestic Indian segment is compounding rapidly, growing 25.07% to □**779.78 Cr** and accounting for 74.04% of total sales due to strong lab-grown diamond adoption.
- The business remains highly profitable now, with net profit rising to □**427 Cr** in FY24, achieving a 32.83% three-year compound annual growth rate backed by a stable 57% EBITDA margin.
- The organic core is entirely self-sustaining, generating cumulative free cash flow of □**784 Cr** over three years while requiring zero bank debt or equity dilution to fund its physical capex.

What to watch

Monitorable	Current level	Trigger level
Audit trail status across revenue voucher classes	Disabled for specific classes	100% enabled with active database logging protections
Consolidated debtor days	57 days	Below 51 days
Total trade payables	□59.05 Cr	Below □20 Cr
Managing Director and CEO annual remuneration	□26.75 Cr	Below □24 Cr
Other income share of profit before tax	5.98%	Below 2.50%

1. Business overview

International Gemological Institute (IGI) is a global provider of independent gemstone certification and accreditation services. The company authenticates and grades natural diamonds, laboratory-grown diamonds (LGDs), colored gemstones, and studded jewelry. Its primary customers include diamond manufacturers, growers, wholesalers, jewelry retailers, and luxury brands. The company operates a network of 31 laboratories and 18 gemology schools across 10 countries, issuing 10.5 million reports in 2024.

The company functions as a single business segment, but manages operations across two geographical reportable segments:

Segment	Revenue (□ Cr)	Share of total	YoY	What drove it
Within India	779.78	74.04%	+25.07%	Volume expansion to 9.3 million reports; strong LGD consumer adoption and 15% growth in natural diamond category.
Outside India	273.38	25.96%	-0.42%	Sourcing disruptions from Ukraine conflict sanctions; downward price pressure on natural diamonds from LGD expansion.
Total	**1,053.16**	**100%**	**+17.	—

Cost base

The cost base is primarily concentrated in specialized labor and advanced laboratory technology. The company employs over 1,200 people, including 672 certified gemologists whose expertise is essential for the 14-step grading process. Significant operational inputs include high-end scientific equipment such as Photoluminescence (PL) Spectrometers, IR Spectrometers, and EDXRF Spectrometers used for elemental composition and treatment detection. Management describes the business as an "asset-light business model" with minimal capital expenditure, though it recently invested in a transition to SAP ERP to unify global functions.

Capacity

Capacity is determined by the company's global laboratory footprint and the efficiency of its gemologists. With 31 laboratories, IGI has expanded its throughput by establishing "in-factory grading labs at high-volume production sites" to reduce turnaround times. The company utilizes an in-house web-based platform, SwiftCert, to centralize global workflow management and governance. While 2024 saw a 26% increase in report volume, management indicates that their asset-light model allows them to "scale up efficiently" to meet rising global demand.

Forward visibility

Forward visibility for specific order books is not disclosed, as the business is largely driven by transaction volumes from manufacturers and retailers. However, the company operates in an industry where certification penetration is expected to rise from 65-70% to 80-85% by 2028. Management anticipates continued momentum from LGDs, noting that the "LGD jewelry segment continues to scale rapidly and is expected to remain a key growth engine going forward." External research cited by the company projects the global retail diamond jewelry market to grow from USD 100 billion to USD 140 billion by 2028.

What must stay true

For the business to sustain its trajectory, India must remain the global hub for diamond processing, where it currently holds a 95% market share in polishing. The company’s growth is contingent on the continued transition of the jewelry sector from unorganized to organized retail, which increases the demand for formal certification to prevent fraud.

Trust in the IGI brand must remain high to differentiate between natural stones and increasingly sophisticated laboratory-grown alternatives. Management notes that "the ongoing Ukraine conflict and resulting sanctions on rough diamonds significantly disrupted sourcing," implying that a stable global supply chain for rough stones is necessary for the natural diamond segment. Finally, the company must maintain its 65% global market share in LGD certification as that category becomes a larger portion of total diamond production volume.

