



KHAZANCHI LTD
JEWELLERS

(Formerly Known as Khazanchi Jewellers Private Limited)

Date: May 30, 2025

**To,
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001**

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Subject: Transcript of Earnings Call for the half year and year ended March 31, 2025

We wish to inform you that the transcript of the earnings call hosted by Khazanchi Jewellers Limited ("the Company") for the audited financial results of the **half year and year ended March 31, 2025**, has been made available on the Company's website.

We are also attaching the Transcript of the earnings call with this intimation.

Kindly take the same on your records.

**Thanking You
For Khazanchi Jewellers Limited
(Formerly Known as Khazanchi Jewellers Private Limited)**

**Sakshi Jain
Compliance Officer & Company Secretary
Membership No.: A68478**



**“Khazanchi Jewellers Limited
H2 & FY '25 Earnings Conference Call”
May 28, 2025**



**MANAGEMENT: MR. RAJESH MEHTA – CHAIRMAN AND JOINT
MANAGING DIRECTOR – KHAZANCHI JEWELLERS
LIMITED**

MODERATOR: MR. HARSHIL GHANSHYANI – KIRIN ADVISORS

Moderator: Ladies and gentlemen, good day and welcome to Khazanchi Jewellers Limited H2 and FY '25 Earnings Conference Call hosted by Kirin Advisors. 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 the conference call, please signal an operator by pressing the star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Harshil Ghanshyani from Kirin Advisors. Thank you and over to you sir.

Harshil Ghanshyani: Thank you so much. On behalf of Kirin Advisors, I welcome you all on the conference call of Khazanchi Jewellers. From the management team, we have Mr. Rajesh Kumar Mehta, Chairman and Joint Managing Director.

Now I hand over the call to Mr. Rajesh Kumar Mehta. Over to you, sir.

Rajesh Mehta: Hello, everyone. A very good afternoon, and thank you for joining us today. It's my pleasure to welcome you to the earnings call of Khazanchi Jewellers Limited FY '25 has been a defining year for us marked by strong operational progress, digital innovation and robust financial performance.

With over 5 decades of legacy, Khazanchi Jewellers Limited has been making exquisite gold, diamond and precious stone jewellery since 1971. We have established ourselves as a trusted name in both corporate and retail segment and continue to be a key player in India's organized jewellery sector.

Our commitment to excellence is strengthened by our recognition as a qualified jewellers on the India International Bullion Exchange that is IIBX IFSC Limited and BIS hallmarking certification. Our listing on the BSE SME platform in August 2023 has further enhanced our market presence and growth trajectory.

On the operational front, we have made significant steps in our current place of business at Sowcarpet Chennai, which remains a key growth driver, small and effective strategical amendments on day-to-day basis, improving our intangible assets of our design library, 5 lakh designs spread across more than 25 product categories.

As a part of our expansion strategy, we are on track to launch a new flagship showroom in second quarter of FY '26. This state-of-the-art space will redefine the retail experience and further strengthen our market leadership in southern markets.

We have started manufacturing and marketing of traditional diamond jewellery, which would improve our B2B business in diamond jewellery segment, which in turn will add additional margin and improve our profits.

We are also embracing diamond jewellery, precious stones and digital transformation to enhance customer engagement. Recently, we upgraded our online jewellery app, which offers features like real-time gold rate tracking, secure online payment, personalized support and

exclusive offers, an initiative that reflect our vision to blend tradition with technology and offer a seamless omnichannel experience.

Another key highlight of this year was a strong presence at the Gem & Jewellery India International Fair, B2B Expo of 2025, where we secured a significant order book worth INR55 crores to INR60 crores, a clear testimony to the growing preference for our design and craftsmanship among industry peers.

In order to expand our B2B business geographically, we are on the path of setting up a strategical plan for participating in various exhibitions Pan-India, where potential demand for our manufactured products is high.

Looking at the broader environment, the Indian jewellery sector is poised for sustained growth. The union budget FY '25 introduced several supportive measures such as reduction in gold import duties and compulsory hallmarking, which is expected to boost affordability and strength organized retail.

Additionally, the RBI rate cuts and revised tax laws are likely to increase discretionary spending, further supporting industry growth. These macroeconomic developments are well aligned with our strategic priorities, which includes pursuing both organic and inorganic growth, expanding our physical footprint and accelerating our digital transformation. Together, these focus areas position us to capitalize on emerging opportunities and build a strong business for the future.

