



Goldiam International Ltd

MANUFACTURERS & EXPORTERS OF DIAMONDS & JEWELLERY

CIN:L36912MH1986PLC041203

May 26, 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
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Dear Sir/Madam,

Sub: Transcript of Earnings Call held on May 23, 2022 pertaining to the Audited Financial Results (Consolidated and Standalone) for the quarter / year ended March 31, 2022 of the Company.

In continuation of our letter dated May 20, 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 Call on Audited Financial Results (Standalone and Consolidated) of the Company for the quarter and year ended March 31, 2022 held on May 23, 2022.

You are requested to take the same on your records.

Yours faithfully,
For **Goldiam International Limited**




Pankaj Parkhiya
Company Secretary & Compliance Officer

Registered Office

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Goldiam International Limited
Q4 FY22 conference call
23 May 2022

Moderator: Gentlemen, good day and welcome to Q4 FY22 conference call of Goldiam International Limited. As a reminder, all participants' lines will be in a listen-only mode and there will be an opportunity for you to ask a question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your telephone keypad. I now hand the conference over to Mr. Rahul Jaju from Dickenson World Private Limited. Thank you and over to you, Mr. Jaju .

Rahul Jaju: Good evening, everyone. A very warm welcome to everyone presents here for the Quarter 4 and Financial Year 2022 Goldiam International Limited. I would like to remind you that today's remarks might include forward-looking statements, and actual results may differ materially from those contemplated by forward-looking statements. Any statements we make on this call today are based on our assumptions as on date, and we have no obligations to update these statements as a result of new information or future events. Today, we have with us, the management of Goldiam International represented by Mr. Rashesh Bhansali - Executive Chairman and Mr. Anmol Bhansali – Whole time Director. I would now like to invite Mr. Rashesh Bhansali to make his opening remarks. Over to you, Sir.

Rashesh Bhansali: Thank you, Rahul. Good evening, everyone. We welcome and thank you all for taking your time out this evening to have a brief interaction with us. I hope you all had a chance to browse our investor presentation uploaded on our website and exchanges. The financial year 2022 was a landmark year for Goldiam as it surpassed the key PAT milestone of Rs. 100 Crores. We had set this ambitious target in FY 2019 aiming to double our profits in three years. We are delighted to inform you that we have delivered on this goal. Looking at the performance for the year under review, I am happy to report that we significantly outperformed our sector with profitable growth. This reflects the skillful execution of our product and sales strategy, rigorous financial discipline and a shared culture emphasizing responsibly and the commitment to both our customers and shareholders. Additionally, the company is in the process of deploying our CAPEX of Rs. 100 million for enhancing the companies in house lab grown diamonds capacity. The added capacity will be available for commercial production from Q1 FY23. We are also evaluating a roadmap further to double this capacity in the coming two years to meet our aspiration of becoming a significant producer of lab grown diamonds. The company's order book remains robust at more than 150 crores, which is expected to be executed within the next few months. This gives us strong visibility of the near-term expectations of the company. Goldiam follows an ROE driven business model. For its natural diamond jewellery, the company

offers mainly small carat-based products still with an exclusive design-based model. We can garner better realizations and higher margins. The company maintains limited SKUs with exclusive designs and does business with the world's best retailers that have been affiliated with Goldiam for a long time, vouching for all repeat orders.

