Utssav CZ Gold Jewel

Operator: Good day and welcome to the H2 FY26 and FY25 results conference call of Utssav CZ Gold Jewels Ltd. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. I now hand the conference over to Mr. Harshal Ghanshyani from Kirin Advisors. Thank you, and over to you, sir.

Harshal Ghanshyani – Kirin Advisors: Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Utssav CZ Gold Jewels Ltd. for H2 FY26 and FY25. From the management team, we have Mr. Pankaj Jagaghar, Managing Director, and Mr. Harprit Guleria, Chief Executive Officer. Now I hand over the call to Mr. Pankaj Jagaghar. Over to you, sir.

Management: Hi, good afternoon, everyone and thank you for joining us today. It is a pleasure to welcome you all to the Utssav CZ Gold Jewels Ltd. earnings call for H2 FY26 and FY25. I sincerely appreciate your continued trust and support as we continue to scale our business and strengthen our position within the jewelry manufacturing industry.

Since our establishment in 2007, we have built Utssav CZ Gold Jewels Ltd. into one of the leading manufacturers of lightweight CZ gold jewelry through our focus on design innovation, manufacturing excellence, and strong customer relationships. Today we offer a diversified portfolio across 18-karat, 20-karat, and 22-karat gold jewelry, including CZ gold, rose gold, natural diamond, and lab-grown diamond jewelry across multiple categories.

Our fully integrated manufacturing ecosystem covering the entire value chain from CAD designing to hallmarking enables us to maintain strong quality control, faster execution, and operational efficiency, backed by a design library of over 3 lakh creations and a retailer network across 23 states and 2 union territories. We continue to strengthen our position as a trusted B2B jewelry manufacturing partner across India.

Now speaking about the operational performance, FY26 has been another milestone year for us as the strong momentum we witnessed in FY25 continued into the current year. During the year, we witnessed healthy demand driven by festive and wedding seasons, repeat business from existing customers, and deeper penetration across both existing and new markets. This momentum helped us onboard 112 new clients during FY26, significantly expanding our retailer network and strengthening our market presence.

At the same time, we continued to diversify and strengthen our product portfolio with increased contribution from natural diamond jewelry and other high-value offerings. The response to these categories has been extremely encouraging and has further strengthened our positioning in premium and differentiated jewelry segments. Our continued focus on lightweight and design-led collections has enabled us to maintain strong demand visibility through better affordability, faster inventory rotation, and improved inventory efficiency despite volatility in gold prices.

Alongside strengthening our domestic presence, we also made important progress on the international front as a part of our long-term global expansion strategy. Our board recently approved the incorporation of a wholly-owned subsidiary in the United Arab Emirates. The

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proposed Dubai-based subsidiary will provide us a strategic presence in one of the world's largest gold and diamond trading hubs and will enable us to directly showcase our jewelry collection to international customers. The expansion is expected to strengthen our participation in overseas markets through an on-ground presence, improved export coordination, enhanced distribution linkage, and support deeper market penetration across the UAE and broader GCC region. It also aligns well with our broader strategy of geographic diversification, strengthening our global brand positioning and building a scalable international business platform over the long term.

In addition to the UAE, we continue to focus on expanding our international presence across GCC countries, Singapore, and Australia through distributor partnerships and participation in global exhibitions. With strong customer relationships, expanding market reach, scalable manufacturing capabilities, and a diversified product portfolio, we remain confident in sustaining our growth momentum in the coming years.

The strong operational performance translated into healthy financial growth during H2 FY26. During H2 FY26, the company reported total income of 681 crores as against 363 crores in H2 FY25, reflecting a strong year-on-year growth of 88%. EBITDA increased by 99% to 49 crores, while PAT rose by 95% to 30 crores. EBITDA margin improved by 40 basis points to 7.15%, while PAT margin expanded by 17 basis points to 4.35%. Diluted EPS for H2 FY26 stood at 11.86 as compared to 6.5 in H2 FY25.

For FY25, total income increased by 79% to 1,157 crores as compared to 648 crores in FY24. EBITDA grew by 132% to 94 crores, while profit after tax increased by 136% to 59 crores. EBITDA margin improved by 187 basis points to 8.10% and PAT margin expanded by 123 basis points to 5.1%. Diluted EPS increased by 106% to 23.95 per share in FY25.

