D.P. Abhushan

Operator: Good morning, everyone. This is the fourth day of the Bharat Connect conference. I welcome you all to the call of D.P. Abhushan Ltd. Today, from the management side, we have Mr. Manish Laddha, CFO. Before I hand over the call to management, I will explain the flow of the event. We will start with brief introductory remarks by management, followed by a question-and-answer session. Over to you, sir.

Manish Laddha – CFO: Good morning, everyone. I am Manish Laddha, CFO of D.P. Abhushan Ltd. D.P. is a group that has been present since pre-independence, since 1940. D.P. Jewellers is the legacy that was established in the name of Dulchand Pannalal Kataria. The "D" stands for Dulchand and the "P" stands for Pannalal. This is how the name originated in 1940, and the legacy continues even today.

The journey started in 1940 and continued until 2010. There was only one showroom, situated in Ratlam. Ratlam is considered to be the Golden City of India. The legacy they carried was based on the DNA of trust, transparency, and product quality. These three principles have been carried forward over the last 86 years. They are the core principles followed by the fourth generation currently involved in the business, while the fifth generation has also entered the business across various verticals. They are currently at the learning stage.

From 1940 to 2010, there was only one showroom in Ratlam. It was the legacy showroom, with an area of approximately 2,200 square feet. As the generations grew, they decided by 2010 to expand beyond Ratlam. As the siblings grew older, they understood that there was no point in remaining in one place and decided to explore locations outside Ratlam.

They first conducted an exhibition in Indore. They received a phenomenal response in 2010 and immediately decided to open a showroom outside Ratlam, in Indore. They started their journey in this manner and continued to receive a good response. They then added Udaipur in 2012 and Bhopal in 2015. By 2017, the promoters had gained a clearer understanding of the market. They felt there was no reason to restrict themselves to three or four showrooms.

They brought the company to the SME platform, raised funds, and expanded the business through the SME platform. It was the first company from Ratlam in this sector to be listed on the SME platform, and by 2020 it had moved to the main board of the NSE. During the COVID period, in 2020 and 2021, D.P. opened 3 showrooms, even when many businesses were shutting down. D.P. continued to open showrooms because customers were responding positively at all the locations where we opened. The branding, brand awareness, and trust factor, which had been built since 1940, played a very important role.

Through this journey, we reached 2024, when we also got listed on the main board of the BSE. Last year, we opened 2 showrooms. One was the larger showroom in Ratlam, with an area of approximately 9,500 square feet. In March 2026, we opened a showroom in Dhar. As of March 2026, we had 12 showrooms. More recently, on September 24, we opened another showroom in Dahod.

We made a strategic entry into Gujarat through Dahod, taking forward the existing relationships. A large customer base from Gujarat used to visit Ratlam or Indore to purchase jewellery. We already

Report is AI-generated and may contain inaccuracies.

had customer data and brand awareness in that market. That was the reason we started looking at the nearest state, Gujarat.

As of today, we have 13 showrooms: 7 in Madhya Pradesh, 5 in Rajasthan, and 1 recently opened in Gujarat.

When we discuss the vision, D.P. has certain core pillars. Our product mix consists of approximately 90-92% gold. Studded jewellery accounts for approximately 5-6%, while the balance consists of silver and gift articles. D.P. is primarily known for its wedding collection. Approximately 58-60% of our sales come from bridal and wedding collections. Around 20% comes from the festive season and gift articles, while the balance comes from daily wear and office wear. This is our product mix.

Broadly, we have 2 formats of showrooms. Until now, all our showrooms have been in the COCO format. We have 2 formats: small-to-medium showrooms, ranging from 3,000 to 5,000 square feet, and larger anchor showrooms, ranging from 8,000 to 10,000 square feet.

As of today, we have 2 anchor showrooms, one in Indore and the other in Ratlam. Both are above 8,000 square feet, and each is approximately 9,500 square feet.