2. Management commentary & outlook

Topic	What they claimed	Their words
Global Report Volume	Total global report issuances expanded significantly over the year.	"Robust volume expansion, with the Company issuing 10.5 million reports—a 26% increase over the previous year."
Enterprise Resource Planning	The group transitioned its primary systems across all operating locations to a unified ERP system.	"In November 2024, we transitioned to SAP ERP, a unified platform that seamlessly integrates finance, HR, and supply chain functions across all IGI locations."
Platform Integration	The proprietary network management software completed its multi-year global implementation phase.	"Paving the way for a global rollout from 2020 to 2024."
Domestic Report Volumes	Operational volume growth within the standalone Indian business outperformed the prior period.	"The Company issued 9.3 million reports during the year, a 29.5% rise compared to the previous year"
Design Competition Reach	The international jewelry design initiative saw increased participation across global boundaries.	"The fourth edition’s theme ‘A Journey to the Enchanted Forest’, attracted 1,225 entries from 54 countries — a testament to its growing popularity."
Global Networking Platform	The company successfully scales its trademark commercial networking events internationally.	"We have hosted 19 successful editions of the ‘D Show’ since its inception"
Artificial Intelligence	Management is investigating machine learning applications to scale core grading capabilities.	"Actively exploring how machine learning and AI can enhance process efficiency, accuracy, and scalability"
Total Payroll Headcount	The permanent employee base was finalized at the close of the calendar period.	"As of 31st December, 2024, IGI had 910 employees on its payroll."

Outlook

Demand: Management merely described long-term growth vectors and consumer adoption trends in lab-grown diamond jewelry without committing to specific milestones or volume numbers for next year. Capacity: Management merely described its asset-light expansion model and general evaluation of global laboratory openings rather than committing to a checkable laboratory count or completion date. Costs: Management merely described strategic spending on marketing campaigns, technology integrations, and talent compensation frameworks without committing to any future numbers or dates. Balance sheet: Management merely described the current baseline of high liquidity and structural flexibility without committing to specific financial parameters or dates for next year.

Tone

The commentary balances specific operational metrics, such as exact report counts and explicit enterprise software timelines, with broader discussions of macro industry trends. By grounding key assertions in verifiable platform rollouts and precise enrollment statistics, management provides an analytical framework that is specific and falsifiable rather than solely reliant on adjectives or macroeconomic tailwinds.

3. Financial analysis

3.1 Financial statements

P&L statement (□Cr)

Line item	Dec 2024	Dec 2023
Sales	1,053	898
Sales Growth %	17	83
Expenses	453	401
Material Cost %	0.36	0.37
Raw material cost	3.66	3.91
Change in inventory	0.10	-0.61
Manufacturing Cost %	0.86	0.94
Employee Cost %	25.17	26.18
Other Cost %	16.61	17.20
Operating Profit	600	497
OPM %	57	55
Other Income	35	11
Exceptional items	0	0
Other income normal	35	12
Interest	9	11
Depreciation	41	42
Profit before tax	585	455
Tax %	27	27
Net Profit	427	331
Exceptional items AT	0	0
Profit excl Excep	427	331
Profit for PE	427	331
Profit for EPS	427	331
Profit Growth %	29	37
EPS (□)	9.89	0
Dividend Payout %	25	0

Balance sheet (□Cr)

Line item	Dec 2024	Dec 2023
Equity Capital	86	0.40
Reserves	976	-605
Borrowings	145	151
Long term Borrowings	0	0
Lease Liabilities	145	151
Other Borrowings	0	0
Other Liabilities	296	1,484
Trade Payables	59	19
Advance from Customers	22	27
Other liability items	215	1,437
Total Liabilities	1,504	1,031
Fixed Assets	384	384
Land	13	13
Building	303	291
Plant Machinery	48	41
Equipments	39	35
Computers	10	9
Furniture n fittings	38	33
Vehicles	4	3
Intangible Assets	101	101
Other fixed assets	14	12
Gross Block	569	538
Accumulated Depreciation	185	154
CWIP	36	20
Investments	0	0
Other Assets	1,084	627
Inventories	1	1
Trade receivables	164	126
Receivables over 6m	10	10
Receivables under 6m	167	131
Prov for Doubtful	-13	-15
Cash Equivalents	388	321
Loans n Advances	12	14
Other asset items	520	165
Total Assets	1,504	1,031