As we look ahead, our focus remains on building a stronger and more scalable organization. We are continuously progressing towards expanding our manufacturing capability supported by automation, technology upgrades, and expansion of our production infrastructure. Simultaneously, we are strengthening our R&D and design capabilities to cater to evolving consumer preferences and changing market trends. We also continue to focus on increasing the contribution from high-margin categories such as natural diamond jewelry and lab-grown diamond jewelry while expanding our reach. With a strong financial foundation, differentiated product offerings, integrated manufacturing capabilities, and a clear roadmap for future growth, we are well-positioned to create long-term value for our stakeholders. Thank you once again for joining us today. I now invite your questions on our performance, operations, and future outlook. Thank you.

Operator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Riya Jain from Orient Capital. Please go ahead.

Riya Jain - Orient Capital: Good afternoon, sir. I have a few questions. As the company has demonstrated strong top-line growth driven by client additions and repeat demand, how should we think about the sustainability of this growth trajectory, especially in a B2B driven model where demand visibility can be cyclical?

Management: The demand for jewelry in India is significant. We have been growing at around 60-70% year-on-year, and for this coming year, we are looking for growth of around 60%

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compared to last year. Yes, we have strong demand for our jewelry.

Riya Jain – Orient Capital: Okay. And given that 50% of revenues are driven from the top 10 customers, how are you balancing client concentration risk versus deepening strategic relationships, and what structural steps are being taken to diversify the revenue base without diluting margins?

Management: As I mentioned, we have added 112 new clients and we are expanding our business across India as well as abroad.

Riya Jain – Orient Capital: Okay, thank you, sir. I will wait back in the queue if I have any more questions.

Operator: Thank you. Next question is from the line of Divya Daga from VGSPL. Please go ahead.

Divya Daga – VGSPL: Congratulations, sir, on the great set of numbers. I have a couple of questions. My first question is, can you tell me what is our current capacity and capacity utilization for the March end?

Management: Current capacity is around 2,500 kgs.

Divya Daga – VGSPL: And utilization?

Management: It is around 85%. Overall, it is around 85%, and we are increasing it up to 90%.

Divya Daga – VGSPL: Okay. Can I know the inventory breakup in kgs, if possible?

Management: That is being handled by the accounts team. In kgs, it would be around 150 kgs by March 31.

Divya Daga – VGSPL: Okay. My next question is, can you provide me the breakup of revenue on the basis of diamond jewelry and gold jewelry, and the same for the inventory?

Management: We have recently started diamond jewelry, and it is currently around 2%. In a couple of years, we should be reaching more than 200 crores in this category.

Divya Daga – VGSPL: And inventory? What is the inventory of diamond jewelry?

Management: It is around 17 crores.

Divya Daga – VGSPL: Okay. My last question is, are we planning any capex for this year?

Management: Yes, around 50 crores.

Divya Daga – VGSPL: Okay, thank you so much, sir.

Operator: Thank you. Next question is from the line of Vijay Chauhan from RHPMS. Please go ahead.

Vijay Chauhan – RHPMS: My first question is on the volume growth side. Is there any volume growth guidance for FY27?

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Management: Around 35-40%.

Vijay Chauhan – RHPMS: Okay. And will revenue growth be similar to that, or is there some upside?

Management: It can be around 60% revenue growth if we consider price hikes from here.

Vijay Chauhan – RHPMS: Okay. And the EBITDA margin or PAT margin, what is the normalized guidance?

Management: I will talk about the PAT margin; it should be around 4-4.5%.

Vijay Chauhan – RHPMS: So even if we exclude the gold price appreciation, 4% is sustainable?

Management: I am talking about 4% as the operational margin. This does not include any gold appreciation in it.

Vijay Chauhan – RHPMS: Okay. Regarding the behavior of the clients that we are catering to, is there anything you would like to highlight on that front?

Management: No, I think any pressure would be more on gold bars and gold coins. Jewelry is not going to be a concern.

Vijay Chauhan – RHPMS: Okay. So we are not anticipating any temporary slowdown? Is it fair to say?

Management: No. I personally believe it is going to be more focused on gold bars.

Vijay Chauhan – RHPMS: Okay. That will be all from my side. Thank you.

Operator: Thank you. Next question is from the line of Vinod Shah from VS Ventures. Please go ahead.

Vinod Shah – VS Ventures: Good afternoon, sir. Our operating cash flow has been negative in the recent period; how does it look going forward?

Management: The operating cash flow is negative because we buy all the gold and keep the stock ready. Our stock is always available; we maintain a ready stock. That is why we have negative cash flow.

Vinod Shah – VS Ventures: Okay. And will it remain the same going forward? Are you taking any initiatives to improve the cash conversion?

