



SKY GOLD

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“Sky Gold Limited
Q2 FY25 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 Q2 FY25 Earnings Conference Call. As a reminder, all 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, sir.

Parth Patel: Thank you, Neha. On behalf of Orient Capital, I welcome you all to Sky Gold Limited Q2 FY25 and H1 FY25 Earnings Con call. From the management side, we have Mr. Mangesh Chauhan, Managing Director and Chief Financial Officer, Mr. Jayesh Sanghavi 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. I would like to mention a short disclaimer 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, now I 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 Q2 FY25 quarterly performance. Q2 company recorded its highest-ever quarterly revenues and PAT showing resilience and strength. Revenue for the quarter stood at INR768.8 crores, registering a growth of 94% year-on-year. PAT stood at INR36.7 crores, registering a remarkable growth of 405% year-on-year. The Indian jewellery market valued at approximately \$90 billion.

The growth outlook for the coming years is encouraging with gold jewellery expected to expand by 12% to 15% annually. Organized jewellers are increasingly adopting a franchise model expansion model, especially to capture the untapped potential in Tier 3, Tier 4 cities. The franchise model involving FOFO model franchisee-owned franchisee operated and FOCO model franchisee-owned company-operated structures allowed them to scale faster and open double the stores compared to the traditionally company-owned model, all while minimizing the debt exposure.

Key factors such as stock market volatility, a strong wedding season and economy stability are driving demands. Demand drivers within the jewellery categories are segmented further by occasions such as weddings, festivals and casuals. Notably, the casual jewellery is witnessing faster growth due to its lightweight appeal and design variety, resonating well with the younger generation.

Discussing our performance this quarter, we are delighted to report positive demand from the ongoing festival season and the upcoming wedding season also shows promising strength.

Additionally, I am excited to announce a significant milestone in our company's journey as we have successfully raised INR270 crores. This investment will be strategically allocated across broadening our product portfolio with expanded offerings in 18 carat gold and diamond jewellery to align with evolving customer preferences.

Increased capital infusion into our subsidiary, Star Mangalsutra Private Limited and Sparkling Chains Private Limited which positions us to tap into increased TAM of 65%. To meet increasing demand, we are enhancing organization capacity by aligning skilled designers, artisans and experts across sales and merchandising and design. On a global front foot, we are targeting key international markets including the Middle East, UAE, Singapore and Malaysia to establish a strong presence.

Additionally, we are actively pursuing acquisition opportunities to further strengthen our market position and accelerate growth. Our FY25 revenue guidance stands at INR3,300 crores which includes INR2,700 crores from our core operations and an additional INR600 crores from our subsidiaries which we acquired recently. For the current quarter, the contribution from subsidiaries was very limited and Q3 you can expect inflows on a full quarter basis.

This quarter, our monthly production volume averaged 345 kgs, significantly from 250 kgs per month last year, making a robust 38% year-on-year growth. Exports also made a healthy contribution with sales increasing to INR63.9 crores, accounting for 9% of our total quarterly sales. As mentioned earlier, we are continuously building and strengthening our core team. I am pleased to welcome Mr. Akash Talesara as our new President of Sales and Business Development with over two decades of expertise in the gems and jewellery sector.

Akash brings a wealth of industry knowledge to our team. We are confident that his leadership will help us to achieve new milestones and unlock fresh opportunities. Akash will be instrumental in onboarding new clients domestically as well as internationally.

Now I will discuss the Q2 FY25 financial performance. The consolidated revenue for the quarter stood at INR768.8 crores versus INR396 crores in Q2 25.

Thus, registering a growth of 94.2% on year-on-year basis. The gross margin was 6.5%. EBITDA for the quarter was INR38.8 crores compared to INR15.3 crores, showing a growth of 154.3%. EBITDA margins for the quarter stood at 5% as compared to 3.9% in Q2 FY24, improved by 119 basis on year-on-year basis. PAT for the quarter stood at INR36.7 crores as compared to INR7.3 crores in Q2 24. PAT margins for the quarter stood at 4.8% as compared to 1.8% in Q2 FY24, hence improved by 294 basis on year-on-year basis.

