PN Gadgil Jewellers

Operator: Ladies and gentlemen, good day and welcome to PN Gadgil Jewellers Ltd. Q2 FY27 earnings conference call hosted by Nuvama Institutional Equities. 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 then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ayush Adukia from Nuvama Institutional Equities. Thank you, and over to you, sir.

Ayush Adukia – Nuwama Institutional Equities: Thank you, {? Yatin ?}. Good afternoon, everyone. On behalf of Nuvama, it is a pleasure to welcome you to the PN Gadgil Jewellers Q2 FY27 earnings conference call. From management today, we have Dr. Saurabh Gadgil, Chairman and MD, and Mr. Deepak Vijay, CFO. I would like to hand over the call to management for their opening remarks. Over to you, Saurabh.

Dr. Saurabh Gadgil – Chairman & MD: Thank you, Ayush. Good evening, everyone, and a very warm welcome to the Q2 FY27 earnings conference call of PN Gadgil Jewellers Ltd. I hope you had the opportunity to review our financial results, investor presentation, and press release, which have been uploaded on the exchanges and on the company's website.

To begin with, I would like to express my sincere gratitude to our customers, employees, franchisee partners, vendor partners, and shareholders for their continued trust and support. Their confidence in PNG Jewellers continues to inspire us as we build on our legacy and deliver a strong performance in the second quarter and the first half of FY27.

The July to September quarter is traditionally a relatively subdued period for the jewellery industry, largely coinciding with the traditional four-month period when wedding-related demand tends to be lower. Despite this seasonal moderation, consumer demand remained healthy. With gold prices continuing to remain elevated, customers increasingly gravitated towards lightweight designs, studded jewellery, and old gold exchange. These evolving preferences continue to create opportunities for trusted organized retailers with established brands and a strong focus on transparency and customer confidence.

PN Gadgil Jewellers has delivered revenue of 2,666 crores, up 22% year-on-year, and EBITDA grew 57% year-on-year to 224.6 crores, with EBITDA margin expanding 186 bps to 8.4%, while profit after tax grew 53% year-on-year to 121 crores, with a PAT margin of 4.5%. Profits grew more than twice as fast as revenue, reflecting a richer product mix, a higher retail share, and growing operating leverage. For the first half, revenue grew to 5,079 crores, and PAT grew 52% to 226.5 crores.

This was also a defining quarter for our brand portfolio. We rebranded LiteStyle as U by PNG, which is a lightweight diamond jewellery [cut off]

Operator: Sorry to interrupt, sir. Your voice is breaking.

Dr. Saurabh Gadgil – Chairman & MD: We rebranded LiteStyle as U by PNG, which is a lightweight diamond jewellery brand for younger, style-conscious consumers, and the response has been very

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encouraging, with U's stud ratio rising to 53.1% from 32.9% last quarter.

On October 1, we completed the 100% acquisition of Silverstyle, a fast-growing silver fashion jewellery brand that grew revenue at a 64% CAGR and PAT at a 99% CAGR between FY24 and FY26, and already operates 18 stores and a 68-kiosk pan-India network. With PNG, Dil Dosti, U, and Silverstyle, we now have one house and three brands [cut off]

Operator: Sorry, sir, your voice is breaking. There is a cracking sound coming from your line.

Dr. Saurabh Gadgil – Chairman & MD: [crosstalk] Can I come on the landline?

Operator: Sir, I will just disconnect and reconnect. Ladies and gentlemen, please wait while we reconnect management.

Operator: Ladies and gentlemen, thank you for patiently holding. We have reconnected management's line. Over to you, sir.

Dr. Saurabh Gadgil – Chairman & MD: [line issue] So, now with PNG Legacy, U, and Silverstyle, we now have one house and three brands that engage with every generation of jewellery buyers.

In Q2 FY27, we also raised 700 crores through QIP, which was oversubscribed 1.5 times. CRISIL also reaffirmed our credit rating at A+ with a stable outlook. These developments have further strengthened our financial position and provided a solid foundation for the next phase of our growth.

We currently work with over 100 artisan associations and more than 180 vendor associations, reflecting the strength of our long-standing partnerships. We also remain open to exploring any further strategic opportunities [trails off] for synergic integrations through the value chain, wherever they can strengthen our capabilities and support our long-term growth.

