“Sky Gold & Diamonds Limited

Q2 & H1 FY27 Earnings Conference Call”

October 31, 2026

MANAGEMENT: **MR. MANGESH CHAUHAN – MANAGING DIRECTOR – SKY GOLD & DIAMONDS LIMITED**
MR. DARSHAN CHAUHAN – WHOLE-TIME DIRECTOR – SKY GOLD & DIAMONDS LIMITED
MR. MAHENDRA CHAUHAN – WHOLE-TIME DIRECTOR – SKY GOLD & DIAMONDS LIMITED
MR. SIDDHARTH SIPANI -- CHIEF FINANCIAL OFFICER – SKY GOLD & DIAMOND LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to Sky Gold & Diamonds Limited Q2 and H1 FY27 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 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 Ms. Vidhi Vasa from MUFG Intime. Thank you, and over to you, ma'am.

Vidhi Vasa: Thank you, Huda. On behalf of MUFG Intime, I welcome you all to Sky Gold & Diamonds Limited Q2 and H1 FY27 earnings conference call. On the management side, we have Mr. Mangesh Chauhan, Managing Director; Mr. Darshan Chauhan, Whole-Time Director; Mr. Mahendra Chauhan, Whole-Time Director; and Mr. Siddharth Sipani, Chief Financial Officer.

I hope everybody 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 beliefs, 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 morning, everybody. I would like to start this con-call with Darshan Chauhan, Whole-Time Director of Sky Gold & Diamonds.

Darshan Chauhan: Thank you, Mangesh Bhai. Good morning, everyone. Let me begin by thanking my team. Today, I want to go beyond the quarter. I want to tell you how Sky Gold was built, where we started, why India's reputed retailers choose to work with us, and how we have used every rupee of capital you have trusted us with. I also want to explain why we believe this is one of the most capital-efficient businesses in our industry.

One note before I begin: Under SEBI guidelines, we are not supposed to give forward-looking guidance. That is one of the reasons you have not seen future guidance in our latest quarter presentation. Today, I will speak only about what we have built and what we have delivered.

Sky Gold started with a simple goal, build a solid product portfolio and earn the trust of our customers. We saw early that jewelry retail was moving from unorganized to organized, and that bet paid off. Today, the same shift is happening in jewelry manufacturing.

Our roots are in South Indian design, where we have built expertise over two decades. When we listed in 2018, we were a small company with a design team of 15 to 20 CAD designers. But even then, we promoters had one ambition: to become India's number one jewelry manufacturer. The ambition has grown since. Our vision is to build a global design-led jewelry manufacturing business that is asset-light.

Why do retailers come to Sky Gold? Why do the highly reputed retailers choose us? There are four reasons: First, we specialize in lightweight jewelry. As gold prices rise, customers want

lighter pieces. We adopted 3D printing with paper casting as early as 2020, and now run 40 such machines. Together with direct casting, laser cutting, hollow stamping, this makes our jewelry 20% to 30% lighter. We have also cut gold loss from 1.5% to 0.5%.

Second, we don't just make jewelry, we co-create it. Our design team of around 180 people studies each retailer's portfolio and its competitors. We study what each state and each community wants. Our team brings sketches, prototypes, and samples before anything goes into production. That approach gives us one of the best selection rates in the industry, and keeps unsold inventory low for our customers. It is also why value-added products now make up over half our revenue, from insignificant percentage three years ago.

Third, we execute. In our industry, execution means two things. Timely delivery and sharper delivery with strict quality control. We deliver in less than 30 days, significantly faster delivery timeline for the complex products that we are selling. When our products arrive on time and sell well in the store, the repeat orders come quickly.

Fourth, we are one-stop shop. A retailer who buys gold jewelry from us can now buy diamond jewelry, chains, bangles, diamond-studded jewelry and uncut jewelry from the same partner. Behind that sits a large back office team that handles customization, custom orders, and after-sales service. Our customers can focus on retail, we take care of the rest. We are always one call away.

Over the last eight years, we have invested in three things at once: design, technology and people. On design, we grew from 15 to 20 CAD designers to a team of around 180. We hired talent that understood the gaps in the market and needs of each region. On technology, we have adopted first-hand technology, but a machine is only as good as the person running it. A doctorate in material science with over three decades of experience oversees these operations.

On people, we built a marketing team to take us from South Indian business to pan-India one. We hired professionals with 20 years of experience and deep relationships in the trade. In the past, we had highlighted about the expansion in management bandwidth after appointing a professional CEO, business heads and CFO. Also, the presence of Thiru, who has three decades of manufacturing experience.

In addition, he has spent close to a decade at one of the most reputed jewelry conglomerates. To keep this talent, we made ESOPs a part of how we reward performance. We recently honored employees who have been with us for more than five years as they were the backbone of our growth journey.