Moving to the H1FY 25 financial performance, the consolidated revenue for H1FY 25 stood at INR1,491.9 crores versus INR771.7 crores in H1FY 24, registering a growth of 93.3% on year-on-year basis. The gross margin was 6.4%. EBITDA for H1FY 25 was INR76 crores compared to INR33.9 crores, showing a growth of 124.4%. EBITDA margins for H1FY 25 stood at 5.1%

as compared to 4.4% in H1FY 24 improving by 70bps on a year-on-year basis. PAT for H1FY 25 stood at INR57.9 crores as compared to INR17.9 crores in H1FY 24.

PAT margins for H1 FY25 stood at 3.9% as compared to 2.3% in H1FY24, hence improving by 156 basis on year-on-year basis. We have achieved a strong first half, laying a solid foundation for continued growth in H2. We aim to achieve 7% to 8% gross margin through an optimized product mix and export, while maintaining a long-term EBITDA margin of 5% to 5.5%. A key driver for PAT margin expansion will be reduced interest cost and we initiated utilization of gold-metal loans, which will have meaningfully impact on our interest costs moving forward. I now open the floor for questions.

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: Sir, congratulations on recent fundraising a very good set of performance in the quarter.

Mangesh Chauhan: Thank you so much.

Palash Kawale: Sir, my first question is what kind of run rate are you expecting from your acquired entities in upcoming quarters in terms of volumes?

Mangesh Chauhan: So, we are expecting a totally blended INR1,000 crores revenue in the next quarter, from the parent company INR700-INR750 crores what we are going by the run rate and from the subsidiary INR150 crores-INR350 crores. So, next quarter we are expecting a blend of both main company and subsidiary company of INR1,000 crores.

Palash Kawale: And sir, how is the demand? Is there a pickup in upcoming quarter like Q3? Is there a pickup on account of strong wedding season that is expected?

Mangesh Chauhan: 100% as all our client has given the outlook is very good for the wedding season as rates are also down by 5% of gold. Rates from 81,000, has come down to 76,000. So, it is helping to boost the season already. I told in my interview also that India is having 4.8 million weddings in this year. And 25% more weddings are happening in this quarter which will generate 6 billion revenue.

So, jewellery is contributing 25% of this and 75% of garments and other events and all. So, there is a huge wedding season ahead in January-February. So, we are getting order in this quarter for the wedding season and December also wedding season is going on. So, there is a good demand as per the feedback from our client and retail corporates. They are very much positive on this and growth is good.

Palash Kawale: Okay, sir. Thank you for that. And sir, what is your outlook for gold prices in next 1 year?

- Mangesh Chauhan:** So, already gold prices are spiked by 20%- 25%. So, industry is hoping that it will go stable for next two to three quarters, I think. Because in two quarters it has jumped to 20%. So, industry is hoping that two to three quarters will go to stable and then again it will start rising.
- Palash Kawale:** Okay. And sir, how many employees are there now in Sky Gold like could you give the employee count by the end of FY24 and by the end of Q2?
- Mangesh Chauhan:** So, by the end of 24, we were at 500 employees-550 employees now we are at 650 employees at Sky Gold parent company and subsidiary, we are at 150 employees to 180 employees in both the subsidiaries. So, together we are at 800 employees. So, 150 employees has increased.
- Palash Kawale:** And sir, any plan to add more employees in this year?
- Mangesh Chauhan:** So, as and when required we will keep on adding some because as our turnovers are growing and volumes are growing, as orders are coming, we have added CaratLane also and PN Gadgil also. So, as clients are also adding. As and when required, we will add. For now, we are okay with 650 employees here.
- Palash Kawale:** And sir, was there a contribution from these two clients in the Q2 volume?
- Mangesh Chauhan:** Yes, CaratLane contributed some, some part came in this quarter, December quarter and some part came in that quarter. So, we initially started with them with some products. So, now we are supplying 1% or 1.5% of the revenue, but in these two, three quarters, we will grow with them.
- Palash Kawale:** And sir, these two clients, how much volume can they get - can they add just a number, if you could throw it?
- Mangesh Chauhan:** So, CaratLane is about we generate making charges bill. We do labor jobs on them. We don't want to invest our capital and we don't want to invest in inventory and debtors for them because they give their bullion raw material to produce. So, it will add up to our gross margins very much. And P N Gadgil this is from our inventory. So, I think P N Gadgil can add up to INR50-100 crores sales to our sales. And CaratLane also can give us a monthly volume of 58 kg or something. So, we are at 350 kg. So, we can add 50 kg volume by CaratLane, I think in two quarters.
- Palash Kawale:** Thank you for that. And sir, my last question is what constitute of debt is GML now?
- Mangesh Chauhan:** So, we were last quarter at 10%. We have moved approximately to 20%-22%. So, this quarter, we are hardly trying because some banks have other policies. So, I think by December quarter, we will be at 50%-60%. So, already we have come to 20%. Last quarter, we were at 10%. Now, we are running at 25% GML this quarter. So, by December quarter, 60%, 65% will be at GML.
- Palash Kawale:** And sir, this can go up to 80%- 85%?