In terms of inventory turnover, D.P. has a healthy inventory turnover of approximately 4.7-5 times. The reason is very simple. Regardless of whether the showroom is 5,000 or 10,000 square feet, it contains a substantial amount of merchandise. Whoever visits these showrooms is likely to make a purchase. Our conversion ratio is more than 80-82%. The conversion from footfall itself tells this story.

The second important point is that wherever we have expanded, we have expanded in tier-two and tier-three cities. Generally, when you visit tier-two and tier-three cities, people do not come as walk-in customers. They visit with the intention of purchasing jewellery. Their visit is purpose-led. That is the reason the conversion ratio and inventory turnover are both so high.

When we look at our peers, normal showrooms generally have an area of 1,500 to 2,500 square feet, with very few reaching a maximum of 3,000 square feet. Our smaller showrooms generally range from 3,200 to 3,500 square feet, while the larger showroom is approximately 9,500 square feet.

A substantial amount of inventory is maintained in these showrooms. Even in tier-two and tier-three cities, people still prefer to buy 22-carat jewellery, which is a relatively monopolistic product in those locations. However, in the recent scenario, as younger generations are adopting different design concepts, we have also worked on this segment. Lightweight jewellery, attractive designs, and daily wear are also growing segments.

Our studded jewellery mix is approximately 5-6%. The reason is very simple: in tier-two and tier-three cities, acceptance of diamonds has increased over the last 5-6 years. Apart from that, gold continues to dominate in these areas.

For a normal store size of 3,000 to 5,000 square feet, our capex investment is approximately 2.5-3 crores. For anchor showrooms of more than 8,000 to 10,000 square feet, capex is between 7 and 7.5 crores.

Report is AI-generated and may contain inaccuracies.

The inventory levels in these locations are approximately 35-40 kilograms at a minimum for the smaller showrooms and 80-90 kilograms for the anchor showrooms. In terms of value, the investment is approximately 45-50 crores for a smaller showroom and 80-100 crores for a larger showroom.

During the season, an additional exposure of approximately 1.25-1.5 times is maintained in all these showrooms because turnover is very high during the season and additional inventory is required.

The most important feature of D.P. is our real-time replenishment system. This is very important to understand. How does it work? Since we maintain a large amount of inventory across all showrooms, we have developed an automated tool. If a sale takes place at any showroom, the system automatically checks whether a similar product is available at another showroom or in our normal buffer stock.

If the product is available, the system automatically instructs the merchandiser to issue that particular stock to the relevant showroom. If it is not available, the system automatically issues a purchase order to the relevant vendor partners who manufacture those particular products.

Management: Those vendor partners manufacture those particular products. This is how replenishment takes place. Real-time replenishment is particularly effective in the case of gold jewellery. We receive jewellery from our vendors almost every second day.

We do not have in-house manufacturing. Everything is manufactured either through job work or on an outright basis. We have already started procuring approximately 30-35% through job work, while the balance is procured on an outright basis.

We also have certain exclusive vendor partners who manufacture only for D.P. Design plays a very important role. We have our own in-house design team, and we also work jointly with vendor partners on co-product development. When these two aspects work together, the resulting products have strong design concepts, good quality, and suitable parameters based on market requirements.

When we decide how to select new locations, we primarily conduct a market survey whenever we plan to open a showroom in a new location. We have a dedicated team for this purpose. The market survey provides many insights. Today, a significant amount of information is available digitally in all locations.

Apart from that, we conduct exhibitions and understand the tastes of the customers in those locations. Since we have a substantial customer database built over more than 8 decades, it helps us understand where customers are coming from and where we can create new showrooms to generate more business. This is the reason we generally select tier-two and tier-three locations.

In India, money is generally available in tier-two and tier-three cities for investment purposes. In Madhya Pradesh and Rajasthan, most people are agriculturists. This is an attractive segment. Their purchasing power depends on the weather and agricultural conditions, but their primary investment is still in precious metals. They purchase a significant amount of 22-carat jewellery.

Report is AI-generated and may contain inaccuracies.

Of our total gold jewellery business, approximately 90%, around 75% comes from 22-carat jewellery.

