



SKY GOLD

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“Sky Gold Limited
Q1 FY '25 Earnings Conference Call”
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MODERATOR: **MR. PARTH PATEL – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY25 Earning Conference Call of Sky Gold Limited. As a reminder, all the participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone.

Please note 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.

Parth Patel: Thank you, Dorwin. On behalf of Orient Capital, I welcome you all to Sky Gold Limited Q1 FY25 earnings con-call. From the management side, we have Mr. Mangesh Chauhan, Managing Director and Chief Financial Officer, Mr. Jayesh Sanghvi from the Finance Team, and Ms. Nikita Jain, Company Secretary. I hope everyone had an opportunity to go through our Investor deck and press release that we have uploaded on exchanges and the company's website.

A short disclaimer I would like to mention before we begin the call. This call may contain some of the forward-looking statements, which are completely based upon our beliefs, opinions, and expectations as of today. These statements are not a guarantee of our future performance and involve unforeseen risks and uncertainties. With this, I now hand over the call to Mr. Mangesh Chauhan. Over to you, sir.

Mangesh Chauhan: Thank you, Parth. Good morning everyone. Thank you for joining us today. As we discuss our Q1 '25 quarter's performance as we look into our quarterly performance for Q1 '25 we are pleased to start the new financial year on a positive note. The company reported yet another quarter of robust operation performance marked by improvement across multiple levels. This includes higher capacity utilization and turnover level, increased export exposure, use of technology in inventory management, and automation resulting in operational leverage.

We feel we have just started to get materialized with a lot more potential leverage yet to contribute as we grow and achieve our goal of INR6,300 crores by 2027. Coming to our robust Q1 numbers, revenue for the quarter stood at INR723 crores, registering a growth of 92% year-on-year, 40% quarter-by-quarter. PAT stood at INR21 crores, registering a remarkable growth of almost 100% for the second consecutive quarter in a row. Speaking about the industry, we operate i.e. jewellery market is expanding at a robust rate of 15%-16% and expected to reach 145 billion by '28.

The overall jewellery sector has seen an approximate 8% revenue CAGR during FY '19- '24, with the organized segment growing at a much faster rate of 18%-19%. The organized market is expected to continue with robust pace and target of achieving 40%-43% of total market. This is driven as a result of multiple drivers in the industry leading to such rapid growth, driven by rising disposable income and improving mix for regular jewellery wear, enhanced product offerings (such as design and diamond), trust building through hallmarking and better buying experience at organized retail outlets.

This along with recent announcement by government to reduce import duty will have a long-lasting positive impact on the jewellery market in India. Reduction in import duties has lowered the overall cost of raw materials, making it more affordable for the manufacturer to procure gold. The duty cuts have also had a positive impact on the market by making gold jewellery more accessible to a broader range of customers.

With lower prices, demand has surged, promoting manufacturers to meet this growth demand by ramping up their production capacities. Additionally, the duty cut has elevated some of the financial pressures faced by the industry, allowing companies to invest more in innovation design and advanced manufacturing techniques. This has not only enhanced the quality of jewellery but also improved efficiency in production processes.

Overall, the duty cut has acted as a catalyst for growth in the gold jewellery manufacturing sector, driving higher production volumes and fostering a more dynamic and competitive market environment. This shift is gradually capturing a larger share from the unregistered sector, providing us with significant opportunities to drive volume growth. At Sky Gold, we are uniquely positioned to capitalize on this trend, especially as consumers increasingly prefer branded jewellery of high quality.

Over the past few years, Sky Gold has strategically positioned itself as a leader in the jewellery manufacturing sector. With a strong focus on corporate partnerships, currently 65% of businesses drive from corporate clients while the remaining 35% come from distributors. Our goal is to elevate our corporate business share to 100% over the next three years, aligning with our mission to become a leading jewellery manufacturer serving large retail chains in India.

Our inventory primarily consists of products within 5,000 to 1,00,000 range and with a smaller portion from 1,00,000 to 2,00,000 segment. We specialize in casting jewellery, offering a wide range of necklaces, bracelets, earrings, rings. Currently, casting jewellery accounts for about 35% of retail sales, presenting a substantial addressable market to us.

In line with our vision, we had mentioned in our previous earnings call that we have acquired two entities, Star Mangalsutra Pvt Ltd. and Sparkling Chains Pvt. Ltd. are promoter owned private. Even though both these entities are into jewellery manufacturing, the product portfolio is completely different from Sky Gold. With our recent acquisition, the total addressable market has now risen to 65%. This means we can target more than two-thirds of offerings in the retail stores. It also creates a lot more value for Sky Gold in front of its customers.

We can now consider Sky Gold as their preferred partner for jewellery across diversified product offerings. Exports, which contribute 6% to our overall revenues in FY24, have done phenomenally well for us. In Q1 '25, exports contributed 11% of the total revenue for the quarter on a much wider basis because of the robust increase in overall revenues as well, showcasing the robust demand for Sky Gold products in the export market as well.

With our strategic initiative, we anticipate maintaining this figure in FY25. Our production capabilities are unmatched, with 2,000 new designs being introduced monthly, ensuring

exclusivity for our corporate clients. The ability to consistently deliver fresh, trendy designs has become a strong competitive advantage for Sky Gold.

