BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 494 | ⮝ 52%

SKY GOLD | Retail - Jewellery | 24 March 2026

High-Growth Jewellery Player with Scaling & Profit Levers

- **Rapid revenue and capacity expansion, driven by strong client additions, industry tailwinds, and scaling exports**
- **Margin expansion supported by premium product mix, exports growth, and operating leverage**
- **Strong growth, margins, scalable business model. Initiate Buy with TP of Rs 494 (20x Mar28 EPS)**

Lavita Lasrado
Research Analyst
research@bobcaps.in

Expanding production capacity and retail partnerships: Sky Gold is India's largest and fastest-growing B2B fine gold jewellery manufacturer, supplying finished jewellery to 35+ marquee retail chains, including PNG Jewellers, Joyalukkas, Malabar Gold, Thangamayil, GRT, Bhima, and Reliance Jewels. Unlike retail jewellery, Sky Gold operates as an asset-light, high-velocity B2B model and does not own a single retail store. It manufactures studded and plain gold jewellery in Mumbai with production capacity of around 631 kg/month (FY26), which was expanded from roughly 270 kg/month (in Q3'24) earlier. Production is entirely on order for leading national and regional chains, capturing both volume-driven throughput gains and a secular upswing in gold realisations. Revenue has compounded at over 50% CAGR over FY22-25, reaching Rs 35.5 bn in FY25, and we forecast a 37% CAGR over FY25-28E to Rs 90.6 bn as volume ramp-up continues.

Product strategy supporting margins: Sky Gold is rapidly increasing its share of 18-kt studded and diamond-set jewellery (from ~2% historically to ~25% currently), which commands a structurally higher per-unit realisation and, critically, better gross margins as the making charges on value-added pieces are proportionally higher. We see that the margin expansion is occurring simultaneously; EBITDA margins have expanded from ~2.6% in FY22 to 5.5% in FY25 and we model 6.5% over FY26-28E, driven by operating leverage, a richer product mix (18-kt share rising from ~2% to ~25%), and disciplined cost management.

Outlook: The company has strengthened its capabilities through the acquisitions of Sparkling Chains Pvt Ltd and Starmangalsutra Pvt Ltd, enhancing product range and manufacturing depth. However, about 30% of revenue comes from its top 3 customers, highlighting strong relationships as also the need for diversification. At the CMP of Rs 324, the stock trades at 18x FY26E earnings — a meaningful discount to fast-growing jewellery retailers, which trade at 25-40x earnings. Our blended TP of Rs 494 (20x Mar28 EPS) implies ~52% upside. We initiate coverage with a BUY rating.

Ticker/Price	SKYGOLD IN/Rs 324
Market cap	US$ 534.3mn
Free float	48%
3M ADV	US$ 3.6mn
52wk high/low	Rs 401/Rs 246
Promoter/FPI/DII	52%/1%/9%

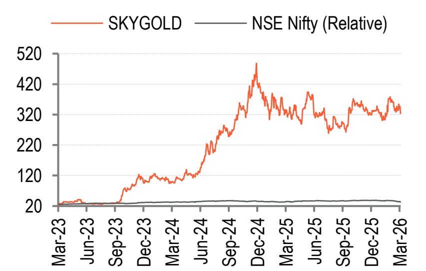
Source: NSE | Price as of 24 Mar 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	35,480	60,603	78,540
EBITDA (Rs mn)	1,964	4,043	4,712
Adj. net profit (Rs mn)	1,327	2,641	3,120
Adj. EPS (Rs)	9.4	18.8	22.2
Consensus EPS (Rs)	9.4	18.0	22.4
Adj. ROAE (%)	28.6	32.4	28.3
Adj. P/E (x)	34.4	17.3	14.6
EV/EBITDA (x)	25.6	12.4	10.7
Adj. EPS growth (%)	169.6	99.1	18.1

Source: Company, Bloomberg, BOBCAPS Research

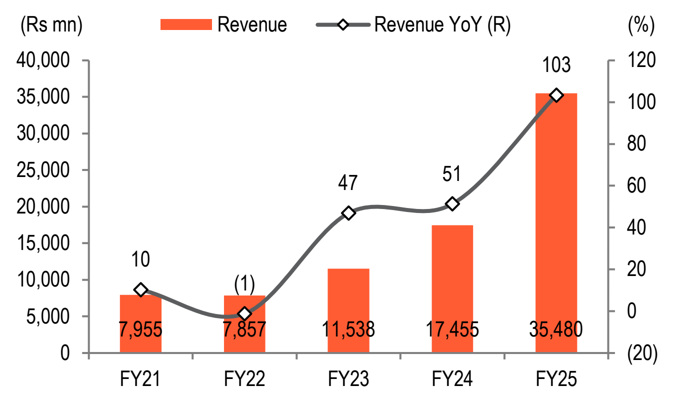
Stock performance



Source: NSE

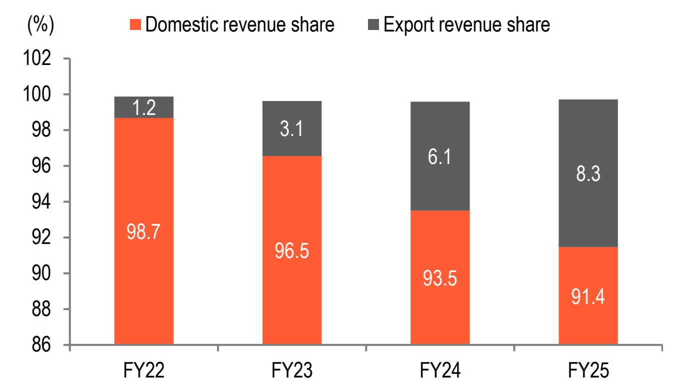
Story in Charts

Fig 1 – Revenue growth accelerates on rising volumes



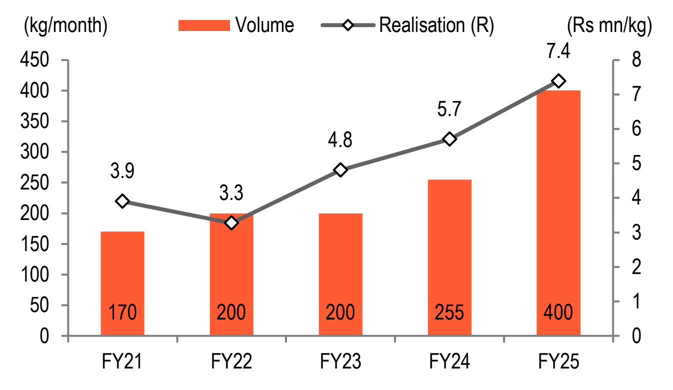
Source: Company, BOBCAPS Research

Fig 2 – Domestic vs Export revenue mix trend



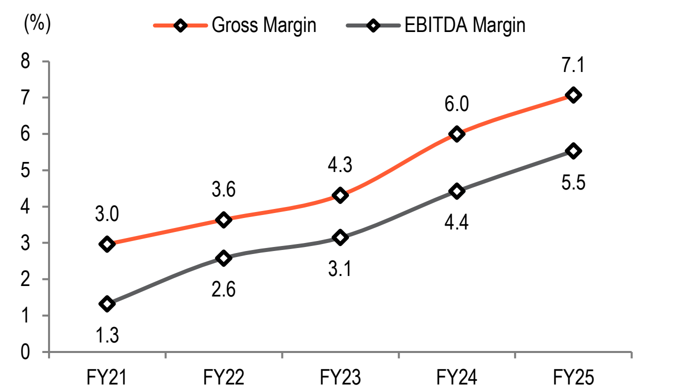
Source: Company, BOBCAPS Research

Fig 3 – Volume and Realisation



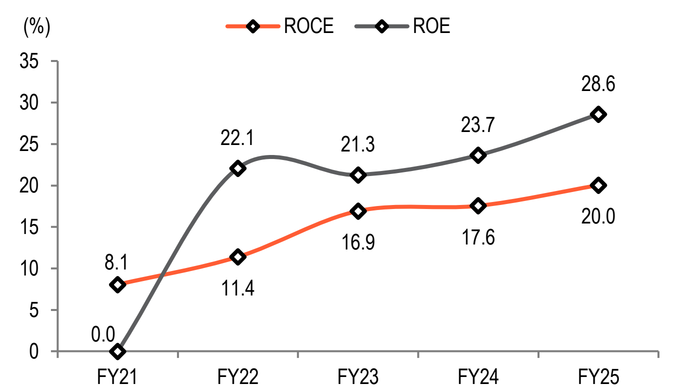
Source: Company, BOBCAPS Research

Fig 4 – Margins expand with operating scale



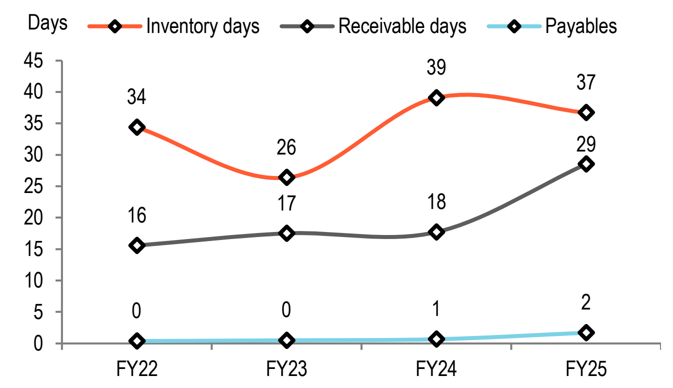
Source: Company, BOBCAPS Research

Fig 5 – Improving return ratios with business scale-up



Source: Company, BOBCAPS Research

Fig 6 – Working capital improving

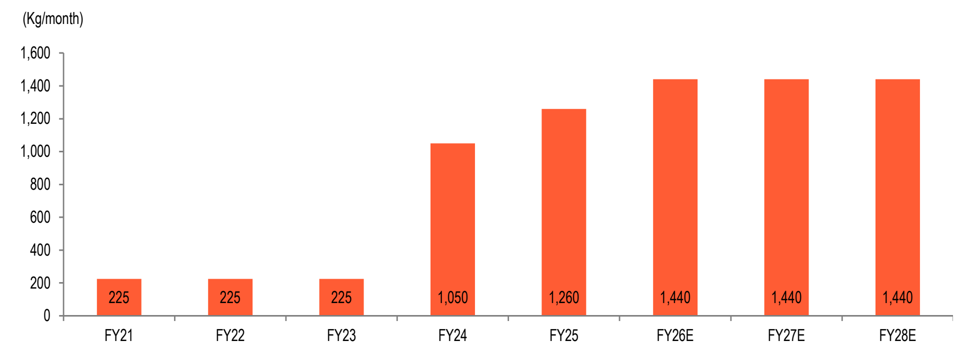


Source: Company, BOBCAPS Research

Evolved from a small-scale manufacturer into a rapidly scaling jewellery producer

