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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
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Dear Sir/Madam,

Sub: Earnings Call Transcripts

Pursuant to Regulation 46(2) (oa) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform the exchanges that the transcript of audio call recording of the Company's Analyst Call to discuss the Unaudited Financial Results (standalone and consolidated) for the quarter and half year ended on September 30, 2025 is attached herewith.

Kindly take the same into your records.

Thanking You,

For Kalyan Jewellers India Limited

Jishnu RG

Company Secretary & Compliance Officer

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“Kalyan Jewellers India Limited
Q2 & H1FY26 Earnings Conference Call”
November 07, 2025

“E&OE – This Transcript is edited for factual errors. In case of Discrepancy, the audio recordings uploaded on the stock exchange on 7th November 2025, will prevail.”



MANAGEMENT: **MR. RAMESH KALYANARAMAN –EXECUTIVE DIRECTOR**
MR. SANJAY RAGHURAMAN – CHIEF EXECUTIVE OFFICER
MR. V SWAMINATHAN – CHIEF FINANCIAL OFFICER
MR. SANJAY MEHROTTRA – HEAD OF STRATEGY AND CORPORATE AFFAIRS
MR. ABRAHAM GEORGE – HEAD OF TREASURY AND INVESTOR RELATIONS
MODERATOR: **MR. RAHUL AGARWAL – STRATEGIC GROWTH ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to the Kalyan Jewellers India Limited Q2 and H1FY26 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 this conference is being recorded.

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

Rahul Agarwal: Good evening, everyone and thank you for joining us on Kalyan Jewellers India Limited's Q2 & H1FY26 Earnings Conference Call. Today on the call, we have with us Mr. Ramesh Kalyanaraman, Executive Director; Mr. Sanjay Raghuraman, CEO; Mr. V. Swaminathan, CFO; Mr. Sanjay Mehrotra, 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 the company's website and stock exchanges. We will begin the call with opening remarks from management, followed by an open forum for question and answers.

Before we begin, I'd like to point out that some of the statements made during today's call may be forward-looking. A disclaimer to that effect was 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 We had an excellent all-round performance during the recently concluded quarter. Momentum on the ground remained robust for most part of the quarter with an exceptional 9 days of Navratri sale to end the quarter on a very strong note. The pickup in the momentum that we witnessed during Navratri continued to the ongoing quarter as well.

Same-store sales growth for the 30-day period ending Diwali was in excess of 30% on a like-for-like basis. As I mentioned during the previous call, we had consciously paused the repayment of debt in India as we were focused on getting the approval for the lease of the real estate collateral pertaining to the debt already repaid over the last 2 years. During the last quarter, we received approval from the lead bank of our consortium for the lease.

Subsequently, we have reduced INR130 crores of debt, taking the non-GML debt levels to INR550 crores as on 30th September 2025 and are on track to achieve the annual debt reduction target of INR300 crores. We have also initiated steps to monetize the noncore real estate assets. I'll now hand over to Sanjay. He will take you through the numbers. Thank you.

Sanjay Raghuraman: Thank you, Ramesh. Good afternoon, everybody. I'm really happy to be talking to you after a good quarter and an excellent festive season. In the just concluded quarter, our company reported consolidated revenue of INR7,856 crores, a 30% growth over the corresponding quarter of the previous year.

Consolidated EBITDA came in at INR497 crores versus INR319 crores in the corresponding quarter of the previous year. And consolidated profit after tax came in at INR261 crores versus INR130 crores during the corresponding quarter of the previous year, a growth of 100%. Coming now to give you the breakup of the numbers, quarterly numbers between India and Middle East, starting with India. For the just concluded quarter, India revenue was INR6,843 crores compared to INR5,221 crores in the corresponding quarter of the previous year.

India EBITDA was INR432 crores versus INR257 crores in the corresponding quarter of the previous year. And India profit after tax was INR262 crores compared to INR120 crores in the corresponding quarter of the previous year, a growth of 118%. Coming now to talk about our Middle East business.

Revenues in the Middle East for the quarter was approximately INR866 crores versus INR800 crores in the corresponding quarter of the previous year. EBITDA in the Middle East was INR61 crores versus INR59 crores for the same period of the previous year. The Middle East business posted a profit of INR15 crores for the quarter compared to INR14 crores in the corresponding quarter of the previous year.

