



SKY
GOLD & DIAMONDS
— MAKE IN BHARAT, FOR THE WORLD —

Date: 30th July 2025

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street, Fort,
Mumbai 400001

To,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1,
G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai 400051

Scrip Code: 541967

Trading Symbol: SKYGOLD

Subject: Transcript of the earnings conference call.

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, copy of the transcript of the earnings conference call held on Friday, 25th July 2025 on the unaudited financial results and operations of the Company for the quarter ended 30th June 2025, is enclosed.

The said transcript is also available on the Company's website at <https://skygold.co.in/wp-content/uploads/2025/07/Transcript.pdf>

You are requested to take the above information on record.

Thanking you.

For Sky Gold & Diamonds Limited,
(Formerly known as Sky Gold Limited)

Mangesh Chauhan
Managing Director & CFO
DIN: 02138048
Place: Navi Mumbai
Encl: As above



**“Sky Gold and Diamonds Limited
Q1 FY26 Earnings Conference Call”**

July 25, 2025



**MANAGEMENT: MR. MANGESH CHAUHAN – MANAGING DIRECTOR
AND CHIEF FINANCIAL OFFICER – SKY GOLD AND
DIAMONDS LIMITED
MR. SIDDHARTH SIPANI – GROUP FINANCE
CONTROLLER – SKY GOLD AND DIAMONDS LIMITED
MRS. NIKITA JAIN – COMPANY SECRETARY – SKY
GOLD AND DIAMONDS LIMITED**

**MODERATOR: MS. VIDHI VASA – MUFG INTIME INDIA PRIVATE
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Sky Gold and Diamonds Limited Q1 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Vidhi Vasa. Thank you, and over to you, ma'am.

Vidhi Vasa: Thank you. On behalf of MUFG Intime, I welcome you all to Sky Gold and Diamonds Limited Q1 FY '26 Earnings Conference Call. On the management side, we have Mr. Mangesh Chauhan, Managing Director and Chief Financial Officer; Mr. Siddharth Sipani, Group Finance Controller and Mrs. Nikita Jain, Company Secretary.

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 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: Thank you so much. Good morning, everyone. Thank you for joining us today as we are discussing our Q1 FY '26 financial performance. We have commenced the quarter on a strong note despite persistent fluctuation in gold prices. Our Akshaya Tritiya sales performed exceptionally well, demonstrating significant growth.

At Sky Gold, we remain steadfast on our vision to become one of the largest B2B gold jewellery manufacturer in our segment. Our specialization in lightweight jewellery serves as a strategic differentiator, especially relevant in today's fluctuating gold market. The Indian fine jewellery sector is seeing accelerated growth, fuelled by surging gold rates, the emergence of women as primary buyers and growing inclination towards sleek design forward pieces suited for modern lifestyles.

We have transitioned from a volume-based approach focused on generic design to a more design-led model, emphasizing craftsmanship and complexity. This exclusion enables us to produce jewellery that's both lightweight and structurally robust, perfectly catering to today's customers who seek durability and elegance amidst fluctuating gold prices.

In response to these market dynamics and to cater to evolving consumer preferences, we are also observing an increasing trend to growing customers' preference towards 18-carat jewellery. Further, a few customers are also open to test 14-carat jewellery due to high gold prices and industry is adopting to a new hallmarking rule for 9-carat jewellery.

As we progress on our growth journey, the successful onboarding of our new large client like Reliance Jewellery demonstrates our capability to manage premium large-scale products with excellence and significantly expand our customer reach. Now I would like to highlight some of our recent company updates.

New client additions, we have successfully onboarded Reliance Retail, PMJ Jewellery Hyderabad and Kalamandir, which has strengthened our presence across diversified and fast-growing major jewellery retailers. Additionally, our wallet share is increasing with Aditya Birla, CaratLane and P N Gadgil, further enhancing our footprint among prominent and rapidly expanding jewellery retail chains.

Focus on advanced gold customers. We are actively targeting new customer additions through the advanced gold model, and we anticipate a further increase in wallet share from our existing advanced gold clients. The model is expected to enhance PAT and improve ROCE. Sky Gold and Diamonds plans to optimize working capital by strategically implementing the advanced gold model across its customer base.

Acquisition of a wholly owned subsidiary -- new wholly owned subsidiary in Dubai, UAE. Sky Gold and Diamonds plans to acquire a newly incorporated entity in Dubai, UAE for a nominal amount of INR12 lakh. This is to strengthen its exports to the Middle East as we have identified this region as a strategic growth market and plan to open a sales office there. This is in addition to our recently opened office in Kerala, owing to a strong demand for high-quality jewellery, particularly in Dubai.

Focus on gold metal loan. We have successfully secured gold metal loan limits from three existing bankers. Gold metal loans provide lower cost financing, thereby substituting high-cost working capital facility and offer gold manufacturers raw material upfront, which improves cash flow and production cycles.

From June end and early July, GML rates have now started cool off to around 4% from the highs a couple of quarters back. We are on track to gradually shift our borrowings to GML loans. Market dynamics during Q1 FY '26. The Indian jewellery market in Q1 FY '26 experienced mixed trend due to gold price volatility, particularly sharp increasing from May to mid-June. Softened customer movements after a strong Akshaya Tritiya period.

Despite this festival-driven demand and continued expansion effort by organized players have fuelled growth. There is also a noticeable consumer shift towards lightweight, lower carat and studded jewellery with strong and sustainable growth projected from organized sector. Now I will discuss our Q1 operational highlights.

This quarter, our monthly production volume was 456 kg per month, up subsequently from 349 kg per month from last year, making a robust 30% growth year-on-year. Exports continue to make healthy contributions with sales reaching approximately INR131 crores, which is 12% of total revenue.