Now let me take you through on how we have used your capital. Our capital raising history tells a simple story. Each time we have raised capital, we have deployed it with discipline and converted it into a step change in scale. We listed on BSE SME platform in October 2018, raising INR25.56 crores at INR180 per share. At the time, we had just crossed INR500 crores in turnover.

The IPO gave us the platform, governance standard and visibility of a listed company, and the capital to strengthen working capital. We use that platform to build our design team and a pan-

India marketing team. Over the following years, we compounded steadily, growing turnover from more than threefold to INR1,745 crores by FY24.

In 2023, we moved to the main board of NSE and BSE. In late 2023, we raised INR128 crores through a preferential issue of shares and warrants. Notably, promoters participated through warrants alongside notable investors, a clear signal of conviction from within. This capital allowed us to bring in senior professionals launch our ESOP program, scale our Diamond division and build exports. Its impact was immediate. Revenue doubled in a single year from INR1,745 crores in FY24 to INR3,548 crores in FY25.

In October 2024, we completed a QIP of INR270 crores. When our revenue stood at INR3,548 crores for FY25. During Q2 FY26, we opened our international office in Dubai. We have also added new categories through acquisitions. Today, we are running at an annualized revenue of INR9,000 crores plus.

Put simply, across these two funds raised post our IPO, we have taken in about INR398 crores of equity. Over the same period, revenue has grown from INR500 crores to INR9,000 crores plus, roughly 18x. For most of our early history, we were a South India business. Our vision to be India's number one manufacturer meant we had to serve every region, so we built dedicated teams for North, East and West and studied what each market and culture wants to wear.

We also chose our partners well. Our customers include several of India's large listed and unlisted jewelry retailers. Of our customers, Kalyan, Senco, and PN Gadgil listed on stock exchanges in recent years and opened showrooms rapidly. Because we were already trusted in their existing stores, we grew with them as well. That is the organised retail back paying off. As the leading retailers grew, the manufacturer who executes best for them grows with them.

Now, let me take you through our export story. In FY23, our annual exports were only about INR35 crores. In Q2 FY27, we have reached exports of INR435 crores. I repeat it FY23 as a whole we did INR35 crores of exports, while in current quarter alone we have achieved INR435 crores.

Today, exports are roughly 18% of our business, around INR1,600 crores plus on annualized basis. This growth of 45x came in three steps.

Step number one, our Indian customers took us abroad. After COVID, the same corporates we served in India asked us to supply their international stores. Our products had already proven themselves in India. So they perform well abroad too.

Step number two, we went where the Indian diaspora lives. In Singapore and Malaysia have large South Indian communities and South Indian design is our core strength. We began supplying reputed retailers in Singapore and in Malaysia. Within about a year, we were working with majority of reputed corporates across GCC.

Step number three, we planted a flag in Dubai. In September 2025, we started operations of our international office in Dubai, led by Mr. Hiralal, who brings 30 plus years of experience in Dubai and GCC. Almost every major retailer we worked with came in the opening of our Dubai office.

From Dubai, we now serve wholesalers and corporates across GCC region. Our on-boarding into Middle East most respected jewelry retailer shows how we win. We are amongst jewelry manufacturers who design for Arab clientele as well. Our merchandising team studied the look and feel that market wants, and we co-created a gold line with our customer. It was accepted first time right and the orders followed.

We then did the same with other regional international players as well. Hence, reputed regional jewelry chains of UAE, each with 15 to 20 showrooms in Dubai, are now our customers. What keep our customers are our services. Our Dubai office acts as a one-stop shop available around the clock. Behind it sits a dedicated back office team in India. Supporting each customer from design to dispatch, and these relationships are personal. I traveled to Dubai regularly in the early days, and I still sit with the owners to understand their customer and their timelines.

Trade shows have helped widen our reach:

Dubai held around our office inauguration introduced us to buyers from Bahrain, Sri Lanka, Malaysia and Singapore.

Saudi Arabia, where we built a 21-karat line especially for that market before the show.

United Kingdom, our first show there gave us a good response. One new client started with an initial order of 30 kg.

Malaysia, where we had the largest booth and were the only exhibitor showing gold, diamond and other categories together.

Singapore, which brought a strong response for our diamond jewelry.

We have also begun working with the customer in Japan whose distribution reaches Hong Kong and the US.

Now let me get into categories. Every new category we add follows the same logic: sell more to customers who already trust us.

Diamond, we started our diamond business two years ago, small and still learning. We then built a platform around experienced merchandisers led by Akash, who has more than 22 years in diamond jewelry for India and exports market.

Our edge in diamond comes from being a gold company first. Gold manufacturers lead on technology such as laser cutting, electroforming. We brought that technology into diamond jewelry. To make lightweight pieces with right balance of gold and diamond, which matters more as gold prices rise.