- Mangesh Chauhan:** 80% is allowed, 80%-85%. We cannot go 100%. So, major bankers are in proposal. So, we are expecting by December 60%-65% we will use.
- Palash Kawale:** And sir, what is the cost of debt for the gold metal loan for us?
- Mangesh Chauhan:** So, it is ranging from 2.75% to 3% blended 3% with other costs and all.
- Palash Kawale:** So, blended 3%?
- Mangesh Chauhan:** Okay.
- Palash Kawale:** Sir that's it from my side. Thank you for the detailed answer and all the best for the upcoming wedding season. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Bhavik Shah from Arihant Capital. Please go ahead.
- Bhavik Shah:** Yes. One question from my line is on the working capital cycle. Can you explain about the inventory days that you have currently for the September quarter?
- Mangesh Chauhan:** So, we are at a total of working capital cycle of 75 days approximately.
- Bhavik Shah:** All right. So, like if I look at the cash conversion cycle of March 24, it was roughly around 78 to 80 days and currently it is 75 days, right?
- Mangesh Chauhan:** Yes.
- Bhavik Shah:** All right. And one more question on the standalone Sky Gold. Do you expect to open any retail chain in the coming years?
- Mangesh Chauhan:** No, right now, we are focusing totally on B2B manufacturing. So, we have already added two subsidiaries. So, we are into 65% which is sold in the retail. So, we have good scope in the clients addition, new clients are adding. We are expecting to add new clients in this quarter also. So, there is a huge scope here. Right now we are not in a mindset of retail.
- Bhavik Shah:** And two questions on the subsidiary part. Can you please explain about the EBITDA margin that the subsidiaries are currently earning?
- Mangesh Chauhan:** Your voice is breaking can you repeat about the subsidiary question.
- Bhavik Shah:** Can you explain on the EBITDA margin of the subsidiary companies that you recently acquired? How much they are earning?
- Mangesh Chauhan:** EBITDA for the subsidiary was 4.5%. So, in next quarter, December quarter total flow will happen. This quarter it was about I think 50 days or something has added to our company because we acquired in September 5th or 6th only. So, now December quarter the revenue will

also be there as well as profits also. So, they were at 4.5% EBITDA. So, we are also expecting them to take into quarter to 5.5% EBITDA because we have infused already the fund base amount, some amount in both the subsidiaries and we have started launching some new verticals and new designings in that. We can create margins.

Bhavik Shah: All right. And if you can give some sales estimates for next 2 years, 3 years on the subsidiaries part if you can?

Mangesh Chauhan: Yes. Already we have given a blended of INR3,300 crores this year and FY26 is INR6,300 crores. So, INR1,300 crores from subsidiaries and INR5,000 from the parent companies.

Bhavik Shah: And on the capacity front of the subsidiary, what is the current capacity utilization of the subsidiary companies?

Mangesh Chauhan: Subsidiary companies is about 30%-33% utilization both the subsidiaries.

Bhavik Shah: Yes. And you plan to ramp it up to 70%, 80% odd?

Mangesh Chauhan: Yes 100%. That's why we have infused capital also in that. And we are ramping up because we already have designers, production heads and all. So, we have to add to the verticals where it is. So, clients are already onboarded same as Sky Gold. So, whatever client is added in Sky Gold, they are adding in the subsidiary also. So, just we have to accelerate. So, we are on that path only.

