



IGI



INTERNATIONAL GEMMOLOGICAL INSTITUTE (INDIA) LIMITED

Registered Office:

702, The Capital, Bandra Kurla Complex,
Bandra (E), Mumbai 400 051
Tel: +91 22 4035 2550
Email: india@igi.org
CIN : L46591MH1999PLC118476

August 4, 2025

To,

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001
BSE Scrip Code: 544311

National Stock Exchange of India Limited

Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (East), Mumbai - 400 051
NSE Symbol: IGIL

Subject: Transcript of the Earnings Call held for the Quarter Ended June 30, 2025

Dear Sir/ Madam,

Pursuant to our letter dated July 23, 2025, intimating the Earnings Conference Call of International Gemmological Institute (India) Limited for the quarter ended June 30, 2025, which was held on July 29, 2025, we hereby enclose the transcript of the said conference call.

This intimation will be made available on the Company's website at www.igi.org

This is for your information and record.

Thanking you,

Yours faithfully,

For International Gemmological Institute (India) Limited

Hardik Desai

Company Secretary and Compliance Officer

Membership No.: A35491

Encl: a/a

THE GLOBAL CERTIFICATION AUTHORITY

Formerly known as International Gemmological Institute (India) Private Limited

AMSTERDAM • NEW YORK • HONG KONG • MUMBAI • BANGKOK • SHENZHEN • TEL AVIV • DUBAI • LOS ANGELES • KOLKATA • NEW DELHI • THIRUBUR • SURAT • CHENNAI • AHMEDABAD • HYDERABAD • JAIPUR • BENGALURU • CAVALLESE • SHANGHAI • COIMBATORE • TURKEY • CARO • PUNE • RAIPUR • LUCKNOW • RAIPUR
www.igi.org



“International Gemmological Institute (India) Limited
Q2 & H1 CY25 Earnings Conference Call”

July 29, 2025



IGI



MANAGEMENT: **MR. TEHMASP PRINTER – MANAGING DIRECTOR AND CHIEF
EXECUTIVE OFFICER – INTERNATIONAL GEMMOLOGICAL INSTITUTE
(INDIA) LIMITED**
**MR. EASHWAR IYER – CHIEF FINANCIAL OFFICER –
INTERNATIONAL GEMMOLOGICAL INSTITUTE (INDIA) LIMITED**

MODERATOR: MR. SUMEET KHAITAN – MUFG INTIME**Moderator:**

Ladies and gentlemen, good day and welcome to Q2 and H1 CY25 Earnings Conference Call of International Gemmological Institute (India) Limited, hosted by MUFG, Intime. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sumeet Khaitan from MUFG Intime. Thank you and over to you, sir.

Sumeet Khaitan:

Thank you, Palak. Good evening, everyone. I welcome you all to the Earnings Conference Call to discuss Q2 and H1 CY25 Results of International Gemmological Institute (India) Limited. To discuss the results, we have from the management, Mr. Tehmasp Printer, MD and CEO, and Mr. Eashwar Iyer, CFO. They will take you through the results and the business performance after which we will proceed for question and answer session.

Before we proceed with the call, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risk and uncertainties. For more details, kindly refer to the investor presentation and the other filings that can be found on the company's website.

With this, I now hand over the call to the management for their opening remarks. Thank you and over to you, sir.

Tehmasp Printer:

Thank you, Sumeet. Good evening, ladies, and gentlemen. I would like to welcome you all to the Q2 CY25 Earnings Call. I trust that everyone has had a chance to review our financials and investor presentations, which have been made available on both the stock exchanges as well as our company website.

It's a pleasure to connect with you all and share insights into our business strategies and outlook. To recap, we are the largest independent accreditation certifying services provider in India with over 50% market share.

Globally, we are the second largest player with 33% and in lab-grown diamonds, we have over 65% of the global market share in certification. We serve 9 out of 10 retail jewelry chains in India and we expect to continue to leverage our position to expand our global presence and establish IGI as a laboratory of choice to the large retailers and brands.

We are present across 10 countries and we have 31 laboratories, 12 in-factory laboratory setups, 18 schools of gemology. We are present across the entire jewelry value chain. Our multiple service delivery formats are in the form of IGI laboratories, in-factory laboratories, mobile labs, which essentially strengthen our customer relationships and driving a distinct advantage for the Company.

Our school of gemology provides awareness, knowledge, and information to help us drive the brand awareness, market expansion opportunities, and new customer acquisitions. I'm happy to report that the Company has seen a strong growth momentum across all its business segments in Q2 of 2025 as compared to Q2 of 2024.

The business on a consolidated basis has done exceptionally well with 16% growth in revenues from operations and 37% growth in EBITDA on a year-on-year basis. The business has delivered a volume growth in Q2 of '25 with 3.03 million reports, a 21% growth over the previous year. The business has seen strong growth across its segments. Lab grown has grown by 24%. Natural diamonds have grown by 14% over the previous year.

