




# Pick of the Week

## Goldiam International Limited

July 21, 2025



Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Gems and Jewellery	Rs 362	Buy in Rs 350-370 band and add on dips in Rs 320-330 band	Rs 398	Rs 440	2-3 quarters

HDFC Scrip Code	GOLINTEQNR
BSE Code	526729
NSE Code	GOLDIAM
Bloomberg	GLDM:IN
CMP July 18, 2025	362
Equity Capital (Rs Cr)	21.4
Face Value (Rs)	2.0
Equity Share O/S (Cr)	10.8
Market Cap (Rs Cr)	3865
Book Value (Rs)	69.3
Avg. 52 Wk Volumes ('000)	1256
52 Week High	569
52 Week Low	165

Share holding Pattern % (June, 2025)	
Promoters	61.9
Institutions	1.8
Non Institutions	36.3
Total	100.0



\* Refer at the end for explanation on Risk Ratings

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### Our Take:

Promoted by M R Bhansali and K R Bhansali, Goldiam International Ltd. (Goldiam) started exports of cut and polished diamonds and of plain and studded gold jewellery in 1986. Presently, the Company is engaged in the business of manufacturing and exporting diamond-studded gold and silver jewellery. The company operates as the manufacturer of choice (OEM) for many of the leading global branded retailers, department stores, and wholesalers across American and European markets, including JCPenney and Signet Group.

Goldiam is one of the largest fully backward integrated diamond jewellery exporters in India with operations across US, Europe and Hong Kong. The company has curated the entire jewellery-making process in-house, ensuring a faster turnaround and an efficient product development cycle. Being a fully integrated player has given the company an edge in raw material sourcing, development of multiple designs and customisation for retailers, not only in terms of SKUs but also in terms of packaging, branding and positioning. The company claims to deliver order to shelf within 6 weeks and also to create special designs in 10 working days. Goldiam's moat lies in its ability to deliver products with a short development cycle and faster turnaround, a key element for its merchandising partners.

The company has also pivoted to lab-grown diamonds (LGDs), also known as CVDs, one of the most booming alternatives to the higher-priced natural or mined diamonds. CVD diamonds are equally appealing yet more cost-effective compared to natural, mined diamonds. They are becoming increasingly popular in international markets, already enjoying a robust market share in overall US jewellery sales. Moreover, LGDs also command a higher EBITDA margin of approximately 25%, compared to mined diamonds' margin of around 15%. Share of LGDs in the company's revenue stood at ~82% in Q4FY25.

Apart from venturing into LGDs, the company has also widened its repertoire to supply to the retailer's e-commerce and online platform, transforming into an omnichannel supplier. This has further resulted in working capital efficiency and improved the company's return ratios. Goldiam has also recently forayed into LGD retail through its own brand – ORIGEM. The company opened its first ORIGEM store in Borivali, Mumbai, in Q2 FY25 and has garnered Rs 2 crore in sales so far. Subsequently the company has opened 5 more stores in Mumbai by end of FY25. The company plans to expand to a pilot of around 10-12 stores over 2 major metro cities over the next 6 months and subsequently expand into a full-scale retail operator of LGDs. The company aims to capitalise on the aspirational luxury consumption in India, with the demand for LGDs growing for everyday use and not just for special occasions. Goldiam's venture into lab-grown diamond-studded jewellery retail presents avenues for revenue diversification, geographical diversification and value creation driven by a brand-building journey in the domestic market.

## Valuation & Recommendation:

Goldiam is well poised to capture the rapidly rising demand in the LGD segment in India as well as abroad. The company has partnered with major retailers in the US and its in-house designing and short product development cycle gives it a distinctive edge as an OEM supplier to these companies. The pivot LGD from NDs is expected to result in improved margins due to backward integration through its subsidiaries and higher realisations, as commanded by LGDs, compared to mined diamonds. The company's omni channel approach is expected to further enhance its ROI going forward. Its brand-building exercise through ORIGEM is expected to aid revenue diversification.

We expect the company to grow significantly above the industry average while maintaining its margins within the guided 18-20% range, despite the recent decline in LGD prices. The management believes that LGD prices have bottomed out and envisages them to remain stable from here on. The company may see some volume impact from 10% additional tariffs in the US in Q1 and Q2 of FY26, but it aims to pass on the tariff impact to its customers, with limited impact in subsequent quarters.