The consolidated revenue for the quarter stood at INR1,131 crores versus INR723 crores in Q1 FY '25, thus registering a growth of 56% on a year-on-year basis. The gross margins were 8%

compared to 6.4% on Q1 '25, an improvement of 163 basis points, mainly on account of increase in advanced gold volume from 4% to 5% quarter-on-quarter. Further, our 18-carat volumes has increased from 4% to 7% in current quarter.

Further, we launched lightweight feather light jewellery designs in 22-carat, which has led to improvement in our margins. EBITDA for the quarter was INR71 crores compared to INR37 crores in Q1 FY '25, showing a growth of 91%. EBITDA margin for the quarter stood 6.3% as compared to 5.2% in Q1 FY '25, improved by 115 basis on a year-on-year basis. PAT for the quarter stood at INR43 crores as compared to INR21 crores in Q1 '25.

PAT margins for the quarter stood at 3.9% as compared to 2.9% in Q1 FY '25, hence, improving 92 basis on year-on-year basis. With our robust profitability strategic move towards advanced gold consumer GML, we are expecting moderation in our working capital cycle in coming quarters on track for working days of 52 to 55 days in FY '27, with target revenues of INR5,400 crores in current financial year and INR7,600 crores in FY '27.

Now I request the moderator to open the floor for questions.

Moderator: Thank you very much. We will now begin with the question and answer session. The first question comes from the line of Chandan Mishra from Finvestors. Please go ahead.

Chandan Mishra: First of all, congratulations on posting good sales. Sir, first question is regarding export opportunity. As India, U.K. trade deal is signed and the jewellery sector having zero tariffs, are we eyeing the U.K. market for opportunity?

Mangesh Chauhan: So again, yes, there is a good news from the government that U.K. has done a deal with India for duty-free export. We can export from India, duty-free. We are right now, not in the products of U.K. and Europe type products -- European products.

We are into Asian products, which suits to UAE countries or Singapore or Malaysia. Those were stored in Singapore, Malaysia and UAE. And then the buyers are like Sri Lankan, Pakistani, Bangladeshi, Indians and all. Those are also modern jewellery, but they suits to Asian customers. So in future, we might be planning because U.K. has opened the market and now only the news has come, but it will take time for us to produce the product like European style. Yes.

Chandan Mishra: Sir, my next question is, sir, if you please give me an update on Ganna N Gold acquisition? Is it completed?

Mangesh Chauhan: That is in process and it will be completed in the last 7 to 10 days work is pending.

Chandan Mishra: Pardon, sir, how much pending?

Mangesh Chauhan: 7 to 10 days work is pending. Approvals we have got from the both NSE, BSE, but 7 to 10 days of process is pending, documentation and all.

Chandan Mishra: Sir, my next question is related to volume, sir. What is current volume of export order, which we started at 60 kg per month? Have we increased our volume as that we have targeted for 200 kg per month by year-end?

- Mangesh Chauhan:** Yes. So we are opening an office in UAE for that only because of the rate difference in the UAE and in India, we get a premium rate for the export gold. That's why we are opening office there. So we are a little bit -- 15 days' work is pending for the paperworks and all.
- And so, approximately 1st August or 10 August, we'll open the office, and we'll start distributing that order also. So already, we have distributed the order of exports 40 kg already we have distributed in this quarter.
- Chandan Mishra:** Okay. Sure, sir. One more question, sir. We have planned to exit FY '26 run rate around 650 to 700 kg per month in volume. And currently, we are at approx. 456 kg after Q1. Are we on track to achieve that target?
- Mangesh Chauhan:** Yes, we have done 450 kg per month. Next quarter, we are approximately expecting 580-or-something. In the third quarter, 630 and last quarter 650, we'll be at 650 kg last quarter. So earlier quarter, you can see we grown every quarter gradually. And this way, we'll grow in this year also.
- Chandan Mishra:** Sir, I have a few more questions. If you permit, I can ask or I may go in line.
- Mangesh Chauhan:** I think, you can come after 15 minutes 20 minutes. .
- Chandan Mishra:** Okay. Sure, sir. I will go in queue. Thank you.
- Moderator:** Thank you. The next question comes from the line of Angad Katdare from Sameeksha Capital. Please go ahead.
- Angad Katdare:** Good set of numbers. My first question is, can you just provide a breakup of your sales based on carat?
- Mangesh Chauhan:** Yes. We have 18-carat is approximately 7%, 7% is 18-carat, 87% is 22-carat, 5% is job work and studded is 0.7%. So we have gained the shares in 18-carat from 4% to 7% year-on-year and 87% is 22-carat and job work we have reached 5%, which was 4% before this quarter. And studded is just 0.7% because we are in-between 0.7% to 1%.
- Angad Katdare:** Sir, my next question is on our gross margin. We -- in this quarter, we have reported around 8% gross margin on a consol basis. How much is due to the gold price increase?
- Mangesh Chauhan:** So we are totally hedged in the inventory base and sale and purchase. There is no gain of the gold price in this. Already, we have gained some -- our sale of 18-carat has increased. That's why we have increased our margin also. Again, instead of that, we have launched lightweight feather-light new verticals in designs in this quarter in 22-carat, this led us to improve our margins.
- So there is no gain if the inventory or loss also we will not have because we are hedged by the inventory and we are -- our sale and purchase are also hedged.
- Angad Katdare:** Great to know that. Sir, my final question is on our net asset turn. I was looking at our FY '25 numbers. Our net asset turn is far superior when I compare it to our peers who have in the range

of, I think, 20, 30x, we are in north of 90, 100x, sir. How do you think this trend will sustain going forward for us on net asset turn basis?

Mangesh Chauhan: I think I can come back to you because I have to check this one. Yes. So, can you come back with this, I will confirm.

Moderator: Thank you, Angad sir, may we request you to return to the question queue for the follow-up question?

Angad Katdare: Sure. Thanks.

Moderator: Thank you. The next question comes from the line of Palash Kawale from Nuvama Wealth.