In Q1 '25, our volume turnover stood at 349 kgs per month, as compared to roughly 270 kgs per month in the previous quarter, and 200 kgs per month a year ago for the same quarter. Our capacity utilization now stands at 45% of the -- excluding our acquisitions. So our consistent increase in turnover and export number highlights our capability to scale operations and strengthen our position in the gold jewellery market, both in India and globally.

The recent integration of Star Mangalsutra and Sparkling Chains into Sky Gold is perfectly aligned with our growth strategy. These acquisitions are expected to boost our margins through the synergies that bring to the enterprise. By consolidating our operations, as mentioned, we are broadening our total addressable market and expanding our product presence in numerous retail outlets, which itself are expanding at a very high rate.

Our design and R&D team comprises of more than 80 talented designers, focuses on identifying and setting trends on a monthly, quarterly, yearly basis. This relentless pursuit of innovation has enabled us to establish a solid foothold in the market. As we look to the future, we aim to expand our corporate client base.

These shifts in consumer preference towards branded jewellery and the government's favourable policies supporting organized retail have played a significant role in our growth. Over the past five years, we have concentrated on building our customer base. Now our focus is on enhancing margins through value-added products, which have significantly worked on margins as we grow.

In a competitive landscape, we differentiate ourselves through our expertise in casting jewellery. Rapid inventory turnover and robust corporate relations with some of them are now more than a decade old. To support our growth ambitions, we have planned a fundraiser of INR270 crores, which will be utilized across the multiple parameters, and will help the company to achieve the goal of INR6,300 crores by FY27.

In conclusion, Sky Gold Jewellery Manufacturing and Design Committee is well on its way to becoming a leader in jewellery manufacturing in India with a growing global presence. Our strategy is clear. We are committed to capturing market share, delivering value to our corporate clients, and ensuring sustainable, profitable growth for our stakeholders.

Now I will quickly discuss the Q1 '25 financial performance before we open the floor for questions and answers. The consolidated revenues for the current quarter stood at INR723 crores versus INR375.7 crores in Q1 FY24, thus registering a growth of 92%. The gross margin stood at 6.4%. The quarterly volatility in gross margins is due to product mix changes. Structurally, we would like to reach 7-8% gross margin through product mix and exports. EBITDA for the quarter was INR37.3 crores compared to INR18.6 crores, showing a growth of 100% in margins by a 19-point basis, taking EBITDA margin to 5.2% for the quarterly basis. PAT for the quarter stood at INR21 crores as compared to INR10.7 crores in Q1 FY '24,

thus registering a year-on-year growth of 98.9%. With this, I would like the moderator to open the floor for questions and answers.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Palash Kawale from Nuvama Wealth. Please go ahead.

Palash Kawale: Thank you for the opportunity and congratulations for the very good set of results. Sir, my first question is on volumes. So if I look at our volume's year-on-year, the volumes have grown by 75%. And since last four quarter, there has been an average sequential growth of 15% every quarter. So, do you expect this 15% quarter-on-quarter growth to continue for the rest of the year? And how do you see the average volumes for the full year?

Mangesh Chauhan: I believe we have done 270 kgs per month last full year and this quarter we have done 345 kgs. So, it's a growth of approximately 25%-27%. This year, we are targeting to keep up to 350-360 kgs per month we will produce in this year.

Palash Kawale: Okay, sir. Thank you for that. And sir, given this high growth, how do you see your operating cash flow spanning out? When do you expect to be cash flow positive?

Mangesh Chauhan: Cash flow positive, we are expecting after INR5,000 crores, when we will reach INR5,000 crores revenue in 2026 end. Then we will start generating cash flow positive?

Palash Kawale: Okay, sir. And sir, what was the inventory level after the Q1?

Mangesh Chauhan: It is INR250 crores inventory. Last March, inventories were high because we had taken the debt in March only. Now, this year, inventory is lower from the last quarter and our sales have also increased.

Palash Kawale: And sir, our exports have shown a tremendous growth, contributing 11%. So, do you see this 11% number sustaining for the whole year?

Mangesh Chauhan: Sir, we have already given the guidance in the last quarter that in this year we will go up to 9%-10% from the exports. So, we will sustain this growth up to 9%-10%. This quarter is 11%, but 10% is sustainable for this year.

Palash Kawale: Okay, sir. And sir, my last question is, what are your plans with utilizing the funders? If you could give a detailed answer around that?

Mangesh Chauhan: Yes. We will be utilizing some of the funds in the two subsidiaries. We have hired some 18-carat operations heads. Last year, we produced 97% of 22-carat and 3% of 18-carat. Now, the market is expanding for 18-carat also. In India, 22-carat market was 99%. Now, it is 95%. 5% 18-carat market also has grown. So, we will be using some of the funds in 18-carat inventory. We will be using some funds in diamond jewellery, which we have started last year.

In this quarter, we have done INR5 crores sales of diamond jewellery, which was very low. But it started at a very low level. So, we will be investing in three-four segments to increase the margin also and create the volumes also.

