Sky Gold Limited

"Q3 and 9-Month FY24 Earnings Conference Call"

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MODERATOR: **MR. PARTH PATEL – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to Sky Gold Limited Q3 and 9 months FY24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Parth Patel from Orient Capital. Thank you and over to you Mr. Parth.

Parth Patel: Thank you, Manav. On behalf of Orient Capital, I welcome you all to Sky Gold Limited's Q3 and 9-month FY24 conference call. From management side, we have Mr. Mangesh Chauhan, Managing Director and Chief Financial Officer, Mr. Darshan Chauhan, Whole-Time Director, Mr. Mahendra Chauhan, Whole-Time Director, Ms. Nikita Jain, Company Secretary, Mr. Jayesh Sanghavi from the Finance team. I hope everyone had an opportunity to go through our press release that we have uploaded on the exchanges and the company's website.

A short disclaimer, I would like to say before we begin the call, this call may contain some of the forward-looking statements, which are completely based upon our belief, opinion and expectations as of today. These statements are not a guarantee of our future performance and involve unforeseen risks and uncertainties.

With this, now I hand over the call to Mr. Mangesh Chauhan. Over to you, sir.

Mangesh Chauhan: Thank you Parth. I am Mangesh Chauhan, MD and CFO of Sky Gold Limited. A very good morning to all of you, ladies and gentlemen, and thank you very much for attending our Q3 earnings call today. We intend on keeping our investors and analysts familiar with an update about development in our business.

We have had the opportunity to meet some of you at our annual general meeting. Otherwise, to my mind, it would be worthwhile to dwell a bit on our company and brief you all about the products we manufacture and business growth. I trust this will be helpful to all participants. I must state that all the discussions here will be within boundaries reasonably enforced by the company's strategic and competitive positions.

As you are aware, Sky Gold Limited. started its journey 18 years back and emerged as a leading Mumbai-based jewellery manufacturer specializing in designing, manufacturing and marketing of executive gold jewellery.

Mainly dealing in lightweight 22k and gold-modified jewellery, we started working with many of Indian large retailers early in this journey. Having spent a good part of the decade working with retailers, we have developed a very good and granular understanding of end consumers.

The jewellery that sells in a town in South India may not be fast-moving in other parts of the state, let alone another part of the country.

We solve an important pain of jewellery retailers, which is inventory management. If our retailers are able to liquidate sales of our designs quickly, we would be in a position to generate more sales or orders. Ours is the quick, sticky relationship with the retailers.

We have a design team of 50-plus jewellery designers. These designers help us to build a design library of 9 lakh designs, in which 2 lakh -- 2.5 lakh designs are live right now. We are constantly refreshing our designers, ensuring that our jewellery moves quickly off our retailer shelves.

Due to the diversity of our clients and the varied regions each of our clients are present in, we have developed an ability to design jewellery products as per latest trends, fashion and demographic presence of the end-user. We aim to achieve revenue of INR1,700 crores in FY24 and INR5,000 crores over next 3 years, led by new client additions, increasing wallet sales from existing clients, showroom additions by clients leading to new showroom demand, export demand shifts from unorganised to organised.

On international front, Sky Gold exports to Dubai, GCC, Singapore and Malaysia. The contribution from international business was 3% in FY23. Going ahead, we aim 30% contribution from international business over next 3 years. The current demand for Indian lightweight jewellery is resilient in international market, which we are targeting to cater going forward.

Furthermore, we are focused on expanding our services to 40/50 good corporates in corporate market over next few years. Given the rich promoter experience, a strong R&D team, extensive design library and strong track record, Sky Gold Limited is increasingly becoming a preferred choice for the lightweight jewellery manufacturer.

We are optimistic about the future and confident in our ability to navigate challenges and achieve our goals. We have been working towards creating an organisation that is more transparent, technology evolved and one that has best of corporate governance practices.

Now I would like to hand over the call to Darshan Chauhan for his remarks. Over to you Darshan Chauhan.

Darshan Chauhan: Hello, good morning to all of you. I am Darshan Chauhan, Whole-Time Director of Sky Gold Limited. Now I will discuss the Q3 FY24 financial performance. The consolidated revenues for the quarter stood at INR460 crores versus INR267 crores in Q3 FY23, thus registering a growth of 72% on year-on-year basis.