**We believe investors can buy the stock in Rs 350-370 band (21.5x FY27E EPS) and add on dips in Rs 320-330 (19.0x FY27E EPS) band for a base case fair value of Rs 398 (23.5x FY27E EPS) and bull case fair value of Rs 440 (26.0x FY27E EPS) over the next 2-3 quarters.**

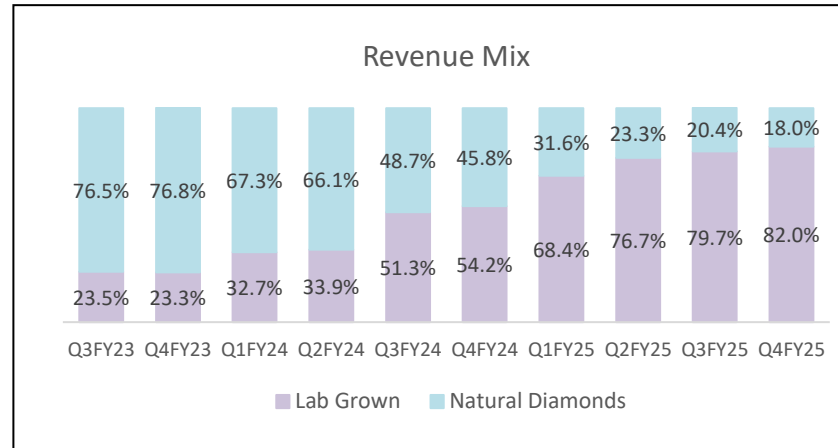
## Financial Summary:

Particulars (in Rs Cr)	Q4FY25	Q4FY24	YoY-%	Q3FY25	QoQ-%	FY23	FY24	FY25	FY26E	FY27E
Operating Income	199	148	34%	280	-29%	533	603	781	922	1,060
EBITDA	36	24	51%	63	-42%	104	114	160	190	224
APAT	23	18	30%	50	-53%	85	91	117	154	181
Diluted EPS (Rs)	2.2	1.7	31%	4.7	-53%	7.8	8.5	11.0	14.4	17.0
RoE-%						15.4	15.0	17.1	19.0	18.8
P/E (x)						46.4	42.9	33.0	25.1	21.4
EV/EBITDA (x)						35.8	31.9	23.1	18.9	15.4

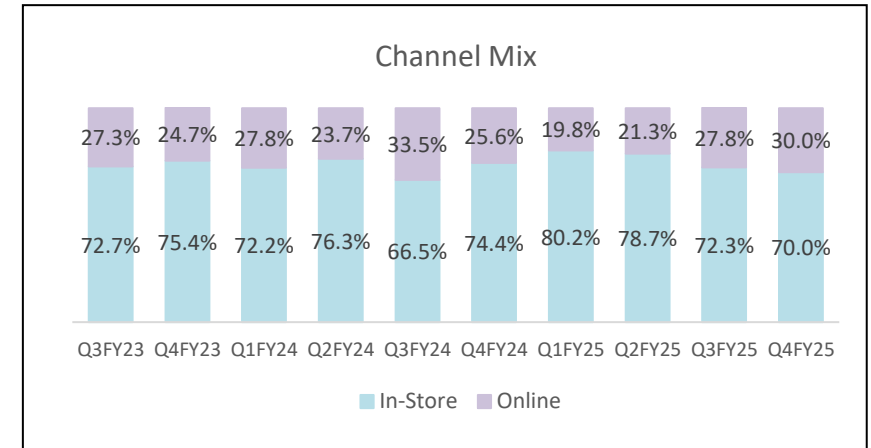
(Source: Company, HDFCsec)

## Charts in Focus

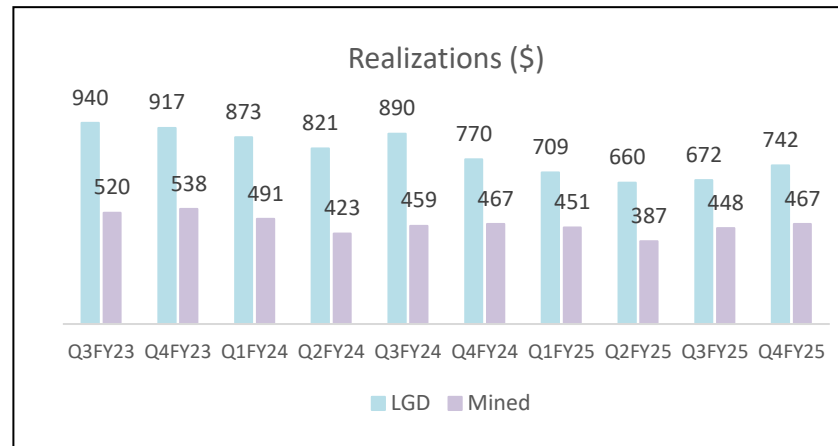
Lab-grown diamonds has become the dominant revenue driver



