



“Sky Gold and Diamonds Limited
Q3 and 9 Months FY '26 Earnings Conference Call”

February 10, 2026



MANAGEMENT: **MR. MANGESH CHAUHAN – MANAGING DIRECTOR –
SKY GOLD AND DIAMONDS LIMITED**
**MR. SIDDHARTH SIPANI – CHIEF FINANCIAL OFFICER
– SKY GOLD AND DIAMONDS LIMITED**
**MR. AKASH TALESARA – PRESIDENT, SALES AND
BUSINESS DEVELOPMENT – SKY GOLD AND DIAMONDS
LIMITED**

MODERATOR: **MR. PARTH PATEL – MUFG INTIME**

Moderator: Ladies and gentlemen, good day, and welcome to Sky Gold and Diamonds Limited Q3 and 9 Months FY '26 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 presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Parth Patel from MUFG Intime. Thank you, and over to you, Mr. Parth.

Parth Patel: Thank you. On behalf of MUFG Intime, I welcome you all to Sky Gold and Diamonds Limited Q3 and 9 months FY '26 Earnings Conference Call. On the management side, we have Mr. Mangesh Chauhan, Managing Director; Mr. Siddharth Sipani, Chief Financial Officer; and Mr. Akash Talesara, President, Sales and Business Development. I hope everyone had an opportunity to go through our investor deck that we have uploaded on exchange 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 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: Good afternoon. Mangesh Chauhan here, Managing Director of Sky Gold and Diamonds. First, I want to thank my team. They delivered a strong performance despite a tough market. I will assume you have reviewed our latest results and presentation.

Sky Gold's journey has unfolded in 3 phases. In the beginning, our goal was to build a basic product portfolio and establish credibility by securing our first corporate client. We anticipated the shift from unorganized to organized retail very early, and that paid off. Similar shift is happening in jewelry manufacturing. Jewelry manufacturing is getting more organized.

With IPO proceeds and internal cash generation, we were able to penetrate multiple clients and lease a large facility in Navi Mumbai. Once we raised preferential capital, we had guided our revenue, PAT and ROCE of INR 5,000 crores, 3.5% and 25%, respectively by FY'27. Since then, we have increased our guidance multiple times. We would be exceeding even our recent guidance also.

In the third phase, Sky Gold's strategic focus shift to internal cash generation. Top line growth, including volume expansion remains central, but we are equally committed to disciplined growth and robust free cash flow generation.

The first 2 phases were fueled by the mix of internal and external capital. Sky Gold 3.0, however, will be driven entirely by internal generated capital. Our guidance calls for a 30% to 35% CAGR in revenue alongside strong cash flow generation.

By 2030, we expect to deliver INR 945 crores PAT and achieve a net debt-free position. The revenue growth will be capped at 30%-35% since we would like to be net debt free by FY'30. There are not many businesses in India which can grow revenue at 30%-35% CAGR and convert 20% -25% of PAT into OCF. This also underscores the lean growth engine we have built.

Considering the large addressable opportunity, we can easily grow at twice the pace, but we would not be in a position to generate operating cash flows. The dual commitment to growth and cash generation discipline underscores our ability to scale while creating long-term shareholder value.

When it comes to the jewelry industry, corporate governance is always a question mark. We would like to follow highest corporate governance. From 1st April, 2026, global audit firm will be put in place, kudos to Siddharth for leading this change.

As promoter, we have agreed for Zero salary compensation model from FY'27. We will follow dividend-only compensation. Promoters would draw compensation exclusively through dividends, ensuring their rewards rise only when shareholder benefits.

This structure fully signs promoter with minority shareholders as payout depends on shared ownership outcomes. Dividend would be distributed strictly from operating cash flows, reinforcing financial discipline and long-term value creation. There are 3 main pillars in the company: creativity, technology and manufacturing excellence.

Now let me request our President, Sales, Business Development, Akash Talesara, to explain our efforts in the merchandising space. Over to Akash.

Akash Talesara:

Thank you, Mangesh Bhai. Hi, this is Akash Talesara, President, Sales and Business Development at Sky Gold and Diamonds. I come with more than 23 years of experience in jewelry industry with the past experience of working with domestic and export market with all the jewelry categories like gold, diamond, lab-grown, silver.

When I joined Sky Gold and Diamonds, my first goal was to find the USPs and build on the company's existing strengths. Sky Gold is especially strong in making lightweight casted jewelry. We are a young company with modern 3D technology, laser cutting stamping that helps us produce high-quality lightweight design efficiently.

At that time, gold prices were rising fast and gold was becoming expensive, and the customer preferred lightweight jewelry. This trend worked in our favor and Sky Gold was in the right position to meet this demand.

