SEC/ 14/2025-2026 **May 12, 2025**

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

Dear Sir/Madam,

Sub: Earnings Call Transcripts

Pursuant to Regulation 46(2) (oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform the exchanges that the transcript of audio call recording of the Company's Analyst Call to discuss the Audited Financial Results (standalone and consolidated) for the Quarter & Year ended on March 31, 2025 is attached herewith.

Kindly take the same into your records.

Thanking You
For Kalyan Jewellers India Limited
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"Kalyan Jewellers India Limited

Q4 FY '25 Earnings Call"

May 08, 2025

"E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 8th May 2025 will prevail."

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

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

Moderator: Ladies and gentlemen, good day and welcome to the Kalyan Jewellers India Limited Q4 FY '25 Earnings Call. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rahul Agarwal. Thank you and over to you, sir.

Rahul Agarwal: Thank you. Good evening, everyone and thank you for joining us on Kalyan Jewellers India Limited Q4 and FY'25 Earnings Call. Today on the call, we have with us Mr. Ramesh Kalyanaraman, Executive Director; Mr. Sanjay Raghuraman, CEO; Mr. V. Swaminathan, CFO; Mr. Sanjay Mehrottra, Head of Strategy and Corporate Affairs and Mr. Abraham George, Head of Investor Relations and Treasury.

I hope everyone had a chance to view our financial results and investor presentation, which were recently posted on Company's website and stock exchanges. We will begin the call with opening remarks from management followed by an open forum for Q&A.

Before we begin, I would like to point out that some of the statements made during today's call may be forward looking. A disclaimer to that effect has been included in the earnings presentation. I would now like to invite Mr. Ramesh Kalyanaraman, Executive Director of Kalyan Jewellers India Limited to give his opening remarks. Thank you and over to you, sir.

Ramesh Kalyanaraman: Thank you. Good evening and certainly welcome everyone to the call. Q4 has been fantastic. We ended the financial year on an excellent note. The consolidated revenue and PAT growth for the quarter was approximately 36%.

Standalone business recorded revenue growth of 38% and PAT growth of around 41%. For the full financial year, we recorded a revenue in excess of INR25,000 crores and a PAT of approximately INR714 crores. At the beginning of the last financial year, we had kept certain targets around showroom network expansion and debt reduction. We launched 76 Kalyan showrooms and 60 Candere showrooms in India and our first showroom in the U.S. during the last financial year.

The year also saw a reduction in debt in India by around INR250 crores. Even though our objective was to reduce non GML during the year, the reduction of debt has been done mostly in the GML due to the temporary disruption around GML in India over the last three, four months. With the situation slowly returning to normalcy, we expect to flat position and reduce non-GML levels over the near term. Total net reduction over the last two years stands at around INR520 crores.

In line with our announced dividend policy, Board of Directors has recommended a dividend of approximately INR150 crores, payout in excess of 20% in the net profit generated during FY 2025. As previously communicated, during the ongoing financial year, we plan to open 170 showrooms across Kalyan and Candere formats and plan to reduce that in India by another INR350 to 400 crores.

Let me spend some time on our omnichannel platform Candere. As I indicated earlier, ever since we made Candere a wholly owned subsidiary, we have been infusing first talent at the senior management level and have been working on creating a top tier list merchandising strategy, brand identity and omnichannel roll-out plan. Now with 73 active Candere showrooms, we have finalized the launch plan for a nationwide campaign for Candere.

We have held back the campaign's official launch given the recent Pahalgam incident. We plan to launch 80 Candere showrooms in India during the current financial year through a mix of FOCO and COCO showrooms. Bulk of the showrooms launches with the franchised ones during Q1 and Q2 of the current financial year. We expect Candere to be profitable at PAT level during the current financial year.

And now talking about the ongoing quarter, we had an excellent start to the financial year despite continuing volatility in gold prices. We witnessed robust growth in our Akshaya Tritiya sale this year, and we continue to see encouraging momentum in consumer demand, especially around the wedding purchases during the current quarter.