- Palash Kawale:** Okay, sir. Thank you. Thank you for your detailed answer. That's it from my side.
- Moderator:** Thank you. The next question is from the line of Yash Bajaj from Lucky Investments. Please go ahead.
- Yash Bajaj:** Thank you for the opportunity and good morning to you and congratulations on a great set of numbers. Sir my first question is, we have grown on a year-on-year basis, almost doubled. And our clients, which are the top four-five clients, have grown on a relatively lower clip. So, what has led to this kind of growth? I mean, what are we doing in terms of growing faster than the industry?
- Mangesh Chauhan:** Last August only, we were in the older facility. We were at 20,000-25,000 square feet facility. We came in August with a new facility of 80,000 square feet, which is the largest of Maharashtra. So, we have encased this facility. From the last two quarters, we were scaling this facility. In the older facility, we were not taking orders much from the corporates because we were at 110% utilization.
- From August-September, we told them, they visited our facility and we told them, we can produce more for you. So, we have improved our stake in the corporates. Already, we were like Malabar Gold we were giving 7%, now we are at 9% of their purchase. So, sales are coming from the existing corporates also. We have again acquired mid-corporates also, which are at 5-10 stores and are going to be at 50 stores, three-five stores, which are going to be at 10-20 stores in future.
- So, our sales are coming from all the mid-small and large corporates. Existing corporates have grown by 15%-20%. We have grown by 30% because we have increased our sales in these corporates. So, our stakes have increased in these corporates.
- Yash Bajaj:** Sir, like you said that in Malabar, we would be 9% of their purchase. Any similar number if you can give for the remaining three, like a ballpark number also? Just to understand...
- Mangesh Chauhan:** In the parent company, we are making casting jewellery. So, if in Kalyan Jewellers, we were at 5%, now we are at 7% of their casting jewellery. I can't give you more details because of some competitive reasons.
- Yash Bajaj:** Sir, my second question is, you have in the presentation given the capacity utilization numbers. So, Q4 which is four months so Q4 was 300 kilos and Q1 is 349 kilos. So, that increase 300 to 349 is a 15%-20% increase in capacity. But when it comes to sequential numbers like a top line for Q4 and Q1 that has grown by 40%. INR500 crores has gone to INR720 crores. So, how should we look at this, sir? Or you can just give us the volume number for these respective quarters, Q1, Q4?
- Mangesh Chauhan:** I will give you the last year average. Last year average was 270 kg per month -- last year, for the whole year. And this year quarter, we have made 345 kgs. So, 270 kgs is 25% or 26% from the volume growth.

- Yash Bajaj:** Sir, my next question is, on the GML loan, did we see any benefit of GML loan this quarter? And if not, then when do we see that coming?
- Mangesh Chauhan:** Already this quarter, we have shifted that we were using 10% of GML. This quarter, we will be using approximately 30% of GML. And December quarter, 100% we will be using GML. So, till December quarter, we will be at 100% GML. And this quarter, we will be utilizing about 30%-40% of the rest in GML.
- Yash Bajaj:** Got it. And my last question, sir, is that our recent acquisitions which we have made, when do we see that getting consolidated in our numbers? Because I think this quarter, we haven't seen any of those numbers coming in, right?
- Mangesh Chauhan:** Pardon, can you ask the question once again?
- Yash Bajaj:** The recent acquisitions which we have made?
- Mangesh Chauhan:** Already, we are in the acquisition process. So, it will take some 10 days more. It will be a Sky Gold entity, it is a process of 1.5 months. In September, you can see that some consolidations of one or two months is there. But the better clarity you can see in December quarter, the full results will be added in that.
- Yash Bajaj:** Got it, sir. Thank you so much, Mangesh sir, and all the best.
- Mangesh Chauhan:** Thank you, sir.
- Moderator:** Thank you very much. The next question is from the line of Vikrant Kashyap from Asian Market Securities. Please go ahead.
- Vikrant Kashyap:** Sir, good morning and congratulations on a very good set of numbers. Sir, just on the client concentration, could you please highlight which are your top five clients and how much will you get from them?
- Mangesh Chauhan:** We have... Malabar Gold is our largest client, which is one of the topmost of the world, fourth – seventh Tanishq is on seven number and. Malabar Gold, Kalyan Jewellers, Senko Gold, Joyalukkas, these are our major clients. Kalyan Jewellers, then GRT Jewellery, Bhima Jewellery, other than that, our clients are also there. So, this blended business comes from all these five major clients.
- Vikrant Kashyap:** So, you are saying Tanishq is our client?
- Mangesh Chauhan:** No, Tanishq is not our client, sir. So, any -- Yes, pardon, pardon.
- Vikrant Kashyap:** So, I am just trying to understand, since we have almost all of the big players, big domestic jewellers in our bucket, why we don't have -- able to crack Tanishq as our client?
- Mangesh Chauhan:** Before August, you can see, we were at -- our facility was very small of 20 to 20,000 square feet, which was not eligible for Tanishq criteria. From August, we came into the new facility.

Already, we have many talks with Tanishq. They have visited our facility. And our facility is up to mark to their requirements.

