November 21, 2022

To, BSE Limited PhirozeJeejeebhoy Towers, Dalal Street, Mumbai- 400 001. **Scrip Code: 526729**	To, National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Mumbai- 400 051. **Scrip Code: GOLDIAM EQ**

Dear Sir/Madam,

Sub: Transcript of Earnings/Conference call on operational and financial performance for Q2 FY 2022-23.

In continuation to our intimation dated November 08, 2022, and pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a transcript of the Earnings/Conference Call held on November 15, 2022 to discuss the operational and financial performance for Q2 FY 2022-23.

The transcript is also available on the Company's website at www.goldiam.com

Kindly take the above on record and oblige.

Yours faithfully,
For **Goldiam International Limited**

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Pankaj Parkhiya
Company Secretary & Compliance Officer (ACS 30395)

"Goldiam International Limited

Q2 FY '23 Earnings Conference Call"

November 15, 2022

MANAGEMENT: **MR. RASHESH BHANSALI – EXECUTIVE CHAIRMAN – GOLDIAM INTERNATIONAL LIMITED**
MR. ANMOL BHANSALI - WHOLE-TIME DIRECTOR – GOLDIAM INTERNATIONAL LIMITED

MODERATOR: **MR. RAHUL DANI – MONARCH NETWORTH CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to Goldiam International Limited Q2 FY '23 Earnings Conference Call hosted by Monarch Networth Capital. I would like to remind you that today's remarks might include certain forward-looking statements, and the actual results may differ materially from those contemplated by forward-looking statements.

As a reminder, all participant lines will be in listen-only mode, and you will be able to ask questions after the presentation concludes. Please signal an operator by pressing star and zero on your touchtone phone if you need assistance during this conference call. Please note that this conference is being recorded. I now hand the conference over to Mr. Rahul Dani from Monarch Networth Capital. Thank you, and over to you, Mr. Dani.

Rahul Dani: Thank you, Nirav. Good afternoon, everyone. We welcome you to Goldiam International H1 FY '23 Earnings Call. We're delighted to have the management represented by Mr. Rashesh Bhansali, Executive Chairman, and Mr. Anmol Bhansali, Whole-time Director of the company. I want to invite Mr. Rashesh Bhansali to make his opening remarks. Thank you, and over to you, sir.

Rashesh Bhansali: Thank you, Rahul. Good afternoon, everyone. Thank you all very much for joining us for the conference call for the Q2 and H1 FY '23 earnings of Goldiam. I hope everyone is keeping well. We wish you all a Happy New Year and hope all had joyous Diwali celebrations. I hope you all had a chance to browse our investor presentation uploaded on our website and exchanges. As you are all aware, FY '23 began with a cautiously optimistic note for the company on the back of record-breaking inflation in major economies such as the USA and across EU countries.

Looking at the performance for the half year under review, the numbers show how well the company was prepared for this scenario by strengthening its margin profile to protect the overall profitability of the business. As most of you will be aware and have discussed previously on our engagement platforms earlier, we, as a company, are pretty focused on ROE-driven business models. When we witnessed an inflationary scenario impacting discretionary spending, we remained focused on protecting our profitability during this period. As a result, our H1 FY '23 PAT remained stable on a Y-o-Y basis.

We strategically drew down natural diamond inventory and accelerated focus on lab-grown diamonds. Our lab-grown offerings are most suited to meet the customer requirements during such inflationary scenarios with the benefit of large caratage diamond jewellery at attractive prices, which validates our offerings instantly among buyers.

We also believe such a scenario is transitional in nature, and we shall soon return to our regular growth rates demonstrated earlier. For that, the company already has made a CAPEX of INR 100 million to enhance its in-house Lab-grown capacity, which ultimately strengthens its lab-grown offerings on all fronts, from designing to rapid deliveries, integrated operations on lab-grown diamonds front aided the company in such inflation scenario.

We are also evaluating a road map to double this capacity further in the coming two years to meet our aspiration of becoming a significant producer of lab-grown diamond jewellery. The company has focused on integrating these diamonds into its jewellery distribution, thereby securing captive consumption in a rapidly growing industry segment. The company's order book remains robust at more than INR 150 crores, expected to be executed within four to six months maximum. This gives us strong visibility of the near-term expectations of the company. Kindly see this order book doesn't include orders from our online platform, which will be an addition to this order book.