Now I'm coming to the financial highlights of Khazanchi Jewellers Limited. In H2 FY '25, Khazanchi Jewellers delivered exceptional financial results. The total income stood at INR1,016.01 crores, reflecting a 144.6% year-on-year growth.

EBITDA came in at INR36.12 crores, a 71.8% increase. Profit after tax reached INR24.93 crores, up by 114.85%. EPS rose by 114.71%, reaching at INR10.07. For the full fiscal year FY '25, the momentum continued. Total income was INR1,772.53 crores, up by 115.76% year-on-year.

EBITDA reached INR64.92 crores, an increase of 55.41%. PAT stood at INR44.92 crores, up by 64.43%. EPS increased by 64.4%, reaching INR18.15. These outstanding figures underscore the strength of our business model, operational efficiency and ability to execute on growth opportunities.

In conclusion, our strong performance in H2 FY '25, supported by a favorable policy landscape and well-executed expansion plan positions Khazanchi Jewellers Limited for continued success. Our strategic focus is firmly aligned with value addition and long-term growth.

We are working towards expanding our design capabilities going forward, establishing our own in-house manufacturing facility and broadening our client base across both B2B and B2C segments. These initiatives are aimed at enhancing product differentiation and improving margins.

Combined with the launch of our flagship showroom, ongoing digital transformation and unwavering focus on customer experience, we are confident in our ability to further strengthen our market presence and deepening customer relationships.

I would like to extend my sincere gratitude to our shareholders, customers, and all stakeholders for their continued trust and support. We look forward to achieving new milestones together and capitalizing on the promising opportunity that lies ahead. Once again, thank you for being with us today. Thank you all.

I now open the floor for questions and answers.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Mohit Kumar an Individual Investor.

Mohit Kumar: My first question is, how many active B2B clients does the company currently serve? And what percentage of sales come from repeat orders?

Rajesh Mehta: Company currently serves nearly, you can say, somewhere around 500 clients B2B. And it is on a repeated basis only whatever the requirement of the clients come in, they come in touch with us, and it is on a recurring basis. We are serving with all their product requirements.

Mohit Kumar: Okay. Second question I have is, are you planning to franchise or directly operate future showrooms?

Rajesh Mehta: Initially, we have a plan of opening up our flagship showroom of 10,000 square feet that the management is planning to open it by the second quarter. And later on, in the future state after having 2, 3 showrooms of our company-owned, and we may even think of working on franchisee model.

Mohit Kumar: Okay. So, the next question I have is, what are your criteria for selecting future showroom locations?

Rajesh Mehta: Since we have a very good base in the Southern India, so we are planning to have it in south part of only in Tamil Nadu. And we have been working on selecting of area and as per our patterns and design type of area where we could sell our products. So, we have been working on that.

Moderator: The next question is from the line of Shreya, an Individual Investor.

Shreya: So, how are you managing inventory levels given the high volatility in gold prices?

Rajesh Mehta: The inventory is managed on a day-to-day basis. It is on a refilling system. It is a traditional method of buying gold as soon as it sells. That is the way we follow replacing of goods what you have sold so that the fluctuation does not affect much.

Shreya: Has the launch of lighter and fusion jewellery impacted your gross margins positively?

Rajesh Mehta: That's what, as the prices are going up, we are also manufacturing and creating lots of designs which are of affordable range and or lightweight jewellery. And since the lightweight

jewellery are fused with the latest designs and technology, obviously, it is giving a higher margin.

Shreya: Okay. What is the current stock turnover cycle and how has it improved compared to previous years?

Rajesh Mehta: Our stock turnover cycle has improved, improved nearly by 40% from last year.

Shreya: Okay. There is one last question from my side. What percentage of your jewellery portfolio consists of high margin and regular designer jewellery?

Rajesh Mehta: We cannot define that separately, but you can say that somewhere total turnover of 15% is of high margin, and all others are regular margins and we are dealing with all handmade jewellery. So, major portions it's not that low margin, we can define it as medium margin and high margin.

Moderator: The next question is from the line of Shyam, an Individual Investor.

Shyam: I am Shyam, an Individual Investor. I've been checking Khazanchi since quite some time now. Just similar to a question that Mohit just asked you sometime back, regarding the location of your jewellery shop. I believe we are primarily based out of Sowcarpet, Chennai, right? If I'm not wrong.