Moving on to lab grown diamond jewellery, we are amongst the first few pioneering to grow, manufacture and distribute lab grown diamonds and jewellery. without subsidiary, eco-friendly diamonds LLP, company has been going from strength to strength both in terms of scalability and product. Currently, lab grown diamond jewellery constitutes 20% of overall revenue and is nowadays witnessing strong growth momentum. Goldiam has been focusing on large carat-based diamonds, which yields better realization and, in turn, higher margins as well. Thereby, mirroring its strategy of following ROE based business model. Along with a focus on larger carat-based diamonds; the company has focused on integrating these diamonds into its jewellery distribution networks, thereby securing captive consumption in a rapidly growing segment of the industry. The average ASP of lab grown diamond jewellery stands substantially, at a premium of 120% over mined diamond jewelry of the company. Along with the appeal, the online business is also quite ROE lucrative. It enables the company to have better inventory turns and reduced debtor days. That in turn affords us a shorter working capital cycle, in fact, negative working capital to be more precise. Our overall ROE for financial year 2022 stands at 22% while FY21 was at 15% from 6% in FY 2018, while our ROCE has improved from 10.6% in FY 2018 to 60% in FY 2022. Coming to our balance sheet, we are proud to inform you that Goldiam enjoys a net debt free status. In fact, the company has Rs. 200 crores of cash and cash equivalent as of date. With that, we shall be happy to take questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Dixit Doshi from Whitestone Financial Advisors Private Limited. Thank you, please go ahead.

Dixit Doshi: Firstly, congratulations for the great performance this year. Now, with this kind of growth our base has gone up. So, what kind of growth you are looking in FY23 and beyond, also considering the fact that the inflation in the US is going substantially high. So, how are you seeing the retail market demand there?

Rashesh Bhansali: Thank you, Dixit for encouraging us with your warm comments on our growth. For the existing current year, we believe that the inflation in America may cause some type of a concern for middle-class people over there to buy jewellery. But nevertheless, the company fights that with lab grown diamond jewellery. Lab grown diamond jewellery is retailed essentially because of its costing being cheaper than natural and mined diamond jewellery. So, we believe that there will be a good and sound business for the company. And since we have come out from a year of a huge growth, we are looking for a year of consolidation to a modest 5% to 10% growth for the existing year.

Dixit Doshi: If I see the Q4 performance, I think the gross margin has come down slightly even though our profitability has improved due to the other efficiencies. So how do you see gross margin behaving?

Rashesh Bhansali: So, we actually don't have too much of a concern on our margins because Goldiam as a company runs after margin-oriented business. So, I don't think our margin will suffer in the existing year as well.

Dixit Doshi: One last question, in one of our previous interactions maybe 2-3 years back you had mentioned that in lab grown diamonds the power cost is very important and you were looking at expansion somewhere where the power cost is low. So, any update over there?

Rashesh Bhansali: Right now, what is important for you to notice that SEEPZ itself in Maharashtra, have already reduced our power costs from Rs. 12 and Rs.13 a unit to Rs. 9 a unit already. Now coming September, we are hopeful that the interactions we had done with the power ministry and the government, we are expecting the Rs. 9 to go down to Rs. 7. If that is happening in near future, then I don't think there is really any need for us to go anywhere else.

Moderator: The next question comes from the line of Aman Vij with Astute Investment Management. Please go ahead.

Aman Vij: My first question is on the lab grown diamonds; we are undertaking Rs. 10 crores CAPEX which will be commercialized in May itself. So, what are the utilization targets for this year of the new CAPEX as well as you have also talked about a bigger CAPEX after this Rs. 10 crores CAPEX. This if you can briefly talk about that stands as said.

Rashesh Bhansali:

Anmol Bhansali: So, thanks Aman for your question. So, the Rs. 10 crores CAPEX addition will yield about 35% to 40% additional capacity for our lab grown growing unit. And we expect to be at full capacity from the very beginning, capacity utilization hope this is actually in advance of orders that we have already received for the company. So, we are not expecting to do this CAPEX and undertake this CAPEX without confirmed off-take from our customers. So, we are very happy and pleased that the additional machinery that we are setting up, all the product that comes out of it is already pretty much spoken for or we have orders to utilize that additional capacity as well. For the second part of the question, I will refer back to our chairman.

Rashesh Bhansali: Aman, the second part of the question is how much is the further CAPEX that the company plans to do? So, the company definitely plans to invest in such businesses which are profitable for us, and we are looking towards an additional off between Rs. 10 crores to 35-40 crores of CAPEX within the next 12 months to increase our own diamond growing capabilities.