Coming to our balance sheet, we are pleased to say that despite the scenario going in developed economies, our balance sheet remains leaner with a healthy net cash balance of INR 150 crores. Our working capital also remains stable, strengthening our balance sheet and cash flows. We remain committed to our stakeholders for consistent and sustainable growth going ahead. We also believe that lab-grown diamond jewellery is at an exciting cusp of inflexion, which should help the company achieve higher goals.

With this, we shall be open to any further details. The floor is seeking for. I would now look forward to having an active interaction with all of you. Thank you.

Moderator: The first question is from the line of Dixit Doshi from Whitestone Financial.

Dixit Doshi: Thanks for the opportunity, and congratulations on a good performance considering the environment. Sir, in your press release, the lab-grown share in this quarter or even in H1 was almost 25% of the sales, which used to be 20%, so in the current quarter, whatever margin expansion we have seen is only because of the lab-grown or even the natural diamond business, we have seen the margin expansion. And what is the reason for such a margin expansion? And how much of it is sustainable, you feel?

Rashesh Bhansali: So, thank you for the question. I think the company is always focused on running on better margin focus, jewellery. So with the integration that we have in lab-grown diamond jewellery, especially where we grow our diamonds, cut those diamonds, design the jewellery of those diamonds, and set the diamonds. Export finished jewellery to our retail clients. So, with all these margins coming in because we do the jobs of three different types of businesses under Goldiam, we have achieved these impressive numbers. With 25% to 28% of jewellery that is being exported by the company as Lab grown, the margins are primarily because of this

Also, we have seen decent margins in the natural diamond business. Though the natural diamond business has been impacted in quantity, margins have stayed pretty well because we've been able to pass on the price to our customers. All the price increases we've passed on to the customers. So going forward, I believe these margins will hopefully be sustained, and we should not have too many issues.

Dixit Doshi: In this INR 150 crores order book, can you give the share of lab-grown versus natural?

Rashesh Bhansali: The current order book also has 25% lab-grown.

Dixit Doshi: Now my second question is, if I see our inventory, it is almost INR 300 crores considering the kind of order book we have. This looks very high. So, if you can bifurcate lab-grown versus natural, why are we holding such a high inventory?

Rashesh Bhansali: **As** you can see, most of the orders have been shipped to clients, which are waiting in the USA in our distribution office. A significant chunk will be sent and built within this quarter. So, I assume that most of the orders are for Christmas deliveries. So, the company has already made the goods in advance and sent them, but they are lying in the New York office to go as per due dates to the customers. Also, we are offering six-day to seven-day guaranteed delivery. So for the season, we have stocked up in America. But since those goods have not yet been billed, in consolidation, it comes in our books as inventory. So, I think by the end of this quarter, you'll see that numbers will go down.

Dixit Doshi: So, is it fair to assume that there will be some rundown over the next six months in this inventory? And this INR 150 crores order book will also be executed. So what kind of revenue can we expect over the next six months?

Rashesh Bhansali: Yes, absolutely.

Dixit Doshi: Now, according to your discussion with the clients, how do you see the demand scenario? And also, as you mentioned, the perception is that in such an inflationary environment, the lab-grown should grow much faster. But on a ground level, do you feel that, or as of now, both the natural and the lab-grown are slow?

Rashesh Bhansali: To be very honest, I think lab-grown diamond jewellery sells faster than natural diamond jewellery in US retail. First of all, the education of US consumers is pretty intense when it comes to lab-grown diamond jewellery. They definitely understand that this is not a fake diamond. This is not just any diamond, a Masonite, or anything close to a Masonite. They have really understood that it is a real diamond, but just because it comes from a machine, it is called lab-grown. So, the only growth area, either from the mine or from the machine, is the difference. Otherwise, the chemical characteristics are still the same.

So, the adoption of the US retail consumers or the US consumer is more robust towards Lab-grown Diamonds because it's cost-effective. It's much, much cheaper than a mined diamond. So the demand for lab-grown diamonds is increasing faster than the demand for mined diamonds. The current demand for mined diamonds is stable. But the biggest problem is fresh orders right now are a little bit more difficult because there have been inflationary trends in terms of diamond pricing as well, mine diamond pricing as well. So, customers want to sell their own inventory this year. And hopefully, next year, demand from both areas will pick up and go stronger.