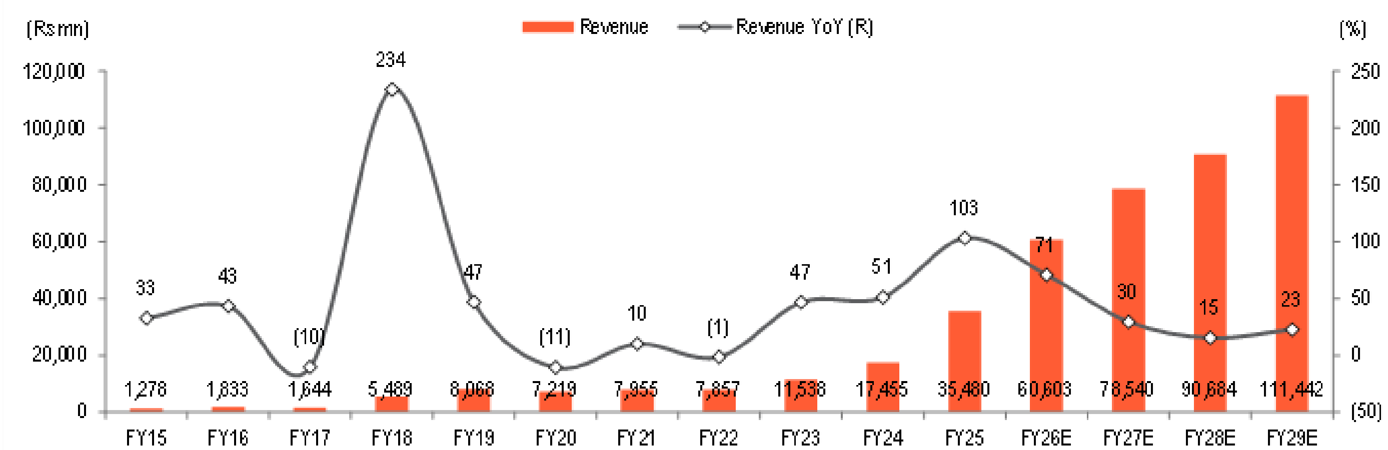
Sky Gold & Diamonds Ltd. operates a state-of-the-art manufacturing facility in Navi Mumbai, which forms the core of its production operations. The current plant spans approximately 1,35,000 sq. ft., equipped with advanced machinery sourced from countries like Germany, Italy, and Turkey, enabling efficient and high-quality jewellery manufacturing. The company significantly expanded its production capabilities after shifting to this new facility in 2023. Its installed manufacturing capacity increased from around 300 kg per month to about 750–800 kg per month, marking a major scale-up in operations. Further enhancements through operational improvements and acquisitions have taken the current effective capacity to around 1,050 kg per month (approximately 14.4 tonnes annually), providing strong headroom for future growth. Looking ahead, Sky Gold had planned a major expansion by acquiring land to build a large-scale manufacturing facility of approximately 5,40,000 sq. ft., with a proposed additional capacity of 4.5 tonnes per month. This would have significantly increased total capacity to over 5 tonnes per month. However, as of 2026, the company has revised its strategy and is moving towards an asset-light expansion model, preferring leased manufacturing facilities instead of developing a single large plant. This approach is aimed at improving capital efficiency while still enabling capacity growth.

Fig 7 – Rapid scale-up in manufacturing capacity



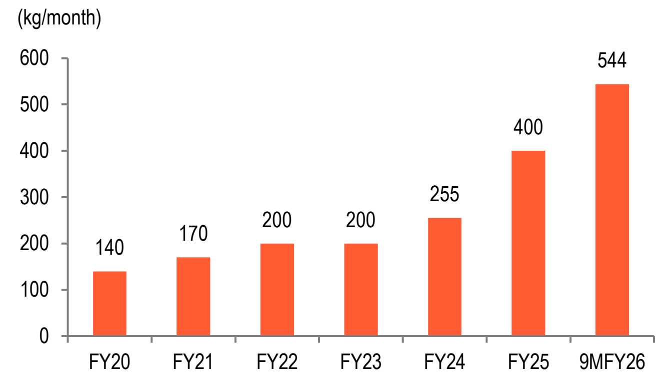
Source: Company, BOBCAPS Research

Fig 8 – Revenue and its growth



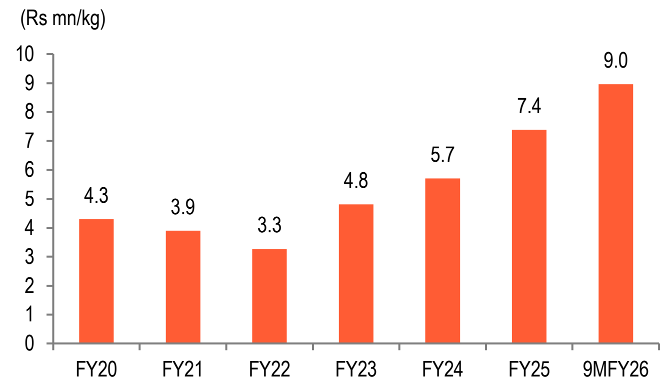
Source: Company, BOBCAPS Researc

Fig 9 – Volume (kg/month)



Source: Company, BOBCAPS Research

Fig 10 – Realisation (Rs mn/kg)



Source: Company, BOBCAPS Research

Volume — primary growth engine

Capacity expanded ~6x since FY23

Volume is the single most important driver of Sky Gold's revenue model, and this is where the company's track record stands out the most. Monthly processed volumes have risen from approximately 170 kg in FY21 to 400 kg in FY25, with quarterly data through Q3FY26 already showing 1,893 kg in Q3 (equivalent to ~631 kg/month). The 135,000 sq ft vashi manufacturing facility carries an installed capacity of 14,400 kg/year (1,200 kg/month), and the current utilisation of only 33-46% through FY25-FY26E provides a very long runway for volume-led growth without material incremental capex. Our model assumes average volumes of 557 kg/month in FY26E (+39% YoY), 698 kg/month in FY27E (+25%), and 789 kg/month in FY28E (+13%), keeping capacity utilisation comfortably below 66% even at FY28E level. The volume CAGR of ~25% that we model over FY25-28E is conservative, relative to the company's own aspiration of becoming net-debt free by FY30 through cash generation — which implies sustained growth well above our estimates.

Fig 11 – Metrics

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Avg Volume (kg/month)	200	255	400	557	698	789.1	907.5
YoY Growth (%)		27.50	56.90	39.30	25.30	13.0	15.0
Realisation (Rs mn/kg)	4.81	5.7	7.39	8.13	8.94	9.56	10.23
YoY Growth (%)	46.80	18.70	29.50	10.0	10.0	7.0	7.0
Capacity (kg/month)	225	1,050	1,200	1,440	1,440	1,440	1,440
Utilisation (%)	~89	~24	33.40	46.40	58.20	65.8	75.6%

Source: Company, BOBCAPS Research

Realisation per kg has risen from Rs 3.27 mn/kg in FY22 to Rs 7.39 mn/kg in FY25; a CAGR of ~31%, driven by two separate but reinforcing forces. First, gold spot prices in India have surged, with domestic gold prices rising from ~Rs 50 lakh/kg in FY22 to Rs 125 lakh/kg currently — a structural tailwind given the pass-through nature of Sky Gold's model. Second (and more durable) is the ongoing product mix shift. Sky Gold is rapidly increasing its share of 18-kt studded and diamond-set jewellery (from ~2% historically to ~25% currently), which commands a structurally higher per-unit realisation and, critically, better gross margins as the making charges on value-added pieces are proportionally higher. We model realisations of Rs 8.1 mn/kg in FY26E, Rs 8.9 mn/kg in FY27E, and Rs 9.6 mn/kg in FY28E, reflecting only a modest YoY gold price assumption and continued mix improvement.

The company is guiding for a 30–35% CAGR in revenues over the medium term, underpinned by multiple growth levers.

We expect the company to deliver 37% revenue CAGR over FY25-28E led by a) Share of wallet expansion with existing clients, driven by deeper engagement and broader product offerings b) Client base diversification through onboarding of large-format and organized jewellery retailers c) Network-led demand growth, supported by store additions by key customers across geographies d) International expansion, enabling access to new markets and incremental export revenues e) Product mix enrichment, particularly scaling up in studded jewellery, which offers higher realizations and margin expansion potential

Evolving Product Mix Towards Lightweight & Value-Added Jewellery

The company mainly manufactures gold casting jewellery, with around 99% of its products made of gold and 1–1.5% studded jewellery. The company is known for producing ultra-lightweight jewellery, which has become more popular as gold prices have increased significantly. Lightweight designs help retailers maintain affordable price points for consumers. Consumer behaviour in jewellery has changed significantly over time. Earlier, purchases were mostly made by older family members, but now younger consumers and online buyers influence jewellery purchases. Additionally, the market is shifting from 22-carat jewellery to lower carat jewellery, due to rising gold prices.