Palash Kawale: Congratulations on the good set of results, sir. Sir, when do you see this CaratLane and Aditya Birla business picking up and contributing well to the overall business?

Mangesh Chauhan: Already CaratLane business is picking. That's why we are -- came at 5% -- from 2% to 5%. And Aditya Birla and Reliance are about to start the orders. So this quarter, August and September, we'll be supplying to Aditya Birla and Reliance both. So this will also add in the job work percentage.

So because of CaratLane, we are increasing our job work percentage came to 5%, which where we are at 1% or 2%. And now if the Reliance and Aditya Birla will be joined, we are targeting 7.5% this year.

Palash Kawale: So this means that there's still some scope for margin expansion for this year, right, on gross levels because the contribution should increase?

Mangesh Chauhan: Yes.

Palash Kawale: And sir, what is the limit of gold metal loan that you have secured from the 3 banks? What is the amount?

Mangesh Chauhan: So already 3 banks, we have secured approximately INR190 crores or something -- INR180 crores, INR190 crores we have secured the gold metal loan. So from this quarter only, we have started using. I think 20% we will use this quarter and balance 20% in the next quarter. And we'll be at March quarter, 70% or 75% odd. So successfully, we have got the limits from all the bankers, and we are starting the use.

Palash Kawale: Okay. And sir, what is the inventory and receivable days for you after the Q1 quarter end?

Mangesh Chauhan: So again, successfully, we have reduced our debtor days from 38 to 30 days, 32 days, which was shoot up in the last quarter. So we have reduced our debtor days successfully. Our inventory days is a little bit higher because we have made the orders for Dubai office, which are going to dispatch a little bit later. Because of the paperwork of the Dubai office, it got shifted in 1 month because -- which was going to shift in June quarter. So we'll be shipping in 15 -- 10 days or something. So inventories that's why a little bit higher. Some dispatches of June also happening now in July because gold rates were higher. So again, we have successfully reduced our debtor

days and inventory days will be reduced as our Dubai office also will open and July also dispatches are going on.

Palash Kawale:

Okay. That's really helpful, sir. Sir, my next question is on demand. You said that the gold price increase has affected the demand. So like the growth which you have guided for this year, will it come from the new client or the wallet share gain and demand gains would also contribute to it for the FY '26?

Mangesh Chauhan:

100%. We are majorly relying on the existing client because we have given the guidance on the major dependency on the existing large corporate, mid-corporate, small corporate. So their stores are opening because they have already announced the store of this year coming -- this financial year, somebody is opening 80 stores, somebody opening 100 stores.

So there are mostly 2,500 stores coming in 2 years of the corporates only, So based on that, our inventory will be -- orders is coming from the new stores also and from the existing store also. So we are a little bit expanding our wallet share also and supplying the inventory in the old and new store also.

So again, if we are not expanding our wallet share, we will be supplying to the opening new store and existing stores. From there also, the sales will come. So majorly, we are relying on the existing stores only. Again, new clients are giving what we have onboarded, they are giving advanced gold business, though that will expand our volumes because of the advanced gold.

I will add that we are -- we have opened the Kerala office also and we are entering into single store, two store, those who have -- they are also planning to multiplying their stores. They are regional based, and they have a very good sales on this region. So we are expecting to come the sales from that also.

Moderator:

Thank you. The next question comes from the line of Bharat Gianani from Moneycontrol Pro. Please go ahead.

Bharat Gianani:

Congratulations for a good set of numbers. So first thing, while we have given the revenue guidance, what would be our EBITDA and PAT margin guidance for FY '26 and '27?

Mangesh Chauhan:

So we are -- by FY '27, we'll be reaching 4.25% or 4.5% PAT margin because of the GML in 3 quarters, some below EBITDA, we will gain, the interest cost will be saved. And again, our gold metal -- the advanced gold business will increase by 2027. This year, we are expecting 7.5%.

Next year, we are expecting 10%. So that will improve our gross margin and EBITDA. But conservatively, we will be at 6.2%, 6.3% EBITDA and PAT level at 4.25% by FY '27, I'm telling. So in coming 7 quarters.

Bharat Gianani:

Okay, great. And sir, on the cash flow side, I understand that we are kind of scaling up the business. So the cash flow is not there at this point of time. But given that whatever strategy you have highlighted, especially of the advanced gold scheme, wherein the working capital will also get reduced. So will we become operating cash flow positive by FY '27? What is your estimate on that?

Mangesh Chauhan: After March 27, we'll be 100% cash flow positive. In 2026, March we'll be negative because we'll be short -- we'll be creating a INR200 crores - INR210 crores PAT, but we'll need INR350 crores. So INR140 crores short will be there in 2026. But again, '27, we will be cash flow positive after March.

So we are sufficiently funded for 2026. Already, we have INR900 crores of inventory and debtors, which will be -- if you see a cycle of 60 days, we are sufficiently funded. So we do not need any funds. But by FY '27 March after, we will be cash flow positive.

Bharat Gianani: Okay. Sir, one question from my side. Can you please explain this scheme of for the export customers buying gold from the Dubai market? So, I mean, just wanted to understand the nitty-gritties of any regulatory thing involved in that because, I mean, buying gold and then -- I mean, you'll process it in India and then again, give it back to the export customers.

So, I mean, can you explain the regulatory angle for that? I mean, how -- is it permissible? I mean, how we are going to do that because that will contribute a significant chunk of the revenues. So if you can please highlight how the procedure will work for the Dubai?

Mangesh Chauhan: No problem. Indian government is very supportive for the export. We are getting export gold from the banks, but they are charging us \$4 to \$5 premium. Example, today, if gold is \$3,300, and we are getting it for \$3,305, \$5 premium without duty we get, we have to export this gold.