Talking about Candere, the business posted a revenue of INR93 crores in the quarter versus INR41 crores in the corresponding quarter of the previous year. We recorded a loss of INR9 crores in the quarter versus a INR4 crores loss in the corresponding quarter of the previous year.

Talking about the first half of the year, consolidated revenue came in at INR15,125 crores, a 31% growth compared to the corresponding first half of the previous year. And consolidated profit after tax at INR525 crores, a growth of 70% compared to the first half of the previous year. During the quarter, we opened 32 stores, 15 in Kalyan India, two Kalyan stores in the Middle East and 15 Candere stores. I'm now done with the summary of the financials and we open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Nillai Shah from Balyasny. Please go ahead.

Nillai Shah: Congrats on the results. A couple of questions from me. First is many of your peers have called out fairly precise numbers for the festive season sales. So could you throw some light on how Kalyan has performed?

Ramesh Kalyanaraman: Yes. So I told you we look at Diwali minus 30 days, and the same-store sales growth has been 30% plus. Because total revenue will misguide you because we have added a number of showrooms, et cetera. So it will not be a right, what you call, way to look at it is what we thought. So Diwali minus 30 days every year, we tell you and SSGs are very strong, 30% plus.

Nillai Shah: Okay. And the other bit is that after Diwali, you tend to see a pretty significant drop off on this trend versus the normal sort of momentum. How is this year panning out? Is the same? Is it different?

- Ramesh Kalyanaraman:** No, it's going strong. SSG are very similar to what we saw pre-Diwali. And post Diwali also, weekends are very strong. And as we speak, things are moving almost in the same line.
- Nillai Shah:** Got it. And in terms of your full year guidance for the number of stores that you'll open up, what's the number now?
- Ramesh Kalyanaraman:** So we opened India, Kalyan, 25 till September. Before festive, again, Q3, we opened 15. So we are at 40 as we speak approximately. And yes, the plan is to open 84 for this year.
- Nillai Shah:** Got it, sir. And the final bit is on margins. The first half, the margins have been very healthy at the PBT level. Any sort of thoughts on how this trend will evolve into the full year?
- Ramesh Kalyanaraman:** So usually, if you have noticed Q3, the margins, PBT margins or the gross margins are always on the higher side in Q3 when compared to Q2, specifically because of the own store, what revenue share between South and non-South and the product share also. So that is how we should look at it. And the pilot is still on, and we get a margin growth in the gross margins. So that is how we should look at it. You know that the repayment of debt is also there. So interest saving can also be there. So with all this, PBT margins should be more in H2 than in H1.
- Nillai Shah:** Got. On the pilot bid, just to be clear, what is the plan going forward?
- Ramesh Kalyanaraman:** We are maintaining the same levels because now the debt reduction also has started. So we will maintain the same levels. And if you look at the next financial year, we have the remaining INR400 crores of debt to be reduced. And now the collateral release is also there. So that liquidation can also happen. So the debt repayment for the next financial year can be earlier than what we thought. And once that is done, then we might go into increasing the pilot phase.
- Moderator:** The next question is from the line of Gaurav Jogani from JM Financial.
- Gaurav Jogani:** Congrats on the strong set of numbers. Sir, my first question is with regards to the gross margin only. if you can quantify how much is the advantage in this quarter because of this pilot? And is there any other advantage in terms of the last time we had some non-hedge gain -- gains also on silver and the other metals. So if you can quantify that number?
- Ramesh Kalyanaraman:** You're talking about Q2, right?
- Gaurav Jogani:** Q2, yes.
- Ramesh Kalyanaraman:** Yes. So around the same range, so maybe 0.2%, 0.3% because of the pilot and the rest can be very minimal for other metals like platinum, silver, et cetera.
- Gaurav Jogani:** Sure. And this kind of a gain, at least can we expect for the next couple of quarters more to sustain given that now, although you are not incrementally doing this pilot, but at least it will sustain at the current levels?

