



**SKY GOLD**  
— Limited —

February 13, 2023

To,  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalai Street, Fort,  
Mumbai 400001

**Scrip Code: 541967**

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

**Trading Symbol: SKYGOLD**

**Subject: Transcript Of The Earning/Quarterly Call Of FY 2022-23**

Dear Sir/Madam,

Pursuant to the provision of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed herewith the transcript of the earnings/quarterly call Q3 of FY 2022-23.

The same is also available on the website of the Company i.e., <https://sky-gold.in/>

Kindly take the same on your record.

Thanking You.

Yours Faithfully,

**For Sky Gold Limited,**

**MANGESH** Digitally signed by  
MANGESH RAMESH  
**RAMESH** CHAUHAN  
Date: 2023.02.13  
**CHAUHAN** 16:23:23 +05'30'

**Mangesh Chauhan**  
**Managing Director & CFO**  
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“Sky Gold Limited  
Q3 FY2023 Earning Conference Call”

February 10, 2023



**ANALYST:**

**MR. UMESH MUNDEKAR – KIRIN ADVISORS**

**MANAGEMENT:**

**MR. MANGESH CHAUHAN – MANAGING  
DIRECTOR & CHIEF FINANCIAL OFFICER – SKY  
GOLD LIMITED**

**MR. DARSHAN CHAUHAN – WHOLE TIME  
DIRECTOR – SKY GOLD LIMITED**

**MR. MAHENDRA CHAUHAN - WHOLE TIME  
DIRECTOR – SKY GOLD LIMITED**

**MR. SHIVANG GOYAL – SECRETARIAL ADVISOR  
– SKY GOLD LIMITED**

**MR. CHINTAN SHARMA - CHARTERED  
ACCOUNTANT – SKY GOLD LIMITED**



*Sky Gold Limited*  
*February 10, 2023*

**Moderator:** Ladies and gentlemen, good day and welcome to the Sky Gold Limited Q3 FY2023 earning conference call hosted by Kirin Advisors. 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 “\*” and then “0” on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Umesh Mundekar from Kirin Advisors. Thank you and over to you Sir!

**Umesh Mundekar:** Thank you. Good evening everyone. I would like to welcome Mr. Mangesh Chauhan, Managing Director and Chief Financial Officer of Sky Gold Limited, Mr. Darshan Chauhan, Whole Time Director, Mr. Mahendra Chauhan, Whole Time Director, Mr. Shivang Goyal, Secretarial Advisor and Mr. Chintan Sharma, Chartered Accountant. As this is the first call from the company, we will have a brief introduction about the business model of the company, then Q3 result highlights and followed by Q&A. Now I hand over the call to Mr. Darshan for a brief introduction about the company. Mr. Darshan over to user Sir.

**Darshan Chauhan:** Good evening everyone. I extend my warm welcome to the first conference call of the company for discussing Q3 FY2023 and nine month FY2023 financial performance. As this is the first conference call for communicating with you all, I will first give you a brief introduction about Sky Gold Limited. Our company was established in 2008 and today it is one of the leading jewellery companies based in Mumbai. The company has been engaged in the business of designing, manufacturing and marketing of gold jewellery. The company specializes in lightweight jewellery of 22 carat gold. The company manufactures jewellery through casting process. Our product portfolio is made up of plain gold jewellery, season studded gold jewellery, and Turkish jewellery. Sky Gold manufactures its jewellery in its 18,000 square foot manufacturing facility in Mumbai, India with the help of German equipment, one of the only manufacturers to use state of art equipment from Turkey, Germany and Italy. The company has a capacity of processing 300kg gold per month. The company has a design library of more than 9 lakh designs of chains, bracelets, bangles, friendship pendants, ear rings, etc. The daily output is 3000 pieces. The company works on B2B model with leading jewellery retailers like Malabar Gold and Diamonds, Joyalukkas, Kalyan Jewellers, GRT Jewellers, Senco Gold and Diamonds, and Kimzi. The company also works with large wholesalers. With this, Sky Gold products are available at more than 2000 showrooms across India. Out of top five customers contribute 70% of the revenue. For FY2022 the company has reported total revenues of Rs.796.26 Crores and net profit of Rs.16.92 Crores. Recently the company has entered the B2C market in USA to expand its business. The company has tie up with Varanium in USA and will introduce its gold jewellery product launching its own brand in the US retail market. Sky Gold announced a new gold jewellery brand Vesteria in collaboration with Varanium. Vesteria will launch its first

collection of rooted modernism a mix of earrings, necklaces, rings and bracelets in a range of 18 carat as well as 22 carat jewellery targeting the young woman category fashion.