We have witnessed strong revenue growth during the quarter in both domestic and international markets, given the festival seasons around the world and especially in the Indian market. During the quarter we have also successfully added new clientele in our export market to fragment customer base and increase our revenue share from export business. Margins wise, EBITDA stood at INR18 crores, saw a growth of 48.5% year-on-year. Our EBITDA margin for Q3 FY24 was 3.9% as compared to 4.5% in Q3 FY23. PAT stood at INR8.9 crores, saw a growth of 40.8% year-on-year. Our PAT margin for Q3 FY24 was 1.9% as compared to 2.4% in Q3 FY23.

Moving to 9 months performance, the consolidated revenues for 9 months FY24 stood at INR1,232 crores versus INR884 crores in 9 months FY23, thus registering a growth of 39.4% on year-on-year basis. Margins wise, EBITDA for 9 months FY24 stood at INR52 crores, saw a growth of 110.8 % year-on-year, reported an EBITDA margin of 4.2% as compared to 2.8% in 9 months FY23. PAT stood at INR27 crores, saw a growth of 114.5 % year-on-year.

Now I would like to hand over the call to Mr. Mahendra Chauhan, our Whole-Time Director, for his remarks and then he will open the floor for question and answer session. Over to you, Mahendra Chauhan.

Mahendra Chauhan: Hello, everyone. As you are aware, we have received fresh capital from our preferential allotment during the end of the quarter. This capital would help the company to strengthen its liquidity position and this has already resulted in a rating improvement. The number of banking partners have also increased as a result.

Earlier we never used gold metal loans, now we would be utilizing gold metal loans. The shift would start happening from first quarter FY25 and this would reduce our interest costs. The focus during FY25 would be to improve productivity and reduce the working capital cycle.

We target to increase and achieve 3x sales from the existing workforce. On the customer facing side, we have started working on an application to seamlessly interact with the customer. The benefits of all the measures would be visible during Q4, FY25.

With this, I would request to open the floor for question and answer. Thank you so much.

Moderator: We have our first question from the line of Vinamra Hirawat from JM Capital. Please go ahead.

Vinamra Hirawat: Hi, am I audible?

Moderator: Yes, sir, you are. Please go ahead.

Vinamra Hirawat: My first question is, could you please go over your annual capex over the next 2-3 years? The capex you're doing every year?

Mangesh Chauhan: We have already done the capex in the current year. In the ongoing years, we will not need any major capex like we have done in the INR15 crores capacity when we shifted to the new facility. In the ongoing years, we would like to add INR50 lakhs or INR1 crores machineries per year.

This will not be a major capex. We will do it in the next 2-3 years. We have already done the major capex in this year only with the new facility.

Vinamra Hirawat: My second question is, your Q2 investor presentation states that by the end of FY24, your capacity is 750 kgs a month. The presentation says you will be utilizing 700 kgs a month. Is that the capacity utilization we are at now? What is the utilization you see going forward in FY25-26?

Mangesh Chauhan: We have a capacity where we can produce 750-800 kgs per month here. Right now, we are producing 250-275 kgs per month. We can go up to triple capacity in 2.5-3 years in this facility.

Vinamra Hirawat: Do you have guidance on capacity utilization for the end of FY24, FY25 and FY26?

Mangesh Chauhan: We are targeting INR1700 crores this year. In 3 years, we are targeting INR5000 crores. It will go from 250-275 kgs to next year 400/450 kgs. Next year, it will be 250-300 kgs. In the 3rd year, it will be the maximum utilization of 750 kgs.

Vinamra Hirawat: Got it, thank you. I have one more question. What is the channel for export being big part of your revenue, so what is a channel for that? Do we sell direct to end consumer via intermediates? How does that work?

Moderator: There is a lot of disturbance at your end. Can you please mute yourself?

Vinamra Hirawat: There is no disturbance at my end. It is a quiet room.

Mangesh Chauhan: Can you repeat your question please?

Vinamra Hirawat: What is the channel for export? Do we sell direct to end consumer via intermediates?

Mangesh Chauhan: We are exporting to corporates there also who have 200-300 stores and to distributors also who are supplying to small retailers in the Gulf countries and Malaysia and Singapore. So both mix blended business is there. 50% is from the corporates and 50% is from the distributors. As a big manufacturer, we cannot reach to the small retailers. So we give to the distributors and they supply to them.