Our products are up to mark to their requirements. It's all about the waiting process, because it is a lengthy process with such a big company to onboard the clients. They have conveyed us that we have done all the process, but whenever the board decides and whenever the vendors are open for the casting, you are in the nearest number to be onboarded.

So, just we are waiting for that confirmation. Already, all processes are already done.

Vikrant Kashyap: Okay, great. Wish you best of luck for that. Second question, on the mix of gold and studded diamond. So, we have been growing in both segments. Do you see the mix changing towards studded diamonds or it is likely to remain same? How do you see the trend going ahead?

Mangesh Chauhan: No, gold studded -- about real diamond, you are telling?

Vikrant Kashyap: Gold studded, yes.

Mangesh Chauhan: Yes, gold studded about -- you are talking about real diamond or studded with cubic zirconia?

Vikrant Kashyap: No, no. I am talking about real diamond.

Mangesh Chauhan: Okay, okay. No, gold has a major upper hand in the market always gold will be the major upper hand. We are working on increasing share of diamond jewellery also, because we have started diamond jewellery in last two quarters only, which will result in gross margin, gross margin. But gold share is always upper hand. Diamond jewellery share is strangled in the market.

Vikrant Kashyap: But in the mix of the industry, I understand almost 20% demand is for diamond studded average. We have just started this business and we can improve our margin based on the improvement in the mix. Here I am trying to understand, since you have given a target of INR6,300 crores win in '27, do we see improvement in the mix which will result in the improvement in margin? Though we have a strong margin, no, I don't doubt on that. But I am just trying to understand, do we have further leverage to improve that?

Mangesh Chauhan: Yes, 100%. Because we have just started the diamond jewellery, we are into gold jewellery 100%. So we have a gap of -- taking this turnover to 10% to 20% of our whole turnover. So we understand the industry is moving towards studded products also. We are also working in that direction. Our mix will change -- but we don't want to have categorised growth. So, yes. So 100% advantage of diamond jewellery.

We are seeing latent demand and it will take some time for us to shift the mix. Yes, it will take four quarters. I think we are on the right, we have already started. But in four quarters, diamond jewellery sales will come to 10% to 15% of our turnover. That will help us to improve our margin, yes.

Vikrant Kashyap: Great, great. I understand you have leverage for the margin from operating mix also and from the operating leverage also. Since we have to scale up our utilisation levels. My next question

pertaining to the duty cut on budget. You have already highlighted the benefits of that. How much impact you are seeing on your inventory that you are carrying on the date of announcement?

Moderator: I request the participant to wait for a moment. The management phone has got disconnected. Just give me a moment, I will connect them again. The management is now online. Sir, please go ahead.

Mangesh Chauhan: Sorry, can you repeat the question, sir?

Vikrant Kashyap: Yes, I was asking you on the date of the announcement of budget on the duty cut. You must have some inventory where you are taking gold loan, metal loan etcetera. So, do you have any impact on your inventory that is going to come in the next quarters?

Mangesh Chauhan: Nothing, because our inventory is totally hedged in the MCX. So, we don't have any impact of any rise or fall also on the inventory.

Vikrant Kashyap: Okay, so budget duty does not impact on your inventory. You have structural gains.

Mangesh Chauhan: Yes, totally limits are hedged in the MCX.

Vikrant Kashyap: Okay, great. Thank you for answering my question and wish you best of luck, sir.

Moderator: Thank you very much. The next question is from the line of Prerana Amanna from Amanna Capital. Please go ahead.

Prerana Amanna: Congratulations on a very great set of numbers. I have two questions. The first one is, I understand we have a revenue guidance of INR6,300 crores by FY27 and we are on track to achieve it. But what is the revenue guidance for this year? That is the end of this year. And we are also on track to achieve the PAT margin of 3.5% by the end of this year, I believe. So, do you want to increase the guidance, this 3.5% of PAT margin to anything else further?

Mangesh Chauhan: About the revenue guidance, already we have given INR2,700 crores from a parent company and INR500 crores to INR600 crores from the subsidiaries, both the subsidiaries. So, subsidiaries, the sales will come from, I think, mid-August in this company. So, INR3,300 crores, INR3,400 crores revenue growth we have targeted this year.

About the PAT margins, I think it will be approximately 3% to 3.5% till March because we are going to gold metal loan. So, we don't want to, we'll not like to increase the PAT margin. We'll sustain that margin till March. We'll reach 3.5%.

Prerana Amanna: Okay, sir. The next question is regarding the gold metal loan. I believe you already answered it. But how much percentage did we use of GML in this quarter that is Q1 FY25?

Mangesh Chauhan: In the September quarter, we'll be using 30% to 35% limit, about INR100 crores GML in September quarter. And December quarter, 100% utilization will be there of GML.

Prerana Amanna: Okay, sir. Thank you so much. Thank you so much.

Moderator: Thank you very much. The next question is from the line of Bharat Gianani from Money Control. Please go ahead.

Bharat Gianani: Yes, sir good morning and congratulations for a great set of numbers and good guidance. So, just my question was like, so this, again only because of the custom duty impact, many of the jewellery retailers have indicated that margins will be under pressure because of the Indian tree. So, I just wanted to know, you earlier said that we would not have any impact.

