RESULT REVIEW

HOLD
TP: Rs 749 | ▽ 4%

SKY GOLD | Retail - Jewellery | 10 August 2026

Strong Q1 Performance

- **Advance gold contribution up 17% of vol (vs 11.5% in FY26) ahead of FY27 target; management reiterated ~30% contribution by FY30**
- **Generated positive OCF of ~Rs30cr in Q1 while maintaining a ~60-day working capital cycle, reinforcing its deleveraging strategy**
- **Exports contributed ~18% of revenue (vs ~14.5% in Q4'26), with management targeting ~20% contribution over the medium term**

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Result Highlights: Sky Gold reported another strong quarter, with consol rev rising 77.9% YoY to Rs 20.1bn, driven by sustained traction across existing retail partners, and increasing contribution from exports. GM expanded 124bps to 9.3%, supported by a higher share of value-added products, increasing contribution from advance gold (17% of volumes vs 11.5% in FY26), rising mix of 18kt/14kt/9kt jewellery (14% of volumes) and higher studded jewellery contribution. EBITDA grew 119.6% YoY to Rs 1.57bn, with EBITDA margins improving 148bps YoY to 7.8%, aided by operating leverage and an improving product mix. PAT increased 140.7% YoY to Rs 1.05bn, while PAT margins expanded 136bps YoY to 5.2%.

Concall highlights: Advance gold contribution has reached 17% of volumes (vs FY27 target of 15%), while positive operating cash flow and a stable ~60-day working capital cycle reinforce management's confidence in reducing debt over time. Export momentum remains healthy, with exports now contributing ~18% of rev in Q1 and the recent UK jewellery exhibition generating an initial Rs 300–450mn order pipeline. Management also highlighted continued focus on premium products such as natural and lab-grown diamond jewellery, appointment of Akash Talesara as CEO to drive exports and advance gold initiatives, implementation of a zero-salary promoter compensation model linked to dividends, and strengthening governance through BDO-affiliated auditors. Capacity utilisation stands at ~60%, providing sufficient room for growth until FY28 with only limited asset-light capex planned.

Our view: Sky Gold has started demonstrating operating leverage with cash generation, validating management's Sky Gold 3.0 strategy. Despite the strong execution and upward earnings revisions, we retain the 20x PE multiple on june28 eps, with revised target price of Rs 749 as the current valuation adequately factors in the improvement in growth, product mix and operating leverage. We would seek sustained evidence of advance-gold penetration, export scaling and cash-flow-led deleveraging before factoring in a re-rating. We have raised our FY27/28/29 revenue estimates by 8.6%/12.7%/19.0% on stronger execution and export momentum, while EBITDA estimates increase by 11.1%/20.7%/29.4% driven by a richer product mix and higher advance gold contribution.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	SKYGOLD IN/Rs 780
Market cap	US$ 1.3bn
Free float	48%
3M ADV	US$ 9.3mn
52wk high/low	Rs 816/Rs 259
Promoter/FPI/DII	52%/1%/13%

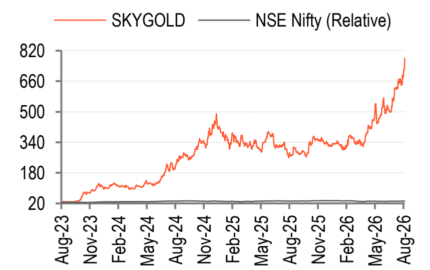
Source: NSE | Price as of 10 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	62,949	86,884	107,790
EBITDA (Rs mn)	4,355	5,691	7,502
Adj. net profit (Rs mn)	2,830	3,580	4,947
Adj. EPS (Rs)	20.1	25.5	35.2
Consensus EPS (Rs)	20.1	24.2	30.9
Adj. ROAE (%)	30.0	25.8	27.3
Adj. P/E (x)	38.7	30.6	22.1
EV/EBITDA (x)	27.7	21.2	16.1
Adj. EPS growth (%)	113.3	26.5	38.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Earnings KTAs

Overall Performance: Sky Gold reported another strong quarter, with revenue growing 77.9% YoY (+5.3% QoQ) to Rs 20.1bn, while PAT increased 140.7% YoY (+15.6% QoQ) to Rs 1.05bn, driven by continued wallet share gains with existing customers, increasing exports and higher contribution from value-added products. Annualised revenue has reached ~Rs 80.5bn, already close to the company's FY27 revenue guidance of Rs 81bn. Management reiterated that any upward revision to guidance will be considered post-Diwali, subject to continued improvement in advance gold and studded jewellery mix, while maintaining its focus on balancing growth, profitability and operating cash flow under the Sky Gold 3.0 framework.