Vinamra Hirawat: So the mix is 50-50, right?

Mangesh Chauhan: Yes, approximately.

Vinamra Hirawat: Okay, thank you. I will join back in the queue for later questions.

Moderator: Thank you. We have our next question from the line of Jehan Bhadha from Nirmal Bang. Please go ahead.

Jehan Bhadha: Good morning sir.

Mangesh Chauhan: Good morning.

Jehan Bhadha: Sir my question is pertaining to the debt and interest cost. So what will be the debt level by this year end and next year end? And what are the plans regarding gold metal loans, how much of total debt would be replaced by gold metal loan and by when? And interest cost for next what will be in the range of?

Mangesh Chauhan: We are right now using INR160 crores of debt and we will be increasing it INR240 crores, INR250 crores something in the next year – in the next coming year. And we will be utilizing 70% to 80% of the GML facility in that. So our interest cost right now it is 0.90 of the sales and it will help us to reduce 0.40 basis -- the interest cost in the first quarter it will show results will come.

So we will be utilizing GML from the first quarter itself. Banks are renewing our facility and changing our facility to CC to GML. It takes 30-40 days, 50 days. So from the next quarter to first quarter we will be reducing our finance cost by 0.30-0.40 basis. 70%-80% will use GML. So it will help us to increase our PAT margins.

Jehan Bhadha: So you mean that entire bank loans will be shifted to GML, right?

Mangesh Chauhan: First of all, 80% we will use. The bank gives us 80%. When we utilize it to the maximum, in the second quarter, we will change to 100%. So we have to use first 80% and then the bank gives us to use 100% also. So in the first quarter, we will use 70% to 80%. Inventory will be funded from GML only.

Jehan Bhadha: Right. So approximately, you said in terms of percent of sales. So approximately, our current cost of debt would be in percentage terms, let's say 10%-12%. Can you explain in that terms and what will be cost of -- the interest cost of GML?

Mangesh Chauhan: So currently, our interest cost is 9.5%. And it will come to 4.5% (GML cost is 4% plus other cost which comes to 4.5). So interest cost will come to – now it is 0.9 of the sales and it will come to 0.5 of the sales. So our inventory will be funded by GML, Gold Metal Loan and receivable will be funded to the CC limit balance 20%-30% from the internal funds and CC limits here.

Jehan Bhadha: Okay, fine. Thank you, sir.

Mangesh Chauhan: Yes.

Moderator: Thank you. We have our next question from the line of Bharat Gainani from Moneycontrol Pro. Please go ahead.

Bharat Gainani: Yes, sir. Thank you for the opportunity and very good set of numbers. So, sir, if I see the balance sheet currently, we have debt of about INR150 crores and we also have long term investment of about INR65 crores. INR70 crores. So I just wanted to check why is there a debt and a very big number of investment in the terms of balance sheet and now that you have already stated that you will shift to gold metal loan.

So we would be required to keep another, I mean, we need to keep deposits in the form of current investment or a long term investment. So will that affect, so the first question is how much will the investment in -- since you are taking the gold metal loan, what effect it will have on return on capital employed? Thank you.

Mangesh Chauhan: So our debt is largely for working capital. Our working capital days would reduce from, already we have reduced from 21 days to 19 days and we are targeting 3-4 quarters, we'll reduce to 15 days. So about the investment you asked, it's about INR60 crores, INR70 crores investment of blue chip shares we had before 5-4 years in our balance sheet and we have pledged as a collateral with the banks.

So we are, we would be replacing it with the FD and we'll, as in this quarter, in first quarter, I think in March, we'll get that investment back and we'll offload it. So we are changing the collateral with the shares with FD and about the GML, it will help us to reduce our cost by 0.40 basis or 50 basis as the GML gold metal loan is 4.5% and CC limits are 9.5%. So it will help us to increase our PAT. Our inventory days would be reduced to 25 days, which is now 30 days and receivable bills we are targeting to bring it to 15 days in 3-4 quarters.

So total working capital days would move to 40 days, which was last quarter was 60 days, now it is 55 days and we are targeting it to take it to 40 days, which will help us to increase our working capital.

Bharat Gianani: Okay, but if we are taking GML, so we would need another INR30 crores-INR40 crores of investment in FD or this much INR70 crores-INR80 crores that is there on the balance sheet?

