



KHAZANCHI LTD JEWELLERS

(Formerly Known as Khazanchi Jewellers Private Limited)

Date: February 21, 2025

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

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Subject: Transcript of Earnings Call for the quarter ended December 31, 2024

We wish to inform you that the transcript of the earnings call hosted by Khazanchi Jewellers Limited ("the Company") for the Unaudited financial results of the **quarter ended December 31, 2024**, has been made available on the Company's website at the following link: <https://www.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
Q3 FY '25 Results Conference Call”
February 19, 2025



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

**MODERATOR: MR. JAINAM SAVLA – KIRIN ADVISORS PRIVATE
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY '25 Results Conference Call of Khazanchi Jewellers Limited hosted by Kirin Advisors Private Limited. 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 the touchtone phone.

I now hand the conference over to Mr. Jainam Savla from Kirin Advisors Private Limited. Thank you, and over to you, sir.

Jainam Savla: Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Khazanchi Jewellers Limited. From the management team, we have Mr. Rajesh Kumar Mehta, Joint Managing Director. Now I hand over the call to Mr. Rajesh Mehta. Over to you, sir.

Rajesh Mehta: Thank you so much. A very good afternoon, everyone, and thank you for joining us today. It's my pleasure to share an update on the performance, strategic initiatives and industry outlook. Khazanchi Jewellers Limited headquartered Chennai, Tamil Nadu, our Managing Director, Mr. Tarachand Mehta, has five decades of experience in the industry and almost all the prominent members of the Board has experience of three decades, which is the group strength of Khazanchi Jewellers Limited's exponential growth.

KJL remains committed to excellence in quality, innovation and ethical business practices. As a BIS Hallmark Certified jeweller and an authorized member of IIBX platform, GJEPC, etcetera, we continue to strengthen our reputation in the organized jewellery sector. Our primary place of business for B2B and retail showroom for B2C is located in Sowcarpet, Chennai, continues to be the key driver of our business.

In addition to our 25-plus product categories and extensive design library of over 5 lakh designs, KJL has added new artisans to add new designs with an average daily footfall of 120-plus customers, we have built strong customer loyalty and market presence.

In line with our expansion strategy, we are excited about the launch of our flagship 10,000 square feet showroom in Sowcarpet, Chennai in April 2025. This milestone will significantly enhance our retail presence and elevate the customer experience. Complementing this, our recent launch of Gold Savings Scheme App marks a major step in our digital transformation, offering customers greater convenience and engagement.

The Indian jewellery sector is poised for robust growth driven by a favorable macroeconomic environment. The union budget FY '25 has provided several key measures that reinforce this positive outlook.

The reduction in gold import duty is expected to enhance affordably and stimulate demand within the organized jewellery market. The budget introduces initiatives for domestic manufacturing and hallmarking, which will further build trust and ensure higher compliance standards across the sector.

Moreover, the government focus on the digital economy and financial inclusion aligns with the company's Gold Savings Scheme App, which aims to drive customer engagement and improve

financial accessibility, positioning the company for sustained growth in the rapid evolving market.

Additionally, our participation in the G200 Summit organized by Anand Rathi Group reaffirms our leadership position and commitment to staying ahead in an evolving industry landscape. With a strong foundation and a clear strategic road map, we remain confident in driving sustainable growth, operational efficiency and long-term value creation for our stakeholders. We look forward to share more details on our financial performance and future outlooks in today's discussion.

Now we come up to the financial highlights. In Q3 FY '25, Khazanchi Jewellers delivered exceptional financial results, reporting a total income of INR393.89 crores, marking a robust year-on-year growth of 89.65%. The company achieved an EBITDA of INR16.48 crores reflecting a notable increase of 56.73% from the previous year.

Profit after tax reached INR12.38 crores, representing an impressive year-over-year growth of 113.37%. EPS also surged by 113.68%, reaching at INR5. These strong results highlight the company's solid financial position and continuous growth momentum.

For the 9 months, ending FY '25, Khazanchi reported a total income of INR1,150.42 crores, reflecting a year-on-year growth 87.41%. EBITDA for the period stood at INR45.28 crores, marking of 44.84% increase compared to the previous year. PAT reached INR32.43 crores, a growth of 50.69%, while EPS rose by 50.57%, reaching INR13.10. These figures further demonstrate the company's robust financial performance and positive growth trajectory.