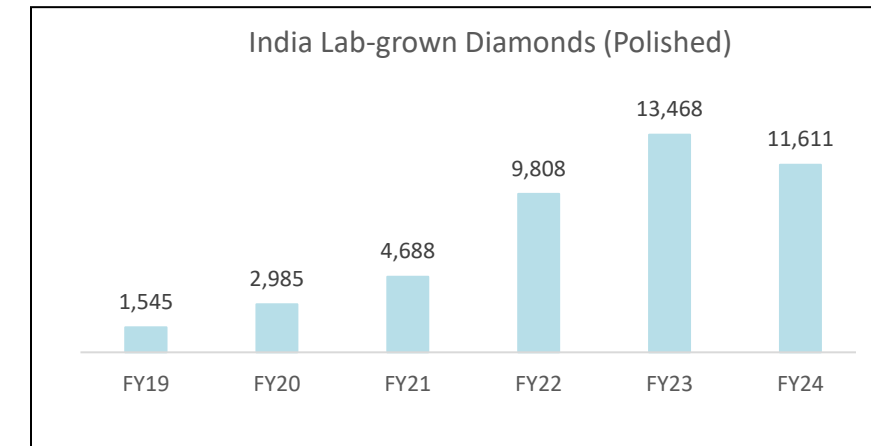
In-store purchases continue to be the mainstay in channel-mix



Realizations moderated in recent quarters for both LGD and mined



Polished LGD exports have grown at 49.7% CAGR between FY19-24



(Source: GJEPC, Company, HDFC sec)

## Q4FY25 Result Update

Goldiam's consolidated revenue increased by 34.3% YoY, in line with expectations despite a sluggish global jewellery market scenario. Further, the company's key market USA contributed to significant revenue increase due the quarter as B2B business continued to gain momentum. The company's order book, excluding e-commerce sales, stood at Rs 140 cr as of March 2025 and the company expects to execute it in the next 3-4 months. Goldiam's efforts to improve wallet share amongst its existing customers, has translated in better revenue growth even as the US jewellery market remains more or less stagnant.

Gross margin improved by 47 bps YoY despite lower realizations, mainly on 2 accounts – 1) the company was able to source diamonds at much cheaper rates on account of unsold inventory with suppliers and subsequently was able to immediately push through this inventory and 2) the prices of lab grown diamonds category witnessed improvement QoQ. Factors such as increased LGD jewellery contribution, its quick time to market, innovative designs and effective procurement of diamonds has helped the company in protecting and strengthening margins. In absolute terms, EBITDA grew by 51.5% YoY to Rs 36.3 cr whereas PAT grew by 30.5% YoY to Rs 23.2 cr.

The share of lab grown diamonds in the company's volume/value mix stood at 73.0%/82.0% (47.0%/54.2% in Q4FY24) on account of significant increase in volumes through the in-store channel. Average Realizations for LGDs stood at \$742 as against \$770 in Q4FY24 and \$672 in Q3FY25. Realizations for LGD improved during the quarter as the company sold larger carat items. Share of Natural Diamonds in the company's revenue declined from 45.8% in Q4FY24 to 18.0% in Q3FY25 in value terms. Average realizations remained flat at \$467 in Q4FY24 on account of sale of smaller carat jewellery.

**Retail Expansion through ORIGEM** – During Q4 FY25, Goldiam opened one ORIGEM store at Mulund West, and subsequently two more stores in early April 25 at Fairmont Hotel near T2 of Mumbai International Airport, and in Andheri West. All these stores are strategically located to cater to large micro-markets. With six stores in Mumbai, ORIGEM has emerged as the largest Company Owned, Company Operated (COCO) LGD jewellery retail brand in Mumbai. Goldiam is now in the process of establishing ORIGEM's presence in the National Capital Region (NCR) and in Bengaluru. In January, Goldiam also launched a dedicated website for its domestic retail lab-grown diamond brand, ORIGEM, under the domain [www.origemindia.com](http://www.origemindia.com).

## Key Drivers

### ***A fully integrated OEM exporter of diamond jewellery***

Goldiam is one of the largest fully backward integrated diamond jewellery exporter in India with operations across US, Europe and Hong Kong. The company has curated the entire process of jewellery making in-house, ensuring faster turnaround and efficient product development cycle. The company's designers sketch by hand, finely balancing the carats, setting style and design trends. These designs are further enhanced by CAD technology to give realistic 3d visualizations with parallel commercial workings. This also enables Goldiam to offer high level of customization for its retail partners. The company is well diversified across sales mix, geographical mix and channel mix. Its sourcing network extends from Australia to Belgium and it has developed the 4C parameters for procurement - Cut, Clarity, Colour and Carat.