Dixit Doshi: One last question from my side, you have also mentioned in the press release about the domestic market. And gradually, the lab-grown is getting accepted in the domestic market and India. So, what are your plans for that?

Rashesh Bhansali: So what we have mentioned in the presentation is the company plans to foray its lab-brown diamond jewellery into the domestic market. I think it's been it's time now that Goldiam, as a company, invests in our own country as well in selling retail lab-grown diamond jewellery since we are one of the pioneers having this offering. This offering should be available to Indian consumers as well. So, I think sometime next year. We will move forward with opening our own stores and selling retail to consumers via omnichannel. So, retail as well as online.

Dixit Doshi: And will it require significant, I mean, investments? Or will it not be a very large investment because if we go for our own stores, then will it require large investments?

Rashesh Bhansali: No, what will happen is that it will require a certain amount of investment. The company will plan its budget and, if necessary, use its own cash reserve or maybe go for preferential allotment to finance it later on.

Moderator: The next question is from the line of Khush Gosrani from InCred Asset Management.

Khush Gosrani: I just wanted to understand the pricing scenario in the mine versus LGD in the last six months, especially in the war scenario.

Rashesh Bhansali: Fine. So, in the pricing scenario in mined versus LGD, the LGD and mined diamonds both run on differential pricing. The cost of goods in the mined diamond segment has gone up by another 25% to 35%, depending on your buying quality. The reason for this increase is the shortage of rough diamonds, which are not coming in from Russia right now because of the payment embargoes from the US sanctions.

So, because rough diamonds are not coming in, in their suitable form or correct quantity, there has been a rise in the price of mined diamonds. And because the LGD is only selling in the Americas currently and demand from other countries is yet to come to the LGD market. There has been a slight fall in the pricing of lab-grown diamonds. So that is the actual difference.

Khush Gosrani: Sure. And in terms of a little bit of a long-term question, what will be a right to win lab-grown diamonds alone since even competitors in China and other countries by increasing their capacities and in India also. So how should one look at your right to win in LGD?

Rashesh Bhansali: Sorry, I didn't hear that question. Anmol, did you hear that question?

Anmol Bhansali: I didn't. Could you repeat that please?

Khush Gosrani: Many of your competitors are also increasing your capacities in lab-grown diamonds, so how are you looking at competition intensity in the US right now? And what is your right to win over the competitor?

Rashesh Bhansali: Anmol, do you want to take this answer?

Anmol Bhansali: Yes. That's a great question. So, from our angle, we've always maintained that distribution will be the key differentiator between us and our competition. Today and even for, I believe, the foreseeable future, Goldiam is the only jewellery entity which is fully backwards integrated into lab-grown diamonds. So, whenever you look at us, you have to analyze us from the angle and viewpoint of a jewellery company first rather than a loose diamond company doing a little bit of jewellery here. So as a jewellery company, we are the only ones with our captive growing capacities in lab-grown diamonds. We are using that as a jewellery entity and another jewellery distributor.

In two ways, number one, it allows us to offer more products to our retailers, which earlier we could not do. And number two, selling those products will enable us to enjoy higher margins because we also enjoy the margin of growing the lab-grown diamond. So, from our angle, we are focused on not distributing our diamonds loose in a large or extended way to the general market and general diamond trading hubs. We are focused on integrating it within jewellery and selling the jewellery onward to our retailers or direct-to-consumer, whichever way is preferable. So, from that angle, we believe, and we've always maintained, distribution is the key.

In that sense, how we defend ourselves with increasing competition is already happening. If it happens in the future, more competition will come, and markets will open up. However, we believe that we have to, as a prudent distributor, work with our retailers to put in good SKUs, well-designed SKUs of finished jewellery, integrated with our lab-grown centres and use our Lab to empower that supply chain. That's the way forward.

Khush Gosrani: And one last question. As the natural diamond demand comes back and since the inflationary situation normalizes, do we see A, LGD mix coming back down to 20%? And B, the margins also coming back to 20%, between 19% and 20%?

Anmol Bhansali: Right. I think that's a good question. Let me just start by answering that, and I prepared figures to show how our inventory has moved. Last year in September's end quarter, we had lab-grown with about 14% of our inventory and 14% to 15% of our inventory. At September end quarter this year, it's 30% of our inventory. So, the movement is powerful within the lab-grown diamond business.

