SEC/105/2024-2025 February 03, 2025

1.	**National Stock Exchange of India Ltd.** Exchange Plaza Plot No. C/1, G Block Bandra –Kurla Complex Bandra (E), Mumbai 400 051 **Symbol: KALYANKJIL**	2.	**BSE Limited** Corporate Relationship Dept. Phiroze Jeejeebhoy Towers, Dalal Street Mumbai 400001 Maharashtra, India **Scrip Code: 543278**

Dear Sir/Madam,

Sub: Earnings Call Transcripts

Pursuant to Regulation 46(2) (oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform the exchanges that the transcript of audio call recording of the Company's Analyst Call to discuss the Unaudited Financial Results (standalone and consolidated) for the Quarter ended on 31st December, 2024 is attached herewith.

Kindly take the same into your records.

Thanking You
For Kalyan Jewellers India Limited

RETNAVILASAM GOPINATHAN NAIR JISHNU

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Date: 2025.02.03 17:21:58 +05'30'

Jishnu RG
Company Secretary & Compliance Officer

“Kalyan Jewellers India Limited

Q3 FY '25 Earnings Conference Call”

January 30, 2025

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 13th November 2024 will prevail.”

MANAGEMENT: **MR. RAMESH KALYANARAMAN – EXECUTIVE DIRECTOR – KALYAN JEWELLERS INDIA LIMITED**
MR. SANJAY RAGHURAMAN – CHIEF EXECUTIVE OFFICER – KALYAN JEWELLERS INDIA LIMITED
MR. V. SWAMINATHAN – CHIEF FINANCIAL OFFICER -- KALYAN JEWELLERS INDIA LIMITED
MR. SANJAY MEHROTTRA – HEAD OF STRATEGY AND CORPORATE AFFAIRS – KALYAN JEWELLERS INDIA LIMITED
MR. ABRAHAM GEORGE – HEAD INVESTOR RELATIONS AND TREASURY -- KALYAN JEWELLERS INDIA LIMITED

MODERATOR: **MR. RAHUL AGARWAL – STRATEGIC GROWTH ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to the Kalyan Jewellers India Limited Q3 FY '25 Earnings Conference Call. 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 star, then zero on a touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rahul Agarwal from Strategic Growth Advisors. Thank you, and over to you, sir.

Rahul Agarwal: Thank you. Good evening, everyone, and thank you for joining us on Kalyan Jewellers India Limited Q3 and 9-month FY '25 Earnings Conference Call. We have with us Mr. Ramesh Kalyanaraman, Executive Director; Mr. Sanjay Raghuraman, CEO; Mr. V. Swaminathan, CFO; Mr. Sanjay Mehrottra, Head of Strategy and Corporate Affairs; and Mr. Abraham George, Head of Investor Relations and Treasury.

I hope everyone got an opportunity to go through our financial results and investor presentation uploaded on the company's website and Stock Exchanges. We will begin the call with opening remarks from management, following, which we will have the forum open for question-and-answer session.

Before we start, I would like to point out that some statements made in today's call may be forward-looking in nature, and the disclaimer to this effect has been included in the earnings presentation shared with you earlier.

I would now like to invite Mr. Ramesh Kalyanaraman, Executive Director of Kalyan Jewellers India Limited, to give his opening remarks. Thank you, and over to you, sir.

Ramesh Kalyanaraman: Thank you. Good evening, all of you. Welcome, everyone, to the call. It has been an excellent year so far with consolidated revenue growth of approximately 35% and stand-alone revenue of approximately 37% for the first 9 months of the financial year. SSSG is again very strong. Q1 recorded at 12%, Q2 was at 23%, partially driven by the import duty cut. Q3 was at 24%. Q3 SSSG has been driven largely by the robust festive and wedding demand and lesser number of Shraddh days also played a part.

Revenue growth for the recently concluded quarter has been 40% on a consolidated basis and 42% in India. Growth has been broad-based with robust growth across gold and studded categories. Adjusting for the loss due to reduction of import duty, growth in PBT is around 53% on a stand-alone basis and 46% on a consol basis.