The company also had access to growth capital, which helped us focus on to the right product categories and grow quickly in the market. This created a perfect ecosystem to make it as a one-stop shop for all the jewelry requirements. In the jewelry manufacturing, labour, raw material, machine and are important, but co-creation and merchandising skill makes the real difference.

Designing plain gold jewelry is very different from designing diamond jewelry and both needs special expertise. Over the last 3 years, we doubled our merchandising and design team to around

150 people and built strength in many categories. We have now more than 25 different jewelry projects.

We also started a diamond design studio in Andheri near to SEEPZ to use the local talent available there. Another important initiative we took was co-creating with the retailers. We worked closely with the retailers to design products that match market trend.

Our team studied their current portfolio and competitors, then prepared sketches, prototypes, samples as our proposal before they approve for the mass production. We measure success by how many designs get selected by the retailers.

This database approach has given us one of the best selection rates in the industry and has helped us reduce the unsold inventory as well. Our teams are constantly co-creating with the retailers like Malabar, GRT, PNG, Caratlane, Joyalukkas, Reliance, Aditya Birla, Kalyan and many more.

Sometimes we create new well-studied themes on our own and invite the retailers to choose from them. This creates a healthy competition and helps us understand what market really wants. It also changes our relationship with the retailer from just buying to selling -- right, from buying to selling to a true partnership. And generally, whatever is co-created has a better strike rate and sales.

We also have made a custom cell in the organization, probably one of the biggest in India, as many end customers show photos and designs they want and the retailer asked us to make them. Though the volume is small, but this strengthens the bond between the retailers and the customer, which ultimately benefits us.

One of the major achievement was onboarding Damas, which is one of the biggest retail chain in the GCC in just 3 months. Their customer is mainly buying a 21kT jewelry, which is very different from the Indian market in terms of design and workmanship. Our team studied their need carefully and created a special product range for them after studying the market. This shows how flexible and strong our merchandising team is.

Sky Gold has recently received many merchandising awards, including the one from Caratlane and Aditya Birla. De Beers selected us as an exclusive partner for a couple of their campaigns, which is My First Diamond and the Bestie bracelets. Only 4-5 companies were chosen out of the 45 applicants.

We have also partnered with World Gold Council and our product were highlighted in the TV commercials and their ad campaigns, which further proves our leadership in innovation. Our product range has gone a lot through in-house effort and acquisition.

Value-added products now contributes more than 50% of the revenue compared to just 4% to 5%, 3 years ago. There are categories like 9kT, 14kT, 18kT, rose gold jewelry are growing well. Even in the basic products like chains, we have added an extra value to improve the margins.

To improve the customer experience, we created a focused CRM team for better sales support. We also launched a digital app where customers can see our design banks in all the categories and place orders directly from the app.

Around 7% to 8% of the orders already are coming through the app, and this will increase further in the upcoming months. Our sales team is also responsible for margins and collection to ensure healthy cash flow.

Another step forward was creating dealership network. Our next growth area is reaching to the smaller retailers through the distributors and dealers. We are in process of building a region-wise dealership network. Also as South India is one of our key focus area, we opened a sales office in Thrissur to have a better grip on the South India.

Further ahead, we wanted to increase our footprint in exports as well. So we opened an office in Dubai Gold Souk, the center of global gold trade. We hired an experienced professional team who has sold near about 200 kgs per month earlier with their past experience. This is a very important step for our international growth.

Talking about manufacturing strength, I would like to thank Mahendra Bhai for improving the factory's efficiency, controlling gold loss. Our delivery time is 30% to 40% faster than many competitors. The shift to direct casting, 3D printing, laser, hollow stamping and other latest techniques and R&D has improved the finish and made our jewelry 20% to 30% lighter.

Once again, thank you so much. Over to Mangesh Bhai.

Mangesh Chauhan:

Thanks, Akash. May be you forgot to mention about Morni jewelry collection. Investors must have seen Tazim, Zenna, Aasma and other brands in our presentation. May be this brand is not popular among common customers but it is well known among our clients. For example, Morni is a collection inspired by peacock which is available in many categories and is selling well at this time.

Apart from Akash, we are fortunate to have another silent achiever, Thiru. Thiru brings over 3 decades of jewelry manufacturing expertise, including a decade at Titan in product development and a long tenure at India's largest jewelry manufacturer, implementing ERP systems. Since joining Sky Gold, he has reduced gold losses from 1.5% to 0.5% and continues to drive further improvements.

Siddharth leads our finance team with dedication and focus. Thiru is leading ERP implementation across the organization. Thiru has already digitized the back end, monitoring productivity, order flow and gold loss, while rolling out ERP at the front end is expected to be over in the next 6 months.

As first-generation entrepreneurs, Darshan Bhai, Mahendra Bhai and I have worked tirelessly to build this organization. We are proud of our achievements, yet recognize that our process are still evolving.

