



“Sky Gold & Diamonds Limited

Q4 & FY26 Earnings Conference Call”

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MODERATOR: **MS. VIDHI VASA – MUFG INTIME**

Moderator: Ladies and gentlemen, good day, and welcome to the Sky Gold & Diamonds Limited Q4 and FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, 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 Ms. Vidhi Vasa from MUFG Intime. Thank you, and over to you, ma'am.

Vidhi Vasa: Thank you. On behalf of MUFG Intime, I welcome you all to Sky Gold & Diamonds Limited Q4 and FY26 Earnings Conference Call. On the management side, we have Mr. Mangesh Chauhan, Managing Director; Mr. Darshan Chauhan, Whole-Time Director; Mr. Siddharth Sipani, Chief Financial Officer; and Mr. Akash Talesara, President, Sales.

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 expectation 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, everyone. Mangesh Chauhan here, Managing Director of Sky Gold and Diamonds Limited. 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.

The strategic evaluation of Sky Gold has systematically unfolded across 3 distinct operation phases.

Phase 1, our primary objective was establishing portfolio credibility and securing initial corporate client penetration. We were ahead of the curve in anticipating the shift from unorganized to organized in retail and jewellery manufacturing. Also, in shift towards lightweight jewellery, in all these 3 aspects, the bets are paying off now.

Phase 2, utilizing a combination of IPO proceeds and internal accruals, we expanded our client ecosystem and scale capacity via our Navi Mumbai facility. Following our preferential capital raise, we originally guided for FY27 revenue of INR5,000 crores, a 3.5% PAT margin and a 25% ROCE. Having subsequently revised our benchmark upward multiple times, we are on track to exceed even our most recent guidance.

Phase 3, unlike previous phases funded via mix of internal and external capital, Phase 3 pivots entirely on an organic self-sustaining financial architecture. Growth will be funded strictly through internal cash generation to achieve a net debt-free balance sheet by FY30.

On debt reduction strategy, we would like to highlight based on our current plan. We would be reducing net debt by 50% above in FY27 itself through land sale and operational improvement. I repeat there would be a debt reduction of over 50% in FY27 itself. A larger portion of debt reduction would be due to operational reasons.

Our Q4 FY26 performance significantly outpaced most industry peers, driven by strong wedding seasonality bolstered by key festive occasions like Gudi Padwa, Akshaya Tritiya alongside materially improved customer engagement through our B2B portfolio. Unlike several industry peers, Sky Gold's B2B focused manufacturing model effectively captured peak wedding and festive demand through higher production volumes.

Strategically, we pivot towards higher-margin lightweight and studded jewellery, which enhance realization and profitability. We deepened strategic partnership with major retail chain store, including but not limited to Reliance Jewels, CaratLane, Malabar Gold, Kalyan Jewellers, Senco Gold, Aditya Birla, Thangamayil, PN Gadgil, Lalitha Jewellery, Joyalukkas, Khazana Jewellery, Damas Jewellery, Kanz Jewellery, Titan Gold, and GRT and many more in this group.

Expanded our distribution networks and grew our advanced gold business also, which strengthened working capital efficiency and provided greater order visibility across the value chain. Financial guidance and capital discipline. Our forward-looking framework balances aggressive market share capture with stringent balance sheet discipline. Target growth metrics. We are targeting a sustainable revenue CAGR of 30% to 35%, projecting a PAT of INR945 crores by 2030.

I want to make a small change to the guidance we have provided in the past. We would like to stick to our PAT guidance by FY30, but we would like to avoid volume guidance primarily because of the volatility in the gold price, which is beyond our control. Also, top line is vanity, PAT is sanity and cash in the bank is reality.

Controlled velocity, given the large addressable market opportunity, we possess the capacity to expand twice this velocity. However, doing so would compromise our operating cash flows. Therefore, top line expansion is intentionally capped at 30% to 35% to further strengthening the balance sheet.

Cash conversion engine: Our model targets a consistent conversion of 20% to 25% of PAT into operating cash flow, underscoring a lean, high velocity growth engine that is rare among high-growth Indian enterprises. This dual commitment ensures optimal scaling alongside robust cash flow generation.

Siddharth Sipani has been thinking continuously in how to grow our institutional governance and promoters' realignment. To address historical industry-wide corporate governance discounts and maximize long-term shareholder value, management is implementing best-in-class institutional framework. Global audit oversight as promised, we have appointed M S K A & Associates LLP, member of BDO International as statutory auditors.

Promoter remuneration alignment: Beginning FY27, the promoters will transition to a zero-salary compensation model, migrating exclusively to a dividend only framework, promoters will derive financial rewards solely from shared ownership outcomes.