As we indicated earlier, for FY 2026, we have drawn up plans to launch 170 showrooms across Kalyan and Candere formats, 90 Kalyan and 80 Candere. We have completed signing up LOIs for showrooms to be opened during the first half of FY 2026.

Talking about the current quarter, the quarter has started off well despite the volatility in gold prices. We are upbeat about the ongoing wedding season and expect to end the financial year on a strong note. We are on track for the launch of 30 Kalyan showrooms and 15 Candere showrooms in India during the current quarter. Over to you, Sanjay.

Sanjay Raghuraman: Thank you, Ramesh. Good evening, everybody. We just completed a fantastic quarter, and I'm happy to share some information about our numbers. We reported a consolidated revenue for the quarter of INR 7,287 crores, a 40% growth over the same period in the previous year. Consolidated profit after tax came in at INR 219 crores versus INR 180 crores during the same period in the previous year. Adjusting for the loss due to the customs duty cut, consolidated profit growth would be about 43%.

Now I shall give you a breakup of the financial numbers between India and the Middle East, starting with India. India revenue came in at INR 6,393 crores, a growth of 42% when compared with the corresponding period of the previous financial year. And India profit after tax came in at INR 218 crores, compared to INR 168 crores in the corresponding quarter of the previous financial year, growth of 30%. Again, adjusting for the loss due to the customs duty cut, profit after tax growth would be 54%.

Talking now about our Middle East business. Revenue for the quarter came in at about INR 840 crores, a 23% growth compared to the corresponding quarter in the previous year. The Middle East business posted a profit of INR 15 crores for the quarter, compared to INR 14 crores for the corresponding quarter in the previous year. Profit grew by 23% over the corresponding quarter in the previous year. However, PAT growth for the current Q3 FY '25 was impacted due to the introduction of corporate tax in the UAE. This is the first quarter after corporate tax comes in.

During the quarter, we opened 45 showrooms in India across Kalyan and Candere platform, and we opened our first showroom in the U.S. With this, we are done with the summary of the financials and now open the floor for questions. Thank you.

Moderator: The first question is from the line of Gaurav Jogani from JM Financial.

Gaurav Jogani: Sir, my first question is with regards to the demand conditions that has been -- that you have witnessed in Q4, especially with 1 month ahead now in the quarter. And also, with the recent surge in gold prices, has that had any impact on the demand for sale?

Ramesh Kalyanaraman: The demand is strong as we speak because it started off very well, and the wedding demand is very strong. The last one week, there is some turbulence in the gold rate, gold prices, but even then, demand is still strong.

Gaurav Jogani: Okay. And sir, we have been seeing that for you, at least the studded growth has been quite good. And in fact, you are seeing a increase in the studded share. So just wanted to know from a lab-grown diamonds perspective, if you are seeing any impact? And if you can give some colour on what kind of studded jewellery you have, which kind of is not so much of impacted by the lab-grown diamonds?

Ramesh Kalyanaraman: No as mentioned earlier, the lab-grown diamonds basically comes in the solitaire space. And if you look at Kalyan as a brand, we don't focus too much on solitaire. And if you look at our revenue base, maybe 5%, 6% of the total diamond revenue will be solitaire. Approximately 3% of our studded will be solitaire, maybe 1% of our total revenue will be solitaire, okay.

So, the impact on a certain segment of solitaire, wherein above a specific 1 carat range is where the lab-grown diamond has at least some demand, okay? And if you look at our total sale demand is even lower. So, we don't have any impact on studded category.

Gaurav Jogani: Okay. Sure. And sir, my last question is with regards to recent saga have you seen any impact on the addition of the franchise partners or any change in the store addition guidance, not only for this quarter, but how the future year, you have the peaceful year as well, anything on that front?

Ramesh Kalyanaraman: No, there is no change at all. I've told you we have already signed all LOIs for the first half of the next financial year. This quarter also, we are adding this 30 Kalyan showrooms and 15 Candere showrooms and there is no change per se for franchise momentum at all.