Aman Vij: One final question on lab grown diamond and then I will come for other questions. So, as a mix it is 20% currently. So, what do you think this number will be for FY23 and say three years hence, what can be the contribution of lab grown diamond?

Rashesh Bhansali: We are actually expecting lab grown diamonds to grow very strongly. So, I can say that in FY23, we may look at 25% of the overall business and within three years we expect it to be more than 50% of Goldiam.

Aman Vij: On the customer side, if you can talk about what is the latest number of large customers who are taking our lab grown diamonds in the US and what is our target? Where do we see this number of customers in the next one year?

Rashesh Bhansali: You must understand that the number of customers is that we will get sell to the larger retail outlets there and we have just got empaneled with the world's largest retailer for lab grown diamond jewellery. So, we are currently selling to five very large customers for lab grown. We just got empaneled with the world's largest last week. We truly are expecting these numbers to grow because all of these customers have the capability to buy from \$5 million to \$50 million of jewellery of lab grown from us individually.

Aman Vij: That's very good to hear. Finally, if you can talk about our website Jewel Fleet and also, we had taken other measure of appointing someone to help us reach more players. If you can update us on this.

Rashesh Bhansali: Jewel Fleet has been an essence operation for us where work has started, business is a little slow on our own website because of marketing, but we have already appointed one middleman and a wholesaler who has already started working on this and work has started on it. We will be able to update you more about Jewel Fleet in the next few quarters.

Aman Vij: Final question sir, have you seen any increased competition on lab grown diamond either from India players or international?

Rashesh Bhansali: I think in lab grown diamond the increased competition if any, is coming only from Indian players. Because there are a few people in regional cities is like Surat and Ahmedabad which probably grow these labs grown diamonds but again you must understand they sell loose diamonds. We are the only ones who actually grow diamonds, cut it, make jewellery out of it and send it to retailers ourselves. So, we are in a much better position.

Aman Vij: Any other big listed players or unlisted players who have talked about their lab grown diamonds plan and you have seen them on grounds...

Rashesh Bhansali: We have another list of players who buys and treats in lab grown diamonds but there is no other listed grower in the lab grown diamond. Goldiam is the only listed grower in our country

and probably the only listed company in the world which grows, cut the diamond and makes jewellery with a full 100% backward integration.

Moderator: The next question comes from the line of Aakash Jhaveri with Perpetual Investment Advisor. Please go ahead.

Aakash Javeri: Just one question, in your opening comments you mentioned that lab grown diamonds post 20% in the year. If you could just tell me in Q4 what was the contribution from lab grown diamonds and also what is the contribution from our e-commerce business in the quarter as well as the year?

Rashesh Bhansali: Let me answer that. In Q4, the contribution of lab grown diamond was slightly lower than Q3, because Q3 is the biggest quarter of our company that is the time when all Christmas orders and Thanksgiving orders are off taken. So, Q4 nearly had a lower contribution from lab grown diamonds. So, the growing capabilities of the company we grew enough, and all being used for the orders that will be delivered right now and in the next quarter.

Aakash Javeri: And on the e-commerce front what would be the break-up for the quarter as a percentage for the quarter as well as a year?

Rashesh Bhansali: For Q4?

Aakash Javeri: Yes. As an e-commerce business as a whole, like a.com business, as come to what percentage for the quarter and what percentage for the year?

Rashesh Bhansali: That has been maintained at 15%.

Aakash Javeri: And how was the lab grown diamond evolution been over the last couple of years and how do we expect it to move ahead?