As gold prices have been fluctuating, people have started experimenting with different products. We have also become part of this trend. We started exploring 18-carat and 14-carat gold jewellery to understand the market response.

When gold prices remain high, every customer has a specific budget. Earlier, the mindset was that a customer wanted to buy a necklace weighing, for example, 50 or 70 grams. Now the budget is expressed as an amount, such as Rs.20 lakh or Rs.15 lakh. The mindset of the public has changed. Earlier, customers discussed the grammage; now they discuss the monetary value. Affordability has changed because of high gold prices, but people still prefer to buy 22-carat jewellery.

The younger generation, between 15 and 35 years of age, represents a niche segment for daily wear and elegant jewellery. Approximately 2 years ago, we launched one of our brands, Amora. Amora is a brand for the new generation. It includes studded jewellery, smaller daily-wear pieces, and office-wear pieces that customers can wear every day without discomfort or inconvenience.

We have received a good response to Amora. Similarly, we have also worked on lightweight and electroformed products. The idea is to serve every customer, irrespective of age or generation.

If a group of customers comes in the 15-30 age bracket, we have a relevant segment for them. If a family comes with members between 30 and 55 years of age, we have a different segment. If a senior citizen comes, we have another segment. Everything is available in one store.

This is how we have created our infrastructure. Some showrooms also have multiple floors so that every customer can find jewellery according to their needs. Customers can visit and purchase products, and because inventory turnover is high, they find new designs each time.

If a customer visits on day one and returns after 90 or 180 days, they will not find the same merchandise available. Designs change frequently, customer preferences change frequently, and innovation is necessary to make products affordable for every segment. These factors play an important role.

We also conduct many events and create properties throughout the year in the form of exhibitions. These include the Mewar collection and the Polki collection, conducted across different locations. The objective is to encourage existing customers to visit and to create new relationships with them. This is how we create brand awareness among the public.

We have investment schemes in the form of gold harvesting, and recently, in April, we started the Swarn Plus scheme.

What is the Swarn Plus scheme? Earlier, schemes such as 9+1 or 10+1 were common. Under these schemes, customers made a payment every month. After 9 payments, the company bore the final payment, and the customer received jewellery worth 10 instalments.

We have now created a modified structure based on the current scenario, geopolitical conditions around the world, and the suggestion from our Prime Minister to reduce gold imports.

Report is AI-generated and may contain inaccuracies.

Taking all these factors together, we created the Swarn Plus scheme. Under this scheme, a customer enrols and makes a payment every month. Whenever the customer makes a payment, we set aside an equivalent value of gold for that particular customer.

After 10 months of payments, the customer receives the benefit of price protection. Every month, the customer has a certain amount of gold allocated to them. At the end of the 10-month period, they do not need to worry about what the gold price will be after those 10 months.

This risk is mitigated through the scheme. After 10 months, we also provide a waiver of making charges because the customer has maintained this relationship with the company for 10 or 11 months, depending on the scheme structure. This is another important segment.

When we look at the promoters' vision, 4 siblings are dedicatedly managing the business. Mr. Santosh Kataria is the MD and Chairperson. Mr. Anil Kataria is the whole-time director. Vikas Kataria is a promoter, and Sanjay Kataria is also a promoter.

Although all 4 siblings are involved in the business, their responsibilities are divided. One takes care of treasury, hedging, and the inventory desk. One handles fundraising and financing. One manages operations, and one handles statutory compliances. This is the broad structure through which responsibilities have been distributed among the promoters.

The promoters hold approximately 75% of the equity, equally split between the 2 families of the 4 siblings.

When we look at the vision for the next 4-5 years, management has set a vision of creating a total of approximately 51 stores by 2030, with a topline of approximately 15,000 crores. This is the vision that has been established.

For this purpose, we have created a plan under which we anticipate opening 6-8 stores every year, depending on the geographic segment. All locations have been identified internally. As the market develops and as guidance comes from the board in line with the plan, D.P. will expand its footprint in Gujarat, upcoming areas of Chhattisgarh, and the Vidarbha region of Maharashtra.