- Ramesh Kalyanaraman:** It should be in the same level. And as I told you before, pilot will continue at the current level for the financial year. So it should maintain at the same 0.2, 0.3% increase in gross margin. And usually, Q3 gross margins are better than Q2.
- Gaurav Jogani:** Sure. And just lastly, on Candere, we are seeing now losses in Candere it is coming out at a gradual pace. When can we expect profitability in that segment?
- Ramesh Kalyanaraman:** So Candere, if you look at even now, store EBITDA, we are already positive and positive means it is meaning strong double-digit EBITDA positive at the store level. And even if you look at the corporate EBITDA, we are almost neutral now. Way forward, this financial year, we will end Candere with PAT neutral PAT positive and the revenue target for the year will be around INR500 crores.
- Gaurav Jogani:** Sure. Sir, just one clarification. When you say PAT neutral it will be on the exit basis, not for the full year, right?
- Ramesh Kalyanaraman:** Full year.
- Moderator:** The next question is from the line of Nihal Mahesh from HSBC.
- Nihal Mahesh:** I had 3 questions. First was a clarification on the debt payment. So in your annual report, specifically for the non-GML part, I think you're looking at taking it from INR880 crores to INR400 crores. So just wanted to check this INR130 crores reduction is specifically for that? And does that target stay?
- Ramesh Kalyanaraman:** Yes. So if you look at the non-GML, March non-GML was optically higher because of issues with GML. So what I told of INR130 crores debt reduction was negating all that because if you look at only non-GML, we have reduced INR350 crores for H1.
- Nihal Mahesh:** Fair enough. So that target of INR400 crores or INR4 billion of non-GML loan at the end of FY '26, that stays?
- Ramesh Kalyanaraman:** Yes. So it will be at the range of INR400 crores non-GML by March 31. And next year, it will be debt free.
- Nihal Mahesh:** Understood. That's absolutely clear. Sir, the second thing was that in the earlier call, you had mentioned about two parts to the pilot. One was obviously the local jewellery brand, if you could give an update on that. And the second part is the pilot related to changing the sourcing specifically for brand Kalyan. If I understand that is something you're pausing, but the pilot for the hyperlocal jewellery brand continues as per expectations for a launch in Q3?
- Ramesh Kalyanaraman:** So it is on track. And from day 1, procurement pattern will be like the pilot for the regional brand? For Kalyan Jewellers, we will not increase the pilot. It will go in the same range for the financial year. And now about the launch of the regional brand, it should be in Q4.

- Nihal Mahesh:** Q4. Any further details you want to share other than the thought of 5 stores and investment of INR3 billion, INR3.5 billion more than that, that you want to clarify in case there is more details to that?
- Ramesh Kalyanaraman:** It remains the same. So we will do 5 showrooms in the next 12 months. And the investment will be around INR300 crores to INR350 crores. And we have also got franchisee inquiry for that, but maybe the first couple of stores will be our own store.
- Nihal Mahesh:** Understood. Sir, the last question is generally with the kind of gold price movement that we've seen historically, it has seem to obviously see a lot of increase in the inquiries of franchisees that have happened historically. Have you seen that? And does that then give you a confidence not this year because there would be a pipeline that in FY '27, the store addition or the franchise addition could be much better in India than what maybe at this point we are thinking?
- Ramesh Kalyanaraman:** No. Even now, you know that franchisee capital availability is much more than the 84, 85 showrooms, which we want to open this financial year. And we are putting franchisees on hold even for the next year, right? So expansion scale cannot increase more than this. It is especially because we have to check the bandwidth very often. And again, interest level has increased, but interest level was already overboard for us. So some of them, have -- expressed interest for the regional brand, which we will surely evaluate.
- Moderator:** The next question is from the line of Devanshu Bansal from Emkay Global.
- Devanshu Bansal:** Congratulations on very good numbers in H1. Sir, you mentioned that 30% SSG for festive. I wanted to check if you could also split this growth into number of buyers. Has that also sort of picked up in relation to whatever trends we have seen in H1 and within buyers, if you can comment on, say, coins, plain gold jewellery and studded, that will also be useful.
- Ramesh Kalyanaraman:** Yes. studded ratios are going strong. And new buyer share is in mid-30s, and it is also maintaining the same level. And what else did you ask?
- Devanshu Bansal:** I was checking on the buyer growth, sir. So this 30%, how much is the buyer growth in this overall, overall bill cuts, maybe what is the bill cut growth in this 30% SSG?
- Ramesh Kalyanaraman:** Yes. So ticket levels have been the same, maintaining almost the same ticket level. And the SSGs have been 30%. So that's why I told you the new buyer share is almost 30% plus.
- Devanshu Bansal:** ticket level, you're saying versus last year, it is same if we compare this. So how can this be 50%, 60% increase in gold price.
- Ramesh Kalyanaraman:** Yes. So ticket customer does not increase their budget only because the gold prices are going up because they have their own budgets. But of course, our customers are okay to increase maybe 15%, 20% of their budget. But nowadays, why the ticket size is maintaining at the same level is because the number of times customers shop jewellery has predominantly increased now over the last if you look at 5 to 7 quarters, there has been customers who are coming more frequently

than before. And new buyers are coming to again shop with a lesser ticket size than our own customers.