So, is it that you have kind of a fixed price of the gold, which you are going to manufacture and supply to your client, that is why you will not have any impact? Because jewellery retailers are having an impact. So, can you explain why you will not have any impact because of the duty cut which is resulted in GML loss?

Mangesh Chauhan: 100%. Because it's a process that we follow. We have our hedging team, our pricing team. Whenever, in our industry, I will explain you properly that whenever the orders come to our industry, if Malabar Gold has given 20 kg orders to us, at the time of order, the rates are not fixed with the consumers. We buy bullion from the bank or licensed importer. We sell it in the MCX to produce the order.

And then when the order is ready for dispatch, we fix the price with the consumer and we hedge it again in the MCX. So, reverse the impact. So, everything is hedged in the MCX. So, there is no impact of the industry. Most of our clients who are large corporates are following the same process. About the small retailers or unorganized, I don't know.

They have impact or no impact, I don't know. But whichever clients are there, large corporates, they will follow all the same process which we are following.

Bharat Gianani: Okay, sir. Okay, fine. And, sir, the second question is on this INR270 crores kind of fund raise that you have announced. So, sir, what will be the utilization of that if you can break it up? Like, how much will be for inventory? How much will be for you spending on R&D? Or how much you would -- So, if you can highlight that. I mean, if any capacity utilization -- I mean, obviously, we have shifted to a very new facility.

So, I just wanted to understand what exactly is the INR270 crores utilization if you can split by a function like -- a broad assumption?

Mangesh Chauhan: Yes, I will not give you the perfect figure. But we will invest some of the part in the -- When we raise, we will invest some of the part in the two subsidiaries to grow them more like Sky Gold. And some of the part will be used for 18 carat. We have hired some new operations head for 18 carat. I already told in some of one question that 18 carat, we are growing very much.

So, we are investing in 18 carat also. And in diamond jewellery also, we will invest some of the part. And some part will be keeping for the R&D. We are doing for the USA product, which we are making -- We are planning for in two quarters to export to the US also. Some corporates are there in the US.

This is in the R&D phase. And we will be investing that also. So, new segment, we are investing in that.

Bharat Gianani: Okay. So, new segment when we say 18 carat and diamond jewellery that is the new product introduction, right?

Mangesh Chauhan: Yes, yes. Okay.

Bharat Gianani: Got it, sir. Thanks and all the best.

Moderator: Thank you very much. The next question is from the line of Vivek Kumar from Luna Capital. Please go ahead.

Vivek Kumar: Yes, hi, sir. First, thanks for the opportunity and congratulations on a super-duper number this quarter. It's very heartening to see that you are on the track to reach where you have guided to reach. Just one query I had around that. So, we are talking about roughly anywhere from 2.5 to 3 times more utilization over next one and a half to two years.

So, just wanted to understand your strategy about is it more towards increasing the wallet share or is it more towards adding more customers and how are you going about it? And if I can just follow that up with another question is, what are different constraints you may see or foresee in achieving these large volume utilization numbers? Thank you.

Mangesh Chauhan: Yes, we are already increasing our export market also. We are increasing our customers in Dubai, Singapore, Malaysia. We are working with Jwala Jewellery in Dubai, Singapore, Mustafa Jewellery. So, many corporates from Malaysia are also joining hands with us which have 5 to 10 stores which are equivalent to 50 stores which are larger stores. So, industry is also growing. Our unorganized market is shifting to organized.

So, unorganized market is shifting. Organized market share is increasing very high. So, we will gain share from that also. We are increasing our new customers. As I said that mid-corporate customers we are increasing which have 5 to 10 stores which are not in limelight in this market right now. But we are seeing that this will be in two years.

You will see that names which are going to 50 to 100 stores. Some three to five stores which have very small corporates we are planning to go to 10 to 15 stores. So, this will be like Malabar, Kalyan, Jenco. Many more 5 to 10 companies are coming ahead in the market. So, we are increasing the market share of small and mid-corporate also. Large corporates are already there in our pocket.

In them we are supplying. Our percentage is increasing of supply. So, all from these three our sales is coming. And we are increasing exports also in Dubai, Singapore and Malaysia.

Vivek Kumar: That's fantastic. If you can just answer the other part of it. What are the different constraints you may foresee in achieving such a high growth? Will it be in terms of resources, manpower, working capital? What are the different challenges you may foresee?

Mangesh Chauhan: Already we are in a convenient position with the working capital and we have good funds in our company. So, there will be no constraint. Manpower is every time available in Mumbai because it is very favourable for the city, for the workers. There is no constraint in reaching. I think if your products are up to mark you are very much on the product which we are launching every month. We are launching every month 2,000 designs.

This August also we had an exhibition in Goregaon and there was so much tremendous response overall in the jewellery market because of the duty cut and all. So, if you are up to mark to your designs or the design you are working on what we are launching in every quarter after 12 months, what will be changing in the generation and what will be the trends shifting and we are reading it and properly launching the product. There is no constraint for the manufacturer, I think.

Vivek Kumar: Sure, sir. Thank you. Thank you so much for your answer and wishing you all the best for the future. Thank you.