Capital distribution discipline: Dividends will be funded strictly out of operating cash flows. This structural realignment ensures promoter incentives are perfectly matched with minority shareholders, reinforcing fiscal discipline.

Moving forward, our institutional scale remains anchored by our 3 core operational pillars: 1st is creativity, which is through design innovation; 2nd is technology, which is through process automation; 3rd is manufacturing excellence. In today's forum, we anticipate several inquiries regarding prevailing jewellery demand trends following our Honorable Prime Minister Modi's recent national address.

We view the Honorable Prime Minister's call to curb gold imports and protect our nation current account deficit as a clear necessary directive for the entire industry. We embrace our broader national responsibilities in support of this macro economical goal.

While the wider sector is experiencing a temporary phase of demand softness as a result of this tightening conditions, Sky Gold business model is explicitly built to thrive in such an environment. Our expertise in lightweight jewellery places us in a superior position. Historically, proactive regulatory policy have been introduced around gold metal loans to manage capital import flows.

Sky Gold maintains zero GML exposure today. While we refrain from speculating on future policy directions, our internal operational structure are fully prepared for any further measures the government may deem necessary to safeguard the economy.

As articulated in our previous interactions, our core mandate remains the construction of a fortress balance sheet. The objective is heavily safeguarded by our enhanced Cash Conversion guidance, particularly as we move through FY27. The jewellery manufacturing landscape is actually working capital intensive.

By aggressively executing our deleveraging strategy with targets of 50%+ debt reduction during FY27, Sky Gold will drastically reduce its credit reliance. This guarantees that our capital structure remains robust, resilient and fully self-sustaining, leaving us securely insulated even if institutional lending norms become significantly more stringent.

We would also provide another comfort to investors. Our annualized exit run rate for Q4 of INR1,911 crores is close to the guidance of INR8,100 crores provided for FY27, as we would not require substantial incremental working capital for growth.

I now request Darshan Chauhan for his update on new development of Sky Gold.

Darshan Chauhan:

Hello. Good afternoon, everyone. Darshan Chauhan, Whole Time Director. Today, as we look back at the past quarter and the journey of Sky Gold & Diamonds, one thing becomes very clear.

Our growth is not only because of strong business performance, but because of strong relationships, trust, innovation and teamwork that define this organization.

Over the years, Sky Gold has built a strong leadership position in lightweight casting jewellery manufacturing and expanded successfully across multiple jewellery categories. We continued strengthening our partnership with leading retailers across India and globally through our strong co-creation, merchandising and customization capabilities.

Even during challenging global conditions, including difficult times in international markets, our teams showed resilience and adaptability. Through Sky Souk in Dubai, diversification into newer territories, wider product categories and continued innovation, we successfully navigated business challenges while continuing to grow. We also invested heavily in technology, systems, people and culture.

One of the proudest moments for us this year was recognizing long-serving employees and star performers through ESOP initiatives, appreciating team members who have spent 5+ years contributing to the company's success. Because at Sky Gold, we believe people are our greatest strength.

Our journey has also been recognized across the industry through prestigious awards, recognition and participation at leading national and international jewellery platforms. This achievement reflects the collective effort of every employee, karigars, partner, retailer, investor and stakeholder associated with Sky Gold & Diamonds.

And now as Sky Gold enters its next phase of growth, expansion and global vision, the management is pleased to announce a new leadership milestone for the organization. Further, we are happy to announce today that we propose to elevate Akash Talesara, currently President - Sales to the role of CEO, subject to Board approval.

This strategic appointment reinforces our commitment to professionalizing management, enforcing strong governance and positioning the company for accelerated growth as we advance towards our FY30 target of achieving sales of INR18,000 crores to INR19,000 crores with a nil net debt position.

We extend our heartfelt congratulations to Akash on this well-deserved promotion to CEO of Sky Gold and express full confidence in his vision and leadership to drive Sky Gold's next phase of expansion, innovation and value creation for all stakeholders. Congratulations, Akash Talesara and wishing you great success in this new journey.

Thank you, everyone, for your trust, support and belief in Sky Gold & Diamonds.

Akash Talesara:

Hi, everyone. This is Akash Talesara. First of all, a big thank you to the management for believing in me and giving me the responsibility of leading this organization as a CEO. For me, this is not just a designation or a position. It is a responsibility towards every employee, customer, partner, investor and every person connected with Sky Gold & Diamonds.

What makes me most proud about Sky Gold is not only our growth numbers or achievements, but the culture and relationship we have built over years. At Sky Gold & Diamonds, people do not just come to work. They become a part of the family. This is the reason many people do not like leaving this organization. There is a trust here, there is respect here and most importantly, there is a strong sense of belonging.