Natural diamonds, as the demand comes back, of course, will help us in our core business lines. And we have successfully passed on the price increases and the cost increases that we've incurred in raw materials within the natural diamond jewellery business. However, the trend of lab-grown we see on the ground is very positive. Increasingly, our retailers are accepting, growing and adding to the lab-grown showcase. And a large part of that is coming to Goldiam as a lab-grown diamond jewellery vendor, a primary lab-grown diamond jewellery vendor.

You will also appreciate that I think one of the earlier analysts had asked about the increase in inventory. A large chunk of that has gone towards lab-grown. It reflects investments in new testing, new styles and new SKUs with our retailers that are either trying lab-grown diamonds out for the first time or they are already seen success with a small showcase, and we are expanding that showcase by multi-fold across the stores.

So, we believe the mix will not change over the long term. In fact, over the next 3-4 years, the longer-term vision, lab-grown, will move closer to the 50% mark. Of course, the super high margins of lab-grown right now may slightly come down, but we believe that we can maintain our margins that were higher than what we used to do of 19%, 20%, and 21% over the long term.

Moderator: Next question is from Aakash Jhaveri from Perpetual Investment Advisors.

Aakash Javeri: My first question is regarding what we mentioned that we're going to double our LGD capacity. So how much CAPEX would approximately be required for that? And how many machines do we have as of today, or like the quarter ending?

Rashesh Bhansali: Sure. We have 25 machines installed and commissioned as of today. Now, if we double our capacity, then we'll probably have to do another 25 machines, and the cost of, on average, per machine, is INR 75 lakhs.

Aakash Javeri: And what would be the volume decline in the business this quarter?

Rashesh Bhansali: You mean the quarter to come on the last quarter?

Aakash Javeri: No. If I compare Q2 FY '23 with Q2 FY '22?

Rashesh Bhansali: I think there's a decline of 29% consolidated.

Anmol Bhansali: Regarding the volume figure to go, we'll get back to you also. We have the value figures with us ready, but we'll get back to you on the exact unit and volume decline.

Aakash Javeri: Sure. And how much price increase have we taken, like the price hike percentage?

Rashesh Bhansali: In natural diamond jewellery, we've taken a price increase of close to 15% to 20% depending on clients.

Aakash Javeri: And in lab-grown?

Rashesh Bhansali: Lab-grown, there's no need for an increase. We are making a very healthy margin.

Moderator: The next question is from the line Keshav from RakSan Investors.

Keshav: Sir, you just mentioned that going forward, we expect the margins in LGD to consolidate to a lower level. So as for the Indian LGD industry, would the more manpower-intensive downstream value chain, such as cutting, and polishing, be the biggest differentiator going forward? And I mean, basically, as a country, should we always see that delta going forward compared to other countries?

Anmol Bhansali: I believe that over the medium term, LGD margins will slightly come down, of course, but the market is growing very quickly, and the market development will just expand in room. I hope that answers the question regarding LGD as the market and the margins individually.

And specific to India, I believe there are multiple reasons for growing to be a profitable industry in India, not just the post-growth cutting polishing, but primarily our proximity to these next step processes of cutting, polishing, doing the post-growth colour treatment, all of this ecosystem has been really well built in India, thanks to the natural diamond trade, and it will only, of course, benefit the Lab Grown Diamond trade as well.

From a long-term perspective, I believe it's not going to make a lot of sense for players to grow outside the country sandstone or cutting unless the really high-value speciality cuts. The trade is well set up over here, and we'll continue to flourish in our country.

Keshav: And sir, secondly, what kind of opportunity do you foresee for LGD non-jewellery segments such as semiconductors and 5G networks? Are we actively thinking in the direction of servicing these markets as well? Or would you restrict ourselves to jewellery?

Anmol Bhansali: So not at the moment, Keshav, well cognizant of the fact that Lab Grown Diamonds offers a great opportunity potentially down the road to integrate with the semiconductor industry because of the inherent properties of Diamond. At the moment, I don't believe technology is well developed enough that we can enhance it to the level that semiconductor qualities are required. We are focused at the moment just on jewellery and the jewellery trade.

Moderator: The next question is from the line of Ayush Mittal from Mittal Analytics.

Ayush Mittal: Sir, first of all, it's good to see that the company has been able to maintain margins test and profitability despite such a sharp drop in revenues. I have two or three questions. First, the expansion in the Lab Grown side that we're talking about doubling our capacity. Can you share more about it as to whether it will happen at the existing location or if you have to go to a new location? And how soon are we looking to scale this up?