Now let me give you all the industry update. The Indian gems and jewellery market consists of gold, silver and diamond jewellery along with other precious gems and pearls. India is the second largest consumer of gold with 70% of consumption being in the form of gold jewellery. The market can further be divided us fine jewellery and costume jewellery with 95% of the market comprising fine jewellery. The Indian jewellery sector is 85% of Indian jewellery market and is estimated to be worth \$57 billion in FY2022 and is projected to grow to \$91 billion by FY2025. The segment is seeing major participation of studded jewellery. The organised retail share is 40% consisting of national and regional players and 60% is in from of the unorganized segment consisting of 5 lakh plus local goldsmith and jewellers. The Government of India has declared the gems and jewellery sectoral as focus for export promotion. It is continuously promoting Brand India in the international market. It has taken various measures to promote investment into technology and skill. The gold jewellery demand in India is expected to grow at a steady rate of 11% during FY2023. The organized retailers are projected to grow at a faster rate of 14% with a strategic store expansion and increasing consumer preference for organized players. The growth is likely to be accompanied by higher operating margins supported by growing share of studded jewellery and better operating leverage. The growing preference for rural development and customer preference in choosing hallmark products over products made by unorganized manufacturers, increasing disposable income and growing consciousness of branded jewellery. With our strategies and diversified product portfolio, we have well positioned ourself to leverage the growth opportunity in India as well as the international market. Your company entered the equity market by SME IP on BSE, and SME in October 2018 raising Rs.25.56 Crores at issue price of Rs.180. The company moved to the main board of BSE and NSE that is on January 6, 2023. This is a big milestone for us. The migration will provide a boost to growth of the company. Migration will help our company to attract more investors and provide the further growth capital to help the company for future business growth.

Now let me take you through the financial performance of the company. Q3 FY2023, revenues stood at Rs.267.57 Crores , EBITDA is Rs.12.28 Crore up by 73.45%, EBITDA margin at 4.59%, net profit at Rs.11.67 Crores and EPS at Rs.5.91, so nine months FY2023 our revenue is at Rs.884.62 Crores up by 52%, EBITDA Rs.25.37 Crores, net profit at Rs.16.19 Crores and EPS at Rs.11.66 so this is the Q3 performance for the company so you all can go ahead with the questions.

- Moderator:** Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Himani Obhan from Suraj Research. Please go ahead.
- Himani Obhan:** Your EBITDA margin is a sub 5% can you please explain what is a headwind for that? What is industry margin?
- Darshan Chauhan:** You want to know what the increase in EBITDA.
- Himani Obhan:** Yes?
- Darshan Chauhan:** In the last quarter we have launched many fancy products which the market is not available for the products so we have increased our margin in that product in the same corporate parties like Malabar Gold and we have made a special products for them and in that over margin have increased here.
- Himani Obhan:** Okay your business is mainly in B2B would the same to continue or to change model to B2C?
- Darshan Chauhan:** Right now we have not planned for anything B2C. Right now we are into B2B only.
- Himani Obhan:** Okay please explain your D2C tie-up with Varanium?
- Darshan Chauhan:** In Varanium we have tie up with them for the US. We have launched 18 carat yellow gold, rose gold and white gold products for mainly US woman, fancy products and we have launched online on website Vesteria so we are expecting a good response on that. Right now we have launched our website so in next quarter April, May and June you can see the results and in that profit margins are very good in the US markets so we are expecting to grow over patent in the next quarter in April, May and June here for that.
- Himani Obhan:** Okay can you throw some light on making charges growth and outlook?
- Darshan Chauhan:** Yes in basic products making the charges are very stagnant but in the fancy products or monopoly products you can make so we are trying to make every day the monopoly products and the fancy products which are not available in the market with every manufacturer so in that our making charges will grow from Rs.300 a gram to Rs.500 per gram and Rs.600 per gram for Indian products. In Vesteria in the US, we have already made some special products and we are expecting the sales in the next quarter and we will see the results in the next quarter for that.
- Himani Obhan:** Okay and my last question is how is the jewellery demand post shaadi season?

