



SKY GOLD
— Limited —

Date: 22/05/2023

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
25th Floor, Dalai Street, Fort,
Mumbai 400001

To,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051

Scrip Code: 541967

Trading Symbol: SKYGOLD

Subject: Transcript of The Earning Conference Call

Dear Sir / Madam,

Pursuant to the provision of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed herewith the transcript of the earnings conference call held on Friday 19th May 2023 on the audited financial results of the Company for the quarter and financial year ended March 31, 2023.

The same is also available on the Company's website i.e., <https://sky-gold.in/>

Kindly take the same on your record.

Thanking you,

MANGESH Digitally signed
by MANGESH
RAMESH
CHAUHAN
Date: 2023.05.22
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Mangesh Chauhan

Managing Director

DIN: 02138048

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“Sky Gold Limited
Q4 FY2023 Earning Conference Call”

May 19, 2023



ANALYST:

MR. GOPAL CHANDAK – KIRIN ADVISORS

MANAGEMENT:

**MR. MANGESH CHAUHAN – MANAGING
DIRECTOR & CHIEF FINANCIAL OFFICER**

**MR. MAHENDRA CHAUHAN – WHOLE TIME
DIRECTOR**

**MR. JAYESH SANGHVI – SENIOR ACCOUNT
HEAD**

MR. SHIVANG GOYAL – SECRETARIAL ADVISOR



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Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY2023 results conference call of Sky Gold Limited hosted by Kirin Advisors. 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 “*” and then “0” on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Gopal Chandak from Kirin Advisors. Thank you and over to you Mr. Chandak!

Gopal Chandak: Thank you. Good afternoon everyone. Thanks for joining the conference call of Sky Gold Limited. I would like to welcome Mr. Mangesh Chauhan, Managing Director and Chief Financial Officer, Mr. Mahendra Chauhan, Whole Time Director, Mr. Jayesh Sanghvi, Senior Account Head, and Mr. Shivang Goyal, Secretarial Advisor from Sky Gold Limited. Mangesh Sir over to you.

Mangesh Chauhan: Good afternoon everybody. Welcome everybody to Sky Gold Limited. It was good year for us. We ended FY2023. Questions will be asked from your side.

Gopal Chandak: Mangesh you will brief about the company and Q4 results and then we will take question and answers session.

Mangesh Chauhan: Our company is basically a jewellery manufacturer gold jewellery manufactures from the bullion to covert them to jewellery from top to bottom and the finished product is developed totally in our factory and we manufacture for many corporates like Malabar Gold, Joyalukkas, GRT Jewellers, Kalyan Jewellers, multi corporate and distributors also. So we are into manufacturing of casting jewellery pattern which is a combination of hand and machinery both. We have 350 to 400 employee on board right now with us with 25,000 square feet manufacturing facility in Mulund, Mumbai. So we are basically modern fancy gold jewellery, light weight jewellery which is affordable to each and every customers of inventory between 5 to Rs.5000 Crores running. We are making 90% of our inventory are debt so this is the main core business. Our results for Q4, the outstanding we have increased by 60% of EBITDA from last 2022 Q4 to now 2023 Q4. Our revenue has increased by 22% from last Q4 to this Q4 and our profit has increased by 45% comparative to last Q4 in this Q4 so our results are very outstanding this year. The whole team has worked dedicatedly for this results and going forward also we are hoping the good results. Thank you.

Moderator: Thank you Sir. We will now begin the question and answer session. The first question is from the line of Vaibhav Shah from Kojin Research. Please go ahead.