Devanshu Bansal: Sure. And second thing that I wanted to understand is on the inventory side. So I guess this is mostly related to inventory that is there at our stores. So last year, September, it was around INR7,000 crores on standalone. Now it is about INR8,650 crores, so which is like 25% up. And from a growth perspective also, we have seen a similar number.

So I wanted to check, I think we have done a very good job that despite this 50%, 60% increase in gold price plus this 25% growth, the inventory has only grown by about 25%, right? So what exactly are we sort of doing? Are we light weighting? Are we introducing lower carat products? So any comments there?

Ramesh Kalyanaraman: Yes. So like I have mentioned before, when the inventory price goes up, we do decrease the volume at the store level also. But of course, it cannot be identically reduced wherein if gold prices go up by 50%, we cannot reduce volume by 50%. But we take initiatives to reduce volume at the store. It can be by way of reducing the caratage. It can be by reducing the, the volume of jewellery in plain gold, et cetera. It's what threefold, fourfold exercise, which we do.

Devanshu Bansal: Okay. And has there been a significant conversion also maybe from COCO to franchisee? Is that also a major reason here? Have we sort of over the last 12 months, so have we also sort of converted some of our COCO stores to FOCO stores so that this inventory may not have increased to that extent?

Ramesh Kalyanaraman: Yes. There has been a few conversions in South India, but that is not the major driver. The major driver is because we cut the volume at the store appropriately.

Moderator: The next question is from the line of Aliasgar from Motilal Oswal Mutual Fund.

Aliasgar: Congratulations, sir, on excellent numbers. Sir, question is gold prices have risen quite sharply. So have you observed making charges see any pressure because of that? Otherwise, probably, if I think of it this way, maybe the industry profit pool would have doubled. So just if you can share some thoughts on how are the making charges trending with such a sharp rise in gold prices? And also a related question is there's some reduction in gross margin, which I understand probably could have been because of the higher mix of franchisee? Or do you think that has seen some impact because of also making charges?

Ramesh Kalyanaraman: Yes, it is only because of the franchisee share, which has moved up when compared to Q1, if you are talking about Q1 to Q2.

Aliasgar: Correct. And what about the making charges? Are you seeing any pressure on making charge because the gold price is going up or given that gold price doubling, if you assume the similar making charge, then basically the profit pool of the industry would have almost doubled?

- Ramesh Kalyanaraman:** Yes. So when the price goes up, some benefit we pass on to the customers also, which is an industry norm, some tactical campaigns, et cetera. But otherwise, we don't see any competitive intensity increasing because of this.
- Aliasgar:** Okay. percentage making charges is more or less the same?
- Ramesh Kalyanaraman:** Yes, it's more -- but of course, we do some tactical making charge benefit or something, but the making charge remains the same as we speak.
- Aliasgar:** Got it. So that basically means that if the gold price have doubled probably in the last 1 year or so, then to that extent, the profit pool of the industry would have also doubled, right? Because if you are assuming the same making charges on the gold prices.
- Ramesh Kalyanaraman:** Yes. So even industry does the same. So it is like one player cannot decide what the industry should do, right? So industry players usually go like-for-like, wherein almost they do the similar tactics only for customers to come in.
- Aliasgar:** Understood. Got it. And just if you can talk about the store addition, you gave the number for, I think, 80 stores, which is, I think, for Kalyan, right? Overall, if you can tell me across all different formats, what is the store addition we are building for this year?
- Ramesh Kalyanaraman:** yes, 80 was for Kalyan. And to be precise, 84 Kalyan India, and we want to do 6 international, out of which 3 done. We opened 2 in Middle East and 1 in U.K. and 80 Candere is the plan for the year.
- Aliasgar:** Okay. And out of those 80 Candere, how many are already rolled out?
- Ramesh Kalyanaraman:** Candere is going a bit behind run, right? So Candere, we have opened only 30 as we speak.
- Aliasgar:** Okay. And we will meet the guidance or we will have a slower growth in Candere?
- Ramesh Kalyanaraman:** Still optimistic on the number because Candere, it is much easier to open a store than a Kalyan Jewellers, which you know, because inventory is the same and showroom size is smaller. So we are still optimistic to meet the number 80.
- Aliasgar:** Right. So the slower pace is not because of any issue in terms of the performance or any changes in the store economics, right? I mean it's just a matter of discounting for new properties?
- Ramesh Kalyanaraman:** Yes. in that vertical also, there has been upgradation by certain players. So we had to change certain locations to a bigger location, a better interior, et cetera. So that is why execution got delayed. But otherwise, everything is going on track, which you see on the numbers in Q2.
- Aliasgar:** Got it. And on the regional format that we are launching, what is the target on that for the full year? And how many have we opened so far?