Thank you, and I'll hand over to Sanjay. He will read you through the numbers. Thank you.

Sanjay Raghuraman: Thank you, Ramesh. Good afternoon, everybody. I'm really happy to be talking to you all after, great financial year. I'll start with the just concluded quarter. Our company reported consolidated revenue of INR6,182 crores in the just concluded quarter, a growth of 36% over the corresponding quarter of the previous year.

Consolidated EBITDA came in at INR399 crores versus INR296 crores in corresponding quarter of the previous year. And consolidated profit after tax came in at a INR188 crores versus INR137 crores during the corresponding quarter of the previous year.

I'll now give you a breakup of the financial year performance between India and the Middle East, starting with India. For the just concluded quarter, revenues in India came in at INR5,350 crores versus INR3,867 crores compared with the corresponding quarter in the previous year. India's Q4 EBITDA came in at INR343 crores versus INR255 crores when compared to the corresponding quarter of the previous year. And India profit after tax came in at INR185 crores compared to INR131 crores in the corresponding quarter of the previous year.

Moving on now to talk about our Middle East business. Middle East revenue for the quarter came in at INR784 crores versus INR623 crores in the corresponding quarter of the previous year and EBITDA in the Middle East was INR59 crores versus INR44 crores for the same period of the previous year. And the Middle East business posted a profit of INR12 crores for the quarter compared to INR10 crores in the corresponding quarter of the previous year.

So actually talking about our ecommerce business, Candere, we posted revenues of INR28 crores versus INR36 crores in the corresponding quarter of the previous year. And the quarter recorded a loss of INR12 crores in Candere versus a loss of INR70 lakhs for the corresponding quarter of the previous year. For the full year FY '25, on a consolidated level, India revenue came in at INR25,045 crores and consolidated profit after tax came in at INR714 crores.

With this, I'm done with the summary of the financials, and we now open the floor for questions. Thank you.

Moderator: Thank you, sir. We will now begin with the question-and-answer session. The first question comes from the line of Manoj Menon from ICICI Securities. Please go ahead.

Manoj Menon: Hi, Ramesh. Nice evening. So, I just seek your insights on consumer behaviour on a few aspects to begin with. Now given the material gold inflation which you have seen, I'm sure you would have seen similar templates playing out in your long experience as well. What's the consumer telling you in terms of the consumer behaviour?

So let's say given the 40% sort of increase you have seen over the last six months, there are a lot of facets to it. Let's say, for example, is the salience of non-22-carat increasing? Is there a consumer demand for it? Anything what you see on the consumer behaviour? And I've got a few follow ups on it. Thank you.

Ramesh Kalyanaraman: Yes. So, as you rightly mentioned, we have seen the cycles over the past three decades now a couple of times. So, whenever the gold price increases, the demand per se, what happens, people take a pause, people see where the gold is, the price is going and then they either postpone or prepone the purchase according to the occasion. So, demand per se, there is no issue I told you, Akshaya Tritiya was also strong, footfalls are strong, SSGs are strong even for Akshaya Tritiya.

But, yes, the inventory, composition, etcetera, on 18-carat, 22-carat, again, the heavyweight versus lightweight versus mid weight products, these kind of things we keep on changing when we have a 30% plus price increase for the commodity. This is, again, a constant process. It's not an over overnight thing. The price, say, was x three years before y now, but there has been a path wherein it came from x to y.

So constantly, we work on the composition of inventory in terms of 18-carat, 22-carat lightweight jewellery, midweight jewellery, heavyweight jewellery, etcetera.

Manoj Menon: Understood, understood the composition of the, let's say, on the weight side of it, understood that aspect. But on the 18, 14, 22-carat, is the consumer, or let me put it differently. So can a common consumer make out, let's say, somebody is wearing an 18-carat or a 22-carat?