Moderator: Thank you very much. The next question is from the line of the Digesh Mehta from Dinero Wealth. Please go ahead.

Digesh Mehta: Yes, sir. Good morning, sir.

Mangesh Chauhan: Good morning, sir.

Digesh Mehta: Just wanted to understand there is a slide number 23 in your presentation which shows your sub-brands like Veena, Kimora, Sky9 Diamonds and all. So, how do we deal with such kind of brands, sir? So, where do we deal it, sir?

Mangesh Chauhan: We exhibit every quarter in India with GJEPC and we display our brands. This helps the corporates to identify how many segments we have in casting jewellery. So, how many product lines we have. So, this brand is for our corporate clients not for retail. So, this brings us differently for the corporate they can identify which brand we have which we deal in and which is the line of products we have.

Digesh Mehta: So, this is not also on the distributor side also, right?

Mangesh Chauhan: For distribution also, yes.

Digesh Mehta: No, no. I am saying we don't deal with such kind of brands even with the distributors also, I am saying. It's only for purely corporates?

Mangesh Chauhan: Yes, corporates.

Digesh Mehta: And second thing, sir, just wanted to understand the two acquisitions which we have done right now. So, I understand that we are taking a fund infusion for the same and we are going to deploy either through working capital or either for the growth plan for the same. But, sir, can you just help us to understand the numbers? Because what I understand is around INR350 crores of the top line both of the brands are generating right now.

- Mangesh Chauhan:** Yes, yes.
- Digesh Mehta:** Yes. So, what is the scalability we can expect from both of these brands going forward in the next two years, sir?
- Mangesh Chauhan:** So, we have both have capacity to go up to INR1,200 crores and INR1,300 crores in two years. Already last year we did INR370 crores sorry, last year. And this year we can make it INR600 crores to INR700 crores from both the entities.
- Digesh Mehta:** And, sir, what kind of margins?
- Mangesh Chauhan:** We have given guidance put together for INR6,300 crores, INR5,000 crores from the parent company and 1,300 crores from the both companies.(subsidiary companies)
- Digesh Mehta:** And margins more or less will be the same, right?
- Mangesh Chauhan:** Yes, margins are basic like Sky Gold in both the entities but we have much scope in both the entities to work on. We'll start working from 15th August on that we'll trade more fancy products from different, different type of chains different visible products which where we can create more margins.
- Digesh Mehta:** Okay, okay. Thanks a lot, sir.
- Moderator:** Thank you. Next question is from the line of the Dipanshu Suman from Sattva Ventures. Please go ahead.
- Dipanshu Suman:** Hi, sir. Congratulations for super performance. Sir, just wanted to check with you of the volume growth. We are looking on a quarter-on-quarter basis from here. So, 345 kg we have already done. So, in our stand-alone business should we look at 5%-6% kind of quarter-on-quarter volume growth from here for coming three quarters?
- Mangesh Chauhan:** We will sustain -- approximately whole year will be 350 kg annually. I can give you annually guidance will be up to 350 kg, 360 kg but here and there 10-15 kg for each quarter. So, annually we will come up to 350-360 kg.
- Dipanshu Suman:** So, but with the upcoming say marriage season etcetera, it's a strong marriage season this year. So, are the orders already in place or you are going to receive further higher order which is for October. I just wanted to understand the ordering cycle. So, is it three months before, one month before? What kind of ordering cycle is there?
- Mangesh Chauhan:** Already we have ordering cycle of 30-45 days. Basically, these are very confidential. We can't give much on this. But we have a cycle of 30-45 days.
- Dipanshu Suman:** Okay. Second thing sir, on this per kg realization price of gold because of this tax cut etcetera. So, is your realization per kg, is there chance that if the gold price comes down what has happened? So, is there chance that the realization price can come down? And if so, can it impact the gross margin?

- Mangesh Chauhan:** Not much because already they have reduced the 10% margin duty. So, and the prices are about 7%-8% down. So, there is much more difference on our labour cycle.
- Dipanshu Suman:** Understood sir. Sir, also in your press series we saw that you are going ahead with new regional head hiring and also hiring people on the export side. Any colour you want to say that how these guys are joining and how much contribution, from when these contributions will start to come in?
- Mangesh Chauhan:** Yes, already we have hired 18-carat operations head. We have hired 22-carat operations head last month before. We have development head hired. So, we are now ahead international sales head also. He will be joining from September. So, he will also add in our margin revenue. As and when he will join. So, we will give guidance in next quarter when he will join. But he is joining from next month. Yes.
- Dipanshu Suman:** Okay, thank you and all the best.
- Mangesh Chauhan:** Thank you so much.
- Moderator:** Thank you. The next question will be from the line of Manan Vandur from Wallfort PMS. Please go ahead.
- Manan Vandur:** Thank you so much for your opportunity and congratulations on the numbers. Sir, I had two-three questions. I wanted to understand that are we planning to have a new market or are we planning to get into other new geographies or are we planning to, which existing geographies we have, are we going to like penetrate more or like both we are going to do?
- Mangesh Chauhan:** So, we are basically concentrating in corporates only. We will be with large, mid and small corporates. We are not going to much single-single retail stores. So, we are much concentrated into corporates. We will be planning to grow more in export corporates also whichever have 50, 100 or 150 stores in exports. So, we will be joining hand with them also but our main focus is on corporates only.
- Manan Vandur:** Yes, so like geographies like let's say like other countries. So, we are already in a few countries. So, more countries, I am asking?
- Mangesh Chauhan:** Yes, we are into R&D. Already we are in to Singapore and Dubai. We are into R&D phase, we are developing a product for USA. It will take some two quarters and we are planning to enter the US market.
- Manan Vandur:** Okay, sir. And have we added any clients in this quarter like any export client or Indian clients?
- Mangesh Chauhan:** Yes, three or four new clients we have added in this quarter. Yes.
- Manan Vandur:** Okay. And another one last question that do we have like a particular criteria that they should have so many stores only then we can go and approach them to -- so that we can be there, distributed something like that. Do we have like a certain criteria?