For the first half ended in June 2025, the business has delivered revenue from operations growth of 13% and EBITDA growth of 23%. The volume over this period grew by 24% with strong performance across all our business segments, natural diamonds, lab-grown diamonds, jewelry, and color stones.

Going forward, we expect this demand to continue both across the natural diamonds as well as lab-grown diamonds. Further, with demand for jewelry certification on the rise, we expect the jewelry segment to drive a significant proportion of growth in the quarters to come.

Finally, with increasing adoption of lab-grown diamond jewelry in India, we expect the revenue from this segment also to increase significantly in the future. With the industry evolving at a rapid pace and certification becoming a key enabler of consumer trust, IGI is focusing on strengthening its leadership position by expanding its presence, embracing innovations, and enhancing the overall customer experience.

As demand for both natural as well as lab-grown diamonds continue to grow, IGI is strategically positioned to capture the immense opportunities ahead. The Company is also embarking on a digital transformation initiative as we seek to enhance the quality of our service delivery as well as reduce the turnaround time for our services.

Overall, we are confident of maintaining the growth momentum, delivering revenue and EBITDA growth this year in line with our historical performance. We remain committed to enabling growth for our partners, delivering long-term value to all our stakeholders.

With that, I now invite our CFO, Mr. Eashwar Iyer, to take you through the financials and operations performance for the quarter. Over to Eashwar.

Eashwar Iyer:

Thank you, Tehmasp, and good evening, everyone. Thanks for taking the time for joining today's conference call. As Tehmasp just articulated, we are extremely delighted to have each of you with us. As many of you know, our company follows a January to December reporting cycle, and we are therefore excited to present the results for the second quarter for calendar year '25.

I will start with an update of the quarter 2 performance before providing an update for the half-year performance as well. On a consolidated group performance standpoint, I'm happy to report that the group consolidated business has maintained a very, very strong growth momentum in quarter 2 '25.

In terms of revenue, certification income for the current quarter stood at INR292 crores, which is showing a growth of 18% over the same time last year. Correspondingly, the volume growth was at 21%. This was primarily driven by strong revenue growth across all our core segments, namely 14% growth in natural diamonds, 24% growth in lab-grown diamonds. Total revenues for the quarter therefore stood at INR314 crores, registering a growth of 20%.

In terms of reported volumes during the quarter, we delivered 3.03 million reports compared to 2.5 million reports in quarter 2 '24, registering a growth of 21%. Driven by strong revenue performance, continued cost optimization in some of our global offices, we have delivered a PAT of INR127 crores, marking a growth of 63% compared to the previous quarter. PAT margins stood at 42% for this quarter. EBITDA stood at INR174 crores, reflecting a growth of 37% compared to the previous quarter. EBITDA margins stood at 58%.

Coming to the half-yearly update on a consolidated group performance standpoint, for the half year ended June 2025, we have delivered 6.16 million reports compared to 4.97 million reports in the same period last year, marking a robust year-on-year growth of 24%.

In terms of revenue, certification income stood at INR588.8 crores, growing at 14%. This was driven by strong growth across all our key segments, be it LGD which is growing 16%, Natural Diamonds 7% and LGD jewelry 35%. Total revenues, therefore, for the half-year stood at INR627.8 crores, registering a growth of 14% year-on-year.

Driven by strong revenue performance and continued cost optimization, the PAT delivery for the half-year stood at INR267 crores, marking a growth of 31%. PAT margins, therefore, for the first half was at 44%. EBITDA at INR369.2 crores showed a growth of 23% with a margin of 61%.

Looking ahead, the Company is actively ramping up its infrastructure to support the volume growth and we remain confident to delivering a strong performance in 2025. With that, I conclude my remarks and open the floor for your questions. Thank you very much.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Sheela Rathi from Morgan Stanley.

Sheela Rathi: Yes, thanks for taking my question. Eashwar, my question was with respect to when we look at consolidated minus standalone numbers, this particular quarter, we have seen about a 6% growth. When we look at the margin profile, the margins are low single-digit versus what we have seen in the last three quarters.

Of course, this is up year-on-year, but just that the trend is significantly lower. And then, even at -- below the margins, also the number seems to be much weaker. Just wanted to understand the significance of this quarter with respect to the international market.

Eashwar Iyer: Okay, I think the international markets has been as performed very well from a Netherlands business standpoint. Okay, obviously, we still are seeing some softness both in the US as well as the Belgium business, driven by obviously the factors that are affecting the US business specifically, thanks to the tariff, etcetera. But our business in Netherlands is still growing over 20%.

So there is extremely strong performance both from the Dubai as well as the China markets. And we continue to see that momentum carrying forward from quarter one. Obviously, the performance versus the previous year is still better. And we are therefore hoping that we see a turnaround probably in quarter three, quarter four as far as the US business is concerned.