Rashesh Bhansali: It will be within the existing location, and the additional capacity will happen in the new location. So not all 25 machines, we have the ability to do in the existing locations. And we will be looking to scale this up within the next two quarters.

Ayush Mittal: Within the next two quarters, okay? So, we have bought a new location or something, or because that's a time-taking process so that may take longer?

Rashesh Bhansali: No, we haven't got the new location. First, we'll do the existing location. – then it will be moved to the new location.

Ayush Mittal: Second, has some progress happening on the reduction of the electricity cost for us because basically, the government has given some incentive to, I think, Gujarat and Surat area?

Anmol Bhansali: Great question. So, it's a duty reduction. It is given in the Gujarat area, which is not a high cost. I think overall, on the duty amount, it works out to 8% -- for us, we are working with our electricity supplier, which is Adani Electricity, to give us a reduced electricity rate within Seepz itself, the speciality industrial area. We believe that sometime between the end of December and the beginning of January, we should hear back from them with our confirmed lower rate to help our growing costs further. That will put us effectively at par with growers in Surat.

Ayush Mittal: And then, sir, the kind of drop we have seen in this quarter in the overall business value and volume, do you anticipate a similar trend to continue for a quarter or two? Or are we expecting to make up, as I mentioned about some orders to be shipped and in transit – so will that make up some of the volume loss? Or do you still expect to see a 20% or 30% decline in the coming quarters?

Rashesh Bhansali: No, I'm sure you will see a certain decline in the coming quarter. But yes, we will do better than the previous quarter that you're currently seeing, and we will try to make up some of the losses, but there will be a decline. But the good part is that I don't see any decline in profitability.

Ayush Mittal: Okay. So despite a decline in revenues, do we expect to make up on the profitability front

Management: Yes, because we have a strong part of Lab Grown Diamond on orders that will be shipped out. And are most of the margins or even in natural diamond jewellery been passed on the price rise?

Ayush Mittal: Sir, last, I think I'm sure there won't be a right answer, a definite answer to it. But we are seeing more and more articles around the Lab Grown Diamond space that more people are expanding, and more competition is coming up. Of course, demand is also growing, but we see more pressure on the prices also. Any thoughts on it how we will be able to maintain good margins? As of now, the margins are very high. It is more than 40%, and the equipment cost is not very high. So more and more people are entering the space, and things should be getting more competitive.

Rashesh Bhansali: Anmol, you want to take this?

Anmol Bhansali: So, Ayush, I agree with you that competition is definitely coming in, and they have been for the last two years, and I'm sure in the future also, they will. Costs and pricing for Lab Grown Diamonds have come off already and have come down to a level where I believe there is not too much room left for further decreases in terms of even just comparing with the hard operational costs of growing.

So, we don't see a significant change on that front. In terms of production, earlier, what happened is there was a rapid fall in prices over the last two to three years. If you compare the same time in 2019 versus today, there's been a rapid fall in the per carat rate of lab-grown prices because growers like us have improved their technology well enough to more than double, if not 2.5x the output that we were growing.

Moving forward, this sort of rapid increase in output is not possible. There is reached stability in terms of what can be grown from the machines. Beyond this level, growing larger and larger diamonds does not make sense from a commercial standpoint also because there is no real customer to buy an endless supply of five and six-carat diamonds. So, most growers, including us, are focused on the one to three-carat range of 0.5 to the 3-carat range. We, in particular, are focused on doing 2-carat plus diamonds and integrating them with our jewellery.

So, the factors that have led to a large price decrease over the last two to three years no longer stand no longer valid anymore moving forward. However, despite that, our way of fighting this, as we mentioned, has always been via distribution and through working and partnering with the next step in the supply chain, which is the very retailer that will sell.

Next year, moving forward, we have plans within our domestic business to in India go direct to retail as well. So that will add on that additional lay on wings even closer to the customer. When you have that sort of end-to-end distribution locked in, really, the trading prices then don't matter as much. And that's been our focus throughout, even though we have cash on the balance sheet and ready availability to deploy and set up a 100-machine plant.

Our focus has been to grow only in sensible ways suspect we can increase our growing capacity when we increase our distribution capability and, therefore, not lose enough to break the margin at any point in time. That's the way that Goldiam defers. And I hope I answered the question as accurately as possible.