In conclusion, our strong performance in Q3 FY '25 aligned with strategic expansion and the favorable policy change set Khazanchi the path to continuous success. I am confident that our strategic initiatives and the new showroom will further enhance our market presence. I appreciate the ongoing support of our shareholders, customers and employees, and I look forward to achieve new milestones together. Thank you for joining us today, and I am excited about the opportunities that lie ahead.

With this brief remarks, I request to open the floor for questioning and question and answer.

- Moderator:** The first question is from the line of Aditi Roy from Patel Advisors Private Limited.
- Aditi Roy:** With strong earnings growth. Are there any plans to revise or enhance dividend payouts for shareholders?
- Rajesh Mehta:** I could not understand. The voice is not clear. Please louder, please.
- Aditi Roy:** With strong earnings growth, are there any plans to revise or enhance dividend payout for shareholders?
- Rajesh Mehta:** Yes, obviously. Currently, the management has not decided on making any growth, maybe in the ending of this financial year, there are possibilities.

- Aditi Roy:** Okay, sir. And my next question is what is your growth outlook for the next few quarters? And what steps are being taken to sustain strong performance?
- Rajesh Mehta:** Yes. the growth outlook for the coming -- for the next quarters would be in the pace with the previous quarters. And after opening of the flagship showroom, the growth is expected to be on a higher pace.
- Moderator:** The next question is from the line of Abhishek Sharma from JB Capital
- Abhishek Sharma:** Sir, my first question is how do the company see impact on demand after witnessing sharp rise in gold prices in the past few months?
- Rajesh Mehta:** Yes, since the prices have steeply increased, there is a possibility that for a shorter period of time, the demand for gold ornaments would be little less. But later on when the prices get digested in the market, always that happens. Whenever there is a very steep high -- steep rise in the price, the demand for jewellery reduces to some proportion.
- And later on, when there is a small correction in the prices, the demand once again increases. So, it is a regular pace. It is not going to impact any much on the top line or bottom line.
- Abhishek Sharma:** Okay. Sir, my next question is what this company's view on gold prices movement?
- Rajesh Mehta:** As you know, as we go to the back history of, say, 20 to 25 years, the gold prices have compoundedly increased by a ratio of somewhere around 13% to 15% per annum. So, in that case, if things are going ahead in the same pace and in order to, what they say, compare it with the inflation, we are expecting the gold price to increase further.
- Abhishek Sharma:** Okay, sir. Sir, my last question is what is our current design portfolio?
- Rajesh Mehta:** We are having some 25-plus range of products, and there are more than 5 lakhs design library already we are holding and now we have added on a few more artisans and latest designing techniques also so that we can improve our design library.
- Moderator:** The next question is from the line of Ankita Rathi from Avora Advisors LLP.
- Ankita Rathi:** My first question was like in your recent PPT, as mentioned, your EBITDA has decreased from 5.06% to 4.18%, and your PAT has increased from 2.79% to 3.14%. So why is it so? Like it is quarter 3 FY '25 versus quarter 3 FY '24?
- Rajesh Mehta:** I have to check with the figures. I will note down your doubt. I will check out with the figures and then clarify you...
- Ankita Rathi:** Yes, because the EBITDA has decreased and the PAT has increased, so there must be some expenses or something like which has given the effect.
- Rajesh Mehta:** Please provide me some time, I will get answer with you.
- Ankita Rathi:** So, my next question was how do we hedge our gold?

- Rajesh Mehta:** Basically, we have a policy of replacing whatever we sell on a day-to-day basis, and we manage our stock that way.
- Ankita Rathi:** Okay. So as soon as you sell, you just purchased?
- Rajesh Mehta:** Yes, yes.
- Ankita Rathi:** So is it at the same rate? Do you do the same thing? Or is it when booked or where it's sold, like when the invoice is raised?
- Rajesh Mehta:** When the invoice is raised.
- Ankita Rathi:** Okay. So there may be a difference between the booking price and the invoice raising price?
- Rajesh Mehta:** So that is the management of the whole stock. This is on the refilling system. On day-to-day basis, the goods what I'm selling is, I buy it, I sell it for the manufacturer, and this is on the cyclic basis, things are happening. So that is on the routine basis. The goods what I sell, I buy it back and I sell it for the manufacturer. Once again, the next cycle comes in. So overall, it happens like that.
- Ankita Rathi:** Okay. Do we do hedging with the futures also?
- Rajesh Mehta:** No, no. It is with the stock only. We have the policy of replacing the stock what we have sell.
- Moderator:** The next question is from the line of [Disha Cholia from Sapphire Capital].
- Disha:** So, you mentioned like because with the new flagship store also opening, you're going to go -- like you are making significant inroads in the B2C segment. And you said like the margins there are much higher. So what will be your guidance on the margin trajectory going forward?
- Rajesh Mehta:** The management is expecting to increase somewhere around the top line of B2C segment after opening up the flagship somewhere, it would be an additional sale of INR150 crores expected. So, in that case, the B2C margin, what we are expecting is somewhere around 9% to 11% in between would be the margin. So, it would add up to the bottom line that way.
- Moderator:** The next question is from the line of Ananya Swaminathan from C Square.
- Ananya Swaminathan:** Sir, I want to know how has the rising demand of gold and increasing gold prices influenced your margins and sales?
- Rajesh Mehta:** You are asking what will be the demands of gold if the prices are to increasing, right?
- Ananya Swaminathan:** No, no, sir. With the rising demand and prices in gold -- of gold, how are our margins and sales increasing?
- Rajesh Mehta:** The price of -- increase of price in gold is happening from a very long period of time. And every time when there is a steep rise in the price, there is a possibility that for a shorter period of time, the sales proportion or top line is less -- is slow. But whenever there is a correction,