To strengthen and scale, we are bringing in external talent from leading organizations to help us implement world-class systems. Investors will appreciate the transformation as the company becomes fully digitalized.

Benefits will be seen across multiple fronts. Implementation of the jewelry ERP system is not a simple task. Siddharth has been instrumental in shaping our Vision 2030 or Sky Gold 3.0. The leading finance team in a fast-paced working capital-intensive business is not so easy task. Yet he has exceeded expectations.

For the first time, we have gone down to the level of sales type, geography and product level, an exercise never attempted before. Special thanks to our finance team for making this possible. When we started our 3-year strategy, our agenda was clear: drive gold growth while generating cash flow. I repeat growth will not be compromised. In the next phase, our focus shift to revenue growth rather than volume growth since gold prices remain beyond our control.

On the contrary, if gold prices falls, the entire jewelry market expands. And as a relatively small player, this works to our advantage. At 30%-35% revenue growth, we will position to generate sufficient PAT as cash flow, enabling us to deleverage our balance sheet and achieve a net debt-free status by 2030.

My finance mentor, Siddharth, will take you through our vision.

Siddharth Sipani:

Thanks, Mangesh Bhai. Before we walk you through Vision 2030, let me address a common question about the impact of gold prices on our business. We are fully back-to-back hedged, so price movements do not directly benefit us.

However, when gold prices rise sharply, end demand tends to soften and unorganized manufacturers struggle with the additional working capital requirement. In these periods, we gain an indirect advantage. Capital is not a constraint for an organized player like us.

Another common question is on the gross margin expansion. In the current year-to-date, our consolidated gross margin stood at 8.27% versus 5.97% in FY '24, means an increase of 230 bps. This has been mainly on account of impact of gold reduction by 100 bps. Increase in advanced gold business leading to improvement in gross margin by close to 60 bps and balance is on account of value-added products like 18kT jewelry, 9kT jewelry, diamond studded jewelry and various other co-creation designs.

To summarize, our gross margin improvement has been mainly on account of gold loss reduction, increase in advanced gold business, increase in 18kT studded jewelry business having better margin. Our revenue growth will be driven by 3 key levers: increasing share within existing corporate clients, expanding reach through distributor markets and scaling exports.

Strengthening our merchandising capabilities is central to this journey. We aspire to be a global leader in jewelry manufacturing. To achieve this, we must further build our merchandising team.

In his previous role, Akash worked with leading clients such as Signet, Costco, Walmart, Macy's and others, bringing valuable experience to our efforts.

We are such a tiny player in the market that reaching INR18,000 crores to INR19,000 crores is not expected to be a challenge. We would like to pick the right battles so that we don't compromise on the gross margins and working capital. Our margins are supported by 3 key levers: advanced gold, a growing share of value-added products and improved manufacturing efficiency.

In the advanced gold segment, job work is booked directly in top line with limited costs, which optically results in higher margins. Margin gains from value-added products and efficiency improvements are straightforward, while an additional benefit will come from financial deleveraging.

As cash flow strengthens and debt is repaid, interest cost currently at close to 1.2% of sales will reduce to virtually zero. Even though we are optimistic about our PAT expansion, we are also cognizant of the opportunities present.

Now let me explain the levers available for working capital reduction. First, advanced gold carry no capital employed. Secondly, export and distributor segments also operate on spot payments or receivables under 10 days. As these categories expand, working capital intensity will decline further, enhancing efficiency and resilience across the business. Directionally, we expect our working capital cycle to drop below 60 days.

To summarize, we are looking at revenue of INR18,000 crores to INR19,000 crores, PAT of 5.2% plus, OCF to PAT of close to 20% and achieving net debt-free position by 2030. Also, promoters will take salary through dividends starting 2027. Further, our accounts will be audited by global audit firm effective first quarter of upcoming financial year.

Now I request the moderator to open the floor for any Q&A. Thank you.

Moderator: Thank you very much. We will now begin with the question and answer session. The first question is from the line of Deep Shah from Equirus Securities.

Deep Shah: Congrats on good set of numbers. So basically, 2 questions. First is on the demand side. So if I see the festive this time was good, volumes were healthy despite higher gold prices. After the quarter, there were some zigzag moves in the gold prices. Just wanted to check how has been the behaviour at the retailer level? How has been the inventory level? And more importantly, if you can highlight how has been the behaviour at the ground level? Yes, that's my first question?

Mangesh Chauhan: Sure. Sure. So you can say gold prices have risen by, I think, 60%-70% in a year. But we, as a manufacturer, Sky Gold and already our clients have also started taking step 1 year - 1.5 years back only when gold prices were rising by 15%-20%.