Mangesh Chauhan: In the shares, banks were taking 50% collateral, now they are diluting to 30%-35% collateral. So we'll need to give only INR30 crores-INR40 crores FD only. Again, INR70 crores shares will be received back and we'll need to give INR30 crores-INR40 crores FD.

Bharat Gianani: Okay, so additional INR30 crores, INR40 crores, another investment will go up by? No, no.

Mangesh Chauhan: We'll take back the INR60 crores, INR70 crores securities back and we'll have to give INR40 crores FD. They are reducing the collateral. As our rating has improved from minus to triple B stable. So all the bankers meet we have taken and they agreed to take it to 35%-30% collateral. So we'll receive INR70 crores shares back and we'll have to give INR40 crores, INR45 crores FD. So it will reduce our investment here.

Bharat Gianani: Okay, but then we said that we will also increase the debt by about INR80 crores in the form of -- I mean next year. So for that we are switching to gold metal. So we will require an additional investment in the form of collateral. Any other investment is required when we are moving to gold metal?

Mangesh Chauhan: Right now we have given INR70 crores investment for INR160 crores. So we'll replace it to FD and it will go up to INR250 crores CC. So our investment will only change from shares to FD but it will not increase. It will be up to INR70 crores only because they are reducing the collateral, diluting it.

Bharat Gianani: Okay, so overall investment will be in INR70 crores range.

Mangesh Chauhan: Yes, in the range.

Bharat Gianani: So basically and if our PAT margin increases then overall and the working capital comes down and investment stays where it is. So our return on capital employed or return on equity should improve going forward. Is that what I understood?

Mangesh Chauhan: We are targeting at the present.

Bharat Gianani: Okay, so thanks and all the best from my side.

Mangesh Chauhan: Thank you so much sir.

Moderator: Thank you. We have our next question from the line of Ankur Kumar from Alpha Capital. Please go ahead.

Ankur Kumar: Hello sir. Thank you for taking my question. Sir, in terms of guidance you said INR1,700 crores for this year which would imply about INR460 odd crores, INR465 crores types for Q4 which is like higher than this December quarter. But isn't December quarter like the best quarter for jewellers because there is a better demand?

Mangesh Chauhan: Yes, so December quarter is INR460 crores we already reached and we have to reach 450 crores in this quarter. So December quarter is 100% good but we have added now in January exhibition we did in the first of January first week we have done an exhibition and we have added many new clients of exports also and domestic also. So that will also help us to grow our revenues.

Many clients are added and many clients have given orders in this exhibition for this quarter. So I think new clients and existing clients both will play the role to drive our revenues.

Ankur Kumar: Got it sir. And sir in terms of margin side there is a slight reduction this quarter compared to last year. So any color on that and what should we expect going forward?

Mangesh Chauhan: We are in the scaling mode. So in some new clients we are entering with the regular products and attractive price we are entering with them and after they are on board we in the second, third quarter in the same client we give new products, monogram products and fancy products in that we create margins with them only. So we are in the scale mode we are targeting INR5,000 crores in 3 years and INR10,000 crores in 6 years.

So keeping mind that also we are acquiring new clients, new corporates, export clients also. So while entering them we have to give them attractive price. When we increase our product range in the same client we increase our designing products and all. Then in that only margin increases. So we are gradually increasing in the next quarter and 2-3 quarter we will be seeing that our product margin is also increase and our finance cost will help us to increase our PAT margins.

Ankur Kumar: Given we are adding so much clients and we want to increase fast. So is it like we want lower margins and we want to increase the topline, how should -- as in for coming few quarters because margins should be here only or slight reduce then for coming from FY26 in the next year, then we should improve in margins or how should we think about it?

Mangesh Chauhan: No, we will be gradually increasing margins also because from the last quarter if you compare we have slightly improved our margins PAT wise. So we are working on our gold loss also. We were small manufacturer we were working manually now we are implementing ERP system for the gold reduction better utilization of our existing facility which will help ERP system will help us to improve our existing facility.

So that will help us to improve our gross margins. So we are concentrating on the gold loss our better utilization of the facility. We have incurred the fixed cost already. So if the turnover goes up in the same cost it will help to increase our gross margin. ERP will help us to track our gold loss inventory perfectly. Gradually margin will improve every quarter.