Moderator: The next question is from the line of Pulkit Singhal from Dalmus Capital Management.

Pulkit Singhal: And congrats on a good set of numbers. Basis, the adjusted profit growth that you have given, so my understanding is that the PBT margin this time is around 5.43% versus previous year of 5.01% which suggests almost a 40 basis -- 42 basis points PBT margin expansion. Is that calculation roughly, correct? I mean, 40 basis points plus?

Ramesh Kalyanaraman: Yes. So basically, yes, the PBT margins have gone up by around 0.4%. And it is predominantly because of the ad spend. As I had mentioned earlier, Diwali this time was early Q3, and our campaigns had started in Q2 itself. So, you would have been seeing some ad spend higher in Q2, which has been lower in Q3. So that is why your Q3 majorly employee expenses and ad spends are where we have gained in the PBT margin.

Pulkit Singhal: Right, right. So, once you look at maybe Q2 and Q3 together to kind of better way to look at it.

Ramesh Kalyanaraman: Better way to look at it.

Pulkit Singhal: Either ways it could be easily at 20 basis points or average impact maybe. But my point is directionally now, are you confident of this kind of margin expansion? Or do you think there's certain one-offs here and you don't anticipate that?

Ramesh Kalyanaraman: You can expect a leverage in employee expenses because that also I had mentioned earlier, wherein our base is getting higher. So, the new staff, which we are taking for the stores, which are going to open, the quotient, when compared to the base, we have -- we can -- because already the base is high. So, you can see leverage in employee expenses. And margin leveraging ad also can be expected. So maybe these levels can be expected for the next year, and we also have savings of interest for the next year because we are reducing our debt.

Pulkit Singhal: Okay. Okay. So that's great. Secondly, I mean, are you seeing any increase in gold lease costs or expected increase in gold lease costs? I mean because of some kind of expectation of tariffs in U.S.?

Ramesh Kalyanaraman: It is stable.

Pulkit Singhal: It's stable.

Ramesh Kalyanaraman: Yes.

Pulkit Singhal: Understood. So, there is no such expectation as well from the banks?

Ramesh Kalyanaraman: Expectation meaning as of now it's very stable.

Pulkit Singhal: Understood. So, for whatever reason, if it were to increase because there's an article, which talks about how U.S. might increase tariffs on gold imports, which in turn may lead to lease cost increases. Either way if that were to happen, you would pass it on to the customers? Or how does it work? Or do you have avenues of kind of managing that cost?

Ramesh Kalyanaraman: No interest rates cannot be passed into the customer, meaning as of now, we are -- we cannot speculate on that, no, no, because nothing has come out.

Moderator: The next question is from the line of Ashish Kanodia from Citigroup.

Ashish Kanodia: So, the first question was on the store level gross margin. So, if you can give some colour how the store level gross margins have trended this quarter?

Ramesh Kalyanaraman: Yes, margins have been almost stable. So pretty much the same as maybe the last few quarters.

Ashish Kanodia: Sure. And the second question was in terms of the custom duty impact, is it fair to assume that all the custom duty cut impact is already captured in 2Q and 3Q and there shouldn't be any more impact going forward?

Ramesh Kalyanaraman: Yes, there is no more impact. So, you mean 120-odd everything is over now.

Ashish Kanodia: Got it. And third one, just on the lab-grown diamond and studded side. So, on the diamond prices, right, especially, I'm just talking about the smaller stones, one on the sourcing side, have you seen any price correction, etcetera, say, in the last few months? And the second thing is also like on the -- at the consumer-facing side, how are the prices trending, especially when you look at whether your own pricing or for other players, has there been any reduction in diamond prices in the -- on the smaller stone side?

Ramesh Kalyanaraman: Yes. So basically, I told you again, the solitaire is the area where the price correction basically happens. Okay. So here, if you look at Kalyan, out of the solitaire inventory and revenue, almost 85% to 90% is below $0.50. There price correction is not significant. So, price correction is significant in $0.50 plus category, which is maybe 10% of our total revenue and 10% of our total inventory also.