**Darshan Chauhan:** It is very good. You can see the quarter revenues and in this quarter also it is very superb the growth because many COVID marriages were postponed and they are scheduled in this year only so I think it is triple the number of marriage in this year in the difference of every year so it is very good boost to the demand in this quarter. Generally March also the demand is very boosted up.

**Himani Obhan:** Okay thank you Sir. All the very best.

**Moderator:** Thank you. We take our next question from the line of Harsh Shah from Dimensional Securities. Please go ahead.

**Harsh Shah:** Good evening Sir. I have a few questions. Since you mentioned that we are in B2B business model so when we refer to some of the big retailers in the industry say someone like Titan, Kalyan Jewelers, Joyalukkas, etc., how much of that jewellery is sourced by them from wholesalers like you and how much is made by them in house so just wanted to understand the size of the market?

**Darshan Chauhan:** Yes 90% their sourcing from outside. 10% only they make inside because they are basically retailers and they are focusing on the sales and retail store so they do not want to manufacture same to same products in their factory and display in their counter. They want different, different manufacture here who have developed their special design from Kolkata designers and all and from worldwide they have taken the concept and they want different, different varieties and different items. Whoever is developing good design, good inventory range, good pricing range so they do tie up with them for yearly this much kgs and they get good response because if they take from many manufacturer it is seen pushing out so they are not interested to go into manufacturing basically.

**Harsh Shah:** Okay and could you name three of your clients with whom you work?

**Darshan Chauhan:** We work with Malabar Gold and Diamonds who before six months he was on the fourth number of world top 10 jewelers revenue wise list was the given so he was on fourth number and Tanishq on the seventh number so we work with Malabar Gold and Diamonds. He is the major client of us. Joyalukkas India Limited, Senco Gold from East. He has 200 shore rooms, GRT Jewellers he has 40 showrooms, Khazana he has 60 showrooms, Lalitha Jewellery, Kalyan Jewelers, Bhima Jewellery, etc., all corporates we do. Tanishq is not on our board.

**Harsh Shah:** Are your looking to pursue business from Tanishq?

**Darshan Chauhan:** We are in talks with Tanishq.

**Harsh Shah:** Okay and Sir you also set up overseas subsidiaries so just wanted to understand what is the size of opportunity there and what is the strategy in the overseas market?

**Darshan Chauhan:** We have already made our study. We were into R&D for the last one year what the products should be made for US which will hit in the US market for US woman so already we have last one year we were designing and we have developed the products and already we have launched our website also so now before 10 days only we have launched so profit wise there is very potential in the US market. Margins are very high. If your product is powerful and if they are liking very much they will put any money in that product. You know about US market. If your product is very powerful and monopolistic and very attractive you can earn as much as you can, but volume wise it will go slowly but margins will be very high. Instead of India, US margins are very high so we have made very, very exclusive and monopolistic products, limited products that we can raise our margins so let us hope for the best. We have already launched our website. We are expecting good sales and good margins from that.

**Harsh Shah:** If I look at current quarter we did sales of around Rs.267 Crores to Rs.270 Crores how much would be from overseas market in this?

**Darshan Chauhan:** We do not have the figures right now because we have just launched the website. In this quarter, there is no sales. We have launched in this quarter only so revenue will start maybe in March or April so we are just waiting. We are doing the marketing for the website right now.

**Harsh Shah:** Okay and in terms of margins this quarter we saw very sharp jump? We used to do around 2% to 2.5%? Then suddenly we are at 4.5% is this sustainable going ahead? Will we keep on doing this kind of margin?

**Darshan Chauhan:** Because we already were working from last six months exclusive for the monopolistic products. We have launched in this quarter only December quarter that products with good margins and corporate has accepted that reprising rate because they know that these products are only with Sky Gold and not with others so they are also making money from that order and we are also making so we are 100% more margins should be created in the next quarter?

**Harsh Shah:** So when you refer to this monopoly products are these studded products or these are gold jewellery or diamond?

**Darshan Chauhan:** Only gold jewellery only. Gold jewellery is but plain and studded with American diamonds. We do not deal in clear diamonds so they are in gold jewellery.