Sheela Rathi: Okay. And in terms of the mix, is it the mix very different in this quarter versus what we see in the other quarter? And I mean, just trying to understand why margins in general are lower in this quarter?

Eashwar Iyer: Versus the sequential quarter is what you're saying, Sheela?

Sheela Rathi: Yes, yes, Eashwar.

Eashwar Iyer: Okay. See, from a margin standpoint, I think we delivered at the consolidated level from 64%. Against that, I think we are now at -- just give me a minute. I think we reported 58%, right? That's what we reported for this quarter. And I think this is in line with what guidance we had given as part of quarter one as well. I think we had a significant ramp up of ND Jewelry in quarter one.

We've seen a slight slowing down as far as ND Jewelry is in this -- is concerned in this quarter. We delivered around 3.03 million reports versus 3.12. So there's been a slight slowdown in jewelry in this quarter, which is the normal trend. Normally, we have a huge ramp up in the quarter four and quarter one. So that is one of the reasons.

Additionally, I think you will also notice that we're making some significant investments to build up an AI architecture in the organization. So there is a bit of a one-off expenses that has got booked in this quarter. But again, that is very important for the Company. We're making some strategic investments as far as building AI capability within the organization. So that is the reason.

These are investments that are being done from a long-term standpoint. And that is the reason why you see a slight dip in the EBITDA margins. But we will remain with what we had forecast at the beginning of the year. Between 57% to 64% EBITDA margin is what the Company will deliver this year.

- Sheela Rathi:** Yes, just one follow-up here, Eashwar. Again, this is to do with the console minus standalone EBITDA margin. The 3.9% number vis-a-vis June 24, 3% versus the double-digit trend we have seen in the last two quarters. Just want to understand that in June quarter, when we look at console minus standalone, is there any specific mix here which results in such lower margin, or this is just a one-off and we should see improving trend?
- Eashwar Iyer:** No, I think it's just a one-off. And I think from a mix standpoint, there's not been too much of change across segments. So I think we'll just see some improvement as we get along the road. Because the business in the US, hopefully we should pick up now that we are into the season as far as the US business is concerned.
- Sheela Rathi:** Understood. All right. Thank you.
- Moderator:** The next question is from the line of Harit Kapoor from Investec.
- Harit Kapoor:** Yes. Hi, good evening. So the first question was on the ASP margin. So if you look at it, there has been some improvement sequentially on the ASP side. It just gives you a little bit of a sense that it seems like your ASP levels are stabilizing versus Q1 where they were down by about 12%. I just wanted to get a sense on pricing. Do you look at the fact that now, barring mix, ASP levels will be -- have stabilized at this broad range of levels, at least for the near to medium term?
- Eashwar Iyer:** That's right. Harit, I think what we had discussed during our Q1 call as well. Q1, we were cycling the price effect of April-May on LGD, which we had spoken at length. The Company is cycling that. So that's the reason why you see sequentially the ASP is actually improved by some 3%-4% at the India level, which is the key driver of the global revenues as well. So I think we've seen a lot of stability in the last three-four quarters. So we don't foresee any dilution as far as ASP is concerned over the balance of this year.
- Harit Kapoor:** Understood. Understood. And the second part was you did touch upon in the earlier question about some tariff-related things on the Belgium subsidiary. But US as a market affects everything, including your standalone business. Just wanted to get a sense of how you are seeing the situation currently -- could there be in quarter, in the quarter going forward, some kind of volatility in revenue, given that there may be a stop-start situation as far as this is concerned? Or you have another kind of view on that?
- Eashwar Iyer:** No. See, the last two quarters, especially this quarter versus the previous year, I think the tariff discussions happened sometime in March, April. We have seen stability. We have not seen any massive disruption. But we're just hoping that, there is some progress that happens on the trade deal, because at the moment, there is an additional 10% levy, right, on the jewelry -- on the stones, as well as the gold that goes out.

So, hopefully, that stabilizes, it just clears out whatever little worries that the industry might therefore be facing. So, we're keeping our eyes open in terms of where that discussion is going between the two governments. But otherwise...

Harit Kapoor: Okay.

Eashwar Iyer: Between the two quarters, there's not been anything that has actually caused any disruption as far as certification goes for our business.

Harit Kapoor: Got it. The other one was on LGD jewelry. I think Tehmasp, in his opening remarks, you mentioned that...

Tehmasp Printer: Yes.

Harit Kapoor: You're seeing a pickup in an India market. So, if you could just give a sense of what are you seeing in the India market in terms of LGD jewelry pickup? What is the kind of pace of increase there? And your role as certifier, are you -- is your share almost as high in stone certification as far -- as well as jewelry certification in the India market? Just a little bit of sense of what's happening in the India market for you?