We can't use this gold for domestic. There is no problem in there. But in UAE and Singapore, Malaysia, when gold is running at a rate of \$3,300, discounts are going on for \$10, \$15, \$12 because Dubai is a free port and mined gold is available. So that's why customers are willing to pay the making charges, but they are not willing to pay the \$15 premium (\$5 premium of India and the discount in Dubai). They are not getting from us. So that's why we are opening an office, sales office there to provide -- secure orders perfectly to give a ground support to the customer. From there, we'll serve in Singapore, Malaysia and UAE. Example, we infuse INR20 crores in UAE, Dubai office and we purchase gold from that.

So I will get \$3,290 not \$3,300 at a discount rate, and we'll send to India for the job work at the parent company and we send back the goods to UAE office, and we can sell it our gross margin of whatever gross margin I did, but we'll sell at the same rate which is going on with the Dubai rates.

So there is no hit for the gold rates to the customer. That's why they are -- they want to increase the quantity with us. So that's why we are opening the office and we'll procure the gold in Dubai only and we'll give job work to the parent company and finished goods will come back to the Dubai office and we can sell to add to our gross margin. Gold rate will be not different because of this discounting going in Dubai.

Bharat Gianani: Okay. So -- but all this is like is regulatory compliant, right, the procedure...

Mangesh Chauhan: Yes. So compliance issue is from India also, we can export directly. We are already exporting. So very good support from the Indian government, and they are very much improving the export

and the paper works, there is no problem in that. And there is no problem in the job work also. So we are -- we want to increase our sale and have a good footprint in the UAE centre.

So if we open the office there, our salesperson will be able to procure more orders and show them the samples and procure more order because huge market is there because our corporates like Joyalukkas and Kalyan and all have their office -- have their stores there also. They are opening more store in UAE and Singapore in Malaysia, so we can serve them.

Bharat Gianani:

Great, sir. I have few questions, but I will come back in the queue. Thanks a lot.

Moderator:

Thank you. The next question comes from the line of Nirvana Laha from Badrinath Holdings.

Nirvana Laha:

Sir, you mentioned that you will -- you plan to scale your volumes from 450 kg this quarter to 580 kg next quarter, if I heard you right. So that's a huge increase, 130 kg per month in just 1 quarter. So which clients or what orders will drive this increase, sir?

Mangesh Chauhan:

So again, I told you that already our Reliance and Aditya Birla is placing the order, for job work, I'm telling. CaratLane is increasing every month. And again, our existing clients, we have diversified the same from large corporate, mid-corporate, small corporates and all. So all will -- because again, you can see the Diwali and Navaratri season orders comes in August, September this quarter.

So we will be order back for September for Diwali and all and seasons are coming for Ganesh Chaturthi and Raksha Bandhan. So season starts from August. And in July, we get orders for Navaratri, Ganesh Chaturthi. Other states have other festivals in August. So there is a huge season in the industry in August month, September month, November month, December month. That's why we are expecting this sales -- volume from this quarter.

And again, you can see our back 4 quarter also, we have increased the sales quarterly gradually. And this year also, we'll be seeing this type of sales. So we have customers new also and existing customers also will order us. Already, they are ordering.

Nirvana Laha:

Sure. After the festive quarter, do you think you can sustain this kind of 600 kg kind of volume in Q3, Q4?

Mangesh Chauhan:

Yes. After that, wedding season comes in -- you can see February, January is the wedding season, and we get the orders in November, December quarter. So we are back with -- third quarter is back with totally wedding seasons and all again, many festival occasions and all because our muhurat comes on this season only on many marriage happen in the winter seasons and all.

So we are back with order of marriage season. And again, third quarter, we are back with the order of Akshaya Tritiya and again, mix of marriage and many days come, India is about 12 months, 12 season, Father's Day, Mother's Day, Valentine's Day. Those are already there, again, wedding season, Navaratri, Diwali.

So our manufacturer is ordered back any time except June month because this is a monsoon season. But again, all the months, we are ordered back because customer has to plan their inventory 90 days before they have to order -- give us order 60 days before, then they can place the inventory 20, 25 days before the stores and inventory should enter into the store before the festival.

Nirvana Laha: Sure, sir. Sir, my next question is on Ganna N Gold, the bangle company that we have acquired. Sir, can you tell us the FY '25 revenue and EBITDA that this company did?

Moderator: Mangesh sir, we are unable to hear you.

Mangesh Chauhan: Yes. So I don't have the -- can you come back in 15 minutes? I will tell you. Yes.

Nirvana Laha: Okay. I will write to you, sir. And with regards to Ganna N Gold, what is the maximum revenue or how do you see the scale up in volume and revenue for Ganna N Gold this year and next year?

Mangesh Chauhan: We are expecting this year, 60, 70 kg per month volume from this. This is total -- this will operate on a job work basis model. And so, this will improve our gross margin, EBITDA because totally our -- this company works on gross job work basis, so we don't have to infuse the money and total advance gold will come in this company.

Nirvana Laha: Okay. And do you need to do any capex in this facility?

Mangesh Chauhan: Not needed.

Nirvana Laha: Okay. I will come back in the queue.

Moderator: Thank you. The next question comes from the line of Sagar Jethwani from PhillipCapital PMS. Please go ahead.

Sagar Jethwani: How much was the revenue from diamond segment and 18-carat gold revenue for the quarter?

Mangesh Chauhan: So, 18-carat was 7%, 7.25% and studded was 0.7%. So studded was almost same quarter-on-quarter, but 18-carat rose from 6.5% to 7.25% quarter-on-quarter and year-on-year increased from 4% to 7%.

Sagar Jethwani: Okay. And when are we commercializing the business with PMJ and Kalamandir? You mentioned about Reliance. And is it for all products or only gold as of now?

Mangesh Chauhan: So this -- every customer we enter with gold only because we are expertise in gold jewellery from last 18- 20 years. We have started studded jewellery last year only. So we enter with gold only, then we place the diamond jewellery also in the same. So we are entering -- I think we are entering with lab-grown diamond in Kalamandir and again, in Reliance with gold only.