Ramesh Kalyanaraman: No, we haven't opened anything so far. So we will open the first couple of showrooms maybe in Q4 this year.

Moderator: The next question is from the line of Utkarsh Nopany from BOB Capital.

Utkarsh Nopany: Sir, my first question is regarding your Kalyan, Indian operation. So if we see stores revenue growth based on the data which you provided in the presentation, the Indian operation and the franchisee revenue share, then what we see that our COCO stores revenue growth has been consistently trending down for the past 5 consecutive quarter.

So earlier, we were doing around, say, 17%, 18% kind of a revenue growth, which fell down to around 7%, 8% growth in FY '25 and it fell down to 3% in Q1 of FY '26. And now if we see in this quarter, it appears that our revenue growth of COCO stores has degrown by 1% despite the steep rise in the gold prices. So sir, can you please explain the rationale for the same? And I wanted to understand from the context that are we losing market share in our COCO stores.

Ramesh Kalyanaraman: No. As I mentioned earlier, there has been conversions of owned store to FOCO and that is why you see that the revenue has degrown. But on a stand-alone basis, the SSGs are strong even in our COCO showrooms. Predominantly, you see South, mostly all the COCO showrooms in South. Our SSGs are about 15%, 16% consistently over the past 6, 7 quarters.

Utkarsh Nopany: Sir, can you please explain once again? I'm not able to understand. You are saying that we are seeing an SSG growth of 15%, 16% in our COCO stores. So how come the revenue growth is turning down to be negative in this quarter?

Ramesh Kalyanaraman: Yes. So there are conversions which has happened. As I told you before, there has been conversions of certain COCO to FOCO. That is why your revenue on a number basis is coming down.

Utkarsh Nopany: Okay. And sir...

Ramesh Kalyanaraman: Our earlier stated plan, we want to convert our South COCO to FOCO. That is where you see that the revenue is coming down. SSGs are strong, and we have strong revenue growth in COCO showrooms as well.

Utkarsh Nopany: It's not like your COCO stores have remained constant.

Ramesh Kalyanaraman: So what will happen as bigger showrooms would have been converted. And smaller showrooms, we would have opened COCO.

Utkarsh Nopany: Sir, what I was asking is that your Middle East operation has also posted a pretty subdued performance in September quarter on both revenue growth and margin. So what is the reason for it?