Fig 12 – Sky Gold Carat-mix

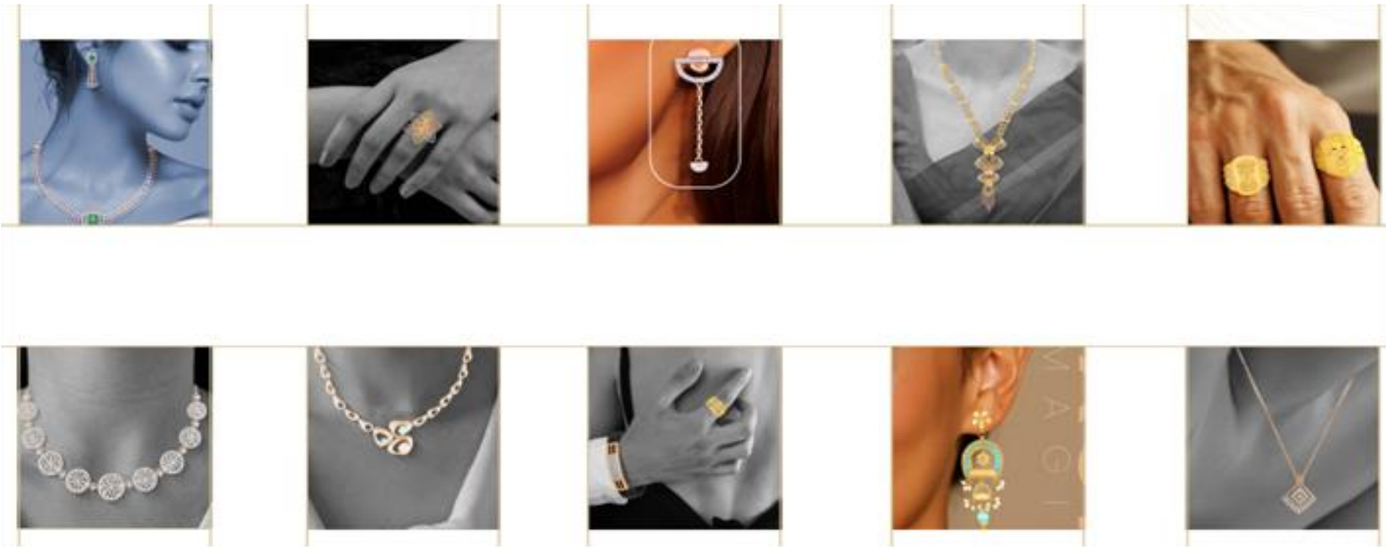
Particulars	Previous ~(before 2023) (%)	Current (%)
22kt	98	75
18kt, 14kt, 9kt	2	25

Source: Company, BOBCAPS Research

Sky Gold & Diamonds is expanding beyond its core 22kt lightweight jewellery into higher value-added segments, including 18kt jewellery, natural diamond jewellery and lab-grown diamonds. These categories cater to evolving consumer preferences and support margin expansion through a higher share of studded and contemporary designs. The company is gradually expanding into diamond jewellery and lab-grown diamonds, although these segments currently contribute a small portion of revenue. Diamond jewellery demand is strongest in rings, lockets, earrings, and bracelets. The company collaborated with Senco Gold & Diamonds to launch 9kt gold jewellery collections, while also establishing Sky Souk Jewellery Trading LLC in Dubai to strengthen its export operations. Lower carat jewellery allows consumers to buy more fashionable designs at lower prices.

EBITDA margins have improved, driven by a better product mix with a higher contribution from studded jewellery, increased design-led premiumisation, and improved operational efficiencies. The company is consciously shifting towards higher value-added products, reducing dependence on plain gold jewellery. Management has indicated that margins are now more sustainable vs earlier volatility, supported by structural changes in the product mix. Going forward, the company remains focused on improving EBITDA margins, enhancing ROCE and ROE, and strengthening cashflow generation. Q3FY26 ebitda margin of 6.9% came from exclusive/monopoly designs, where company had pricing power for a limited period.

Fig 13 – Product Portfolio



Source: Company, BOBCAPS Research

Fig 14 – Co. Sub Brands

Source: Company, BOBCAPS Research

Sky Gold key clients and competitive positioning

Sky Gold's current domestic client roster includes PNG Jewellers, Joyalukkas, Chandukaka Saraf, Bhima, PMJ Jewels, GRT Jewellers, Thangamayil, Kalamandir, Kalyan Jewellers, Reliance Jewels, Indriya, Senco, CaratLane, Malabar and GIVA, among others — 26+ domestic and 13+ international accounts. Top 3 clients represent 25-27% of revenue and the top 5 roughly 30-35%, suggesting a well-diversified book with limited single-client concentration risk. Sky Gold's B2B model creates structural stickiness: manufacturers are vetted for quality, hallmarking compliance, and on-time delivery, making switching costs meaningful for retailers. Sky Gold is currently the largest B2B jewellery manufacturer by volume among listed peers, with FY25 volumes of 4,803 kg significantly ahead of Khazanchi (2,359 kg) and Shanti Gold (~1,485 kg).

Historically, the business has exhibited high customer concentration, with top 5 clients contributing ~45% to 81% of revenues during FY19-FY23, reflecting strong dependence on a limited set of large retail partners. However, this concentration also indicates deep, recurring relationships with established jewellery chains, particularly anchor clients such as Malabar Gold & Diamonds and Joyalukkas, which have consistently featured among the company's largest customers across multiple years.

Internationally, the company serves retailers and distributors such as Damas Jewellery, Mustafa Jewellery and other Middle East and Southeast Asian jewellery retailers.

Fig 15 – Leading Jewellery Retailers in Client Portfolio

Source: Sky Gold Investor Presentation, Company, BOBCAPS Research

Fig 16 – Client base expansion timeline

Period	Key Client Additions
FY19–21	Malabar Gold & Diamonds, Joyalukkas, NJ, S.R. Gold
FY22–23	Expansion with organised retail chains across South India
FY24	Khazana Jewellery, Jos Alukkas, P.C. Chandra Jewellers
Q2FY25	PNG Jewellers, Sree Kumaran Thangamaligai
Q4FY25	GIVA, Reliance Jewels, C. Krishniah Chetty, Kalamandir, Indriya
Q3FY26	DAMAS UAE, KANZ UAE

Source: Company, BOBCAPS Research

Fig 17 – Top client concentration contribution

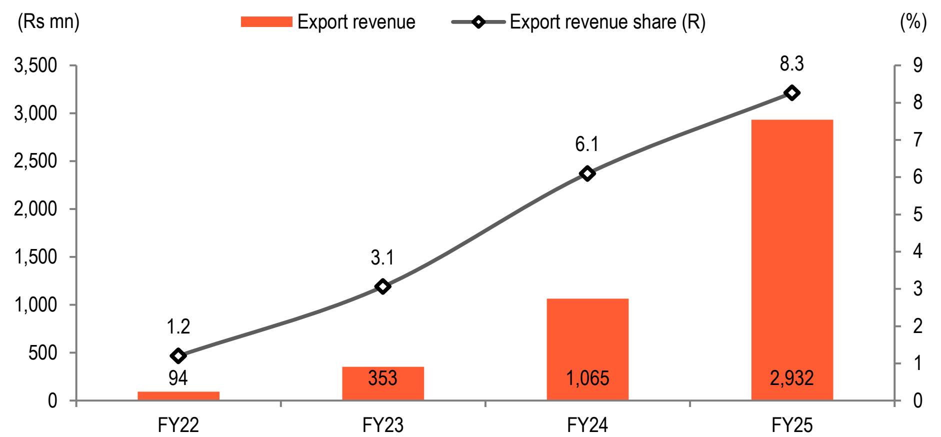
Year	Top 5 Revenue Contribution (%)
FY19	45.1
FY20	62.2
FY21	56.7
FY22	81.3
FY23	72.0
FY24	50.0
FY25	35.0

Source: Company, BOBCAPS Research

Client concentration: Exposure from corporate clients/distribution channel (wholesalers) stands ~65%/~35%. Top 5 clients account for ~35% of revenue in FY25. The company has set-up sales offices in Kerala and Telangana to offer better service in South India. It is on the cusp of enlisting one of India's top gold retailers as its customer, which can boost volumes in the near term. It is also in talks with other big corporate houses.

Exports emerging as growth lever: Sky Gold has gradually expanded presence in international markets (8.3% contribution as of FY25), particularly across the Middle East and Southeast Asia. The establishment of a Dubai office is expected to support export growth and strengthen relationships with international jewellery retailers. Current client portfolio spans multiple large jewellery chains across India, the Middle East and Southeast Asia, positioning the company to benefit from the increasing formalisation and scaling of organised jewellery retail. The Middle East is considered an important market for expansion, and in future, the company may explore the US and UK markets.

Fig 18 – Export contribution



Source: Company, BOBCAPS Research

Strategic acquisitions

Sky Gold had acquired several businesses, including chain and mangalsutra manufacturing companies, which were originally promoter-owned. These acquisitions were made to expand the product portfolio and strengthen relationships with large corporate clients and to expand product portfolio, enhance manufacturing capabilities and strengthen its position as a diversified B2B jewellery manufacturer. The company has acquired specialised manufacturers across key jewellery categories such as mangalsutras, chains and bangles, enabling it to broaden product offerings and increase its share of wallet with organised jewellery retailers. These acquisitions also improve operational scale and working capital efficiency, particularly through the adoption of advance gold models in certain segments. Sky Gold is progressing with the acquisition of Ganna N Gold, enabling entry into the machine-made and handcrafted bangle segment. The business operates under a 100% advance gold model, supporting improved working capital efficiency

Fig 19 – Sky Gold's

Acquisition	Year	Stake (%)	Segment	Deal Value (Rs mn)	Revenue (Rs mn FY25)	EBITDA (Rs mn FY25)	Key Rationale	Strategic Impact
Star Mangalsutra Pvt. Ltd.	2024	100%	Mangalsutra jewellery	240	3,146	NA	Entry into bridal jewellery category	Expands product portfolio and strengthens presence in traditional jewellery
Sparkling Chains Pvt. Ltd.	2024	100%	Gold chains	260	3,129	NA	Entry into high-volume everyday jewellery	Improves product breadth and supply capability for retailers
Ganna N Gold / Speed Bangle Pvt. Ltd.	FY26	100%	Italian bangles	2,250	850	NA	Entry into specialised bangle manufacturing	Adds ~150 kg monthly capacity and improves margins through advance gold model
Shri Rishab Gold	2025	51%	Jewellery manufacturing	Not disclosed	489	39	Expand manufacturing ecosystem	Enhances manufacturing capabilities and customer base

Source: Company, BOBCAPS Research

Fig 20 – Sky Gold is present in 75% of total categories in Jewellery business post the Ganna N Gold Pvt Ltd acquisition

Sr no	Name of the Company	Business of the Company	Total Product Market Share in %
1	Sky Gold and Diamonds ltd	All types of Casting Jewellery, 3Dprinted Jewellery, Stamping and Laser Cutting Jewellery	30
2	Starmangalsutra Pvt ltd	All types of Mangalsutra Jewellery	10
3	Sparkling Chains pvt ltd	All types of Chain Jewellery	20
4	Ganna N Gold pvt ltd	All types of Bangles Jewellery	15

Source: Company, BOBCAPS Research

Strategic Insights

- Product diversification: Acquisitions expand Sky Gold's presence across key jewellery categories including mangalsutras, chains and bangles.
- Higher share of wallet: Broader product offerings enable deeper engagement with large, organised jewellery retailers.
- Manufacturing scale expansion: Integration of specialised manufacturers strengthens production capacity and operational capabilities.