Margins & Profitability: Gross margin improved to 9.3% (+124bps YoY; +38bps QoQ)**,** supported by a richer product mix and increasing contribution from advance gold, lower-karat jewellery and studded products. The share of non-22kt jewellery increased to 14% of volumes (vs 10.5% in Q4’26**)** while studded jewellery contribution rose to **~**2% of revenue, reflecting structural changes in customer preferences amid elevated gold prices. Management highlighted that the margin improvement is structural rather than one-off and expects continued benefits from premiumisation and higher value-added products.

Cash Flow & Working Capital: The company generated positive operating cash flow of ~Rs 30cr during Q1FY27, marking an important milestone under the Sky Gold 3.0 strategy. Net working capital remained stable at ~60 days, despite strong business growth, supported by higher advance gold contribution and disciplined receivable management. Management reiterated its target of reducing working capital days to **~**52 days by FY30**,** noting that every one-day improvement in the working capital cycle releases Rs 90–95cr of cash. Operating cash flow generation and deleveraging remain key priorities going forward.

Exports Performance: Exports continued to gain traction, contributing ~18% of Q1 revenue (vs ~14.5% in Q4’26). Management highlighted encouraging response at the Asiana UK–India Jewellery Expo (London)**,** generating an initial Rs 30–45cr order pipeline across the UK and Europe. Going ahead, the company expects exports to contribute ~20% of revenue over the medium term, with Europe emerging as an incremental growth market alongside the Middle East and Southeast Asia.

Advance Gold Business: Advance gold contribution increased to 17% of volumes in Q1’27, significantly ahead of the company's FY27 target of 15%**.** Management reiterated its roadmap of increasing advance gold contribution to 20% next year, 25% thereafter and ~30% by FY30, as this model materially improves cash conversion, working capital efficiency, ROCE and profitability. The newly appointed CEO has also been assigned advance gold expansion as one of his key priorities.

Debt Reduction & Capital Allocation: Management reiterated its objective of progressively reducing debt through stronger operating cash flows rather than external funding. Positive operating cash flow, improving profitability and increasing advance gold contribution are expected to support lower borrowing requirements and interest costs over time. The company continues to prioritise debt reduction before dividend distribution, with the long-term objective of achieving a net debt-free balance sheet under the Vision 2030 roadmap.

Capacity Expansion & Capex: Current capacity utilisation stands at ~55–60%, providing adequate room to support growth until FY28. Management indicated that future expansion will continue under an asset-light leased model, with annual capex expected at Rs 80–100cr, primarily towards incremental capacity rather than greenfield investments.

Governance & Leadership: The company welcomed Akash Talesara as CEO to strengthen exports, advance gold and international business development. Management also reiterated the implementation of a zero-salary promoter compensation model, where promoter remuneration will be linked entirely to dividends funded through operating cash flows. In addition, the appointment of MSKA & Associates LLP (BDO India) as statutory auditors reflects continued focus on governance, transparency and institutionalisation.

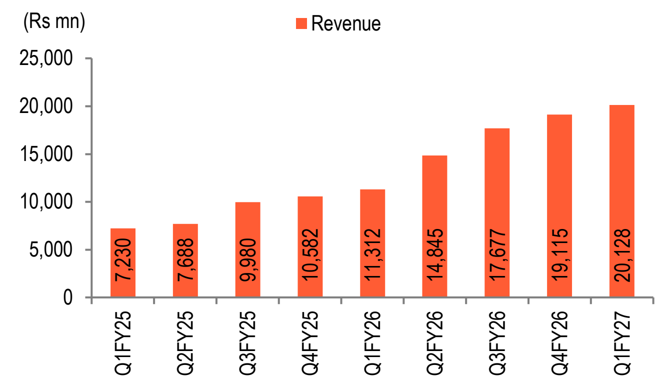
Outlook: Management remains confident of achieving its FY27 revenue guidance of Rs 81bn, with any revision expected after assessing demand through the festive season. Growth will continue to be driven by higher wallet share from existing customers, increasing exports, expansion of advance gold, premiumisation through studded and lower-karat jewellery, and improving operating cash flow generation. Alongside revenue growth, the company remains focused on enhancing margins, improving cash conversion and strengthening the balance sheet under the Sky Gold 3.0 strategy.