As mentioned earlier, during the inauguration of one of our subsidiary facility by Mr. Ajoy Chawla, MD of Titan Group, we witnessed one of the most emotional and meaningful initiatives from the organization this year was to introduce ESOPs for the employees who have been a part of the Sky Gold journey for more than 5 years, along with our star performers. This was one small way of saying thank you to the people who stood by us in the company, contributing with dedication and helped build Sky Gold into what we are today.

We wanted our employees not only to work for the company's growth, but also to become part of the growth story themselves because we truly believe that loyalty, commitment and consistent hard work should always be respected and rewarded. These initiatives have created a strong sense of ownership, a deeper emotional connect and even greater motivation within the organization. And this is the real strength of Sky Gold & Diamonds, our people.

Our efforts have also been recognized through several prestigious awards and the industry recognitions, including the Global Market Entry Leadership Award for Manufacturing. The India's Business Leader and Excellence Award and the Joyalukkas PRIDE 2026 recognition for partnership excellence and innovation in design.

We were also honored as a valuable vendor partner at the Circle of Indriya ceremony by the Aditya Birla Group. In addition, Sky Gold was recognized as one of the fastest jewellery manufacturing Company through the AOJ. We also got MD and CFO awards, along with the several other manufacturing leadership recognition, excellence award, industry trophy and certificates.

These recognitions are not just awards for the company. They represent the collective hard work, commitment and passion of our employees, retailers, partners, karigars, leadership team and every stakeholder associated with Sky Gold & Diamond.

Thank you again, and I'll pass on back to Mangesh bhai.

Mangesh Chauhan:

Thank you, Akash. The success of Sky Gold is built entirely on the blessing and support of our stakeholders. The moment that truly touched my soul was honoring our long-standing employees. It was a small gesture of gratitude for their years of loyalty and it brought back too so many cherished memories of our early days. These are the people who build Sky Gold and celebrating them was the highlight of it all.

I want to hand it over to Siddharth Sipani. Before Siddharth Sipani takes you through the financials. I want to congratulate Siddharth on implementing stringent processes. Jewellery manufacturing is a highly capital-intensive business.

As you know, we are growing at a fast pace, implementing processes in such a growth phase is not an easy task. Siddharth successfully streamlined the working capital of our business without growth being impacted. And our net working capital days have successfully dropped from 71 days for quarter ended March '25 to 59 days for this quarter ended March 26.

Siddharth also successfully onboarded M S K A & Associates LLP, a part of BDO International as our statutory auditors, thereby transitioning from mid-sized to global audit firm as a part of our step in strengthening our corporate governance framework.

I gave him a 2-year window within which he had to reduce working capital below 60 days, appoint a global auditor and get to neutral operating cash flow. Within the first year, he has successfully reduced the working capital intensity of the business, and there is no need to raise external capital.

Now Siddharth is a special find for us. Hand over to you, Siddharth.

Siddharth Sipani:

Thank you, Mangesh bhai, for your kind words, and thank you to the entire leadership team at Sky Gold for your support. I am truly honored to be part of Sky Gold's growth journey and this achievement belongs to entire finance and sales team. I am confident we will continue building a stronger, more efficient Sky Gold that creates enduring value for all stakeholders.

Before discussing our Q4 performance, I would like to outline our strategy for cash flow management and debt reduction. As Mangesh bhai highlighted, our annualized Q4 exit run rate for revenue of INR7,650 crores is already close to our FY27 guidance of INR8,100 crores. Because of this, we will need very little extra working capital to fund our growth.

Additionally, we are shifting our business model towards the advanced gold format. As a result, we expect our operating cash flow to PAT conversion in FY27 to be much higher than our long-term trend guidance. We have also included a detailed slide in our presentation covering this FY27 debt reduction plan.

In our last call, we broke down our gross margin expansion. From the current year-to-date, our consolidated gross margin stands at 8.45%, up 245 basis points from 6% in FY24. This improvement comes from 3 main areas, a 100 basis point gain from reducing gold loss, a 70 basis point gain from our growing advanced gold business and the remainder from high-margin value-added products like 18 kt, 9 kt, diamond studded jewellery and our unique co-creation designs.

Looking ahead, our revenue growth will be driven by 3 clear levers: increasing our share with existing corporate clients, expanding our distributor market network and scaling up exports. For this call, we want to walk you through our future PAT margin expansion. We know there are questions about whether these margins are sustainable or if we are over-earning due to rising gold prices.

As a management team, we only provide achievable targets, and we routinely outperform them. In fact, our current FY27 guidance is already 30% to 40% higher than our initial estimates. Investors will also see that our debt reduction time line is moving much faster than expected.