- Harsh Shah:** In terms of inventory risk how much of gold do we import so from the inventory which we have on our balance sheet and how do you manage your inventory? How do you hedge your inventory risk?
- Darshan Chauhan:** We do not import directly because many importers are there in India. They have tie up with banks huge tie-ups so we can take how much to daily we want inventory from that importers so daily inventories are purchased from the importers bullion bars and converted into jewellery. The risk part of you were asking about the hedging so we have the hedging team. Each and every sale and purchases is hedged by our team within the 30 seconds times of our transition in the M6 multi commodity exchange by our hedging teams.
- Harsh Shah:** Okay you do not take any unhedged exposure?
- Darshan Chauhan:** No we do not take any single gram there is no exposure. Every sale should be hedged or purchase will be hedged within 30 seconds then we have given to the hedging team and they are doing it properly.
- Harsh Shah:** Understood. Thank you. Thank you for answering my questions and wishing you all the best. Looking forward for more communication.
- Moderator:** Thank you. Our next question is from the line of Vaibhav Shah from Kojin Research. Please go ahead.
- Vaibhav Shah:** Congratulations on good set of numbers. So I have a few questions regarding the business model of the company. So we are in B2B business so in what segment exactly we are catering? It is high end jewelries or like one gram gold jewellery exactly in which segment we are catering and what is our average ticket size for the single product average ticket size?
- Darshan Chauhan:** Okay we are basically not in one gram gold or something. We are currently in 22 carat gold jewellery and our products are majorly for medium class range. It is also for lower class range, the corporates they cater for middle class range only and our ticket size our product is all of Rs.15,000, Rs.20,000, and Rs.25,000 inventory. 70% of our inventory is Rs.15,000, Rs.20,000, Rs.25,000 and Rs.30,000 this price. 30% of these inventories are all Rs.30,000 to Rs.1 lakh and Rs.1.5 lakhs. The maximum we keep Rs.1.5 lakh inventory because this inventory are day to day running and for the corporates so designs are very exclusive but it is not very higher end customers for higher end customers.
- Vaibhav Shah:** Okay average is 3 grams to 4 grams say I think to 15 grams to 20 grams is max?
- Darshan Chauhan:** Yes 20 grams. It is from 3 grams to 4 grams to 10 grams.



*Sky Gold Limited*  
*February 10, 2023*

- Vaibhav Shah:** Okay so in terms of capacity how much capacity we have for processing?
- Darshan Chauhan:** 300kgs capacity we have.
- Vaibhav Shah:** 300 kgs per?
- Darshan Chauhan:** Per month yes.
- Vaibhav Shah:** 300 kgs per month around 3630?
- Darshan Chauhan:** Yes 3.6 tonnes we can make.
- Vaibhav Shah:** Make yes so how much we have utilized during this quarter and first nine months?
- Darshan Chauhan:** Already we are using 200kgs per month.
- Vaibhav Shah:** Okay and in terms of our footprints our products are mainly available at this leading jewelry retailers you have mentioned so they are available at their almost all branches or it will be a state specific or region specific like North India or South India?
- Darshan Chauhan:** We are making specific for North also, South India also, Maharashtra also so in almost 90% showroom they are available. Some of the 10% showroom they will not be keeping because of the taste and region but 90% store our products are available.
- Vaibhav Shah:** Okay so in terms of footprint if I am assuming so in how many store approximately your products will be available in Pan India basis?
- Darshan Chauhan:** 2000 to 3000 stores they must be available a mix of all corporates Malabar Gold, Joyalukkas and Kalyan each and every corporate 2000 to 3000 stores here?
- Vaibhav Shah:** Okay Sir now a few questions related to the ordering process and all so how is ordering done? Like they place in the beginning of every month or they provide order for let us say four to five months for the particular product? How does it work?
- Darshan Chauhan:** Basically some of the corporates buy right now from the inventory which are keeping which we keep daily making our new, new products so they select from our inventory only. Online selection also done and they come to our factories and do the election and half of them are giving order and giving the time for 15 days, some give for 20 days and not four to five months not credit cost, and season changes in one or two months so it goes for seven days, 15 days and 20 days they are giving the time but we also have sufficient time so we make the

product in seven days and deliver them. Some of them are difficult productions will be make in 15 days and deliver them so seven to 20 days times they give and we are taking. For half the production is on order based and half of them are direct purchase from the inventory so we may keep making new, new products in the stock and they come to our factory or do online selection and we deliver the goods.