So they have moved to 18kT, 9kT. Again, 22kT is a leader in the market because it's a favorite of South Indians, and all the Indians market 22kT is a leader. But nowadays, you can say we have produced 19% to 20% of 18kT in this December quarter.

Mangesh Chauhan:

So they are shifting the caratage, making the inventory lighter. So when you talk about the Sky Gold is making very lighter inventory. Our ticket size is INR 40,000- INR 60,000. We are below INR1 lakh. 80% inventory is below INR1 lakh and 20% inventory is below INR2 lakh.

So there is a higher impact on the higher jewelry, which is Kundan Polki in INR5 lakh-10 lakh - INR15 lakh inventory. But coming to the lighter segment, there is a very less impact because of the budget of the customers.

So again, in last, before fourth quarter only we started by 3D printers started reducing the lightweight inventory we were making in 10 grams into 8.5 grams. We have reduced by 15%weight.

So yes, your question is perfect. And in January, in 10 days only, it rise very much. So for 5 to 10 days, it was very little customer footfall was impacted. But when the gold price decreased in 10 days and it corrected by 15%, now there is a very good rush in the showroom to buy the jewelry because it got cheaper by 15%.

So store levels are they are also making the strategy of lightweight, 18kT, 9kT and maintaining the sales. And again, we are in the same boat. We are in the lightweight jewelry, so we have very lesser impact, and we are on track. And at the retail level also because faith level of consumers have gone up. You can see consumer has gained 5x to 6x return in 6 to 7 years. So no product in the world gives a returns of 5x to 6x in 6 years or 7 years' time.

So as such, where the customer faith levels have gone up, anytime jewelry is going to be biased. It may be in 9kT, maybe in 14kT, may be in 18kT, some of them we are buying 20kT, 22 kT. So some 50% customer doesn't matter the budgets and 50% customer buys in the budget.

So we fit that by making the inventory lighter. So craze of jewelry in India is numerous and they will keep on buying. But the gold rates have come down currently by 15%. So it's very attractive rate for the customers and at the showroom level, customers are good.

Deep Shah:

Sir, basically, what I wanted to check was when there is such zigzag movement, do customers wait for another correction? How does they generally be? I understand will be in touch with the retailers?

Mangesh Chauhan:

So those who are buying bullion or ETF, they see the screen and wait for the correction or wait for more correction. But coming to the jewelry, this is about the gifting. This is of the occasion. This is of the marriage season, Diwali, Navratri, Akshaya Tritiya and it's about the buying of the lady buyer.

So at the home they -- when the rate is reasonable -- jewelry is not about that it will be correct more or -- whenever there is a need, they have to buy. If there is a gifting occasion, there is many Father's Day, Mother's Day, Valentine's Day comes and on the occasion they have to buy the jewelry as per their budget. So it's a different market, ETF and bullion are buying on the sentiment that it will collect more or it will go rise whatever they assume. But on the jewelry market side, there is no such thing.

- Deep Shah:** Got it, sir. And sir, with the very strong wedding pipeline and Akshaya Tritiya also coming in the first quarter, just wanted to check how then the inventory at the retailer level? Are the inventories at normal levels? Have they stocked up higher? Just wanted to check that?
- Mangesh Chauhan:** So retailer plan the inventory as per the stores, where they are located, how much is the square feet of the showroom. And they keep on maintaining the same budget of the inventory, same kgs of weight. And this is not reduced also or increased also because they have a plan that the showroom should hold 80 kg or 50 kg, whatever the size of the store. And whatever sales, they refill the jewelry.
- Deep Shah:** Okay. Got it. And sir, last one thing from my side. When I went through your presentation, I think actually, I didn't find much around the gold metal loan. And when we brought Siddharth sir one of his key agenda was also to increase GML. So just if you can throw some light on how then the...
- Mangesh Chauhan:** Yes. Already, we are using INR80 crores of GML and we have INR150 crores of GML limit. Some of the bankers doesn't have limits, so it takes time to give SBLC limit. And again, yes, we agree that there is a slow process going on for GML.
- But sometimes when we have an order of a customer, when we give the order of GML, they deliver after 1 days or , 3 days. And in the market, we get the same day from the banks. So we have to wait for 2 days to start the production. So we are going in the churn, and we have to adjust with the GML. So sometimes there is unavailability of the raw material, sometimes we get on third day.
- So whenever it is on the same day, we are utilizing, whenever it is not available, it is available third day, we have to go again to the normal limit. So it's taking time process because some availability issues are there. But we are fitting it that journey, and we are trying it harder. But I agree we are doing it on slow process.
- Deep Shah:** So what will be the target over next year, FY '27 and what will...
- Mangesh Chauhan:** So we have a target of INR350 crores odd something in 3-4 quarters. But we are saying from last 2-3 quarters, we accept. But some banks have just not have their products which bankers hold. So they take time to give SBLC to other bank and all the process are there. But again, we are targeting it to take in 3 to 4 quarters to INR350 crores, 80% of the limit.
- Moderator:** The next question is from the line of Palash Kawale from Nuvama Wealth.
- Palash Kawale:** Congratulations on the good set of numbers. Sir, what was the contribution from advanced goal in volume and revenue terms?
- Mangesh Chauhan:** So 12% was from advanced gold in this quarter and value, maybe you can calculate.
- Siddharth Sipani:** And the advanced gold volume - in terms of total sales, it was INR11 crores The total revenue for the advanced gold. So making charges comes out...
- Mangesh Chauhan:** Making charges we got INR11 crores.