Fig 1 – Quarterly Table

Particular	Q1FY27	Q4FY26	%q0q/bps	Q1FY26	% yoy/bps
Sales	20,128	19,115	5.3	11,312	77.9
COGS	18,253	17,406	4.9	10,410	75.3
GP	1,875	1,709	9.7	903	107.7
Gross Margin(%)	9.3	8.9	38bps	8.0	134bps
Employee	168	171	(1.6)	120	40.1
Other expenses	140	131	6.6	69	102.3
EBITDA	1,567	1,407	11.4	714	119.6
EBITDA margin (%)	7.8	7.4	43bps	6.3	148bps
Interest	254	268	(5.5)	133	91.0
Depreciation	45	43	4.5	36	26.9
Other income	80	166	(52.1)	43	83.2
PBT	1,348	1,262	6.8	589	129.0
Tax	299	354	(15.6)	153	95.7
PAT	1,049	907	15.6	436	140.7
PAT margin (%)	5.2	4.7	47bps	3.9	136bps

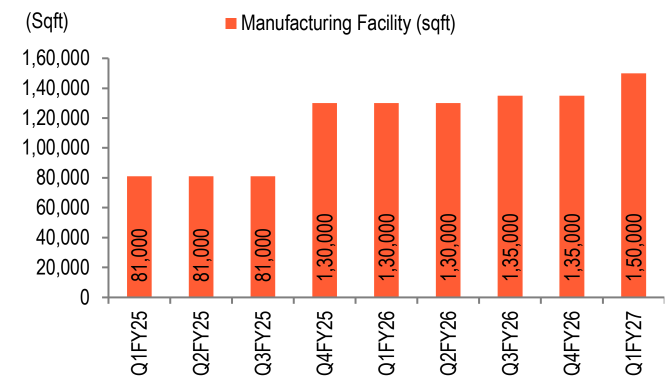
Source: Company, BOBCAPS Research

Fig 2 – Revenue Trend



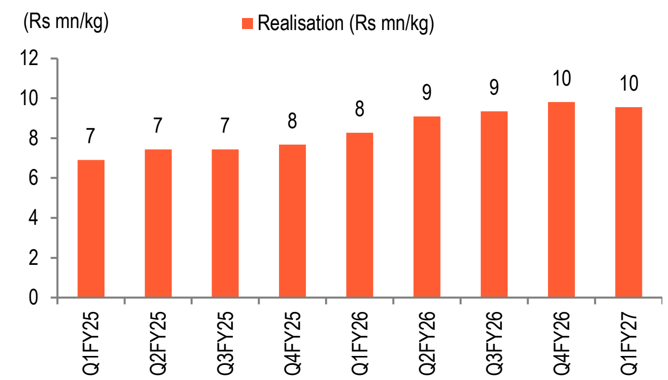
Source: Company, BOBCAPS Research

Fig 3 – Manufacturing Facility



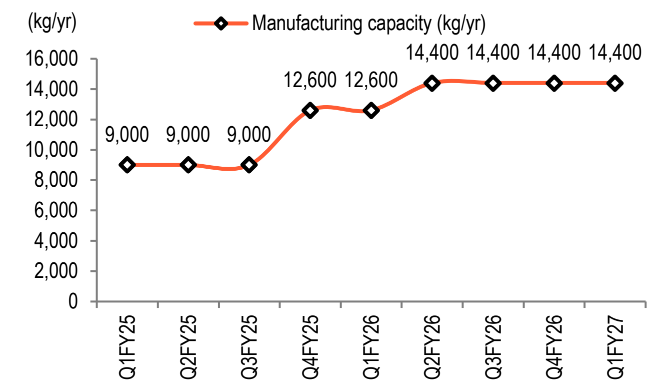
Source: Company, BOBCAPS Research

Fig 4 – Realisation Trend



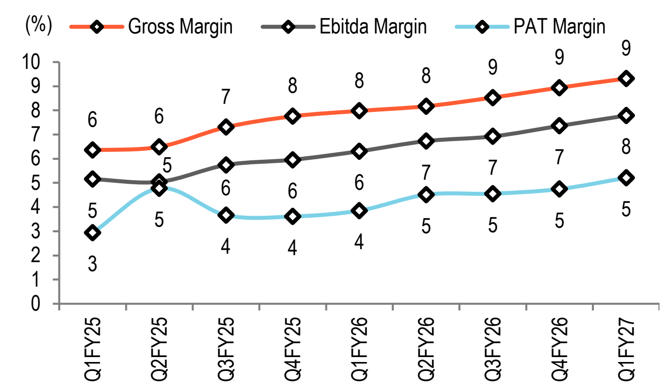
Source: Company, BOBCAPS Research

Fig 5 – Manufacturing Capacity



Source: Company, BOBCAPS Research

Fig 6 – Margins (Gross,EBITDA,PAT) Trend



Source: Company, BOBCAPS Research

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Valuation methodology

Sky Gold has started demonstrating operating leverage with cash generation, validating management's Sky Gold 3.0 strategy. Despite the strong execution and upward earnings revisions, we retain the 20x PE multiple on june28 eps, with revised target price of Rs 749 as the current valuation adequately factors in the improvement in growth, product mix and operating leverage. We would seek sustained evidence of advance-gold penetration, export scaling and cash-flow-led deleveraging before factoring in a re-rating. We have raised our FY27/28/29 revenue estimates by 8.6%/12.7%/19.0% on stronger execution and export momentum, while EBITDA estimates increase by 11.1%/20.7%/29.4% driven by a richer product mix and higher advance gold contribution.

Fig 7 – Actual vs Estimates

(Rs mn)	Q1FY27	Q1FY27E	Deviation (%)
Revenue	20,128	20,891	(3.65)
EBITDA	1,567	1,504	4.21
EBITDA Margin (%)	7.8	7.2	59bps

Source: Company, BOBCAPS Research

Fig 8 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Sales	**86,884**	**107,790**	**133,616**	**80,022**	**95,609**	**112,248**	**8.58**	**12.74**	**19.04**
EBITDA	5,691	7,502	9,380	5,121	6,215	7,251	11.13	20.71	29.36
EBITDA Margin	6.6	7.0	7.0	6.4	6.5	6.5	15bps	46bps	52bps
Adjusted PAT	3,580	4,947	6,208	3,445	4,217	4,956	3.91	17.31	25.27
Adjusted EPS	25.48	35.21	44.19	24.52	30.02	35	3.92	17.30	26.26

Source: BOBCAPS Research

Key risks