Cash flow statement (□Cr)

Line item	Dec 2024	Dec 2023
Cash from Operating Activity	393	303
Profit from operations	601	506
Receivables	-36	-87
Inventory	0	-1
Payables	45	1
Other WC items	-62	27
Working capital changes	-53	-60
Direct taxes	-155	-144
Cash from Investing Activity	-1,634	-85
Fixed assets purchased	-40	-55
Fixed assets sold	1	0
Interest received	15	6
Invest in subsidiaries	-1,346	0
Other investing items	-264	-36
Cash from Financing Activity	1,188	-162
Proceeds from shares	1,410	0
Repayment of borrowings	0	0
Interest paid fin	-8	-2
Dividends paid	-190	-140
Financial liabilities	-23	-20
Net Cash Flow	-52	55
Free Cash Flow	355	248
CFO/OP	91	90

Key ratios

Line item	Dec 2024	Dec 2023
Debtor Days	57	51
Inventory Days	—	—
Days Payable	—	—
Cash Conversion Cycle	—	—
Working Capital Days	—	—
ROCE %	158	0

3.2 Financial analysis summary

Is this business actually making money? The business is highly profitable, delivering strong net profit growth and robust margins driven by its dominant gemstone certification services.

- Net profit (PAT) increased to ₹427 Cr in FY24 from ₹331 Cr in FY23 and ₹242 Cr in FY22, achieving a three-year compound annual growth rate (CAGR) of 32.83%. Consolidated revenue grew 17.3% to ₹1,053 Cr in FY24, supported by a three-year revenue CAGR of 46.44%. Growth was primarily driven by the domestic Indian market, which expanded 25.07% to ₹779.78 Cr and accounted for 74.04% of total sales.
- The operating model is highly efficient, with an EBITDA margin of 57% in FY24, in line with historical trends. Because the company operates as a specialized service provider, material consumption costs are negligible at 0.4% of revenue. Specialized labor remains the primary operational cost, with employee expenses taking up 25.2% of revenue (₹265.10 Cr).
- Capital productivity dramatically outperforms standard benchmarks. The company's pre-tax return on its fixed asset base (PBT % of net fixed assets) reached 152.3% in FY24, vastly exceeding the risk-free benchmark of 6.5%. Return on total assets (PAT % of total assets) also remained strong at 33.7%.
- However, certain management adjustments call into question the quality of operational earnings. Other income rose to a window-worst 5.98% of PBT (₹35 Cr), inflated by a ₹5.22 Cr reversal of excess provisions and a ₹2.31 Cr reversal of credit loss allowances. Management also gave earnings an artificial boost by dropping its provision for expected credit losses to zero, even as actual bad debt write-offs jumped 314.14% to ₹4.10 Cr.
- A critical governance deficiency stands out in the independent auditor's report. The auditor revealed that the software sub-system tracking company revenue explicitly had its audit trail (edit log) feature disabled for specific voucher classes during the year. Furthermore, the database lacked active logging protections to record direct file modifications, creating a severe vulnerability that prevents independent verification of true revenue cutoff windows and transaction integrity.

Is that money arriving as cash? Yes, operational profits convert effectively into cash over the long term, though cash collections are currently lagging behind revenue growth due to deteriorating customer credit cycles.

- Over the three-year trend window, cash generation has been healthy. Cumulative cash from operations (CFO) reached ₹890 Cr against cumulative EBITDA of ₹1,432 Cr, representing a sound conversion rate of 0.62x. Compared against net profits, cumulative CFO captured 0.89x of cumulative PAT (₹1,000 Cr). Annual CFO rose to a window-high of ₹393 Cr in FY24 from ₹303 Cr in FY23.
- The recorded earnings are verified by cash tax payments rather than being driven by non-cash accounting entries. Over three profitable years, the company was charged ₹370 Cr of tax in its P&L while actually paying ₹396 Cr in cash to tax authorities, a conversion ratio of 1.07x.
- Despite these strengths, working capital dynamics are an ongoing cash drain, absorbing ₹53 Cr in FY24 and ₹60 Cr in FY23. Net trade receivables rose 30.3% to ₹164 Cr, significantly outstripping top-line revenue growth of 17.28%. As a result, debtor days worsened to a window-worst 57 days in FY24 from 51 days in FY23, with receivables outstanding over six months reaching ₹10 Cr (5.6% of the book).
- To defend its operational cash balances and support financial optics prior to its public offering, management aggressively delayed outlays to its own suppliers. Total trade payables shot up by 203.13%, expanding from ₹19.48 Cr in FY23 to ₹59.05 Cr in FY24, representing a massive stretch in operational payment timelines.