Since its pivot to Lab grown diamonds or LGDs, the company has acquired a majority stake of 88% in Eco-Friendly Diamonds LLP (EDL), which is engaged in growing and manufacturing lab-created diamonds via the 'Chemical Vapor Deposition' (CVD) method. This has further enhanced the company's ability to grow its raw materials at competitive prices in the higher margin LGD business, resulting in better profitability and return ratios. The company's optimal sourcing capabilities, especially in the LGD segment has resulted in improvement in its Gross Profit Margin from 25.0% in

FY20 to 32.2% in FY24 and further to 34.5% in FY25. Being a fully integrated player has given the company an edge in raw material sourcing, development for multiple designs and customization for retailers not only in terms for SKUs but also in terms of packaging, branding and positioning. The company claims to deliver order to shelf within 6 weeks and also to create special designs in 10 working days. **Goldiam's moat lies in its ability to deliver products with a short development cycle and faster turnaround, a key element for its merchandising partners.**

Goldiam is looking to further diversify offering across products, geographies and channel formats



(Source: Company, HDFC sec)

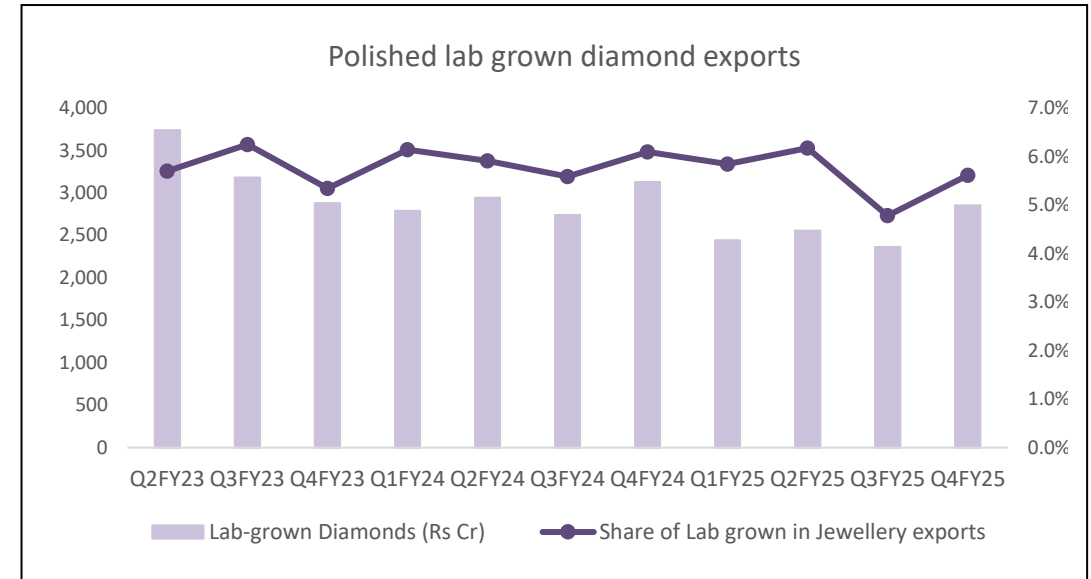
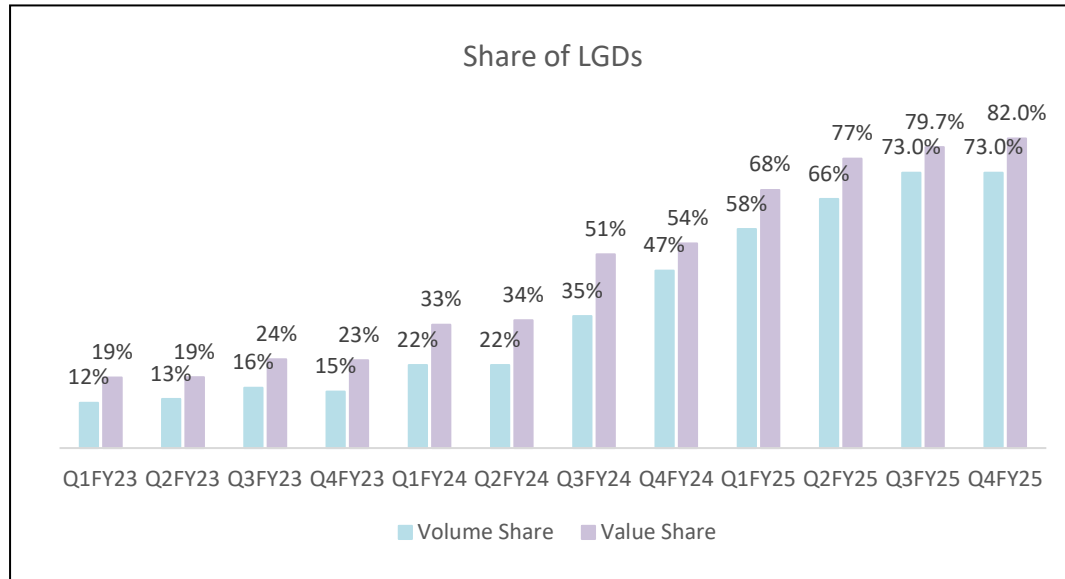
### Transition from a pure natural diamond company to a major supplier of Lab Grown Diamond Jewellery

Started out as an exporter of cut and polished natural diamonds and of plain and studded gold jewellery, the company has capitalized on the recent boom in the lab grown diamonds in the US jewellery market. Lab grown diamonds have come to become one of the major alternative, especially in the vast wedding ring market, commanding approximately 8.2% share of the US gems and jewellery market in 2023. The lab grown diamond market is pegged to grow at 7.8% CAGR between FY24-34, capturing a market share from its natural or mined diamonds counterpart in the upcoming years. LGDs also known as CVDs are equally appealing yet more cost-effective compared to natural, mined diamonds, and are becoming increasingly popular in international markets. Due to their affordability, high quality, and customizable nature, CVD lab-grown diamonds are an attractive alternative for consumers. Exports of lab-grown diamonds has grown at a staggering 49.7% CAGR between FY19-24.