- Vaibhav Shah:** Thanks for the opportunity. Congratulations on good set of numbers. Three to four questions related to our business activity and expansion so in the last call you have mentioned you are expanding into a new factory in Navi Mumbai so first question is what is the status of that and when we will likely to shift business to the new factory?
- Mangesh Chauhan:** Mostly 50% work is already over in that factory of machineries and all the furniture fixes and all. We will be starting from August 1, 2023, definitely in that facility and we will do that so from August 1, 2023 we will be active there mostly 500 to 600 employee from August 1, 2023.
- Vaibhav Shah:** How many employees you said?
- Mangesh Chauhan:** 500 to 600 employees. Right now we have 350 to 400 employees so 500 to 600 employees we will start there. There is a capacity of 1200 employees in this factory. It is three times our manufacturing capacity which we expanded so step by step we will add on employees and go ahead.
- Vaibhav Shah:** Okay so once we transfer the facility so our old facility will be there or we will be totally winding up and all operations will be shifted to the new facility?
- Mangesh Chauhan:** We will be winding up all old operations because we have already there 80,000 square foot facility. Here we have 25,000 square foot so we will not be needing this facility here so it will be building itself with land for us so we may not be needing space here.
- Vaibhav Shah:** Okay so in the new capacity we have bought the area or we have taken on a long term lease or how is it?
- Mangesh Chauhan:** We have leased the factory. In the future the plan is to buy it but the facility we were not getting outright this time so we took it rented.
- Vaibhav Shah:** Okay so when we are going to the new facility likely what will be the capex amount? How much will go for towards new machinery and all?
- Mangesh Chauhan:** We have done the capex for Rs.10 Crores to Rs.12 Crores with machinery and furniture fixtures.
- Vaibhav Shah:** Okay Rs.25 Crores including machinery and fixtures?
- Mangesh Chauhan:** Sorry Rs.10 Crores to Rs.12 Crores.

- Vaibhav Shah:** Rs.10 Crores to Rs.12 Crores okay so I think you have mentioned the capacity but I just forgot what will be the new capacity?
- Mangesh Chauhan:** It is three times more from this factory so now we have 250 square foot capacity so that 750 triple so we have capacity of Rs.1500 Crores so there we can go to Rs.4500 Crores in the years going ahead.
- Vaibhav Shah:** Rs.4500 Crores yearly capacity?
- Mangesh Chauhan:** Yes we have.
- Vaibhav Shah:** Correct?
- Mangesh Chauhan:** Yes.
- Vaibhav Shah:** So when we see currently we are at around Rs.1100 Crores correct? Let us say around 80% to 90% of capacity utilization as per your last call so in the current quarter the utilization also are at the same levels?
- Mangesh Chauhan:** Yes it is at the maximum. This quarter it is at maximum level of utilization. That is why we have taken the factory so utilization capacity has filled up now in this quarter so from this shift will help us to grow more and add on the productions as we are going as we are going to add many more corporates in this year.
- Vaibhav Shah:** Okay let us say if at 4700 so what will be the peak turnover that we can achieve?
- Mangesh Chauhan:** I cannot disclose the numbers but we are very positive because from August we will get almost eight months to work in that new facility so we will be having a good business we are hoping.
- Vaibhav Shah:** Okay I was just seeing your margins there was a bit pressure on the margin in this quarter so what was the reason behind that?
- Mangesh Chauhan:** Quarter-to-quarter margins are good I think because our margins have increased you can see quarter-to-quarter by 45% something.
- Vaibhav Shah:** No I am not saying the percentage growth in the EBITDA I am saying the EBITDA margin and PAT margin?
- Mangesh Chauhan:** Okay absolute you are telling.