We closed the quarter with 80 stores, comprising 79 stores in India and 1 in the UAE. These include 7 company-owned stores across Uttar Pradesh, Madhya Pradesh, Bihar, and Haryana, reflecting our growing presence in Northern and Central India. Encouragingly, these markets are already showing promising results, with a store in the region recording a stud ratio of 17.4%, well above the company average. This gives us confidence in our expansion strategy and the potential of these markets.

We remain on track to open 23 new stores in FY27, taking our total store count to approximately 103 by year-end. Expansion will accelerate over the next two quarters, driven primarily by [cut off]

Operator: Sir, sorry to interrupt, sir. Your voice is again cracking.

Dr. Saurabh Gadgil – Chairman & MD: Can you call my mobile, please, now?

Operator: Okay, sir. I will reconnect you. Ladies and gentlemen, please wait while we reconnect management.

Operator: Ladies and gentlemen, thank you for patiently holding. We have reconnected management's line. Over to you, sir.

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Dr. Saurabh Gadgil – Chairman & MD: [line issue] We remain on track to open around 23 new stores in FY27, taking our total store count to approximately 103 by year-end. Expansion will gather pace over the next two quarters, driven primarily by the franchisee-led model across both Legacy and U formats.

Our Ayodhya store is already operational, while the Prayagraj store is scheduled to open on November 4, 2026. Of the planned additions, 8 to 10 new openings are targeted in Q3, while the remaining openings are planned for Q4 FY27, supporting steady progress towards our expansion targets.

We have also strengthened our risk management framework, raising hedge coverage to approximately 80%, making our earnings more resilient to gold price swings. Backed by a 192-year-old legacy, a sharper brand portfolio, and a strong balance sheet, we remain confident of delivering sustainable, profitable growth throughout FY 2027.

With this, I will hand over the call to our Chief Financial Officer, Mr. Deepak Vijay.

Deepak Vijay – CFO: Thank you, Dr. Gadgil, and good evening, everyone. Let me take you through our financial performance for the quarter ended September 30, 2026.

Consolidated revenue from operations grew 22% year-on-year to 2,660 crores, driven by strong retail performance. Retail revenue increased 31% year-on-year to 2,051 crores, supported by healthy SSSG growth of 25.5%. Franchisee revenue also recorded strong growth of 35% year-on-year, whereas e-commerce declined 84% year-on-year, primarily due to strategic recalibration of the product mix, as we deliberately reduced the share of low-margin coin sales and shifted focus towards higher-margin jewellery products to enhance the quality and profitability of the channel.

Retail now contributes 77% of our total revenue, compared with 72% in the corresponding quarter last year, reinforcing its growing contribution to our business and margin expansion. Also, the share of retail revenue from the Northern and Central regions increased to 2.7% in Q2 FY27 from 0.7% in Q2 FY26.

Our gross profit grew 32% year-on-year to 339.8 crores, with gross margin expanding by 89 bps to 12.7%. Our EBITDA increased 57% to 224.6 crores, with margin expanding 186 bps to 8.4%. Excluding an unhedged inventory gain of 5 crore, adjusted EBITDA grew 60% to 209.6 crore, with adjusted EBITDA margin improving to 8.2% from 6.3% a year ago. This reflects the strength of our underlying operations and demonstrates that our margin expansion has been driven by operational improvements rather than gold price movements.

Profit after tax grew 53% year-on-year to 121.1 crores, with a PAT margin of 4.5%, while adjusted PAT increased 57% to 117.4 crores, with the adjusted PAT margin improving to 4.4% from 3.3%. Basic earnings per share stood at 8.7 rupees, compared to 5.8 rupees in Q2 FY26.

Our premiumization strategy continues to deliver encouraging results. The retail stud ratio improved to 11.9%, compared with 9% in Q2 FY26 and 10.96% in the previous quarter. Diamond jewellery [cut off]

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Management: recorded growth of 21% in value and 11% in volume, reflecting healthy demand in this category. Gold jewellery grew by 47% in value and 4% in volume. Gold bars and coins declined by 24% in value and 48% in volume. Gold bars and coins now account for 15.8% of retail revenue, down from approximately 22% in the previous quarter. 68% of gold bar and coin purchases were converted into jewellery purchases this quarter, compared with 53% in the previous quarter. Customer engagement remained strong, with footfalls exceeding 1.78 lakh, a conversion rate of 88.6%, and an average transaction value of 1.22 lakh rupees. Together, these trends reflect our continued focus on improving product mix, driving jewellery-led sales, and enhancing the quality of our retail revenue. As we enter the seasonally stronger second half, capital allocation will remain focused on high-return store expansion, festive and wedding season inventory, the integration of Silverstyle, digital investments, and steadily higher hedge coverage. With a net worth of 2,855 crores as of September 30, we are well capitalized to fund this growth. With that, we conclude our opening remarks and would now be happy to take your questions. Thank you.