Bhavik Shah: Okay. Thanks. And last question on the Standalone company. What is the current capacity utilization of Sky Gold standalone?

Mangesh Chauhan: So, we are at 46%

Bhavik Shah: All right. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Raj Saraf from Finvestors. Please go ahead.

Raj Saraf: Good morning, sir. I congratulate you on this very good set of numbers. Sir just wanted to know how this wedding season is planning out?

Mangesh Chauhan: So, weddings earlier question I answer the same probably that wedding season is very good in India. I think 25% more weddings are there. The highest of the history as per our clients and corporates they are telling. So, 25% more weddings are happening in India. And a very good season and rates are also helping us because gold rates are down by 5%.

So, the atmosphere is good for buying. And in the retail footfall, it's very good for the inventories, for gifting in the wedding and for bride and grooms and all. So, it's very good orders we are receiving for the wedding season.

Raj Saraf: So, this year guidance I missed that INR3300 including subsidiaries am I correct sir?

- Mangesh Chauhan:** So, INR2,700 from the parent company and INR300 from both subsidiaries individually.
- Raj Saraf:** Okay, sir. And sir, export is now 9%, sir. So, how we are planning to raise the export volumes or export revenues, what are your plans?
- Mangesh Chauhan:** So, we were at 1%-2% last year. Now we are at 9%-10%. So, we will be majorly in India only for 80%-85%. We will take export to 15% to 20% or 17%, 18% not more than that. So, we are concentrating in Malaysia, Singapore and Middle East country like UAE, Dubai, Qatar because our jewellery design and our vertical suits for that Middle East and Asian countries, our products are not for Europe and US countries.
- So, we have already appointed an international Sales Head, Akash Talesara, who has joined us, who has 20 years experience of the industry. So, we have appointed him Vice President for the sales. So, now he has joined from 5th November he is looking about exports and domestics also. So, we are expecting the export to take to 15% right now.
- Raj Saraf:** So, 15% by when we are targeting, sir, by next year or this year?
- Mangesh Chauhan:** So, I think this year we will be at 12%-13% and next year we will be at 15%.
- Raj Saraf:** And what is the margin profile, sir, in exports?
- Mangesh Chauhan:** So, exports' gross margins are blended at 6%-6.5% or 7% also. So, blended it comes to 6.5% approximately.
- Raj Saraf:** Gross margin 6.5%?
- Mangesh Chauhan:** Yes.
- Raj Saraf:** So, thank you very much for answering my questions, sir. We are going very nicely ahead, sir, and congratulations once again for posting these excellent numbers. And sir, one thing I left, sir, for this other income which is on the higher side, sir. Can you please explain that, sir?
- Mangesh Chauhan:** So, we had some - 5 years back we had some shares of HDFC Bank, TCS shares. We have placed to the banks against that we have taken the debt. So, we have replaced them with the FD. As a major listed company, now we don't want to keep any shares in the balance sheet. So, as advised by our advisor. So, we sold out that share this quarter. So, that's why other income came.
- So, it's a one-time income. And next quarter also some shares are pending with SBI Bank. Other shares we have already sold. We have replaced by FD collateral with the bank. So, with SBI we have INR35 crores of shares something. This quarter, these shares will also be sold. So, there will be no shares in our balance sheet. So, that's why other income came here.
- Raj Saraf:** So, this is like an exceptional gain, I can say?

