



# KHAZANCHI LTD JEWELLERS

*(Formerly Known as Khazanchi Jewellers Private Limited)*

**Date: May 24, 2024**

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

**Ref: SCRIP: 543953 |KHAZANCHI|INE00WC01011**

**Subject: Transcript of Earnings Call for the half year and Financial year ended March 31, 2024**

We wish to inform you that the transcript of the earnings call hosted by Khazanchi Jewellers Limited ("the Company") for the financial results of the half year and financial year ended March 31, 2024, has been made available on the Company's website at the following link: <https://khazanchi.co.in/investor-meet.html>

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**

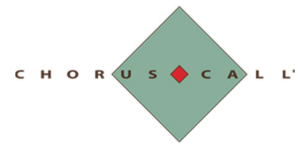
**Sakshi Jain  
Compliance Officer & Company Secretary  
Membership No.: A68478**



# **“KHAZANCHI JEWELLERS LIMITED**

## **H2 FY ‘24 Earnings Conference Call”**

**May 22, 2024**



**MANAGEMENT: MR. RAJESH MEHTA – CHIEF OPERATING OFFICER -  
KHAZANCHI JEWELLERS LIMITED  
MR. VIKAS MEHTA – CHIEF FINANCIAL OFFICER --  
KHAZANCHI JEWELLERS LIMITED**

**MODERATOR: MS. PREETI BHARDWAJ – KIRIN ADVISORS PRIVATE  
LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Khazanchi Jewellers Limited H2 FY24 Earnings Conference Call hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes.

Should you need assistance during this conference, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Preeti Bhardwaj from Kirin Advisors Private Limited. Thank you and over to you, ma'am.

**Preeti Bhardwaj:** Good afternoon. Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Khazanchi Jewellers Limited.

From the management side, we have Mr. Rajesh Mehta, that is the Chief Operating Officer and Mr. Vikas Mehta, Chief Financial Officer. Now I hand over the call to Mr. Rajesh Mehta, Chief Operating Officer. Over to you, sir.

**Rajesh Mehta:** Thank you. Hello, everyone. Very good afternoon. Namaskar. I warmly welcome each one of you to our first conference call of Khazanchi Jewellers Limited. Before we deliver, before we tell you about the financials of our company, I would brief about my company in short. Khazanchi Jewellers Limited has an experience of around 50 years in jewellery industry.

Our founder, Mr. Tarachand Mehta, in 1971, started the jewellery business and incorporated in the name of Khazanchi Jewellers in the year 1996. Our headquarters is located in Chennai, Tamil Nadu, and we are holding various authority licenses as BIS, Hallmarking License for Quality, IIBX for import of gold bullion, and supporter of import-export certificates, etc. With our various categories of products and extensively a library of around 5 lakh designs, our company specializes in a wide range of products, including gold, diamonds, and precious stones.

We are into manufacturing of wedding jewellery, exclusive design, and traditional South Indian jewellery. We have a retail space of 1,200 square feet, especially designed for a seamless shopping experience. In FY24, Khazanchi Jewellers Limited has successfully sold around 1,400 kg of gold jewellery.

We also offer various types of bullion items, coins, bars, and we are one of the prominent players in our wholesale and retail market. Our central focus is on crafting, producing, and delivering high quality of jewellery that spans a broad spectrum of items, including necklaces, chains, rings, earrings, bangles, bracelets, nose pins, mangalsutras, kundan items, jadav items, etc. We are dedicated to creating executive wedding jewellery and festival pieces that capture the essence of special occasions.

The competitive advantage lies in our integration of quality manufacturing from various regions of India to manufacture unique design catering to both retail and wholesale demand. Since our promoters have a very vast experience, we have very selected and exclusive artisans from all over India who produce exclusive jewellery for us, which attracts lots of customers and wholesalers, which make us unique from other competitors. Backed by experienced



promoters and a dynamic young leadership with a proven track record, supported by a seasoned senior management team and a Board of Directors, we excel in wholesale business of manufacturing and selling gold jewellery to national retailers.

Our brand is with trust, transparency, innovation, strict ethical values, and business practices. We have established strong systems and procedures to migrate risk and ensure quality control by strictly observing Hallmark norms. Furthermore, our commitment is to design and innovation across over product range set up apart in the industry. As we have a very large experience, as our management has a very large experience, we have been having customer range from generations in our retail segment and providing quality products to all our wholesale, unique quality products to all our wholesale shopkeepers, that is our wholesale clients.