Anmol Bhansali: So, lab grown diamond has been very steadily increasing in the US market. We have been very excited to see the total growth among retailers. Within Goldiam distribution itself, not only we introduced lab grown with certain retailers but also help them to expand their offerings very dramatically across categories of jewellery type. As mentioned by our chairman just a few minutes ago, we were very excited only in the last week or so. We have recently been appointed or empaneled to sell lab grown diamonds into the world's largest retailer also which is located in the US. That potentially is a sizeable market. We basically see different retailers playing their strategy as to how they want to introduce lab grown diamonds, it is definitely without a doubt in the US become a category that every retailer needs to have at varying degrees of skill and the Goldiam is striving to be the number one vendor or the number one supplier that can provide an end to end integrated solution for these retailers within this high growth areas of lab grown diamonds, whether it is our smaller diamond jewellery, large

diamond jewellery and all of it, we even doubly added onto their website and e-commerce, we want to place ourselves as we go to vendor, a vendor for lab created diamond. So, this is the way we are seeing it playing out in a way it is excited to be in the right place within the market right now.

Aakash Javeri: Just a follow-up question with what Mr. Bhansali said that if lab grown diamonds can be 50% of our business in the next three years, then whether our EBITDA margins also permanently move close to 25% to 30%?

Rashesh Bhansali: If lab grown diamonds become 50% of our business, EBITDA will definitely move close to 25%.

Aakash Javeri: This is a question about the recent agreements that have been signed by Australia and the UK. Do we see any form of gain coming from there or any new business that we can expect coming from these countries or do we feel US is still our biggest and we will stay our only from market?

Rashesh Bhansali: I think US is the biggest and we hoped that we can do right in Australia and UK as well. The company is trying and selling to a few major retailers out there. We just need to increase our designing capabilities right for those markets and the styling of designs to improve markets over there. So, I guess everything will take its own time but currently US is our largest market for sure.

Anmol Bhansali: But just to add on US is definitely our top priority and I think the most similar market to US will be Australia. So, we would be looking in the future to start selling in these markets as well.

Moderator: The next question comes from the line of Khush Gosrani with Incred Asset Management. Please go ahead.

Khush Gosrani: I just wanted to understand in terms of gross margin reduction, is it because of this LGD case down or is there something else as well which we weekly after re through?

Rashesh Bhansali: The gross margins reduction in the quarter is what you mean in the last quarter?

Khush Gosrani: Quarter and full year actually.

Rashesh Bhansali: The full year, the gross margins have been very good. We were working on a 22% EBITDA.

Khush Gosrani: And for the quarter?

Rashesh Bhansali: For the quarter also, we are working on a 21%-22% EBITDA. But the whole situation for the quarter was that, because of some supply chain constraints, the orders that we had received, we had to pay more for the procurement of raw material because of the ALROSA problem and the Russian sanctions. But, now the company has bought enough raw materials that for the

next two to three months, the company has enough goods with that to house the orders. So, I think this should not be repeating again.

Anmol Bhansali: Just to add on as well, we have successfully as on date passed on the increase in raw material prices to our customers as well. So, raw material price increases are being passed on to fill any finished prices to the customer as well.

Khush Gosrani: So, it was just that timing. And in terms of OCF, after working capital is (-) Rs. 15-10 crores when compared to Rs. 50 crores last year. So, what has happened on the working capital side? Is it only majorly inventory side?

Rashesh Bhansali: So, clearly, we are building inventory right now. We have the goods for the order. Because we didn't want to face any supply chain and even for e-commerce, we are delivering five to seven days of guaranteed delivery. So, we have to buy the inventory and hold it. That is the current reason why you may see that.

Khush Gosrani: And the situation is easing out?

Rashesh Bhansali: It will ease out in time.

Moderator: The next question comes from the line of Alia with SR financial services. Please go ahead.

Alia: My first question is how we are able to reduce our working capital days? Do we have any specific numbers we are targeting going ahead?

Rashesh Bhansali: 15% of our business is actually e-commerce and that is working on a negative working capital. I think this helps dramatically in ensuring that our working capital days are reduced, and they will further reduce. We are also working with clients to ensure that we get goods, and we get all our payments within 90 to 120 days and some wholesalers we ask from 120 to 150 days. So, we were working towards more efficiency on working capital and number of days.