- Mangesh Chauhan:** See every customer is important to us but we like to join hand with which have at least three to five stores or which have which we can give sales up to yearly at least INR30 crores to INR50 crores or something. We can't serve the small retailers who will take yearly INR1 crores or INR2 crores products because we have small capacity. So we are into it that some corporate minimum criteria is try to three to five stores they should have and they should take INR20 crores to INR30 crores or INR50 crores sales yearly.
- Manan Vandur:** Okay. Understood. Thank you so much. That's it from my side.
- Moderator:** Thank you. The next question is from the line of Bharat Gianani from Moneycontrol Pro. Please go ahead.
- Bharat Gianani:** Yes, sir. Thanks for the opportunity once again. You have just one clarification, sir. FY27 you have given a revenue guidance of INR6,300 crores. So just wanted to check what would be the revenue target for Sky Gold standalone and the two subsidiaries. So can you provide a breakup of that?
- Mangesh Chauhan:** Yes. For Sky Gold we have already given INR5,000 crores revenue to 2027 March and for the subsidiary is INR1,300 crores. So consolidated will be INR6,300 crores.
- Bharat Gianani:** Okay. And sir the subsidiary margin -- PAT margin is currently I mean, what's -- what PAT margin the subsidiary is making and what is the target?
- Mangesh Chauhan:** Already the last year the subsidiary we were at 2% PAT margin. Now this year we are expecting that margin from them also to 2.5% to 3% in this year. So we will be placing them like Sky Gold. They have a capacity to grow like Sky Gold and we'll be putting effort and putting some funds also in this inventory and we can bring them also to the Sky Gold level.
- Bharat Gianani:** Okay. Sir thanks and all the best.
- Moderator:** Thank you. The next question is from the line of Ash, who's an Individual Investor. Please go ahead.
- Ash:** Hi. First of all thank you for the opportunity. I have some questions around the GML. You said that GML will be 100% by December. So will it have an impact on the finance cost? Because right now, if I look at the finance cost from March to June, it is almost double. So will it have impact on the finance cost as well?
- Mangesh Chauhan:** 100%. We had a risen the debt in the last quarter, the March quarter. That's why the finance cost has risen. But GML will help us to reduce 0.5% of the sales, which 0.5% PAT will improve because of the GML. So that will help us to improve 0.5%.
- Ash:** All right. And in terms of, say, top 10 customers, I think last year it was like top 10 customers contributed 75% of the revenue. What does that number look today, like top 10 customers contribute how much percent approximately as revenue?
- Mangesh Chauhan:** Yes. Total mid-large and small corporate contributed 65% to 70%. The top 10 contributed approximately 40% or something.

- Ash:** All right. Okay. Thank you, sir.
- Moderator:** Thank you very much. The next question is from the line of Varun from EVK. Please go ahead.
- Varun:** Hi. Thanks for taking my question. I'm sorry I joined the call late. It's already been answered. Maybe, sorry for repetition. So there are two questions. One is, on a quarter-on-quarter basis, the employee cost and the other expenses have gone down. Any reason behind that? About gone down -- on a quarter-on-quarter basis, other expenses and employee expenses have gone down. It has reduced. So...
- Mangesh Chauhan:** Just to see on that. I'll skip that question because I don't have the data of that. So I'll mail you that. Sorry for that. Not answering that.
- Varun:** Okay. And sir till last quarter, I remember in the -- for fundraising your plan was that no more fundraising is required. And we are self-sufficient right now. But suddenly now this has come up. What is the plan for the utilization of this?
- Mangesh Chauhan:** Yes. Before that, we have not acquired more entities when we said that no funding is required. But we acquired two more entities so we can fuel them. And we have started two more divisions. 18 karat we are scaling up. 18 karat were very low. So we are putting funds in 18 karat also. And we have started diamond jewellery also from last quarter. So we are putting -- so we are, we have four segments to invest in.
- Already we have funds for 22 karat. We don't need funds for 22 karat which is our core. So we are expanding our arms in 18 karat diamond jewellery and two more subsidiaries of Mangalsutra and chains. That's why we are into fundraising.
- Varun:** Okay. And what is the preferential route? I mean, what way are we thinking of? Is it like QIP or preferential allotment or I mean, any or we have a right issue? What we are planning for?
- Mangesh Chauhan:** Maybe a combination of both. As and when required we will inform the exchange -- everybody.
- Varun:** And tentatively by when you expect it to happen?
- Mangesh Chauhan:** So these are we will inform as and when required to the exchange and all of you.
- Varun:** And, when we see -- this is because we were reading for other retailers, jewellery retailer, there is a significant increase of gold jewellery demand because of reducing prices. Have you also starting feeling or getting some trend whereby there is a significant increase or it is just like the way you expected it to be a normal growth or it is a certain spark that has happened?
- Mangesh Chauhan:** No, no, it's extraordinary growth we are seeing because right where we were in the exhibition from 9th August, I just skipped today. Today also exhibition is going on. So I think historic buying is there in the total historic booking is there. Their clients, retail clients are saying that we have seen so much demand it's like 2008, when in 2008 some this type of demand has come, domestic demand has come.