Ramesh Kalyanaraman: No. Nobody can make out because the product is the same. Okay. So, it's not about whether people know or not. It's about their personal satisfaction, whether it is a 22-carat versus 18-carat or 14-carat. So as of now, plain gold, we don't do in 14-carat. Diamond jewellery, it was earlier done in 18. Now it is mostly done in 14. Plain gold jewelry was only 22, and 18-carat was only for certain stylized products, wherein Gen Z products.

But now 18-carat is there for even same products we have started keeping 18-carat in certain markets. But certain markets like Tamil Nadu, it is still very tough to crack an 18-carat. People still buy 22-carat. 18-carat is only for Gen Z products. So, it's an upon market to market, and, we cannot just give you a blank answer.

Manoj Menon: Understood. Loud and clear. I'll take it separately. Now just on the making charges bit here, does it make a difference to your profit pool or the making charges when it comes to 22 to 18? I am talking about only plain gold would only play in the goal, not studded.

Ramesh Kalyanaraman: No, no, no. We will actually -- our profitability is on the cost price of the product, which is made and then selling prices to making charge, right? So our margin is only regarding the making charge. So, we, as a percentage, we will not compromise on our making charge at all. In fact, 18-carat will have a bit more profitability than the 22-carats.

Manoj Menon: Understood. And if I may, just quickly a second, and then I'll come back in the queue. So historically, my understanding I just want to stress test the hypothetical understanding from the past that whenever gold has seen material inflation, the ability of the salesperson to actually upsell a studded, is far better then what conceptually what I have been told in the past. You know, when a consumer says look for buying 10 grams, I do shell out hundred thousand rupees. Right? I'm a kind of wherein that upgrading helps you capture far better gross margin. Is the hypothesis correct? And is that happening on the ground?

Ramesh Kalyanaraman: Yes. So studded conversion becomes easier when the gold price is very high. Very simple reason because customer comes with INR1 lakh. Okay. For example, if it is plain gold, he will he or she will end up buying 10 grams, right? Approximately, I'm telling you. So earlier, they could have bought 13-14 gram, which is now they are able to buy only 10 grams with the same budget.

So, customer might not get the same product which was there in his mind because volume wise, they would have cut by 30% - 35%. But when it comes to studded, at least 40% - 45% is taken care by the stones. So only the gold, rest of the gold where this volume issue is coming. So, for studded product, the perception of the customer for what he should he or she should buy versus what reality is, will be more closer than the plain gold. So, it makes this easier to convert to studded when the prices will go up.

Manoj Menon: Understood. And one last question for now is, as I understand that the retail prices of, let's say, diamonds are largely flattish versus material inflation in gold. Now can this have an impact incrementally on the consumers, let's say, propensity or willingness to buy diamond? Because let's say if I'm a consumer who bought two or three years back and suddenly, I'm finding that when I come to, let's say, store for an exchange that my diamond price has not inflated, but gold has inflated, is there any such consumer behaviour which we should watch out for?

Ramesh Kalyanaraman: Yes. So again, everybody does not buy in an angle of just getting price, what they call, and elevation for a product to say commodities they have bought, right? So even when you buy a diamond jewelry, there is gold quotient in it and diamond also, it is not that price has been stable for the past ten years. It has been moving up, right? So, 65% in a studded product is also gold. So, customer, first the customer happiness comes for satisfaction of wearing the product. Everything comes behind that. So, they have to be satisfied in wearing the product, which is way more in a studded when compared to plain gold when because the price went up 30% - 35% in a very short time.

Manoj Menon: Very clear. Thank you. And all the best sir for the medium term. Thanks.

Moderator: Thank you. The next question comes from the line of Devanshu Bansal from Emkay Global Financial Services. Please go ahead.

Devanshu Bansal: Sir, just wanted to check on the robust demand trends in the current year. Right? So, you mentioned that Akshaya Tritiya sales were pretty robust. So, I just wanted to check, is it, like, specific days that you are talking about, or is it, like, whatever, 35-40 days that have been in the quarter? So, throughout the quarter, the demand trend has remained robust?