Tehmasp Printer: Okay. Harit, the thing is, LG jewelry is now the new growth factor that we are looking at. India has been a little slow on the acceptance of LG jewelry. But it is gaining momentum very, very fast. New York, I mean, sorry, US has been the first continent to have accepted LG. Last year, US reported over 50% of all brides into -- with LG stones.

Today, what we are doing here is, now we are creating an awareness among the Indian continent to see increasing awareness creates transparency and knowledge. And that creates, like, that makes the consumer to take a buying decision. We grade diamonds and we give you the origin, whether it is lab grown or it is natural.

Certification becomes a very important factor that, if you are buying natural, you need a certification to know for sure that it is not a lab grown. And if you are buying lab grown, you need to be sure that it is not a piece of glass. So here IGI is policing the entire market and giving the consumer the value for the money that he or she is putting in. And we see this momentum growing. I think we saw some significant growth in the LG. So what is that percentage?

Eashwar Iyer: This is on a half yearly basis some 6%, 7% LG jewelry versus previous year.

Tehmasp Printer: Yes. No. No. On a -- but over the previous year?

Eashwar Iyer: Over the previous year, for the quarter, quarter two is up to 35%, right?

Tehmasp Printer: 35% ?

Eashwar Iyer: Yes. 35%.

- Tehmasp Printer:** 35%. So every quarter the awareness is increasing and the LG jewelry acceptance is also increasing and we are in the game. We are the largest.
- Harit Kapoor:** Okay. Got it. Got it. And one last question before I come back. Easwar, is there any one-off in the other income this quarter? It seems pretty high on a year-over-year or is this the cash balance impact?
- Eashwar Iyer:** Yes. I think this has basically got to do with the accumulation of cash over the last 12 months, I think. So that is the reason why you're seeing an increase in interest income for this period. I'm presuming you're looking versus previous year, right?
- Harit Kapoor:** I am. I am. Yes.
- Eashwar Iyer:** Which is obviously the case because we generate like INR300 crores every year. So that is what is giving this impact from an interest income standpoint.
- Harit Kapoor:** Thank you and wish you all the best
- Moderator:** The next question is on the line of Aaron Armstrong from Ashmore Group.
- Aaron Armstrong:** Hi. Good evening. Thank you very much for taking the question and congratulations on a very good set of results. Firstly, could you expand a little bit more on the tariff side of things, please? So when you serve the US market, could you talk about whether you do that from your assets in India or internationally, or do you serve that domestically within the US? And how tariffs affect you in terms of either your competitiveness or in terms of kind of revenue and pricing?
- Tehmasp Printer:** Oh! Aaron, everyone is holding their breath on the tariff issue. They're waiting for the announcement. And I mean, tariff is something that is here to stay. I mean, there's no two ways about it. And we're all, the entire industry is looking for innovations and ways to surmount this obstacle that is there, but the business is getting on.
- Oh, having said that, what happens is India is the sole - center of manufacture. So and my New York offices, my offices in Europe, they are the marketing arms for us. So they provide us the information of the market sentiments in the US or in Europe or wherever. And based on those requirements, we grade and certify the jewelry or diamonds, whether lab grown or natural in India. So while all the marketing effort is done from -- is driven from the Western source, the manufacturing, and the cumulative collection...
- Eashwar Iyer:** Polishing.
- Tehmasp Printer:** and invoicing is done in India. So you may see a little difference. But essentially, it is because of these global offices that we have, we are able to certify manufacture and certify in India where we are very strong.

Aaron Armstrong: Got it. And so, do you think you'd be able to pass on tariff costs? Or are you currently passing on tariff costs to your customers?

Eashwar Iyer: No.

Tehmasp Printer: No. See, the tariff cost...

Eashwar Iyer: There is no -- Aaron, there is no implication for IGI from a tariff standpoint.

Tehmasp Printer: Yes.

Eashwar Iyer: So that I think we have to just clarify to you. I think it's a play between the manufacturers and the retailers. So IGI per se is not affected by tariff.

Tehmasp Printer: Yes. Per se. But it will be distributed between the manufacturer, the retailer, and probably, be in the end, the consumer. So it's a game that you guys have to play. We are certifying the goods that are being exported.

Aaron Armstrong: That's great. And then a couple of other questions, if I may, please, just firstly, on the other operating income line. So I can see for this quarter, it was at 88 million versus 117 in the same quarter last year. Can you talk about that decline, please?

Eashwar Iyer: That decline is basically led by some slowdown on the sorting business that we do in Europe. So we have seen a slight slowdown there in terms of we have large retailers like...

Tehmasp Printer: We have large super brands.

Eashwar Iyer: Large brands, super brands who come to us.

Tehmasp Printer: Where we do the screening in Antwerp. We do nearly on a year-on-year basis, we do 20 million stones. But now the super luxury brands have also slowed down a little. And from that perspective, the screening for services has also got a little slow down there.