- Mangesh Chauhan:** HDFC and TCS shares we bought 5 years to 6 years back. So, we sold all these things. [inaudible] So, that's why the income came for them.
- Raj Saraf:** Okay. So, going forward, this would not be there, it is like a one off?
- Mangesh Chauhan:** No, till December quarter we have some shares. This will be offloaded in December quarter also. So, going forward these other income will be not there.
- Raj Saraf:** Okay. Thank you very much, sir.
- Moderator:** Thank you. Ladies and gentlemen, we have lost the management line connection. Please stay connected while we reconnect them. Thank you. Ladies and gentlemen, thank you for patiently holding. We have the management line back on the call. Thank you. The next question is from the line of Mihika Joshi from Vimana Capital. Please go ahead.
- Mihika Joshi:** Hi. Congrats on great set of numbers. So, I just had one question on your volume guidance. So, what is the overall volume guidance for FY25?
- Mangesh Chauhan:** We are at [inaudible] so till FY27...
- Mihika Joshi:** Sir your voice is not clear. Can you just repeat.
- Mangesh Chauhan:** I will repeat once again. So, we are at 350 kgs per month. Can you hear me?
- Mihika Joshi:** Yes. Now, I can.
- Mangesh Chauhan:** So, we are at 350 kgs per month run rate in H1 and we are having [inaudible] 375 kgs, 400 kgs per month till end of the year. And by FY27, we are expecting to go to 750 kgs per month.
- Mihika Joshi:** Okay. So, for FY26, what is the guidance?
- Mangesh Chauhan:** Pardon. Can you repeat?
- Mihika Joshi:** What is the volume guidance for FY26?
- Mangesh Chauhan:** So, by FY26, it will be 550 kgs to 600 kgs per month.
- Mihika Joshi:** Okay. All right. And I just have one question on gold metal loans. So, given the potential risk of fluctuating gold prices, what is your strategy around gold metal loans and how are you planning to mitigate the impact of price increases on repayments? What is the strategy and how does it work?
- Mangesh Chauhan:** Yes. So, already our inventory is totally hedged in the MCX, which is available in India to hedge. So, our inventory is already hedged, and we hedge every sale and purchase on a daily basis in the hedging platform MCX. So, whenever GML comes, our hedging part will be lowered, but

we have to hedge after the sales. So, now we have to hedge total inventory. GML is a part that gives us on the approximate rate basis.

So, whenever we sell to the customer, we have to once again hedge. So, we follow every hedging system now when it is available in the CC also and will be in the GML also, we will hedge everything. So, we have a hedging policy. So, we don't gain also when the gold rate goes up, but we don't lose also when it goes down.

Mihika Joshi: Okay. Got it. That's it from me. Thank you.

Moderator: Thank you. The next question is from the line of Abhinav Sharma from Tara Capital. Please go ahead.

Abhinav Sharma: Good morning, sir. Congratulations on the great results. I wanted to ask if you share numbers for the studded ratio.

Mangesh Chauhan: So, I think, I don't have with me, and I will mail you, sure. So, you can send the team your mail ID.

Abhinav Sharma: Okay, thank you. And do you think the studded ratio is increasing?

Mangesh Chauhan: Yes studded and 18 Carat we are increasing, and we have infused the amount for 18 Carat and Studded only. So, in this December quarter also you will see that our Studded and 18 Carat is increasing. So, little bit they are increasing in the quarter, but I think I missed one page. So, I will send you.

Abhinav Sharma: Okay. Thank you. That's it from my side. All the best.

Mangesh Chauhan: In through the call, I will get in five minutes. I will announce in the call.

Abhinav Sharma: Yes please go ahead. Sure. Get in touch with me. Thank you.

Moderator: Thank you. The next question is from the line of Krishna from Capital Mines. Please go ahead.

Krishna: So, my question is on the new client acquisition trend.

Mangesh Chauhan: Yes. Pardon.

Krishna: My question is on the new acquisition, client acquisition trend.

Mangesh Chauhan: Yes.

Krishna: Now, we had onboarded CaratLane which is a subsidiary of Tanishq. Any progress we see on Tanishq trend?

Mangesh Chauhan: So, we are on it. Already, Akash Talesara, Vice President also joined us. He will also help us to onboard and we are continuously showing them products and approaching them. So, as and

when required we will inform the exchange and shareholder also when we onboard them, but we are very much into it and we are targeting them.

Krishna: Sure. Thank you, sir. Also, any other...

Mangesh Chauhan: Onboarding CaratLane will help us to achieve the target fastly because the performance of CaratLane speaks on our product portfolio.

Krishna: Right, sir. Also, sir, any other major clients you are targeting in Middle East or Singapore, etc.?

Mangesh Chauhan: So, already we are working with Jwala Jewellery who has 300 stores-400 stores other corporates like...

Moderator: Ladies and gentlemen, we have lost the management line connection. Please stay connected while we reconnect them. Thank you. Ladies and gentlemen, thank you for patiently holding. We have the management line back on the call.