There forward, our business strategies encompass several key initiatives. To start with, we are moving to our new showroom, which is of 10,000 square feet with the aim to broaden our product portfolio and boost our capacity. The proposed showroom is located in 286 NSC Bose Road, which is a jewellery hub of South India, a very prominent wholesale market of work all over Tamil Nadu.

Spanning three floors, the showroom is set to become a flagship destination for our customers. We have acquired a 3,045 square feet, around 3,304 square meters of land plot on NSC Bose Road and then commence prominent construction stage for the showroom, anticipating to open by May 2025. The funding for the new venture will be sourced from the net proceeds of our recent issue, embracing a large format model.

This showroom will offer an immense experience for our client. Moreover, we have obtained all necessary approvals for trade licenses and registrations, reaffirming our commitments to compliance and operational readiness. We are poised to deliver exceptional experience and further strengthen our presence in the market.

We also aim to expand our customer network in existing markets while venturing into a geographical territory, strengthening inventory management practices in another priority, ensuring optimal stock level to meet demand efficiency. We continue to remain customer centric, focusing on delivery expense, exceptional services with a wide design portfolio and tailored solution. We believe our strategies will bring remarkable business growth in the coming time, satisfying all our stakeholders.

The company got listed on the BSE SME platform in the month of August 2023. Now I put light on the financial highlights. In FY24, our company's standalone financial performance demonstrated substantial growth and improved operational efficiency. We recorded total income of around INR821 crores, a 70.51% increase from the previous year.

Our EBITDA also rose significantly, up by 148.97% to INR41.78 crores, while the EBITDA margin widens by 160 basis points to 5.09%. Notably, PAT rose to 261.13% to INR27.32 crores. The improvement is also reflected in a 176-basis point rate in the PAT margin to 3.33%. These results demonstrate strong financial health and significant progress towards

achieving our strategic growth objectives. As we are in the jewellery industry and the prices of gold have been appreciating year-on-year, the company has an additional benefit of increasing valuation of gold prices of our stock of at least 20% per annum for the past at least three years.

For the further stand-alone H2 FY'24, our total income reached INR415.38 crores with a growth of 67.38%. EBITDA for the quarter grew by 84.6% to INR21.02 crores. With the EBITDA margin improving by 47 basis points to 5.06%, PAT for the quarter increased by 102.59% to INR11.6 crores and the PAT margin rose to 49 basis points to 2.79%.

With these brief remarks, now I request to open the floor for questions and answers. Thank you once again, for your presence.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of V.N from Shanti Financial. Please go ahead.

**V.N:** Yes. Thank you. Congratulations for a stellar result. My query to the management is to try to understand how did you have such a huge increase in revenue, in profits, and consequently, why has the earnings per share not kept pace with the top line growth and the bottom-line growth that you have posted? Thank you.

**Rajesh Mehta:** Please repeat the question. It's not audible properly.

**V.N:** Yes. So, you had the excellent results. So, I'd like to understand, how did the company post such huge increase in top line and bottom line. Will this continue for the next year also because these are extraordinary results? Congratulations.

**Rajesh Mehta:** Thank you.

**V.N:** Sure. And the second question is on the earnings per share, however, the increase is not as big as the sales and the profit growth, so can you explain why that?

**Rajesh Mehta:** Yes. Overall, we have been working on the items which are providing higher revenues to the company. So in this coming year, we have been focusing on the items which are providing higher margins to the company. And we are also having a strategy of marketing door-to-door to all our suppliers, all our shop dealers so that they could understand about the uniqueness of our product, and they could join business with us. That's the main reason of we are having an expanded business.

And regarding -- that's the reason for our top line increase and the earning per share. Earnings per share is around INR11 rupees this year. And it is obviously going to continue as we are having a small retail showroom. And we are expanding on an retail segment where the margin is higher. So we are expanding it to the 10,000 square feet showroom where we will be having a higher retail sales, which will once again give a higher retail margin. So the earning per share is going to continue and continue to appreciate in the same segment with the same percentage of growth.