Ashish Kanodia: Sure. Got it. And maybe just a last bit of questions more on the data and GML side, if you can help us with what was the borrowing and GML for 3Q? And secondly, in terms of land sell, etcetera, if you have any more of visibility, please?

Ramesh Kalyanaraman: Yes. So, no major change in the what you call GML debt level, etcetera, for Q3. And regarding -- and we have not repaid any further debt also in Q3. So, there is no major change in that area. And what was the next question?

Ashish Kanodia: The land sale, any further update in terms of timeline, etcetera?

Ramesh Kalyanaraman: Yes. So collateral release. We have -- two steps towards it, okay? The first step is to, of course, reduce the debt. And then we go to the banks and say that we need only this much limit, okay? So that has been done, with which now we -- if you look at over the past 18 months, we would have reduced approximately INR 450 crores of debt in it, right? And we will again, further reduce around INR 150 crores during this quarter. So, we have been in discussions with the bank for the release of collaterals.

As I mentioned, there are two steps in the process. First is to reduce the ABF limit. We had sent the proposal for the reduction of ABF and banks [inaudible 0:17:09] already given the collateral given is more than required. So that is the second step wherein we ask for the collateral back. So maybe 3, 4 months for the entire process, wherein we might get a clarity on the asset release is what we estimate now.

Moderator: The next question is from the line of Manoj Menon from ICICI Securities.

Manoj Menon: A couple of clarifications from my side. One, double clicking on what Pulkit asked a little earlier. On the PBT margin, part of it, let's say, looking into FY '26 and beyond. Is it fair to, let's say, make a statement of hypothesis that given that you have been, let's say, in a hyper expansion mode in the FOCO route over the last, I would say, 18 to 24 months.

And also, that most of it has come into base, those would have ramped up as per your plan, etcetera. Is it fair to make a statement that, let's say, going into FY '26 and beyond, let's say, the PBT growth will be ahead of the revenue growth?

Ramesh Kalyanaraman: Yes. It should. That is what we plan to. Yes. So PBT margin should be higher than revenue growth.

Manoj Menon: Understood. And I recall the comment as of the last quarter going into FY '26. So, there's no change in the expansion plans, right? I mean, let's say, 90 stores for a FY '26, is absolutely impact?

Ramesh Kalyanaraman: Everything intact and, again, repeat H1 expansion already signed.

Manoj Menon: H1 FY '26?

Ramesh Kalyanaraman: Yes.

Manoj Menon: Okay. Understood. Secondly, on the revenue aspect once again, let's say, if you could call out, if there's any regional variations in growth, let's say, south in the other 3 parts?

Ramesh Kalyanaraman: So, this time, if you look at SSSG, SSSG would have been a bit more heavier what you call -- the south will be in the range of 23% and non-South maybe in the range of 25%.

Manoj Menon: That's statistically insignificant rate is largely similar, is that what you're actually saying, which is actually slightly different from the trajectory what we've seen in the past?

Ramesh Kalyanaraman: So yes, if you look at 1% or 2% the same, meaning it was almost opposite in Q2. It was 25% and 23%, if I remember right. So that much change is only there. There's no major change in SSSG levels.

Manoj Menon: No, the reason I asked because historically speaking, maybe a year back or so. There was a market context which was called out by your peers in the otherwise also unlisted companies also have heard that, let's say, the South market has seen significantly higher competitive activity leading into competitive intensity. Is that largely behind us? Or is this still highlight as usual?

Ramesh Kalyanaraman: It's a competitive intensity. As I mentioned earlier, we have always faced competition because we are a hyper local player. We have to compete with local players, regional players, national players. So, it has been a part of our life since inception. So there, we have not seen anything major in changing in the last 2, 3 years, except that campaign levels in a local market, they are also active today, okay? And that has really changed. So, we are forced to spend some more money than expected in a franchise store, which we launched or in a tire 3 tier 4 city in south or non-South.