We would like to categorically state that our operations are back to back hedged. However, for those who still question the sustenance of our margins, our profit margins naturally improve as our share of advanced gold increases.

Our FY26 PAT margin stands at 4.5%. Under the advanced gold model, we only record the job work fees as revenue, whereas our traditional model records the entire jewellery value as revenue. Therefore, as advanced gold volumes grow, our absolute profit and margins improve, even though it creates a deflationary effect on the top line revenue figure.

We expect our gross margin to expand by 60 to 90 basis points due to better mix of advanced gold and studded jewellery. This is our first margin lever. Our second lever is reducing interest cost. Today, interest expenses account for 1.25% of sales, which is a significant drag. As we transition towards a net debt-free balance sheet, this cost will drop to zero, giving us a combined 200 basis points margin expansion opportunity.

While these levers offer strong upside, we have guided for a conservative 5.25% PAT margin by FY2030, which represents an expansion of 75 basis points from current levels. We choose to be prudent with our guidance because our long-term aspiration is to become the largest global jewellery manufacturer. To achieve this, we plan to invest heavily in international infrastructure and use strategic pricing to solidify our global presence.

Now let us review the financial highlights for Q4 and FY26. Notably, our working capital cycle improved, dropping to 59 days from 71 days in March '25, mainly driven by: first, increase in advanced gold business volumes to 11.5% for the year '26 versus 5.7% for the previous financial year.

Secondly, increase in exports to 11% for the year versus 6% in the previous financial year and prioritizing shorter credit term customers. Our cash from operations improved from negative INR272 crores to near neutral operating cash flows of INR45 crores negative, which is in line with our guidance.

Further, other income stood at INR16.3 crores for the quarter, of which INR3.7 crores was attributable to gain on sale of investments and balance mainly includes all operational income like exchange gain on exports of INR8.4 crores and interest income of INR4.5 crores for Q4 FY26.

Now I give the podium back to Mangesh bhai for his comments.

Mangesh Chauhan:

Thanks, Siddharth, for the update. Before opening for forum for Q&A, I have stressed multiple times in the past that having a strong corporate culture is the bedrock of the company.

To achieve our FY30 PAT guidance of INR945 crores, we need to implement at multiple fronts. To be the globally largest manufacturer over the next decade, investing in people is essential. That is one of the reasons we rolled out ESOPs for all loyal and deserving employees. We will further expand the ESOP pool.

Strategically, we would also be creating a group council with global industry veterans to guide us on the journey ahead. Finally, we kindly ask participants to avoid speculative questions regarding future government policies. Our view is that no further restrictive measures will be introduced.

However, even if the regulatory environment becomes more stringent, organized players like Sky Gold are best positioned to benefit and capture market share. Thank you, everyone. Now we open the floor for the question and answers.

Moderator: Our first question is from the line of Uchit Shah with Vimana Capital.

Uchit Shah: Congratulations on the good results. I just had a couple of questions. For sales, due to recent increase in the customs duty and the government's appeal to reduce gold consumption. Do you think this will affect our revenues or volumes in any way.

Mangesh Chauhan: So this is not the first time the government is increasing or decreasing the duty. We are doing the business for the last 20 years, I have been in this business. So I have seen this type of event many times in the Congress government also, in this present government also increasing the duty as per the requirement as per the fiscal deficit and all.

And again, reducing the duty whenever the environment is good and all. So this is the measures taken by the government. And as per the consumer level, they take as per the MRP of the gold rate, now gold is available at INR1,55,000, they take it as a cost of buying.

So again, government takes measures whenever its requirement. So as we are into lightweight jewellery right now, till now we have not find any lowering of the order or softening of the demand at the B2B level because we are into lightweight jewellery segment.

And nowadays retailers have announced so many gold exchange schemes and with gold exchange, they will get more benefit in the making charges. Many schemes are rolled out. We have heard that at the retail level, the gold exchange has gone up from 20% to 40% above. The regular rate is 20% gold exchange business, it has gone to 40%.

And again, by talking to our large customers, large corporate pool and the owners with them I'm talking to, they are also telling it is very early to predict in 1 week. So they are analyzing June month, July month, how the consumer behavior is going to happen. But right now, there is no softening of demand at the B2B level, a stable demand is there.

Uchit Shah: Second question is more around the recent transcript or con calls of Titan, PNG the retailers. They have said that they are seeing higher demand in lower karatage jewellery and towards gold bars and coins. Do you think this shift of consumers towards lower karatage affects us in any way?

Mangesh Chauhan: So this is a part and parcel of the strategy because some Gen-Zs look for 9 karat and 14 karat, the mid generation goes for 18 karat. There is some shift. We are also seeing that 18 karat is going up and taking place of 22 karat. But 22 karat again is the leader in India. It is at

70% - 75% of the sales. So again, bullion and coins are sold at the retail level because some of the customers want to invest in bullion and gold.