- Palash Kawale:** Yes, sir. Okay. Got it.
- Mangesh Chauhan:** So 12% for the volume growth. Yes.
- Palash Kawale:** Okay. Got it, sir. And sir, my next question is on the Vision 2030 that you have given. So what kind of assumptions you're taking in terms of volume and gold prices? And are you going to add new product lines and customers? And how would export look like? So some colour on these assumptions would be really helpful?
- Mangesh Chauhan:** Yes, yes. So sure, we have taken many steps in the last 4 to 6 quarters. You can see we have added clients, Aditya Birla, Reliance, Caratlane and again, in the subsidiary level, Tanishq came. So these clients were not there 1.5 years back, so they are all on advanced gold model. So we have opened office in Dubai, and we have onboarded Damas, which is again a - 67% of holding of Titan. So many clients already we added.
- Right now, we are holding every client of India or international major top client of Dubai, Singapore, Malaysia, but we are not in Europe and U.S. market. So already, we have onboarded clients. Again, product level, we have launched 9kT and 14kT.
- Again, we have launched, lab grown diamond jewelry 1 year back, 1.5 years back studded jewelry, we have already launched because of the fundraise we have done 2 times. So we were able to launch every category and growing in that.
- So we have taken every step for the product also. So now we are right now we are there in each and every product in the jewelry of gold jewelry or diamond jewelry or lab-grown diamond. And we have each and every customer. So we have to just keep on growing our wallet share.
- So our sales are coming and the existing wallet share is increasing and new stores are coming. You can say 2,500 stores new coming of all jewellery brands in 18 months. So we are expanding our sales in that also.
- So keeping in mind to 30%- 35% growth, we are giving this guidance. So from the existing client also and again, some new clients are also adding. So our focus is totally on corporates like Malabar Gold, Kalyan, Joyalukkas, those are coming in listing, Senco, Thangamayil, GRT jewelry, Lalithaa Jewellery and again, Bhima groups and all. And again, this corporate belt of Caratlane, Aditya Birla, Reliance and all.
- So we have introduced every product in the customer. So first is advanced gold business, we are concentrating much higher on that because now we are in the stage that we can attract much advanced gold from this large client.
- And second is on export side. We have opened office in Dubai and export is going to be at 20%, as this quarter it was at 10% or something, and we are expecting to go to 13%. Third is to the distributor level also when in the mom-and-pop store we cannot serve directly, so we are appointing a regionwide distributor model also, and that will also help us to achieve the growth.

- Palash Kawale:** So sir, does this mean that distribution -- that contribution in overall business could increase going forward?
- Mangesh Chauhan:** So right now, it is 65%. You can see year-on-year, we were a totally distributor model 12 years, 15 years back and corporate business is going up. So the percentage of corporate is going up. So you can see it will be distributors also will be at 30%- 35% range and corporate will be at 65%- 70% range.
- Palash Kawale:** Okay, sir. Okay. And sir, what about the working capital? How is the working capital by the end of 9 months?
- Siddharth Sipani:** So the working capital days as of September was 66 days. We have improved by 3% to 4% on our overall working capital days.
- Moderator:** The next question is from the line of Anushka Vora from Vimana Capital.
- Anushka Vora:** Congratulations on a great set of numbers, sir. My question is what has been the 9-month capex?
- Mangesh Chauhan:** capex of 9 months? In this 9 months what is the capex?
- Anushka Vora:** Yes.
- Mangesh Chauhan:** So around INR35 crores - INR40 crores.
- Anushka Vora:** INR35 crores to INR40 crores. And my other question was already answered by the previous person. But so in September, your working capital days were 66 and you have now improved by 3% to 4%, right? Can I get the split between receivables and inventory...
- Mangesh Chauhan:** So we were at 66 days. Now we are at 63 days...
- Siddharth Sipani:** 63 days.
- Mangesh Chauhan:** 3 days, we have improved. And we are expecting to go below 60 days, because in the coming quarter you can see our advanced gold business is rising and we are targeting it to go below 60 days.
- Anushka Vora:** Okay. So by FY '26 then you would be at 60 days of working capital?
- Mangesh Chauhan:** By FY -- what you are asking?
- Anushka Vora:** By end of this year, you will be at below 60 days, right, of working capital?
- Mangesh Chauhan:** Yes, we are expecting to be below 60 days overall. And we are expecting to be getting it to neutral cash flow by end of this year.
- Siddharth Sipani:** So the focus at this point of time is to be cash flow neutral by March '26 and further to be cash flow positive in the upcoming financial year.