That has really changed because of the digital media coming in place. They are also able to spend the money and complete a national brand in that local market. That is different from before. Otherwise, everything remains the same.

Manoj Menon: Understood. And lastly, in one of the disclosures, I noted that there is a reappointment of the Warburg Pincus nominee now for the next 3 years. How do we understand this now that, as I understand Warburg doesn't hold anything let us take in the company as on date?

Ramesh Kalyanaraman: Yes. So, we have reappointed Mr. Anish Saraf. We are happy that he accepted, and he is a Non-Executive Director, and we have appointed him for 3 years. Vinod Rai has been reappointed as a chairman. Salil and Anil, they also play an important role. They have also been reappointed. So, we have enjoyed the journey so far until all of them. And we believe that they are also a part in our success. So, we still look forward again to work with them in the next phase of expansion.

Moderator: The next question is from the line of Soham from Centrum Broking.

Soham: So just wanted to check a couple of things. Like as the gold price has been surged almost -- for last quarter also more than 30%. So how do you look in the demand side, like as consumers prefer lower carat right now? I mean, is it anything trend we're observing?

Ramesh Kalyanaraman: Yes. So, if you look at from Q3 to now yes, the price has been almost 5%, 7% that has -- it has been increased by around 5% to 7% now. So now customers are also aware of all these, now it has become a habit for them also. It is almost like a habit for them. Gold prices are going up. So, when the gold price goes up, in a couple of days or meaning 3 to 5 days, people might take a pause and look at the direction, where the gold price is going, and they might preponed or postpone their purchase.

But wedding revenue cannot wait for more than a week. So, they immediately come up -- come in maybe after 4, 5 days. So, nothing major has impacted as we speak at the stores. Demand per se, very strong. It is still continuing, and new customer growth and existing customer growth is intact.

Soham: But in case of non-wedding, how is it? Is it...

Ramesh Kalyanaraman: Non-wedding is the purchase where people can postpone more than a week, okay? But if you look at -- as we speak, the first 30 days, January, the revenue, the footfall, wedding demand, non-wedding demand, everything is almost in place. And customers are also getting used to all these and -- now you know we have 18-carat also at the store. 14-carat is also selling for diamond jewelry. So, price is not impacting non-wedding too much like before.

Soham: Okay. Got it. So now my second question is, as of now, if I look at our model, basically, COCO is still 60%, FOCO is 40% on a roughly basis. And as we go more FOCO, so it will be around 50%-50% or 65%-45% by FY '27. So, in that case, is it fair to assume that on an EBITDA margin basis, it could have an impact of 100 to 110 bps kind of impact for FY '27 for next 2 years?

Ramesh Kalyanaraman: Yes. So, there will be an impact for EBITDA margin. EBITDA margin will be keeping on de-growing -- and PBT for -- meaning the EBITDA margin for a franchisee store [inaudible 0:25:22] number of franchisee stores, yes, you are right. EBITDA margins will be keeping on de-growing, but PBT margins are growing, operating leverages, again, stepping in interest rates are also because we are repaying the interest that so interest can also come down and PBT of franchisee stores are more than our own stores.

So, EBITDA margins will keep de-growing, except that you can see a situation where we will start reopening our COCO, right? Because once the debt repayment is done, then the excess cash can be used for COCO. So there from there, you will start to see EBITDA margins grow.

Soham: Got it. And sir, the last question from Candere. Right now, what is the stage like what is the -- how do you look for this because most of the stores we are opening is majorly COCO for Candere. How do you look for the next couple of years, the journey, and maybe profitability and all, if you can share something?

Ramesh Kalyanaraman: No. Candere, we are looking into the next phase of expansion, and we are adding stores. Again, Q4 also, we are going to add 50 more. Next year, we are adding stores in Candere, okay. And we will start our campaigns. We will focus on footfalls. We will focus on making the store EBITDA positive in the next financial year. And in the next 2, 3 years take revenue to INR 1,000 crores. That is our target for Candere.