- Vaibhav Shah:** Yes there was some pressure on the margin not very large but there was some minor pressure so what was the reason behind that in the full year numbers?
- Mangesh Chauhan:** Last time there was Rs.16 Crores income so Rs.10 Crores was the other income in that. Rs.6 Crores was our business so by comparing that this year our income is Rs.18 Crores. It is totally of our business income. In gross profit terms we are higher in this year, but comparing net profit it is also higher but last year Rs.10 Crores was other income. Rs.6 Crores to Rs.7 Crores was the income so now this net income is close so it is also improved very much.
- Vaibhav Shah:** Okay so that is fine. What I was asking like last year we have done Rs.31 Crores of EBITDA on Rs.800 Crores so which comes to around 4% margin okay and this year we have done around Rs.37 Crores EBITDA on Rs.1150 Crores? This comes around 3.2% margins, so margin was decreased by 60 basis points okay so the margins that was 4% has come down to 3.2% so what is the major reason for that?
- Mangesh Chauhan:** In this EBITDA our other income has also improved, so last year the income improved. There was some capital gain last year so last year EBITDA was showing as high, that other income is not there and the total is business profit.
- Vaibhav Shah:** So going forward EBITDA margin how much will you maintain?
- Mangesh Chauhan:** We will grow the EBITDA because we are acquiring more and more new corporates. The government policy last year on gold bullion, so for manufactures there is 1% less duty, we will be adding corporates. So EBITDA will 100% improve but we cannot disclose the percentage right. The Modi government has introduced for our manufacture and only manufactures can get the benefit of that so that benefit also will add in this year.
- Vaibhav Shah:** Got it. When we say new customers are adding like in the last call you had mentioned that you are in discussion with Tanishq and Reliance so what is the status? Have we onboard them during this quarter or it will take some more time?
- Mangesh Chauhan:** We are close to Tanishq we have done all the six rounds of their steps. We have closed that six rounds of steps. We have to enter in that so in the new factory facility Tanishq will be on the board because they have started agreement procedure with us. Let us see how much time it takes but Tanishq takes each and every step by step and each and every norms is being followed by and our new facility is as per Tanishq norms in which we are giving recreation centre, health centre, and gyms to all the employees so we have made and each

factory norms as per Tanishq so we are hoping that Tanishq in onboard in August or September yes.

Vaibhav Shah: Great Sir so just one more thing on the new facility so like we were saying that currently you are making losses happening while producing the jewellery so we are going to take some initiatives in the new facility that will reduce our gold losses so what will be that and have we installed that machineries in that new facility or are we still going to install it?

Mangesh Chauhan: We have already ordered the machine German and Italian machines which will reduce our gold loss so it will be delivered in July and some are being delivered in August first week or August 15 so from August 15 we will be enjoying that benefit. I am hoping that so it will reduce our gold loss because we have already ordered all machineries have been ordered. It takes 90 days to deliver so as per our plan we will be active in August and all machineries will be installed in August only.

Vaibhav Shah: Sir now coming from highlight related to business so what will be contribution for the year from the top 10 customers?

Mangesh Chauhan: All customers are growing by 20%. Last year also we have grown our customer sales by 20% so this year the multi corporates are opening stores very drastically. Malabar Gold is opening 40 stores this year. Joyalukkas is opening 60 stores this year so we have verbal taking with them that we will be growing us with 30% so we are hoping that this 30% growth will come from the old customers and many other customers will be added.

Vaibhav Shah: That is fine. What I am asking so like your top 10 customers have contributed how much to your revenue like you have done Rs.1100 Crores turnover so how much was the contribution from your top 10 customers?

Mangesh Chauhan: Mostly 70% Rs.700 Crores you can take it.

Vaibhav Shah: 70% to 80% will be coming from your top 10 customers?

Mangesh Chauhan: 70% yes 1% or 2% here and there.

Vaibhav Shah: Okay and on the customer front only so how will the billing happen so once they place the orders and then we buy the bullion? How will the process once they place, then we buy the bullion and how it works?

Mangesh Chauhan: It is a process daily process going on 365 days. They daily give order of 1kg or 500 gram and Malabar gold daily gives order on the mail of 500 grams today and 1kg today,

tomorrow 2kg so daily we buy the bullion whichever payment is due and payment comes in the bank we daily buy the bullion as per our routine practice and whichever order is in the first line we start that order whichever second number, third number and that order is placed and we start making the delivery and the same way dispatching is going. Daily dispatching is going on to every corporates as per their priority so it is daily basis and daily bullion is bought. We place the order in the factory. It takes four to five days to complete the order and that items are delivered. We make our inventory also for exhibition to show, new inventory to the corporates. From that we also sell up front also so it is mix and match of order and our inventory also.

Vaibhav Shah: Okay so just to understand the order process so your client gives you order on monthly basis or they will give you order like yearly or quarterly basis how does it works?

Mangesh Chauhan: They give us order monthly basis and 15 days basis. Their customer orders are given daily also so they have many divisions to give the orders. Plus for the showroom they give 15 days. Customer order they daily give the orders for the customer orders. In exhibition they give orders for one or two months together so different, different style of the corporate to give the orders, every year and every month and every day we are getting orders.