Operator: Thank you very much, sir. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Yash Sonthalia from Edelweiss Public Alternatives. Please go ahead.

Yash Sonthalia – Edelweiss Public Alternatives: Hello. Hi, team. Thank you for taking my question, and congratulations on a good set of numbers. I have three questions. Number one, I wanted to understand—hello, am I audible?

Management: Yes, you are audible. Please go ahead.

Yash Sonthalia – Edelweiss Public Alternatives: My first question is that while we have seen a good expansion in gross margin year-on-year and some decline quarter-on-quarter based on how the mix has changed, do you think there was any impact of the festive shift on gross margin, and what is the impact of the festive shift?

Management: [pause] Hi. On gross margins, you have correctly noted that we have increased our gross margins on a year-on-year basis, and there is some dip on a quarter-on-quarter basis, primarily driven by the franchisee share increasing to 17% from 12% in the quarter-on-quarter number. That is the reason why gross margin has reduced by 50 bps quarter-on-quarter. On the festive shift in gross margin, we are not very clear about what exactly your question is, but considering the sales part of the festive mix, the Navratri season has shifted into Q3 this year, whereas it was in Q2 in the previous year. That is the shift that has happened in sales, but I have not really understood your question about what you wanted to understand regarding gross margin.

Yash Sonthalia – Edelweiss Public Alternatives: On a year-on-year basis, while our gross margin has improved significantly, if I adjust for other segments and how the mix has changed, and also considering that the hedged profit and unhedged profit have been very similar, I wanted to understand this. With the studded ratio increasing from 9% to where we are, I thought the gross

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margin could have improved more, and I wanted to understand whether the festive shift impacted the margin.

Management: The festive season will happen in the next quarter, like that [crosstalk] [cut off]

Management: To an extent, the festive sales that would have happened last year in Q2 have been pushed to Q3 this year. From that perspective, you are right in saying that festive sales will be shown in Q3, the third quarter this year. Otherwise, the only change has been the franchisee mix, where we have seen our franchisee share grow to 17% from 12%. So, that explains the 50 bps difference in gross margins.

Yash Sonthalia – Edelweiss Public Alternatives: Got it, sir. If the festive season had occurred in this quarter, what would our revenue growth have been after adjusting for the festive season? Could you provide some broad numbers?

Management: If you look at the entire 10-day Navratri season, around 200 crores of revenue would have come from those 10 days. That revenue has been pushed to Q3.

Yash Sonthalia – Edelweiss Public Alternatives: Got it. Sir, my second question is more on capital allocation. We are trying to grow more through the franchise model going ahead, and we are also entering different brands and different segments of the jewellery business. How should we think about how our internal capital will be allocated across all these businesses, where we will go more in a COCO format, and how the capital will flow into the business?

Management: As we had mentioned in our last investor call, the company had established COCO stores primarily in Q4 of last year to establish a presence in Uttar Pradesh, so in Q3 and Q4. We had opened four stores in Uttar Pradesh—in Lucknow, Kanpur, Gorakhpur, and Banaras. We also opened a company store in Patna and one in Indore. This was to establish the brand there, build confidence, and then further expand through the FOCO route. That is what we are following this year. This year, it is going to be more FOCO-led in Q3 and Q4. Going ahead, from next year onwards, we plan to have a 50-50 allocation between COCO and FOCO, and that will also be 50-50 across the Legacy and U by PNG formats.

When we are talking about adding around 30-35 stores, 17 to 18 of them would be Legacy stores, half of the balance would be U by PNG, and again, this would be split equally between COCO and FOCO. What we are trying to say is that our internal accruals should be more than enough to fund the COCO expansion, and we will not be required to raise any further debt. By 2030, we expect that this debt should come down by 20%-25%.