**Vaibhav Shah:** Okay so online collection so is it through your website?

**Darshan Chauhan:** Website, they are doing selection from our app and from whatsapp calling also they do the selection.

**Vaibhav Shah:** Okay so you have in-house app?

**Darshan Chauhan:** Yes in house app also we have.

**Vaibhav Shah:** So it is for B2B correct?

**Darshan Chauhan:** B2B only B2B.

**Vaibhav Shah:** Okay so in terms of client who will be your largest client?

**Darshan Chauhan:** Malabar Gold is our largest client yes.

**Vaibhav Shah:** Malabar Gold will be largest okay and last few questions. In terms of your gold purely to gold making so losses while making is minimum so where you can maximum squeeze out the margin so what kind of precautions do you take during the production process or while making it to reduce on this losses and where is your factory situated and totally how many workers or artist work in your factories?

**Darshan Chauhan:** We are situated in Mulund West a suburb of Mumbai so we have 18,000 to 20,000 square feet area. We have 300 workers on board, may be 180 on salary and other are on contracts so we have security system all over the factory. They have checking instruments for the people who work. They come in and come out with the full body screening. After that we have Italian, German machine which work for polishing and grinding and filing so they have good recovery good suction power to minimize the goal losses so imported machines support us to minimize the loss. Other than we have security systems, cameras and all and full body scanning each and every day in and day out they go to washroom and everything so we are taking all this measure and main part is imported machines that help us to minimize our loss yes.

- Vaibhav Shah:** So average how much loss you can get while processing let us say if you are processing 10 grams so what will be the maximum loss will be there?
- Darshan Chauhan:** If we are processing 100 grams initial losses are 5% to 6% or something. After recovery it is 2% to 2.5% yes.
- Vaibhav Shah:** Okay that is good and just last one question from the current capacity how much revenue we can generate and what are the further plans for the expansion or increasing capacity?
- Darshan Chauhan:** In this capacity, we can go to Rs.1800 Crores. Already we have plans to move to Turbe, we are seeing manufacturing hub for big pic industries so we have the plans to move and ship there. We are seeing the bigger factory which have the capacity to go to Rs.3000 Crores to Rs.4000 Crores so already we are in talks and maybe in one or two months we will go to the new factory which have the capacity of Rs.3000 Crores to Rs.4000 and to acquire Rs.800 Crores Rs.900 Crores.
- Vaibhav Shah:** Okay so you are saying from current around Rs.300 Crores you will be around Rs.800 Crores to Rs.900 Crores that is almost three times of your current capacity?
- Darshan Chauhan:** Yes.
- Vaibhav Shah:** So what will be the approximate capex? How much will be the cost for this new factory?
- Darshan Chauhan:** This will cost Rs.20 Crores to Rs.30 Crores pricing of the factory so we are just in the initial plan as soon as we move ahead we will keep intimating on it.
- Vaibhav Shah:** Okay thank you and all the best.
- Moderator:** Thank you. Our next question is from the line of Mohit Mehra from Guardian Capital. Please go ahead.
- Mohit Mehra:** Good evening. Thank you for this opportunity. Sir what about inventories so for example let us say you sell something to Malabar and that remains unsold so do they have an option of returning to you? How does it work?
- Darshan Chauhan:** Corporates do not return the goods. They do not have the policy to return any goods. In the yearly if 1% or 2% any damage or any they do all the QC before taking the final products. All the QC teams are there so each and everybody will be there. QC is done by their team. Hallmark is done by their team and after that only final bill is raised. After that only if 1% to

2% any damaged product is there then only they return us back but otherwise they do not give any return. There is no return policy from the corporates.

**Mohit Mehra:** How are the margins decided so it is like percentage of sales? For example say 2% to 3% whatever or is it Rs.300 to Rs.500 per gram or if they decide it?

**Darshan Chauhan:** It is in the rupees only.

**Mohit Mehra:** So for example if the gold price were to decline in percentage terms the margin will go up is that right?

**Darshan Chauhan:** The margins.

**Mohit Mehra:** Sir like say the gold price were to drop substantially then the EBITDA margin or gross margin would have done that shoot up right?