Where is the cash going, and who is getting it? The company's operational cash flow, heavily supplemented by a massive public equity injection, is primarily being extracted by its private equity promoter through subsidiary acquisitions and dividends, alongside large executive payouts.

- The organic operation requires minimal capital to sustain itself. Over the three-year window, capital expenditure absorbed just 11.9% of cumulative operating cash flow (₹106 Cr), leaving cumulative free cash flow at a high of ₹784 Cr. In FY24, capex was limited to ₹40 Cr (10% of CFO), reflecting an asset-light footprint with a young asset base whose accumulated depreciation is 32.5% of gross block.
- Cash flows were entirely transformed in FY24 by a massive financing cash inflow of ₹1,410 Cr raised through the initial public offering, which expanded equity capital to ₹86 Cr from ₹0.40 Cr.
- The primary beneficiary of this capital was the ultimate private equity sponsor, BCP Asia II Topco Pte. Ltd. The company directed ₹1,345.82 Cr of cash to pay the sponsor for the common-control acquisitions of IGI Belgium Group and IGI Netherlands Group. This structure allowed the promoter to extract substantial cash right at the point of the public offering.
- Dividends represent another massive cash extraction channel for the promoter. The company distributed ₹190 Cr in dividends in FY24 (48.3% of CFO) and ₹140 Cr in FY23 (46.2% of CFO), totaling ₹476 Cr across the window. Related-party transaction grids confirm that the sponsor entity personally received the full ₹190 Cr in FY24 and ₹140 Cr in FY23.
- Key management personnel also drew heavy cash compensation. Remuneration paid to the Managing Director and CEO climbed to ₹26.75 Cr in FY24 from ₹23.87 Cr in FY23. This single salary consumes 2.54% of total group revenue and represents 6.26% of consolidated net profit. At year-end, an additional unpaid remuneration balance of ₹11.10 Cr remained accrued on the balance sheet as a payable due to the CEO.
- Future cash flows face significant upcoming contractual commitments. Unexecuted capital commitments for infrastructure and laboratory instruments exploded by 357.3% to ₹137.10 Cr (up from ₹29.98 Cr). Furthermore, while the company has no bank debt, it carries hidden structural leverage via balance sheet lease liabilities of ₹145.05 Cr, which required cash rent outlays of ₹31.68 Cr in FY24 and carry a total undiscounted long-term legal commitment of ₹208.69 Cr.

3.3 Contingent liabilities & commitments

3.9 Earnings quality & forensic checks

Is the growth real?

Flag · 3 of 8 signals flagged · confidence high · 6/6 checked

Signal	FY23 (□Cr)	FY24 (□ Cr)	Status	What it means
Accounting software revenue sub-system audit trail disabled	—	Not disclosed	Flag · high impact	The audit trail feature was explicitly disabled throughout the year for specific revenue voucher classes and at the database layer, undercutting independent transaction timing validation.
Absence of SOC 1 Type 2 report for software migration	—	Not disclosed	Flag · high impact	The group migrated its core books to a new system on November 1, 2024, without obtaining a SOC 1 Type 2 evaluation, leaving the auditor unable to verify audit trail tracking or database security for November and December.
Receivables growth vs sales growth	125.5	163.53	Watch · high impact	Net trade receivables grew by 30.30%, outstripping the underlying revenue growth rate of 17.28%, signaling potential extension of credit terms prior to listing.
Customer concentration	—	Not disclosed	Unresolved	Specific top-customer contribution metrics are absent from the notes, though volume discounts to large institutional diamond networks grew by 30.08% to □34.90 Cr.
Receivables ageing / ECL provisioning	7.36	0	Clean	The P&L provision charge for expected credit losses dropped to zero, providing an operational earnings boost, despite gross bad debts written off simultaneously increasing by 314.14% to □4.10 Cr.
Unbilled revenue, contract assets, deferred revenue	0	3.4	Clean	Unbilled revenue stands at a minor □3.40 Cr while new contract liabilities stand at □5.40 Cr, resulting in minimal non-cash revenue accumulation.
Revenue from related parties as % of revenue	0	0	Clean	The related-party transactions matrix discloses no direct sales or certification revenue from related entities.
Advances from customers trend	27.46	21.83	Clean	Advances from customers declined by 20.50% to □21.83 Cr, indicating reduced upfront cash commitments from customer networks.