We began with lightweight every day wear and then moved into bridal. Because temple jewelry is our strength of ours, we now make it in diamond in open, closed and combined settings. Closed setting is in high demand in South, yet only limited manufacturers have the skill. We built our

capabilities by hiring setting experts from the South. We also use niche materials such as ceramic and Italian findings and launch 30 to 40 theme-based diamond collections every quarter.

Diamond carries a higher margin than the company average, and sequentially we have doubled its contribution.

Mangalsutra and uncut diamond, we have added this through acquisitions, which I will come to next. The result is the blend we set out to build: an advanced metal business where ROIC is effectively infinite, a diamond business with high margins and a value-added gold business that now makes up significant part of our revenues.

Acquisitions: Our acquisitions follow one rule; we do not buy a company alone. We buy its management, its expertise, its designs and its customer relationship. In every case, the founders have joined our top management because their long-standing jewelry experience is what we are really acquiring. Each acquisition does two jobs. It adds a category we can sell to our existing top customers and it gives the acquired business access to our design library, our technology, and our customer base.

Starmangalsutra and Rishabh Gold: Mangalsutra is largely handmade and needs real precision. Through Starmangalsutra, we already sold mangalsutra to major corporates. Shri. Rishabh Gold bought one of the robust mangalsutra manufacturing teams in the country and jewelry conglomerates as their customers.

The partnership works both ways. As a casting company, our cast elements and design library let them diversify their mangalsutra range sharply. Their monthly volumes have grown from about 20 kg to 25 kg to 150 kg. One of the trusted conglomerates alone now takes 70 kg to 80 kg of mangalsutra and the relationships have opened doors for our other jewelry categories as well. Together, we are today one of India's most trusted mangalsutra manufacturers.

Purvi Gems: Uncut diamonds, uncut diamond jewelry is in strong demand and carries high margins. There are only few Indian manufacturers have the expertise of this product segment. We saw that demand from our customers constantly. Purvi was already supplying to reputed retailers and its management has around 20 years of experience in this category.

With our design strength and wider customer relationship, adding this category was a natural step. Every acquisition moves us closer to one goal. We have created a perfect ecosystem to make our company as a one-stop shop for all the jewelry requirements. Our design work is now recognized beyond our customers. The World Gold Council selected many of our products for its campaigns, including last year's major push on 24-karat jewelry.

Today, when the retailers ask the World Gold Council for certain product lines, Sky Gold is often the preferred name it suggests. With De Beers, we have co-created collections and are giving dedicated space to showcase our products at their exhibitions.

Capital efficiency and returns. Everything we have described has been guided by a focus on improving capital efficiency and returns on capital employed.

Our Advance Gold Model is an important part of this strategy. Under this model, customers procure and provide the gold, while our revenue reflects the manufacturing work performed by us. This reduces our requirement for capital investment and eliminates the need to hold inventory or manage receivables in respect of the gold supplied by customers.

Exports are another important contributor to capital efficiency given their shorter receivable cycles. Our earlier disclosures have noted that export receivable days are much less than domestic receivables. In H1 FY27, exports contributed to INR811 crores of our revenues. The increasing contribution from Advance Gold and exports is expected to moderate the working capital intensity of our business.

We are also focused on improving manufacturing efficiency through technology and process improvements. The adoption of direct casting, 3D printing, laser technology, holo stamping has enabled us to improve the finish of our jewelry and reduce its weight by approximately 20% to 30%.

In addition, our efforts to improve manufacturing efficiency have reduced gold loss significantly. Our co-creation and merchandising capabilities also help improve inventory productivity by working closely with retailers to develop designs based on consumer preferences. We have helped reduce unsold inventory and improve inventory productivity for our retail partners.

Going forward, our focus remains on increasing the contribution of Advance Gold exports and higher margin value-added products including studded and diamond jewelry. While Advance Gold and exports support capital efficiency through lower working capital requirement, value-added and diamond jewelry provides opportunities to improve margin and returns on capital. The proof is in the numbers, roughly INR398 crores of equity raised over eight years now supports an annualized revenue base of INR9,000 plus crores.

In past, we have said that Sky Gold growth would be funded entirely by internal cash generation. We welcome the scrutiny of our business face on operating cash flow. We had earlier guided for INR18,000 crores revenue by FY2030, INR945 crores of PAT, 20% to 25% of PAT converted into operating cash flow, and a net debt-free balance sheet by 2030.

In Q2 FY27, we exited with an annualized revenue of INR9,000 crores plus, an annualized PAT of more than INR500 crores. We converted 33% of TTM PAT into operating cash flow. In fact, if we factor in the land sale we guided for earlier, net debt in first half FY27 is down 20% from FY26 level. We have a consistent record of setting clear targets and beating them.