So we are looking at 3x revenue from the same employees or rather little bit employee increasement. So I think we will be increasing our gross margin gradually also and scale up also. We will not reduce our margin.

So you can see from the last quarter we entered our new facility. In the next quarter our PAT is increased. Gross margin obviously little bit hampered by 20 point basis or something from the last year on year.

But now we have good clients we have entered new clients. So we will increase new products in that new design in that and we will increase the margin also. So it will be go scaling also and increasing the margin point 20 basis every quarter and we are looking forward to target EBITDA to increase from 3.9 to 4.5, 4.6 which will come from our productivity also from controlling the gold loss also utilizing the facility at the maximum. And our end of the same cost or little bit cost increasing. And we are concentrating on the finance cost for the PAT margins.

So both will help us to increase our PAT margins and obviously we are scaling up with the new clients also. So it will go both together.

Moderator: Thank you. We have our next question from the line of Shubham Upadhyay from The Microcap Minute. Please go ahead.

Shubham Upadhyay: Good morning everyone and first of all congratulations on good set of numbers. So I was going through the press release and you had said that the new capacity has been operational and it has a capacity of 750 to 800 kg per month and there is also a capacity utilization of 60%. So that puts the number to around 450 to 480 kg per month. So are we doing that number currently?

Mangesh Chauhan: No, no. We are doing 250 to 270 kg per month. Employee wise we have utilized 60% for the machinery wise. Machinery we have installed we don't know though. But employees wise we have to keep the designers, employees, the workforce for that we have to utilized 50% to 60% right now. And now in the quarter we will produce with the same employees we will produce it will go to 350 kg, 400 kg in the same strength.

After that we will increase more employees. So in the way of 60% we are utilizing the employees and all the things. But manufacturing wise we are producing 250 to 300 kg. I hope you understand my answers.

Shubham Upadhyay: Okay. Yes, sure. So, my next question is like, is there any guidance on the number what could be the expected number in the coming quarters of the next financial year?

Mangesh Chauhan: So we are targeting INR1,700 crores total revenue. Already we have crossed INR1,250 crores, in the coming years we are targeting INR2,500 crores approximate revenue in the next year. So we will be reaching INR5,000 crores in three years we are targeting.

Shubham Upadhyay: Okay. Is there a number kg wise?

Mangesh Chauhan: Yes, kg wise it will be -- now we are in this year we have produced 250, 270 kg per month. First quarter I think we will be producing 350 kg per month. In the next year, 350 kg to 400 kg, in the next year 400 to 500 kg, in the third year we will be going up to 700 kg here approximately.

Shubham Upadhyay: Okay. So, my next question is basically my last question. So you have also mentioned the doubling of the in-house design team from 100 to 200. So what is the timeline of this hiring?

Mangesh Chauhan: Right now, we have a good designing team. One or two designers may be added but no need to enter more. As soon as we touch our revenue of INR3,000 crores or INR2,700 crores and when we are targeting to INR5,000 crores we will be adding some more designers as and when required. So, right now we have a good strength of designers and employees. So, we needed not to increase more fixed cost right now to achieve INR2,500 crores, INR3,000 crores. We have the strength.

We have the machinery. We have the already done the capex. So we have to just keep on maybe producing more, getting more design from the designer, latest design and upload in the market.

Shubham Upadhyay: Okay. Thank you. Thank you for the answers. I will rejoin the queue.

Moderator: Thank you. We have our next question from the line of Nitin Gor an Individual Investor. Please go ahead.

Nitin Gor: Yes. Good morning sir. My question is related with where we stand in terms of B2C business and have you unloaded Tanishq and Reliance also? Thank you.

Mangesh Chauhan: So, right now we are not focusing into B2C business for now and Tanishq and Reliance we are in talks with them. They are not unloaded till now. Currently Tanishq we are in talks with them. We have shown them our factory and all. So let's hope for the best. We are expecting them. Yes.

Moderator: Mr. Nitin, do you have a follow up question?

Nitin Gor: No. Thank you.

Moderator: Thank you. We have our next question from the line of Prateek Chaudhary from Saamarthya Capital. Please go ahead.

Prateek Chaudhary: So, what is the difference in margins between your domestic and international business? Because you are forcing international business to contribute a very significant percentage around 30%. Is there any margin difference here as well?