Vaibhav Shah: Okay so when it comes to their sourcing, sourcing is done at central level by the customer or you have to deliver it at each showroom? How is it done?

Mangesh Chauhan: We have the centres for each and every stores and they take it central level.

Vaibhav Shah: On the results part it is possible?

Mangesh Chauhan: Yes.

Vaibhav Shah: So on the results front I have very little questions, so I will just come back in queue?

Moderator: Thank you. The next question is from the line of Aman Vishwakarma from Robo Capital?

Aman Vishwakarma: Topline guidance for the next year?

Mangesh Chauhan: It is very difficult. We cannot disclose the numbers as you aware?

Aman Vishwakarma: And what about margins? Do you expect to keep the margins same or do you see any increase going on?

- Mangesh Chauhan:** It may be growing very good margins. We are adding new customers but let us see and numbers cannot be disclosed. Only percentage wise we have to.
- Aman Vishwakarma:** Okay fair enough and with your planned portfolio right you said 70% to 80% comes from top 10.
- Mangesh Chauhan:** 70%.
- Aman Vishwakarma:** 70% right so is that like a bit too concentrated and do you like have plans to reduce that number?
- Mangesh Chauhan:** We will not reduce that number but we will increase our revenue by adding new small, small customers also so we will be going with that also, our revenue is growing so we will grow with that new customers and new operational customers are small retailers also we are planning. We have planned now to enter the North market in Jammu market and Punjab market. Already our sales persons are activated there so we will be adding new and fresh customers. That will balance our sales yes. This sale from corporates so these corporates are a long time player with us. We are doing business with them for the last eight to 10 years so we do not want to reduce the numbers but overall increase more customers.
- Aman Vishwakarma:** Fair and also one last one is how hard would it to for Malabar to replace you if they ever wanted to? I am just trying to understand the replacement costs here like? If they wanted to not go forward with your contract what would happen then?
- Mangesh Chauhan:** We have many options. We have not considered export market because we have higher sales in domestic. Right now demand is very high in domestic. We are trying to acquire them but if Malabar is working with us for the last eight to 10 years but if he is not willing to work with us we have export market and gulf market. We have Singapore market here. We can explore that also. Other corporates are also active in this market. Reliance is there, Tanishq is there. Each and every day we are developing new customers and new places of business so if there is any customer who is not willing, will not have an impact.
- Aman Vishwakarma:** Fare and our manufacturing facilities up to the standards of the international export market?
- Mangesh Chauhan:** Yes 100% we have exported right now also. Malabar is our prime customer. He will never want to stop business with us because we are serving him for the last eight to 10 years and we are growing with him.
- Aman Vishwakarma:** Fare that is good. Thank you.

Moderator: Thank you. The next question is from the line of Raaj from Arjav Partners. Please go ahead.

Raaj: So looking at FY2024 so can you give a qualitative outlook like how the business is going to grow? Can we expect FY2024 to be a good year compared to FY2023?

Mangesh Chauhan: 100% we will grow much better than this year so we are going to new facility. The new facility will give us space to develop new products and new monopoly products. We have purchased new machinery, so this facility we can make new products for export market also. Right now we are doing 5% to 7% of our turnover with export market so we are targeting DSL to expand in exports also and domestic also we have target to make new monopoly products which are not available with anybody in this market.

Raaj: Alright also if we talk about exports, so there EBITDA is comparatively higher we can expect?

Mangesh Chauhan: It depends on the clients what is the client size, what is his requirements or size of requirement. It is different, different margins are there in gulf countries Singapore and it depends on product requirement.

Raaj: Okay so the overall operation FY2024 is expected to have better margins also right compared to 2023?

Mangesh Chauhan: We are expecting good growth and margins.

Raaj: Alright understood. Alright thanks. All the best.

Moderator: Thank you. The next question is from the line of Yeshvanthi from Kojin Research. Please go ahead.