The company has increased the share of LGDs in its volume from terms from 12.0% in Q1FY23 to 73.0% in Q4FY25 and in value terms from 18.7% in Q1FY23 to 82.0% in Q4FY25. The company plans to further strengthen its LGD presence by entering into newer geographies and also by getting into the retail store model. The increasing popularity of LGDs on account of its cost efficiency and high quality provides a massive opportunity, which Goldiam seems to be well positioned to capitalize on. Moreover, LGDs also command a higher EBITDA margin of ~25% as against NDs' 15%.

### Goldiam has shifted its focus to the higher yielding lab grown diamonds

### Huge headroom for growth in the fast growing lab grown diamond exports

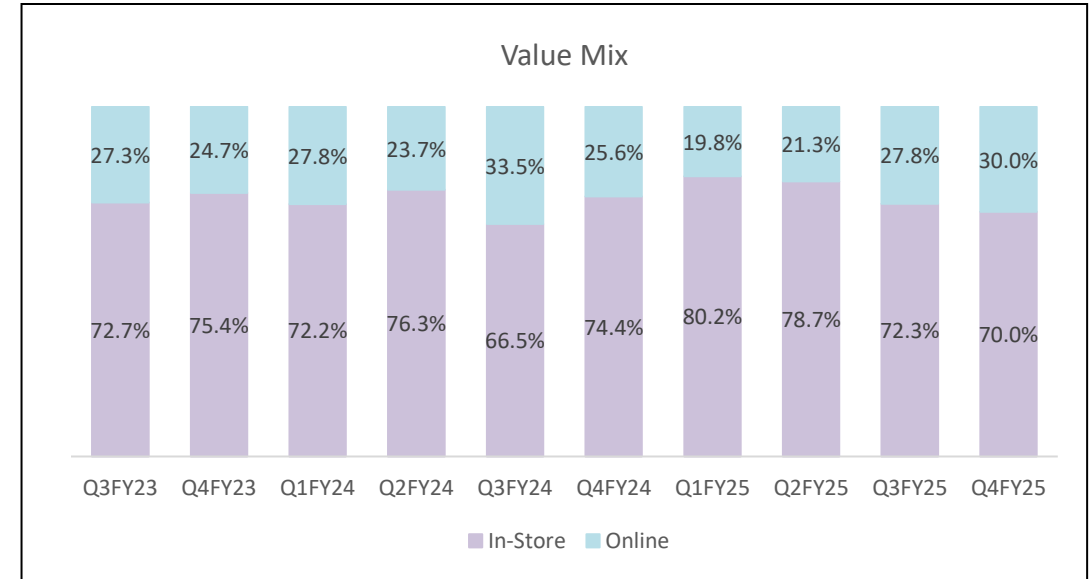
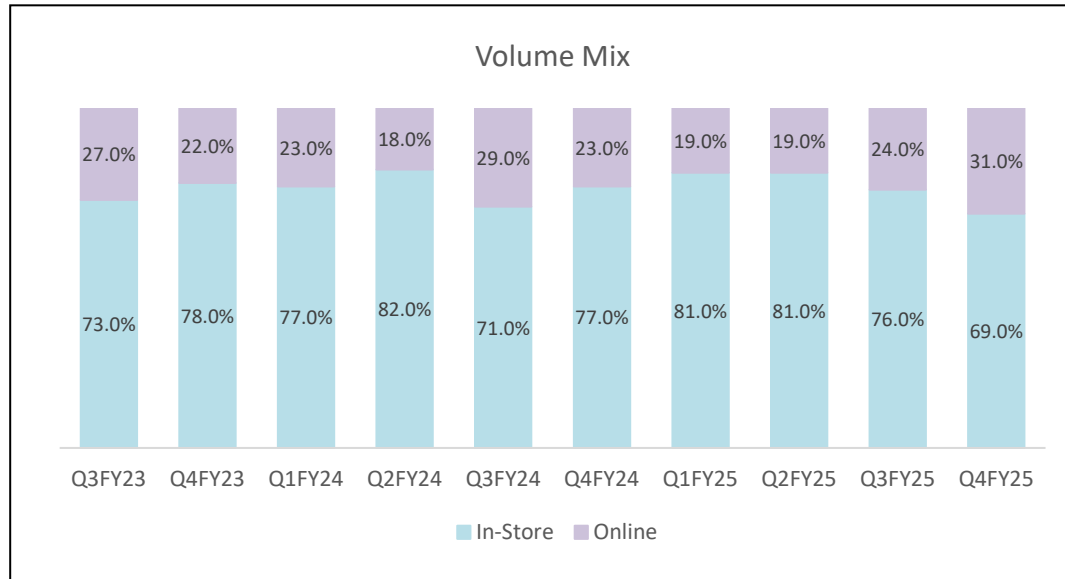