Management: In this business, being cash flow positive means I would have to reduce stock, but basically, whatever money comes in, we buy gold, manufacture it, and keep the stock ready. That is why the seen cash flow is negative.

Vinod Shah – VS Ventures: Okay, I understand.

Operator: Thank you. Next question is from the line of Rupen Mehta, an individual investor. Please go ahead.

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Rupen Mehta – Individual Investor: Thank you for giving me this opportunity. My first question is that our total income grew massively by 79% year-on-year as per FY25. However, our EBITDA margin remains around 8.1%. Why are we not seeing any strong operational leverage reflected in our EBITDA margin?

Management: Because we have now started plain gold jewelry as well. In that segment, our EBITDA margin will be a little lower, but including diamond and everything else, we will have around 4% net margin. This is without factoring in gold price hikes.

Rupen Mehta – Individual Investor: Is there any effect from the Prime Minister's statements regarding this business?

Management: No, I personally feel it is going to affect gold bars and gold coins and those related things, not regular jewelry. I don't think there will be any impact because for marriages and other events, people who want to buy jewelry are going to have to buy it.

Rupen Mehta – Individual Investor: My other question is that our volume growth for the year is 11%, while our value growth jumped dramatically to 79%. Future growth in diamonds can require a significantly longer holding period. How has this shift impacted our overall inventory days or our gross working capital cycle for FY26?

Management: Our working capital cycle is 45-60 days.

Rupen Mehta – Individual Investor: Okay. Do you see further growth?

Management: Yes. We introduced diamonds only 1 year ago, so the business is going to improve as we have a lot of demand and inquiries about diamond jewelry. We also recently stepped into plain gold jewelry, where we also have a lot of demand.

Rupen Mehta – Individual Investor: Since we have expanded to new capacity, what is the exact month of commercial commissioning for this new capacity?

Management: The current capacity is around 2.5 tonnes a year, which is 2,500 kgs. We are planning to expand and acquire more buildings so our capacity could reach around 6-7 tonnes a year.

Rupen Mehta – Individual Investor: Okay. And our new capacity utilization was around 67% earlier?

Management: Yes.

Rupen Mehta – Individual Investor: How many months will it take to ramp up utilization to the optimal level for our newly added 5,000 square feet?

Management: The work is ongoing. In the peak season, it goes up to 90%, but overall, we will have around 70-75% utilization this year.

Rupen Mehta – Individual Investor: At what level will the new capacity be optimized? Is there a target?

Management: Are you talking about the new building we are looking for or the current one?

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Rupen Mehta – Individual Investor: The current expanded capacity, the 5,000 square feet that is being added.

Management: That is what I am saying; it is moving from 65% up to 75%.

Rupen Mehta – Individual Investor: Okay, fine. I will get back in the queue. Thank you.

Operator: Thank you. Next question is from the line of Akshay from Moxy Capital. Please go ahead.

Akshay – Moxy Capital: Hello, sir. You mentioned the current utilization is approx 65% and you are planning to expand capacity to 7–7.5 tonnes. How are you aligning the capacity expansion with demand visibility to avoid underutilization risk?

Management: We have introduced a new line of jewelry, and that is how we are expanding our capacity. We are going to introduce three or four more lines of jewelry.

Akshay – Moxy Capital: The company has also entered the natural and lab-grown diamond segment, which are higher margin categories. How do you see the revenue mix evolving over the next 2–3 years?

Management: We recently started this, so only about 2% of the revenue came from diamonds. However, in the next 2 years, we look for more than 200 crore rupees in sales every year from this segment.

Akshay – Moxy Capital: What will be the margin on that?

Management: As I said, when I combine plain gold jewelry, CZ jewelry, and real diamonds, there would be a PAT margin of 4% plus, and EBITDA would be around 7–8%.

Akshay – Moxy Capital: Given the shift towards lightweight and daily wear jewelry, how is the company positioning itself to capture evolving consumer preferences through its B2B clients?

Management: As I mentioned earlier, we have 112 new clients and we are expanding our presence all over India.

Operator: Thank you. Next question is from the line of Raj Shah from Shah Ventures. Please go ahead.

Raj Shah – Shah Ventures: Our exports currently form a very small portion of revenue at 1%. With the UAE subsidiary in place, what is the strategic roadmap to scale international revenues and what structural challenges do you foresee?

Management: Once our UAE subsidiary starts, our export sales will jump up to 10–20% immediately.

Raj Shah – Shah Ventures: Should we expect exports to become a meaningful margin-accretive segment or will they initially dilute margins due to entry costs?