Yeshvanthi: Good afternoon sir and congratulations for the good set of numbers. I just have a query like we are seeing low margin like under 5% so what is the scope for going forward to improve on it?

Mangesh Chauhan: In B2B manufacturing generally volumes are very high, but margins cannot be increased by above 5% in India each and every company you can see so volumes can be good because metal prices are very high, so margins is low because of our inventive prices are very high otherwise into rupees you can see it is very good so we will be trying to grow more but it is not possible in B2B go above 5% and in B2B it can grow by revenue and by volume.

Yeshvanthi: Okay and Sir do we have any online presence in the market?



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- Mangesh Chauhan:** We have in USA, Australia. We have just launched before three months. We are doing the marketing for that. In India we are not in the B2C.
- Yeshvanthi:** How much this might be contributing to our total sales very nice?
- Mangesh Chauhan:** We have started marketing this quarter only aggressively so let us see we will inform you as will be getting revenue from that.
- Yeshvanthi:** Sir how is the US markets shaping up? Is the demand good?
- Mangesh Chauhan:** It is very good. If your brand is good and your products are good and the margins are very good in US market but we have started the marketing of our products. We have made products especially for US woman in this quarter also.
- Yeshvanthi:** Okay so any other countries we are exporting our products or just focusing on US market?
- Mangesh Chauhan:** Singapore right now, gulf countries and some others.
- Yeshvanthi:** US markets and Singapore?
- Mangesh Chauhan:** Gulf markets.
- Yeshvanthi:** And just one more question more question I wanted to ask is about how is the working capital cycle here? How is the B2B inventory and how your debtors play out?
- Mangesh Chauhan:** The cycle is 30 to 35 days. It takes three to four days to make the ornaments from bullion. Then three to four days it takes to dispatch and delivery and also so it mix and match. The total is 30 to 35 days cycle.
- Yeshvanthi:** That is on net working capital?
- Mangesh Chauhan:** Yes.
- Yeshvanthi:** Okay Sir that is it from my side. I will just come back in the queue.
- Moderator:** Thank you. The next question is from the line of Aaryan Saluja an Individual Investor. Please go ahead.
- Aaryan Saluja:** Can you tell me what is the production quantity in the last quarter?



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- Mangesh Chauhan:** I have to see the number, but you have the numbers of the turnover right now.
- Aaryan Saluja:** But actually on last call you have told us that the capacity is 300kg and you are operating on 200kg how it makes sense to move to the bigger factory?
- Mangesh Chauhan:** Because we have to install new machineries. We want to introduce new products in this line only. So it is needs space for the new products and we have verbal contracts from corporates that they are expanding showroom in 2024-2025. Two years they are expanding by 100 showrooms so they have told us to increase our production capacity because we will be giving orders aggressively to you in 2023-2024 and 2024-2025 from all the cooperates we have the information from, so we have expanded. We are trying to expand. It will take time. We will go in office there. We will install our new machinery. It will help our new products, new product lines and new inventions so we want to grow margins on sales also so we are nearly about 80% to 90% production capacity. So there is no risk to go in there and we have the commitment from the existing customer to grow by 30%.
- Aaryan Saluja:** Also in the last call you had told us about the US and in the sales will pick up by March but now you are telling us you have started aggressively marketing only this month?
- Mangesh Chauhan:** Yes because some time took for opening the account and all paper works also so that is why we delayed our marketing but this quarter we are marketing aggressively let us see.
- Aaryan Saluja:** Can you tell me what is the number in March quarter of the sales in US?
- Mangesh Chauhan:** Till March, it is zero. We have not sold anything.
- Aaryan Saluja:** Has it started picking up?
- Mangesh Chauhan:** Yes our marketing partner is doing all efforts in the US markets. We will be getting results. We are very positive. We will inform you as and when required.
- Aaryan Saluja:** Okay and on the last you have also told us that there are 30 to 40 designers hired by you for designing of jewellery? And also by the introduction Chat GPT that is much easier and less costlier to design new products. Have you started looking upon on that alternative for reducing the employee cost?
- Mangesh Chauhan:** Employee cost is not going to decrease I do not think so because salaries are going up in our market. Demand is very good for designers in that one, but we can increase our margins by taking from the customer only. In the new facility we are trying to produce new line of

products, monopoly products. That is plan to increase margin, but I do not think employee salaries will go down.