- V.N:** Sir, I would like to thank you. I'd like to understand the next year, can we expect similar good results in terms of growth percentage?
- Rajesh Mehta:** Surely, sir. The growth story will surely continue. The management is working very hard. It is like since we have entered into the, what they say, capital market now, but this is a hard effort of the management from past 20 years, past 50 years, I'm very sorry. And it is the third generation which has been working in the company for the development of the company.
- V.N:** Thank you. All the best.
- Rajesh Mehta:** Thank you, sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Aastha from Pkeday Advisors. Please go ahead.
- Aastha:** Sir, congratulations on the excellent results. I have a couple of questions. The first one is in the continuation with the previous question that the analyst had asked. I wanted to understand that the revenue has increased significantly, right? Is it just because of the product, the gold pricing or we have grown volume-wise as well?
- Rajesh Mehta:** We have grown by volume-wise as well because the price is appreciated only to the extent of 15% to 18%. But since the company has made a very higher growth.
- Aastha:** Understood, sir. Sir, second thing, the margins -- like you said, the margins have improved because we are selling higher margin products, right?
- Rajesh Mehta:** Yes. We have started focusing on that type of segments and that type of products.
- Aastha:** Okay. Sir, you have to give us revenue breakup as per product-wise, it's ornaments and then bullions. But we do sell gold, silver, diamond jewellery as well, right? So can we get a bifurcation of that as well?
- Rajesh Mehta:** The current bifurcation, I don't hold much. Actually, for the gold ornaments, we are having a sale of around INR650 crores and for bullions, around INR140 crores. And retail segment we have, and because it is gold and it is in total, what they say, we have sales for B2B and B2C differentiation only. You can drop in my number. You can drop in your number. If you want in detail revenue, I can provide you on that.
- Aastha:** Okay, sir. Got it. Yes. Sir, you said that we supply to businesses also, right? So I just want to understand that how much revenue is coming from those business segments, not directly from retail clients but from are we selling to Titan or any other such company? So how much revenue we are getting from those clients? And if possible, can you please give us top five customers? Is it possible?
- Rajesh Mehta:** Yes, top five customers are there. I can give you the detail also. Just a minute, I'll check it out. We are supplying to the major, what they say, multi-store top lines. And we are supplying to Joyalukkas. And our major clients who are very familiar in the south as KVM Jewellers, JT

Jewellers, Mullen Jewellers. Actually, they are all the, what they say, multi-stores with two, three stores, four stores. And they are operating very good in the whole of South India.

**Aastha:** Okay. So, sir, can you please give me a break up? I mean, how much we are supplying to -- in percentage terms, how much revenue we are generating from retail segment and how much from business?

**Rajesh Mehta:** You want the percentage of margin, you said?

**Aastha:** So, percentage of, yes, I didn't get you. Percentage of?

**Rajesh Mehta:** Percentage of margin, what we have into B2B or B2C, you are talking about that?

**Aastha:** Yes, the margins as well as the revenue breakup. I mean, yes, the sales break.

**Rajesh Mehta:** Revenue breakup. Around 50% of the revenue is generated from B2B, 10% of the revenue is from the retail segment. Of our B2B segment, we have a gross margin of around 3.5% and retail segment, we have around 8% to 9%.

**Aastha:** Got it. So 40% is from B2B and 70% is from retail.

**Rajesh Mehta:** No, no. That's what we are expanding on the retail segment now. Our revenue is 10% on retail now, 90% is from B2B.

**Aastha:** Okay, okay.

**Rajesh Mehta:** Yes, yes.

**Aastha:** So do we have in-house designers with us? In-house, we like, do we give the manufacturing of jewellery to outside like as in for job work or we have?

**Rajesh Mehta:** Yes, obviously, we do give jewellery to the job work people because in-house, we cannot have all the artisans who are best all over the India.

**Aastha:** Okay.

**Rajesh Mehta:** So what are the best available wherever they are working, we provide them, we get the things manufactured from them and then we sell it.