small correction of the price and when the price gets digested in the market, everything goes smooth. So it does not impact much on the margin.

Ananya Swaminathan: Okay. And how about sales?

Rajesh Mehta: That's what they are aware of sales is increasing only. Proportionately, sales are increasing only. That's why when there is a steep rise, say in the month of January, if you see from the month of December, if you see the price in January, the prices have steeply increased by somewhere around 10%, 11%. When there is a steep rise, there is a possibility that there is some slowdown in the business.

But later on when, once again, the festival season arrives and when there is a small correction, everybody expecting a further rise in the price, so they start purchasing it. So, it goes on like that. There is no much difference in the business.

Ananya Swaminathan: Okay. Understood. And what are the next steps in your digital transformation journey? And how will technology enhance your customer engagement?

Rajesh Mehta: After the opening of the flagship showroom, we are in the process of having a digital presence of -- all our products will be online display and do the online sales. And for our Gold Savings Scheme plan, we have launched an app where people can buy gold on a day-to-day basis prices so that the impact of prices does not affect them.

So, in that way, they can save in the form of gold and at the time of maturity, say it is of 11-month scheme, at the time of maturity, they can buy ornaments. These all-digitalized representations of the company will help in growth.

Moderator: The next question is from the line of Mohit Kumar.

Mohit Kumar: So, the question is what are the expected benefits of the upcoming flagship showroom in Sowcarpet, Chennai? How will it contribute to the overall revenue?

Rajesh Mehta: Guess what, we are expecting the flagship showroom to be opened by next financial year, April 2025. And additionally, as the management on the constraint basis is expecting a growth of somewhere around B2C business of somewhere addition of INR150 crores. And since it is a B2C segment, the margins would be 9% to 11% in that. So these are the expectations from the flagship showroom.

Mohit Kumar: So, the question is how are you improving operational capabilities to manage growing demand and sustained profitability?

Rajesh Mehta: You are talking about profitability, right? Hello.

Mohit Kumar: Yes, yes.

Rajesh Mehta: Guess what, since we are entering into B2C segments also. So, in that case, all over the business, profitability will increase. Bottom line will improve. And we are introducing various other products, which are of high margins, we are entering into diamond jewellery and since --

and Kundan jewellery, Jadau jewellery, which are of higher margins. So the profit will be in between.

- Moderator:** The next question is from the line of Sharat Jain from Family Office.
- Sharat Jain:** Sir, I just would like to know like whether are we going to apply for the government tariff rate quota for purchasing the bullion, which is having an agreement between India and UAE, CEPA?
- Rajesh Mehta:** Yes, we are already the member of that. We have been selected as the preferred jeweller, and we are getting the benefit of that.
- Sharat Jain:** Okay. So, this time, is there any specific quota have you applied because this month, there is application that is going on?
- Rajesh Mehta:** Whatever the quantum, maximum quantum required, we applied it. And as per that proportion, as per previous allotment and as per the previous performance of the company, things will get approved, sir.
- Moderator:** The next question is from the line of Vinay Bhatt an Individual Investor.
- Vinay Bhatt:** Just wanted to understand your view on lab-grown diamond jewellery. Are we doing it any plan and it seems a good margin business? That's why I'm asking this.
- Rajesh Mehta:** The diamonds are quite high now. But on the -- we are also into lab-grown diamonds, and we are selling the pointer pieces, which are solid pieces in lab-grown diamonds and there is demand of that solid pieces.
- Vinay Bhatt:** So that's a very good margin business, right, sir?
- Rajesh Mehta:** Yes. Currently, it is very good. Now since lots of competition will enter on a later stage, then the margins will stimulate. But even then, the margins will be good comparatively.
- Vinay Bhatt:** Okay. And sir, do you see the demand increasing on that part? Or it can affect our company significantly, or no?
- Management:** So, since lab-grown diamonds, all that pointer pieces make a very wide difference of pricing. So, the demand for that pointer pieces would be increase, I think.
- Moderator:** The next question is from the line of Nish Parikh, an Individual Investor.
- Nish Parikh:** Yes. Sir, I just wanted to know what is our order book right now in terms of kg for quarterly business?
- Rajesh Mehta:** Sir, quarterly at an average, for every quarter, we do a business of somewhere around 450 kg to 550 kg.
- Nish Parikh:** And how much does it come from the top five clients? I'm talking about B2B.