Rajesh Mehta: Yes, yes.

Shyam: And are we targeting any prospective locations down the line anytime soon in terms of expansion, like you mentioned that we have plans of bringing out 2 more, 3 showrooms...

Rajesh Mehta: Yeah. After opening up our flagship showroom, anyway, beyond the coming financial year, somewhere around FY '28, we are planning of expanding into various different areas where we could open 4 to 5 branches.

Shyam: So, nothing at the moment, nothing for this year or for the next year?

Rajesh Mehta: Initially, we are focusing on opening up our flagship showroom. So, this year we are going to open up that. And on later, that's what we are on the working of a selection of areas and everything. And as soon as the flagship showroom is launched and things get in operation, and later on, we will move on for expansion that way.

Shyam: Okay. The reason why I asked this question is, if I'm not wrong, Kalyan Jewellers sometime back also put up a showroom in Kellys or Purasawalkam, I believe, in Chennai. And I'm not much familiar with the Chennai area, but I kind of heard that even Khazanchi has bought some property in Purasawalkam, somewhere around the southern road. Is that information right? I'm not sure if the source data is right or not...

Rajesh Mehta: We are having the company-owned property in this flagship showroom alone. And future expansions, we are thinking of making it asset-light. So, we are not going to own a property, we will source it on lease or something of that sort and go for expansion. But it will take its

own time. It will be on after opening of this flagship showroom, it may take another 1 year for that process.

Shyam: But we don't have any property or we didn't purchase any property recently in somewhere in Purasawalkam?

Rajesh Mehta: We do have a, that is a management residential property. That is management's residential property. There is a commercial portion also. In future, if required, there is a possibility that the management can think of opening a showroom there. Not yet decided.

Moderator: The next question is from the line of Darshan Bhandari from Bhandari Tools Private Limited.

Darshan Bhandari: Firstly, I would like to congratulate on the outstanding results. My only question is, in the last earnings call, it was said that the flagship showroom will be open by May. But now we are saying that it will be open in the second quarter of this financial year. So, I would like to know what problems are we facing...

Rajesh Mehta: Yes, that's true. Technically, there were reasons since we have started with the civil constructions and all, it got delayed. And we are working on it. It is in the second quarter. We are even, there is a plan of the management that they are planning to open it by first portion wise.

One of the portions which is operating, which may be operating B2B segments and all will be opened in, say, maybe by July. So, the whole showroom will be opened in the next quarter. That's second quarter, yes.

Darshan Bhandari: Okay. My follow-up question would be what steps are we taking in turning our cash flows into positive? Like currently, our cash flow is like only 2% positive, right? So what steps are we taking?

Rajesh Mehta: As we are in the jewellery segment, the stock portion plays a very vital role here. And the value of stock is mainly the inventory part occupies most of the operating funds. So, in that case, it is equivalent to cash, you can believe. So that's what we can say on that.

Moderator: The next question is from the line of Ramesh, an Individual Investor.

Ramesh: So my question is in line with the question asked by previous speaker. So, the property in the Purasawalkam area is owned by the company or residential property, I don't understand. Is it on the books?

Rajesh Mehta: It is the property of promoter.

Ramesh: Personal. Okay.

Rajesh Mehta: Yes, it's the property of promoter. No way connected with the company.

Ramesh: Okay. So currently, how much inventory we are having now in the sense of gold, can we quantify...