Our original growth roadmap reflected our confidence in business long-term potential. And quarter after quarter, we have delivered ahead of plan. Most tellingly, we have raised our long-term targets several times while continuing to outperform them. That is the result of rigorous planning and disciplined execution.

I know many of you have questions about the fundraise we announced recently. In line with the regulatory guidelines, I am not allowed to speak about its specific purpose or the use of proceeds. What I can do is share you how we as a management team think about the growth and capital.

As a management, we believe we should grow along with our customers and not give up market share. Importantly, our customers are working to consolidate their supplier base. They want to work with fewer larger, established, well-capitalized, professionally run and compliant jewelry manufacturers. It was our customers' requirement that gave us the confidence in 2024 to grow organically and expand our capacity.

In the past, our customers have also played an important role in guiding our inorganic growth. Our industry has a number of jewelry manufacturers with strong vintage and strength in certain product categories. Many of them are struggling with working capital, the compliance burden and succession. Several of our historic acquisitions were guided by customers who believe we are the logical and preferred acquirer of these companies.

We have track record of good acquisitions and we have handled post-merger integration well in every acquisition so far. We have a cultural familiarity with the companies we acquire, but we succeed largely because we have a close relationship with the end customer the jewellery retailer.

Let me give you some historic examples of companies we have acquired at attractive valuations and how we have grown their revenue and profit after acquisition.

Shri. Rishabh Gold (Mangalsutra) acquired at less than INR10 crores. Monthly volumes have grown from about 20 kg to 25 kg to around 150 kg and revenue from INR49 crores to INR175 crores, with the profit from INR1.6 crores to INR18.8 crores. We are now one of India's reputed mangalsutra manufacturers.

Purvi Gold (Uncut Diamonds) acquired at INR9 crores versus book value of INR6 crores. We can use Sky's design team and wider customer relationship as well.

Following our customer has never let us down. At home, when Kalyan, Senco and PN Gadgil listed and expanded rapidly, we grew with them into every new store. When Shri. Rishabh Gold joined us, largest conglomerate, become a major customer, and that relationship is now opening doors for our other categories.

Abroad, the story is the same. Our exports began because Indian large jewelry retailers have asked us to supply to their stores overseas. That gave us credibility in Singapore and Malaysia, then the confidence to open our Dubai office, and then we added reputed regional players in UAE. Exports have grown from about INR35 crores plus a year in FY23 to roughly 18% of our business today.

I repeat, FY23 as a whole we did INR35 crores of export, while in current quarter alone we have achieved INR435 crores. This is around INR1,600 crores on annualized basis. In each case, we invested ahead of the order because our customer told us where they were going and in each case the returns followed. This is a high-return business model, and our quarterly result shows it.

Nearly 16% of our volume comes from advanced metal, which employs no capital of ours. Together with exports, which carry short receivable cycles, these segments make up more than

35% of our volume. In first half FY27, we delivered an annualized PAT run rate of more than INR500 crores and our net debt is also down versus FY26 levels.

The right test for any growth investment is simple, does each rupee we invest earn more than its cost of capital? If it does, investing it creates value. Even if free cash flow is lower in the near-term, what matters is the spread between ROIC and cost of capital and how long we can sustain it.

Consider Walmart between 1973 and 1986, the years it was building out its store network. It had negative free cash flow in every one of those 14 years, yet its ROC averaged 18%, well above its cost of capital, and its stock returned 33% a year, about 3x the S&P 500. Walmart was not burning cash, it was putting every dollar it could to work at high returns while the opportunity was in front of it.

We see real parallels with Sky Gold. Like Walmart then, we are early in structural shift, in our case from unorganized to organized jewelry manufacturing. Like Walmart, our growth follows a clear demand signal: our customers are consolidating their suppliers and asking us to grow with them. And like Walmart, we earn returns well above our cost of capital, helped by advance metal, which needs no capital of ours, and exports, which pay quickly.

So, the real question is not whether cash flow dips while we invest, it is whether every rupee we put to work earn well above its cost of capital and deepens our relationship with customers. Our record says it does. From 2018 IPO to the 2024 QIP, each round of capital was followed by a step change in scale. A business that can reinvest at these returns should do so, even if it means giving up some cash flow today, the benefits play out over the long term.

Why the cash flow will come? Our fundamentals give us every reason for confidence. Our founders are in the mid-40s with decades of building ahead of them. Our market is expanding as the manufacturing shifts from unorganized to organized, and our unit economics are extremely solid. When growth runs in line with returns on capital, a business like ours will generate strong cash flow. We remain focused on one measure above all, earning well above our cost of capital on every rupee we invest.