Alia: Secondly, I want to understand like, what are we targeting for next three years in terms of profitability and revenue growth and capital allocation? So, next year's estimates for the profitability

Rashesh Bhansali: I am asking for a year consolidation coming out from such a huge growth and with the inflation in America and all over the world, we are looking for a year of consolidation or a modest growth of 5% to 10%. We are also looking for a CAPEX to make and have more lab grown diamond machinery to anywhere between tune of Rs. 10 crores to Rs.35-40 crores is something that the company is looking to invest in growing its lab grown capabilities.

Moderator: The next question comes from the line of Sai Kumar Individual Investor. Please go ahead.

Sai Kumar: I have a small question. So, what do we mean by backward integration sir?

Anmol Bhansali: So, backward integration we mean that we not only are producing jewellery but we also produced the lab grown diamonds that go inside that jewellery. So, we grow the diamond ourselves cut it ourselves use that into our jewellery completely integrated operations and distribute that to retailers in America. So, right from the very start of growing diamonds till putting it in range and distributing those jewellery pieces to US clientele we are completely integrated, and lab grown that.

Rashesh Bhansali: So, in another nutshell, Mr. Sai Kumar that the entire value chain and the profitability in that value chain comes only to Goldiam because we do all the work connected with lab grown diamonds from mine to market.

Moderator: The next question comes from the line of Neha Sharma Pearl Globe Investments. Please go ahead.

Neha Sharma: One question, as you mentioned that you are exploring B2C business in India. So, can you throw some light on that strategy?

Anmol Bhansali: We are still in discussions under management and the value we came opportunities. However, the idea is that, basically we believe lab grown diamonds is a strong industry that is we have to stay. Like we have seen in the US, it is going to dramatically grow once the public understand what lab grown diamonds are, how they differentiate and more importantly, how they are the same as natural diamonds in many ways and forms the cost advantages are significant and we believe that in a country like India, it might end up being a strong segment of the overall jewellery industry. Goldiam has not historically sold in India before and the market here is both very large and growing, there is increasing use of diamonds not just plain gold jewellery but an increasing move and shift as India's economy grows and the average consumer preference for diamonds of jewellery moves towards diamond studded. We think our lab grown diamonds will offer very attractive products to the average Indian consumer as well. So, with these thoughts in mind, we the management at Goldiam is thinking and evaluating opportunities. At the moment, there is nothing to share, but this is something that we believe we could look into investing in the upcoming year also.

Moderator: The next question comes from the Ayush Agrawal with MAPL Value Investing Funds. Please go ahead.

Ayush Agrawal: My question is on the LGD side. You mentioned that Goldiam has probably the only one who is doing end to end in this business in the listed space. So, where do you see competition from in the value chain or who would you call your competitor as? And are they from India? Which are these companies because we have seemed to be doing pretty well here? I want to understand

that where is our competition based and who are the competitors probably bigger than ours or smaller than ours?

Anmol Bhansali: Thank you Ayush for the question. So, we are now pretty much very well integrated in lab grown for more than 85% of our growing is captive consumption within Goldiam for jewellery orders itself, our competition really is similar size and like-minded wholesalers of jewellery distributors in America that had accessed to and continuously sell to large US retailers. That is what I would say today is our competition in the lab grown space.

Ayush Agrawal: So, can you name a few of them?

Anmol Bhansali: Among the public companies there is a Reminiscent Global and a bunch of private companies as well, they basically are wholesalers and distributors of fine jewellery to the US retail market like we mentioned in the past. We differentiate by being in this competition, we differentiate by being the only one that is growing CBD diamonds ourselves, lab grown diamonds ourselves and therefore we are able to offer a complete product meet to these retailers whether they want small diamond jewellery or large diamond jewellery, we are the only company that offers an entire range.