But carats are different, Aditya Birla is ordering for 18-carat. Reliance is ordering for 22 and 18 both. And Kalamandir, we are entering with lab-grown diamond only.

- Sagar Jethwani:** Okay. This line item of changes in finished goods and working capital on P&L, which is negative INR142 crores. Can you explain this line item? Was it because of the excess demand that led to inventory utilization or is it because of the less production seen during the quarter?
- Mangesh Chauhan:** No, no, already I told that we had orders of exports and some orders are not dispatched because of the Dubai office opening got delayed by 15- 20 days, something. And that's why our inventory was shot up. Now dispatching is going out of the Kerala office also.
- Their order was also there. So, we are dispatching for the Kerala and Dubai office also opening some 15 days-20 days delay got happened. So that's why inventory was up. And again, June month delivery a little bit was dispatches happened in July.
- Sagar Jethwani:** No. Actually, I was talking about the line item of changes in finished goods and WIP on P&L.
- Siddharth Sipani:** It is because of the increase in stock.
- Mangesh Chauhan:** WIP, you are telling about work in progress and finished goods. Okay.
- Sagar Jethwani:** Right. That is negative INR142 crores.
- Siddharth Sipani:** Stock has increased from March versus June.
- Mangesh Chauhan:** Stock has increased from March versus June. Okay. I'll get back to this. Just a minute, my CFO is there.
- Siddharth Sipani:** So this negative INR142 crores is because of the increase in stock in June 2025 versus March quarter. And the increased reasons have already been explained by Mangesh sir some time back.
- Sagar Jethwani:** Okay. And what's the production capacity organic and including subsidiaries? Can you break it down for subsidiaries per month?
- Mangesh Chauhan:** Yes. What's the capacity we have?
- Sagar Jethwani:** The organic production capacity and breakdown of the subsidiary production capacity per month.
- Mangesh Chauhan:** Okay. So 750 is the parent company and subsidiary is 150, 150 kg. So 1,050 kg per month.
- Sagar Jethwani:** Okay. And Ganna N Gold would be how much? I know it's not complete. Yes.
- Mangesh Chauhan:** 150 kg per month that will be added.
- Sagar Jethwani:** Okay. Thanks. All the best.
- Moderator:** Thank you. The next question comes from the line of Diya Brijwani from White Whale Partners. Please go ahead.
- Diya Brijwani:** Congrats for a good set of numbers. I had a question on the business model. So ex of the advanced gold business, which is about 5%, what is -- I mean, how do we record our revenues?

Is it on a per gram basis such that we acquire the gold and we charge on a per gram like a cost-plus basis or is it like a percentage, let's say, 6%, 7% of the value of gold that we charge...

Mangesh Chauhan: So we charge on a percentage basis.

Diya Brijwani: Okay. So you're saying that your gross profit is linked to the gold prices?

Mangesh Chauhan: Yes, percentage-wise, yes.

Diya Brijwani: Okay. Got it. And just one question on the gross margin expansion from current levels. Is it that -- so I'm just talking of the advanced gold business. Is it that exports command a different margin versus domestic? And secondly, is there a difference in gross margin between 18-carat versus 22-carat?

Mangesh Chauhan: Yes, madam, it's totally a mix of all these things. So exports also don't have a very exceptional different margin, but there's a better margin of 0.5% in export. But again, 18-carat has a better margin than 22 because rose gold, white gold jewelry has a good margin. But 18-carat percentage has increased to 7%.

So again, it has also helped us to improve the margin. Again, in 22-carat also, we have launched many lightweight feather-light new designs and new verticals, which are creating margin. So blended, we are getting the margin from 22-carat also, 18-carat also from export a little bit.

And again, advanced gold is a major player, again, because labour charges only we charge from them. So it add up to gross margin and EBITDA. So all the 4 players are there. So we are creating new versions in 20-carat also because 22-carat rates are up. So we are getting new lightweight. We have reduced the weight by 20%. It's helped by the 3D printers and all. So blended, we are creating the margin.

Diya Brijwani: Got it. And just one last question. What would be your wallet share with the anchor customer? And how has it moved in the past 2 years?

Mangesh Chauhan: So again, we have a wallet share of 5%, 6%, 7% in each of the customers, somewhere 7%, somewhere 5%, somewhere 6%, 7%. So year-on-year, last 5 years, we were -- before 5, 7 years, we were at 0.5% or 1%. Before 2 years, we were at, I think, approximately where we are at 5%, we were at 3.5% or something. So we have increased the wallet share also.

Now the stores are also expanding, new stores are opening. So we are gaining the sales from the new store also. Yes.

Diya Brijwani: Got it. That's helpful. Thank you.

Moderator: Thank you. The next question comes from the line of Vijay Chauhan from RH PMS. Please go ahead.

Vijay Chauhan: So can you please explain the progress of the 200 kg per month order that we have received from the outside in quarter 2? What will be that contribution in quarter 3, quarter 4?

Mangesh Chauhan: Already we have dispatched 40 kg in this quarter, and we have got the order of more 60 kg and we are waiting to -- they want to dispatch it from Dubai office because of the gold prices and all. So already, we dispatched 40 kg, 60 kg, we have got the order. Approximately, we will be exporting 100 kg this quarter, I think. And from next quarter, we'll be at the run rate of per month 100 kg.

Vijay Chauhan: Okay. In quarter 4, will it be like 150 or 200 any chance like full reach?

Mangesh Chauhan: Honestly, they have confirmed us the order to complete it in three quarters, we'll be at a run rate of 200 kg. But conservatively, you can 150, 125 kg, 100% will be there in third quarter.

Vijay Chauhan: Okay. So there is a high probability that we will exceed the 650 kg guidance on the exit rate...