- Rajesh Mehta:** Guess what, since we are in the field for a very long period of time, all the prominent jewellers who are here, very famous in South India, all are our clients. And the top 5 clients, if you say, then the business for top five clients would be somewhere around 30%, 35% and remaining 65% will spread along all other clients.
- Nish Parikh:** Okay. And sir, we are doing job work as well as sales -- retail sales, right? So, what are the proportionate business in these 2 segments?
- Rajesh Mehta:** Yes. Currently, we are 90% into B2B segment and 10% in the retail segment. After opening of the flagship showroom, we are expecting that our B2C segment would be improved to somewhere around 20%, which will add on additional margins to our bottom line.
- Nish Parikh:** Okay. And how our different -- our business model is different from the Titan and other Malabar and all, sir?
- Rajesh Mehta:** Yes. We are -- the management has a very vast experience of more than five decades and it is a family grown business and everybody who are in the prominent authorization of the company has a long experience in the field. So we have been manufacturing our own designs and we are sharing designs with our goldsmith and we make designs that are in high demand. So we are making a fusion jewellery and how would I explain that, different type of accessories get manufactured in different states. Somewhere, something is very special.
- We take up that accessories from that place and get it manufactured in some other states and the finished product is made. In that case, we make all unique designs, and that design has been widely accepted in the market from a very long period of time. So we are on the growing pace.
- Nish Parikh:** Okay. And are we going to infuse any fund for expansion in near future, say, let's say 1 or 2 years?
- Rajesh Mehta:** Currently, since we are on the path of opening up our flagship showroom in the coming financial year, still that we are not taking up any funds, additional funds. Later on for the further expansion since after the opening of flagship showroom, the companies have plans of opening 4 to 5 showrooms hereby. So in that case, in future date, management will decide accordingly.
- Moderator:** The next question is from the line of Vikshit Jain, an Individual Investor.
- Vikshit Jain:** Can you hear me?
- Rajesh Mehta:** Your voice is not clear, please louder.
- Vikshit Jain:** Sir, I just have a few questions. One of the questions is like after the flagship store opens in May, how much are you expecting the growth rate to be next year in the top line? Like can we expect some good growth in top line?
- Rajesh Mehta:** As the company says that normally quantum-wise, we grow somewhere around 25% overall. It is inclusive of B2B and B2C. And since after opening the flagship showroom, we are

expecting an additional B2C increase of somewhere around INR150 crores. So that will be the case.

Vikshit Jain: Sir, any approximately figure of top line?

Rajesh Mehta: We are expecting that, but overall top line -- from the current year's top line, you can say that it would be for the year somewhere 25% would be the growth.

Vikshit Jain: Okay. 25% would be bit growth as expected. And so can we expect some volatility in this quarter given how gold prices have risen due to like everyone's moving safety assets to gold, right, from equity markets. So can we expect, since the gold prices are very high, the retail sales could be a little affected this quarter?

Rajesh Mehta: No, that for time being, since the prices are steeply increased in this month, some 10% has increased in this month, there is a possibility that for a shorter period of time, the sales may be slow. But once again, when there is a small correction as everybody is shifting from equities to a safe heaven gold market, the sale of ornaments will surely improve, and that will not impact any top line in the coming quarters.

Vikshit Jain: Okay. So also, we are expecting any expansion beyond Chennai, like do you have any plans of opening flagship stores beyond Chennai in the regional market, Tamil Nadu?

Rajesh Mehta: Yes, we do have. But since our strength is in Southern India, we want to expand first in the Chennai City and surrounding. And after 2 years, there are possibilities that we can even expand to other cities, other states also.