- Moderator:** The next question is from the line of Vaibhav Mishra from Finvestors.
- Vaibhav Mishra:** Congratulations for the fabulous set of numbers. Sir I have few question. My first question is regarding the impact of gold prices on our margins. Like recently, gold prices rose to INR1.9 lakh and then they corrected to INR1.5 lakh kind of number. So this type of fall can this affect our margins in any way or we are hedged to protect this kind of corrections in the gold prices?
- Mangesh Chauhan:** Yes, we are already hedged back-to-back, and we are not exposed to any rate risk, so we are not affected.
- Vaibhav Mishra:** All right. All right, sir. And sir, the other question will be...
- Siddharth Sipani:** In terms of the gross margin, as I had informed in my earlier speech as well that our gross margin has improved, mainly on 3 factors. One is on the advanced gold business increase. And if we take FY '24 as base, we have improved by 2.3% and this increase is mainly on 3 counts.
- First is the impact of gold loss reduction by 1%. Then increase in the advanced gold business has led to improvement in the gross margin by around 0.6% and further increase in the value-added products like 18kt business and the studded business, which has got better margins have led to the overall improvement in the overall gross margin in 9 months of FY '26 versus FY '24.
- Vaibhav Mishra:** Understood. And sir, other question would be regarding the volume growth that we are targeting for FY '27. I think in Q3, we had 631 kg per month kind of rate. So how do you see that in FY '27 say, in Q4 of FY '27?
- Mangesh Chauhan:** We are now mainly focused on revenue because there are many carat changes going on, 9kT, 14kT, 18kT mix of 22kT. Earlier we used to sell 22kT only. So there will be a mix of volume and revenue. Approximately, we are expecting to be 750 kg average. And the revenue guidance we have given INR8,100 crores for the next year and 750 kg on an average, we are expecting next year. So focus is on 30%- 35% revenue growth after that.
- Vaibhav Mishra:** So this will be -- this 750 kg kind of number is for Q4 of FY '27, exactly?
- Mangesh Chauhan:** On an average -- total of all the 4 quarter we are telling, exact may be higher, but on the average of total of the year, we are telling.
- Vaibhav Mishra:** All right. One last question, small question regarding the guidance for FY '27. In the investor PPT, you have mentioned that PAT margins, you have mentioned around 4.25%. But I think in FY '26, 9 months we have already clocked 4.4% kind of PAT margin?
- Mangesh Chauhan:** Correct, correct.
- Vaibhav Mishra:** So are we being conservative? Or is there any other reason for 4.25% mentioned for FY '27?
- Mangesh Chauhan:** We are just being conservative. We have given the guidance of 4.25% plus, only, but we are just giving a conservative number on the PPT. 20% PAT will be converted to operating cash flow. So it will be on, I think, good part.

- Moderator:** The next question is from the line of Smith Gala from RSPN Ventures.
- Smith Gala:** Congratulations on a great set of numbers. So in the presentation as well as in your opening remarks, there was an aspiration to become a global jewelry manufacturer. And that implies that you will be entering into markets other than Middle East and Gulf going forward. Also, you have mentioned in the presentation, you are looking for EU, U.K. and U.S. So are there any plans in place or any time period we are targeting to enter that market maybe 1 year, 2 years down the line?
- Mangesh Chauhan:** Yes. So we are focusing mostly to Southeast Asia and Middle East because we have opened office and already we are serving from last 4 years to Middle East, Singapore, Malaysia and Dubai. But again, in future, after 1.5 years or 1 year, because opportunities are opened by our government, so Akash is there from that background, he has served Signet, Costco and Walmart and all.
- So it is very preparation period for them. So we'll prepare 1.5 year or 1 year, and we'll enter after 1.5 years to this market because this market needs very focused quality and concentration of the product and all. I will give a chance to Akash to speak about this.
- Akash Talesara:** So just to give you a little bit of a gist. That right now, our groundwork is happening in terms of product development, in terms of merchandising, in terms of creating the correct mix to enter this market.
- As Mangesh Bhai rightly said, that once we are 100% prepared with our product line, with the entire team ready to get into other markets, with my experience in the past with Signet and different, different other corporates across the globe, we'll be certainly looking out for entering those. Maybe from May '28- '29 is what we should be targeting as of now.
- We have enough opportunity in the domestic market right now, which still has to be catered. So our first focus is definitely getting into the domestic market and freezing those opportunity first. Once we are done with that, then the next step is certainly what you have mentioned.
- Mangesh Chauhan:** So to answer you, straightly we will be focused mostly 80% on India because India is a huge market of 150 crore population. And 15%- 20%, we can export to other countries like UAE and Singapore and in the future, Europe or U.S. So we will be not going as aggressively for 30%, 40% or 50% exports because we majorly rely on India market, 80%. So if there is any policy changes, we can hedge the sales to India.
- Smith Gala:** Sure, sure. That was very helpful. And any new markets as and when we are ready are always beneficiary. Secondly, to whatever guidance which we have taken for FY '30 as well as FY '27 and for FY '26, INR6,100 crores, what is the base gold rate which we have assumed for that guidance?
- Siddharth Sipani:** We have assumed INR1.04 crores / kg as the gold rate on a blended basis because the mix of...