These are the 5 states where we are currently working in a focused manner to achieve our vision. This is the overall overview of D.P. Abhushan.

Operator: Thank you very much, sir. I would like to request all participants who wish to ask a question to raise their hands. The first question is from Hachal Maheshwari. Please go ahead, ma'am.

Hachal Maheshwari: Hello? Am I audible?

Management: Yes, Hachal. There is a little disturbance.

Hachal Maheshwari: Is it better now?

Management: Yes.

Report is AI-generated and may contain inaccuracies.

Hachal Maheshwari: Good morning, sir. I have 2 questions. First, regarding the mix of our 51 stores, I believe we are opening 12 stores this year. What will be the mix of franchise-owned stores and company-owned stores within this plan?

Management: Hachal, until now, all the stores we have opened have been in the COCO format. However, we have signed 1 mandate for a location in Jabalpur. This will be the first pilot run of the franchise model, which we will launch in October itself.

Broadly, when we look from today to 2030, between 6 and a maximum of 8 franchise stores may be added. This model will be tested, and time will tell whether it works or not.

When you adopt the FOCO model, the franchisee is only the financial partner. Everything else is handled by the company. Starting from the design of the showroom and recruitment to daily operations, everything will be handled and controlled by the company.

As far as capital expenditure is concerned, under the FOCO model, it will be borne by the franchisee. The franchisee will purchase jewellery from us and take it throughout the year on a real-time replenishment basis. The franchisee will remain the financial partner.

Since recruitment and operations will be controlled entirely by D.P., what is the franchisee's objective? The franchisee wants a return on investment. Therefore, broadly, the franchisee will not intervene in the day-to-day operations at any location. This is how we have structured the model.

Therefore, assuming that we achieve our target of 51 stores by 2030, approximately 6-8 will be FOCO stores and the balance will be COCO stores.

Hachal Maheshwari: The reason I am asking is that I see many other companies doing more business through franchise models. Given that we need to expand from the current 12 stores to 51 stores, I believe franchise models may be better for our expansion.

Management: Hachal, what happens is that the franchises you may have heard about are generally much smaller in terms of showroom area and require smaller investments. Further, some of the franchisees we evaluated among our peers were already involved in the jewellery business.

The franchisees we have selected are not in the jewellery business. Certainly, the FOCO model can benefit any organisation that implements it. However, FOCO generally plays an important role when the brand is already well known.

For example, D.P. is present in Madhya Pradesh and is a well-recognised regional brand there. In Madhya Pradesh, it is easy to offer a D.P. franchise because people are happy to display the name on their board and say that they are a D.P. franchisee.

When you enter an unknown location, offering a franchise becomes challenging. We first need to create brand awareness, and then we can consider the franchise model.

The third point is that when we take any franchise, the additional benefit is that the franchisee invests the working capital. Apart from that, the entire operation, from top to bottom, is monitored and controlled by us. Operations, marketing, administration, development, and sales will all be

Report is AI-generated and may contain inaccuracies.

managed according to the D.P. philosophy.

Internally, it does not make a difference whether a store is a franchise store or a D.P. branch. We will not create any differentiation. The ambience will remain the same. If you purchase a product from D.P. or from a franchise store, the price will remain exactly the same.

Hachal Maheshwari: Understood, sir. I wanted to understand the margin on our diamond-based products, since they are generally made in 14-carat or 18-carat gold. What are the general operating profit margins for our diamond-based products?

Management: Diamond jewellery at D.P. is considered to be very affordable compared with our peers because the segment is still small. We have taken this segment to the next level. We currently have approximately 5% of our business in this segment, and over the next couple of years we anticipate increasing it to at least 2-2.5 times the current level.

When we look at diamond margins, they generally remain between 25% and 30% at the reasonable level. For certain premium products, the margin may be lower because solitaires and higher-end products generally do not carry as much gross profit. Their margins remain lower because volumes are very high.

For smaller diamonds, which are used in regular-wear jewellery, the margin remains between 25% and 30%.