Aaron Armstrong: Okay, that's great. Thank you. And then sticking with the consolidated numbers, if we look at for Q2 of this year, the cost control has been very strong. And you've had a decreasing cost on employee benefits expense, on your depreciation expense and then on your other expenses line as well. Can you talk a little bit about where those cost savings are coming from and whether they're sustainable for the rest of the year?

Eashwar Iyer: I think the cost will be sustainable at these levels around for the balance of the year versus the previous year, we had taken a onetime charge in 2024 in this quarter of last year, consequent to a slight severance that we did in our US business. So that's the reason why you see a flat expense on employee benefit or slightly lower cost on employee benefit than previous year.

On amortization, this is more than a local gap requirement, which is about taking a charge on lease offices, etcetera. We had actually two offices in lease in the US same time last year. So

we are coming to the end of the lease in one of the offices, the other offices where we will continue to operate.

And that's the reason why you're seeing a slight decline in D&A expenses. The other expenses have remained more or less constant at the same levels as last year. And that trend should therefore continue as we get along the road.

Aaron Armstrong:

That's great. Thank you. And then one point that I think you touched on that maybe some more detail would be helpful, please, just on your average realizations. So the 963 number that you've posted for this quarter, down 3% Y-o-Y, is that just mixed driven? So are you making a lower average realization, say, on LGD versus ND or on Diamond versus Jewelry? Can you talk a little about that mixed effects, please?

And on a like for like basis, do you see most of your pricing is stable right now for the rest of the year?

Eashwar Iyer:

I think the pricing has been extremely stable over the last two, three quarters and we expect that to continue as we get along for the next two quarters. The slight dip that you're seeing, Aaron, is we've seen a large chunk of smaller size stones for natural diamond, which has come in during this quarter. So those are dozier reports versus the full diamond report that we give to natural diamonds.

So that's the reason why, if you look at my natural diamond business has grown 14%. And that is consequent to smaller size stones coming in for certification. And that's what is causing a slight dip in the average realization price. But the volume has more or less taken care of the slight dip as far as natural diamond is concerned.

And the overall revenue has therefore grown at around 14%. So I think that is the major reason why the ASP is actually declined by some 2%, 3% over the same time last year.

Aaron Armstrong:

Great. Thank you. And one final question, if I may, please, just on the outlook for pricing, as you look towards 2026, do you think you'll be able to sustain current prices?

Eashwar Iyer:

We hope to, too early in the day. But we're seeing a lot of stability in the market. So if things remain the same, I think we should therefore look at the same realizations as we get along into 2026.

Aaron Armstrong:

That's great. Thanks again for the call and look forward to keeping in touch.

Tehmasp Printer:

Thank you.

Moderator:

Thank you, sir. The next question is from the line of Harish Advani from Axis Capital. Please go ahead.

- Harish Advani:** Hi, thank you for taking my question. My first question was on the India LGD business. So we have seen a pretty strong pickup sequentially. So this 24%, can you break it down into how much of this has been volume led and how much of an impact we had from the pricing because we took pricing cuts last year this time?
- Eashwar Iyer:** See, I think the volumes have grown more or less in sync with revenue. Both of them are growing around 24%. And that's what you see in the financials as well. And as I mentioned, we are now back to the same price levels current versus the same time last year. So the revenue growth has mirrored the volume growth during this period. So it's around the same levels 24% is the volume growth as well.
- Harish Advani:** Okay, perfect. Thank you. And if I were to talk about the subsidiary business, which is console minus standalone, you kind of indicated that this quarter, there was a bit of pressure. And that's why the margin has come up from 20% to about 4%. But we had a similar kind of an impact last year where the margin was about 3%. So is this more, it's kind of a seasonal thing.
- And if that is the case, what should we kind of build in for the rest of the year or the full year CY25 for the international business?
- Eashwar Iyer:** Yes, I think you must build in whatever we have seen as the first half growth. We hope that the US business will start to move the needle up. But the Netherlands business is continuing to grow over 20% as we speak. So you can build in the same levels of growth as we get along for the balance of year.
- But overall, as we've mentioned earlier as well, the Company had given a forward-looking statement of a 15% to 20% growth from a revenue standpoint. And this quarter performance has been an 18% revenue growth. And that is brought this the first half growth to close to 15%. So we are confident of delivering to what we had committed at the beginning of this year, which is a 15% to 20% revenue growth.
- Harish Advani:** And just one last question. So if I were to look at the console margins of last year of about 49% odd, can we say that this margin which we delivered in 58 is more or less come off a low base and ideally margin should remain in the ballpark of 57 to 64 that you mentioned? Is that a fair assessment?
- Eashwar Iyer:** Absolutely. I think we should look at that range. Yes.
- Harish Advani:** Okay, perfect. Thank you. That's all my questions.
- Moderator:** Thank you, sir. The next question is from the line of Angad Katdare from Sameeksha Capital. Please go ahead.
- Angad Katdare:** Hi, sir. Thank you for the opportunity. And congratulations on the good set of numbers. Most of my questions have been answered. My follow-up question is just on the number of

employees. What is the current count of employees currently and how many gemologists out of that?