**Darshan Chauhan:** No. Is this fixed in percentage only about 5% or 6%. It comes to 300 grams to 400 grams and 500 grams. It is fixing 5%. We take from 5%, 6% and 7% from the customers so it is converted into rupees whatever the rate that is so if the gold price goes down up that makes no difference.

**Mohit Mehra:** Okay got it and like how frequently are these negotiated?

**Darshan Chauhan:** In two to three years not frequently they negotiate the price because once the agreement is made and pricings are done after two to three years they revise the price or come to us for many products the margin to keep the rates if they want so then we launch new products that we can create more margins from that so in two to three years they are reversing.

**Mohit Mehra:** Got it and this facility that you said so under current moveable location you can produce 300 kgs per month? In the current year 200 kgs right?

**Darshan Chauhan:** Yes.

**Mohit Mehra:** So this 200 kgs is the optimum utilization or can it go up to say so is it possible to use the existing capacity at 100% utilization because even if the production were to increase by 50% we still have enough capacity and you are talking about tripling the capacity addition?

**Darshan Chauhan:** This already we have the plans to grow in next year and corporates are already increasing. Malabar Gold is opening close to everyone. Joyalukkas is opening five stores every month so they are giving us feedback that we are increasing our store you should increase your

production capacity. We will be giving this much order next year. We are expecting to give you and this model so we have the capacity for Rs.18 Crores to Rs.100 Crores. We are targeting Rs.3000 Crores to Rs.4000 Crores in next two financial years so we have to prepare for the next and next year.

- Mohit Mehra:** How much time would it take for the new facility to be set up?
- Darshan Chauhan:** It will take six to nine months because we are required to do paperwork, interiors are to be done, and safety systems has to be done so it takes minimum nine months.
- Mohit Mehra:** Got it and current capacity you said it can support Rs.1800 Crores and we were targeting Rs.3000 Crores is that right?
- Darshan Chauhan:** Yes.
- Mohit Mehra:** Okay got it and this is over two to three years?
- Darshan Chauhan:** Over two years may be.
- Mohit Mehra:** Got it. Just this last question so you said that margins had increased because there was some high value added products can you actually tell what they are? I did not understand that part?
- Darshan Chauhan:** We were developing doing R&D for some monopolistic products fancy products from the last six months or so we have launched the product for this corporation Malabar Gold and Joyalukkas. Some products monopoly for Malabar Gold, some products monopoly for Joyalukkas, some products monopoly for Kalyan Jewelers so in that we are taking margins because no other manufacturer have that design or that monopoly or variety so we have increased margin in that and they have accepted the pricing for that so they are also making money from that because these products are new in the market. May be after one year this may be copied by other manufacturers. Till then we are also making new inventories and new monopoly products for other corporates, so last six months we were inventing those products. We have launched in the last quarter. That is why our margins have increased.
- Mohit Mehra:** Okay got it. Thank you. That is it from me.
- Moderator:** Thank you. We take our next question from the line of Yashwanti Khedkar an Individual Investor. Please go ahead.
- Yashwanti Khedkar:** Sir in your quarterly results in the Q3 FY2023 that is the December quarter I could see after the net profit there is an item of Rs.7.15 Crores which is classified as items will be reclassified

under the profit and loss accounts so just wanted to understand what are these items which are coming in the profit and loss?

**Shivang Goyal:** This is because for this year we have to go with Ind-As rules of the company so for that there are some adjustments other than that we have to make in this quarter.

**Yashwanti Khedkar:** So there will not be adjustment coming in for the next quarter?

**Shivang Goyal:** That is right.

**Yashwanti Khedkar:** Sir what I am asking is like as this way we have a presence in the B2B market and around four to five top customers contribute around 70% of our revenue so given that this is a concentration like how we want to explain this?

**Mangesh Chauhan:** Because right now you can see for the last two years the market share of corporates are raising by 10% to 15%. Last year corporates share was 38% of the whole India retails sales last to year and last year they came to 54% of total retail sales so in corporates they are very much transparency level is very high for the consumers. Each and every quality wise, marking wise, quality of the products, quality of the gold so it is very clear that corporates will grow very drastically in this market and small and unorganized jewelers they are not doing business properly with the consumer they will lose their business so we are totally concentrating on the corporate because they will have 80% share in two years of the Indian markets.