So for the temporary base, if they want to buy jewellery after 6 months, they take the bullion and coin and then they give the bullion and coin then replace with the jewellery. So this is the budget wise shifting also going on. So making targets are higher in the lower karat in 9 and 14 and 18, our margins are better. So it's a mix of business we have to do.

We have to plan the strategy as per the gold rates and the market conditions, the customer keeps on introducing new karat, new strategies and all. So again diamond jewellery is picking up because of the gold rates and all the diamond jewellery, we are at 1.5%. So this is the strategy played by the retailers as and when required as per the environment of the market.

Uchit Shah: Just one last question. This is more around the working capital cycle as well. So as I read previous 2 transcripts and con call, I think we're also trying to make sure gold metal loan through which you were able to make lower interest rates from the banks or financial institutions. In this presentation, actually, I don't see any mention of that. So is there any strategic shift we have taken to reduce gold metal loan?

Mangesh Chauhan: So again gold loan, we were using in last quarter and this quarter, we are not using because gold rates are higher in GML because when we earn market rates are below INR3 lakhs to INR4 lakhs of the gold metal loan. If you buy from the bank, we are getting at INR1.62 crore, in the market we are quoting at INR1.59 crores or INR1.58 crores with under costing is going in the market.

So we go as per the whatever is PAT accretive. Right now, gold metal loan is very much costlier as per the cost, not, as per the interest rate. So, we are at zero gold metal loan right now. And again, the government strategy is going on for this imports and all. So, we are at zero gold metal loan right now as per the PAT accretive, we will go for that. So again, Siddharth will add something on that.

Siddharth Sipani: Yes. Perfect. Thank you, Mangesh bhai. Actually, we are assessing the gold rates and whichever gold rate is beneficial to us on our overall PAT level, we are going by that option at this point of time, considering the market, the actual prices, the local market is at a cheaper rate versus when we buy from banks.

And that is why as of March end, our GML outstanding is nil, but we have INR170 crores of GML facility sanctioned with us. And as soon as we are having a better pricing for the GML, we will go for the GML borrowings.

Moderator: Our next question is from the line of Chintan Sheth with Girik Capital.

Chintan Sheth: Congrats to the team for walking the talk all through these years. And congrats Akash for the promotion. Sir, couple of questions. If you can provide volume numbers for the year or for the quarter because that was missing in the presentation for stand-alone as well as the subsidiary.

And I know you refrain us from asking the volume and gold price in your guidance which are provided for FY30, but directionally from the current 1,200 kgs of 14.4 tons of gold processing

capacity we currently have. Where do you see the capacity required to scale up from here on to achieve that level of revenue? And what kind of capital is required to scale that capacity? So that would be the first question and I'll jump back in queue.

Siddharth Sipani:

We would like to just inform that in the last Q4, we have done around 650 kgs per month, and that is in line with our guidance that we have provided. However, from a go-forward perspective, we are expecting a growth of 30% to 35% in terms of the top line. And since our major focus is on the advanced gold model of business, which has increased from 6% in FY24 to around 12% in FY26, we expect that our capacity utilization will improve going forward. Because of overall advanced gold volumes also.

Chintan Sheth:

Okay. So why I'm asking is because if you see the advanced gold loan, you don't recognize the entire gold jewellery in your revenue, right? Which is ideas at the work, correct?

So revenue is a little bit of a misnomer number, we should ignore revenue guidance or revenue numbers per se because if you shift your model from 11.5% to say, 20% or 30% over the next few years to advanced gold business, then the revenue will definitely will not look like what it is today. The mix will completely different, right?

But the volume, the underlying volume and the profit capacity is what will matter in the future, right? So that is the reason why my emphasis is on the volume side of the calculation rather than the value side of the calculation, it should make sense to you.

Siddharth Sipani:

What you are saying is perfect. And in my speech, that is why I explained the entire accounting policy for the advanced gold business. And the current projection that we are giving for FY30 of INR18,000 crores to INR19,000 crores considers 30% of advanced gold business.

The exit run date for the advanced gold is close to 20% and the overall average is close to 12%. And we are focusing on overall cash flows. And so the main focus will be on cash flow generation and also on the growth of 30% to 35% in terms of the absolute sales number.

Mangesh Chauhan:

So again I will tell that you've understood the business well and we'll tell that we have guided 30% - 35% of the revenue achievement of the target. And again, the advanced gold will be the additional to that. So it will not come in the revenue, but it will add on to the profit margin. So our profit will be improved by the advanced gold. And advanced gold will help us to improve the volume also. And again, 30% - 35% is the revenue growth we have guided.