- Mangesh Chauhan:** 18kt, 9kt, 22kt, so INR105000/10 gm, INR 110000/10gm is our rate taken approximately. So we are seeing that this quarter also 18kT is sold much. So there will be average mix of rates and all.
- Smith Gala:** So this is INR1.05 lakh or INR1.1 lakh per 10 grams rate which is the base rate taken.
- Mangesh Chauhan:** Yes, yes.
- Smith Gala:** Okay. And are we on track to give the exit rate of 650 kgs for Q4?
- Mangesh Chauhan:** Yes, we already have done 630 kg this quarter, and we are on track on that.
- Moderator:** The next question is from the line of Bharat Gianani from MC Pro Research.
- Bharat Gianani:** So 2 questions. First is, we are targeting 20% of the EBITDA as the operating cash flow. So is that understanding right, I mean, from the presentation? And second, sir, dividend, we said that we are targeting FY '27 to be cash flow positive. So what this kind of dividend yield that you are targeting? I mean what is the dividend payout ratio that you're targeting compared to the earnings for FY '27? That is the first question?
- Mangesh Chauhan:** So dividend amount will be very small amount, more from commitment perspective. So as we are discontinuing from April to take the salary, so dividend will be very small in the initial to ' in 2027 March year. We have a lot of opportunity to grow. So that's why the dividend will be very smaller part.
- Bharat Gianani:** Okay. And so 20% of the EBITDA is being targeted as the operating cash flow, right?
- Mangesh Chauhan:** Yes. Basically we would be -- sorry, you are asking.
- Bharat Gianani:** Yes, sir. Please go ahead.
- Siddharth Sipani:** Yes. So basically, we would be net debt free by 2030. And between 2026 to 2030 on a sequential basis, we expect that the cash flow generation to increase and we would be -- we expect to reach 20% of OCF to PAT by 2029 or 2030 maybe.
- Bharat Gianani:** No, sorry, I didn't get the 20%. So is it EBITDA to OCF or OCF to PAT? I mean just a bit of clarification on that?
- Siddharth Sipani:** That is the 20% that we are saying is OCF to PAT.
- Bharat Gianani:** So basically, if -- so 20% of the EBITDA will be the operating cash flow. That is the right assumption?
- Siddharth Sipani:** That is what is our long-term vision which we have outlined as Sky 3.0 vision statement.
- Bharat Gianani:** That is by FY '30. Okay. And sir, just a related question, I missed probably. So working capital, what is it currently expected in FY '26? And by FY '30, what is the working capital target that we are planning?

- Siddharth Sipani:** So basically, we are looking at sequential improvement in the working capital cycle and that would be achieved by improvement in the profitability and by improvement in the working capital days. We expect that the overall working capital days should be less than 60 days going forward.
- Bharat Gianani:** And sir, currently, what would be that number as of end of December, I missed it, sorry?
- Siddharth Sipani:** So as of September, it was around 66 days.
- Mangesh Chauhan:** In December, it is 63 days.
- Siddharth Sipani:** December, it is 63 days.
- Moderator:** The next question is from the line of Raj Sarraf from Finvestors.
- Raj Sarraf:** Congratulation first of all for this great set of number. Sir can you please bifurcate your subsidiary Starmangalsutra, Sparkling Chains and recently acquired, I think, Ganna N Gold contribution in this 631 kg volume per month?
- Siddharth Sipani:** Yes. So basically, for Star and for the newly acquired SRG, it was around 86 kgs. For Sparkling Chains, it was around 65 kgs and for Speed, it was 51 kgs.
- Raj Sarraf:** 51 kgs. And sir, guidance for next year utilization out of our existing capacity? And any concrete plan we are having on expansion with fund availability, keeping our 2030 Vision in view?
- Siddharth Sipani:** Sorry, can you repeat your question? Not very clear.
- Raj Sarraf:** First of all, the guidance for next year utilization of our existing capacity and any concrete plans with fund availability, keeping our 2030 vision in view?
- Mangesh Chauhan:** Yes, yes. So after rainy season, Diwali, Navratri, we are into the planning phase and keeping the cash flow positive. As we guide for the PAT, we are expecting to create more profits from the every year, we are giving the guidance. And the extra profit will take to that factory part of INR50 crores per year we will meet.
- And what we have guided, like this year, we have guided for INR225 crores and already we have done INR190 crores. So every year, we are expecting some extra profits from all the subsidiaries and all, and that will help us to plan our vision for factory and all and keep in mind the vision of 2030.
- Raj Sarraf:** Okay. Sir, with the calculation, sir, you might have done any calculation of achieving INR18,000 crores to INR19,000 crores revenue by FY 2030. How much working capital we need?
- Siddharth Sipani:** So basically on the overall working capital, the target is to improve it and to move down below 60 days cycle.. And the focus is to generate the cash flows and to improve on the overall cash flow generation and to improve on the OCF to PAT percentage year-on-year to reach 20% by 2030.