Eashwar Iyer: So, I think at the global, 1,300. Around 1,300 people would be the total employee strength. And I think all the lab facilities will be close to 1,000. Lab, back office, everything. I think all of it would be close to between 900 to 1,000 people.

Angad Katdare: Got it. Thank you.

Moderator: The next question is from the line of Harsh Shah from Avenir Capital.

Harsh Shah: Thanks for taking my question. Just wanted to know about the demand trends in the third quarter, like already the first month has passed.

Eashwar Iyer: We're not seeing anything very different, Harsh. Harsh, we're not seeing anything different in July versus the performance that we've seen in quarter 2. Early days for the quarter, but the business continues to be stable.

Harsh Shah: Okay. Okay. And the rest of my questions have already been answered. Thank you.

Moderator: The next question is from the line of Naitik from NV Alpha Fund. Please go ahead.

Naitik Mutha: Hi, sir. Thanks for taking my question. So I just wanted to understand our employee costs a little better while I appreciate that year-over-year it has fallen. But if I look at it sequentially, the range had been 65 per quarter roughly, which has gone to 71. So just wanted to understand where does this stabilize? And are there any runoffs in this 71?

Eashwar Iyer: Okay. See, the 71 versus 65 is consequent to two things. One is the annual increment impact. Plus, we had mentioned in the last call that we've added some 250 - 300 people over the course of the last few months. So that is the reason why this cost has actually gone up. We expect this cost to remain the same level for the next two quarters.

Because I think we are at the end cycle as far as recruitments are concerned. So I think we are now back in as far as meeting customer expectations from a timeline standpoint. I think we are now adequately resourced to manage the volume growth, at least for this year.

Naitik Mutha: Right. And sir, you mentioned you have done some one-time investments, which are sitting in other expenses. So just wanted to understand that also. Because even that, if I see sequentially on a similar revenue base, that has also gone up substantially. So just wanted to understand that.

Eashwar Iyer: That will probably stabilize slightly lower in the subsequent quarters. Because this is just a chart that we've taken this month for the project that we are embarking on. I think we are at around INR56 crores. I think we should probably get back to the INR50 crores level.

Naitik Mutha: Right. Got it, sir. That's it from my side. Thank you.

- Moderator:** The next question is from the line of Shravan Vohra from Morgan Stanley.
- Shravan Vohra:** Hi, sir. Thank you for the opportunity. So I had two questions. First one, you mentioned briefly about capability building to handle higher volume. So could you talk briefly about that? What kind of capabilities we are building on the AI side and the gemologist side?
- Eashwar Iyer:** This is basically recruitment of gemologists that we did in the first 4-5 months of this year. These are basically gemologists, graders that we have recruited. Plus, obviously, we have also built up some capability or number of people, both in our back office as well to manage the business growth requirements.
- Shravan Vohra:** Got it. And secondly, sir, if you could talk about your brand building initiatives that you had spoken last time also, both in India and in the US to get more retailers on board in the US. So anything, any updates on that?
- Tehmasp Printer:** So most importantly, you will know that the India exhibition, the largest exhibition in India, is just started today, in fact. And we are showcasing our new different services at the exhibition. And of course, we are in the routine business of creating a brand awareness where our the IGS concern and also to enhance the services that we provide.
- So it's a culminative exercise that we are doing into -- in a holistic manner. So we are getting to the entire supply chain, right from the manufacturer to the wholesalers, to the retailers, to the consumers. And that is what we are doing currently. And more importantly, in the India market, we are trying to create more awareness and transparency regarding diamonds.
- There's a lot of negative chatter going around. But we say that both LG lab grown as well as natural, both are diamonds. And it is extremely important to identify the origin. And we have the capabilities and the scalability of identifying this origin. And that is what we are depending on.
- Shravan Vohra:** Right. Perfect. Thanks a lot, sir.
- Tehmasp Printer:** Thank you.
- Moderator:** The next question is from the line of Sumit Sarda from Compound Everyday Capital.
- Sumit Sarda:** Yes. I have two questions. First is, what is the net cash on the balance sheet? And it was mentioned that generally we generate around INR3,300 crores of cash a year. So how do you plan to allocate it in, for example, growth, also returning to shareholders, if any? That is first question.
- Second question is, you mentioned that you are investing in AI capabilities. A larger question is, how does AI improve accuracy, cost, etcetera, certification and what are the early trends you are looking at? Is there -- can it be a game changer for our business? Third would be, would you maintain that 15% to 20% volume guidance for the year? Thank you.