(Source: GJEPC, Company, HDFC sec)

### Pivot to omni-channel model from an in-store jewellery company

Goldiam has developed itself as a design-led manufacturer and exporter of diamond jewellery, where it creates all its designs in-house, showcases the same to its customers and delivers the designed, in-house created jewellery, both for their stores as well as their online websites. While traditionally, the company has designed solely for the retailer's brick and mortar stores, it has pivoted itself by designing specifically for their e-commerce websites as well. The online channel now contributed ~30% of the company's revenue in FY25 and this share has been rapidly rising. Higher share of online channel also contributes to increased efficiency in terms of inventory management and payment terms, resulting in improved ROCEs. While in-store still contributed the majority chunk 75-80% of the company's revenue, Goldiam aims to steadily increase the share of online channel, going forward. Within its own brand as well i.e. ORIGEM, it plans to launch its products on own website as well along with the brick and mortar store openings.

As the company transitions to an omni channel supplier, share of online is expected to increase, leading to better ROIs



(Source: Company, HDFC sec)

### Foray into retail model with own brand ORIGEM to provide additional levers of growth

Goldiam opened the first store of its owned brand – ORIGEM with the opening of its first retail store in Borivali, Mumbai in Q2FY25 and subsequently opened 5 more stores in Mumbai by Q4FY25. All six Mumbai stores are strategically located, catering to micro-markets with high discretionary spending. The company has committed to a capex of ~Rs 10-15 cr in order to open 10-12 retail stores across key metro cities of Mumbai, NCR and Bengaluru over the next 6 months. The company expects overheads of around Rs 30 lakhs per store per month. Its first store in Borivali, while launched on the day of Dhanteras, garnered positive response and generated around Rs 25 lakhs in revenue over the next 10-12 days. The company has generated close to Rs 2 cr in revenue from the store so far. The company aims to capitalize on the aspirational luxury consumption in India with the demand for LGDs growing for everyday use and not just for special occasions. Goldiam's venture into lab-grown diamond studded jewellery retail presents avenues for revenue diversification, geographical diversification and value creation driven by a brand building journey in the domestic market.

In stage one, Goldiam has opened its first 6 stores by Q4FY25; with a total of 15 stores budgeted to open by Q1FY26, which will thereafter be followed by a robust expansion plan of store roll-out, depending on success of its pilot 15 stores. ORIGEM aims to be the largest Lab Grown Diamond jewellery brand in India with its Company-Owned, Company-Operated show rooms within the first year of operations itself. Also the company aims to focus on gold-studded diamond jewellery as against competitors like Trent's POME which have forayed into silver studded LGDs.

*Foray into retail store format with company owned company operated LGD brand ORIGEM in the domestic market*



*(Source: Company, HDFCsec)*

## Risks & Concerns:

**Bullion Risk:** The volatility in the gold prices exposes the Company to bullion risk as gold forms approximately 30% to 50% of the cost of the finished product.

**Raw Material Supplies Risk:** Though India plays a dominant role in the Gems & Jewellery industry in terms of processing and consumption, mining of gold and diamond is amongst the lowest in the world. India imports gold and rough diamonds along with other precious metals.

**Geographical Concentration:** Dependence on any geographic location makes the Company's business in that region vulnerable to the economic slowdown therein. While USA continues to be a prime export destination, contributing ~90% to its revenue.

**Decline in LGD prices** – Prices of lab grown diamonds have seen significant decline over the past year with average realization for the company moderating from \$821 in Q2FY24 to \$742 in Q4FY25. With increasing competitive intensity in the industry, LGD prices may continue to remain under pressure, negatively impacting the company's realizations.