Yash Sonthalia – Edelweiss Public Alternatives: Got it. Very clear, sir. My last question is on our expansion towards Uttar Pradesh and other states. You already mentioned that the studded ratio is over 17% there. Can you help me understand how the asset turnover or inventory turnover has been in that region for the stores that are the most mature, and what are the margins or broad studded ratios in those stores?

Management: The stores are, on average, around 1 year or 11 to 12 months old, and on average, the stock turn there would be 1. We had projected that each store should generate around 50-55 crores

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of revenue, and that is where we are. Our planning is on track, and in fact, we are slightly higher, at around 1.1 stock turns, or around 60 crores. This is what we had expected there. We had projected a studded ratio of 15%, and we are above 17%. Margins are the same as the margins on studded jewellery. Gross margin is around 35%.

Yash Sonthalia – Edelweiss Public Alternatives: Got it. Sir, just a follow-up. The economics of that region are very different from what we do in Maharashtra. How are you internally benchmarking it? What numbers are you envisaging once the stores mature there, in terms of turnover and the studded ratio you are expecting?

Management: The stock turn should again be the same. We are looking at 2.5 to 3 stock turns per store, and after year 4, we should look at reaching 3.5 to 4 stock turns. That would translate into around 200 crores once the store is fully mature. I think the turn ratio we are projecting there should be in the range of around 20-25%. Right now, we are at 17%, so we feel that is clearly achievable. Also, in terms of stock turns, we are already at 1.1, so I think we are on track to achieve the numbers we are aiming for.

Yash Sonthalia – Edelweiss Public Alternatives: Got it. Thank you for taking all my questions. Best of luck.

Management: Thank you.

Operator: Thank you. Before we move to the next question, a reminder to the participants: to ask a question, you may press star and one. The next question is from the line of Prince Chaudhary from Thinkwealth. Please go ahead.

Prince Chaudhary – Thinkwealth: Hello. Am I audible?

Management: Yes, please go ahead.

Management: Yes, you are audible.

Prince Chaudhary – Thinkwealth: Congratulations, sir, on the great set of numbers. My question is on the U brand. We wanted to understand that, currently, we have an inventory turnover of 0.8x. What peak inventory turnover can we expect from the U brand?

Management: U, as we know, is more diamond-focused. It has about 70% diamond and 30% gold. The composition of the entire inventory should mature at about 1.8 to 2 stock turns.

Prince Chaudhary – Thinkwealth: For our Legacy business, we have seen that inventory turnover has reached 3.7x. Can you specify why inventory turnover has dipped in the following quarters?

Management: We have always said that inventory stock turns would rationalize at these levels as we expand. The average industry stock turn is around 2 to 2.5. We are well above that, and our focus is also to move more towards jewellery and reduce bars and coins. That is also ensuring that our jewellery sales and product mix are focusing more towards jewellery. At an industry level, a store-level stock turn of 3 and a company-level stock turn of 3.7 to 4 are very good, and I think they should be among the best in the industry.

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Prince Chaudhary – Thinkwealth: Got it, sir. I wanted to know whether this inventory turnover is sustainable, or whether, going forward, since we are in an expansion mode, we will also see a reduction in inventory turnover. What level can be sustainable?

Management: This is sustainable because, as we are seeing, the stores are also maturing. The stores that were expanded 2 years ago will head towards maturity, along with the new stores that are coming up. During the early IPO days, we had said that a 5.6 stock turn would mature at 3.5 to 4, and that is what we are seeing. This stock turn is sustainable as we move ahead.

Prince Chaudhary – Thinkwealth: How are we seeing demand in the festive season? You mentioned Navratri, but what are your expectations for Diwali and the wedding season?

Management: Navratri has been good, so the season looks positive as we speak. Prices have remained soft, and that has also been an incentive for people to enter the market. We are positive that the Diwali season, particularly the first 15 days of November, should be good. The indications are good, with a lot of bookings and a lot of interest from people in making purchases. I think we are all confident that Diwali and the wedding season will be good.

Prince Chaudhary – Thinkwealth: Will we see more volume growth when we see SSG growth in the coming period, since prices are also softening?

Management: We have always maintained that when prices come down, you will see more volume. When prices go up, you will see more value. By that logic, yes.