Mangesh Chauhan: We got conservatively 650 kg only. So, 650 kg will be our conservative number on the last quarter.

Vijay Chauhan: Yes, that's fine. And this advanced gold when we get -- so how is the revenue recognition? Because what I understand, we typically charge 7% to 8% as the making charges. So -- because the inventory belongs to -- because client has purchased gold and given it to us. So will we only record the making charges, the revenue, right? It will not be like INR100 gold we are purchasing and then we are showing 7%, 8%, right?

Mangesh Chauhan: No. So if we charge 7% or 6.5%, or 7.5% for the -- when we are producing our gold and funding the debtors and inventory. So in advanced gold, we charge for the same product, 5.5%, 5.25%, 5.75%, like that we charge. So we give a consideration of 1% or 1.25%. That's why we go to the advanced gold based on the product, based on the vertical, based on the design they want. So -- but again, we don't have to fund the inventory and all. So there is a win-win situation for both.

Vijay Chauhan: Right. My question is only that will we report INR8 as a revenue, let's say, the 8% is the making charges or we repeat INR100 as a revenue and showcase INR92 as COGS and then INR8 will be the gross profit?

Mangesh Chauhan: No. It would only -- whatever we charge 5.5%, 6% as a revenue, INR6 only the revenue will be showing that because that is, again, advanced gold. So we only -- revenue will be INR6, not INR106.

Vijay Chauhan: Correct. So it is safe to assume that, that gross profit will keep increasing because the revenue recognition is because of the accounting practice will change when we increase the advanced gold volume, right?

Mangesh Chauhan: So it will shift as soon as we increase to our 10% ...

Vijay Chauhan: 10 percentage.

Mangesh Chauhan: Yes.

Vijay Chauhan: Yes. And what will be the interest expense saving because of GML and all other things combining up?

- Mangesh Chauhan:** We are expecting it to 0.4 basis to save from the gold metal loan. We are at 1.2-something -- interest rate is 1.2% of the revenue. I think we'll be at 0.6% or something GML. We'll save 0.4 or 0.45 basis.
- Vijay Chauhan:** Okay. And the hedging policy, which we have followed... Yes, it's okay.
- Moderator:** The next question comes from the line of Darshil Jhaveri from Crown Capital. Please go ahead.
- Darshil Jhaveri:** Firstly, congratulations on a great set of results, sir. And a lot of my questions have already been answered. So sir, I just wanted to know like currently, like in -- we are already at around 4% PAT, right, 3.9%. So in the current year, because now the volumes also increased due to operating leverage, can we reach like our FY '27 PAT goal in the current year only as a percentage, like 4.25%, 4.5%. Is that a fair assumption, sir?
- Mangesh Chauhan:** So we'll be conservatively saying that by FY '27 March, we'll be at 4.25% to 4.5% in between that. But it will be a quarter-on-quarter basis. So every quarter we will improve by some basis points. So in a long period of 7 quarters, you can see we'll be reaching 4.25% to 4.5%.
- Darshil Jhaveri:** Okay. Fair enough, sir. And sir, I just wanted to know like our acquisition of Ganna N Gold, that will start contributing revenue from maybe Q2 or H2 only it will start, sir.
- Mangesh Chauhan:** Q2 only. August and September, it will be contributing, Q2 only.
- Darshil Jhaveri:** Okay. So that will also help our volume growth. So -- and our volume guidance is ex of Ganna N Gold, right, that we have given...
- Mangesh Chauhan:** Yes.
- Darshil Jhaveri:** Okay. So we have even more scope of growing. And sir, I just wanted to know like following up on the previous participant's question about job work. So our revenue currently like around INR1,131 crores when we say that 5% is job work. So the job work revenue is as good as profits only, right, because that's a service charge, right?
- Mangesh Chauhan:** Yes, directly add up to gross margin.
- Darshil Jhaveri:** Correct. So will directly add up to the gross margin only?
- Mangesh Chauhan:** We were not in the job work basis, we have started job work that's our gross margin also increasing.
- Darshil Jhaveri:** Okay. So that will be one of the biggest drivers of our like margin expansion because of pure service revenue. Yes, fair enough, sir. That's it from my side. Thank you so much. All the best.
- Moderator:** Thank you. The next question comes from the line of Aryaman Iyer from Sowilo Investment Managers. Please go ahead.

- Aryaman Iyer:** Congratulations on the good set of results. Just one question from my side. So in 2020, '21, that gold prices fell from INR52,000 to INR46,000. For us, what is the effect on margins as well as working capital day?
- Mangesh Chauhan:** Working capital in COVID time, I think. So 2021 was the COVID time, that time 56k to 46k it came by gold. So whenever we are linked with the percentage basis, whenever in the history, gold does not fall below 3%, 4%, 5%. If it is fall 20% or 50%, we revise our quotation with the customer.
- Customer also understand that quotation should be revised for 6 months or 12 months whenever gold rate get to normal basis. So I think 2020 was the COVID period, and it was a very different period. So I don't remember about '21. But again, our margins are intact with the percentage basis on the gold prices, yes.
- Aryaman Iyer:** Sir, so purpose of asking this question. So if gold prices do fall, what will be the effect on our working capital days?
- Mangesh Chauhan:** So working capital days, I think if gold price falls though sales gets faster, payments comes faster, so working cycle will be improved much better if gold prices decreases.
- Moderator:** The next question comes from the line of Nilesh Jain from Astute Investment Management Private Limited. Please go ahead.
- Nilesh Jain:** Congratulations on great set of numbers. My first question is, can you give me volume breakup for this quarter by -- at stand-alone level and for your two subsidiaries?
- Mangesh Chauhan:** Yes. So 60 kg from the subsidiary we have done and approx. 340 kg from the parent.
- Nilesh Jain:** So I see because your last year Q1 does not include subsidiary numbers, what I understand. So last year, we did 349 kg per month average. So there's some slowdown at the stand-alone company. What would be the reason behind it?
- Mangesh Chauhan:** So revenue-wise, we are positive, but it's just a difference of 4 to 5 kg. So in the industry -- in the retail sector also, revenue as everybody has grown. Volumes are at 2%, 3% dip or at the same level. So we are at near or the same level at the parent company level and at the consol level, we have grown by 30%. But at the parent company, we are at the same.
- So total industry this quarter, volumes are same because of the gold rates have increased drastically. So revenue has grown and volumes are the same because of the gold rate.
- Nilesh Jain:** So then do we understand that the volume growth which you have shared for the Q2, Q3 and other quarters, will it be largely led by your subsidiary companies or you are expecting, given the...
- Mangesh Chauhan:** All the three it will come because gold rate has totally stabilized. And whenever last month quarter only 30% jump came in this quarter. So it will grow in all the 3 companies.