## Company Background

Goldiam International Limited (Goldiam) is a 3-decade old exporter of exquisitely designed and luxurious diamond jewellery. The company operates as the manufacturer of choice (OEM) many of the leading global branded retailers, departmental stores and wholesalers across American and European markets like JC Penny and Signet group. Presently, the Company is operating into the business of manufacturing and export of Diamond studded Gold & Silver Jewellery. The Company incorporated a wholly owned subsidiary in U.S.A., viz. Goldiam USA, Inc., during year 2008-09 and has its sales offices in New York and India. In FY21, the Company has disinvested its entire shareholding in Sunshine Exports HK Limited ("SEHK") (Formerly known as Goldiam HK Limited), a joint venture of the Company, in favour of Messrs Sunshine Corporation on March 30, 2021. Consequent to the above, Sunshine Exports HK Limited has ceased to be the Company's joint venture company. Further in the company pivoted to lab grown diamonds with its acquisition of 88% stake in Eco-Friendly Diamonds LLP (EDL) in FY22. EDL is engaged in growing and manufacturing lab-created diamonds via the 'Chemical Vapor Deposition' (CVD) method.

## Financials

### Income Statement

Particulars (in Rs Cr)	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>688</b>	<b>533</b>	<b>603</b>	<b>781</b>	<b>922</b>	<b>1060</b>
<b>Growth (%)</b>	<b>69.4</b>	<b>-22.5</b>	<b>13.1</b>	<b>29.5</b>	<b>18.0</b>	<b>15.0</b>
Operating Expenses	558	429	489	621	731	836
<b>EBITDA</b>	<b>130</b>	<b>104</b>	<b>114</b>	<b>160</b>	<b>190</b>	<b>224</b>
<b>Growth (%)</b>	<b>66.5</b>	<b>-20.1</b>	<b>10.1</b>	<b>39.5</b>	<b>19.3</b>	<b>17.5</b>
<b>EBITDA Margin (%)</b>	<b>18.9</b>	<b>19.5</b>	<b>19.0</b>	<b>20.4</b>	<b>20.7</b>	<b>21.1</b>
Depreciation	5	7	6	6	7	7
Other Income	25	21	14	20	23	26
<b>EBIT</b>	<b>149</b>	<b>118</b>	<b>122</b>	<b>173</b>	<b>207</b>	<b>243</b>
Interest expenses	1	0	0	0	1	1
<b>PBT</b>	<b>149</b>	<b>117</b>	<b>122</b>	<b>173</b>	<b>206</b>	<b>242</b>
Tax	43	32	31	55	52	61
<b>PAT</b>	<b>106</b>	<b>85</b>	<b>91</b>	<b>117</b>	<b>154</b>	<b>181</b>
Share of Asso./Minority Int.	0	0	0	0	0	0
<b>Adj. PAT</b>	<b>106</b>	<b>85</b>	<b>91</b>	<b>117</b>	<b>154</b>	<b>181</b>
<b>Growth (%)</b>	<b>57.9</b>	<b>-19.6</b>	<b>6.7</b>	<b>28.8</b>	<b>31.6</b>	<b>17.5</b>
EPS	9.6	7.8	8.5	11.0	14.4	17.0

### Balance Sheet

Particulars (in Rs Cr) - As at March	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>SOURCE OF FUNDS</b>						
Share Capital	22	22	21	21	21	21
Reserves	498	564	609	719	860	1025
<b>Shareholders' Funds</b>	<b>520</b>	<b>586</b>	<b>630</b>	<b>740</b>	<b>881</b>	<b>1046</b>
Minority Interest	6	6	5	5	5	5
Total Debt	4	3	5	27	27	27
Other Non-Curr. Liab	0	0	0	0	0	0
Net Deferred Taxes	4	5	3	7	7	7
<b>Total Sources of Funds</b>	<b>534</b>	<b>599</b>	<b>643</b>	<b>779</b>	<b>920</b>	<b>1085</b>
<b>APPLICATION OF FUNDS</b>						
Net Block & Goodwill	40	43	45	60	63	66
CWIP	0	0	0	0	0	0
Investments	142	140	168	106	131	181
Other Non-Curr. Assets	3	5	7	3	4	5
<b>Total Non-Current Assets</b>	<b>185</b>	<b>188</b>	<b>221</b>	<b>170</b>	<b>198</b>	<b>252</b>
Inventories	177	248	223	388	417	436
Debtors	179	147	143	150	177	204
Cash & Equivalents	87	119	145	182	260	346
Other Current Assets	5	3	4	3	4	5
<b>Total Current Assets</b>	<b>447</b>	<b>517</b>	<b>514</b>	<b>724</b>	<b>858</b>	<b>990</b>
Creditors	68	90	67	74	88	102
Other Current Liab & Provisions	31	15	24	41	48	55
<b>Total Current Liabilities</b>	<b>99</b>	<b>106</b>	<b>91</b>	<b>115</b>	<b>136</b>	<b>156</b>
Net Current Assets	348	412	423	609	722	834
<b>Total Application of Funds</b>	<b>534</b>	<b>599</b>	<b>643</b>	<b>779</b>	<b>920</b>	<b>1085</b>