Mangesh Chauhan: Some margin difference is there. It cannot be disclosed due to competitive reasons. But some difference is there from domestic and export.

Prateek Chaudhary: So, are exports better than domestic?

Mangesh Chauhan: Slightly better than domestic, yes.

Prateek Chaudhary: In margin terms?

Mangesh Chauhan: Yes.

Prateek Chaudhary: Okay. And currently your PAT margins are hovering between 1.5% to 1.9%. I think this last quarter was 1.9%. 1.9. 1.9, right? Yes. Do you see this moving to 2.5% to 3% in the next two to three years?

Mangesh Chauhan: We are targeting first of all to take it to 2.5% in three to four quarters. And then after reaching that, we are targeting it to, after one and a half year or two years, we will be reaching it to 3%

we are targeting to take. So in three to four quarters we are targeting that our PAT margin will increase to 2.5%. Finally growing our scale, our target of production also.

Prateek Chaudhary: Okay. Got it, sir. Thank you. I'll get back in the queue.

Moderator: Thank you. We have our next question from the line of Rahil Shah from Crown Capital. Please go ahead.

Rahil Shah: Hello, sir. Good morning. So just please, once again, if you can elaborate on your strategies to inch up the EBITDA margins. And I believe in the previous answer you mentioned taking it to 4.5%. So is that overall annual margins you expect for the next quarter?

Mangesh Chauhan: Yes, in two to three quarters, we are targeting to take it to 4.5% EBITDA, which will come from better utilizing our existing facility. If we are implementing ERB system, which will help us to track our gold loss. Inventory management will be more precise in that. So it will help us to grow our EBITDA margins. Addition of…

Rahil Shah: But immediately in the next quarter, any expectations? Like what range you expect?

Mangesh Chauhan: You will see the impact in all the three quarters, coming three quarters, next quarter also, in the first quarter also of the new financial years, and the second quarter also. So you can see the results in the next quarter also, and the upcoming quarter also.

Rahil Shah: So next quarter will be better as well? There will be some improvement. Okay, and how many new clients have you added?

Mangesh Chauhan: We have added big clients of 10 to 12 more big clients, we have added.

Rahil Shah: Okay, any target – like ahead? How many -- an ongoing process?

Mangesh Chauhan: Pardon?

Rahil Shah: Is it like -- range like quarterly range you will follow, or you expect more to be added ahead?

Mangesh Chauhan: About the revenue you are asking?

Rahil Shah: No, no, client addition.

Mangesh Chauhan: We are focusing on our focus will be getting the share of the business with the existing client also. So the market is huge. We are getting market share from our organized share. Unorganized share is shifting to the organized corporate. So we are also getting the benefit from them. So the existing client also, we are getting the shares, and every quarter we are doing the exhibition and keep on adding our new clients also.

So we are gaining the share outside India also. We have started exports to UAE, Singapore, Malaysia. So Indian manufacturing is very cost effective and very good for export markets right now. They are seeing very good for Indian manufacturing, where design-wise and cost-wise also we are very effective from other countries. So we are seeing this quarter we are seeing good growth in the export.

Rahil Shah: Okay, okay, got it. Thank you and all the best.

Moderator: Thank you. A reminder to all participants, you may press star and 1 to ask questions. We have our next question from the line of Vinamra Hirawat from JM Capital. Please go ahead.

Vinamra Hirawat : Oh sorry, I must have pressed it by mistake. I don't have any more questions.

Moderator: Okay, thank you sir. We have our next question from the line of Bharat Jainani from Money Control Pro. Please go ahead.

Bharat Jainani: Yes sir, thank you for the follow-up opportunity. Just two questions. So one is that the current debt level is about INR160 crores odd. Hello. Yes, so all of this, the next year the target is to reach about INR250 crores. So from this INR250 crores, the entire will be gold metal loan or gold metal loan will be a portion of that?

Mangesh Chauhan: 80% we will be using gold metal loan because it will reduce our cost. But major banks give 80% limits of the gold metal loan and 20% they give us CC limits. When we utilize properly 2-3 quarters maximum, then they give us 100% also. So we will be keeping it to 80%.

Bharat Jainani: Okay, so out of that INR250 crores target of debt that we have for the next year, 80% of that means roughly about 180-200 crores will be the gold metal loan, right?

Mangesh Chauhan: Yes, yes.