- Eashwar Iyer:** Yes. I think so. There are three questions that you've asked, Sumit. Number one, the cash balance, I think, is in excess of INR750 crores now in the company. And as we have indicated earlier as well, we will be seeking guidance from the Board as far as dividend declarations are concerned. That is actively in consideration for the management. And number three, in terms of the growth, which I had earlier articulated during the call, I think we will stick to the guidance of 15% to 20% revenue growth for this year.
- Sumit Sarda:** Just to follow-up on the capital allocation, how do you want to invest it in the business? Are there a lot of opportunities, for example, setting up new labs, new kinds of labs?
- Eashwar Iyer:** Which we are doing currently. We have opened a couple of labs in the last couple of months. But again, from a larger context, I think the Company continues to evaluate opportunities for acquisition, etcetera. I think that is always on the radar in terms of how we could therefore deploy the capital that we have for bringing in some inorganic growth. So those considerations will continue to be evaluated.
- Sumit Sarda:** The last question was on AI and its impact on our business.
- Eashwar Iyer:** AI, Oh yes, of course. I think I missed that, sorry. I think that is what we want to engage in that journey, just to ensure that we are aware of the development that is happening in the global environment as far as AI is concerned. And we do not miss the bus in terms of some of the opportunities that therefore exist.
- So, we are commencing a project there. We will see how that goes. It is more about discovery and therefore implementing some of those automation/AI measures within the organization for effective delivery and improving effectiveness as an organization.
- Tehmasp Printer:** Shorting our service delivery.
- Sumit Sarda:** Got it. Just a final question on the effective tax rate. It was around 28%. Should we maintain that or can we lower it?
- Eashwar Iyer:** The same. I think just maintain. I think there is nothing that is going to happen significantly different in the balance of the year. I think we just continue to maintain at the same percentage.
- Sumit Sarda:** Perfect. That is all. Thank you.
- Moderator:** Thank you, sir. The next question is on the line of Raman from Sequent Investment. Please go ahead.
- Raman:** So, my question is with respect to the recent steps taken by GIA with respect to 4C grading of lab-grown diamonds. They have completely, I guess they have stopped 4C grading for lab-grown diamonds, which is -- so I just wanted to understand what is the market opportunity for

someone like us with respect to this competition being one of the key competitors stopping this particular segment?

Tehmasp Printer:

Raman, this is a very good question. See right now, understand one thing lab-grown is the biggest disruptor which has happened to the industry in the last 100 years. 4Cs is the analysis which has been there for the last century. Now, we at IGI are principled to be an independent certifier. We are not governed by any external influences. We are able to certify a diamond and we give the origin.

Today, we not only give the 4Cs on both natural as well as on lab-grown, because that is what the diamond is. And that is what the consumer understands. It is very important to know the origin because if you're buying a natural diamond, you want to assure yourself that there is no lab-grown in it and IGI does that. If you want to buy a lab-grown diamond, you want to be sure that there is no piece of glass and IGI certifies that.

So, our stance is that we are a neutral body. We do not want to have any preferences or biases against any gemstone or diamond. So we will continue to keep to our independent status and continue to educate and inform the consumer that a spade is a spade, period. Something like that.

Raman:

So my understanding is, I just wanted to understand the total market size with respect to 4C grading for lab grown diamonds.

Tehmasp Printer:

So, we have virtually 65%-70% of the lab-grown diamonds which are graded against the 4Cs today.

Raman:

So, will this improve your global market share of lab grown diamonds? If I am..

Tehmasp Printer:

Of course because we give what the consumer wants. We are not, yes, I mean, opinion makers. I am giving you what the consumer wants, consumer is familiar with and that is what we are doing.

Raman:

I understood, sir. Sir, my second question is with respect to the average cost of lab-grown diamond, you have said it has been stable for the past 2-3 quarters. So, I just wanted to understand the scenario whether there is a possibility of the lab-grown diamond prices going down further or the manufacturer won't be able to produce the lab-grown diamond if there is any further decline in the prices?

Eashwar Iyer:

I think we have articulated this in the past as well, Raman. I think at the current prices at which it is trading at the wholesale level, we estimate that their returns on their investment is between 8%-10%. That leaves them with very little room to further drop prices and that is why we have also seen that sort of stability in the last couple of quarters. So I think we are seeing the end, at the bottom end as far as pricing correction on lab-grown diamonds is concerned.