## Cash Flow Statement

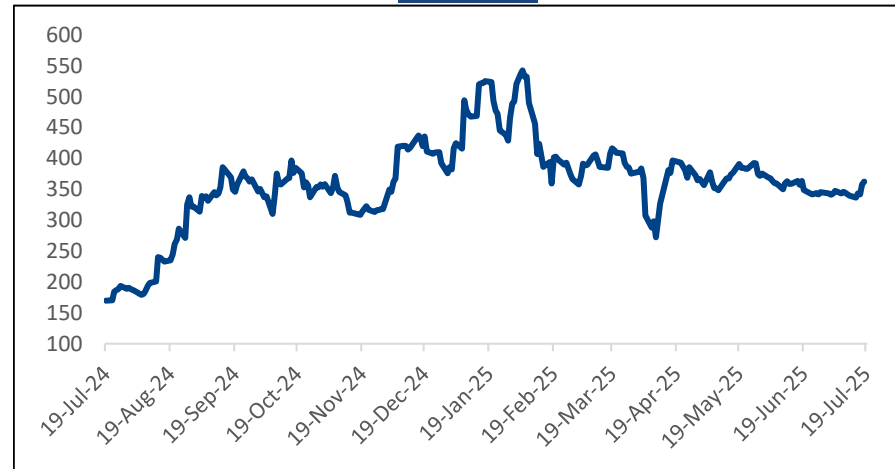
Particulars (in Rs Cr)	FY22	FY23	FY24	FY25	FY26E	FY27E
Reported PBT	148	117	122	172	206	242
Non-operating & EO items	-17	-1	-6	-11	-1	-1
Interest Expenses	1	0	0	0	1	1
Depreciation	5	7	6	6	7	7
Working Capital Change	-109	-20	17	-143	-34	-26
Tax Paid	-38	-38	-32	-38	-52	-61
<b>OPERATING CASH FLOW ( a )</b>	<b>-10</b>	<b>65</b>	<b>107</b>	<b>-13</b>	<b>126</b>	<b>163</b>
Capex	-3	-9	-4	-7	-10	-10
Free Cash Flow	-13	56	103	-20	116	153
Investments	96	6	-26	70	-25	-50
Non-operating income	3	1	2	1	0	0
<b>INVESTING CASH FLOW ( b )</b>	<b>95</b>	<b>-2</b>	<b>-28</b>	<b>63</b>	<b>-35</b>	<b>-60</b>
Debt Issuance / (Repaid)	-20	-3	0	9	0	0
Interest Expenses	-1	0	0	0	-1	-1
FCFE	65	61	79	59	91	102
Share Capital Issuance	-46	0	-33	0	0	0
Dividend	-13	-28	-13	-21	-13	-16
Others	-11	0	-8	0	0	0
<b>FINANCING CASH FLOW ( c )</b>	<b>-90</b>	<b>-31</b>	<b>-54</b>	<b>-13</b>	<b>-13</b>	<b>-17</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>-5</b>	<b>32</b>	<b>26</b>	<b>37</b>	<b>78</b>	<b>86</b>

## Key Ratios

Particulars	FY22	FY23	FY24	FY25	FY26E	FY27E
<b>Profitability Ratios (%)</b>						
EBITDA Margin	18.9	19.5	19.0	20.4	20.7	21.1
EBIT Margin	21.7	22.1	20.3	22.1	22.4	22.9
APAT Margin	15.4	16.0	15.1	15.0	16.7	17.1
RoE	21.5	15.4	15.0	17.1	19.0	18.8
RoCE	29.5	21.1	20.0	24.7	24.7	24.5
<b>Solvency Ratio (x)</b>						
Net Debt/EBITDA	-0.6	-1.1	-1.2	-1.0	-1.2	-1.4
Net D/E	-0.2	-0.2	-0.2	-0.2	-0.3	-0.3
<b>PER SHARE DATA (Rs)</b>						
EPS	9.6	7.8	8.5	11.0	14.4	17.0
CEPS	10.1	8.5	9.0	11.6	15.1	17.7
BV	47.1	53.7	58.6	69.3	82.6	98.0
Dividend	1.2	2.0	1.2	1.0	1.2	1.5
<b>Turnover Ratios (days)</b>						
Debtor days	82	112	88	68	65	66
Inventory days	75	146	143	143	159	147
Creditors days	43	54	48	33	32	33
<b>Valuation (X)</b>						
P/E	37.7	46.4	42.9	33.0	25.1	21.4
P/BV	7.7	6.7	6.2	5.2	4.4	3.7
EV/EBITDA	28.8	35.8	31.9	23.1	18.9	15.4
EV / Revenues	5.5	7.0	6.0	4.7	3.9	3.3
Dividend Yield (%)	0.3	0.6	0.3	0.3	0.3	0.4
Dividend Payout (%)	12.5	25.6	14.2	9.1	8.3	8.8

(Source: Company, HDFC sec)

Price chart



(Source: Company, HDFC sec)

## HDFC Sec Prime Research Rating description

### Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. These stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

### Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

### Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclical of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

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