**Yashwanti Khedkar:** Okay Sir and we are seeing an improvement in EBITDA margins on the year-on-year basis for the reported quarter but still they are below 5% so normally what is the industry margin and to how we are headed for upgrading the margin?

**Mangesh Chauhan:** In B2B madam volumes are very high, but profit margin cannot go to 5% because it is very high value. The gold is very high value so in industry it is 1.5% to 2%, 2.5%, 3% is the max but we are also trying to reach that 3% mark in the next year but 5% is very challenging in B2B because volumes are very high. In B2C also corporates have the margin of 3% to 3.5%. Tanishq is different from this market because he has 50 years of business and he is encashing his goodwill. Tanishq is different he has 10% margin so other than that all the corporates and all the wholesalers have 2.5% to 3% margins.

**Yashwanti Khedkar:** So from a sustainable operating margin will be around 3% even going forward?

**Mangesh Chauhan:** We can do business volume more. We can go to Rs.5000 Crores and Rs.10,000 Crores.

**Yashwanti Khedkar:** It will be a volume business more than the PAT?

- Mangesh Chauhan:** If the volume is increasing in rupees wise PAT will definitely increase.
- Yashwanti Khedkar:** Okay Sir. Thank you so much and all the best for the coming quarter.
- Moderator:** Thank you. The next question is from the line of Rajeev Kumar an Individual Investor. Please go ahead.
- Rajeev Kumar:** Good evening Mr. Chauhan so just wanted to understand how do you see Q4 shaping up? Q3 has been quite good compared to the last quarter and even if you compare to the previous year also, so I think it has been mind blowing but how do you see happening in Q4 considering it is more of a season period?
- Darshan Chauhan:** We are expecting very, very super Q4 better than Q3 yes. You may be seeing the results in April mostly because the wedding season is very high.
- Rajeev Kumar:** It must be much better than the previous year and the previous quarters?
- Darshan Chauhan:** 100% yes.
- Rajeev Kumar:** How much revenue are you expecting from a Varinium tie up? Is it an entire B2B concept or is it going to be something?
- Darshan Chauhan:** Totally B2C not B2B. It is totally B2C and we are direct to the consumer on the website. Basically it is for the US woman so we are expecting this very good growth and good revenue and good profit from that you are seeing our subsidiary but it will be from April next year it will show the results and we cannot disclose the figures, but we are expecting good results.
- Rajeev Kumar:** Okay and I had one more question so are you not looking at concentrating to B2C into the Indian market?
- Darshan Chauhan:** We have that in the mind but right now we are not planning so, we have it in the mind.
- Rajeev Kumar:** And getting some few more new big clients onboard like Tanishq so that we can have the risk diversified?
- Darshan Chauhan:** We already we did talks with Tanishq and Reliance so looking for the best that they will joint and we will give the updates.
- Rajeev Kumar:** I hope so I think fingers crossed and one more question I had so considering how Q4 shapes up somewhere will be closing around Rs.1000 Crores right?

- Darshan Chauhan:** We cannot disclose the figure but it will be...
- Rajeev Kumar:** It looks like from my calculation so now that we are shifting the production facility and I think the production capacity is going to increase three or four fold right?
- Darshan Chauhan:** Yes.
- Rajeev Kumar:** I am asking from a vision perspective can we see somewhere the company clocking around Rs.4000 Crores to Rs.5000 Crores in the next three to four years?
- Darshan Chauhan:** Yes we are working on that.
- Rajeev Kumar:** Right so I think we are in a right direction? Thank you so much for your answers and all the best and I hope we have a good position for shareholders like us.
- Moderator:** Thank you. Our next question is from the line of Jignesh Wayda an Individual Investor. Please go ahead.
- Jignesh Wayda:** Thank you for the opportunity. I just wanted to understand that the monopoly products that you mentioned so are they relating somewhere to the designs in the rose gold?
- Darshan Chauhan:** We are making in rose gold also and white gold also. Rose gold has very low market share of 1% or 2%. Major on yellow gold only but 20% our rose gold also so that also is working very good but our basic inventory of yellow gold. In that only we have met different, different products and different varieties so different designing so from special designers we have and for the corporates.
- Jignesh Wayda:** So previously what products we used to make in that we had around 2% margin so in the monopoly product, will the margin increase to 3% to 4%?
- Darshan Chauhan:** We are in that segment because from last quarter only we have started launching the monopoly products so it will show more results in next quarter also and in the next financial year also.
- Jignesh Wayda:** Okay thank you.
- Moderator:** Thank you. Our next question is a followup from Vaibhav Shah from Kojin Research. Please go ahead.