Integrated manufacturing and design capabilities

Sky Gold & Diamonds is a technology-driven B2B jewellery manufacturer specialising in lightweight gold and diamond jewellery produced primarily through casting processes. The company operates an integrated ~1,35,000 sq. ft manufacturing facility in Navi

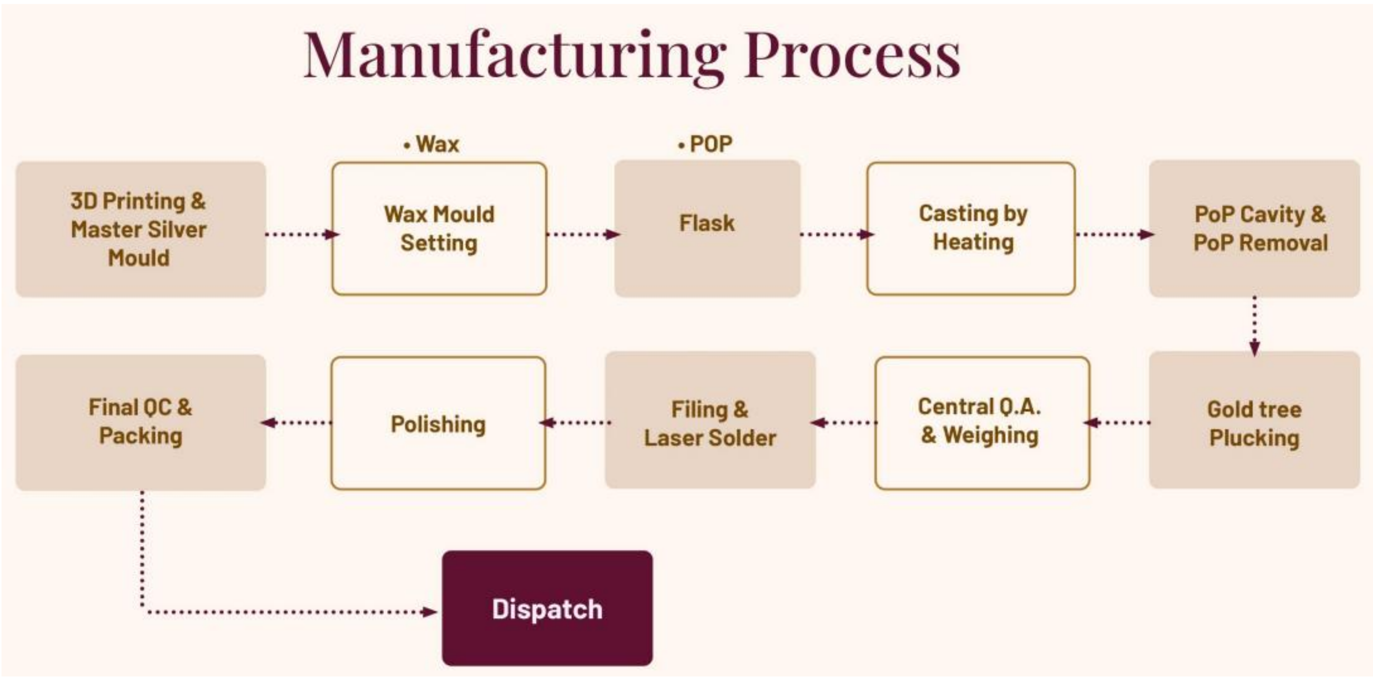
Mumbai with an installed capacity of ~14.4 tonnes per year, supported by a workforce of ~1,500 employees including ~110 designers. Over time, the company has expanded its manufacturing footprint, including the addition of a new ~81,000 sq. ft. facility in 2023, enabling it to scale production in line with rising demand from large domestic and international retailers. The company shifted to a new manufacturing facility in 2023 and currently operates at around 50–53% capacity utilisation. The company plans to increase utilisation to around 90% by FY28, before adding another facility. The industry is not highly capital-intensive, but scaling requires investment in machinery, skilled labour, and working capital.

Large Design Library Enables Rapid Product Development

Design is the key competitive advantage in the jewellery manufacturing industry. The company has a team of about 150 designers and develops ~2,000 new designs every month. Designers study international trends, Indian customer preferences, and regional tastes to develop products suited for different markets. Different regions in India prefer different jewellery styles, so having multiple manufacturers helps retailers offer greater variety in designs. The company's design ecosystem includes over 9 lakh designs in its catalogue, supported by an in-house design and R&D team that tracks global fashion trends and regional consumer preferences. Manufacturing is supported by advanced technologies such as 3D printing machines sourced from Germany, Italy and the United States, enabling precision prototyping and efficient product development.

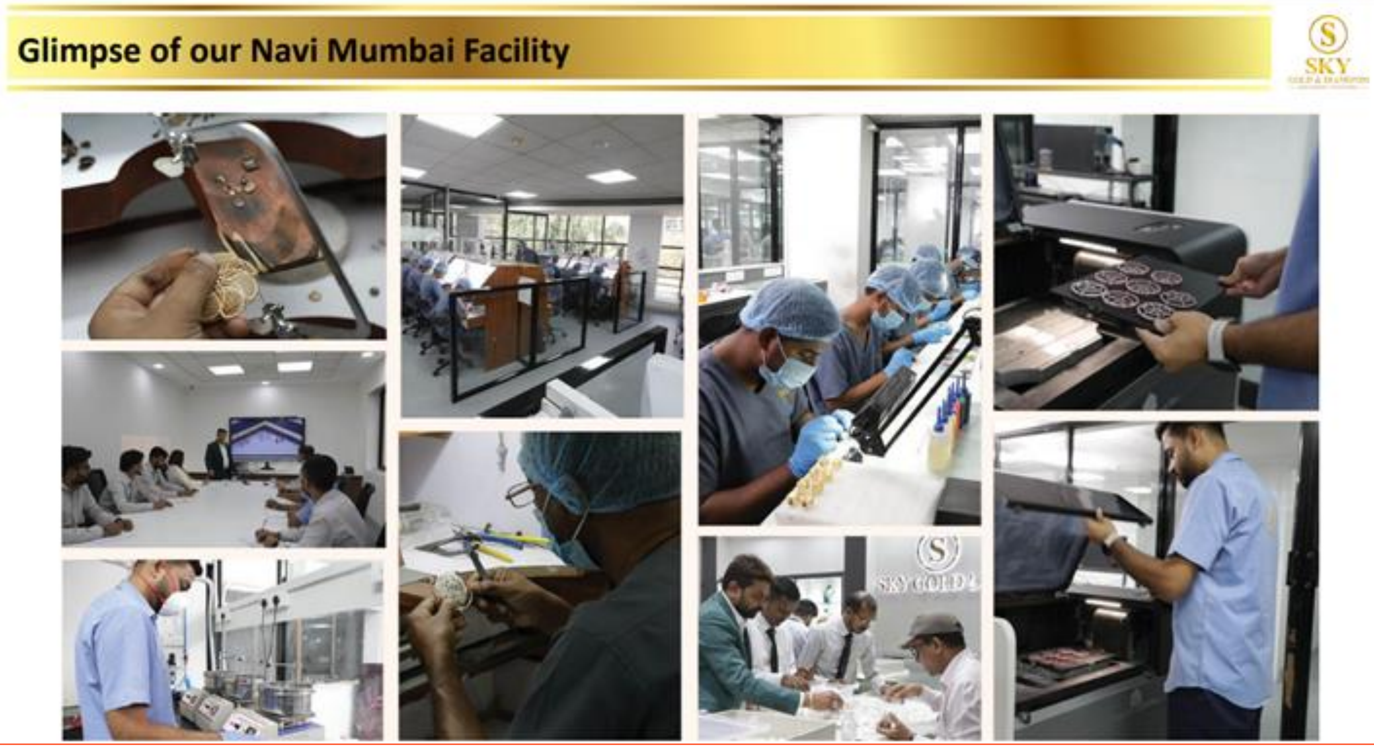
Operationally, Sky Gold follows an integrated process spanning design development, prototyping, casting, finishing and quality control, allowing it to deliver customised jewellery with an industry-leading design-to-product turnaround time of ~7–20 days. Going forward, the company plans to expand production capabilities, diversify product categories and strengthen export presence, supported by its growing manufacturing scale and technology-led processes.

Fig 21 – End-to-end jewellery manufacturing workflow



Source: Sky Gold Investor Presentation, BOBCAPS Research

Fig 22 – Manufacturing Capacity of Navi Mumbai



Source: Company, BOBCAPS Research

Order process

Manufacturing process typically follows these steps:

1. The company shows design sketches to customers.
2. Customers select designs and samples are produced.
3. Once approved, the company receives bulk orders.
4. Manufacturing takes about 25–27 days.
5. Customers usually receive 30–32 days of credit.

The company hedges gold prices on MCX once the order is received to guard against gold price volatility.