- Raman:** So, there won't be any further pricing correction and which will not necessarily mean we don't really have to take any other, like, average realized price...
- Eashwar Iyer:** That's what I just indicated in my call.
- Raman:** Thank you. Thank you, sir.
- Moderator:** Thank you, sir. The next question is from the line of Smith Gala from RSPN Ventures. Please go ahead.
- Smith Gala:** Yes, my first question is average revenue per certificate. Should we look at the number sequentially or year-on-year?
- Eashwar Iyer:** You can look at it both ways, Smith. The reason why we talked about the year-on-year number is because there was a pricing correction that happened last year. So there were a lot of queries in terms of the ASP performance in quarter 1 versus the previous year, where you were cycling a price reduction of quarter 2 last year.
- So, you can therefore look at it from that standpoint. Also, from a sequential standpoint, we have mentioned this in the past. While the overall volumes remains more or less stable across quarters, there is obviously a mixed element that comes into play. There are quarters like the Diwali quarter where we have a spurt in jewellery certification.
- There is a first quarter of every year which sees a larger LGD mix. So those impacts on the ASP will continue. But otherwise, from a pure realisation standpoint, if you were to disregard the mixed impacts, we are seeing a lot of stability as far as the price that we charge to our customers.
- Smith Gala:** Okay, thank you. That was helpful. That's all from my side.
- Moderator:** Thank you, sir. The next question is from the line of Chintan Sheth from Girik Capital. Please go ahead.
- Chintan Sheth:** Yes, hi. So, the question is on the follow-up on the GIA strategy to move, standardise the LGD. Do you foresee any risk on, the full-fledged certification demand to make a minimalistic brochure certification and that impact our overall realisation in the future?
- Tehmasp Printer:** See, Chintan, when we were the first to adopt the lab-grown certification, okay, you were to adopt first the lab-grown. GIA, in fact, didn't want to certify lab-grown initially and then they saw the market volume and they also got into lab-grown certification. Okay, and they've been also doing. But I think that they couldn't match up to the IGI standards.
- See, IGI has the expertise to identify the origin and the scalability. See, to identify the origin on a scale of lab-grown is immense and we have developed that scalability. So, when they saw, I mean, suddenly they've taken a U-turn that we will stop grading. Okay, so I cannot say anything

much, but I can only use it to my advantage, which I am doing. The consumer has a right to know the choice to decide. It is not a laboratory. Laboratory is an independent entity, which gives you the analysis, period.

Chintan Sheth: How is the price differential between our full-scale certification and the GIA certification? If one has to just compare. Our price differential between full-scale certification versus those years of minimal certification, which we do internally as well.

Tehmasp Printer: See, GIA has not announced any indication of what they're going to price. All they have in announces their indication that they will henceforth do a premium at a standard, you know. See, this is essentially minimizing a category and we don't believe in that.

Chintan Sheth: No, no. I am asking, within yourself, within IGI report, there is a full certification, which also includes laser imprints and the diamond, right? Versus a minimal certification, which is more dossier driven certification, which still carries 4C certification, but doesn't provide more details than the laser imprints and the stones. What is the price differential between these two?

Tehmasp Printer: No, the price differential, Easwar will explain to you. But the thing is, the analysis is the same, whether it's whatever the format of the certificate, we do the analysis. We also do the laser inscription on both. You understand? So, it's the format, which is different, but the basic analysis is the same and the dossiers are generally used for smaller diamonds. And that is where a dossier fee is less than a full diamond report fee. So, that is the advantage that when you're doing smaller diamonds, you take a dossier.

Chintan Sheth: Eashwar, anything on the price differential if you can highlight?

Eashwar Iyer: I think we've mentioned this in the past. I think our jewelry certification realization is just under \$4, which is basically dossiers. And natural diamond price would be just above \$40. So, I think we've talked about it.

Chintan Sheth: Thank you and wish you all the very best.

Moderator: Thank you, sir. The next question is on the line of Harish Advani from Axis Capital. Please go ahead.

Harish Advani: Hi, thank you for the follow-up. So, my question was in continuation to the question which was asked by the earlier participants about GIA kind of withdrawing from the 4C certification of LGD. So, I just wanted to check with you in your conversations with say clients, how have they viewed this and are they now beginning to initiate conversations with you for a more complete kind of a certification? That was my question.

Tehmasp Printer: See, the thing is they have always been exposed to the 4Cs. The retailer knows the 4Cs. The consumer knows the 4Cs. And this is a new entity which GIA has introduced. And people are uncomfortable and confused. IGI, there is no confusion. We give you the standard 4Cs and we give you the origin, which is the most important.

Today, origin has become even more important than the 4Cs because the 4Cs continue to remain the same for lab-grown diamonds as well as for natural. However, origin is of paramount importance and that is where we have the expertise to differentiate.

Harish Advani:

Okay, so just to sum it up, are any clients looking to switch over from GIA to IGI?

Tehmasp Printer:

We are seeing that trend, though it's a very small number because we have the bulk of the certification in LG.

Harish Advani:

Okay, perfect. Thank you.

Moderator:

Ladies and gentlemen, due to interest of time, that was the last question. I now hand the conference over to management for closing comments.

Eashwar Iyer:

Okay, thanks everyone for taking the time and I see that we still have a few questions unanswered. You are open to reach out to us on email, etc. and we will be happy to take those clarifications as well. So, thanks again as always for your active contribution and participation in these calls. Thank you very much.

Tehmasp Printer:

Thank you everybody.

Moderator:

Thank you, sir. On behalf of International Gemmological Institute (India) Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.