- Rajesh Mehta:** Value-wise, we are having around some inventory of some INR260 crores.
- Ramesh:** In one of the previous con calls, we were told that there was a value-wise, okay. Kg wise, 300. We were told; on one of the previous con calls, gold said 300 kilograms was inventory?
- Rajesh Mehta:** That's what I told you. Value-wise, it is to around INR260 crores.
- Moderator:** The next question is from the line of Hardik Sukumar shetty from Anand Rathi.
- Hardik Shetty:** Congratulations on a great set of numbers. I just wanted to understand your inventory days have reduced significantly from 89 in FY '24 to 53 in FY '25. So just wanted to understand what is driving this significant reduction in our inventory days. Are we building something on the back end? Or what's the main reason behind this?
- Rajesh Mehta:** Yes, there is a better inventory day because all the order sales and all we were offering it. Just a second.
- Hardik Shetty:** Yes. I just wanted to know...
- Rajesh Mehta:** You are talking about the inventory turnover days? It has improved.
- Hardik Shetty:** Right. Inventory...
- Rajesh Mehta:** There was a sale of bullion in the last quarter, which was of a high quantum. So, the overall inventory turnover was far.
- Hardik Shetty:** Okay. And going forward, what kind of -- so will we maintain these level of inventory days like close to 50, 60 days in FY '26 and '27? Or will it be higher close to 80, 90 would be more appropriate assumption?
- Rajesh Mehta:** As for FY '26 since we are going to open up the retail store, and we are constantly focusing on the top line of the same segment, it would be somewhere near only maybe 25% here and there.
- Hardik Shetty:** Okay. And the second follow-up to that, so our bullion sales this year have increased substantially to 48% as against 16% last year. So, what is the reason behind such a drastic increase in our bullion sales? And what should be a fair assumption to be made going ahead to the bullion side of the business?
- Rajesh Mehta:** Yes, because it was a CEPA allotment, quantum of CEPA allotment for the company, and it was restricted to 31-3. And till that date, we are getting an additional margin of 1% to 1.25% extra on that bullion sales. So -- and the market demand for that was high. So, the company in order to complete that whatever allotment was there. So, the bullion turnover was high.
- Hardik Shetty:** Okay. Where we have to sell it off in the six months?
- Rajesh Mehta:** Yes, yes.

- Hardik Shetty:** Right. Okay. And just what is the guidance for next year, top line-wise? I think you mentioned 25% growth for FY '26. Is that excluding the B2C revenues from B2C or including even from the showroom, the top line guidance for next year?
- Rajesh Mehta:** That's what every year, the top line, what we define, we are achieving it, and it is moving much higher than that. Once again, I tell you that it would be 25% plus from the current top line.
- Moderator:** The next question is from the line of Vijay Chauhan from RH PMS.
- Vijay Chauhan:** Yes. So, congrats on the good set of numbers. So, in long term, because like our base is also small and the execution capability is also phenomenal. So how do you see like revenue growth if we talk about a little bit larger horizon, let's say, four to five years period? And what kind of challenges you would see in terms of scaling up to the, any desired number that you are targeting in next four to five years?
- Rajesh Mehta:** So, on the constrained basis, if we say we are target, we are trying out to be working at least 25% annual year-on-year on that and improving our bottom line by adding up various other higher-margin products, and we are entering into retail segment also, and that will add on additional value.
- So, in that case, for four, five years and in that four, five years period, we have also planned for opening up an additional showroom. So, in that all, if you take, it will be surely a higher top line with higher profit.
- Vijay Chauhan:** Right, right. And if we look at the EBITDA margin, so what will be the EBITDA margin differential for B2C versus B2B? So, in B2B, what is the range in B2C going ahead? And how do you see blended margin maybe four, five years down the line?
- Because margins will improve very slowly because we have major portion from B2B. But once we scale up, then there will be some margin accretion, which will happen because of the B2C piece. So how do you see in terms of the margin acceleration going ahead?
- Rajesh Mehta:** That's what, sir, as I defined, since we have been working on various higher-end products, and we have also introduced diamond jewellery for B2B segment, which is a high-margin product. In that case, B2B margins are going to improve. As previously, we have defined that B2B margin would be somewhere around 4% and B2C would be around 9% to 10%. So blended margin, you can say that it would be somewhere 5%.
- Vijay Chauhan:** Okay. Okay. And in terms of, let's say, when we are launching B2C, so which kind of marketing activity like we are taking? Is it, it must be mostly regional only? And how is the acceptance like in terms of demand also because there was some slowdown on the, like on the B2B piece, I'm asking basically, like there was some slowdown because of the higher gold prices. So, any material difference we are seeing in terms of demand and the marketing strategy on the B2C side? So, two parts to this question.
- Rajesh Mehta:** This has been happening. The price raise is gradually happening on various times. Now the prices have increased. There is, it's true that at the initial stage when the prices go up, and it

takes quite a little time for the people to digest that. But once it gets, that is for a very shorter period of time.

Once the price is accepted by the crowd, then things start working at the same pace. So that is not a big issue. And it is on a cyclic basis only. The prices are ever increasing. And for a very short while, there is a slowdown, but once again, it picks up.

Vijay Chauhan: Okay. And in terms of marketing strategy, would you like to throw some light.