Aaryan Saluja: Not with the Chat GPT? I am saying that the Chat GPT can make 100 of designs in one minute with much loss cost? Have you looked upon that technology?

Mangesh Chauhan: Which technology are you talking about.

Aaryan Saluja: Chat GPT?

Mangesh Chauhan: Chat GPT we are already using. It is not like that. It is 100 of designs will be made in one month or something that is like that but we are using Chat now in the new factory we are going for direct casting which will reduce our employee, our wax department and dye department because we going for direct casting technology in that facility so in their Chat, yes 100% work will be fast we can do more production fast. That we are already doing in the Chat so it is not like that it will be 100 design in one minute or something, but the process will be very fast.

Aaryan Saluja: And what is the international competition to you? Is there any international competition?

Mangesh Chauhan: Competition is everywhere in the market, in the domestic also and in international also but it depends how much you are making, how designing you are making as per that market and how is your product working. If you product is working very superb then you can create market and margins.

Aaryan Saluja: Duty cost will it help to fight international competition?

Mangesh Chauhan: 100% in this new facility our cost will reduce and it will help to compete in that market. In third country also competition so we can fight this.

Aaryan Saluja: Okay thank you.

Moderator: Thank you. The next question from the line of Himani Ubham from Suraj Enterprise. Please go ahead.

Himani Ubham: Good afternoon, Sir. Sir my question is do you have online presence? If yes, what is the contribution from it?



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- Mangesh Chauhan:** We do not have an online presence in India. We are basically B2B manufacture for the corporates and other distributors, but we have presence in US. We have made our presence in USA in last quarter only so we are trying there to make are presence in USA.
- Himani Ubham:** Okay and how tie up with Varanium benefiting us?
- Mangesh Chauhan:** That is only I am saying US we have tie up with Varanium and they are our marketing partners so results will come in this quarter maybe in this quarter we are hoping for the US. Varanium is very good company and helping us in the US market is advertising our products. He is marketing and logistic, support and all the things. We are hopeful we will have a good business with Varanium.
- Himani Ubham:** How many retail shops are in pipeline?
- Mangesh Chauhan:** No retail shops are right now in pipeline, but we have in our mind that B2C is a good market in India of retail channel stores so as and when required we will inform you of we are going to B2C.
- Himani Ubham:** Thank you Sir. That is it from my side.
- Moderator:** Thank you. The next question is from the line of Vaibhav Shah from Kojin Research. Please go ahead.
- Vaibhav Shah:** Sir a few followup questions on result in operations so what is the best margin that we can maintain on EBITDA level?
- Mangesh Chauhan:** So EBITDA we can go to 5%.
- Vaibhav Shah:** Okay 5% that we can achieve?
- Mangesh Chauhan:** Yes, we can achieve. In this new facility if we are able to make the right production and right monopoly products we are targeting off so can go to that, but right now last quarter we have given our best.
- Vaibhav Shah:** Yes that is why I asked this because last quarter you achieved almost 4.5% of margin so that is why what is the margin that we can maintain?
- Mangesh Chauhan:** If we step into B2C then we can increase our EBITDA margin to much more than that. In B2B, we can achieve. It depends also on the metal price. If metal prices are high, the



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margins appear low. If market prices go to 70,000 now it is 60,000 so EBITDA margin will appear low to you, but in rupees wise it will be very good.

Vaibhav Shah: Okay so another question is like we have partnership with Varanium for our online marketing in US so how is the commercial between us so if any sales is happening, we have to share any revenue with them or it is?

Mangesh Chauhan: Revenue sharing is there in the US form because we will be shipping product here. From US cost price, the US lending price to the sale price of the customer we will be sharing the amount between us, but we cannot disclose the percentage due to the confidentiality here.

Vaibhav Shah: Okay but the majority will be by you only held by you if you can just provide that details?

Mangesh Chauhan: I cannot give percentage but good amount.