Moderator: The next question is from the line of Tara Kaur from VY Capital.

Tara Kaur: Can you hear me?

Moderator: You're very low, can speak a bit louder? Line for the speaker got disconnected. We'll move to the next question, which is from the line of Swaraj Singhania, an Individual Investor.

Swaraj Singhania: My question is, have you observed any shift in consumer buying behaviour, especially regarding premium jewellery products?

Rajesh Mehta: Yes, guess what, as the -- we now the demand for premium jewellery products is gradually increasing. Hello.

Swaraj Singhania: Okay. And is there any expansion showroom in key location?

Rajesh Mehta: Yes, that's what currently we are going to open our flagship showroom. And later on sales in the coming 2 years, we are on the plans of expanding it to 5 to 6 showrooms surrounding in Southern Tamil Nadu. And for the expansion plan as the B2B segment since the premium jewellery are improving and the demand for premium jewellery has increased from 2002 to 2024.

If you take up the data, the demand for diamond jewellery has improved from 2% to 11% in overall total jewellery segment. In that case, the premium segment is on the higher demand. We have introduced diamond jewellery for B2B segment also.

- Moderator:** The next question is from the line of Mahesh Seth, an Individual Investor.
- Mahesh Seth:** My first question is that what were the key factors that contributed to the significant 89% Y-o-Y growth in total income?
- Rajesh Mehta:** Yes. We have made a lot of changes in the market you said that we want to -- do you hear me?
- Mahesh Seth:** Yes, sir, I can hear you.
- Rajesh Mehta:** Yes, we have been working on various strategies on marketing, door-to door marketing, and we've introduced various fusion products and lightweight jewellery understanding the customer demand and having huge quantity of stock which leads to fast rolling of the seasonal demand and all those factors made a huge impact on our growth.
- Mahesh Seth:** Okay. Got it. And my next question is that how much of the Q3 sales growth was attributed to the festive season? And do you expect this trend to continue?
- Rajesh Mehta:** Yes. In Southern India, if you see all the festival seasons are uniformly split into 4 quarters. Once we get in Pongal season in the fourth quarter, we get Diwali in the third quarter and then Akshaya Tritiya in the second quarter. Like this, it is all uniformly divided. So it is of -- say that we can say that somewhere around 60%, 40%, 40% is the festive sale and 60% is the regular. In that case, it will be uniformly for all quarters.
- Mahesh Seth:** Okay, got it. And what initiatives has Khazanchi taken to enhance the customer experience and loyalty?
- Rajesh Mehta:** Yes. We have been registered with all the government norms. We are -- our QC department has been improved and the quality check has been done, regular feedbacks of the clients have been taken and based on their feedback, things are getting improved day-on-day basis. All that is happening, that is leading to a higher top line.
- Mahesh Seth:** Okay. And how are we adopting to changing consumer preferences and trends in jewellery industry?
- Rajesh Mehta:** Prices are increasing day-on-day basis and customers are preferring towards the lightweight jewellery. So we are focusing on the production of lightweight jewellery. And we are selecting the factories which are having the type of mechanism, which can provide goods of the same finish and same strength at a lesser weight. And since there is also an increase in demand of premium jewellery, we have been focusing on the production of diamond jewellery and everything. So in that case, we are in pace with the customer demand.
- Moderator:** The next question is from the line of Shweta BK from EQ Learn
- Shweta BK:** So we are starting a new center in Chennai, which is 10,000 square feet. So, what are we doing to attract the direct consumers? Are we doing any marketing or sales strategies for them?