Chintan Sheth:

Mangesh, not only is the profitability improvement, but it also improves our balance sheet as well because advanced gold doesn't require us to fund the gold through our balance sheet.

Mangesh Chauhan:

Correct. So initially, 3 - 4 major clients are also only there in the advanced gold business. So we are targeting them from the advanced gold and regular, our major 15 - 25 clients are on the sale basis. So again, sales revenue also will come and grow by 30% - 35%. This is the additional business we are gaining and we were at 0% now we are at 12%. So, 100% you told is very better that our cash flow working cycle will improve and our cash flow will improve by this business.

Chintan Sheth: Correct. And lastly, if I try to understand the gross margin, right? If you do the advanced gold side, you just book the revenue for the job, which is equivalent to your gross profit, correct?

Mangesh Chauhan: Yes, perfect.

Chintan Sheth: Is there any differential between what is there any differential between in the gross margin between the gold provided by us versus advanced gold or it will more broadly be in the same line? The gross margin, I'm not asking that the mix, that every item or every 18 karat or 22 karat of smaller karat. Whenever you have a different gross margin for you.

But on a like-to-like basis, is there any differential between 18 karat gold funded by us versus 18 karat gold jewellery which we provide to retailer on an advanced metal basis, both have a similar gross margin? And if there is any difference then if you can highlight?

Siddharth Sipani: So I will answer you from both from operations and from the finance perspective. From the operations perspective, what you are saying is right, the gross margin for the advanced gold business is lower by 70 bps to 125 bps. But also, we do not have to invest our working capital on it and we save on the interest cost. Hence, overall, if we look at it from a PAT perspective, it is PAT accretive.

While on the finance side, since the advanced gold business has an infinite ROCE since it does not need any working capital and plus it is PAT accretive because there is only recognition of the service income and the value of the gold doesn't get captured. I hope I have answered what you were trying to ask.

Moderator: Our next question comes from the line of Deep Shah with Equirus Securities.

Deep Shah: Congratulations on good set of numbers. Sir, just 2 - 3 questions from my side. First, if you see recently, government also put restriction on import of duty-free gold. They have restricted to 100 kgs. And considering that we did set up our Dubai office for duty-free gold, how does it impact our plans in terms of importing the duty-free gold?

Siddharth Sipani: Okay. So, the first thing is that this duty-free gold, there is no restriction for us, the duty-free gold restriction is for the advanced authorization license only. At this point of time, we are not importing any gold under the advanced license thing. So, there is no impact on Sky Gold because of this recent change in the government policy.

Further, I would like to just add that in terms of the local market, gold availability is not an issue. And further for exports as well, gold is available at banks as well as the nominated agencies as well. So, the availability of gold for manufacturing and export or sales is not an issue on ground at this point.

Deep Shah: See, basically, I know that we are currently not importing any sort of duty-free gold, but the purpose of setting up Dubai office was to import the duty-free gold, right? Because ultimately, we were going to export it back. So how does it affect our plan going ahead? I'm not talking, I know that we are not importing it right now.

- Siddharth Sipani:** So let's understand the background of this policy change. So this policy change has been made so that only the eligible exporters get the required allocation. Previously there were some non-wanted companies also who were getting this advanced license. And secondly, the license is not restricted. One can get up to 100 kg and on fulfillment of 50 kgs of export, one can once again apply for the advanced license and can get the same.
- Deep Shah:** Sir, second is on the working capital side. We have seen a material improvement in our receivable days. if we see it's still below what it used to be in FY24. So, do we expect our receivable days to go back to FY24 levels around 20 - 22 days or we should stabilize where we are right now?
- Mangesh Chauhan:** So again advanced gold business is increasing and again, so we are going for the selected business, those who are lesser credits and exports has a lesser credit business. So, 100% in 4 to 6 quarters, we'll be back to that 22 - 23 days and it will take 4 to 6 quarters. 100%, we'll be there because our working cycle is improving in the exports also at the domestic level, we have controlled our efficiency of business and again, the advanced gold business.
- Deep Shah:** Okay, great to hear that. Sir, one last thing. Can you just break down how has been the performance in the domestic business and how has been the international performance? If you just can break down that?
- Siddharth Sipani:** Yes. So out of total revenue or around 12% is for exports and the remaining 88% is for the domestic business.
- Moderator:** Our next question is from the line of Palash Kawale with Nuvama.
- Palash Kawale:** Congratulations to the team for a very good set of numbers. Sir, my first question is do you see any pressure on international demand because of all these political issues?
- Mangesh Chauhan:** So again, internationally, we are at a run rate of 7% - 8% right now. We were at the rate of 11% and Dubai and UAE is going back to normal. It has 50% business has come back to normal. And we are expecting good business considering Malaysia, Singapore also. So, we are expecting in 1 quarter, it will be back to 12%.
- Right now, we are 8% and the balance 4% - 5%, we are covering from the Indian markets. And again, the customers like Malabar, Kalyan and Joyalukkas are same at the Dubai and UAE and here also. And they have committed the balance 4% - 5% from here.
- So again, we are now first time doing exhibition in London, U.K. new segment. We will be serving that market also from UAE Dubai office. So, I can say the decent 70% business is going at the international level.
- Palash Kawale:** And sir your inventory days were a little higher. So, any comments on that?
- Mangesh Chauhan:** So again, Akshaya Tritiya was on 20th April. So, some of the products were ready in the March and then delivery was taken in first week of April because at the March end 4 - 5 days, nobody