We also have Polki jewellery. Silver has also grown substantially over the last 4-5 years. We now sell more than 10 tonnes of silver every year. This is another segment where margins remain high compared with gold.

Hachal Maheshwari: Sir, regarding the preferential issue that we are undertaking, how large is the issue and what is the purpose of the issue?

Management: Which preferential issue are you referring to?

Hachal Maheshwari: The preferential warrants that we recently filed with the NSE.

Management: The idea behind raising the preferential funding is very simple. We have created and laid down our vision for the next 4-5 years. To achieve this vision and reach the milestones periodically, we have established conditions. For example, if a certain level of cash flow is achieved in year one, we will open a corresponding number of showrooms.

Whatever preferential funding is raised will be used entirely for new showroom inventory. There is no plan to repay debt. Everything will be required over the next 5 years to make this journey successful. We will require funds and an adequate amount of capital so that the business can operate smoothly.

On this basis, we have created the structure. Preferential funding is an accessible model in the current market scenario. Through the preferential issue, we are targeting an initial amount of between 200 and 250 crores. This will help us build the journey over the next couple of years without any obstacles.

Report is AI-generated and may contain inaccuracies.

Once the journey from 12 showrooms reaches perhaps 28 or 30 stores after 2028, the expansion journey will become much smoother because there will be internal accruals and schemes that will automatically provide working capital.

However, the plan is very clear: whatever fundraising takes place will be used only for new store expansion.

Operator: Thank you very much, sir. I request every participant to restrict questions to 2 only. The next question is from Harshit. Please go ahead, sir.

Harshit: Am I audible? Good morning, sir. I have 2 questions. First, from whom do we procure the raw material? Is it imported and then processed by us, or do we procure it from B2B suppliers such as Shanti Gold? I am asking this because I want to understand whether we have any foreign-currency exposure or hedging risk.

Management: Harshit, as of today, we do not import any raw material. We are proper outright buyers from established vendors. Whether it is Sky Gold, Shanti, or other renowned players, they are our vendors.

In the case of diamonds, all the De Beers sightholders are our vendor partners and manufacture products specifically for us. We have no foreign-exchange exposure.

Whenever the window opens for the concessional gold rate available under the UAE-India CEPA, through the TRQ mechanism, we purchase that gold whenever it is available. However, purchasing that gold carries certain obligations.

The obligation is that the gold must be used for job work. We issue this gold only to our vendor partners for job work, against which we receive jewellery. Therefore, there is no foreign-exchange exposure.

Harshit: Understood. One more thing: recently, and I think this happens in almost every cycle when gold prices rise, we are seeing many cash transactions and off-market or off-the-books transactions. Bloomberg also had an article yesterday suggesting that, particularly with the wedding and festive seasons approaching and with gold prices, taxes, and import duties rising, people are preferring such transactions. Does this affect overall demand in the organised, on-the-books sector?

Management: When we look at India, it has been transitioning over the last 3-4 years. The cash economy is changing significantly, and UPI is one of the best examples of this transition.

Harshit: But the merchant discount rate has also been introduced on UPI, so—

Management: The merchant discount rate does not have a significant impact. You may not feel it, but we bear it, and it is hardly Rs.300. It does not make any difference.

On a large scale, people have created a {? hype ?} around it. Otherwise, it does not have a very significant impact. We already pay substantial tips at restaurants. Do we ever consider the merchant discount rate in that context? It is very small. For individuals, there are no charges for one person

Report is AI-generated and may contain inaccuracies.

transferring money to another.

Harshit: I am asking whether, because of this discussion, people would prefer paying in cash rather than using UPI or cards.

Management: I am explaining the transition phase. The unorganised sector was affected after demonetisation, and the impact became even more severe after COVID. Businesses that had only 1 or 2 shops were often unable to survive.

I am specifically referring to the gems and jewellery industry. The transition has taken place. The unorganised market, which accounted for more than 80% 4-5 years ago, has now come down to approximately 40-45%. At most, 50% is considered to be unorganised.