Ramesh Kalyanaraman: So the demand has been robust right from the previous quarter. What I told you about the Akshaya Tritiya day, and usually what happens all the offers or the prebook, redemption, etcetera, happens ten days in the Akshaya Tritiya zone. Meaning Akshaya Tritiya minus ten days. Both ends to the new fee, the SSGs have been strong and, there has been good momentum at the store level.

Devanshu Bansal: Understood. And sir, in your initial commentary, you mentioned that the gold metal loan was sort of reduced in FY '25. In another way, this is a hedging instrument also. So, have we changed our way of hedging recently, what's the outlook there? And secondly, as we understand, there was about 200 bps of increase in interest rate on gold metal loan and you indicated that there is some relief that has been there. So, what is the exact quantum of increase that may be there for the current FY '26 year?

Ramesh Kalyanaraman: Yes. So, gold loan interest rate has been increased in the range of 2% - 2.5%. It has started coming down from the peak, which was at around 5% oddish. So now it's slowly settling down. And once it gets settled down, we will flat the gold loan to -- meaning the gold loan will go up and the CC will come down. So, it is still not back to the normal levels.

Devanshu Bansal: Any quantum, sir, earlier it was 2% - 2.5%, as of now where it stands?

Ramesh Kalyanaraman: It was in the range 3% - 3.5% now it is in the range of 5%, sorry 5% - 5.5%.

Devanshu Bansal: Got it. Sir, this year, we have incurred about INR350 crores of capex, right. So, now the understanding was also that we will be changing the model, right. So, for FY26, what is the capex expectation from showroom editions in India?

Ramesh Kalyanaraman: Even in this financial year, if you remember, initially the first half was the old model where capex was put by Kalyan and franchisee was investing in the inventory, okay. So, around 30 showrooms in the financial year, it was our capex, meaning Kalyan Jewelers was investing for capex and only the investment on inventory was coming from them. So, predominantly the first half capex amount was that and second half there has been what we call the renovations which will happen etc., which will be in the range of what usually INR150 crores.

So, next year if you ask capex, should be in the range of INR150 crores because only the maintenance capex will be there because next year plan is to open all stores through the new model. Plus of course, Candere stores will be there which is owned, for which capex will be put by Candere, meaning Kalyan, yes, okay.

Devanshu Bansal: So, sir, if we have to break these INR350 crores and INR150 crores has gone into maintenance, so new store capex has been about INR200 crores in FY25.

Ramesh Kalyanaraman: So, this will be like what 30 showrooms we would have done capex, 30 what into 4, maybe INR120 crores. Again, INR150 crores will be maintenance capex and there has been one or two showrooms, like Chennai we completely revamped which is of high cost. It is not in the range of INR2 crores to 3 crores. It will be much bigger than that. So, that is about the capex which has been spent for this year.

Devanshu Bansal: Fair enough. Sir, last question from my end. I was seeing your payable days. So, that is slightly higher right between 30 to 35 days versus 10 to 20 days for other jewellery retailers. So, do you anticipate this to reduce going ahead or remain stable at current level?

Ramesh Kalyanaraman: Yes. So, that capex, one more thing which I missed out is South, our franchisee model if you remember, South is that -- even now in this financial year we opened 9 stores in the South, capex will be put by Kalyan and only inventory will be done by franchisee. So, South franchisee model even now is capex by Kalyan. So, that will also be in the range of what INR40 crores- INR50 crores in the last financial year. Okay. And now coming to payable.

So, payable depends upon the inventory which you keep. Okay. For, if you look at from far, it will be only gold or diamond, but when you go further into it, in gold itself there are premium products in gold which have a better margin and better credit space which is not kept by all brands. So, there are brands predominantly keeping only staple products for which the number of payable days cannot be like what we enjoy.

There are certain brands who do not keep as much as studded as Kalyan. So, if you look at our payable days, it has been only reducing or it has been stable. So, if you ask whether we will improve the number of working days, yes of course, we can because the revenue is growing and if in case, we are not adding inventory, then the payable days should come down.