- Raj Sarraf:** So why I'm asking this question is, sir, are we having any visibility of any further dilution in our equity base or any fund raise you are keeping anything...
- Mangesh Chauhan:** So we are all nicely funded, and we are guiding for cash flow. So we are not planning for any dilution at this point of time.
- Raj Sarraf:** Okay. Till FY 2030, we are not planning any dilution or any fundraise?
- Mangesh Chauhan:** Yes, yes. So right now, we are nicely funded. And again, we are improving our working cycle. So the fund needed will be from the internal accruals only for the business we are doing right now.
- Raj Sarraf:** Okay. And just confirming, sir. We have taken this INR18,000 crores to INR19,000 crores revenue by keeping 18kT gold in view at a rate of INR105,000. Am I correct, sir?
- Mangesh Chauhan:** So yes, it's a mix rate, INR105,000, INR110,000 is a mix rate of 22kT, 18kT, 9kT and 14kT.
- Raj Sarraf:** Okay. So right now, we are having more exposure to 18kT or 22kT, sir?
- Mangesh Chauhan:** So 22kT is a leader in market. You can see 80% jewelry sold in 22kT in India. It was 100% earlier. So it gets down to 80%. And now we are expecting that 22kT will come down to 70% or something of India. And now we are at, I think, at 20% of 18kT. Earlier, we were at 4%, 5%. And 22kT we were at 95%, now it is 80%.
- So target will be much to grow 30%- 35% revenue growth because carat is like 9kT, 14kT, 18kT and 22kT, all the mix we have to sell to the customers. If the gold price shoots up, then we will lower volume sales, then target will be 35% revenue growth. But if gold prices drop, then volume growth increases. So it's vice versa.
- Raj Sarraf:** Okay. And just the last question, if you may please allow me, sir. Sir, this recently concluded FTA with Europe and U.S. So this category will be duty-free as I'm just speculating by the news. So are we planning to explore those areas in Europe and U.S. to have advantage...
- Mangesh Chauhan:** Yes, doors are open for us. But we -- right now, we don't have the design and the product that is needed in Europe and U.S. because from last 15- 20 years, we are focusing on India and 20% on UAE, Singapore, Malaysia, where the clients are Asian customers only. And the end consumer are also Asian. So the European customers and U.S. customers, we have not made the product. But now we have got the new standards back only of both the countries.
- And in going future, it takes a time of 1 year1.5 years to plan and execute. And our doors are open for that U.S. and Europe market, but we'll not aggressively go ahead because we have already opened Dubai office, and we have taken orders of Titan, Damas, Kanz Jewelry and many clients have onboarded right now in the last 4 quarters. We have to serve them and increase the wallet share in them.
- So right now, our focus is to increase the wallet share in the existing customer, large customer we have onboarded in India also in Dubai and Singapore, Malaysia. So the main focus is in these

countries. And going for future when we will see if we are going to penetrate in that country, but we are positive about that.

Raj Sarraf: Are we still trying to have Tanishq on board or...

Mangesh Chauhan: So already, we have onboarded in our subsidiary, Starmangalsutra, and we are getting 50 kg on an average advanced gold business from Titan, expecting good business in subsidiary from that.

Raj Sarraf: From Tanishq, sir?

Mangesh Chauhan: Tanishq Jewellery, yes.

Moderator: In the interest of time, this will be the last question. I would now like to hand the conference over to the management for the closing comments.

Mangesh Chauhan: Thank you so much, my shareholders, investors and my management team and again, my brothers, Darshan Bhai and Mahendra Bhai, who have supported in this journey and hoping to grow more in future. So thank you all of you, the investors and shareholders of Sky Gold and Diamonds.

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