Rajesh Mehta: Since we are coming up to, coming with a B2C store, we have, we have planned regional marketing only since because our presence is in region only, and we will be focusing there only. The overall management has decided to spend on marketing of somewhere around 4% to 5%.

Moderator: The next question is from the line of Abhishek Sharma, an Individual Investor.

Abhishek Sharma: Sir, my question is, what is your current debt structure? And are there any plans for reduction or refinancing?

Rajesh Mehta: Sir, I could not understand your question, please, louder and clear, please.

Abhishek Sharma: Sir, what is your current debt structure? And are there any plans for reduction or refinancing?

Rajesh Mehta: Yes, you are talking about current debt ratio?

Abhishek Sharma: Yes.

Rajesh Mehta: Yes. The current debt to equity is 0.11.

Abhishek Sharma: Okay.

Rajesh Mehta: Yes. And on a date. Yes, for the expansion plan, if anything is required, the company may go for additional debt. It has not been decided yet, but if anything required for the expansion purpose, there is a possibility that company can go for it.

Abhishek Sharma: And how do you expect demand patterns to evolve in financial year '26, especially with the macro tailwinds like rate cuts and increased disposable income?

Rajesh Mehta: So, the demand is going to increase as the gold jewellery has always given a better return to all the investors, whether it is in the jewellery form or whether it is in 24 carat coin forms or everywhere. So, the demand is gradually going to increase only. And at the constrained, we are seeing that the demand would increase by 25%, but it would be much better than that I think.

Abhishek Sharma: Okay. My last question is what is the succession planning framework, especially given the family-driven leadership?

Rajesh Mehta: Sorry, sir, once again, I could not get your question.

Abhishek Sharma: What is the succession planning framework?

- Rajesh Mehta:** Succession planning. Initially, we are working on opening up our flagship showroom. And later on, we will be expanding that was our strategy.
- Moderator:** The next question is from the line of Mahesh Seth, an Individual Investor.
- Mahesh Seth:** So, my first question is like how does the company plan to differentiate itself from larger competitors like Titan or Malabar in the retail jewellery space.
- Rajesh Mehta:** So, we have our own intangible assets of the design pattern varieties. The management has a very wide experience of, say, 5 decades that we have been working on it and we have got tie-up with all the best quality artisans Pan-India. And regionally, we are well known here. So, in that way, we are working and that way our growth is coming up.
- Mahesh Seth:** Okay. And what are your medium to long-term expansion plans beyond Chennai and Southern market?
- Rajesh Mehta:** That's what, since we have participated in an exhibition recently where we have found a very positive approach. So, the management has been planning to place and participate in all the B2B exhibitions pan-India level for expansion purpose. And for the retail segment, initially, we are coming up with our flagship showroom. And after completion of that, say, in another 1 or 2 years, there is an expansion plan of 5 to 6 room on the retail segment. So, the company is planning expansion on both sides, B2B and B2C.
- Mahesh Seth:** Okay. So, as you said, like 5 to 6 stores in like next 2 to 3 years, right?
- Rajesh Mehta:** Yes.
- Mahesh Seth:** So how do you plan to fund this next phase of expansion? Are you considering any equity raise or debt?
- Rajesh Mehta:** That has not been actually decided now till date because it will be a combination of debt and equity maybe. And the company is growing or out of its reserve profits also, it can grow. So that has not been decided till now.
- Moderator:** The next question is from the line of Rahil from Crown Capital.
- Rahil:** Sir, first question is, as of FY '25 end, so what was your revenue mix, B2B, B2C? In percentage terms?
- Rajesh Mehta:** Yes. In percentage terms, somewhere around 10% was our B2B sorry, B2C and 90% was B2C. Sorry, B2B is 90% and B2C is 10%.
- Rahil:** Yes. So, after this flagship store comes on, which is the retail B2C portion, correct? What will the B2C percentage be by year-end?
- Rajesh Mehta:** Yes. If everything works right, as of the percentage would be improved by 10% addition for B2C.
- Rahil:** So, it will be 20% then?