Devanshu Bansal: Got it.. Thanks for taking my question, sir. Thank you.

Moderator: Thank you. The next question comes from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much sir for this opportunity. Sir, just wanted to understand first upon the margin front. I mean this year as a whole our PBT margins were down to 3.8% which is largely driven also by I think INR120 crores-INR130 crores of impact on inventory. So, how do we see the PBT margins for this year FY26?

Ramesh Kalyanaraman: So, if you first of all as you rightly said if you negate the INR120 crores-INR130 crores, the PBT margins would have been in the range of 5, approximately 5% for even the last financial year. So, the running financial year, it should be slightly higher than that because interest saving can also come because we have reduced our debt. So, it should be above 5%.

Deepak Poddar: So, if I adjust INR130 crores, your PBT margin increases from 3.8% to 4.3%, right?

Ramesh Kalyanaraman: Yes. And Q4 you can see, where in Q4 the PBT margins are in the range of...

Deepak Poddar: 4.1.

Ramesh Kalyanaraman: Yes, 4.1. So, I think we should target for a PBT margins of in excess of 5%.

Deepak Poddar: In excess of 5% for FY26, right?

Ramesh Kalyanaraman: Yes

Deepak Poddar: Okay, okay. Understood. And in terms of debt, you mentioned we are looking to reduce debt by about INR300 crores to INR400 crores this year, FY26?

Ramesh Kalyanaraman: Yes, that is the target. We have to beat our target for this financial year, debt reduction will be in the range of INR300 crores to INR400 crores.

Deepak Poddar: Okay, okay. And how do we see the growth for this year, FY26 as a whole?

Ramesh Kalyanaraman: So, for growth, you know that we are opening 90 Kalyan showrooms out of which what 80 plus will be in India and we have opened 76, 77 showrooms in the last financial year. That revenue, we are not, it is not a full revenue which has been absorbed in the last financial year. That revenue should also come. SSGs, of course, in the last financial year, SSGs were extremely strong.

Even if you, for a budget's sake, if you reduce SSG a bit than last year, overall revenue growth should be what, it should be good. I am sure that you will be able to assess the overall revenue growth.

Deepak Poddar: Understood. And we are looking to open around 150 stores, right, out of which 90 would be Kalyan and remaining would be Candere?

Ramesh Kalyanaraman: Yes, 90 plus 80.

Deepak Poddar: So, around 170 is what we are targeting?

Ramesh Kalyanaraman: Yes, yes.

Deepak Poddar: Okay, okay. And you mentioned the capex amount, I missed that amount. So, what would be the capex amount for this, for this?

Ramesh Kalyanaraman: For the next financial year, no? For the running financial year?

Deepak Poddar: Yes, for FY '26, yes.

Ramesh Kalyanaraman: Yes. So, the maintenance capex will be in the range of INR 150 crores and south stores, if you open, what, 7 or 8 showrooms, that also can come to around INR50 crores because south capex is done by us. And Candere, whatever comes, will come. We are doing our own store, Candere will be done by us completely, inventory plus capex.

Deepak Poddar: So, somewhat higher than INR 150 crores, I mean, somewhere around that?

Ramesh Kalyanaraman: No, yes, INR 200 crores for sure, because INR 200 crores plus for sure, because INR 200 crores will be for Kalyan itself. So, INR 200 crores plus Candere will be the right way to look at it.

Deepak Poddar: Okay. And then how much would be Candere, 80 stores, what can be…?

Ramesh Kalyanaraman: So, Candere predominantly will be, it is a mix of franchisee and COCO. So, it depends upon how many FOCO, how many COCO. Even if you look at, what, 50-50, then 40 showrooms will be done by the company.

Deepak Poddar: Okay.

Ramesh Kalyanaraman: So, if you say INR102 crore, it is INR80 crore capex.

Deepak Poddar: INR60 crores, INR80 crores. That's very clear, sir. I think that is very helpful. That would be from my side. Thank you so much.