Focus on working capital efficiency through advance gold model

The company is gradually shifting towards Advanced Gold Model, where customers supply gold and the company only charges making charges for manufacturing. This model significantly improves working capital efficiency because the company does not need to invest in gold inventory. Currently, around 7% of business operates under this model, and the company aims to increase it to around 30% by 2030. In the advanced gold segment, job work is booked directly in top line with limited costs, which optically results in higher margins.

The business is working capital intensive due to the need to maintain gold inventory for order fulfilment, with gold sourced through bank limits and Gold Metal Loans (GML), while production remains largely order-driven, reducing inventory risk but still requiring consistent gold availability. Production is largely order-driven, reducing inventory risk but requires gold availability. Sky Gold's working capital cycle during FY22-25 has been primarily driven by movements in inventory and receivables, while payable days remain minimal, given the nature of the jewellery manufacturing business where gold purchases typically require upfront payments. Over this period, inventory days have remained relatively stable in the range of 25-37 days, reflecting efficient inventory turnover despite fluctuations driven by production and order cycles.

Fig 23 – Working Capital cycle trend improving

Particulars	FY22	FY23	FY24	FY25
Inventory days	35	25	37	34
Receivable days	20	17	18	29
Payables	1	0	1	2
Working Capital Days	54	42	54	61

Source: Company, BOBCAPS Research

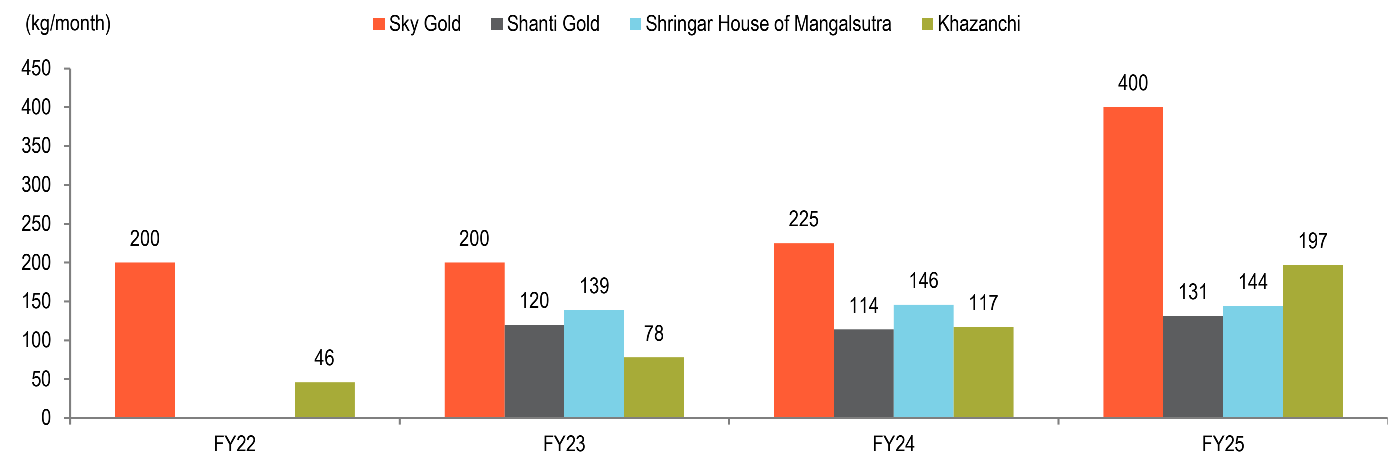
Strengthening leadership and governance framework

The company appointed Siddharth Sipani as Group Finance Head and Mr. Shivkumar as South Sales Head, strengthening financial management and expanding sales capabilities across key markets.

Sky Gold gaining ground among peers

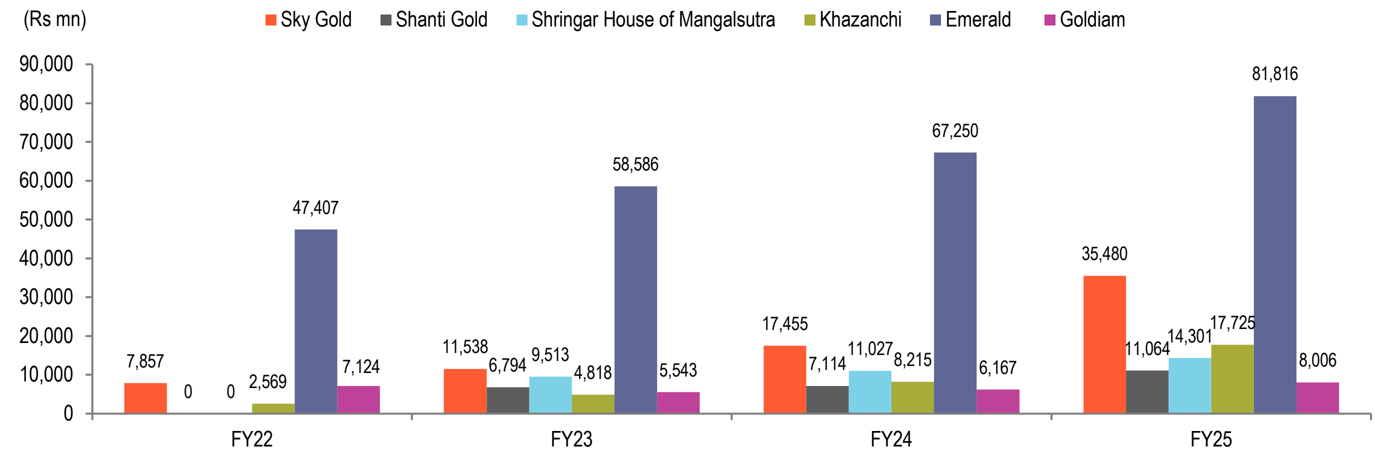
Compared to peers, Sky Gold has delivered stronger growth momentum, albeit from a lower base. While larger players such as Emerald operate at a significantly higher scale (Rs81.8 bn in FY25), peers such as Shanti Gold (Rs11.1 bn), Shringar House of Mangalsutra (Rs14.3 bn) and Khazanchi (Rs17.7 bn) remain smaller in size. This highlights Sky Gold's rapid scale-up and increasing share of business with organised jewellery retailers.

Fig 24 – Volume of peers



Source: Company, BOBCAPS Research

Fig 25 – Revenue of Peers



Source: Company, BOBCAPS Research

Fig 26 – Comparison among peers

FY25	Sky Gold	Renaissance Global	Ashapuri Gold Ornament	Shringar House of Mangalsutra	Goldiam
Market Capitalisation	47,171	13,249	2,020	19,720	40,096
Revenue, Adj	29,249	14,676	3,172	14,298	7,810
YoY	68	6	92	30	30
EBITDA, Adj	1,505	980	170	923	1,596
Margin %	5	7	5	6	20
Net Income, Adj	993	268	120	611	1,213
Margin %	3	2	4	4	16
EPS, Adj	7	3	0	—	11
Cash from Operations	(1,385)	(324)	(360)	(149)	(122)
Capital Expenditures	(123)	(90)	(6)	(28)	(75)
Free Cash Flow	(1,508)	(414)	(366)	(177)	(197)
Enterprise Value	50,893	15,794	2,020	20,920	37,579
P/E	33.8	16.1	15.9	—	34.2

Source: Bloomberg, Company, BOBCAPS Research

Fig 27 – Peer Comparison (Retail)

Particulars	Mcap (bn)	Sales (FY25 mn)-	EBITDA Margin (FY25) (%)	Sales CAGR (FY25-FY28E) (%)	EBITDA CAGR (FY25-FY28E) (%)	EV/EBITDA (x)			ROE (%)	PE (x)		
						FY26E	FY27E	FY28E	(FY25)	FY26E	FY27E	FY28E
Titan	3,614	604,560	9.4	17	26	44.7	38.7	32.8	28.7	70	61	49
Kalyan Jewellers	389	250,451	6.1	25	33	18.1	13.8	11.8	14.9	32	23	19
P N Gadgil Jewellers	75	75,860	4.4	23	29	13.4	12.4	10.5	14.0	21	19	16
Thangamayil Jewellery	106	49,106	4.5	29	48	23.9	19.8	17.0	14.9	39	31	26
Senco Gold	49	63,281	5.8	17	24	7.9	12.1	9.9	8.1	11	17	13
Bluestone Jewellery & Lifestyle	80	17,700	4.2	31	103	25.0	19.5	14.5	NA	NA	NA	87

Source: Company, BOBCAPS Research

Fig 28 – Peer Comparison (Manufacturing)

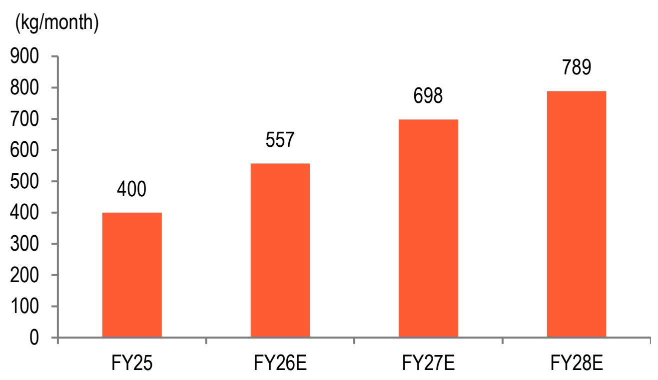
Particulars (FY25)	Mcap (bn)	Sales (in mn)	EBITDA Margin (%)	Sales CAGR (FY22-FY25E) (%)	EBITDA CAGR (FY22-FY25E) (%)	EV/EBITDA (TTM)	PE (TTM)
Sky gold	50.16	35,480	6.0	113	99	19.23	21.9
Goldiam	33.3	7,810	20.4	4.0	7.0	15.78	20.6
Shrinagar house of mangalsutra	19.0	14,298	5.4	21	45	NA	18.3
Renaissance Global	10.8	14,676	5.4	(1.10)	20	8.27	11.0
Ashapuri	1.3	3,172	5.4	25	49	5.59	7.05

Source: Company, BOBCAPS Research

Financial Assumptions

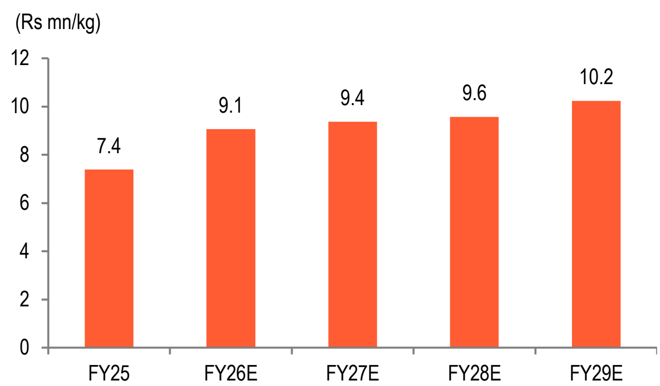
We model realisations of Rs 9.1 mn/kg in FY26E, Rs 9.4 mn/kg in FY27E, and Rs 9.6 mn/kg in FY28E, reflecting only a modest YoY gold price assumption and continued mix improvement.