Prince Chaudhary – Thinkwealth: This is my last question. We recently raised funds through the QIP. How are we going to deploy those funds, and can you share the timeline for that expansion?

Management: I will take that. Through the QIP, we have deployed some funds into working capital to take care of the cash demand arising from festive inventory. The balance, along with the accruals we will generate over the next couple of years, will fund the 170-odd stores that we guided earlier for FY29. This is completely led by the accruals we will generate from profits. We are well positioned to achieve that, and we do not see any deviations from that right now.

Prince Chaudhary – Thinkwealth: Currently, the [crosstalk]

Management: Currently, the money is parked in bank FDs. Around 600 crores is in bank FDs right now, as we speak.

Management: Also, if you look at our quarter-on-quarter figures, the balance in my FDs was 554 crores last quarter, and this is around 1,191 crores at the end of Q2. We have increased our FDs by approximately 637 crores between the 2 quarters.

Prince Chaudhary – Thinkwealth: Okay, sir. Got it. Thank you for answering my questions.

Operator: Thank you. The next question is from the line of Piyush from Smartsync Services. Please go ahead.

Piyush – Smartsync Services: Good afternoon, sir. Am I audible?

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Management: Yes.

Operator: Yes.

Piyush – Smartsync Services: My question is regarding geographic expansion. Nearly 90% of the company's stores are still concentrated in Maharashtra and Goa, while expansion into North and Central India is becoming the key growth driver. How do sales productivity, operating margin, and inventory requirements in these newer markets compare with mature Maharashtra stores? Also, as you are moving towards franchisee-led expansion

Piyush – Smartsync Services: and how much improvement in capital efficiency and store-level returns can we expect?

Management {? Deepak ?}: From an inventory point of view, we do not foresee any major changes in terms of investment. The only difference is that these newer markets are primarily led by the studded segment, so the investment will be slightly lower in terms of the volume of gold that will be put into these new stores. That will be lower, at approximately 10% of what we do in the Maharashtra stores. That is the impact on the inventory investment per se.

Regarding the impact of the newer geographies on our business, as we have said, Maharashtra currently contributes around 91% of our total sales. That will change, and the newer geographies will account for around 30-35% by FY30. That is the internal projection we have made. The studded ratio, which is currently 11.9% at the company level, will increase to 17-18% at the company level, and in the Northern and Central regions, it is forecast to be 25%.

That is how we see it. Margin expansion will happen through the studded segment and the newer geographies. Right now, the share of the Northern and Central regions, as I have already said in my commentary, is around 2.7% of retail. This 2.7% of retail does not move the overall numbers very much at the total level right now. But once the Northern region reaches the range of 30-35%, this will be reflected in margin expansion and EBITDA expansion.

Piyush – Smartsync Services: Thank you, sir. My second question is regarding the 700 crore QIP. You have raised 700 crores through the QIP, and consolidated borrowings have increased by approximately 385 crores since March. While quarterly finance costs have also risen significantly, can you explain how the QIP proceeds and incremental borrowings are being deployed?

Management {? Deepak ?}: I will first explain the comparison you are making between March and Q2. The 385 crores of increase in gross borrowing is the right number. This has primarily increased because of the GML loans, which we have increased in line with our hedging strategy. We are increasing our GML loans, and that is the reason for the increase in the gross number. But if you look at our FDs, the FDs and the collateral that we have given to the banks have also increased by 552 crores. Therefore, net-net, my net borrowing has reduced by 167 crores, including the QIP funds.

Piyush – Smartsync Services: What are the company's borrowing levels, interest costs, and debt reduction strategy over the next 2 years?

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Management {? Deepak ?}: As Saurabh has already mentioned, we plan to reduce borrowings by FY29 and FY30 in the range of 20-25%, and beyond that. That is the goal we have set for ourselves.

Piyush – Smartsync Services: Okay, sir. Thank you so much.

Management {? Deepak ?}: Thank you.

Operator: Thank you. The next question is from the line of Raj Shah from {? Fident AMC ?}. Please go ahead.

Raj Shah – {? Fident AMC ?}: Thank you for the opportunity, and congratulations on a good set of numbers. I wanted to understand the quarter-on-quarter decline in employee costs that we have seen. Also, going forward, there was a very high base of marketing costs last year, so how do you see other expenses going forward?