Does profit become cash?

Watch · 1 of 5 signals flagged · confidence high · 5/5 checked

Signal	FY23	FY24	Status	What it means
Working-capital movement	-□59.63 Cr	-□52.60 Cr	Watch · medium impact	Working capital required a net cash drain of □52.60 Cr, which was significantly cushioned by stretching vendor payment cycles, as trade payables expanded by 203.13% to □59.05 Cr.
CFO vs clean EBITDA (cash conversion)	0.61x	0.66x (+8.2%)	Clean	Operating cash flow conversion improved to 0.66x, successfully tracking above the corporate healthy threshold of 0.6x.
Pre-tax operating conversion (CFO + tax paid) / EBITDA	0.90x	0.91x (+1.1%)	Clean	Isolating the cash-tax drag demonstrates a highly resilient pre-tax operational generation rate of 0.91x of EBITDA.
Cash tax paid vs book tax	1.16x	0.98x (-15.5%)	Clean	Cash taxes paid of □154.62 Cr closely matched the P&L book tax charge of □158.03 Cr, confirming low levels of tax timing divergence.
Inventory absorption of operating cash	-□0.61 Cr	□0.10 Cr	Clean	Because the firm functions as an asset-light certification service provider, total inventory absorption remains negligible at □0.10 Cr.

Is the P&L being manufactured?

Watch · 2 of 6 signals flagged · confidence high · 6/6 checked

Signal	FY23	FY24	Status	What it means
Non-operating / other income as % of PBT	2.57%	6.04%	Watch · medium impact	Other income expanded by 202.02% to □35.33 Cr, primarily driven by □25.75 Cr in interest on fixed deposits, boosting reported PBT margins.
Valuation-method or accounting-policy change	□0 Cr	□0 Cr	Watch · medium impact	Management bypassed applying mandatory hyperinflationary accounting indexation adjustments (Ind AS 29) for its Turkish operating subsidiary on grounds of immateriality.
Exceptional items and their effect on PBT	□0 Cr	□0 Cr	Clean	No exceptional charges or adjustments were recorded within the consolidated profit and loss face.
Deferred tax movement and cash-vs-book tax	-□4.69 Cr	□3.19 Cr	Clean	Deferred tax switched to a small charge of □3.19 Cr, creating a negligible impact on earnings quality.
Provision reversals credited to income	□0 Cr	□7.53 Cr	Clean	Management credited a combined □7.53 Cr to the P&L via reversals of doubtful debt allowances (□2.31 Cr) and other excess provisions (□5.22 Cr).
Depreciation policy / useful-life change	□0 Cr	□0 Cr	Clean	No modifications to underlying depreciation methodology or estimated asset useful lives were executed.

Is value leaving to insiders?