Ramesh Kalyanaraman: Yes.

Moderator: The next question comes from the line of Videesha Sheth from Ambit Capital.

Videesha Sheth: Thank you for taking my question. I just have one query on the studded mix. In the, I'm in conversation to what you responded to earlier participants' question. Just wanted to know what incremental initiatives are you as a brand undertaking to drive this, mix, and studded. One, definitely, you did talk about, that conversion becomes easier. But any other, initiatives that you'd like to highlight which is leading to this increase in mix?

Ramesh Kalyanaraman: Yes. So, for studded mix for Kalyan, the major driver, for the past, say, 8-10 quarters, was because the mix of non-south revenue is a major driver because non-south revenue comes with a better set of ratios than south. That was a major driver. And, of course, on a store level also, we try to improve the studded ratios. We give incentives to staff. We do campaigns around studded. We do promotions around studded. So that is how our studded ratios improve.

Moderator: The next question comes from the line of Bhavya Gandhi from Dalal and Broacha Stock Broking.

Bhavya Gandhi: Yes. So just wanted to understand how is these renewals of franchisees taking place? Because we believe we started somewhere on June 22, and the 3 years are up, our franchise agreement gets over. Right…?

Ramesh Kalyanaraman: The lock-in is for 4 years.

Bhavya Gandhi: Okay. Lock in is for 4 years. Any early renewals are we seeing at the moment, or how is it?

Ramesh Kalyanaraman: No. They don't have to renew. No. Four years, no renewal.

Bhavya Gandhi: Sir, once the franchise agreement ends at the end of the fourth year, how is it?

Ramesh Kalyanaraman: The agreement is for 9 years. So, 4 years, it's a compulsory lock in.

Bhavya Gandhi: Okay, 4 years is a compulsory lock-in.

Ramesh Kalyanaraman: Okay. Agreement is for nine years. So they don't have to do anything after four years.

Bhavya Gandhi: Okay. Got it. Fair enough. Just wanted to also ask you on the gold price impact. So, I mean, because you've been there for the last 3 decades. So, what typically happens to the absolute revenue and EBITDA when there is a gold price falling scenario? Let's take an example of INR1 lakhs becoming INR90,000. So, in that case, I mean, demand will not start picking up immediately, right?

So, if you can just help us explain how does the numbers look like when there's a downward gold price scenario?

Ramesh Kalyanaraman: No. Customer, you should look at through the customer point of view. Customer comes not with a volume in mind. They come with a budget in mind. So, the customer, the first question which our sales team will ask the customer, of course, after welcoming and stuff, will be the budget of the product which they want to buy.

So, if they say INR5 lakhs, the sales team will start showing product from INR6 lakhs or INR7 lakhs or something so that then they can upsell a bit. So, but customer comes with a budget in mind. So, when the gold price comes down, automatically, volume goes up because they want to, they can buy only for the amount which they have in their hand.

Bhavya Gandhi: Got it. And in that case, does the studded ratio get impacted?

Ramesh Kalyanaraman: Studded ratio, when the gold price comes down, you mean?

Bhavya Gandhi: Yes.

Ramesh Kalyanaraman: So you should understand that the gold price were okay -- is now to 30% upwards over the last one year. Right? Before that also studded, it is nothing related to -- it becomes easier when the gold price is very high for conversion. That's it. But organically, all of us know that there is an inclination to studded for the young generation. They see Polki, diamond, uncut, etcetera. And organically, there, it's a driving force to studded.

And sales team, they will push for studded because they have been incentivized that way. But when the goal price is really high, conversion becomes much easier than when it is low because the customer, when they have a perception in mind that for INR1 lakhs, they will get a product, that product in size and size will not be too much different if they buy a studded because studded takes care of 40% of the product.

Bhavya Gandhi: Got it. Fair enough. And what is the average invoice value for Candere, if you can just throw some light on that as well?

Ramesh Kalyanaraman: It will be INR25,000, INR30,000.

Moderator: The next question comes from the line of Pallavi Deshpande from Sameeksha Capital.