**Aastha:** Okay. Okay, sir. Thank you for now. I will get back into queue.

**Rajesh Mehta:** Yes. Thank you. Thank you so much, ma'am.

**Moderator:** Thank you. The next question is from the line of Jay Prakash from Arihant Capital. Please go ahead.

**Jay Prakash:** Hello, sir.

- Moderator:** Jay Prakash, the line for you has been unmuted. You may proceed with your question. As there's no response from the current participant, we will move to the next question, which is from the line of Anmol Soni, who is an Individual Investor. Please go ahead.
- Anmol Soni:** So, first of all, I'm happy to see the good sets of numbers. So, I have two questions. One is regarding, my first question is regarding the tax expenses. So, in the first half of the financial year 2024, there was a low provision for tax or advance tax paid, which was showing the inflated profits. But then in H2, it was set off. So, what was the actual reason behind this, due to which there was less tax, which was booked in H1? So, it was showing more EPS for that half and less EPS for the other half on the same revenue, almost same revenue. So, my first question is regarding this.
- Rajesh Mehta:** You are talking about the taxation part?
- Anmol Soni:** Yes.
- Rajesh Mehta:** Taxation part, you said that it has been paid less in the first half and subsequently it has paid in the final half. Correct?
- Anmol Soni:** Right, right. Yes. On the similar sales of both half years.
- Rajesh Mehta:** Regarding that I have to consult my auditor why it was done in such fashion, but you can provide me your number, I will answer it for that.
- Anmol Soni:** Okay. And my second question is about the demand outlook for the next one or two years, especially after the sudden spikes in the precious metal prices, what will be the outlook for?
- Rajesh Mehta:** Yes. If you take up the history of gold, whenever there is a spike in gold prices, when the prices have increased, the demand has obviously increased with the intention of the investor that the prices will go up. And as is expectation, the prices have always been increasing. So, the person, whoever has invested in gold at whenever time, he has got a better return and he is happy at the time of purchase. So, the demand is going to obviously increase in the coming years.
- Anmol Soni:** So, from the volume terms also, there will be a good demand?
- Rajesh Mehta:** Yes, sir.
- Anmol Soni:** Yes, sir.
- Rajesh Mehta:** Volume side also, the demand has been increasing and it will increase substantially.
- Anmol Soni:** Okay, sir. Okay. Thank you, sir.
- Rajesh Mehta:** Yes.
- Moderator:** Thank you. The next question is from the line of Jay Prakash from Arihant Capital. Please go ahead.



- Jay Prakash:** Good afternoon, sirs. Do we outsource design from other jewellers or whether we have our own artisans for it?
- Rajesh Mehta:** Yes, we do jewellers, we do outsource from our artisans outside and from other venues, other jewellers also because all the exclusivity, we cannot arrange it all inside our campus. So, we source it from outside also.
- Jay Prakash:** So, do you have any plan in the next financial years to hire more artisans of your own rather than outsourcing?
- Rajesh Mehta:** Yes, possibility those products which are we supplying to our B2B clients, which are in very much huge volumes, we are planning to have manufacturing units in the near future.
- Jay Prakash:** Okay. And what is our current design portfolio right now?
- Rajesh Mehta:** Yes, we are having a design capacity of around 5 lakh designs.
- Jay Prakash:** Okay. But as you see right now, gold market is on boom. So, how would you tackle to it? Like it is on the, like what are your future strategies to improve and improve your sales for it?
- Rajesh Mehta:** Also, sales has been quantum wise and value wise. Both ways the sale has been increasing only and the demand for gold will always be there if people, it has been a very safe investment and reliable investment. And even the prices move up, the demand will continue to grow.
- Jay Prakash:** Okay. Okay. And my last question is like, what is our working capital requirement right now?
- Rajesh Mehta:** Working capital requirement for the new showroom you are talking about?
- Jay Prakash:** Yes, yes.
- Rajesh Mehta:** Yes, the management is thinking of investing around some more additional of -- just a minute.
- Jay Prakash:** Sir, management will not increase any extra debt.
- Rajesh Mehta:** They will shift off the stock from the existing showroom.
- Jay Prakash:** Okay.
- Rajesh Mehta:** From existing showroom, they will be shifting some of the working capital to the new showroom.
- Jay Prakash:** Okay, great. Thank you, sir. Have a good day.
- Rajesh Mehta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Ajay Bhatt, an Individual Investor. Please go ahead.
- Ajay Bhatt:** Yes. Good afternoon, sir.

- Rajesh Mehta:** Very good afternoon, sir.
- Ajay Bhatt:** So, first of all, congratulations for your good set of numbers.
- Rajesh Mehta:** Thank you. Thank you so much.
- Ajay Bhatt:** So, actually, you said about the new facility, right? So, can you just share more insights about it? Like, how much it costs and?
- Rajesh Mehta:** You are talking about the new showroom construction ongoing?
- Ajay Bhatt:** Sorry?
- Rajesh Mehta:** You are talking about new showroom?
- Ajay Bhatt:** Yes, sir.
- Rajesh Mehta:** Yes. The new showroom work is ongoing. We have already completed RTC construction for ground floor, first floor, second floor, and third floor. We are about to reach 10,000 square feet. And now, interior works will be going on and by 2025, we will be opening it.
- Ajay Bhatt:** Okay, sir. And what kind of growth do you expect in the coming future?
- Rajesh Mehta:** Gradual growth for the industry. And for our company, it will be around 30% to 35% year-on-year.
- Ajay Bhatt:** Okay, sir. So, I just wanted to know are we into contract manufacturing for big clients or if yes then whom do we associated with?
- Rajesh Mehta:** Major of our clients are taking from our ready stocks. We give it to our manufacturers in the bulk and we keep the ready stock of different items and our clients select from our ready stock itself. That is our specialty because in other markets they have to place the order such as now the Akshaya Tritiya or other seasonable they have to place the orders to the manufacturers, but now here we are getting it ready and keeping it as a stock backup for the season coming up.
- Ajay Bhatt:** Select the designs from what they want.
- Rajesh Mehta:** So that they can select the design from what they want in a huge variety will be there.
- Ajay Bhatt:** Thank you. That's it from my side.
- Rajesh Mehta:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Saloni from SK Analyst. Please go ahead.
- Saloni:** Thank you for the opportunity. So my question is what is our growth sales and what is the growth in volume?