Management {? Deepak ?}: On employee expenses, there is a small drop of around 6 crores. That is mainly because of the variable payouts and the difference in the variables across Q1 and Q2 last year and this year. That is the difference in the variable payout. Can you repeat your second question, please?

Raj Shah – {? Fident AMC ?}: My second question is that this quarter, other operating expenses were around 85-86 crores. Last year, we had done a lot of advertising in Uttar Pradesh, and last year's base for other expenses in H2 was quite high, close to 190 crores for Q3. Do you see a decline in other expenses in Q3 because of that?

Management {? Deepak ?}: In the Q1 call, we mentioned that we had recalibrated all our operating expenses, primarily in the other expenses category, which comprises promotions, discounts, and advertising. If you compare quarter-on-quarter, last quarter it was 85 crores, and this quarter it is 86 crores. We are very much in line with what we committed to in the Q1 call.

You pointed out that H1 this year has improved compared with H1 last year, and that is primarily because of the advertising and campaign discounts that we said we would rationalize.

Raj Shah – {? Fident AMC ?}: So, we will continue to see similar moderation in H2 as well, correct?

Management {? Deepak ?}: Yes, we foresee that similar moderation should happen in H2.

Raj Shah – {? Fident AMC ?}: Understood. Lastly, do you have any indication of the kind of growth you are looking at in H2 of this year, given last year's festive season and H2 as a whole?

Management {? Deepak ?}: At the company level, we are targeting revenue in the range of 13,000 plus. That is the guidance we have already given in the market, and we see that this guidance is achievable based on the numbers we are seeing now.

Raj Shah – {? Fident AMC ?}: Okay.

Management {? Deepak ?}: We have also given guidance earlier for a PAT margin of 4% to 4.2%.

Raj Shah – {? Fident AMC ?}: Okay. Thank you.

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Operator: Thank you. The next question is from the line of Ronil Gandu from Edelweiss Public Alternatives. Please go ahead.

Ronil Gandu – Edelweiss Public Alternatives: Hi, Saurabh and Deepak. Thank you for taking my questions. My question is on the Uttar Pradesh expansion that we have undertaken. We now have 4 stores in Uttar Pradesh, and you mentioned that they are already ahead in terms of turnover and inventory turns. I am trying to understand what we have done right in that market, because for a Maharashtra-based jewellery player to move to Uttar Pradesh is not very easy, as it is a different kind of market. What is going right? Also, how does the 1.1 times turn that you have achieved compare with some of the other peers in the same catchment area?

One of our fortes, or one of our strengths, in Maharashtra is that we have a very large share of made-to-order business, which helps us increase our turns as well. What is the situation in Uttar Pradesh? Are we seeing a similar trend there? Some more qualitative detail on what is working for us in Uttar Pradesh would be helpful.

Saurabh: That is a long question. You are asking about a lot of business secrets that I cannot share regarding what we have done right there. [laughs] If you go back, we had said that this was our strategy. Everyone had a question about why Uttar Pradesh, and at that point also we had said that, based on our strategy and our market research there, we looked at the brand positioning and the customer connect that we already enjoyed there. We used the right campaign to introduce the brand and used Legacy as the focus to enter those markets, which has really worked well. We have also been able to get the right merchandise into the stores. I think it is a combination of these things.

We had also said that we would continue tracking it, and now, after 4 quarters, we have been able to surpass the results that we had projected. I think that is what has really worked in our favor.

This was also a very planned and strategic move. We purposely did not enter markets where we felt there was no position for us. Our organized family jeweller positioning had worked well there, and we continue to expand in Uttar Pradesh. By the end of FY27, we should have around 8 to 10 stores in Uttar Pradesh. We will be adding some more stores in Lucknow, and we are opening Prayagraj next month, in November.

The journey is going strong there. The brand is well accepted, and we are attracting many new customers. The studded ratio has improved there, and conversions are also on track. As a company, our expansion into Uttar Pradesh and Central India has been a success.

Regarding our made-to-order business, we are also able to service it through our existing network of artisan suppliers in Maharashtra. We have also set up a regional office in Uttar Pradesh to facilitate faster processing of orders. The made-to-order business accounts for around 20-25% in Uttar Pradesh, compared with around 30-32% in Maharashtra.