- Rajesh Mehta:** Yes, we are working on it. Initially, we have launched an app so that it is what they say, jewellery purchase plan, we can say it's like a gold saving scheme since the prices are increasing day-on-day basis. Now initially, we have launched the app so that the customer at any point of time can buy gold. So, they do not wait till the opening of the new stores. They can start saving from today itself.
- And we have also started with the various marketing plans and all the process of promotions are already happening. And since it is a flagship showroom, and we are going to launch with lots of premium varieties. So, it is...
- Shweta BK:** And sir, second question is regarding the design. So today's people -- today's young girls especially want very trendy design. So before like we take consideration of designs, how do -- we do any market research or how do we develop the designs and like lightweight and all is great, but even the design factors, you can explain that process?
- Rajesh Mehta:** Yes, that's true. Since the management has a very vast experience and the designs -- creation of designs and implementation and then creating the project to be budgeted as per the requirement of the customers, and since youngsters are looking for now trending items. We are already into the production of all those things. And also, premium segment at the budgeted cost area, we have introduced diamond jewellery, which starts from INR6,000 and everything.
- And since we have been in the game for a longer time, all these designing factors have been -- we are looking -- having a huge experience on it. Our manufacturing teams also have a huge experience on that. So, we are on the path as per the requirement of the customers.
- Moderator:** The next question is from the line of Vikshit Jain, an Individual Investor.
- Vikshit Jain:** Yes. I just wanted to know what's the export orientation? Like how much are we exporting every year?
- Rajesh Mehta:** Currently, we are not in the exports, but we are exploring -- we are on the path of exploring in the East market.
- Vikshit Jain:** In the Eastern side?
- Rajesh Mehta:** Yes.
- Vikshit Jain:** Okay. And what is the bifurcation between retail and wholesale?
- Rajesh Mehta:** 90% of our sales are from B2B and 10% -- till now we are 10% on B2B -- B2C, sorry.
- Vikshit Jain:** Okay. So future, are we expecting more growth in B2C or B2B?
- Rajesh Mehta:** On both the segments, we will be growing. But after the opening of the flagship showroom, our overall proportion to B2C segment to improve to somewhere around 15% to 18%.
- Moderator:** The next question is from the line of Saina Bagadia from Think Investments.

- Saina Bagadia:** So I wanted to ask how many jewelry designs do we have? And we also take designs on job work or contract basis?
- Rajesh Mehta:** Yes. We have somewhere around 25 categories of products and more than 5 lakh designs already we have because our management has very vast, some five decades, we are holding that. And we do hire new designs, outsource the designs. And as per the demand, we increase our design library.
- Moderator:** The next question is from the line of Nelish Parikh, an Individual Investor.
- Nelish Parikh:** Sir, regarding the retail stores, how much revenue will contribute from there?
- Rajesh Mehta:** On the constraint basis, the management is on the proportion that the retail sales would improve somewhere around by INR150 crores.
- Nelish Parikh:** Okay. And what would be the margin on that?
- Rajesh Mehta:** Margin, we are introducing various higher-end products. We are introducing premium products there. So, we are expecting the margin of somewhere around 13% there.
- Nelish Parikh:** Okay. And sir, is there any capacity expansion in terms of area square feet over there if more demand is there?
- Rajesh Mehta:** It is a much bigger showroom than what we have currently. It is a 10,000 square feet showroom.
- Moderator:** Ladies and gentlemen, this will be the last question for today, which is from the line of Tara Kaur from VY Capital.
- Tara Kaur:** My question was in regards with the revenue boost that we are expecting to around INR150 crores from the new showroom. And I just wanted to ask like how we intend to fund this expansion while maintaining a healthy balance sheet. We have currently long-term borrowings of around INR40 crores. And are there any plans to do additional refinancing or intend to sufficient that to support the growth initiatives?
- Rajesh Mehta:** See, the debt what our company is holding in a very lesser pace only, but we will finance the opening of new showroom internally only. We are not outsourcing any funds outside.
- Tara Kaur:** Like how will it be fully from the bank debt? How could you just give that?
- Rajesh Mehta:** I couldn't understand. What do you want? No, we are not going to increase any debt because we are going to fund it from the internal sources only.
- Tara Kaur:** Okay. Got it. And you just mentioned that I just wanted to know how much square feet you mentioned priorly, how much?
- Rajesh Mehta:** 10,000 square feet, madam. It is -- total building construction is of 10,000 square feet, extendable area would be around 6,000 square feet.

- Tara Kaur:** Okay. And how -- what products are we going to majorly focus on? Is it purely the gold metal are we talking about or any other like diamonds or...
- Rajesh Mehta:** Actually, we are going to introduce the gold product and diamond jewellery and various premium products like Kundan jewellery, Jadau jewellery and various branded products also and all lightweight jewellerys, which are in high demand by the youngsters and all those we are going to introduce.
- Tara Kaur:** Okay. Just last question from my side. When you mentioned about the lightweight goods, are the margins from that particular products are better from what we are currently involved in?
- Rajesh Mehta:** Yes, it is higher because that comes under the premium segment and there are generally the lightweight jewellery with diamond jewellery. So, the margins are higher.
- Moderator:** Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Jainam Savla for closing comments.
- Jainam Savla:** 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. Once again, thank you, everyone, for joining the conference call.
- Moderator:** Thank you. On behalf of Kirin Advisors Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.