Pallavi Deshpande: Yes, sir. Thank you for taking my question. Just one here on the borrowings. You know, we're not seeing a decline, and we're seeing a high cash balance, if you can just explain that?

Ramesh Kalyanaraman: So, there are two things. One is that in India, if you look at the debt level, have come down by INR250 crores. Consol, you might not see a huge difference because the Middle East the debt would have increased. So, predominantly, what happens is that when the gold price moves up, GML levels tend to increase as banks revalue the loans at the end of the period on the prevailing gold price.

So, , given the sharp rise in gold price during the second half of the last financial year, GML should have ideally seen a noticeable increase. But since we reduced our GML loans by around INR250 crores, the total GML is seen at 250. So, GML loans we have reduced by a much higher proportion. But you see only 250 because the banks have revalued the GML with the current gold price.

So, in the Middle East, we have not done any reduction in GML from our side, and hence, you see the increase in the level of GML driven by the increase in the underlying gold price.

Pallavi Deshpande: Right, sir. So, the other part would be that, you know, we were planning to decrease the non-GML actually, right, because that was cheaper for us?

Ramesh Kalyanaraman: But that was because of the uncertainty around GML. Now I told you last two, three months, GML had a huge turbulence because of other reasons, right? So, there was GML uncertainty around GML, especially over the last one or two months, that is why the GML limits was not reduced. Okay? And once the situation is back to normalcy, we can immediately track it.

Pallavi Deshpande: Now why is the cash balance so high?

Ramesh Kalyanaraman: Cash balance, what is the okay. I will check the cash balance, but what I saw it's only difference INR60 crores increase in Middel East. That is predominantly because the cash is only sitting in the gold loan. Right? Because we have to pay money.

Pallavi Deshpande: Right.

Ramesh Kalyanaraman: Am I clear now?

Pallavi Deshpande: Yes. Thank you.

Moderator: The next question comes from the line of Naveen from Motilal Oswal.

Naveen: Yes, sure. Sir, my question is on the Candere. Since, you plan to open around 80 stores, next year. So market, so far we have seen success for this model. And considering we are doubling the store count to next year, are there any target markets where you think the rollouts will be faster? And typically, what kind of a gross margin or unit economies you can expect that once you see the mature stores will reach what kind of unit economies you can expect from Candere?

Ramesh Kalyanaraman: So Candere on an ideal situation, on a matured store or maybe a closer to maturity store, their stock churn should be in the range of 2%. Margins, you know that it is in the range of 30%, 35%. Okay that is a store which is almost matured that is the store's economics. Margins will be about 30%, 35% and stock churn should be in the range of 2%. Now about expansion, our primary focus will be metro, Tier 1 and Tier 2 locations.

We are not pinning down any particular metro to focus more. We will be expanding across the country. And right from when Candere is a wholly owned subsidiary, we have been constantly increasing talent across the senior management and the other areas where like marketing and stuff.

And again, merchandising strategy is also completely revamped. Now we are very clear on how the brand identity should be, strategy is also laid. We were almost about to launch the campaign wherein once we launch the campaign only, we can expect footfall and things will come to where we want, but because of the recent incident we pushed the campaign. But our target for the financial year is to make Candere profitable at PAT level.

Naveen: Sure. And typically, what is the studded mix for Candere?

Ramesh Kalyanaraman: At a store level, it is 70% studded.

Naveen: 70%.

Ramesh Kalyanaraman: Yes.

Naveen: And typically, what is that store site and is it like, are you thinking to use e-com channel also for this platform going ahead?

Ramesh Kalyanaraman: Yes. It's an omni-channel. So now the Candere showroom size will be in the range of 1,500 square feet. And, of course, it's an omni-channel wherein it is not only dependent on store, but we need online platform also to help drive footfalls to the store.

Naveen: Sure, sir. Thank you so much, sir. That's all from my side.

Moderator: Thank you. The next question comes from the line of Parikshit Gupta from Fair Value Capital. Please go ahead.