Flag · 3 of 8 signals flagged · confidence high · 8/8 checked

Signal	FY23 (□Cr)	FY24 (□ Cr)	Status	What it means
Related-party transaction quantum and trend	193	1,584	Flag · high impact	Related-party volume surged dramatically because the group directed □1,345.82 Cr of capital outlays to its ultimate promoter entity, BCP Asia II Topco Pte. Ltd., for common-control acquisitions.
New related-party counterparties this year	—	Not disclosed	Watch · medium impact	New related relationships emerged around newly acquired common-control networks (IGI Belgium and IGI Netherlands groups) and freshly appointed independent board members.
KMP / director remuneration vs EBITDA	29.97	35.12	Watch · medium impact	Consolidated KMP remuneration expanded to □35.12 Cr, with the Managing Director & CEO's salary alone (□26.75 Cr) absorbing 2.54% of group revenue and 6.26% of group PAT.
Loans, advances or guarantees to group entities	0	0	Clean	The notes confirm that no loans or advances were extended out to directors, promoters, or related corporate entities.
Interest earned on loans/ advances to related parties, against the company's own cost of debt	0	0	Clean	No interest income was generated from related entities as loan balances remained nil.
Interest paid on loans taken FROM promoters or directors, against the company's own cost of debt	0	0	Clean	No internal debt or funding loans were taken from promoter interests, resulting in zero related interest expenses.
Promoter pledge / encumbrance	0	0	Clean	The promoter equity slice (76.55% held by BCP Asia II Topco Pte. Ltd.) carries no disclosures of internal liens or structural pledges.
CSR spend and shortfall	0	0	Clean	The Indian parent entity fully satisfied its statutory CSR obligations, spending □6.80 Cr against a statutory requirement of □6.78 Cr.

Can the balance sheet take a hit?

Clean · all 5 signals clean · confidence high · 5/5 checked

Signal	FY23 (□Cr)	FY24 (□Cr)	Status	What it means
Dividend vs free cash flow	140	190	Clean	Cash dividends of □190 Cr remain comfortably supported by a robust free cash flow generation of □355 Cr.
CWIP ageing and stalled projects	20.16	36.09	Clean	Capital work-in-progress increased to □36.09 Cr, entirely consisting of active projects in progress under 2 years, with zero suspended works or cost overruns recorded.
Contingent liabilities vs net worth	0.31	7.8	Clean	Quantifiable contingent claims rose to □1.50 Cr alongside a USD 0.75 million (approx. □6.30 Cr) New York grading lawsuit. The combined scale remains negligible relative to a restored net worth of □1,062.75 Cr.
Borrowing terms, security, covenants	0	0	Clean	The capital framework has zero formal bank debt or debentures, eliminating interest sensitivity or refinancing risk.
Encumbered assets / title deeds not in company name	0	0	Clean	No corporate charges remain outstanding or unregistered, and no assets are encumbered under standard bank lines.

4. Management & governance

Governance check matrix

Check	Status	Detail
Audit opinion (type)	Clean	Unmodified
Fraud reported by the auditor	Clean	None reported
Audit trail (edit log) in the accounting software	Flag	Disabled for specific voucher types, database modifications untracked, and missing SOC 1 Type 2 evaluation report
Statutory dues unpaid	Watch	Unfavourable remarks inside CARO clause vii(a)
Promoter pledge (% of promoter holding)	Clean	0%
Independent directors (% of board)	Watch	33.33%
Woman director	Clean	Ms. Sangeeta Tanwani
KMP pay against the statutory ceiling	Clean	Within limits
Related-party transactions (% of revenue)	Clean	0%

A. Auditor report & key audit matters

Beyond the systems flaws highlighted in the matrix, the auditor identified Goodwill Impairment Testing Valuation as a Key Audit Matter. The concern centered on the high level of management judgment embedded in internal value-in-use discounted cash flow models for global networks carrying □100.58 Cr of goodwill assets, specifically regarding long-term growth trends and discount rates. Management defended the valuations using multi-year organic business projections and external valuation reports. The auditor addressed this by reviewing the competency and objectivity of management's valuation experts, verifying inputs against historical performance cycles, and running stress tests, which demonstrated that a reduction of 25% to 30% in projected organic revenue growth rates would trigger mandatory impairment charges.

The report includes an Emphasis of Matter drawing attention to the retrospective restatement of historical periods to account for an overseas common control business combination. No defaults to lenders were noted, which is consistent with the company's zero bank debt profile.

Total fees paid to the statutory auditor network for continuing operations included □0.43 Cr for the statutory audit, □0.13 Cr for tax audits, and □0.43 Cr for other corporate services, while special purpose subsidiary audits added □0.35 Cr. Additionally, substantial initial public offering fees of □2.35 Cr for the parent and □1 Cr for newly combined overseas entities were kept out of the operating statement and adjusted directly against the securities premium account.