Vaibhav Shah: Okay and I think you have also mentioned in your previous call that your target with new facilities you will be targeting smaller jewelers also that who are having 15 to 20 shops so have we started reaching out to this small players?

Mangesh Chauhan: We started marketing with them and also reaching out to them as well and we have got good response from them and we have told them that we will be giving products from August. From August you can order to us so let us see we will be getting the response. We have already started marketing for that.

Vaibhav Shah: Okay and there we can command a better margin than these big players in terms of EBITDA?

Mangesh Chauhan: I said in my calls that we have taken the new machinery new type of machine.

Vaibhav Shah: No operating side it is fine but when you are selling to Joyalukkas or Kalyan, they will be having the pricing power so when you are shifting to the small players with 10 to 15 shops or five to 10 shops at there the quantity will be a bit less than the big players, so can you command the pricing power over there so you can charge?

Mangesh Chauhan: To a certain extent we can command but these markets are open competitors so we will try to create good margins, but of course five showrooms and 10 showrooms we have the command a little bit.

Vaibhav Shah: Okay and when we are seeing our cash flow for this year so our turnover that everything has grown but our operating cash flow is in negative? It is around Rs.6.5 Crores has been

negative so what was the reason any pressure on the working capital or the raw material?
What was the major reason behind that?

Mangesh Chauhan: About I did not catch.

Vaibhav Shah: Cash flows from operations, operating cash flow?

Mangesh Chauhan: All the cash flows are invested in working capital to fund the growth.

Vaibhav Shah: Okay so have we faced any challenge because our turnover has grown almost 45% year-on-year, but our cash flow does not generate it in that sense so our money stuck in any kind of inventory or working capital or due to any debtors?

Mangesh Chauhan: No working capital pressure is there because we done turnover from Rs780. Crores to Rs.1150 Crores.

Vaibhav Shah: No issues and we have increased our debt this year so this is for I think we have taken for the expansion if I am not wrong?

Mangesh Chauhan: Yes, we are going to do facility. We have the capacity of triple there so we have already made the provisions and as and when we use that CC limits and requirement for that.

Vaibhav Shah: Okay Sir thank you so much. That is from my side.

Moderator: Thank you. The next question is from the line of Pran Gadge an Individual Investor. Please go ahead.

Pran Gadge: I just wanted to check last time in the investor meeting you mentioned that you will have a very much better Q4 as compared to Q3 and Q4 we also started the B2C business in USA so we might have got some revenue from there as well but if you compare the Q4 against the Q3 results it is pretty much flat so any reason why the growth is muted from Q4 to Q3?

Mangesh Chauhan: Because of price increase you can see the price was Rs.50,000 in last quarter and this quarter prices have gone up by 25% so there was a little bit impact on that, but not much more because of that.

Pran Gadge: Okay but still the topline should have grown right even if the prices have increased will the volume remains the same the top line should have grown, right versus the number of sales number was pretty much flat?



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- Mangesh Chauhan:** I am not getting your questions properly?
- Pran Gadge:** I am telling the sales number the topline number it was Rs.270 Crores this quarter versus Rs.267 Crores previous quarter and this quarter we have started the B2C business in America so why have we not seen the growth quarter over quarter?
- Mangesh Chauhan:** The B2C business only we have started the marketing. I told already on the call that we have not got right revenue from B2C revenue. We will be getting this quarter. We are hopeful for that but B2C we are not counting it because we have only done the marketing for that so B2C it is not in the turnover right now.
- Pran Gadge:** And in B2B is there any volume growth compared to previous quarter?
- Mangesh Chauhan:** In coming quarter.
- Pran Gadge:** When compared to Q3 is there any volume growth in B2B business?
- Mangesh Chauhan:** Yes B2B growth is there and because price is high the turnover is looking the same quarter to quarter.
- Pran Gadge:** Thank you so much.
- Moderator:** Thank you. We have a followup question from the line of Yeshvanthi from Kojin Research. Please go ahead.
- Yeshvanthi:** I just wanted to understand what is the capex incurred for the new facility?
- Mangesh Chauhan:** New facility madam Rs.10 Crores to Rs.12 Crores I already mentioned it.
- Yeshvanthi:** 10 to 12 Crores?
- Mangesh Chauhan:** We have provision for Rs.10 Crores to Rs.12 Crores but it is under process. Capex is under process. Nothing is in March.
- Yeshvanthi:** Thank you.
- Moderator:** Thank you. We have one question from the line of Shruti Shah an Individual Investor. Please go ahead.