- Rajesh Mehta:** Yes.
- Rahil:** Okay. And so along with this 25% plus growth, which you target, you did pay much more in FY '25. So, what was the leading growth drivers for this year? And do you expect the same to continue in FY '26?
- Rajesh Mehta:** That's what, the main drivers that our creation, our marketing strategies and our product specialties since the prices are increased, we have introduced various light weight jewellery, our fusion style of production and the management experience, everything add-on for this growth strategy. And constraint level, we are defining that we will grow at the pace of 25%, but we will be doing surely better.
- Rahil:** And this retail showroom, which you said you expect INR150 crores additional sales. So, when do you expect it to show in our P&L? Will it be this year completely or some portion this year, some portion next year?
- Rajesh Mehta:** That's what we are thinking of starting up the showroom by second quarter, somewhere in second quarter. Partly this year and upcoming years, it will be continuing. Right.
- Rahil:** Okay. And lastly, margins also, you said you're planning to improve, right? And bottom line will definitely improve because you're adding higher-margin products. But in FY '25, what led to the drop?
- Rajesh Mehta:** I told you since we have higher turnover of bullion was there in the last quarter. So, the margins in the bullions are less. But since we haven't gotten CEPA quota from IIBX, so we are trying to use it to increase our total profit.
- Rahil:** So, do you expect to reach back to 5% in FY '26, 5% or plus? Is that something possible?
- Rajesh Mehta:** Yes, there is a possibility of improved margins since we are entering into a retail segment where there is a higher profit, and we are working on it hard for that. So, it is going to improve. We cannot define that it may reach to 5% in next year itself. But gradually, surely in coming 2 years, it will surely reach.
- Moderator:** The next question is from the line of Purnima from ICICI Bank.
- Purnima:** First of all, congratulations on your results. So, I think Sir, most of the questions was answered already. So however, I just wanted to understand a couple of things. My first question is, here, we see this showroom that is coming up. So, is there any debt addition in the books with respect to the opening of the showroom in Sowcarpet pertaining or is it completely funded via our issue proceeds that was raised last year?
- Rajesh Mehta:** Given the issue process was very optimist used and the business was grown accordingly. Date, the management has not decided on any debt addition. I think we can have from our own reserves. And on a future date, if any debt is required, it may also go for it.
- Purnima:** Okay. Sir, because in the balance sheet, I can see there is a debt addition in the books in FY '25, especially on the noncurrent borrowings. Because since I don't have the breakup of the

lease liability and the term debt, can you please throw some light on noncurrent borrowings, sir? It has increased from INR18.64 crores to INR25.6 crores...

Rajesh Mehta: The debt from the bank has not increased. It is an unsecured loan that has increased.

Purnima: Another thing, just wanted to understand the proportion of your gold purchase. So, what is the proportion that you are purchasing from the nominated agencies like bankers? And what is the proportion of your outright purchase?

Rajesh Mehta: And all, we have not calculated it that personally. If anything, you please drop in your numbers so that I can show you that I will send you the bifurcation.

Purnima: And final question. Sir, from your balance sheet, I understand you are completely relying on your working capital that is CC type of a facility. Why not opt for gold metal loan, sir?

Rajesh Mehta: Gold metal loan, we have not never gone for gold metal loans because the hedge and all everything is not that feasible. In market itself, we are getting gold at a better price on a day-to-day basis. And as on when required, we can use the cash credit limit, all that things add additional value to the company's policy. So, in that case, we are not opting for that.

Moderator: The next question is from the line of Hardik Shetty from Anand Rathi.

Hardik Shetty: Sir, I just wanted to confirm, and we had earlier alluded to having our own in-house manufacturing setup where we will do close to 20% of the production in the next 2 years. Are we still on track for the same? Or what's, how are you progressing over there?

Rajesh Mehta: That's initially, the management is focusing on opening up of the flagship showroom. We have been working on our own manufacturing process. And as stated, 20% of our production will be own manufactured in the coming year.

Moderator: The next question is from the line of Ramesh, an Individual Investor.

Ramesh: Sir, going through the annual report, came across the company called Khazanchi Silvers Private Limited. Yes. So, does the company have its operation, can you just share more information about Khazanchi Silvers? Where is it based out of?

Rajesh Mehta: Khazanchi Silvers, it is a related company to the management, and it is a sister concern.

Ramesh: It's based out of Chennai. How is it, sir?

Rajesh Mehta: Yes, it is based in Chennai only, sir.

Ramesh: Because does it have operations anywhere else outside?

Rajesh Mehta: No, no, sir. It has operations only in Chennai.