Fig 29 – Volumes



Source: Company, BOBCAPS Research

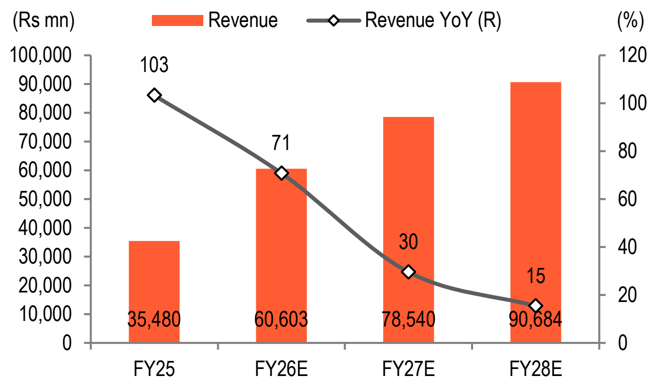
Fig 30 – Realisation



Source: Company, BOBCAPS Research

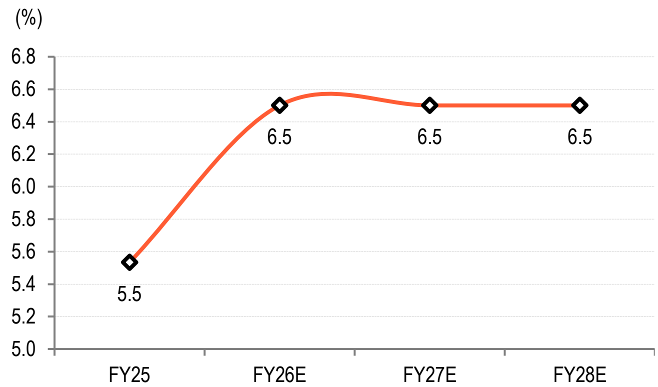
We expect Revenue/EBIDTA/PAT to grow at a CAGR of around 37%/42%/42% over FY25E-28E, led by strong capacity expansion, increasing wallet share with key clients.

Fig 31 – Revenue CAGR of 37% over FY25-28E



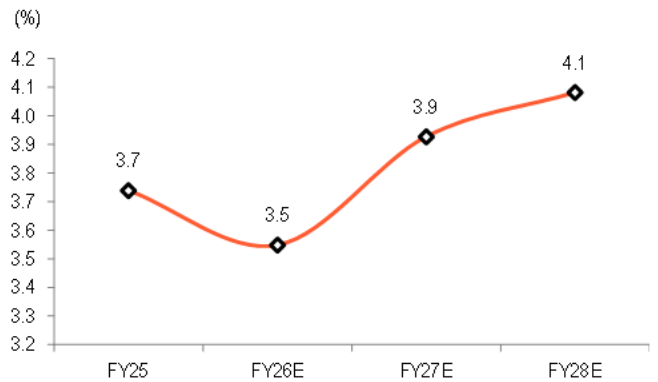
Source: Company, BOBCAPS Research

Fig 32 – EBITDA margin inflection underway



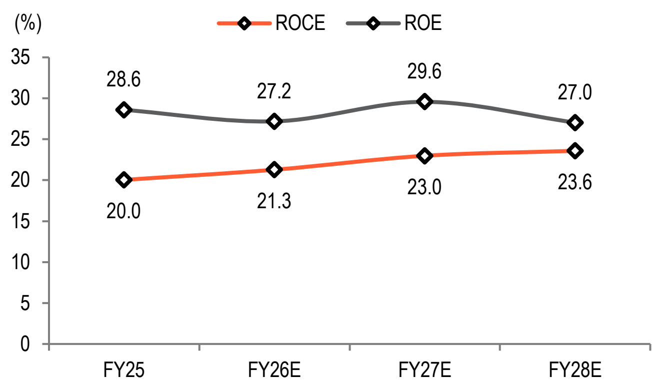
Source: Company, BOBCAPS Research

Fig 33 – PAT Margins



Source: Company, BOBCAPS Research

Fig 34 – ROE & ROCE



Source: Company, BOBCAPS Research

Valuation

We initiate coverage with a Buy rating valuing the stock on a P/E basis, at 20x Mar28E EPS of Rs 24.72, we arrive at Rs 494/share. At the current price, the stock trades at 18x FY26E P/E and 13x FY26E EV/EBITDA. This compares retail peers like Titan at 60x P/E and Kalyan Jewellers at 40x+ — a significant valuation gap that we believe should narrow as Sky Gold's earnings profile continues to improve and institutional discovery deepens. The key risk to our thesis is a sharp correction in gold prices (which could hurt realisations) or a slowdown in retailer expansion capex. We would revisit our estimates if working capital days deteriorate beyond 75 days.

Risks

- **Gold price volatility**
  Gold price volatility is the most direct risk: a sustained decline in domestic gold prices would compress realisations and working capital values simultaneously.

- **Client concentration**
  The business is also exposed to customer concentration risk (top 5 = ~30-35% of revenue) and relies on continuous Gold Metal Loan availability at competitive rates.

- **Dependence on skilled labour and design capabilities**
  Jewellery manufacturing requires specialised craftsmanship and design expertise. Any disruption in availability of skilled artisans or inability to keep pace with changing consumer preferences and design trends may impact product competitiveness.

- **Low-margin nature of business**
  Margin guidance is predicated on the 18-kt mix expansion continuing at pace; any reversal in consumer preference toward simpler 22-kt plain jewellery could limit the upside.

Industry highlights

Large and structurally growing market: The Indian domestic jewellery market is expected to expand from USD 48 bn in 2018 to USD 145 bn by 2028, implying a 10-year CAGR of ~11.7%. Following pandemic disruptions, the market recovered sharply, growing from USD 43 bn in 2021 to an estimated USD 145 bn by 2028 (~19% CAGR). Growth is expected to remain robust in the medium term, with the market projected to increase from USD 84 bn in 2024 to USD 145 bn by 2028 (~14.6% CAGR).

Jewellery Market by Usage: Demand remains heavily skewed toward wedding-led consumption, with bridal jewellery accounting for ~55% of market demand in FY24, expected to increase marginally to ~57% by FY28. Daily wear jewellery contributes ~35% of demand (FY24), while fashion jewellery accounts for ~10%, reflecting gradual consumer shift toward design-led products.

Organised retail gaining share: The Indian jewellery market is large and consists of both organized and unorganized segments. The organized jewellery market is approximately Rs5.5 lakh crore, while the unorganized segment is about Rs9 lakh crore. The organized segment has been growing rapidly due to factors such as GST, demonetization, increased digital payments, and stricter KYC requirements for purchases above Rs2 lakh, which have shifted business from unorganized to organized players. The industry is also witnessing increasing formalisation. The organised segment's share has increased from ~10% in FY21 to ~38% in FY24 and is projected to reach ~43% by FY28, indicating continued market share gains for organised players.

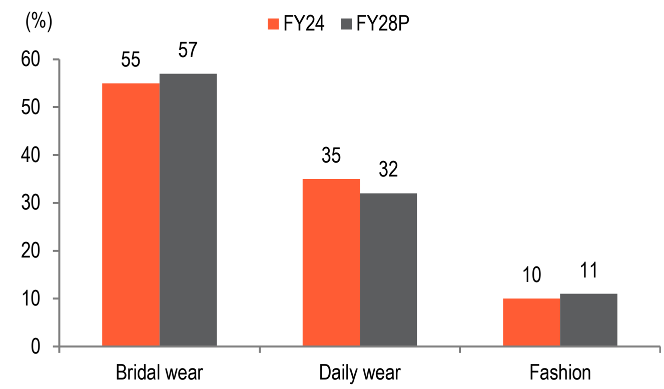
Industry Value Chain and Sky Gold's Position: The jewellery industry operates through a multi-stage value chain comprising bullion sourcing/import, refining, jewellery manufacturing, and retail distribution. India relies heavily on imported gold due to limited domestic mining. Imported bullion is refined and supplied to manufacturers, who convert it into finished jewellery through processes such as casting, CAD/CAM design, stone setting, polishing, and finishing. The final products are distributed through wholesalers and organised jewellery retailers before reaching end consumers.

Within this structure, manufacturers play a central role, transforming bullion into finished jewellery while managing design, production efficiency, and inventory economics.

Sky Gold operates in the manufacturing segment of the value chain, focusing on the design and production of lightweight gold jewellery for jewellery retailers, wholesalers, and distributors. The company follows a B2B business model, supplying jewellery that ultimately reaches consumers through retail partners. Operating from a ~130,000 sq ft manufacturing facility with capacity of ~1,050 kg/month, Sky Gold combines design capabilities and tech-driven manufacturing to supply products that are available across q2,000+ showrooms in India and 500+ outlets globally, positioning it as a manufacturing partner for organised jewellery retailers.