- Shruti Shah:** Are you incorporating any innovative techniques or technologies to enhance the quality to aid the production?
- Mangesh Chauhan:** Yes 100% I have already mentioned. In the new facility we have taken new machinery and new technologies and new software's to improve our designing, to improve the quality of the existing product much more so we are on to it.
- Shruti Shah:** Okay so you are using 3D printing also to do the designing?
- Mangesh Chauhan:** Already we have 3D printers here.
- Shruti Shah:** Okay thank you.
- Moderator:** Thank you. The next question is from the line of Aman Vishwakarma from Robo Capital. Please go ahead.
- Aman Vishwakarma:** Excuse my ignorance, but if you could tell me a bit more about this new facility right so you guys are now moving into this new facility if I am getting it right?
- Mangesh Chauhan:** Yes in August.
- Aman Vishwakarma:** In August you will be moving and what is the optimum capacity utilization for this new facility?
- Mangesh Chauhan:** It is about 750kg to 800kg. In rupees you can go to 4500 to 5000 Crores.
- Aman Vishwakarma:** So that is the maximum you can make from that facility?
- Mangesh Chauhan:** Yes.
- Aman Vishwakarma:** Okay and when do you expect to reach that sort of level like since you will be moving in August, so that is like half the year gone by right?
- Mangesh Chauhan:** Yes.
- Aman Vishwakarma:** So when do you expect you will reach maximum?
- Mangesh Chauhan:** It will take two to three years but it depends how fast we work and we acquire the customer so by 2024-2025 we can go to that.

- Aman Vishwakarma:** Okay fair enough so all the best for your new venture and thanks for it.
- Moderator:** Thank you. The next question is from the line of Anmol Soni an Individual Investor. Please go ahead.
- Anmol Sonil:** Sir can you please throw some light on your pipelines for FY2024 and FY2025 and if you are planning to acquire some new clients in new geographies or something like that? Also what is the current plant capacity on which you are working and what it will be after the new facility?
- Mangesh Chauhan:** Yes the new plant I have already told that we have the capacity of 250 kg and new facility we have seven 750 to 800kg capacity so there are many products development is in the pipeline for 2023-2024 and 2024-2025 with acquiring new customers we are developing new products for export also export market. We are targeting new products for Gulf market and Singapore, so many cities are there in the pipeline. As and when required we will be informing you or so also and right now the main part is to shift to the new facility with new machinery and new technologies and launch the new products yes.
- Anmol Sonil:** What will be the capacity utilization which is expected?
- Mangesh Chauhan:** In new facility I have already mentioned that we have the capacity to go to 4500 and 5000 Crore business but this facility is taken in the consideration of future growth only so let us hope how fast we achieve the target, yes.
- Anmol Sonil:** And is there any write offs or some things say in relation to the designs something like that?
- Mangesh Chauhan:** We are doing design in house so we have safety of our design. We cannot share the design outside so our designers they have many years of experience and we have the facility the security for designers is tightened at the new facility so we have monopoly there.
- Anmol Sonil:** Okay thanks.
- Moderator:** Thank you. As there are no further questions, I now hand the conference over to Gopal Chandak for closing comments.
- Gopal Chandak:** Thanks everyone for joining the conference call of Sky Gold Limited. If you have any queries, you can write us at research@kirinadvisor.com and once more thank you everyone for joining the conference call. Thanks everybody.



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Mangesh Chauhan: I hope I have given the answer to all your questions and you can mail us if you have any more questions and we will take it when we have con calls with the investors and give you answers.

Moderator: Thank you very much. On behalf of Kirin Advisors that concludes this conference. Thank you for joining us and you may now disconnect your lines.