Ayush Agrawal: My second question is related to LGD only. Given that it is the high growth high margin segment, and we are very well integrated, and I guess high margin is a result of that as well. But I just want to understand from you that what is protecting us in terms of margins and growth in the value chain is this that, it is difficult to get the retailers, is it difficult to manufacture LGD and is the tech difficult? So, what really is protecting us from high margins and high growth and what will protect us going ahead?

Anmol Bhansali: Absolutely, great question. So, two main points that protect our margins in the lab grown space. Number one is the technology, Goldiam at least eco-friendly diamonds when it was started spent about two years, just in R& D and trying to grow diamonds and trying to get the right formula how to grow diamonds that itself takes time and to do it consistently month-on-month in a commercialized rate is also a difficult sort on its own. We are very happy that we have been able to not just crack the formula but also consistently grow gem quality diamond last month-on-month without fail. Within this space also, we have a license for four US patents in perpetuity that allows us to grow and very easily reach out to US retailers and sell to them. And that links to the second point which is a key differentiator is that by integrating into jewellery and selling into our distribution, the distribution allows us higher margin because effectively we take the margin throughout the entire supply chain at every point from growing diamonds to cutting, to making jewelry and by being integrated, we are able to enjoy that entire pipeline of margin versus a competitor who is only buying a polished diamond, making jewellery and selling it to other more constructed sort of margin profile to enjoy. It is both technology and distribution capabilities that differentiate us and going forward also maintain our margins.

Ayush Agrawal: Just one more question to end with what's the kind of capacity addition do we see by LGD space in the large studded because I think that is where we are mostly present.

Anmol Bhansali: Absolutely. Just this May, we will be setting up the Rs. 10 crores CAPEX will be going into operation and that will be an additional 30% to 35% capacity. So, we will be going over 650 polished carats every month. That is the capacity will be at.

Ayush Agrawal: I was talking about at the industry level.

Anmol Bhansali: At the industry level, I cannot really quote any figure. So, there is no readily available easy data with us, but we can definitely see that the industry on the demand side is going very well, and I am sure various manufacturers are creating capacity as needed.

Moderator: The next question comes from the line of Karthik Bhat an individual investor. Please go ahead.

Karthik Bhat: My question was slightly quantitative in nature. I was reading that there is an increase in acceptance and demand for our lab grown diamonds for occasions like engagement, wedding and all. So how true is that I always seeing the behavior of increase in demand in the US market number one. And if yes, doesn't in that context is this guidance of 5% to 10% slightly conservative in nature. That is one and second is you entered at in organic ways of growing during the last call, is that on old or any further color on that?

Anmol Bhansali: I will take the first part of the question regarding lab grown diamonds absolutely Mr. Karthik, I think more than a very large percentage of our lab grown jewelry sale that actually go into the engagement and wedding category. So, we are rather than fashion because we focus on large carat diamonds and growing large carat diamonds by nature that comes into the more engagement and wedding category. One key metric that you could see as our average selling price for natural diamond jewelry from Goldiam is around \$500. But, within lab grown diamond because we use much larger diamonds and much larger diamond sizes, the average selling price is over \$1,000. We are completely well-placed within driving engagement and wedding in the lab grown space. Regarding your follow-up question, I will ask the chairman to tell some remarks as well. If you could repeat it, kindly that would be great.

Rashesh Bhansali: Karthik, can you repeat the second question?

Karthik Bhat: You have entered at inorganic ways of growing during the last call, any further point or any further color on that? During the last call, you are denuded to maybe when you are also open to up fortunately.

Rashesh Bhansali: We are still in talks and we are looking, we still have not found the right fit for us to do a venture with somebody else for the time being. We are always on the lookout to find an inorganic way

of growing and to get an acquisition which helps us in distribution that is the most important thing for us.

Anmol Bhansali: I think just to add on as well, valuations coming off slightly well, it will only go positively moving forward.