Key downside risks to our estimates are:

- Sharp increase in gold prices
- Slower demand growth
- Higher working capital requirements

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**35,480**	**62,949**	**86,884**	**107,790**	**133,616**
EBITDA	1,964	4,355	5,691	7,502	9,380
Depreciation	107	128	148	170	195
EBIT	1,856	4,227	5,543	7,332	9,185
Net interest inc./(exp.)	444	788	1,031	1,060	1,308
Other inc./(exp.)	330	364	261	323	401
Exceptional items	0	0	0	0	0
EBT	1,742	3,802	4,773	6,596	8,278
Income taxes	416	972	1,193	1,649	2,069
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	444	788	1,031	1,060	1,308
Reported net profit	**1,327**	**2,830**	**3,580**	**4,947**	**6,208**
Adjustments	0	0	0	0	0
Adjusted net profit	**1,327**	**2,830**	**3,580**	**4,947**	**6,208**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	260	908	476	591	732
Other current liabilities	11	99	99	99	99
Provisions	16	27	27	27	27
Debt funds	6,049	8,479	10,165	10,456	12,961
Other liabilities	68	104	104	104	104
Equity capital	1,467	1,549	1,549	1,549	1,549
Reserves & surplus	5,371	10,510	14,090	19,037	25,245
Shareholders' fund	6,838	12,059	15,639	20,586	26,794
Total liab. and equities	**13,568**	**21,950**	**26,785**	**32,136**	**40,991**
Cash and cash eq.	109	79	585	3,162	7,115
Accounts receivables	4,522	5,626	7,003	8,688	10,770
Inventories	3,969	7,859	10,712	11,813	14,643
Other current assets	235	318	318	318	318
Investments	770	440	440	440	440
Net fixed assets	364	982	1,080	1,069	1,058
CWIP	6	0	0	0	0
Intangible assets	430	2,565	2,565	2,565	2,565
Deferred tax assets, net	0	0	0	0	0
Other assets	576	734	734	734	734
Total assets	**13,568**	**21,950**	**26,785**	**32,136**	**40,991**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**(2,732)**	**(449)**	**96**	**3,505**	**2,941**
Capital expenditures	(152)	(952)	(246)	(159)	(184)
Change in investments	672	250	0	0	0
Other investing cash flows	(2,089)	(533)	0	0	0
Cash flow from investing	**(1,569)**	**(1,237)**	**(246)**	**(159)**	**(184)**
Equities issued/Others	2,600	0	0	0	0
Debt raised/repaid	2,110	2,418	1,687	290	2,505
Interest expenses	(412)	(777)	(1,031)	(1,060)	(1,308)
Dividends paid	0	0	0	0	0
Other financing cash flows	(29)	69	0	0	0
Cash flow from financing	**4,270**	**1,710**	**656**	**(770)**	**1,197**
Chg in cash & cash eq.	**(31)**	**24**	**506**	**2,577**	**3,954**
Closing cash & cash eq.	**109**	**133**	**585**	**3,162**	**7,115**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	9.4	20.1	25.5	35.2	44.2
Adjusted EPS	9.4	20.1	25.5	35.2	44.2
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	48.7	85.8	111.3	146.5	190.7