- Rajesh Mehta:** You're talking about the growth in sales. So sir last year it was around INR405 crores. Now the company has achieved around INR820 crores this year.
- Saloni:** Okay, thank you.
- Moderator:** Thank you. We have the next question from the line of Simar an individual investor. Please go ahead.
- Simar:** Yes. Good afternoon everyone. Thank you for this opportunity, First of all, let me commend you and the management for efficiently steering the company to such high revenues and plugging such high profits.
- Rajesh Mehta:** Thank you.
- Simar:** I have a couple of questions. A couple of them have been already answered by you. In terms of your new entry, new geographies what sort of a model do you have? Do you have a hub-and-spoke model where you'll have a company-operated showroom and then leveraging it into branching out to new franchisees in the Tier 2, Tier 3 location?
- Rajesh Mehta:** That's what we are trying to work on both the models. The company-operated showrooms mainly currently we are thinking of that. On the later stage, we will be going for a franchisee model also.
- Simar:** Okay. And what sort of risks do you foresee with so many private back players entering the offline market recently? How confident are you in achieving higher sales growth?
- Rajesh Mehta:** Since we are in the field from the past 50 years our management has a very vast experience. So, all the risk segments has been already filtered by the management with their experience. And each and every time if some sign of difficulties come the management will take up the decisions accordingly and as of now since we have been working so long we don't find any much difficulties or any risk sector in this.
- Simar:** So, a small feedback if I may in your future presentations when you present, can you just give a bifurcation between the gold and the diamond product? I certainly understand in the bullion segment or the ornament segment gold would be contributing much higher, but I believe diamonds have much better gross margins?
- Rajesh Mehta:** Yes my diamonds have much turnover of diamonds compared to gold. The proportion currently since we are not into B2B distribution of diamonds still now and the current proportion of diamond sales is nearly 2% of the total sales.
- Simar:** Okay. Got it. And when you mentioned about your contract manufacturing to certain leading jewellery brands, can you also mention that in your presentation in the top three how much are they contributing if yes, you can take it offline as well. That's not a problem.
- Rajesh Mehta:** Currently, that data I am not holding it in my hand. If you're required, I will provide you, sir, please.

- Simar:** Okay. That's all from my end sir and all the best going forward.
- Rajesh Mehta:** Thank you so much.
- Moderator:** Thank you. We have the next question from the line of Tara Kaur from EY. Please go ahead.
- Tara Kaur:** My question is, do you plan to regional diversification in current year or maybe in next 2 years?
- Rajesh Mehta:** What question you're saying?
- Tara Kaur:** Do you plan to regional diversification in current year or maybe in next 2 years?
- Rajesh Mehta:** We are making a regional diversification in next 2 years. Currently, we have an operation of opening the showroom, new showroom.
- Tara Kaur:** Next question is can we see INR1,000 crores revenue milestone for financial year 25?
- Rajesh Mehta:** Obviously, we are thinking of at least 25% to 30% growth. Since we have achieved around [3820 31:26], if we add up 30%, it will surely reach INR1,000 crores.
- Tara Kaur:** Okay. So last question from my side, do we have online presence if yes what is the contribution from this vertical?
- Rajesh Mehta:** We have finalized the online presentation. Now we are working on it. It will be implemented very shortly along with the new showroom opening.
- Tara Kaur:** Okay. Thank you, sir. All the best.
- Rajesh Mehta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Astha from Pkeday Advisors. Please go ahead.
- Astha:** Sir, I just wanted to know that you said that we will grow by approximately 30%, 35% on a Y-o-Y basis. So where would be the margin going?
- Rajesh Mehta:** Sir margin is going to - since we are going to grow in the retail segment margin is going to increase by 9% in that and B2B segments we are working with 3% to 3.5% and since we have the various other items, we are introducing various other items which are of higher margin. So the margin is going to increase only.
- Astha:** Okay. So, sir, is it safe to say that we will be - right now we are at approximately 5%. So that would be going to 7%, 8% in the next 2 years?
- Rajesh Mehta:** No, I am talking about the proportion of retail is going to increase. If the proportion of retail is going to increase of 20% then the retail is increased, then 8% margin it would be around what they say going to be 1.6% increase. So the retail margin overall margin from B2B, B2C is increased by half a percent, 0.7, 0.8 like that.