Moderator: The next question comes from the line of Aakash Jhaveri with Perpetual Investment Advisor. Please go ahead.

Aakash Jhaveri: Just another question that do we see green shots of a jewellery and lab grown in particular manufacturing, shipping to countries like India Thailand mostly China and the second question that would be, how do we compete against the countries like Thailand which countries are main competitors?

Anmol Bhansali: Right to Thailand, China our competitors in the jewellery manufacturing space globally alongside India. We are very well-placed as a country for jewellery manufacturing. India is the diamond cutting hub of the world, 85% or 90% of diamonds that are mined around the world are cut in India and within lab grown as well, almost entire lab grown production of the world is cut and polished in India. So, having that sort of backing right next to us allows jewellery manufacturing to be very positive as an industry within India. With regards to your question of movement of market share, I think this FTA agreement that has been signed especially with Australia and the UK, two countries that do buy jewellery from China and Thailand. I think it will only board very well for India. For the Indian jewellery manufacturing industry, where we will be able to as an industry take market share away from the other countries. I think moving forward having that sort of ecosystem largely helping them and the industry will also end up boarding well for Goldiam where we will be able to take advantage as we see opportunities available to us.

Aakash Jhaveri: Just another question was that if you could explain how the order book, the evaluation of the order book throughout the year, the order book at the end of Q4 and we have order for the season starts coming in also which month and then, so can we expect a much higher order book by the end of Q1 FY23 or like significantly higher in the current quarter or could you show some light on how the order book works?

Rashesh Bhansali: Akash, Goldiam works in the seasonality of business cycle. We are biggest since America is the biggest customer and biggest market. And the biggest times where people spend in America is clearly Mother's Day, Thanksgiving and Christmas day. These are the times where the maximum retail sales are happening or where the consumers are buying huge online, and they are going to the stores and buying jewellery. So clearly effective, we are producing for these days and of course we are in the engagement wedding business. So, weddings also happen virtually every day. On an average our order book is always consistent at Rs. 150 crores to Rs. 170 crores but from July the order book increases to house all the seasonality orders as well.

July, August, September, October, November & December are the biggest months for the company in terms of manufacturing and exports.

Moderator: The next question comes from the line of Aman Vij with Astute Investment Management. Please go ahead.

Aman Vij: My first set of questions to Anmol on the lab grown diamond business. So, when we talk about, we have added the largest retailer, are you talking about Walmart, or you are talking about largest jewellery retailer?

Anmol Bhansali: Largest jewellery retailer.

Aman Vij: And you had talked that most similar market to US is Australia, which we might be targeting in future and so Europe is not a target market for us?

Anmol Bhansali: Great question Aman, it is just related to jewellery design and jewellery merchandising. The type of jewellery that Australia buys is very similar to the type of jewellery that America buys, European jewellery is a lot finer and a lot smaller in terms of the number of diamonds used, qualitative of diamonds and the look and feel of the jewellery. Given our strong presence and our focus on US jewellery and the US jewellery industry, Australia is a natural addition.

Aman Vij: And sir on the capacity, what is the total gross block on the lab grown diamond which we have?

Anmol Bhansali: I will have to get back to you on that, Aman. If you don't mind, we can image you with the details.

Aman Vij: My next question to the chairman sir, on the e-commerce contribution which is 15% currently sir, if you can talk about what is our target for next year and next three years?

Rashesh Bhansali: So, we are looking for a good business coming from e-commerce within our company. So, what is currently 15%, we are looking for it to grow to 25% within the next few years.

Aman Vij: On the base business, if you can talk about do we see 5% kind of growth or do we see to remain flat days over next one year and three years.

Rashesh Bhansali: If you really see only for the one year, I can see coming out from a high growth point and with inflation in America that faces right now we are looking to consolidate and maybe grow from 5% to 10% for the existing year. But post that we will definitely see 15% to 20% growth.