Let me bring it together, we started as a South Indian gold jewellery manufacturer with a small design team and one big ambition. Today, we serve India's reputed retailers in every region, supply the Gulf and the Far East from our own Dubai office, and offer gold, diamond, mangalsutra, and uncut jewellery, all under one roof. We got here by investing in design, technology, and people; by growing with our customers and by putting every rupee of capital to work. That discipline is not going to change.

As I said at the start, in line with the SEBI guidelines, we no longer give forward guidance, and you will not find it in our presentation. We would rather let our record speak, we set clear targets, we beat them, and we raise them several times over. Thank you. Before we take your questions, Mahendra Bhai, the eldest of our brothers, would like to say a few words. Thank you very much.

Mahendra Chauhan**:** Hello everyone, this is Mahendra Chauhan. I am the eldest of the brothers. As most of you know, I rarely join these calls, but this is an important occasion and I would like to say a few words.

The coming years are an important phase in our company journey. All three founders are in their mid-40s with tremendous energy, passion, and a deep personal commitment to the business. For us, this is not just a business we have built, it is something we have nurtured with years of hard work, sacrifice, and conviction.

As you heard earlier, acquisitions have been an important part of our growth. They have helped us strengthen our product portfolio and expand our presence in a jewellery market where consumer preferences are deeply local. Understanding changes in the industry, respecting local markets, and building on our strengths has always been central to our approach. Thank you for your trust and support. Jai Jinendra. Now let me hand over to Mr. Mangesh Chauhan.

Mangesh Chauhan: Thank you, Mahendra Bhai, so much. And good morning, everyone. I know that some investors are questioning INR1,800 crores capital raise, as we have mentioned in the past about internally funded growth. Due to SEBI norms, we are not allowed to quantify the break-down of proceeds and utilization. In fact, there were suggestions from the internal team to avoid a conference call due to compliance norms. However, there are thousands of shareholders, and I felt that I needed to maintain transparency, so I insisted on having the call.

As Darshan Bhai mentioned, we follow customers closely and their demands, and we want to think long term. We are thinking more about long-term cash generation potential. Darshan has also given examples strengthening and improving ROIC in our motto. We don't grow revenues blindly. With high ROC, we can reinvest faster. Darshan spoke about our growth, past growth in the domestic, export market, and inorganic growth. I can only comment on my promise now. Promoters will only take salary when there is operating cash flows.

Before we go into Q&A, I want to spend a few minutes on what sits behind these numbers, because this quarter, the story is as much about how we run the company as about what we delivered. First, the headline: Q2 FY27 consolidated revenue was INR2,391 crores, up 61% year-on-year and 18.8% over Q1. Gross profit was INR229 crores, up 87%. Gross margin expanded 133 basis points to 9.6% versus Q2 FY26.

EBITDA was INR189.8 crores at a 7.9% margin, up 90%. Reported PAT was INR129 crores, up 93%. This is after an exceptional charge of INR7.35 crores for the fraud incident at our subsidiary, Star Mangalsutra, disclosed in July. Of the INR10.70 crores involved, INR3.35 crores has been recovered, and the balance is fully provided this quarter. Excluding it, operational PAT was INR135 crore, a 5.6% margin, up 101% year-on-year.

For the first half, revenue was INR4,403 crores, up 68%, with EBITDA of INR346 crores and PAT of INR234 crores, up 112%. Most importantly, we generated INR136 crores of operating cash flow in H1, against an outflow of INR101 crores in H1 last year.

Every one of these outcomes margin, working capital, cash flow came from work we did on processes and controls over the last 18 to 24 months. Let me walk you through that.

Processes built at every level of the business: A year ago, many of our controls lived in people, today they live in systems. We have implemented processes at ground level. Over the last few

years, we have focused on strengthening the systems and processes that support our manufacturing and business operations.

We have also been implementing a modern ERP system to enable closer monitoring of employee productivity, gold loss, inventory positions, and customer receivables. This is complemented by enhanced inventory control and a more disciplined approach to receivable collection, with the objective of improving our working capital cycle.

At the financial and the risk management level, we follow a strict back-to-back hedging policy and do not undertake speculative position in gold. Accordingly, our profitability is not dependent on movements in gold prices. Despite the heightened volatility in gold prices in recent quarters, we have maintained our margin profile, reflecting the strength of our operating model and the systems and the processes we have built over the years.

Auditors: A new internal and statutory auditor framework. This is the first half year where both our statutory and internal auditors sit with institutional firms. Our statutory auditor is now MSKA & Associates LLP, a firm of BDO International, and this quarter results have been reviewed by them.

An auditor change is not a signature change, but it was several months of preparatory work;

We documented our key processes: procurement, production, sales, treasury, and the controls within each. We built a risk and control matrix so the internal auditor tests what matters most and not what is easiest to test. We aligned accounting policy across the parent and all subsidiaries, including the acquired entities, so consolidation follows one rulebook.