Krishna: Yes, sir. So, my question was on any new clients acquisition in Middle East or Singapore areas?

Mangesh Chauhan: Right now, we acquired in last March quarter only. So, we are into it. So, we are targeting companies who has 10 to 15 and 20 stores. So, who are mid and small corporate and going to be large corporate in 2 years, 3 years. So, we are on it. So, already we have hired one President of Sales & Business Development, so I think we will be acquiring some new clients till December quarter.

Krishna: Got it, sir. One last question. Can you please provide any guidance on the margin strength both EBITDA and PAT? I can see that PAT you have mentioned around 3 percentage as growth guidance. I mean, as a guidance, margin guidance. Anything on the EBITDA side, please?

Mangesh Chauhan: So, gross margin we are expecting to be 6.5% conservatively and EBITDA margin is 5% to 5.5%.

Krishna: This is FY27?

Mangesh Chauhan: FY25.

Moderator: Okay sir. Thank you. That's it from my side. All the very best.

Moderator: Thank you. The next question is from the line of Srinath Krishnan, an Individual Investor. Please, go ahead.

Srinath Krishnan: Yes, good afternoon, sir. Congrats on strong performance. My question is on working capital management. So, in March quarter, your complete total working capital was around 67 days. I am talking of standalone. Now, it has improved to 57 days, but it would have been better if receivables had not increased by 6 days, 7 days you would have gone down to nearly 50 days. close to 30% improvement in working capital.

What really happened in receivables, sir? Because in the past, you have mentioned about moving towards cash and carry. You generally operated at 16 days, 17 days, but now you have increased to 26 days. What did happen in receivables, and can we get back to the old days of 16 because now the inventory is close to 30 days inventory.

It has been managed well. Despite a 40% increase in sales from March to this period, the inventory has remained stable, but receivable has spiked. So, will receivable days also come down going forward?

Mangesh Chauhan:

Sure, 100%. This quarter, you can see the gold rates were very high in this quarter by 20% in two quarters. So, we have to give some leverage to the customers because seasons were on and gold rates were [inaudible]-- we have given some leverage to the customer of 5 days, 6 days or 7 days, consideration of gold rate being high, but in coming quarters, we will be back to same days because, as you can see, we have added CaratLane who is giving us their raw materials.

We are adding new clients of cash and carry much like P.N. Gadgil as 15 days. So, we are adding a client which have a rate of 10 days, 15 days and cash and carry, we are not adding new clients of 30 days or 40 days or 20 days. Old clients, like Kalyan Jewellers and all, we have 30 days.

So, we are continuing them because they are our large clients, but blendedly it will come down. In this quarter, you can see rates were very high. So, we have given a leverage to the clients of 7 days, 10 days because of the gold prices, [inaudible] but there was a little break in the footfalls and the customers were down for a period of 20 days then customers were to the normal in the last month.

So, that's why we were at a higher receivable days, but in the coming two quarters, you can see we are little better than in the lower receivables.

Srinath Krishnan:

So, but also your exports have a lower receivable days because with improving export mix, if my understanding is right the export receivables are also very less?

Mangesh Chauhan:

So, exports are already very less, but we are at 91% is from the domestic. That's why our receivable days were bit high because the domestic percentage is very high. So, I think this December quarter rates are also down and now...

Srinath Krishnan:

I know sir, over long term, since you've ended that exports will become 20% of sales directionally higher...

Mangesh Chauhan:

It will also help us to down our receivable rate. Because exports are cash and carry much business. And it's about take about 7 days 10 days. So, as exports grow up, our receivable days will blendedly come down also.

Srinath Krishnan:

Great, sir. And also, you have mentioned in the past that with GML, you would be able to reduce your interest cost by half. I guess what you meant was interest cost was around 1% of sale it will come down to 0.5% of sale. So, with the funding, QIP funding that you have received, logically,

it should come down further. So, with 5%-5.5% margin, you are an asset light business. Depreciation is very less. So, we should move towards 4% PAT margin over the three to four quarters. Is that a possibility?

Mangesh Chauhan: So, we are targeting to 3.5% by reducing our interest cost. We got little bit later for GML because of the bank policies and all, but I think we will be at 50%-60% of GML by December quarter and 80% by March quarter. We were targeting to be at 80% GML by December quarter only because of the policy.