- Nilesh Jain:** Okay. Sure. And my second question is, when you -- about you're procuring gold from the Dubai, is it you're getting it on advance from your customers there? Or it will be -- again, you will be -
- inventory will be on your books?
- Mangesh Chauhan:** No. Again, these all are large corporates don't give us advance gold other than Reliance, Aditya Birla and CaratLane. So they are a customer of India only. They are not in international. So we'll get -- but their terms are mostly cash and carry or 7 days or 10 days. So our working capital cycle will improve on that.
- Nilesh Jain:** Okay. And my last question is on your export. You mentioned by FY '27, you have target of 25% of revenue. What would be for FY '26?
- Mangesh Chauhan:** So '26, we are targeting it to 17% to 20% or something.
- Moderator:** The next question comes from the line of Manan Vandur from Wallfort PMS.
- Manan Vandur:** Congratulations on the numbers. Sir, my first question is, how much is our receivable currently, not the days, the amount?
- Mangesh Chauhan:** The amount INR397 crores and inventory is INR550 crores inventory and INR397 crores receivables
- Manan Vandur:** INR394 crores?
- Mangesh Chauhan:** INR397 crores.
- Manan Vandur:** INR397 crores on receivables?
- Mangesh Chauhan:** And inventory is INR550 crores.
- Manan Vandur:** Okay. INR550 crores is inventory. Sir, so my question is, how is our receivable still INR397 crores? Because I believe that our receivable had increased due to our -- the Akshaya Tritiya you said. But then now it has come back and our debtor days is normally like 45, 50, 60 days, even if we count 2 months, still our receivables should go down by a lot, then it has gone only INR50 crores down. So, please explain that.
- Mangesh Chauhan:** So it is 31 days right now, and we were at 38 days. So by days, we have improved. So our sales are also improving. So our sales have improved by INR80 crores. So again, we -- as soon as our sales improved inventory also there and debtors also there. So by days, you can see we have come up to 38 days to 32 days. So it's a cycle.
- Manan Vandur:** Okay. Understood. So how do you see our receivable days -- I mean, sorry, receivable amount come -- go further by the year-end?
- Mangesh Chauhan:** We told that we are going for advanced gold business. And again, the gold rates was up in the March. That's why the receivable days was gone up, but we have controlled in this quarter also. And coming quarter also, it will come down to 25, 26 days. We are confident that it will come back to 25, 26 days.

- Manan Vandur:** Okay. And sir, last question is that, there was currently a stake sale of almost around 5% something. So my question was that why did the promoter sell? And like, I mean, we do preferential, but then we also sell our stake. So it will decrease confidence in the shareholders. So can you please explain that?
- Mangesh Chauhan:** Yes, sure. The objective of the transaction was two-fold to enable the promoter to partially monetize their stake after over two decades. We are building the business and we have sold the stake to broaden the institutional participants. So the institutions were interested to participate in this. However, there was some unprecedented issue in the execution, which resulted in the institutional investor not able to participate in that.
- So again, you can see from last 20 years, we are building the business from 2005, we started -- before 2025, we've done fundraise 2 times. We've given a growth to the company. We've done two fundraise and we have come up with a good turnover and a set of numbers and all. So after 20 years, it is between three promoters, we have -- net sale is 4.3% because we have taken the warrants also.
- So it is 4.3% between 3 promoters. So it is -- I think after 20 years, we have sold the same. But execution was not properly, I can say that only. Yes.
- Manan Vandur:** Okay. That's it from my side. Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Gagandeep Singh from Growmore. Please go ahead.
- Gagandeep Singh:** Congratulations on great set of numbers. Most of my questions have been answered. So I just wanted to know the guidance which you have given, like of INR5,400 crores, is it on the conservative side or it is on the aggressive side?
- Mangesh Chauhan:** So you can say on the midway side, not very conservative, not very aggressive. So yes, so we are on track. We have done already INR1,130 crores and we are expecting this quarter also a good set of numbers. So every quarter, we'll increase by INR150 crores or something every quarter.
- So this is a very decent number, I think, because again, footfalls are very good in the retail side, gold rates have settled down and retailers are opening their stores actively every month. So we are in a very comfortable position to reach that turnover.
- Gagandeep Singh:** Amazing, sir. Sir, my second question would be like the guidance which you have given. Does it include the Ganna, the one as well or it is excluding that?
- Mangesh Chauhan:** Excluding Ganna. Yes.
- Moderator:** The next question comes from the line of Ankush Agrawal from Surge Capital.
- Ankush Agrawal:** Just two clarifications. So you said we did 40 kgs of export in Q1. So that is a cumulative number or it's a monthly average of 40 kg?