The professional firm of internal auditor now reports to the audit committee every quarter. The statutory auditor reviews what the internal auditor has tested. That two-layer assurance is what investors of our size should expect, and we want it in place before we scale further.

Margins: 9.6% gross margin for the quarter. Gross margin is 9.6% this quarter, up 27 basis points over Q1. Overall, our gross margin has improved on account of improvement in advance gold mix and studded business mix. We have in the past guided for 5% to 5.25% of PAT margins. Due to compliance restriction, we cannot comment on future guidance, but our past margin percentage guidance remains on track. Further, any improvement on gross margin will be deployed back into the business.

First, advance gold was 16% of our business in Q2 '27, ahead of our '27 target of 15%. Because we billed only making charges, it adds 110 basis points to gross margin while needing almost no working capital. Second, studded jewellery continued to gain share, with natural and lab-grown diamond jewellery now about 2.6% of revenue for Q2 FY27. Operating costs rose to 1.6% of sales, as we invested in people: a CEO, a larger design team, and stronger audit and finance functions. This is a cost of building an institution, and it is more than covered by the margin gains.

Inventory, a deliberately mixed effect and controlled internally: net working capital is now 55 days, down from 59 days in March '26, 63 days in September '25, 71 days in March '25. Inventory

stood at 39 days as of September '26, compared to 37 days as of March '26. This increase needs to be viewed in context of our evolving product mix and working capital strategy.

As we increase our focus on higher-margin products, particularly studded jewellery, we are deploying a portion of the cash generated by our gold business towards studded jewellery segment, which has higher margin and better return on capital employed, but also requires relatively higher working capital. At the same time, the increasing contribution of advance gold supports working capital efficiency, as this business does not require capital employed.

Accordingly, our focus remains on balancing growth in higher-margin products with disciplined working capital management, while deploying the cash generated from gold business to improve overall margins and profitability of the business.

Payables: Using the credit our scale now earns. Payable days rose from 17 from 4 in March, trade payables were INR437 crores at September '26, against INR92 crores in March '26. This is structural and it comes from these three sources.

Diamond and studded inputs: In diamond, credit of 90 to 120 days is market practice, which aggregate to INR225 crores. As studded grows, so does the credit we receive on it.

Bullion terms: In bullion, we have negotiated the credit of around two days. Due to our scale, this has impact of INR100 crores.

Our scale with vendors: We are now a significant large buyer of other raw material, consolidating volumes and scale has earned us better terms. In effect, the studded business is partially financed by its own supply chain. This is why we can grow it without growing our debt in the same proportion.

Receivables: Structurally low, seasonally higher at September. Receivable days were 33 at September end, down from 39 days in September '25, against March '26 at 26 days. They are higher and I want to explain why. September end, it is a peak season of festive dispatches. A large share of Navratri and Diwali orders were billed in the last weeks of the quarter. They show up as receivable on the closing date, this collects in October and November. The structural reduction comes increase in the share of advance gold and exports having shorter payment terms.

Interest cost, debt, and cash flow: net interest of INR11.70 crores of interest income for H1 '27. Our H1 interest cost was 0.89% of sales, against 0.96% of H1 last year, and this is structural. Net debt was INR531 crores at September end, and versus INR550 crores in March '26. H1 operating cash flow was INR136 crores, against the outflow of INR100.9 crores in H1 last year. This is 58% of H1 PAT, well ahead of the 20% OCF to PAT conversion we guided earlier.

To sum up: Processes gave us control, new auditors gave us assurance, together with a better mix, led by advance gold at 16% of H1, they delivered higher margins, 55 days working capital, lower interest cost, and positive operating cash flow in the same half year as 68% revenue growth. With that, I open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Dipanshu Suman from Sattva Ventures. Please proceed.

Dipanshu Suman: Yes. Hi, sir. First of all, congratulations. Exceptional execution again in the first half. I just wanted to check with you on a couple of points. We are going for a very large fund raise, and historically what we have seen is that we have been able to execute each time as we have mentioned. Can we assume that whatever fund raise we are planning to do, we can have a, over the long term, 5x to 6x asset or inventory turn on those numbers?

Siddharth Sipani: Dipanshu, hi. I think in the speech of Mr. Darshan Chauhan as well as in Mangesh Chauhan's speech, we have explained that majority of our customers are on fund raise and with them, the stores count overall is also expected to go up in India. Further, our export business is also doing well. In addition to the B2C segment, our B2B business is also growing very fast, and there is a significant shift from unorganized to organized sector, which is happening on the B2B space as well.