Moderator: The next question is from the line of Devanshu Bansal from Emkay Global.

Devanshu Bansal: Congratulations on a very strong performance in Q3. Just one question from my end. I just wanted to sort of check on making charge. So, few anecdote check sort of indicated that we have taken some increase in our making charges. So, wanted to conform if this is true as a strategy?

Ramesh Kalyanaraman: So, what are you asking? Did we increase our making charges? Are you trying to ask for that?

Devanshu Bansal: Yes. Yes, sir.

Ramesh Kalyanaraman: Making charge, what we do, we constantly -- it is, again, the making charge of a product. The brand only cannot decide. The market also has to decide the making charge of a particular product. So, when we enter into a new market, we will have certain staple products, where making charges have to be competitive with the local player there. We will not be able to play around too much with making charge for a staple product.

We will take products, which is non-staple in that particular market, we will enjoy some premium for a period of time for these products. Slowly, those products will be introduced by some local players. So, the margin comes down there. So, we have to replace that product with some other products, where we can again have a premium on making charges.

So tactical changes, tactical campaigns working around the making charge, it is a constant process. So, if you ask me, have you increased making charge for a particular product, you will be able to tell yes and no. Where in -- it's not -- it cannot be a direct answer.

Devanshu Bansal: Okay. I understood. So just to confirm as in from a difference between the leader or maybe the other listed players and so has that reduced increase remains stable, so across the portfolio. So just if you could share some thoughts there in terms of making charge?

Ramesh Kalyanaraman: So, making charges, I told you for staple products our making charge, we compete that with regional players and local players. For non-stable products, the making charges will be very similar to national players.

Moderator: The next question is from the line of Prolin Nandu from Edelweiss Public Alternative.

Prolin Nandu: A few questions from my side. Just to pick up from where you left in terms of the EBITDA margin, right, when it will start growing, so the larger question as to just focus on our own stores, you said once the debt is repaid at that time, you will again come back to the COCO kind of model. Is it fair that your focus on COCO will start sometime in FY '27, is that understanding, correct? Or from there on the percentage of COCO should see an increase in the overall store that we add every year?

Ramesh Kalyanaraman: Yes, yes. So that's a fair assumption. Looking at the debt repayment, I think from '27, we should start doing COCO as well. So, if you look at the 50%-50% revenue share between FOCO, COCO, the EBITDA will be in the range of 6.5%.

Prolin Nandu: And that ideally going ahead, that revenue share should be in favour of COCO, right? Once the debt repayment happens? Is that also fair to think about?

Ramesh Kalyanaraman: So there, I think, because even if we -- if the debt reduction phase is over. The number of -- the market is so huge wherein you can open about 90, 100 showrooms a year. Franchisee demand is still in place, huge demand from franchise partners. Markets are also opening every year new markets are getting open, right?

So, we cannot cap our expansion with the cash we have. So, we will only look at expansion, where in our expansions will be feeded either by franchisee partners or by our own capital. So even if in 2027 plus, wherein we will -- we might not be able to open as many as showrooms COCO, when compared to FOCO.

Prolin Nandu: Understood. Right.

Ramesh Kalyanaraman: But you will see a margin growth from 2027 in terms of EBITDA because we will start opening COCO showrooms. So, the incremental EBITDA from the new COCO will be in double digits, right?

Prolin Nandu: Right. So the larger question that I wanted to understand was, are there some markets where opening a FOCO store is very, very difficult, right, in terms of operations also on and so forth as to how do we run the store, for safety purpose, for understanding the competitive intensity. Is that how you see the market? Or it would be more of the question of demand for FOCO stores coming from a region and be focusing on that. So how will you decide? I understand there is a lot of demand, new market openings. But are there some markets, where FOCO cannot operate, only COCO can operate?