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	3.4	1.9	1.4	1.1	0.9
EV/EBITDA	61.5	27.7	21.2	16.1	12.9
Adjusted P/E	82.6	38.7	30.6	22.1	17.6
P/BV	16.0	9.1	7.0	5.3	4.1

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	76.1	74.4	75.0	75.0	75.0
Interest burden (PBT/EBIT)	93.9	90.0	86.1	90.0	90.1
EBIT margin (EBIT/Revenue)	5.2	6.7	6.4	6.8	6.9
Asset turnover (Rev./Avg TA)	261.5	286.8	324.4	335.4	326.0
Leverage (Avg TA/Avg Equity)	2.0	1.8	1.7	1.6	1.5
Adjusted ROAE	19.4	23.5	22.9	24.0	23.2

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	103.3	77.4	38.0	24.1	24.0
EBITDA	154.2	121.8	30.7	31.8	25.0
Adjusted EPS	169.6	113.3	26.5	38.2	25.5
Profitability & Return ratios (%)					
EBITDA margin	5.5	6.9	6.6	7.0	7.0
EBIT margin	5.2	6.7	6.4	6.8	6.9
Adjusted profit margin	3.7	4.5	4.1	4.6	4.6
Adjusted ROAE	28.6	30.0	25.8	27.3	26.2
ROCE	17.0	22.4	22.5	24.7	24.1
Working capital days (days)					
Receivables	47	33	29	29	29
Inventory	41	46	45	40	40
Payables	3	5	2	2	2
Ratios (x)					
Gross asset turnover	30.9	16.2	21.7	26.9	33.2
Current ratio	1.7	1.8	2.0	2.5	2.7
Net interest coverage ratio	(4.2)	(5.4)	(5.4)	(6.9)	(7.0)
Adjusted debt/equity	0.4	0.4	0.4	0.3	0.3

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

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

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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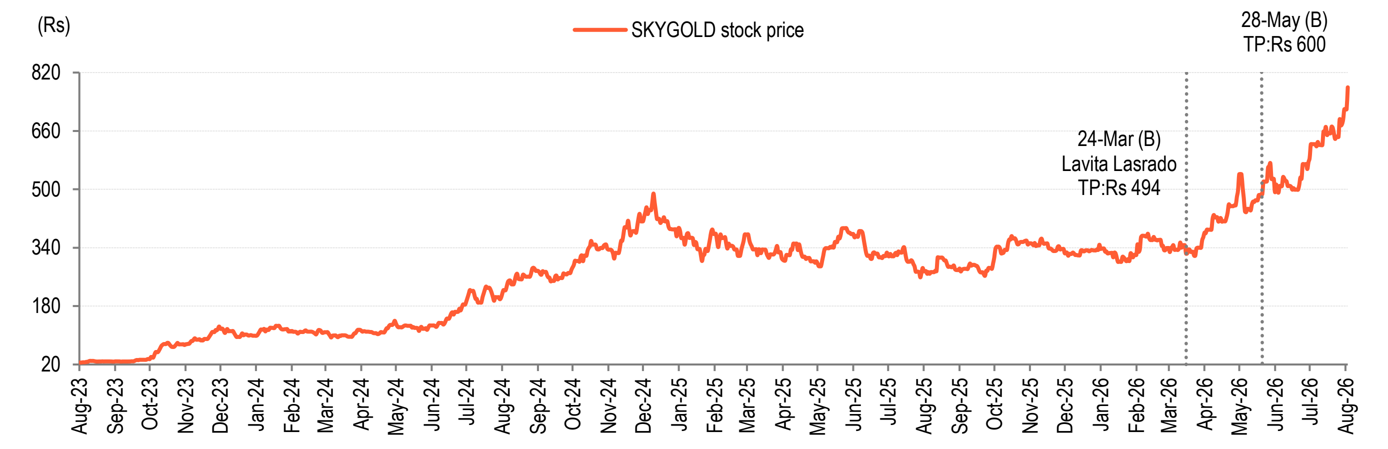
Ratings and Target Price (3-year history): SKY GOLD (SKYGOLD IN)



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