Further, if you look at our investor presentation, in one of the slides, we have given the playbook of our acquisitions that we have done in the historical past, and all of them have proved successful and they are adding significantly to the top line and to the PAT of the company. The execution and the history that we have created, we would like to continue that execution going forward as well.

Historically, our working capital days have been, or our capital turn has been close to six days, and all the historical numbers and execution that we have done, we would like to continue in future and going forward as well. I hope I have answered you, because I regret, I will not be able to provide any forward guidance on the numbers, considering the SEBI-related restrictions that are there.

Dipanshu Suman: Okay. So, thank you, sir. You mentioned in the speech about how Walmart was able to execute for almost, say, 15, 16 years. Do we see such large opportunity for us also, because we are still quite young and the opportunity size is big? And in that, do we see a lot of smaller, say, inorganic kind of growth opportunities in the market?

Siddharth Sipani: Yes. The acquisitions that we have done in past, and considering the gold prices which are now versus historical gold prices, we are seeing that a lot of consolidation happening in the sector, especially on the B2B side of it. Like when Mangesh Bhai started the business, gold was INR5 lakh per kg, and now gold is INR1.45 crores a kg. So in our business, the gold or the working capital is the major requirement for the business or to achieve sales, because our business is a capital-turned business.

Considering the playbook of acquisition that we have created and the overall brand that Sky Gold has created in the B2B market, we are very positive and optimistic of the future that all the good work that we have done in the history will also continue going forward as well.

Dipanshu Suman: Understood. Understood. Just one point on this working capital thing which has been reported. So, the payables are almost at INR400 crores. Is it sustainable over the next six months to long term?

Siddharth Sipani: Yes. If we look at our overall working capital cycle, our working capital cycle has improved from 63 days as of September '25 versus 55 days as of September '26. We generally track our overall fund deployment in the business through the net working capital cycle. And your specific question on the payable increase, in Mangesh Bhai's speech, we have specifically explained that the increase in payables is mainly on account of three major factors.

First factor is that our studded business, which is a high-margin business and also a management-focused business to increase the wallet share of the value-added business, because it has better margins than the traditional gold business. Because of the increase in that business, our diamond payables are increasing, and for diamonds, we are getting 90 to 120 days of credit, which is a standard market practice. That amounts to close to INR225-odd crores.

Secondly, in terms of bullion, since we have become a respectable size and now considering the higher volume and the quantum of bullion that we are buying and processing on a daily basis, the total payables is close to INR100 crores as of September '26, as of September end, while INR100 crores-odd is the balance creditors on account of other raw materials.

And since we cannot comment on the future sustainability, but we see that this is a strategic shift which is happening in the business because of the overall change in the product mix of the business.

Dipanshu Suman: Fantastic. So, I just want to again congratulate you guys and all the best for your upcoming fund raise. Thank you.

Management: Thank you.

Moderator: Thank you. The next question is from the line of Saumya Raghuvanshi from Nirva Securities. Please proceed.

Saumya Raghuvanshi: Good morning, sir. Thank you so much for the opportunity. I just had one question from my end. Could you provide an update on the proposed land monetization announced earlier this year, including the current status of transaction, promoters' commitment to acquire the land, and expected timeline for completion?

Mangesh Chauhan: So, we were very close to purchase of this land ourselves last month, but there was buyer who has shown a strong interest and the process is at advanced stage of due diligence. If we don't get a final commitment in this next 20 or 30 days, the promoters will purchase. But we intend not to be a related party transaction, that's why we have stretched one or two months.

We have committed for August month; we have stretched it for two months to let the land go to other party. And there is a strong conversation going on and in 20 to 30 days if there is nobody interested, we promoters will take the land. There is a reason for extension of two months, so if we get an other party, we don't want to be a related party transaction.

Saumya Raghuvanshi: Okay, sir. All right, that's it from my end, sir. All the best.

Moderator: Thank you. The next question is from the line of Sagar from PhillipCapital. Please proceed.

Sagar: Yes, thanks for the opportunity. And congratulations for the good Q2. Also, thanks for the detailed opening remarks. The first question is on the gold price correction which we have seen recently. Do you see any product mix change that is looking like in terms of the downtrading that is happening from 22-karat to 18-karat and 14-karat now? Has the downtrading purchases from 22-karat to 14-karat to 18-karat to 14-karat has seen some moderation? How is the consumer behaviour that you are witnessing?

Mangesh Chauhan: So again, last year, you can see gold prices jumped up approximately 80% from their base price in one and a half year. So, there's a shift. From last two years, you can see historically we were a 22-karat company and now from last two years, strategically we are at 22-karat, 18-karat, 14-karat, and 9-karat. Every quarter, we are seeing that there's a drastic change in the karatage shift from 22-karat shifting to 18-karat, 18-karat shifting to 14-karat and 9-karat. So, 100% there is a shift and generations out change also, because youngsters want to buy lower karatage at a very decent budget. So, I can comment, limited comment on this as per SEBI guidelines here.