Moderator: The next question is from the line of Srishti Jain from Arthya Wealth and Investments.

Srishti Jain: Sir, I wanted to understand how you see this festive season coming in the US? How do you see this because of the economic slowdown? What kind of festive season impact are you expecting?

Anmol Bhansali: Let me just start. I'll mention that we sort of -- understood that inflation is going to have a huge impact, and the subsequent increases in interest rates are going to have a huge impact on our end consumer, which is middle-market America. What we have done in response to that is for this season, Goldiam has invested heavily in something that we like to call door busters or driver items. These are basically items that are priced. So, one single ring, which is heavily marketed and advertised by our retailers.

We partner with them. We place the inventory, and we back it up with inventory ready in New York for guaranteed same-day shipping on dotcom orders also. So, these are what they call front covering rings that are highly advertised and marketed at lower retail margins in order to drive consumers to the store. So that's one way that we have prepared for a reduction in the consumer wallet spend that's going towards the Diamond and Diamond jewellery business.

And the other way, in general, is an increase in focus on dotcom businesses. We are working with some of our retailers to offer better price points online such that, effectively, our orders that we get will be paid orders and completed orders rather than placing endless amounts of items and inventory installs. So, these are the two ways we're trying to mitigate. In general, we see the season being better than the last few months of business. And we're hopeful that the strategies that we've employed will help us gain some share as well. I'll let our Chairman add any comments, if needed, to this question.

Rashesh Bhansali: Thank you, Anmol. And well, no, I'm sure Christmas is always Christmas, and people do exchange gifts in America. So, I assume that we are looking for a decent dot com business for a decent online business and a decent offering from the retail stores. Most of the retailers we partnered with these retailers to give better pricing and give better so-called discounts and deals during Christmas. So, I assume that we should be looking for a very healthy margin and a very healthy business this quarter as well for Christmas.

Srishti Jain: So, how long you this pain should last? Or, as I understand that the overall situation is changing, but with the information that we have right now?

Rashesh Bhansali: So, with the information we have right now, I think the interest rate hikes in America, probably they'll have one or two more hikes, and then they will start looking at either maybe softening it or just continuing as it is. So, I assume for another two quarters. You will see pain.

Moderator: Thank you. The next question is from the line of Yash Mishra from SKS Capital.

Yash Mishra: Yes. I joined the call late. So, I was just wondering what your proportion and outlook on Lab Grown Diamonds are currently and what opportunity do we see in that business? How is that segment playing out in terms of consumer acceptance globally and in India? And what is our positioning in that segment? Is it -- are we manufacturers like from -- are we primary producers of that the Lab Grown Diamonds? And what are the economics of that business? Is it really attractive -- or is it just like something which is the market testing out and with an uncertain future?

Rashesh Bhansali: Anmol, do you want to take this?

Anmol Bhansali: Thanks for your question. Yes. It's a pretty all-encompassing question. Let me try and give you a brief, but I would also request you to go through our corporate presentation kindly. We'll give you even more detailed answers. In general, Lab Grown Diamonds are being accepted very widely in America. We are seeing great positive momentum. There are two factors. One, of course, which is the main factor, is that prices for Lab Grown Diamonds are much, much cheaper than the same equivalent size, the same quality of natural diamonds. This is driven by the fact that visually and chemically, there is no difference between a Lab Grown Diamond and a natural diamond.

Number two, from the sustainability standpoint, a lot of US consumers prefer, especially the younger consumers, prefer buying a Lab Grown Diamond because of the sustainability angle as well. There is no involvement of dirty mining or poor social governance in terms of lab-created diamonds machine -- these diamonds are effectively made within one month within inside machines and inside laboratory chambers and then cut certain polished jewellery.

Regarding the opportunity, we see the opportunity to be very, very large. I mean, we have been a company from the get-go that has been very smart about the way we expand. We tested Lab Grown Diamonds out with two machines where we were growing ourselves. This has increased multifold as we have seen a simultaneous increase in our capability to distribute those Lab Grown Diamonds within jewellery. Today, our positioning, as I mentioned on the call earlier, is that Goldiam is the only jewellery company that is backwards integrated into growing its own diamonds.