Bharat Jainani: Okay, okay. And another question is that, just one clarification like we saw the preferential allotment happened two months back and there was another fundraising in which the promoter also participated. So I just wanted to know, is there any other fundraising plan or for now we will be done with the fundraising?

Mangesh Chauhan: We are not planning any fundraising right now because already two months back only we did and so right now we are not in a mind to raise the funding to fund ourselves.

Bharat Jainani: Okay, okay. Thanks and all the best, sir Thank you sir.

Moderator: Thank you. A reminder to all participants, you may press star and 1 to ask questions. We have our next question from the line of Ajay Shah from Crisp PMS. Please go ahead.

Ajay Shah: Thank you sir for the opportunity. I would like to ask what is the market share of unorganized players and organized players in your industry and what is the other competitors, big competitors for you?

Mangesh Chauhan: I would not like to name any, in south, also one competitor is there. I would not like to name anybody. Yes, this is about the competitor. What was the other question?

Ajay Shah: Market share of organized players and unorganized players in your industry.

Mangesh Chauhan: Okay, okay, okay. So organized player is about 60-65% market share is there. 35% is the unorganized market which is shifting to the organized market. So, which is our client, we are doing major business with the corporates, tenant stores. We are gaining the share of unorganized to organized, because of this government. I hope this government continues. In this government organized market is gaining the shares.

Ajay Shah: And sir, we are targeting for INR5000 crores revenue in next three years. So it is implying 40% to 42% CAGR revenue growth. So what gives you so much confidence? Can you share in detail to achieve that target?

Mangesh Chauhan: You can see before 10 years we betted on the corporate, we started business with the corporates who had like Malabar Gold, Joyalukkas who had 20 stores, 30 stores that time . Right now they are having 250 stores, 300 stores, 400 stores. So we are in the boat with the corporates. We have the clients of major large corporates like 50 stores to 400 stores, those who have large corporates. We have clients who have 10 stores, 15 stores, 20 stores also. They are mid-corporates.

And we have clients who have 2 stores to 5 stores which are small corporates. They are going to be a large corporate in three, four years or five years. They are also growing to 50 stores, 100 stores. They have been target of that. So we are confident that this unorganized market share will also shift to the organized one which are the corporates, which are our clients. And every year Indian jewellery market is growing by 10% to12%.

In that share also, corporates will gain the major share of that. Unorganized will not gain the share. So indirectly we will have an upper hand as a manufacturer. We have their clients. Their stores are increasing drastically. You see Kalyan Jewellers has signed 80 stores this year. Senco Gold has signed 40 stores this year. So drastically they are growing their stores and acquiring the market. And we are in the same boat.

Ajay Shah: Okay, thank you so much sir.

Moderator: Thank you. We have a next question from the line of Sumit Bharadwaj from Global Web Flavors. Please go ahead.

Sumit Bharadwaj: Hello. My question is regarding, I want to get the update on your business in the US. I believe that last quarter you started a website in the US.

Mangesh Chauhan: The voice is not coming proper. I am not hearing it. Can you keep it a little bit louder?

Moderator: Sumit, I would request you to use the handset while asking some questions.

Sumit Bharadwaj: Am I audible to you now?

Mangesh Chauhan: Yes, right now it's very clear.

Sumit Bharadwaj: I want to get an update on your US business. Last quarter you started a business in the US. You opened a website there. May I get the update on this?

Mangesh Chauhan: No, no. We have not done any business in the US. And we have just opened a subsidiary. We were to do the online B2C business. We have a plan. But we are not concentrating on that because in the B2B only the potential is very good. We have on-boarded new clients and our existing clients are giving us good orders and contracts. So right now we are scoping on B2B only. We have not entered any expenses for the US market or done any R&D expenses. Nothing expenses has been done for that. So we are not concentrating on that.

Sumit Bharadwaj: Okay, fine. Thank you.

Moderator: Thank you, sir. As there are no further questions, I would now like to hand the conference over to Mr. Mangesh Chauhan for closing comments.

Mangesh Chauhan: Thank you so much everybody, everyone for joining us. I hope I have been able to answer all the questions. In case you have any query, further details, you may please contact Orient Capital or our investment regulation partners. Thank you so much for being a part of Sky Gold Limited. And we hope we have a good journey together inform us.

Moderator: On behalf of Sky Gold Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.