So that type of demand we are seeing in the exhibition. We -- in the exhibition, we don't have a space to so and so for the consumer fully packed. So I think it's a great response. Nirmala Sitharaman has taken a very historic decision and never any government has reduced the import duty. But this is a master stroke for unorganized market.

Varun: Got it, got it. One last thing, we were targeting one of the largest retail chain in the country. And also is there any further progress on that?

Mangesh Chauhan: Already I have answered the question that we have already done all the process. They have visited twice our facility. Products also are shown in this exhibition also. We showed the products. But it's a matter of time when they open the doors for the vendors and they have a process when to onboard a vendor for the casting value. But we are very much on the high numbers to be onboarded.

Varun: And as a general industry trend or someone like them, is that they are primarily outsourcing or they have their in-house facilities also to produce?

Mangesh Chauhan: Major companies are outsourcing because outsourcing is a good choice for them. So Titan also outsourcing 70%-80% from outside. Malabar Gold, Kalyan Jewellery, everybody is outsourcing. Malabar Gold is producing 10%-15% inside. But major all are outsourcing 100% from the manufacturers.

Varun: And barring us, if you, I mean, if you say that from this industry size of outsourcing in top 10 manufacturers or contract manufacturers, where do you think we will stand in an overall country perspective?

Mangesh Chauhan: There are many segments in the jewellery. In the gold jewellery also, we are -- I'll give an example of a Sky Gold parent company is that I think second number our competitor Emerald Jewellery is at first number here doing INR6,000 crores per year. Per year we are we are in the track to achieve INR2,700 crores.

So we are about second number in the casting jewellery. So there are many segments different in the Mangalsutra and chains we have acquired. We are at I think eight or nine number. But at the parent company we are at second number for the casting jewellery.

Varun: Okay, so why I'm asking is someone like Titan is not part of us and they are the market leaders and we being on the second is it like they don't procure that kind of this jewellery or 18 carat too much? Is it like because of that because how they will operate if majority is outsourced...?

Mangesh Chauhan: Someone is supplying to them so they don't require -- it's not about that but it's about the timing and Titan takes every vendor one and a half year to onboard already we have from last two years we are in talks with them. So Titan is not about that your product is good and we are creating 10% margin on that and we'll onboard that.

And what you are doing for them right what is about your facility and all. So already they have done the R&D for our company as we are getting the information. But earlier we were -- our

facility was very small to reach them now we are free but eligible for them -- it's a matter of time sir.

Varun: Okay. Thank you so much sir. Thank you.

Moderator: Thank you very much. The next question will be from the line of Amit Agicha from H.G. Hawa and Co. Please go ahead.

Amit Agicha: Good morning sir. Thank you for giving me the opportunity and congratulations for a good set of numbers. My question was with respect to capacity, total capacity that we have and how much can we increase after the consolidation of these subsidiaries?

Mangesh Chauhan: Already in parent company I told we have put in the PPT also that we have 750 kg per month capacity and subsidiaries both together we have 300 kg per month capacity. So both together can go up to 1050 kg per month and yearly 12 ton we can produce. We have produced 3 ton only in the last year. So we have a higher road to go ahead.

Amit Agicha: So at present like we are working on 350 per kg per month, right?

Mangesh Chauhan: Yes, in the parent company.

Amit Agicha: So that comes to roughly 40% utilization.

Mangesh Chauhan: Yes, 40-45%.

Amit Agicha: Any plans of the strategies of the companies to come to 80%-90% capacity utilization? Any guidance?

Mangesh Chauhan: Yes, 2027 we have already told we will be at 100% utilization.

Amit Agicha: Thank you for answering. Thank you.

Moderator: Thank you very much.

Mangesh Chauhan: Thank you so much ma'am. So can we conclude this call?

Moderator: Yes, sir. Ladies and gentlemen that was the last question for today. In the interest of time. I would now like to hand the conference over to the management for closing comments.

Mangesh Chauhan: Thank you, everyone for joining us. I hope we have been able to answer all the queries. In case you have -- require any further details you may please contact us or Orient Capital, our Investment Relations Partners. Thank you so much. Thank you for being a part of our Sky Gold journey. Thank you so much.

Moderator: Thank you very much. On behalf of Sky Gold Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.