Parikshit Gupta: Thank you for the opportunity and congratulations on a great result. I just have one question. And I joined a little late, so I'm sorry if I'm repeating it. With the India-UK FTA, there is a lot of news going around about a boost in gems and jewellery exports from India. Can you throw a little light on how it might benefit us or is it a little too early to talk about any positive signs from it?

Ramesh Kalyanaraman: So as you know, we don't export for others wherein we don't have export business. We have plans to open our showrooms in UK this year for which we can export from India. Otherwise, then we don't have a direct benefit because of this.

Parikshit Gupta: Understood. So, the Middle East business only caters to the GCC area?

Ramesh Kalyanaraman: So Middle East looks after our Middle East operation. And also, as we speak, there are products from Middle East which are sent to the US operations also.

Parikshit Gupta: Okay. And can you please spend a minute on how the FTA would be a positive push for the industry overall?

Ramesh Kalyanaraman: Overall industry, it's very tough for me to guide, but what I hear is that exporters have a merit on it.

Parikshit Gupta: Okay. And, obviously, the realisation levels, I am sorry, I'm not a little, very comfortable with this segment. But in terms of the overall realization levels, is it widely different in terms of domestic versus export?

Ramesh Kalyanaraman: No. I didn't get you there. Can you repeat me, repeat the question?

Parikshit Gupta: So I guess, I'm sorry for not wording my question correctly. From what I understand in terms of jewellery, you have the whatever metal, gold, silver is used and then the making charges.

However, in terms of export, I would assume that the gold prices would still be the same. But the making charges and then on top of that, there will be freight and different components to it. So, I just I am asking if exporting gold, exporting jewellery is more profitable as compared with selling it domestically or is it not much of a difference?

Ramesh Kalyanaraman: So, exporting majorly happens only for selling it to retailers now. Otherwise, they will not be able to send to end consumer. So as per my understanding, the margin for a retailer will be much higher than a margin for a wholesaler/exporter. But of course, I don't know about it because I am not an exporter. But as far as I understand about the segment and my experience, I can talk only about our experience so far. So, retail margins are much higher than any wholesaler or an exporter because U.S. our margin, yes, it's 25% plus our margin in the U.S. at the store level.

Parikshit Gupta: Understood. This was helpful. Thank you for your time.

Moderator: Thank you. The next question comes from the line of Pallavi Deshpande from Sameeksha Capital. Please go ahead.

Pallavi Deshpande: Yes, sir. Thank you for taking my question. Just wanted to understand what is the interest rate now of this -- the gold metal loan that we received upon? How much higher it is?

Ramesh Kalyanaraman: So it was in the range of 3%, 3.5%, now it's in the range of 5%, 5.5%. So just in the level of 5% now at six weeks coming in the level of 5%.

Pallavi Deshpande: And what would be in terms of the same store volume growth, any guidance that you have? I missed the beginning part of the call sorry for that, sir?

Ramesh Kalyanaraman: Yes. So, we actually -- we don't look at only volume because we look at value because we ourselves push for studded rather than gold. So gold volume will surely come down even if the gold price is flat and even if there is SSG, the volume would not have grown as much as SSG because we ourselves would have pushed for studded Okay. So, our SSGs were in the range of 21%.

Pallavi Deshpande: And what will be the target for the studded ratio for next year[?

Ramesh Kalyanaraman: Now. I think it should be in the range -- in the same range, in the in the 30%, 31%, 32% range because the expansion now for the next -- the running financial year is predominantly in Tier 2, Tier 3 markets outside South India where it will be -- the studded ratio will be lesser than what we enjoy in a metro or a Tier 1. So now don't expect any sharp increase from the current level.

Pallavi Deshpande: Right. Got that. Thank you.

Moderator: Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Ramesh Kalyanaraman to give his closing remarks.

Ramesh Kalyanaraman: So thank you very much and have a good day.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Kalyan Jewellers India, that concludes this conference. You may now disconnect your lines.