B. Related party transactions

Counterparty	Relationship	Nature	FY 2024 (□ Cr)	FY 2023 (□Cr)	Assessment
BCP Asia II Topco Pte. Ltd.	Holding Company	Acquisition of subsidiaries	1,345.82	0	Common control transaction
BCP Asia II Topco Pte. Ltd.	Holding Company	Dividend paid	189.77	139.72	Routine
Tehmasp Nariman Printer	Key Management Personnel	Remuneration	26.75	23.87	Routine
Deborah Morgane T Grosman	Key Management Personnel	Remuneration	6.57	5.83	Routine
Eashwar Iyer	Key Managerial Personnel - CFO	Remuneration	1.58	0.27	Routine
Assaying & Authenticity Alliance Pvt. Ltd.	Enterprise controlled by KMP	Rent paid	0.2	1.43	Arm's length
Gajvrat Realty Pvt. Ltd.	Enterprise controlled by KMP	Rent paid	0.18	0.9	Arm's length
Varaz Printer	Relative of KMP	Remuneration	0.23	0.13	Routine
Hardik Desai	Key Management Personnel - CS	Remuneration	0.22	0	Routine
Bimal Tanna	Chairman & Independent Director	Sitting fees	0.13	0	Routine
Sangeeta Tanwani	Independent Director	Sitting fees	0.11	0	Routine
Total	—	—	**1,571.56**	**172.15**	—

These accounting disclosures cannot uncover informal capital or operational transfers outside documented transactional channels. There were no write-offs, impairments, or specific credit provisions recognized against promoter entities during the year. Furthermore, no capital was lent to related entities below the company's own cost of capital, although a material outstanding compensation balance of □11.10 Cr remains payable to the CEO at year-end.

C. Shareholding

Category	FY 2024 (%)	FY 2023 (%)	Change (pp)
Promoter	76.55	100	-23.45
Public	23.45	0	23.45
Total	**100**	**100**	**0**

There are no pledges or encumbrances matching any portion of the promoter's holding, meaning zero percent of the company's equity block is tied up to secure corporate or private promoter liabilities. The shift in ownership structure reflects the transition from a wholly-owned private equity corporate layout to a public listed identity through a multi-crore combination of a fresh share issue and an offer for sale by the institutional sponsor.

D. Board composition

There are no inter-se familial relationships among the board members, and no family appointments were made to executive seats during the year under review. However, Ms. Deborah Grosman, a Non-Executive Non-Independent Director, resigned suddenly from the board effective August 2, 2024, only a few months before the public listing process concluded in December. The senior executive track remains led by Mr. Tehmasp Printer, whose appointment as Managing Director and CEO became effective on April 1, 2024, following his operational tenure with the firm since 2003.

E. KMP compensation

Name	Role	FY 2024 (□Cr)	FY 2023 (□Cr)	Change
Mr. Tehmasp Printer	Managing Director and CEO	26.75	23.87	2.88 Cr
Ms. Deborah Grosman	Non-Executive Director (KMP)	6.57	5.83	0.74 Cr
Mr. Eashwar Iyer	Chief Financial Officer	1.58	0.27	1.31 Cr
Mr. Hardik Desai	Company Secretary	0.22	0	0.22 Cr
Total	—	**35.12**	**29.97**	**5.15 Cr**
KMP Pay as % of EBITDA	—	**5.86%**	—	—

Total KMP payouts absorb 5.86% of the year's consolidated operational EBITDA, which reached □599.71 Cr. This ratio sits slightly inside the 5–10% bracket, which highlights a material but orderly executive cost structure for a business of this scale. Crucially, the direction of executive compensation follows the operational trajectory of the underlying business, with total payouts rising by 17.18% in a period when consolidated operating profit increased by 20.91%.

F. Capital allocation & capex

Over the cumulative analysis window, the business generated □890 Cr in operating cash flow while its capital expenditure absorbed only □106 Cr, resulting in an exceptional cumulative free cash flow of □784 Cr. This capex program was entirely funded out of internal cash generation, requiring no recourse to debt markets or equity dilution to protect the asset framework. Returns held up strongly while these assets were being deployed, allowing the company to distribute □476 Cr to its shareholders via dividends with a comfortable 1.65x dividend cover from free cash flow. Concurrently, zero cash went to lenders as net borrowings stood at □0 Cr and cumulative acquisitions registered at □0 Cr. A business that expanded its asset base out of its own cash flow while holding its return on capital is the best thing in this report, and the self-sustaining nature of this compounding structure protects minority capital from dilution. Although the final share count expanded at the close of the period due to the initial public offering and a 200:1 bonus allotment, the historical operating core required no dilution or borrowing to sustain its physical expansion.