So, we are little bit late, but I think we will reduce the cost by 0.5%. So, we can give a guidance of 3.5%. But going forward for FY '26- '27, we will target 4%, 100% will go up to 4%.

Srinath Krishnan: Yes it is more long-term?

Mangesh Chauhan: Yes long term we are targeting to go because we have already added the vertical of studded jewellery, 18 Carat rose gold and many other, we are planning for FY '25 to add some Moissanite Jewellery which is running in the market and we are exploring the lab grown market also because it is very dense. After March quarter, we are planning for lab grown also. So, blendedly, this all will add up and bring up to 4% PAT. So, in long-term, FY '26, we can go up to 4%.

Srinath Krishnan: Sure. So, in the initial commentary of yours, you spoke about an important hire in the company. Apart from this, what are the future hires and where would you be strengthening your organizational structure in which departments and in a recent TV interview also, you spoke about building an app where the customers can order real-time. If you could speak about that, that would be very helpful?

Mangesh Chauhan: So, coming back to the hiring, we have already last two, three quarters we have hired a production head. A merchandizing head is coming. Akash Talesara already announced that he has joined as a Vice-President of Sales and all. So, back-end, we have hired only two, three major hiring and front-end also, we have hired a major hiring of Akash Talesara. Now, we are targeting a CFO.

We have already hired one CFO, but some of the reason, he was not able to join because of his earlier companies. So, now once again we are hiring a CFO. Soon, we will be announcing a CFO, and we are targeting to take two members of the board. We are already on the finalizing stage of one board member, we will announce in 30 days, I think.

And the second member will be around the December end. So, our main target is to take one CFO and two board members. They are not board members who are from a general background or some good backgrounds and who have an experience of 25 years, 30 years and this can add up to our company's strategies in the future. So, this is all about the hiring. Other question was, I forgot about the app.

So, app we have already started with the app, but it is on a trial basis. I think by December quarter, it will be live totally. So, it will help the purchase manager of the stores, the sales heads

and all can visualize each and every verticals and products. And they can order online. Nowadays, corporates are trying to order daily basis. As there is 20-30 inventory, so they want to order from each and every store daily basis.

Nowadays, Kalyan is also trying to come to that basis. They want to order on daily basis. they want to order and they want to take delivery of 365 days from us. After 20 days-25 days, what is our inventory time. So, we have already made the app. Akash is also looking for the app to launch.

So, it will be launching in December I think the app and that will help us to accelerate our sale. And customers will get a visualization of the product, which are the verticals, what are the weight range, what are the inventory budget for that so, that will help us to reach each and every store which we are targeting.

Srinath Krishnan: Understood. Congratulations, sir. Thank you again.

Mangesh Chauhan: Thank you so much, Srinath.

Moderator: Thank you. The next question is from the line of Palash Kawale from Nuvama Wealth. Please go ahead. Mr. Palash, your line has been unmuted. Please go ahead with your question. As there is no response from the current participant, we will move on to our next participant, which is from the line of Pravin Desai, an Individual Investor. Please go ahead.

Pravin Desai: Good morning sir and congratulation for the result. You have declared a bonus of 1 and 9, but till now you have not disclosed the record date, sir. Is it there or not?

Mangesh Chauhan: 100% bonus is there. As and when required our CS team, Secretarial team and all the team will announce what is the procedure. They will know properly, and they will announce as and when required that the record date and the shares will be coming to your demat account. So, 100% bonus is assured and 100% you will receive the bonus shares.

Pravin Desai: But it will be on the proportion of 1 at 9, isn't it?

Mangesh Chauhan: Yes, you will get 9 shares for 1 share, but about the dates and all, this is not in my scope. The secretarial team and all will do the needful and soon you will receive the record date and the shares also.

Pravin Desai: Sir, can we sustain such a high equity with this type of profit?

Mangesh Chauhan: About what you are asking can you pardon sustain about?

Pravin Desai: Can our company sustain the huge capital with a bonus as 1:9 with the kind of profit we are looking. Yes, in future we are going very good, but will it sustain the capital. I think capital will be near about INR130 crores?