- Mangesh Chauhan:** No, cumulative. Only April end only, we got the order. So we started in May and we exported, I think, May end or something. So it's a quarterly number. So we got orders in April end.
- Ankush Agrawal:** Okay. And 100 kg would be the monthly run rate for Q2?
- Mangesh Chauhan:** Yes, coming 2 months, we are expecting to deliver 70 kg per month. And third quarter, we are expecting 200 kg.
- Ankush Agrawal:** Okay. The second clarification I needed was -- so when you say the job work or the advanced gold business is 5% of revenues, but on a volume basis, it will be much larger, right, because revenue is just net?
- Mangesh Chauhan:** No, we are talking about the volume only 5% of the volume was job work.
- Ankush Agrawal:** Okay. 5% of the volume is.
- Moderator:** The next question comes from the line of Ganesh Rao from Rupani Capital. Please go ahead.
- Ganesh Rao:** So I just want to follow up on the previous question on the participants asked. Do you have the numbers of Ganna N Gold, the EBITDA and PAT at the time of acquisition?
- Mangesh Chauhan:** You can write to me or IR PR, or you can talk to my CFO, so he will give you.
- Ganesh Rao:** Okay, sir. Okay. So my first question is regarding the advanced gold model, what are the key enablers or barriers for your existing clients to transition to this format? Have you initiated any of your existing clients to the advanced gold model?
- Mangesh Chauhan:** Pardon, you can repeat the question? Sorry. Yes.
- Ganesh Rao:** So for the advanced gold model that you're trying to adopt for the new clients, so my question is in regarding to your existing clients, right? So have you started having conversations with your existing clients to move to the advanced gold model?
- Mangesh Chauhan:** So in this industry, you can see Tanishq, CaratLane, Mia by Tanishq, Aditya Birla, Reliance, only three, four these type of corporates have advanced gold model. And other corporates like large corporate, they work on the basis of they don't want to fund the gold to us. They want to invest the funds in their store only.
- So they have a policy that manufacturer will increase in the inventory. And so they give us the rate also for that. So that corporate does not work on that model. So different style of working are there. So we are diversified into everybody, mid- corporate, large corporate, this Reliance and Aditya Birla and CaratLane also. So we are blended in doing the business. So every corporate has their own model of working.
- Ganesh Rao:** Okay, sir. My second question is, could you share details on your current gold metal arrangements? Like what is the quantum that is tied up? Who are your banking partners? And what is your current gross debt?

- Mangesh Chauhan:** INR190 crores already we got the GML approval. So from 3 bankers from Federal, Axis and Yes Bank. And now net debt is INR350 crores and gross debt is INR600 crores something. INR190 crores, we already got the GML approvals. So 20% at least we can use in this quarter.
- Ganesh Rao:** Okay. And you had explained this earlier, sorry, if I'm repeating the question, but could you explain like if I just look at the stand-alone growth, it has moderated to 12% year-on-year compared to 50% growth in your previous quarters, right? So if I adjust for exports, right, the growth in the domestic just stands at 7%. So could you help us understand what are the drivers for the slowdown?
- Mangesh Chauhan:** So year-on-year, you are talking we have expanded by 30% on the volume basis. And by revenue basis, we have increased 45%, I think -- year-on-year basis. 56% year-on-year quarter, you can see 56% is the revenue growth and volume growth is 30%. So it's a mix of gold rate and volume. Volume, we have grown by 30% and rate also increased gold rate. That's why we have increased the revenue by 56%.
- Ganesh Rao:** Yes, but that is consolidated. I'm asking at the stand-alone growth, sir.
- Mangesh Chauhan:** Okay. So what you want about the stand-alone?
- Ganesh Rao:** Yes, sir, stand-alone.
- Mangesh Chauhan:** So you can call the CFO for that also, if you want. So we have number of consolidated. So you can call the CFO. Yes.
- Ganesh Rao:** Okay, sir. And last question, more long term, right? Your current market share, as you presented in the presentation is 0.5%. What is your medium-term aspiration, sir? Where do you want your company to be from a market share perspective?
- Mangesh Chauhan:** So we are at approximately 1%. We made approximately 5 to 6 tons last year. India is making 600 tons of jewellery per month -- sorry, 650 tons of jewellery. So we made 5 to 6 tons last year. We are aiming to be at 4%, 5% stake of India in coming 5 years or 2031, '32. So we want to be at 4%, 5% stake of India. So we are on the good path, let's see. And we first targeted to achieve 1 ton per month by 2027.
- Ganesh Rao:** Awesome. And sir, one last question, if I can just sneak in quickly. Could you provide some insights on the gross and EBITDA margins difference for a 22-carat and an 18-carat, right? Assuming the diamond and stones that is used in the jewellery is the same, what would be the differential between the 2?
- Mangesh Chauhan:** Diamonds has approximately 12% to 15% gross margin. 18-carat has 8% -- 7%, 8%, 9% gross margin, 22-carat has mix of 6%, 7%. So blended, it comes up to 7%, yes.
- Ganesh Rao:** Okay. So the gross margins are lower for the 18-carat, but we plan to get that because...
- Mangesh Chauhan:** No. 18-carat is higher. 18-carat margin is higher than 22-carat. Yes, yes.

- Ganesh Rao:** Okay. So the numbers were reversed. But if you just could clarify that again? So for 18-carat roughly what would be the margin?
- Mangesh Chauhan:** We sell at 7%, 8%, 9% also. There are different vertical, different pricing. So we cannot give each perfect pricing, but approximately because of the secrecy level. And again, 22-carat, we sell at 5.5%, 6%, 7%, 8%. And again, diamond studded, we sell at 12%, 13%, 15% gross margin.
- Moderator:** Thank you., in the interest of time, that was the last question. I would now like to hand the conference over to the management for closing comments. Thank you, and over to you, sir.
- Mangesh Chauhan:** Thank you so much, everybody. Thanks all of you, and thanks to shareholders for being with us and for a promising growth ahead. Thank you so much.
- Moderator:** Thank you. On behalf of Sky Gold and Diamonds Limited, that concludes this conference. Thank you for joining with us, and you may now disconnect your lines. Thank you.