- Ramesh Kalyanaraman:** So Middle East is mostly SSG. So again, it's 7%. It was, of course, performing better in Q1 than Q4, but 7% SSG on a higher base and overall growth is around 8%, but this quarter is performing really well. It's on track again. The festive, , the vacation time if it changes, the revenue can switch quarters. That is why SSGs are 7% in Q2.
- Utkarsh Nopany:** Okay. And sir, lastly, like going through your annual report and there, what we see that your employee attrition rate has gone up sharply, which earlier it used to be around 20%, 23% in FY '23. Now it has gone up to around 52% and the female attrition rate is around 85%, 86% in FY '24. So can you please explain the reason why the attrition rate is going up so sharply despite rising employee base and what steps we are taking to bring it down to the controllable level?
- Ramesh Kalyanaraman:** It is predominantly My Kalyan, which we have. My Kalyan, you know that we have a marketing franchise. wherein it is more of door-to-door marketing job. in Kalyan Jewellers, if you see, they don't leave the group at all, right from managers to all senior levels, junior level. But My Kalyan people keep on moving. That is the industry norm of a marketing fieldwork what you call field-work division. For My Kalyan it Should continue at the same levels only. We cannot do anything on that.
- Utkarsh Nopany:** So like is it correct, sir, like My Kalyan, the employee base is roughly around 20%, 22% of your total employee base, and that is only contributing to such sharp high attrition rate. Is that correct, sir?
- Ramesh Kalyanaraman:** Yes. That is the major reason for that.
- Utkarsh Nopany:** Okay. And sir, lastly, sir, like on the balance sheet side, can you just give us some sense like what should be the targeted peak net debt-to-EBITDA ratio for the next 2 to 3 year period?
- Ramesh Kalyanaraman:** I cannot guide you over that. But what you should understand is the gross margins for -- meaning the -- first of all, we'll have to look at the PBT because EBITDA margins are keep on degrowing, will be degrowing at least for the next year because our expansion will be predominantly FOCO where FOCO comes with a lesser gross margin, lesser EBITDA margin, And post the next financial year, we will start opening our COCO also wherein you will see margins increasing again. But since the debt levels will keep coming down and EBITDA will be growing. The ratio should improve meaningfully.
- Moderator:** The next question is from the line of Ashish Kanodia from Citi.
- Ashish Kanodia:** My first question was on the demand side. So if you look at the last, say, 15, 20 days or so, gold prices have started to correct a bit. So last year, when there was a custom duty cut, we saw a preponement of demand and a spike in overall growth. I understand the correction is more gradual, but have you seen any change in consumer behavior in terms of just any preponement of demand, et cetera?

- Ramesh Kalyanaraman:** that's why post Diwali also, the demand is trending the same levels of pre-Diwali. Maybe since the price has cooled off a bit, we don't know. But as we speak, the momentum is strong at the stores.
- Ashish Kanodia:** Sure, Ramesh. The second question was on the EBITDA margin side. Now given that there was an early festive this year, so any expenses which was preponed because last quarter, when I look at the EBITDA growth, it was more than your revenue growth. And this quarter, if I adjust for the base quarter where you had a custom duty impact, the revenue growth and EBITDA growth, both are broadly similar.
- So just wanted to check like while there will be some contraction in EBITDA margin because of franchisee, but then you are also getting some benefit from operating leverage and the pilot you're running. So was there any expenses which got preponed this time, like higher marketing, et cetera?
- Ramesh Kalyanaraman:** Some ad expenses have got booked because the Diwali was early. Otherwise, everything remains the same.
- Ashish Kanodia:** Sure. And lastly, just on the collateral, I think you talked about release of collateral. Can you quantify & what is the value of collateral, which has been released? And broadly by when can we expect this non-core asset sale to be concluded?
- Ramesh Kalyanaraman:** So INR150 crores to INR200 crores of market value assets can be monetized. And we have already taken initiatives to liquidate. the next financial year, if you are being very conservatively, maybe the H2 of the next financial year, not very conservative, H1 of the next financial year.
- Ashish Kanodia:** This Will be the sale of the non-core assets, right?
- Ramesh Kalyanaraman:** Yes.
- Ashish Kanodia:** Okay. And just last bit is the balance, which is still kind of with the bank, the value would be roughly around INR300 crores. Is that the right number?
- Ramesh Kalyanaraman:** Yes, INR250 crores to INR300 crores.
- Moderator:** The next question is from the line of Bhavya Gandhi from Dalal & Broacha.
- Bhavya Gandhi:** Sir, my first question is regarding the store openings because for the full year, we've guided for 89 to 90 stores. And in the first half, we've opened closer to 22 Kalyan stores. So do you think that we'll be able to open the entire 90 stores by the end of this year?
- Ramesh Kalyanaraman:** No, India was 84, which had planned and out of which, as we speak, 40 have been done. 25 in H1 and 15 pre-Diwali. And rest 44 should be done within 5 months to go.
- Bhavya Gandhi:** Okay. Got it. And if you can just explain on a Q-o-Q basis, if you look at the PBT margins, over there also, we've seen some fall. So what is the reason? I understand gross margin obviously will

dilute because of the FOCO mix. But on the PBT margins, what is the reason despite finance cost falling?

Ramesh Kalyanaraman: No, PBT margins have improved, wherein it was 4.5% vs 5.1%.