Sagar: Okay. While I don't have any questions on the fund raise considering the SEBI guidelines, but once we go through the fund raise period, is there any possibility for revising the growth guidance upwards for FY28? I mean, I'm not asking for any guidance or any number to it, but just exploring if there is any opportunity for revising the growth guidance.

Siddharth Sipani: Sagar, hi. Yes, since we have taken an enabling provision for the QIP fund raise, once this mandate is closed and considering our business is a turn-based business that we have highlighted in our speech, we will again revisit our numbers. And at that point of time, we can come back to the street with the updated set of guidance on conclusion of this fund raise. I hope we have answered your question.

Sagar: Sure, sure. And on this rate hike, this rate hike cycle that has started, do we expect some upward movement in gold metal loans as well, based on the past cycles?

Siddharth Sipani: In terms of the gold metal loans is linked to the SOFR or the US treasury yields as well. For us, since our inventory cycle is very short, so the gold metal loan which is available to us from banks as per the RBI lending norms, they are available to us at around 30 to 45 days only. We have currently sanctioned facility of GML of close to INR170-odd crores, but still, we do not find gold metal loan to be PAT accretive.

And considering that, we are currently not availing the gold metal loan. But yes, what point that you are asking is in the right direction, that the upward pressure on the US interest rates will also have an impact on the lending rates as well, and specifically on the GML borrowing rates.

Sagar: Understood. And on the margin side, now we have seen continuous expansion in the margins given a strong execution from your side. I mean, again, I'm not asking for any guidance here, but just trying to understand are we nearing the saturation on the margin expansion, considering the fact that we are also a B2B business? Some thoughts on that should be helpful.

Siddharth Sipani: Yes, surely. Our margin is because we are a one-stop shop for the jewellery manufacturing, so we have a very wide range of products, right from 24-karat to 9-karat gold jewellery, plus around 16% of our volumes is on the advance gold mode, in which only the job work charges get recorded as revenue. And our studded mix is also at 3%. Considering the entire business and the structure that we have, the structural shifts or the improvement in the advance gold model of sales and the increase in the studded business will structurally lead to, has led to better margins.

If we look at from last quarter to this quarter, there has been close to 25 basis points improvement, which has been mainly on account of these two factors: the advance gold volumes, and secondly, is on account of the studded business mix improvement.

Mangesh Chauhan So again, to add, historically, five years back, we also had a lower margin. In last five years, 2020 to '22, '25, '26, we launched, we were into two, three verticals, we launched 20 to 25 verticals in 22-karat. In 18-karat, we launched 10 verticals: rose gold, white gold jewellery. We launched 14-karat with diamonds, without diamonds.

We launched 9-karat with natural diamonds, without diamonds. In five years, we've done a two fund raise and we launched so much of verticals, resulting to that, this advance gold mix of product, mix of karat, and studded, we have achieved this. And conservatively, always we guide for, historically we have guided 8%.

Siddharth Sipani: Perfect. And just I want to add that we have guided for a 5% to 5.25% of PAT margins, and we are in line to our historical guidance that we have provided to the streets. Any improvement, any better margins in terms of the gross margin, we are planning to redeploy back in the business, and this is the reason that our working capital days has also gone down and overall, our OCF has become positive. So, it's a mix of all the levers of business that are playing out well, and by God's grace, the execution has been as per target that we have given to the streets through the investor presentations.

Mangesh Chauhan: So, to add, this is a 20-year journey we have travelled to achieve these margins. Starting with the lower margins, lesser verticals, now to the higher verticals and higher margins. It's a journey of 20 years we have achieved here. Thanks so much.

Sagar: Yes, that's helpful. Lastly, can you share a general outlook on the festive wedding season, how is it panning out so far?

Mangesh Chauhan: So again, on future guidance, we are not able to, as per SEBI guidance, sorry for that on this con-call.

Sagar: Yes, sure, sure. Thank you. Thank you, sir, and all the best.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question for today. I now hand the conference over to the management for closing comments.

Mangesh Chauhan Thank you. Before I conclude, I would like to share something very personal and special to our family. Recently, my mother completed 30 consecutive days of fasting. For our family, this was deeply emotional and spiritually significant occasion. Such a commitment requires extraordinary faith, strength, and devotion.

We firmly believe it would not have been possible without the blessing of our Guru and the good wishes and support of our well-wishers. We are deeply grateful to everyone who has been part of this spiritual journey. I share this because, for our family, faith, discipline, gratitude, and keeping our words not just things, we just speak about, they are values we try to live by every day. Thank you all for your trust and support.

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

Management: Thank you.