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- Vaibhav Shah:** Thank you once more for the opportunity. Sir you were discussing about the inventory so how many total number of products like SKU you designs that we have in terms of number if you can quantify?
- Darshan Chauhan:** We have nine lakhs design inventory from last 15 years we are making but mostly they get older by the month they go but we make every month new 4000 to 5000 inventory so yes for the corporate so and existing corporates also for new parties they are joining. We do exhibitions every year three exhibitions which is largest in the Asia and third number in the world, so we have launched our product in that exhibition so every month we are making 4000 to 5000 designs yes.
- Vaibhav Shah:** 4000 to 5000 designs every month like you want to say you are adding around 60,000 designs every year?
- Darshan Chauhan:** Yes.
- Vaibhav Shah:** Okay so in terms of this it will be as specific for every client like any specific one thing you are doing for Joyalukkas that you will not do for Malabar or the product will be similar?
- Darshan Chauhan:** No everything different and different products for every corporate whichever we are making it for Malabar we will not deliver it to to Joyalukkas. We are making products for Joyalukkas and we will not sell to Senco Gold, so monopoly products for them only and as per the region, as per the taste, and as per the showrooms. Some have showrooms in Patna, Bihar, Delhi, and Punjab so we make as per the conversation what are the products are liked by the customer and we convey to the designer. They make the special products and show to them and we keep orders for them only and we keep monopoly for them.
- Vaibhav Shah:** Okay so I just want to understand like how much big design team you have like you are adding 4000 to 5000 designs every month so it will be a lot of efforts so how much design team you have?
- Darshan Chauhan:** We have 30 to 35 designers doing design and helping staff also for them.
- Vaibhav Shah:** 30 to 35 designers so they will be based out of your office in Mulund correct?
- Darshan Chauhan:** Yes.
- Vaibhav Shah:** Okay Sir and just one last question related to if one design you have creating so how much time it will take from designing to get finalized before going through the production?

- Darshan Chauhan:** It takes 15 to 20 days Sir.
- Vaibhav Shah:** 15 to 20 days? 15 days if you design the product, approve it and it will go for the production?
- Darshan Chauhan:** When the design is approved that this should be placed or this should be launched in the market it will take 15 to 20 days but before it is finalized and approved by the director it takes many time changes, many times it is rejected, sketch design may changes in that only that it takes time so 20 to 25 days 30 days to get approved. When it is approved from designing to master and master to market it takes 15 days.
- Vaibhav Shah:** Okay so this 4000 to 5000 design you have mentioned so it is the numbers that are approved?
- Darshan Chauhan:** Yes we have approved.
- Vaibhav Shah:** So in total how many designs will be there that what will be the rejection ratio 4000 to 5000 are approved designs then how much will be the rejection?
- Darshan Chauhan:** May be 20%.
- Vaibhav Shah:** May be 20% so you are saying like you will be around 7000 products every month out of which 4000 to 5000 gets selected?
- Darshan Chauhan:** Yes in this some are monopoly and some are regular designs which we place every month for the corporate. Some are monopoly designs, they are different products yes.
- Vaibhav Shah:** Okay just one more question like these products it will be all correct? I think you mentioned you were doing three categories plain, studded and another is like I think Turkish?
- Darshan Chauhan:** Yes.
- Vaibhav Shah:** So it will be like what will be the largest product in these three?
- Darshan Chauhan:** All have the shares, plain products are the largest, after that studded products, after that Turkey products.
- Vaibhav Shah:** Thank you.
- Moderator:** Thank you. As there are no further questions, I now hand the floor back to Mr. Umesh Mundekar for closing comments. Over to you Sir.



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**Umesh Mundekar:** Thank you everyone for joining the conference call of Sky Gold Limited. If you have any queries you can write to us at [research@kirinadvisor.com](mailto:research@kirinadvisor.com). Once again thank you everyone for joining the conference.

**Moderator:** Thank you. On behalf of Kirin Advisors that concludes this conference. Thank you for joining us. You may now disconnect your lines.