Over the next 3-4 years, this will reduce further and may come down to barely 20-30%. This phase is very important to understand.

The second point is that Bloomberg is generally putting certain facts into the market that everyone is already aware of. Gold duty is approximately 15%, plus 3% GST. If a person buys jewellery in India compared with the international price, it is approximately 18% higher.

However, buying jewellery overseas is also not cheaper. Overseas markets charge more than 3 times the making charges that we charge in India. As a layperson, it is difficult to understand this mathematics. If you go to Cartier, you will see how much they charge. They earn 3 times the amount charged by a normal store.

The reason is very simple. The duty and its impact can certainly encourage some black-market activity and smuggling. That is why business associations regularly request the government to reduce these duties and prevent smuggling.

When duties are reduced, price parity is established in the market, and that helps the market function properly.

Over the last couple of days, we have seen gold prices fall significantly, and the season is also approaching. This will provide an undue advantage to buyers who were purpose-led and waiting for a good opportunity to purchase.

The current range is likely to remain. Over the last 2-3 years, we have observed that gold prices are likely to remain within this range. There may be analysts who depend on international research analysts and provide different ranges. Goldman Sachs may say that gold will reach USD 6,000, while J.P. Morgan may give another estimate.

However, when we look at 20, 30, or 40 years of gold data, gold has generated very strong returns compared with equity and other instruments. In the current scenario, when we look at the Indian Nifty, gold has easily performed better over the last 5 years.

Harshit: Yes, exactly. Equity has been under significant pressure, so everyone has a clear mindset that they want to hold gold.

Report is AI-generated and may contain inaccuracies.

Management: Gold now has many investment instruments. One is physical gold, another is jewellery, and there are also schemes through which people have started investing. Digital Gold and ETFs have also emerged.

The younger generation understood this during the COVID period while sitting at home and conducting extensive analysis. They have sufficient financial awareness to understand these instruments. Accordingly, they have started investing significant amounts in ETFs, mutual funds, and Digital Gold.

The moderate price cycle for gold is likely to remain within this range. I believe people have also understood that this is the new normal. There is unlikely to be any major pause in this trend. Everyone will continue buying gold from the market.

People also do not want additional complications. Government policy has remained stable for many years, with no significant changes. Cash transactions above Rs.2 lakh are not permitted in India, irrespective of the commodity.

This transition from the unorganised to the organised sector is taking place everywhere. It is happening in real estate, mining, steel, metals, and other sectors. This transition will continue over the next 4-5 years and will eventually stabilise.

Operator: Thank you. The next question is from Gaurav. Please go ahead, sir.

Gaurav: Good morning, and thank you for the opportunity. I wanted to understand the economics of the COCO model at the store level. What kind of gold inventory do you maintain, what kind of turnover do you expect from COCO stores in year two or year three, and what kind of gross margins can we expect on a blended basis?

Management: Gaurav, in terms of COCO stores, the general trend, based on what we have understood from our last 12 or 13 showrooms, is that capex for the small-to-medium format is approximately 2.5-3 crores, while inventory remains between 40 and 50 crores.

We set a target that in year one, within 6-9 months, we should recover our capex. This is our first and foremost target. The capital payback period is therefore approximately 6-9 months.

When we look at inventory turnover, we have generally observed that by year three we reach 3-3.5 inventory turns. By year five, the store reaches maturity and inventory turnover reaches 4.5-5 times. This is our target.

When we look at the blended mix, approximately 90-92% is gold jewellery. We have also started increasing our diamond exposure because diamonds contribute to EBITDA.

For upcoming showrooms and locations, we are targeting good tier-two locations where customers are aware of diamonds. We have understood internally that the gold component, currently at approximately 90%, may gradually decline to 88% or 85% over the years, while the diamond segment will play an important role in increasing profitability.

Report is AI-generated and may contain inaccuracies.

When we look at the blended mix, the overall gross profit, or the net margin after making payments to our vendor partners, should remain between 7% and 8% of sales.

Gaurav: You are referring to gross margin before employee and rental expenses, correct?