- Astha:** Okay, got it. So just one last question that we have grown very fast compared to our peers, right, this year by 70% we have grown. So what has worked really well for us, because I did not see our peers doing that well. I mean, they have, some of them have grown by 50% or less than that. So what and we have 1 crores?
- Rajesh Mehta:** Right the peers who have been working in South India the demand for South Indian gold and the whole distribution is fast and the rolling turnover is fast here. So overall the peers who are working in South India have done good. You can take up Thangamayil who have given them various they have done good.
- Astha:** Okay, thank you so much, sir. That's all from my end.
- Rajesh Mehta:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Ramesh from Original Finserv Private Limited. Please go ahead.
- Ramesh:** Yes, let me congratulate the management on the superb numbers what they have delivered.
- Rajesh Mehta:** Thank you, sir.
- Ramesh:** So my first question will be like with regard to inventory. What is the inventory turnover ratio which is happening at currently?
- Rajesh Mehta:** Inventory turnover ratio is, just a minute, I'll get you.
- Ramesh:** Or you can simply say to me how much time it takes for inventory to get sold out, in terms of number of months?
- Rajesh Mehta:** Sir, in a year, it rotates around four times.
- Ramesh:** Okay, so if that is the case, then whatever the inflated prices from the March should have been booked by the company in this quarter. So that means the rate of growth will go beyond 30% what is in projection. So any projections have been laid out on that front?
- Rajesh Mehta:** You're talking about the increasing price?
- Ramesh:** Sharply increased. So your normal growth percentage of 40% over and above the realization price of the overhang inventory as on March.
- Rajesh Mehta:** Okay.
- Ramesh:** So the impact...
- Rajesh Mehta:** Year-end team impact -- is that the growth story will be included in our profit.
- Ramesh:** No, since you said two to three months, your stock rolls over. So, obviously, this quarter, the numbers would have been captured by this time. Or maybe we are in the midst of that. So the

realization will be high, and the profit numbers are going to be approximately higher than what you have projected.

- Rajesh Mehta:** Yes, certainly. Expecting
- Ramesh:** You're expecting, right? My second question is that you said majorly 90% of your business is B2B and 10% is retail.
- Rajesh Mehta:** Yes.
- Ramesh:** Retail, you have a margin of 3% to 5%.
- Rajesh Mehta:** No. Retail, we have a margin of around 8% to 9%.
- Ramesh:** Yes, 8% to 9%. B2B is 3.5%. 3.5% to 4% somewhere.
- Rajesh Mehta:** Yes, 4%, yes.
- Ramesh:** Wouldn't it be prudent to increase the retail participation to have improved margins going forward? Or any strategy have you drawn?
- Rajesh Mehta:** That's what, in that segment only, we are working on it. We have been opening a retail store of 10,000 square feet in the very near future. So that we have better margin ratios.
- Ramesh:** But don't you think your geographical presence, at least only at one location, will play a disadvantage compared to others who are expanding phenomenally high by way of geographical opening of showrooms at wider places?
- Rajesh Mehta:** No, no. Currently, since we are here, our base has been here from past 51 years, we have a huge goodwill and good reputed customers. And in the near future, when we start up our new showroom, after that, we have an expansion plan geographically also.
- Ramesh:** Okay. And secondly, as the prices are now moving, have you have any plans for hedging the prices going forward since the gold prices are going to be back towards upward now \$2,600 to \$2,700 somewhere around the valuation?
- Rajesh Mehta:** Our management has never been involved into hedging. Every time the prices have been moving to a new high only and always sustained it there. So we are expecting even much higher.
- Ramesh:** Yes. Increased prices, don't you think so that will put pressure on your margins, both at B2B level and retail level?
- Rajesh Mehta:** No, sir. As of things are moving in quantum basis, even if you see the volume is increasing only.

**Ramesh:** Okay, fair. And now one last question. I have seen that you have diversified the silver division into a separate entity. So whether it is forming part of this company or that has been shelved out as a different entity?

**Rajesh Mehta:** That is currently it is a different entity. And we will decide it accordingly if something is required in regard to it.

**Ramesh:** Okay, great. Wish you all the success and we hope the company delivers what it is promised. And of course, we expect a dividend based on those performances very shortly.