Management: Margins are going to be the same all over the world. Margins will neither increase nor decrease significantly.

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Raj Shah – Shah Ventures: With increasing formalization and the rise of organized players, how does the company differentiate itself in terms of design or turnaround time?

Management: We produce around 400–500 designs every month, which is our main USP. That is how we have been able to grow year-on-year. We do not have issues with design or new customers. As I said, 112 new customers came on board, and some are corporates with many stores. We look forward to a good future with them. This year, I am looking for 35–40% volume growth and around 60% business growth.

Raj Shah – Shah Ventures: To what extent is design innovation the key competitive moat in the CZ and lightweight jewelry segment?

Management: Design is the main focus in the jewelry industry. We have been in this business since 2007. Jewelry designs help us to grow much faster.

Operator: Thank you. Next question is from the line of Rajesh Singla from APG Capital. Please go ahead.

Rajesh Singla – APG Capital: Regarding the guidance for FY27, we are seeing 60% revenue growth and 35–40% volume growth. Is 4.5% PAT margin a good assumption for FY27?

Management: Yes, around 4–4.5% PAT margin and EBITDA around 7–8%. As we have started plain gold jewelry and real diamonds, when I club everything together, our PAT margin should remain around 4–4.5%.

Rajesh Singla – APG Capital: Are there any other geographies you are targeting apart from India and the UAE?

Management: We have started participating in foreign exhibitions. We are targeting customers in Singapore, Malaysia, and Australia. In India, we have expanded in the North, South, East, and West. We boarded more than 100 clients this year and plan to board 100–200 new clients in the new year.

Operator: Thank you. Next question is from the line of Abhi Bilala, an individual investor. Please go ahead.

Abhi Bilala – Individual Investor: Since you gave guidance of 60% for next year, and in the previous call mentioned targeting 5,000 crores for FY30, are we still maintaining that guidance?

Management: Yes, we are.

Abhi Bilala – Individual Investor: In the previous call, you mentioned that 9–10% would be a sustainable EBITDA margin and 4.5–5% would be the PAT margin. Currently, we are looking at 4%; is that because of the plain gold jewelry line?

Management: Yes, it is because of the addition of the plain gold jewelry line. That is how our operational margin will be around 4–4.5%, and EBITDA would be around 7–8%.

Operator: Thank you. Next question is from the line of Keshav Toshniwal from Karnatak Capital. Please go ahead.

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Keshav Toshniwal – Karnatak Capital: From an IPO level of 340 crores, you have grown to 1,200 crores. What will it take for us to become the number one B2B company in the country?

Management: We are focused on new designs and have introduced new lines like real diamond jewelry, lab-grown diamond jewelry, and plain gold jewelry. We are expanding and looking for a new building of around 20,000-25,000 square feet. We have lot of demand from existing customers and are trying new customers. With our office in the UAE, we look for 4,000 to 5,000 crore rupees in business around 2030.

Keshav Toshniwal – Karnatak Capital: Does it take the right talent or the amount of working capital to reach that scale?

Management: Both. Right talent and working capital will be crucial and needed by the company.

Keshav Toshniwal – Karnatak Capital: So if we get the right kind of working capital, we can become number one?

Management: Yes, 100%.

Operator: Thank you. Next question is from the line of Rupen Mehta, an individual investor. Please go ahead.

Rupen Mehta – Individual Investor: As gold prices are touching historic highs, how are we managing these macroeconomic headwinds in terms of raw material margins and inventory for the UAE expansion?

Management: Gold prices were high last quarter and the quarter before that as well. The demand is there across India. It has not affected our business in terms of gold prices.

Operator: Thank you. Next question is from the line of Rajesh Singla from VTG Capital. Please go ahead.

Rajesh Singla – VTG Capital: Regarding the 60% growth targeted for next year, are we well-funded to manage this or would we look for a fundraise?

Management: We are taking approximately 50 crore rupees in additional funds.

Rajesh Singla – VTG Capital: Is that equity or debt?

Management: Borrowing from the bank. Bank funds.

Rajesh Singla – VTG Capital: So debt-to-equity will remain comfortably below 1 time?

Management: Yes.

Operator: Thank you. As there are no more questions, I now hand the conference over to Mr. Harshal Ghanshyani, Investor Relations Advisor.

Management: Thank you, everyone, for joining the conference call of Utssav CZ Gold Jewels Ltd. If you have any queries, you can write to us at research@skyadvise.com. Once again, thank you

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everyone for joining.

Operator: Thank you. On behalf of Utssav CZ Gold Jewels Ltd., that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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