wants to build the products and all. So that's why it was piled up and again in April it was delivered.

- Palash Kawale:** Okay. And sir, last question, any update on land monetization?
- Mangesh Chauhan:** Yes, we have appointed 2 - 3 agencies also. We are expecting it by August end. I think August or September last, we will encash it. And so we have appointed 2 - 3 agencies for the same purpose also.
- Palash Kawale:** Okay. And sir, I don't know if I heard you right or not, your exit run rate for advanced gold is 30% you said, right?
- Mangesh Chauhan:** 20% is the exit run rate.
- Moderator:** Our next question is from the line of Harsh Shah with Bandhan Asset Management Company.
- Harsh Shah:** First question basically is on your guidance, basically revenue going 3x in 4 years, right, especially when we are also targeting our triple, I mean current level 50% in FY30. And this means that our volumes actually should grow at a much faster pace, right? I mean 40 - 45% each year. Is that understanding right sir?
- Mangesh Chauhan:** So again, 100%, we have guided the revenue if you have guided 35% revenue, so 27 - 28% will come from volumes only. And again, the advanced gold business will add up to as you are putting it right the volumes will also increase. But right now, there is a mix of 9 karat, 18 karat, 22 karat and 24 karat, and again advanced gold.
- So, because gold rates are now stable and came down also from last 3 - 4 days, it is corrected by 10%. So, this is a very positive signal for India market. And we are getting a report from yesterday only that customers are keen to buy because gold rates have come down. So again, it depends on the gold price, but we are guiding 30% - 35% of revenue in that 27% - 28% automatically gold volumes and additional of advanced gold business.
- Harsh Shah:** Okay. But it should be ideally high enough, sir, if you see currently basically on 650 kgs monthly revenue, right, we are doing average, let's say, 100 kgs of advanced gold, right, at 20% exit roughly, right?
- So and as you said that gold -- advanced gold is actually replaced on the roll on revenue because you only record the value addition, not the entire amount of -- plus value addition, right? So, if we are guiding for 30% - 35% revenue CAGR, ideally our volume should be much higher because we are targeting even higher share of advanced gold. So, I mean is the understanding right that we are in some way building in 2 tons of gold per month in FY30 roughly?
- Siddharth Sipani :** So basically, in terms of the revenue for FY27, we are expecting INR8,100 crores. And by 2030, we are expecting a 30% to 35% growth reaching to INR18,000 crores to INR19,000 crores with a guidance of advanced gold model advanced gold business to the extent of 30%.

So, what you are asking is right? So, we are looking at a growth in the volumes as well as growth in the business, but with an eye on the overall cash flow from operations as well. And we want to balance all 3 of them in this new phase of Sky Gold 3.0.

Mangesh Chauhan : So again, adding to that, if gold prices go down, the volumes get accelerated. And if gold prices goes up, the volume gets moderate. So, it's a combination of high price and a low price.

Harsh Shah: Got it. And Mangesh bhai, this guidance of FY30, how much would be the proportion of revenue coming from overseas business?

Siddharth Sipani: So, at this point of time, the exports is close to 12%. We are expecting that this -- the export should be close to 20% of the overall sales is what we are expecting.

Harsh Shah: Okay. That does not change. That does not change?

Siddharth Sipani: No, no, that does not change. In terms of gold business is, okay. There can be some problems, but that is fine.

Mangesh Chauhan : So, currently we are serving Singapore, Malaysia, and again, right now, we are doing exhibition in London also. So many countries are being served from that office, yes.

Harsh Shah: I was wondering the proportion would go higher than 20%. That is why the question is, right, given the guidance. But okay, thanks for clarifying that.

Siddharth Sipani: At this point of time, we are expecting 20% of export sales as we reach closer to 20% of the export business, we will again relook at this. But I would just like to let you know that export business, we are concentrating more because it has a better ROCE since the overall receivable days for the export business is better versus the local business. And so this overall improves our ROCE and the working capital.