So, we don't just cut and polish. We don't simply buy these Lab Grown Diamonds from trading hubs like Bombay Surat, etc. We have our own factory, which grows these diamonds. We cut and polish them. We set them into jewellery that is designed in-house by Goldiam and is 100% then exported and distributed to our US retail partners. These are all corporate retailers across America. So that's our positioning as a company literally from the very start of growing up until it goes to a retail store. We enjoy the margin benefit across the entire supply chain. The opportunity is tremendous.

We have seen very healthy growth as a percentage of the wallet share of the US consumer. I had mentioned earlier on the call that our inventory last year, this time, about 15%, 16% was Lab-grown diamond. Today, 30% and 32% are lab-grown diamonds. So as a percentage itself, it has doubled, which shows the sort of acceptance in the US and in the future. Over the next calendar year, we have plans to address the growing demand we see in the domestic market as well.

Today, there is no organized retailer. Unlike America, in India, there is no organized retailer selling lab-grown diamonds in a sizable way. And we believe that this is something, given our history and our ability to grow these diamonds, that it's a need we should address in the future.

Yash Mishra: Just a quick follow-up on what the price differential like-to-like basis?

Anmol Bhansali: Depending on the size of the diamond, it's about 1/5 to 1/4 in terms of the selling price.

Yash Mishra: Like the price Selling price...

Anmol Bhansali: Selling price, yes.

Yash Mishra: What the consumers pay. And for, let's say, someone like you, how much would the cost vary -- like would you have much higher margins in Lab-grown diamond even at such a low selling price?

Anmol Bhansali: Yes, that's correct because we grow the diamonds ourselves. It's equivalent to me saying we have our Goldiam has its own diamond mine like natural diamonds. Of course, that in an industry diamond mining as an industry is controlled by only 2 or 3 companies. Largely Lab grown allows us or allows for that effective margin to be within the Goldiam itself as well.

Yash Mishra: Okay. And I mean, do you see this as a big trend potentially globally in the next few years?

Anmol Bhansali: Absolutely. So, we believe, given the way US acceptance has been and what our retailers are asking from us in terms of jewellery and new jewellery and new programs in their stores. We see a more medium-term, not even that far out, but a medium- to long-term possibility where 50% of our business will move towards Lab-grown diamonds.

Moderator: Sorry to interrupt you here shall request you to come back to the question queue for a follow-up question. The next question is from the line of Kaushal Shah, an Individual Investor. We move to the next participant. The next question is from the line of Sai Kumar, an individual investor.

Sai Kumar: Thank you. Good afternoon, everyone. So how much percentage of the revenues are actually from online orders and actually in any quarter and this quarter? Could you give some numbers estimate for that, please, sir?

Anmol Bhansali: Thank you for the question. About 20% to 25% of our revenues are coming from the online business. Even in this quarter, it's about 20%.

Moderator: Next question is from the line of Dixit Doshi from Whitestone Financial.

Dixit Doshi: No, my questions have been answered.

Moderator: Next question is from the line Keshav from RakSan Investors.

Keshav: Sir, is there a way at all to differentiate between natural and the Lab-grown diamond?

Anmol Bhansali: Great question. So, this is the only way to send your diamonds to a laboratory-like GIA or IGI. -- these certifying agencies have very high-tech machinery that detects the very, very slight difference between the way light bounces off the diamond, and that's how they detect between natural and Lab-grown. Funnily enough, the way that light bounces off a diamond, Lab-grown, is 100% diamond. It's called. It's a type 2A diamond, which is a diamond without any impurities within it. That is so extremely rare in nature that effectively almost all -- they are actually just looking for, which is a type 2A diamond, and that's the one that they screen and suggest to being a Lab-grown diamond. So effectively, they're looking for perfection within the diamond.

Keshav: So, sir, from a resale market point of view, the LGD market increase, should it not be considered a big intangible value loss to the total natural plus LGD market because as the rarity goes out of the picture and you have to take it to a lab to test whether it's a natural or a lab-grown diamond then how do people keep it as an investment going forward?

Anmol Bhansali: So, we've always maintained that diamonds are not something in which we should invest, and the US consumer also does not buy diamonds as an investment. It's only. I think countries are more similar to India, where diamonds are purchased from an investment standpoint and, increasingly, not even in India. We have to understand that it is at the end of the day of luxury fashion articles. And number two, like the natural diamond business, also, even the Lab-grown Diamond business will have its own buyback will have its own retail values coming in.