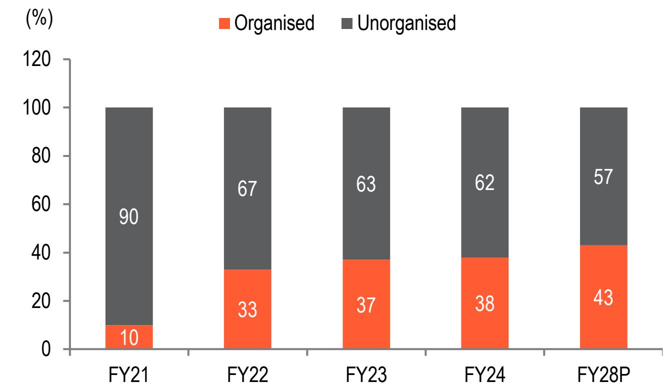
Large jewellery retailers follow a hybrid manufacturing model, combining in-house production with outsourced manufacturing from specialised contract manufacturers. The extent of outsourcing varies significantly across companies, creating opportunities for organised B2B manufacturers such as Sky Gold.

Fig 35 – Breakup of Jewellery market by usage (value)



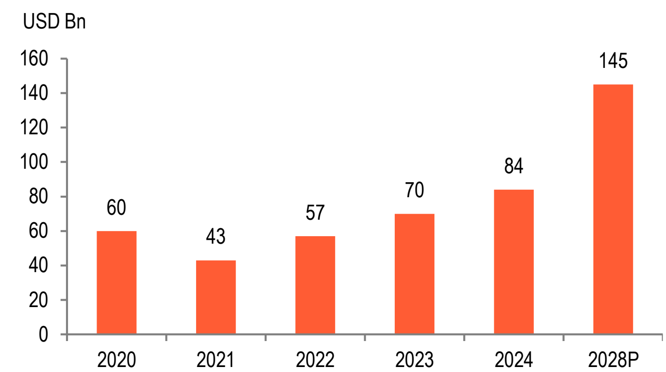
Source: Sky Gold RHP, Company, BOBCAPS Research

Fig 36 – Indian Organised market share is projected to grow 3% market share by FY28P



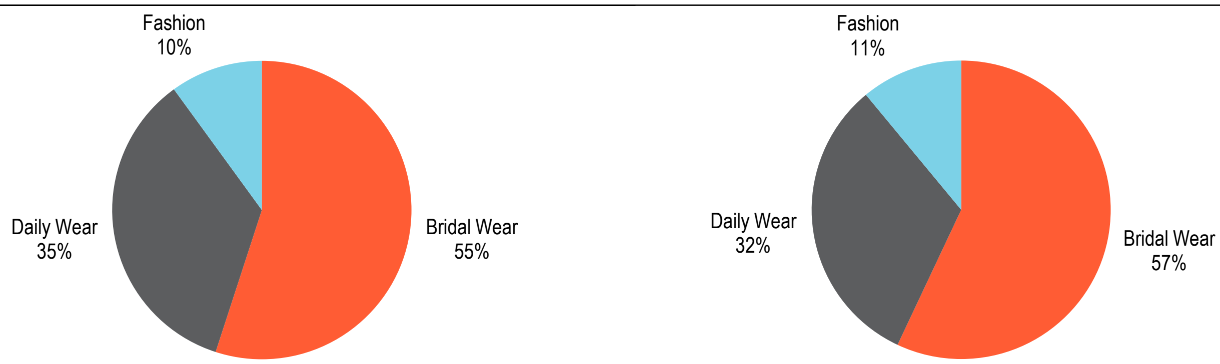
Source: Sky Gold RHP, Company, BOBCAPS Research

Fig 37 – India Domestic Jewellery Market size (USD bn)



Source: Company, BOBCAPS Research

Fig 38 – Breakup of Jewellery Market by Usage-By value



Source: Company, BOBCAPS Research

About Sky Gold

Sky Gold & Diamonds Ltd. is a design-led, B2B gold jewellery manufacturer focused on lightweight, casting-based jewellery studded with American diamonds and coloured stones catering primarily to large organised retail chains in India and overseas. Established in 2005 and incorporated as a private limited company in 2008, the company has positioned itself as a scalable manufacturing partner to marquee jewellery retailers. Over time, it has built capabilities across design, merchandising and technology-driven production, supported by a manufacturing footprint of ~1,35,000 sq. ft. and an annual capacity of ~14.4 tonnes. The company specialises in lightweight and value-added jewellery, with increasing focus on studded and differentiated designs. Its product portfolio is distributed across ~2,000 retail outlets in India and 500+ outlets globally through relationships with leading domestic and international jewellery chains. The Company's product portfolio includes Finger Rings, Earrings, Pendants, Fancy Pendant sets, Double Hook Pendants, Bracelets, Necklaces, and Bangles etc. These studded jewelleries are extremely popular as the American Diamonds and coloured stones are much cheaper than solitaire and precious / semi-precious gems

Sky Gold operates multiple in-house sub-brands and has strengthened its export presence through the establishment of a Dubai office, positioning itself as a "Make in Bharat for the World" manufacturing platform.

Historical Background

Sky Gold began operations in 2005 as a partnership firm with a focus on manufacturing gold jewellery for corporate retail clients. In 2008, the business transitioned into a private limited structure, marking the formalisation of its operations and enabling capacity expansion in casting-based jewellery manufacturing.

A significant inflection point came in 2018 when the company listed on the BSE SME platform, crossing the Rs 5 bn revenue milestone. This phase marked its initial access to public capital markets and laid the groundwork for scale expansion. In subsequent years, Sky Gold migrated to the Main Boards of NSE and BSE, signalling a shift toward institutional participation and governance strengthening.

From FY23 onwards, the company entered a high-growth phase. Revenue expanded from Rs 11.5 bn in FY23 to Rs 35.5 bn in FY25, accompanied by margin expansion driven by scale benefits, increased value-added product mix and operational efficiencies. During this period, the company raised capital through preferential allotment and a Rs 2.7 bn QIP, completed strategic acquisitions including Star Mangalsutra, Sparkling Chains, Speed Bangle Pvt. Ltd., and acquired a 51% partnership interest in Shri Rishab Gold. These steps expanded its product depth and manufacturing capabilities.

More recently, Sky Gold has initiated its "Sky Gold 3.0" phase, focusing on export expansion, the advance gold model, improved working capital efficiency, and margin accretion. Management has guided toward further scale expansion and structural improvement in profitability metrics over the medium term.

The increasing formalisation of the jewellery industry, along with a gradual shift by large retailers towards outsourced manufacturing, has created a significant opportunity for organised B2B manufacturers. As retailers focus on brand, expansion, distribution and customer experience, manufacturing is increasingly being outsourced to specialised players with design capabilities and scalable production infrastructure.

Fig 39 – The Sky Gold Journey

Year	Event
2005	Incorporated as a partnership firm focused on B2B gold jewellery manufacturing.
2008	Converted into a Private Limited Company; scaled casting-based lightweight jewellery manufacturing model.
2018	Listed on BSE SME platform; revenue crossed ~Rs 5 bn milestone, marking first access to public capital markets.
2023	Migrated to Main Boards of NSE & BSE. Commissioned new 81,000 sq ft manufacturing facility to support capacity expansion. Fund raise from UHNI & warrants issuance to promoters of Rs 1.28 bn.
2024	Completed Rs 2.7 bn QIP; 9:1 bonus issue. Acquired Star Mangalsutra & Sparkling Chains for Rs 0.24bn and 0.26 bn, respectively, expanding product portfolio and customer reach.
2025	Acquired Speed Bangle Pvt Ltd (entry into lightweight bangles segment). Acquired 51% stake in Shri Rishab Gold, strengthening manufacturing depth and client base. Revenue surged to Rs 35.5 bn (+103% YoY); EBITDA Rs 1.96 bn (margin 5.5%); PAT Rs 1.33 bn (margin 3.7%). Operating leverage became visible at scale.
2026	Inaugurated Dubai office to expand Middle East presence; onboarded key international customers including DAMAS UAE and KANZ UAE.
FY30E (Guidance)	Revenue guided at Rs 180–190 bn; PAT margin ~5.25%+, implying PAT potential of ~Rs 9.5–10.0 bn; ROCE guided at 27%+. Strategic focus on advance gold model, exports mix and value-added jewellery.

Source: Company, BOBCAPS Research

Fig 40 – Quarterly Results

INR mn	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Volume (kg/month)	300	349	345	447	460	456	544
Realisation (Rs mn/kg)	5.70	6.91	7.43	7.44	7.67	8.27	9.10
Total Revenues	7,230	7,688	9,980	10,582	11,312	14,845	17,677
% growth				106.1	56.5	93.1	77.1
COGS	(67)	(47)	(1,154)	308	(1,417)	1,625	(81)
as % of sales	(0.9)	(0.6)	(11.6)	2.9	(12.5)	10.9	(0.5)
Gross Profit	459	500	729	821	903	1,213	1,508
Gross Margin (%)	6.4	6.5	7.3	7.8	8.0	8.2	8.5
Employee costs	48	62	80	104	120	131	152
as % of sales	0.7	0.8	0.8	1.0	1.1	0.9	0.9
Other expenses	39	50	76	87	69	83	132
as % of sales	0.5	0.7	0.8	0.8	0.6	0.6	0.7
Total Expense	6,858	7,301	9,407	9,951	10,599	13,846	16,453
EBITDA	373	388	573	630	714	999	1,224
Margin	5.2	5.0	5.7	6.0	6.3	6.7	6.9
Depreciation	21	22	29	36	36	24	25
Interest	80	101	122	140	133	176	212
Other income/expense (net)	12	197	71	48	43	80	74
PBT	285	462	494	502	589	879	1,061
Tax	72	95	128	120	153	209	256
PAT	212	367	365	382	436	670	805
% growth				110.6	105.3	82.5	120.4
as % of sales	3	5	4	4	4	5	5

Source: Company, BOBCAPS Research

Fig 41 – Institutional Shareholding

Particulars	% Share
Motilal Oswal Asset management co ltd	4.54
ACRON CONSULTANTS LLP	2.73
Bandhan Mutual Fund	2.52
Bank of India Investment Managers Pvt Ltd	1.74
Kotak Mahindra Life Insurance Co Ltd	1.7
Navi AMC	0.16