- Mangesh Chauhan:** So already we are at the reserves of INR500 crores with the subsidiary in the company. So already we are at INR500 crores reserves. I think it is a good decision and sustainable. So, I am not getting the question properly, but you can send me the question also. We can reply on the mail.
- Pravin Desai:** No, no, my question is simple, sir. With such a huge bonus, our equity will go from INR13 crores to INR130 crores like that, isn't it?
- Mangesh Chauhan:** Sure. So, we have done this because the retail investors can find it easily to enter the, they can invest in our shares because prices are very high. So it will be sustainable, sir, no problem.
- Pravin Desai:** So far the profit is concerned. I am trying to say the liquidity will be very good, but so far our profit is concerned. Will it sustain the equity what I mean to say, sir?
- Mangesh Chauhan:** Yes, 100% our profits are good. I think this quarter is also good and we have given the guidance of '25, '26, '27. So, we are on it. We have added the clients and profits are going to come. It is on path.
- Pravin Desai:** Okay. Thank you very much, sir. Best for the future.
- Moderator:** Thank you. The next follow-up question is from the line of Palash Kawale from Nuvama Wealth. Please go ahead.
- Palash Kawale:** Sir, what was the contribution from 18-Carat gold segment?
- Mangesh Chauhan:** It's cool, but early also somebody asked me, but I did not say. I will send you Palash on mail.
- Palash Kawale:** Thank you.
- Mangesh Chauhan:** Apologies for that. Yes.
- Moderator:** Thank you. The next question is from the line of Prakash Shandilya, an Individual Investor. Please go ahead.
- Prakash Shandilya:** Very good morning, sir. Thank you very much for giving me opportunity and congratulations for outstanding set of numbers. Most of my questions have already been answered, sir. My question is regarding geographic expansion. What is the primary risk in entering new international market and how does the company plan to mitigate it, sir?
- Mangesh Chauhan:** So, exports is mostly cash-in-carry business. There is no risk. Exports policies are very good in this government. There was very difficulty in the exports and all. Documentations are very high. The last 5 years to 10 years, exports is very easy to do. We can get export metal daily and daily way out. For 365 days we can get export metal.

So, customers like Joyalukkas, Kalyan Jewellers, Malabar Gold, Renewed with AAA rating, AA rating, customers we give credit of 7 to 10 days, but other than that, we do cash-in-carry business with them. So, there is no risk. We don't take any risk or credit for the customers internationally.

Prakash Shandilya: My next question is what is the company's plan to address the competition from organized or unorganized sectors, sir?

Mangesh Chauhan: So, I think we are also manufacturing. Others is shifting to unorganized to organized. We are the second number in the casting jewellery in India. We are largest manufacturer in Maharashtra with 80,000 square feet. So, our business is shifting to organized one. They want good quality with different shades of design. We are making different, different verticals for the customer, particular customers like CaratLane, for example, we came up with aesthetical design, especially monopoly design for them.

So, they rely on us because as a renowned company, they rely on us. The designing secrecy is their concept. Different things for different customers that comes as different from other unorganized manufacturers. Unorganized manufacturers have more types of infrastructure. such infrastructure, skilled architects, skilled designers, skilled workers and, of course, about the technology we have, German, Italian technology we have that differentiates us from them.

Prakash Shandilya: Okay, sir. My last question is that in recent profit growth, is there any plan to revise the dividend distribution policies, sir?

Mangesh Chauhan: So, we are not going for dividend for 1-2 years, whenever we are cash flow positive and lets say by FY26/27 post that. So, right now we are 1 year, or 2 years and we are not thinking about them. We want to retain good profits. So, whenever we will be cash flow positive and debt free, we will distribute dividends.

Prakash Shandilya: Right, sir. Sir, thank you very much for the detailed answer, sir. And that's it from my side. Best of luck for future endeavours for the whole Sky Gold family, sir.

Mangesh Chauhan: Thank you, sir.

Moderator: Thank you, ladies and gentlemen. Due to time constraints, we will take this as the last question. I now 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 enquired any further details, you may please contact us or Oriental Capital, our Investment Relationship Partner. Thank you so much. Thank you for being a part of our Sky Gold journey. Thank you so much.

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