So, I don't think that that's such a challenge. The industry is growing in such a large way that these things will come into place. A quick example is 3- 4 years ago when Lab-grown diamonds were just coming into the picture. US insurance agencies weren't willing to insure Lab-grown diamond jewellery. Over the last few years, of course, that has become part of the industry and industry standards. So, I think it's just a matter of time and market development for that to happen.

Moderator: So, the line for the participant has been dropped. We move to the next question. The next question is from the line of Kaushal Shah, an Individual Investor.

Kaushal Shah: Yes. I just wanted to ask and have gone through the presentation. Like I'm just seeing that in the market means the competition is tying up, and they are doing various client engagement initiatives like tying up with various series and web series on Netflix. And they are tying up with various other initiatives for customer engagement. So, does Goldiam have any such plan for customer engagement overseas?

Anmol Bhansali: That's a great question, Mr. Kaushal. So, we don't have plans to go into branded sort of B2B2C distributions. Some of our competitors work with licensed brands that you were referring to and that you mentioned -- we don't see it as being a particular differentiator. These are competitors that are largely, almost entirely, focused on the fashion jewellery industry within diamonds. So, their price points are all sub $200. For us, we are focused on the bridal jewellery business.

That's a very different business where branding doesn't really impact consumer choice as much. For us, our average price points are now $600 for selling to the customer and $550 to $600 for selling to the customer. So, it's a very different market segment, a different product market within fashion. Our focus is bridal. And so that's why we've gone ahead with our decision to invest more and work with our retailers because the need for branded assortments is not really that high.

Kaushal Shah: Okay. And one more thing connected to this. We also discussed in this conference regarding we going for retailing in India in the domestic market. So, what would be the target audience to which we'll be looking to Sell?

Anmol Bhansali: Great question. So, it will -- we're ideally looking -- we're still in deliberation and discussion as to the sort of market and product market fit. We want to approach India with. We'll have better answers during our next conference call, where we should be able to provide a more ready and complete picture of what our plans are within India. However, internally, the broad range would be items between INR 50,000-3,00,000.

Moderator: Next follow-up is from the line of Akash Jhaveri from Perpetual Investment Advisors.

Akash Javeri: My question is, how much is e-commerce as a percentage of sales now?

Rashesh Bhansali: 20%.

Akash Javeri: 20%. And how is Jewel fleet doing, if you could just throw some light on that? And what is that as a percentage of sales now?

Rashesh Bhansali: So, Jewel fleet has been launched in America. The pickup is yet to happen during this Christmas season, but currently, the Jewel fleet is from 20%, which is around 2%, 2.5% of the sales.

Akash Javeri: Is 2%, 2.5% of the 20%?

Rashesh Bhansali: No, 2%, 2.5% of the total sales.

Akash Javeri: And any plans for geographic expansion out of the US or -- anything on that?

Rashesh Bhansali: We will have plans for geographical expansion in the EU and Europe, and Australia next year. We will now be going aggressively with a lot more other wholesalers and retailers all across other geographies as well. Cut too now. The company has done business only in America. Now we will plan to expand it to other areas.

Akash Javeri: And since India is a resale market, do you think that without the resale market for Lab-grown diamonds, will we see momentum in the domestic market?

Rashesh Bhansali: The company will have to make its own methods of getting people interested in buying products from us and getting lab-grown diamonds. If, at all, a buyback needs to be given, the company will offer buybacks.

Akash Javeri: And another question, on Jewel Fleet, was how many retailers are currently in the panel?

Management: So, jewellery is right now being marketed by a couple of more wholesaler companies, which are selling to their retailers. So currently, close to 350 to 400 retailers are being serviced right now from Jewel Fleet.

Akash Javeri: And a question on the effective tax rate. So, with the corporate tax rate being about 25%

Moderator: Sir, the line from the participant dropped. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Rashesh Bhansali: Thank you, everyone, for joining us on this con call. I wish you all a very great evening. If you have any further questions, please reach out to our Investor Relations team. We will be delighted to respond to all our questions. Thank you very much and have a good day.

Anmol Bhansali: Special thank you also to the Monarch team for organizing this con call, and thank you, everybody, for joining us.

Rashesh Bhansali: Thank you very much, Monarch team. And thank you, everybody, for your interesting questions.

Moderator: Thank you very much. On behalf of Monarch Networth Capital, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you