Harsh Shah: **Export** Business....

Mangesh Chauhan: No, export business is no advanced gold, it is completely on an outright model, which is the traditional model.

Harsh Shah: Okay. Got it. And second question is for Akash. Akash, first of all, congratulations as you move into your new role.

Akash Talesara: Thank you so much.

Harsh Shah: Akash, what would be the 3 key priorities going into FY27 and beyond, Akash?

Akash Talesara: Main priority would be, as Siddharth and Mangesh bhai mentioned that we want to go full-fledgedly in export market. If you see my past experience has always been to exports and like this is one of this territory which we have to explore further. Also, we want to give horizontal and vertical growth to the company, which means we want to improve our diamond business, our lab-grown business, overseas.

So, I personally feel that we still are at the tip of the iceberg. We have a lot of things to capture overseas. So that is our key focus. We have a big area right from U.K. to Malaysia, Singapore. There are a lot of untapped potential, which we still have to explore.

So, we are now slowly and gradually targeting, creating the product line, ensuring that whatever we have done it in India, which is with our co-creation activity and merchandising with the retailers, ensuring that we can work in sync with them and create better product and better collections so that they are dependent on us similar way, the same module, we'll take it overseas also.

And I'm very happy to share that as Darshan bhai mentioned in his speech also that we have smoothly navigated through the storm, which the entire Middle East crisis of war, but we were able to navigate through it and which gives us a very big confidence that we'll go full-fledged with the export market.

- Moderator:** Our next question is from the line of Bharat with MC Research.
- Bharat:** Congratulations for a great set of numbers. So, my first question is what is the gold hedging percentage that is there currently, which we are following. So, you guided to some reduction in the GML. So just wanted to check what is the overall hedging that we do for gold as of now?
- Magesh Chauhan:** We are hedged approximately 99% or something, 0.5% or 0.75% we cannot control that, but you can say 99%.
- Bharat:** And so the 99% is hedging. So, I mean how it is hedged because earlier, we used a combination, if I understand correctly, you used to do it via MCX futures or we used to do GML as well. So, I mean, so what is the proportion of each element now if you can elaborate?
- Siddharth Sipani:** Right now, we are at zero usage of GML. So, we are hedging in MCX, which is the only one tool to hedge them available in India. So, we use the MCX tool and every sale and purchase is hedged and we have a hedging team and the pricing team and they follow the rules. And so again, MCX is the only tool we have and we hedge that.
- Bharat:** I just want to check on the capacity thing as well. So basically you said that you will be monetizing the current factory and move to a leased factory. So currently what is the capacity currently that we have and if you move to a leased factory, will you have a bigger size plant or increase the capacity or how would you do it?
- Mangesh Chauhan:** So again, 1.2-ton capacity we have, we are 650 kg last quarter exit. So, we have a 55% utilization. Till 2028 March, we don't have any problem of the capacity. And again, we are planning for asset-light model. So, whenever we need, we can go for rental. And again, the land sale we have put, many agencies are coming with the proposal that we will buy the land. And whatever requirement we will build up and give you for the rental, they need whatever the percentage of rental is going in the market.

So many proposals are coming, we are looking into it, how we go for it. We are planning on it if we move total facility to the one facility or we take 1.5 lakh more and again continue with this facility. So as per the requirement, when the times come, we'll do the policies.

But we are looking for the agencies who come to us and buy this land and construct the building on their cost and give us on the rent in the future, we are open to that. So again, it will be needed after 2028 March, so after March. So, there are many options open, many agencies are coming and many independent buildings are also available for rental.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, we will take that as our last question for today. I would now like to hand the conference over to Mr. Mangesh Chahan for closing comments. Over to you, sir.

Mangesh Chauhan: Thank you so much, all of you. And ending this Q&A question, we want to increase our portfolio in domestic and export market also. Again, we will say we are a design-led company, not just a B2B manufacturer. We want to be a globally largest manufacturer.

So again, the team with Akash, Siddharth and again, many more production heads to be announced here and we are planning on that. So second layer of management is building the empire totally. Thank you so much. Thank you, everyone, for joining us today for our continued trust and support. We hope we have been able to address your queries and provide meaningful insight into our performance and future outlook.

On behalf of the management team, Sky Gold management team would like to express our sincere appreciation to all our shareholders, customers, banking partners, employees, suppliers and other stakeholders for their continued confidence in the company and for being an integral part of our growth journey. In case you have any query for further details, you may please contact MUFG Intime, our Investor Relations Partner. Thank you so much. Good afternoon.

Siddharth Sipani: Yes. Thank you, everyone, for your time.

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