Ramesh: But the reason I ask is, the company is registered with ROC Kolkata and it is registered in West Bengal in a district called Bishnupur. That's why a little concerned regarding; you could provide some clarification?

- Rajesh Mehta:** Yes, it is. It's registered in Kolkata, but all the operations are been happening in Chennai. We are under the process of shifting that company to Chennai.
- Ramesh:** So, one more thing. What is actually the cause for delay in opening of the showroom because the showroom will open this last con call facility will open in this March, April. Actually, looking for?
- Rajesh Mehta:** Technically, since we have started from the base construction and all. So, the completion certificate got delayed. So simultaneously, the upcoming processes got delayed. So, we have extended the opening date.
- Ramesh:** So, a few more questions. So, what is the share of Jadau Jewels in the portfolio? Do we sell Jadau jewellery? Or how is it?
- Rajesh Mehta:** We do sell Jadau jewellery, but the proportion is very less as in the current showroom. Now on the new showroom, we are going to add up a sufficient quantity of Jadau and diamonds at all and which are higher-margin segments. So that is going to be an additional higher-margin product with higher volumes in the upcoming showroom.
- Ramesh:** So, Jadau actually, is the share is less now. Any reason? Is it less margin? How is it?
- Rajesh Mehta:** No, no. It is marginable item only; it's not less margin. But since we have a constraint of space here, already we are into the, what is the regional designs and local customer products, which are already in what they say, high selling range here. So, we cannot afford to keep for that additional space. So, on the new showroom where we have an abundance of space, we are going to add up all those products.
- Ramesh:** So, what is the difference between Jadau and Kundan jewellery? You have something called Kundan; what is Kundan?
- Rajesh Mehta:** Kundan is also, it is in process of Jadau, Kundan is the pure gold in which the Jadau is etc., Jadau or Polki, diamond, uncut diamonds that are set in Kundan. Kundan is what is the purest form of gold that is called Kundan.
- Ramesh:** So, one of the previous questions was asked by one of the previous speakers was regarding the succession plan. I do not understand the answer. Since the family-driven entrepreneurs, succession plan, if any, discussed or...
- Rajesh Mehta:** You are talking about succession plan means I could not understand quite properly.
- Ramesh:** The succession plan in a sense the ownership is a family-driven organization. The succession plan in the sense, who comes next? Since it's a family-driven organization and we have already, we have seen in many companies that usually there is an internal conflict. So that is the concern of the previous speaker, I guess. The answer was not clear. That's why I asked.
- Rajesh Mehta:** Actually, the succession plan has not been defined. If I will you share me your numbers so that I can get it done and give you the reply.
- Moderator:** The next question is from the line of Priya Jain from Green Capital.

- Priya Jain:** I want to understand how company hedge against fluctuation in gold prices. Are you using futures or any stock replacement?
- Rajesh Mehta:** Sorry, I could not understand the question, please.
- Priya Jain:** Sir, my question was regarding like how the company hedge against a fluctuation in gold prices?
- Rajesh Mehta:** We have been working on a refilling system. On a daily basis, whatever we sell, we buy it back, and it is a traditional method of buying and selling of gold so that the fluctuation, risk of fluctuation can be avoided.
- Priya Jain:** And what is the impact of currency fluctuation on your imports cost?
- Rajesh Mehta:** There's not much impact as such because the moment of price fluctuation happens, but we feel it on the day-to-day basis, hourly basis according to the market scenarios.
- Priya Jain:** Sir, also, how do you view the risks from lab-grown diamonds or sifting consumers now a day?
- Rajesh Mehta:** Yeah. The lab grown diamonds, yes, because of that, but demand for these, there is a preference for always these natural diamonds. And also, the lab grown diamonds are in high demand when the solitaires are concerned. Because the price variation between natural diamonds of solitaire and lab grown is very wide. So, acceptance with regards to lab grown diamond is there for solitaire pieces. Solitaire pieces, you could understand bigger size of the one Karat, two Karat, correct.
- Moderator:** As there are no further questions from the participants, I now hand the conference over to Harshil for his closing comments.
- Harshil Ghanshyani:** Yeah. Thank you everyone for joining the conference call at Khazanchi Jewellers Limited. If you have any query, you can write us at research @kirinadvisers.com. Once again, thank you everyone for joining the conference call.
- Rajesh Mehta:** Thank you so much. Thank you everyone.
- Moderator:** Thank you. On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.