Bhavya Gandhi: If I look on a Q-o-Q basis, it's showing me almost 40 basis points lower.

Ramesh Kalyanaraman: Quarter-on-quarter, if you are looking at, it will be what you call your revenue mix. It will depend upon your ad expenses, et cetera. It is very seasonal. So we cannot look at quarter-on-quarter. You can look at year-on-year.

Bhavya Gandhi: Got it. And if you can just throw some light on the last 3 years, whatever FOCO stores we've opened, how utilized are they? Are we still where few stores are underutilized in terms of sales? Are they still trying to get some traction? Just wanted to understand how much revenue potential is still possible from the new stores that you opened in the last 3 years?

Ramesh Kalyanaraman: Of course, all the stores perform the same way we want. So there have been what, 5% to 10% of the stores which are underperforming. Again, 5% to 10% of the stores which can -- or more than that, which can overperform and rest will be in the level which we want. And that happens in our COCO showrooms also.

Bhavya Gandhi: Okay. And just, say, for example, if the gold price becomes stagnated, obviously, our SSG will start showing normal growth or maybe negligible degrowth also. So if you can just help us explain what happens in a stagnated gold price scenario to SSGs? Will we still be able to push better product mix or what is the case when it comes to lower gold price scenario?

Ramesh Kalyanaraman: You should actually never relate the gold prices with SSGs because if you put last 6 to 8 quarters, constantly, the SSGs have been strong double digit. But all quarters, gold price increase or decrease has not been double digit. So customers come with a particular budget, and it depends upon the occasion they buy. And volume will be low when the prices are high. When the prices are low, the volume will be high. So that is the way we should look at it. And gold price has no major impact on growth per se.

Moderator: The next question is from the line of Subhanu from 3Head Capital. Please go ahead.

Subhanu: My first question can you tell me a bit more about your major pilot project?

Moderator: Can you please come closer to the mic and ask your question.

Subhanu: Hello sir. Can you tell me a bit more about your two main pilot projects. Why you want to open regional brand? Because as I see franchise owner want to open a Kalyan showroom than your new any regional brand because Kalyan showroom is more popular than any of your new regional brand. And why you want to do backward integration because backward integration will help in overall margin?

Ramesh Kalyanaraman: No. So like what you said, Kalyan Jewellers is a pan-India brand. We are there in almost all the states in the country. And we are a hyperlocal brand where 30% to 35% of our inventory will be local inventory, which will actually be an enabler for a customer to come in. But we focus on customers who are a bit aspirational rather than 100% local.

So now what we are trying to do is to open a new brand, which can be 100% local, 100% authentic to that region so that we can address to customers who are non-aspirational and are extremely happy with the regional/local/unorganized players. That is the new brand, which we are going to launch. We will plan it to launch in Q4. We have not opened any of that kind of format store as we speak.

Subhanu: But why would franchisees would want to open any of your new local brands than any Kalyan brand?

Ramesh Kalyanaraman: The franchisee believes in Kalyan as a jeweller who can manage a store well. And because they are already with Kalyan, they have a journey with them, so they have a trust with the brand. So when the brand announced that it is going to launch a new brand, there are franchisee partners who wish to actually join this journey.

Subhanu: Okay. And my second question about your backward integration and how will this help your overall budget.

Ramesh Kalyanaraman: So you are talking about the new brand, how will it increase? Actually, that has no connection with margin increase. Margin increase, what I told is because of the second pilot which we are doing, wherein backward integration, where we are trying to negotiate with vendors, and get a leaner credit period to increase our gross margin. That was the pilot which I mentioned earlier. The pilot which you asked on the regional brand is what I explained now.

Subhanu: Regional brand margin will be same

Ramesh Kalyanaraman: Regional brand comes with a lesser margin.

Subhanu: ROCE will be high. ROCE.

Ramesh Kalyanaraman: The regional brand, Stock turn will be high. ROCE in the range of, what, 16% to 18% is what we target to achieve with the brand in the initial year.

Subhanu: Okay. Thank you.

Moderator: Thank you. Due to time constraint, that was the last question. I now hand the conference over to Mr. Ramesh Kalyanaraman for the closing comments. Over to you, sir.

Ramesh Kalyanaraman: Thank you very much and look forward for the next quarter. Thank you.

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