Source: Company, BOBCAPS Research

Fig 42 – Management Team and Board Composition

Sky Gold - Board of Directors		
Name	**Designation**	**Description**
Mr. Mangesh Chauhan	Managing Director & Chief Financial Officer	Founding member with 15+ years of experience in the Gems & Jewellery industry. He began his career in the local jewellery shops at Zaveri Bazar, Mumbai. Co-founded partnership firm "M/s. Sky Gold" in 2005 before incorporation of Sky Gold Pvt. Ltd. in 2008. Heads finance and is involved in marketing; responsible for the overall strategy, growth and execution.
Mr. Mahendra Chauhan	Whole-Time Director	Founding member with 15+ years of industry experience. Co-founded M/s. Sky Gold in 2005. Oversees manufacturing operations and production processes. Responsible for technology adoption and operational efficiency in gold jewellery manufacturing.
Mr. Darshan Chauhan	Whole-Time Director	B.Com graduate with 12+ years of experience in Gems & Jewellery. Former partner in M/s. Sky Gold. Handles product conceptualisation, design development, styling, pricing and business development. Also oversees plant & machinery operations.
Mr. Dilip Gosar	Independent & Non-Executive Director	Fellow Member of the Institute of Chartered Accountants of India, he brings in financial, accounting and governance expertise to the Board.
Mrs. Maitri Patel	Independent & Non-Executive Director	Independent director on the Board (as disclosed in RHP), he brings external oversight and governance perspective.
Mr. Loukik Tipnis	Independent & Non-Executive Director	Independent director and Chairman of the Stakeholders Relationship Committee, he provides governance oversight and regulatory compliance supervision.
Sky Gold - Key Managerial Personnel (KMP)		
Mr. Mangesh Chauhan	Chief Financial Officer	15+ years of experience in the Jewellery sector; heads finance function. Promoter of the Company.
Ms. Disha Shenoy	Company Secretary & Compliance Officer	B.Com, LL.B., Company Secretary. Responsible for corporate compliance, secretarial functions and regulatory coordination.
Mr. Surendra Saini	Accounts Head	B.Com graduate; responsible for accounts and financial operations.
Mr. Dilip Huduk	Design Head	30+ years of experience in jewellery design (including freelance experience); oversees product design and innovation.
Mr. Akash Rawal	Production Head	Oversees manufacturing operations and production execution.
Mr. Vinesh Mehta	Marketing Head	15+ years of experience; leads marketing and client acquisition initiatives.
Mr. Dina Ram	HR & Admin Head	Oversees HR and administrative functions.

Source: Company, BOBCAPS Research

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Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Total revenue	**35,480**	**60,603**	**78,540**	**90,684**	**111,442**
EBITDA	1,964	4,043	4,712	5,577	6,854
Depreciation	107	118	114	138	167
EBIT	1,856	3,925	4,598	5,439	6,687
Net interest inc./(exp.)	444	671	556	531	649
Other inc./(exp.)	330	248	118	136	167
Exceptional items	0	0	0	0	0
EBT	1,742	3,502	4,160	5,044	6,205
Income taxes	416	861	1,040	1,261	1,551
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	444	671	556	531	649
Reported net profit	**1,327**	**2,641**	**3,120**	**3,783**	**4,654**
Adjustments	0	0	0	0	0
Adjusted net profit	**1,327**	**2,641**	**3,120**	**3,783**	**4,654**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Accounts payables	260	278	361	417	512
Other current liabilities	11	11	11	11	11
Provisions	16	16	16	16	16
Debt funds	6,049	9,651	9,282	8,861	10,825
Other liabilities	68	68	68	68	68
Equity capital	1,467	1,467	1,467	1,467	1,467
Reserves & surplus	5,371	8,012	11,131	14,914	19,568
Shareholders' fund	6,838	9,479	12,598	16,381	21,035
Total liab. and equities	**13,568**	**19,830**	**22,664**	**26,081**	**32,794**
Cash and cash eq.	109	4,019	3,630	4,856	7,834
Accounts receivables	4,522	4,734	6,135	7,084	8,706
Inventories	3,969	6,093	7,896	9,117	11,204
Other current assets	235	235	235	235	235
Investments	770	770	770	770	770
Net fixed assets	364	379	397	418	445
CWIP	6	6	6	6	6
Intangible assets	430	430	430	430	430
Deferred tax assets, net	0	0	0	0	0
Other assets	576	576	576	576	576
Total assets	**13,568**	**19,830**	**22,664**	**26,081**	**32,794**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Cash flow from operations	**(2,732)**	**1,088**	**668**	**2,338**	**1,856**
Capital expenditures	(152)	(109)	(132)	(160)	(193)
Change in investments	672	0	0	0	0
Other investing cash flows	(2,089)	0	0	0	0
Cash flow from investing	**(1,569)**	**(109)**	**(132)**	**(160)**	**(193)**
Equities issued/Others	2,600	0	0	0	0
Debt raised/repaid	2,110	3,602	(368)	(422)	1,964
Interest expenses	(412)	(671)	(556)	(531)	(649)
Dividends paid	0	0	0	0	0
Other financing cash flows	(29)	0	0	0	0
Cash flow from financing	**4,270**	**2,931**	**(924)**	**(953)**	**1,315**
Chg in cash & cash eq.	**(31)**	**3,910**	**(388)**	**1,226**	**2,978**
Closing cash & cash eq.	**109**	**4,019**	**3,630**	**4,856**	**7,834**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26E	FY27E	FY28E	FY29E
Reported EPS	9.4	18.8	22.2	26.9	33.1
Adjusted EPS	9.4	18.8	22.2	26.9	33.1
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	48.7	67.5	89.7	116.6	149.7

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26E	FY27E	FY28E	FY29E
EV/Sales	1.4	0.8	0.6	0.6	0.5
EV/EBITDA	25.6	12.4	10.7	9.0	7.3
Adjusted P/E	34.4	17.3	14.6	12.0	9.8
P/BV	6.7	4.8	3.6	2.8	2.2

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26E	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	76.1	75.4	75.0	75.0	75.0
Interest burden (PBT/EBIT)	93.9	89.2	90.5	92.7	92.8
EBIT margin (EBIT/Revenue)	5.2	6.5	5.9	6.0	6.0
Asset turnover (Rev./Avg TA)	261.5	305.6	346.5	347.7	339.8
Leverage (Avg TA/Avg Equity)	2.0	2.1	1.8	1.6	1.6
Adjusted ROAE	19.4	27.9	24.8	23.1	22.1

Ratio Analysis

Y/E 31 Mar	FY25A	FY26E	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	103.3	70.8	29.6	15.5	22.9
EBITDA	154.2	105.9	16.5	18.3	22.9
Adjusted EPS	169.6	99.1	18.1	21.3	23.0
Profitability & Return ratios (%)					
EBITDA margin	5.5	6.7	6.0	6.2	6.2
EBIT margin	5.2	6.5	5.9	6.0	6.0
Adjusted profit margin	3.7	4.4	4.0	4.2	4.2
Adjusted ROAE	28.6	32.4	28.3	26.1	24.9
ROCE	17.0	21.8	21.6	22.1	21.5
Working capital days (days)					
Receivables	47	29	29	29	29
Inventory	41	37	37	37	37
Payables	3	2	2	2	2
Ratios (x)					
Gross asset turnover	68.3	96.4	103.2	98.5	100.0
Current ratio	1.7	1.7	2.0	2.5	2.6
Net interest coverage ratio	(4.2)	(5.8)	(8.3)	(10.2)	(10.3)
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Name of the Research Entity: **BOB Capital Markets Limited**
Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**
SEBI Research Analyst Registration No: **INH000000040 (Perpetual)**
SEBI Stock Broker Registration No: **INZ000159332**
SEBI Depository Participant Registration No: **IN-DP-728-2022**
SEBI Merchant Banker Registration No: **INM000009926**
Phone: +91-22-61389300
Name of the Compliance Officer: Mr. Sameer Khobrekar
Email ID: Compliance@bobcaps.in; Phone no.: +91-22-61389358
For any queries or grievances, you may contact the Grievance Officer.
Name of the Grievance Officer: Mr.Manoj Pawar
Email ID: head-customercare@bobcaps.in; Phone no: 0+91-22-69417333

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CIN: **U65999MH1996GOI098009**

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

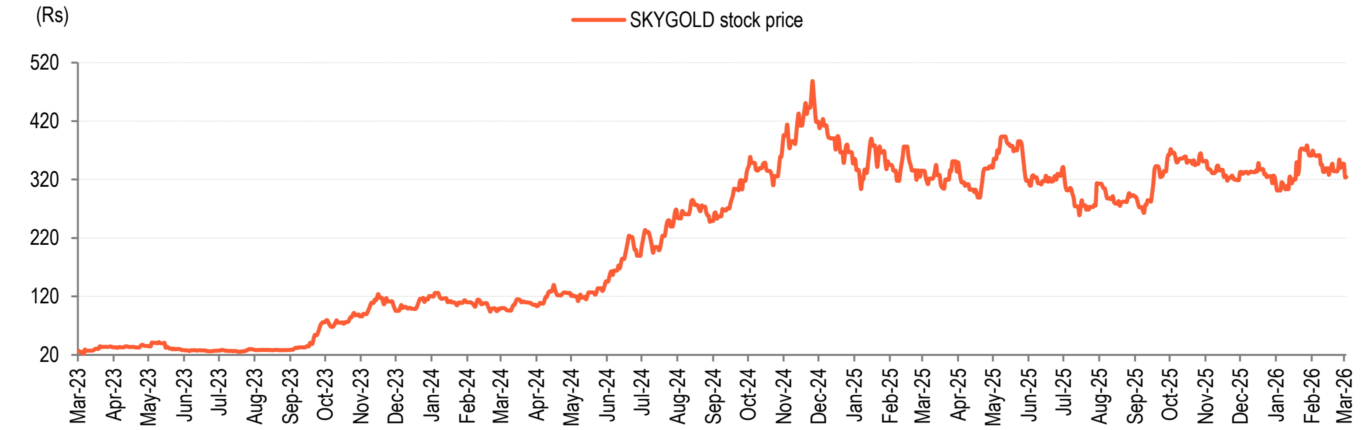
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): SKY GOLD (SKYGOLD IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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