G. Revenue recognition policy

Revenue from grading and certification services is fully recognized at a single point in time, specifically when the final gemstone grading report or certificate is electronically generated by the laboratory sub-systems and marked ready for distribution to the client. This operational model creates a highly transactional revenue realization path

that leaves no long-term contractual visibility for investors. Consequently, this architecture leaves considerable short-term cutoff judgment to management, since accelerating or delaying the software-driven generation and clearance of certificate files around fiscal quarter-ends gives management the ability to directly shift top-line performance metrics across reporting periods.

5. Scorecard

Dimension	Rating	Vs last year	What decided it
Business quality	3	—	Latest pre-tax return on net fixed assets is 152.3% and ROCE is 158.0%, but historical restructuring left ROCE at 0% in prior years.
Financial health	5	—	Net debt is negative at -0.41x EBITDA and interest coverage stands strong at 62.11x.
Earnings quality	2	—	A forensic flag was triggered on a promoter acquisition transaction of □1,345.82 Cr, which exceeds 10% of the year's net profit.
Management & governance	3	—	Total key management remuneration absorbs 5.86% of operating EBITDA, which sits within the ordinary corporate benchmark.
Capital allocation	5	—	Cumulative capital expenditure of □106 Cr was kept well below cumulative operating cash flow of □890 Cr with zero debt utilization.

6. How it has been doing

6.1 The multi-year picture

Metric	5-yr mean	FY23	FY24	Low ‹ band › high	Vs trend	Why it moved	Durable?
EBITDA margin %	61.79	55.35	56.98	55.35 `[-#---o-----]` 68.23	**In line with trend**	—	—
PAT margin %	43.08	36.86	40.55	36.86 `[---#-o-----]` 49.29	**In line with trend**	—	—
CFO / EBITDA	0.59	0.61	0.66	0.58 `[-o-] #` 0.61	**Better than trend** (best in window)	Deferral of vendor payments and trade payables expansion to □59.05 Cr	Too early
ROCE %	0	0	158	0 `o #` 0	**Better than trend** (best in window)	Corporate restructuring and overseas business combinations	Structural
Debtor days	49	51	57	47 `[-o--] #` 51	**Worse than trend** (worst in window)	Extension of credit terms to customer networks prior to listing	Too early
Cash conversion cycle (days)	49	51	57	47 `[-o--] #` 51	**Worse than trend** (worst in window)	Elongation of trade receivables collections timeline	Too early
Net debt / EBITDA	-0.43	-0.34	-0.41	-0.51 `[-----o#----]` -0.34	**In line with trend**	—	—
Interest coverage	74.52	41.36	62.11	41.36 `[---#-o-----]` 107.67	**Worse than trend**	Higher lease liability interest components relative to operating profit	—
Other income % of PBT	2.42	2.42	5.98	2.42 `o #` 2.43	**Worse than trend** (worst in window)	Elevated fixed deposit interest of □25.75 Cr and provision reversals	One-off
Cash from operations	248.5	303	393	194 `[--o---] #` 303	**Better than trend** (best in window)	Expanded operational profitability and delayed supplier payments	Too early

6.2 Management: said versus delivered

No prior-year summary was supplied.

What has not changed

- Lease obligations have comprised the entire share of total group borrowings for the third consecutive year, finishing at □145 Cr in FY2024 to maintain a financing model devoid of traditional bank debt.
- The corporate liquidity profile has shown net negative debt for the third consecutive year, with the cash surplus expanding to -□243 Cr in FY2024 from -□170 Cr in FY2023 and -□172 Cr in FY2022.
- Cash conversion from operations has stayed consistently above the corporate health benchmark of 0.60x for the third consecutive year, with the annual CFO to EBITDA ratio improving sequentially to 0.66x (□393 Cr) in FY2024 from 0.61x (□303 Cr) in FY2023.