Management: Yes. For our analytical purposes, on a gross-profit basis, we expect to carry approximately 3-3.5% of operating expenses. Since new showrooms are being opened, we will also require significant marketing expenditure.

However, as turnover increases, we can consider operating expenses of approximately 3.5% to 3.75%. The balance will contribute to EBITDA, with finance costs of approximately 40-50 basis points.

We have therefore taken a conservative target of 3.75% to 4.25%, or 4.5%, over the next 5 years. This can be considered our PAT guidance.

Operator: Thank you, sir. Please come back to the queue. We have the next question from Vinay. Please go ahead, sir. Vinay, are you there?

Vinay: Yes, hello. Am I audible?

Management: Yes.

Vinay: I wanted to understand the hedging policy for inventory. What percentage of inventory do we hedge? Could you provide some details on the company's hedging policy?

Management: Vinay, until January 2026, we were following the real-time replenishment concept. What does real-time replenishment mean? If you hold, for example, 100 kilograms on day one, you would continue to hold 100 kilograms even after 365 days.

In terms of kilograms, whenever we sold jewellery in the store, we immediately replenished it with new gold. Therefore, there was no price arbitrage between the sale and replenishment. If I sold it for Rs.1,50,000, I purchased the replacement from the vendor for Rs.1,50,000. This is how the system worked.

However, considering the market scenario, in January 2026 we started our hedging desk. We began using 2-3 models. One relates to the MCX, the second relates to the Gold Metal Loan, or GML, and the third relates to physical leasing, which is also available in the market.

We started deploying these 3 models after understanding the market carefully. Sometimes international prices are high, while at other times spot-market prices are high. The decision depends entirely on these 3-4 parameters. We decide how much needs to be hedged.

When we look at hedging as a percentage, we have established a certain priority or preference order. The first is the Swarn Plus scheme, as I mentioned earlier. The Swarn Plus scheme itself provides natural hedging because we set aside the corresponding quantity of metal in our inventory desk and mark it as fixed-price metal.

Report is AI-generated and may contain inaccuracies.

The second is GML. GML is a product introduced by banks through the RBI. You may be aware that we receive a window of 180 days. We receive metal from the bank, issue it to our vendor partner for job work, get the jewellery manufactured, and then, when we sell it to the end customer, we fix the GML price with the bank at the same time.

In this manner, the GML exposure carried in our books also provides a hedging benefit.

The third instrument is the MCX. When we sell to a customer at the showroom, we decide whether to use MCX or GML. This depends on demand, supply, and the season.

If the season is very strong and we require metal, there is no option except to use GML. If the season falls in June or July, demand is generally lower because of the rainy season and the rituals that take place during that period. At that time, we can use MCX.

Across the full 12-month cycle, we use these 3 models: the Swarn Plus instalment scheme, GML, and MCX. In MCX, we generally use futures hedging. Options usually do not provide a clear direction, although the people in our company who have been given this responsibility have also developed an understanding of options.

We consider all these parameters. As of today, approximately 12-15% of our stock has been hedged. We have set a target of covering more than 50% by March 2027 and more than 80-90% by March 2028.

Operator: Thank you very much, sir. Due to time constraints, we will have to close the call. On behalf of Arihant Capital, I would like to thank the management for sparing time and sharing insights about the company. If participants have any further questions, they can contact the Arihant Capital team. Sir, do you have any closing comments?

Management: Thank you very much, everyone. I hope you have understood the vision of D.P. When we look at the numbers, they provide very encouraging insights compared with our peers.

It is only a matter of time. Sometimes it is like a race between a rat and a mouse, or you could say it is like the tortoise. We may have been slow during the initial period, but the situation has now stabilised.

The infrastructure is in place, the fintech systems are in place, and we have a talented team. At every layer of our business metrics, we have professionals in place.

In a single line, I would say that we are a professionally managed company driven by the promoters. The vision is certainly strong. That is all. Thank you very much.

Operator: Thank you very much, sir. Thank you. Thanks, Deepali.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.