Aman Vij: When I was talking about bases, I was saying, so if you remove the lab grown diamond which I think will again grow well this year. I'm talking about the remaining Rs. 500-550 crores business which is...

Rashesh Bhansali: That will grow at 5% to 10%.

Aman Vij: So, you think even on this base over the next three years it can grow at 5%-10% CAGR?

Rashesh Bhansali: Yes. On a three-year area, it can grow on 5% to 10% without a problem.

Aman Vij: Final two question on the cash or profits side, we are now generating Rs. 100 crores number and which will keep generating Rs. (+) 100 crores. Do you plan to increase the dividend or do consistent buybacks like last year or you have done one, but can we expect because our business...?

Rashesh Bhansali: Goldiam follows a very clear shareholder reward policy. If you have a 50% minimum dividend distribution passed by the board of directors whether it sums up dividends or buy backs. So, Goldiam will keep doing these things to ensure that shareholders are well rewarded.

Aman Vij: So, you are saying out of Rs. 100 crores every year which we will generate, we can distribute Rs. 50 crores to each shareholder in any form?

Rashesh Bhansali: Our policy is that on the standalone, 50% of the standalone profits must be distributed as a minimum.

Aman Vij: Then sir, standalone only contributes like 50% of the company's profits. So, on a consolidate, then you are talking about 20%-25% policy versus...

Rashesh Bhansali: Not at all because the company as on a consolidated basis does buybacks every year as well, every two years but I don't think we should make any forward-looking statements on buybacks. Company will announce it and the company has a sound shareholder reward policy and will follow it and any such announcements will be made when the board approves it.

Aman Vij: Final question to the team. Now we are doing as of last year \$20 million and say roughly a lab grown diamond. If you can talk about at a global level and maybe India level who are the players who are doing \$20 million kind of business in lab grows?

Rashesh Bhansali: From India, I guess there is nobody else.

Aman Vij: If can talk about it in China or any other places who are the big players and what are their skills...

Rashesh Bhansali: Currently it is such a nascent and a new industry, these figures are not how we have done and there is no council of government. I think within another next year or something such a lab grown councils will be formed and figures will be made more easily available. The only thing I can tell you is that the American lab grown business close to \$4 billion right now at retail level.

Aman Vij: That is the number you have shared earlier. My point was are we in the phase according to your estimates, are we in the world top 5, top 10 as of now in lab grown diamonds specifically.

Rashesh Bhansali: We cannot be in the top 5 and 10 but we are definitely the topmost producers and probably are the only one with 100% backward integration and margin.

Aman Vij: Do you think in the next 3-5 years we can reach top 10 or top 20?

Rashesh Bhansali: Well, it all depends on the CAPEX, the company is able to do and the distribution that the company is able to work on the said diamond. Currently, we were selling in America, if lab grown diamonds get more accepted in India and the company formed B2B division in India, yes, we can get into a much stronger, a much stronger opportunity for us.

Moderator: The next question comes from the line of Karthik Bhat an individual investor. Please go ahead.

Karthik Bhat: Do you mind sharing the order backlog currency and has it increased YoY.

Rashesh Bhansali: I have already said that earlier, we have a current Rs. 150 crores order and increasing and July is the type where we get larger order for the season.

Karthik Bhat: And it has increased compared to last year YoY.

Rashesh Bhansali: 200 crores getting on cash right now.

Moderator: Thank you. Ladies and gentlemen, we have come to the end of question-and-answer session, and I would now like to hand over the conference to Mr. Rashesh Bhansali from Goldiam International Limited for closing comments. Thank you.

Rashesh Bhansali: Thank you everyone for joining us on this con call. I wish you all a great evening. I hope we have answered your queries properly. If you have any further queries, please reach out to our investor relations team. We will be delighted to respond to all your questions. Thank you all very much for joining us. Stay safe and stay healthy. Thank you.

Moderator: Thank you. On behalf of Goldiam International Limited that concludes this conference. Thank you for joining us. And you may now disconnect your lines.