**Rajesh Mehta:** Sure, sir. Sure. Thank you so much, sir.

**Moderator:** Thank you. The next question is from the line of V N: from Shanthi Financial. Please go ahead.

**V N:** Yes, thank you. Sir, when we do a comparison, a peer comparison of all the, let's say, companies, jewellery companies in the market, you seem to have outperformed the rest of the market. So I think that's a testimony to all the work that you've put in in growing your revenues and your financial performance.

But I would like to understand how, which are the companies do you really recognize, respect as the peers that you would like to be compared against, number one. And which are the firms, and therefore the ones that you don't name, we will not kind of consider in the peer set. And this is not to do with the scale of the company, the size of the company in terms of revenue, but in terms of the quality of their work and the quality of their management, which are the kind of peer companies you would like to be compared against? Thank you. That's all.

**Rajesh Mehta:** We do not take any specific company, whoever is doing good in whatever segments, we try to pull things, good things from each and everybody and implement it in our company. And since our management has also got such a huge experience, they work based on their experience only.

**V N:** Yes, can you name one or two peers or a few peers that we can look at, just to know some relative performance. Of course, you have outperformed them, but just so that we have a playing field in which to look at other firms.

**Rajesh Mehta:** On this platform, I cannot say the names of any of the company sir.

**Anmol Soni:** We do not sir, companies we raise our own category.

**V N:** Fine. Okay, so my other question would be, when you look at your own business and the prospects in the, let's say, in the market, how would you want to look at on an ongoing basis? I'm saying if you can even remove yourself from the fact that you're part of the company and you're leading the company, what should be the good metrics by which anyone should measure the performance of a jewellery firm like yours?

So like for some of the comments made by analysts right now, in terms of geographical diversification, in terms of diversifying your B2B and your B2C mix, in terms of right now



you're outsourcing your design and manufacturing, but insourcing any of it, would that be helping you in terms of providing more stability to the company's performance on an ongoing basis?

So I just wanted to understand some of the metrics by which you would like to see the progress of your own company and then we being someone who will follow your company, we'll understand this also? Thank you.

**Rajesh Mehta:**

Yes, sure, sir. That's what – since we have an – that's what I told you, since we have an artisans all over India, we cannot make it, or everybody bring under one single group because we want a diversified design. So even then, since for a better margin or for better quality, we are thinking of implementing our own manufacturing unit very shortly. And regarding geographical expansion, after opening of this new showroom, we surely have a program of expanding geographically for at least three to four showrooms in coming two to three years, two years, sorry.

**V N:**

Okay. And in terms of you already mentioned the B2C and the B2B mix, which is now 10 to 90 B2C to B2B. So where would you like to see that in the next say two to three years? Because B2C provides you a higher margin.

And one of the things probably for your company when it is posted simply stellar results, the only probably area of significant improvement that we can see around the corner is improving your earnings per share, which has not grown in tandem with the growth in the top and the bottom line. So keeping all that in mind, do you think a quick increase in your diversification to B2C from B2B will help in that? And if so, in what time frame do you see B2C increasing? To what percentage and in what time frame?

**Rajesh Mehta:**

Sir, since we have an analysis and we think that in coming years, when the storeroom gate opens, at least the B2C proportion should be at least 25% in the whole wholesale value, whole top line. And the margin ratio would also be obviously higher since the proportion of B2C is going to increase. And one more thing regarding EPS, I want to explain one thing. As on 31st March, the number of shares were less compared to as of current number of counts have increased.

**V N**

Correct, yes. So just to sum it up, geographical expansion, three to four locations in two years, B2C 25% in two years. Then in-house manufacturing that you are planning in what time frame, sir?

**Rajesh Mehta:**

In-house manufacturing, we cannot specify the timing, but we are working on it. Mainly, we are going to expand our own manufacturing only or the products, which are in huge requirement, which are in large quantum, we are going to do.

**V N**

So right now, it is 100% manufacturing is outsourced, design is also outsourced. But if we can get a sense for, what percentage would you insource and in what time frame, two, three years, what percentage of design and what percentage of manufacturing could be in-sourced, it will just give us a measure that you are taking some actions.