Ramesh Kalyanaraman: So, we're, FOCO and COCO. Operations point of view, there is nothing, which can change because we -- the FOCO franchisee partners are only sleeping partners, where they are like investors. They don't come to the stores. They don't [inaudible 0:33:29]. There is no difference between FOCO, COCO in terms of operation per se. That is not the reason. But once we have excess cash with us, we will have to use it somewhere wherein we will start opening our COCO. So maybe a very large showroom in the metro market, okay? We might do a COCO; such showrooms are ideal case for COCO.

Prolin Nandu: I get your point, right. So, as you said, right, your franchisee partners are investors, right, and investors go through their own pain, right? Some of the equity investors are also going through their own pain. So, do we do some kind of stress test to understand what is the leverage of, let's say, our franchisee partner? Because their health will determine how we do going forward, right? So, do we do some kind of periodic stress test on them?

And also, to think from a perspective of there could be years, where gold price could see a decline, right, which could impact our returns as well as the franchisee partner returns. So how do we think about or how do we predict or how do we model for their behavioural change when, let's say, gold prices would hypothetically see a decline in a year, right would they behave in that scenario because that they're knowing as to what they will do is quite important for us. So, any thoughts on how you think from a business perspective on these assets?

Ramesh Kalyanaraman: Yes. So again, 2-3 questions you have asked. One is the check which we have on a franchisee capability, right? But we have a policy to restrict the number of showrooms per franchise. Also, we do check the financial capacity of our franchisee before onboarding them. And if they are able to open, say, 5 showrooms, we give them 2.

And that is how our intention also for the next couple of years is not only to open many showrooms, it is to expand the base of the number of franchisee partners, so that maybe from 2027, we can only open new stores through our existing franchise partners. So that is our intention more than simply opening stores with our existing franchisee partners.

And to your gold price decline, I mean it is a daily refilling inventory system, which we have. So, if they sell 100 grams today, 100 grams will be refilled from our head office, and we invoice them, and they pay them. So even if price goes up or comes down, they will have to maintain the volume at the store level. And these investors are not like investors who see 6 months, 9 months. They are all long-term 3- to 5-year period. So, they don't only look at a gold price 1 year, 2 year. It's a 5-year, 6-year call, which they take, right? And they are HNIs, who already have gold as an asset class, which is now getting giving the return also.

Prolin Nandu: I understand. Just one last question, right. So, if we leave aside the impact on margin of this COCO and FOCO, right. But as we grow our brand becomes more and more visible, right, how should one think about operating leverage from, let's say, employee cost point of view, A&P point of view and also from the point of your how much -- at what rate do we get gold metal loans?

How much do we pay to our vendors for some of the outsourcing work that we do, right, for the metal piece itself, right? So -- how should 1 think about all these benefits coming in as the brand becomes a lot more apparent across India, right? What are your thoughts on that, Ramesh?

Ramesh Kalyanaraman: So operating leverage, you are right, we should expect a meaningful operating leverage going forward if the SSSGs keep growing at the rate we see now, okay? But of course, SSSGs, you -- it's unheard SSSGs, which we have seen for the past many quarters now. But if the SSSGs keep growing at the rates, which we see now, we should see meaningful operating leverage going forward, okay.

And at corporate overheads, -- as you rightly pointed out, we are repaying that also, so interest rate is also coming down. So there, everywhere, you will be able to see operating leverage. But if you look at our what you call the craftmen, who do jewelry for us. Most of the craftsmen are suppliers, vendors are like family for us, okay, wherein they are with us right from our first showroom, second showroom. They are all in and around our place mostly here or wherever we open stores, we would have what we call created the so-called ecosystem.

So, we don't squeeze them too much to earn a 0.25%, 0.35%, 0.15% margin. It is more for us -- for them to stay in the business to make money, to bring their younger generation also into the business, because we need them for our growth. It is not about saving 0.1%, 0.2% from them. That's not the intention which we have.

Moderator: As there are no further questions from participants, I now hand the conference over to the management for closing comments. Over to you, sir.

Ramesh Kalyanaraman: I would like to thank all of you we will meet again very shortly. Thank you very much. You all stood with us in our tough times. Thank you very much.

Moderator: Thank you. On behalf of Kalyan Jewellers India Limited that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.