- Rajesh Mehta:** Then you can take up, in the coming two years, at least 20% of the production should be of in-house.
- V N:** Very nice. And design, sir?
- Rajesh Mehta:** Obviously, it is the same line of setup. When we have a manufacturing unit, we have an internal designer setup inside.
- V N:** Okay.
- Rajesh Mehta:** Once we have the specific design to the specific manufacturer.
- V N:** Very nice. Do you also use, anyway, so I think when you bring in, when you in-house or in-source design, then you'll also look at automating some of this and computerizing some of this so that you can...
- Rajesh Mehta:** Obviously, computerized design, CAD designing and all the mechanisms of manufacturing a quality product, that all will be involved. We are specialized in fusing up of the products, such as some dies are made in Coimbatore and then sent to Rajkot and then it is assembled there. So that makes a huge difference in the outcome.
- V N:** Very nice, sir. It's very nice to have a conversation where you're open to a lot of ideas and you've planned all these ideas already. Thank you.
- Rajesh Mehta:** Thank you. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Smita Deshmukh from Satguru Enterprises. Please go ahead.
- Smita Deshmukh:** Hello. Hi, Smita here.
- Rajesh Mehta:** Hello.
- Smita Deshmukh:** Sir, my question is, though not compulsory, are we planning to report quarterly results going forward?
- Rajesh Mehta:** Yes, we are planning to have and we are working on the plan to give more results on quarterly basis.
- Smita Deshmukh:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Raj Sanghvi an Individual Investor. Please go ahead.
- Raj Sanghvi:** Yes. Hi. Thank you for the opportunity and congratulations on a very good set of numbers. So, sir, just would like to point out there was a management interview recently, a month or two prior, where Mr. Vikas Mehta had told that, we are planning to 4x our top line in the next four years, which translates to roughly around 40% to 42% of CAGR growth in the top line. So

right now, you just mentioned around 25% to 30%. So are we like underestimating it or could you throw some weight on it?

**Rajesh Mehta:** 35% is what we just told.

**Raj Sanghvi:** Sorry, how much? 35%?

**Rajesh Mehta:** Yes.

**Raj Sanghvi:** Okay. Got it. 35% perfect.

**Rajesh Mehta:** No, I specified on the quantum basis. Value-wise if you see, if the brands take that would be additional, it will be -- that we will be able to take.

**Raj Sanghvi:** Okay. Got it. So on the volume basis we targeting around 25%, right?

**Rajesh Mehta:** Yes, sir.

**Raj Sanghvi:** And whatever is increased in the price that would be additional?

**Rajesh Mehta:** Yes, that would be additional.

**Raj Sanghvi:** Perfect. Also, my second question was with respect to margin, like I understand when our products -- I mean, when the B2C segment increases, our overall margin would improve. But specifically for the B2B segment, we have mentioned 3% to 5% margin. So, I mean, is it sustainable going forward in your opinion? Or I mean the overall margin will definitely improve because of the mix. But just the B2B segment, would it be sustainable for the coming few years?

**Rajesh Mehta:** Yes, sir. It is sustainable, because we have been working on the creation of the products and all. So we will see to it that we get that set of margins achieved.

**Raj Sanghvi:** Okay. Thank you. That's it.

**Rajesh Mehta:** Thanks.

**Moderator:** Thank you. The next question is from the line of Anisha Bhardawaj, an Individual Investor. Please go ahead.

**Anisha Bhardawaj:** Hello? Yes. Sir my question is can you put light on the revenue break up, inside like gold, diamond, or other items? Whether it is in percentage wise or value wise?

**Rajesh Mehta:** Yes, that's what 90% of our sales is, B2B. And B2C is 10%. And diamond proportion is around 2% in overall sales.

**Anisha Bhardawaj:** All right. So for the upcoming year, just want to know which segment you are going to put the pressure?

**Rajesh Mehta:** We are going to expand on the Diamond Segment and Retail Segment.

- Anisha Bhardawaj:** Okay. Diamond and retail segment. Okay. Thank you so much.
- Rajesh Mehta:** Kundan, Jadau, Polki, all exclusive items which are providing a higher range of. And the exclusivity of the product. We are working on it. And for the new showroom, we are going to have a huge collection of all those.
- Anisha Bhardawaj:** All right. Thank you so much.
- Rajesh Mehta:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, we have no further questions. I would now like to hand the conference over to Ms. Preeti Bhardwaj, for closing comments. Over to you, ma'am.
- Preeti Bharadwaj:** Thank you, everyone, for joining the conference call of Khazanchi Jewellers Limited. If you have any queries, you can write us at [research@kirinadvisors.com](mailto:research@kirinadvisors.com). Once again, thank you, everyone, for joining the conference call.
- Rajesh Mehta:** Thank you so much. Thank you so much, everyone.
- Vikas Mehta:** Thank you.
- Moderator:** Thank you. On behalf of Kirin Advisors, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.