Ronil Gandu – Edelweiss Public Alternatives: That is very encouraging. Thank you for the detailed answer. As you mentioned, you plan to double the store count by the end of the year, and Uttar Pradesh is a fairly large market. A lot more can be done in that state, and the initial signs are encouraging. Within Uttar Pradesh and among the stores that you have opened, are there any

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differences? Are some of the stores in tier 1 or tier 2 towns doing better than, for example, Gorakhpur or some of the other stores? Also, what kind of clientele are we attracting? Is there a certain kind of clientele coming to us because of our advertising activity, Legacy, and everything else that we have done?

Saurabh: Currently, we are in the bigger towns of Uttar Pradesh. If you take Maharashtra, we look at Mumbai, Pune, Nashik, Nagpur, and Sambhajinagar. Right now, we are in all the major towns of Uttar Pradesh. However, Uttar Pradesh is a big state, and we can still move into district and taluka locations as we progress. That is the expansion plan, and Uttar Pradesh can accommodate many more stores.

When you look at our customer profile, we are being seen as a Legacy player with almost 200 years of legacy, and as a mix of an organized and family setup. The customer profile is almost similar to a Titan or Tanishq profile. The customers coming to us are people who are looking for quality, an organized setup, great designs, and a great in-store experience. That is where our focus has been. We are not a discount-led brand there; we are focusing more on service, design, and a great customer experience.

Ronil Gandu – Edelweiss Public Alternatives: Great, Saurabh. That is all from my side. Thank you very much, and all the very best.

Saurabh: Thank you.

Operator: Thank you. The next question is from the line of Madhav Agarwal from SKP Securities. Please go ahead.

Madhav Agarwal – SKP Securities: Thank you for the opportunity. Can you share whether you have any guidance for FY29, such as a revenue target in mind?

Saurabh: We had prepared a 3-year plan, which is more of an aspirational plan, but it would be difficult to put a number to it right now. At a broad level, we should be at around 17,000 crore plus, and I think our CAGR for FY27 to FY29 should be around 25% year-on-year.

Madhav Agarwal – SKP Securities: If you can share how you make these estimates, let us say, when we are sitting today, for your mature stores—stores that are 2 or 3 years old—what are your estimates for those stores on a same-store sales growth basis, assuming that there is no increase in gold prices? On a same-store basis, what are your broad internal estimates for a mature store?

Saurabh: When a store matures, the SSG there would be in the single digits, perhaps 7-8%. However, the SSG of a newer store would be much higher. As we have mentioned, in year 1, if we achieve 1 stock turn, in year 2 we are looking at 1.8 to 2 stock turns. That is almost double, or 80% growth in SSG, for a new store in year 2. In year 3, from 1.8, we look at reaching 2.5. That is how we are doing the entire calculation.

To answer your question, based on this calculation, by FY29 we should be around 21,000 crores, which is what we are projecting based on this estimate. Our estimates are based on our store openings and what we are looking at in terms of areas, Legacy stores, and new-format stores. It is a detailed working.

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Madhav Agarwal – SKP Securities: This 7–8% that you mentioned is without any surge in gold prices, or does this estimate include, for example, a 5% surge in gold prices?

Saurabh: This is single-digit growth without any gold price surge. If gold prices surge, volume comes down. We have kept it flat for now.

Madhav Agarwal – SKP Securities: Okay.

Madhav Agarwal – SKP Securities: Got it. Thank you.

Operator: Thank you. The next question is from the line of Sneh Gala from RSPN Ventures. Please go ahead.

Sneh Gala – RSPN Ventures: Thank you for the opportunity, and congratulations on a good set of numbers. My only question is regarding what you mentioned earlier on the call. Gross margin sequentially declined by 50 bps because of the increase in the franchisee mix. As we are going to grow faster on the FOCO side, especially this year and at 50% in FY28, how do you see gross margins and, in turn, EBITDA margins shaping up for FY27 or H2 FY27 and FY28?

Management: As we explained earlier, an increase in the franchisee mix dilutes the margin at the gross margin level, but at the EBITDA level, we are broadly at the same level. Therefore, even though gross margin has shifted slightly on a quarter-on-quarter basis, our other expenses have come down because we do not have the cost of operating those stores in our P&L. That cost is borne by the franchisee and is not in the PNG P&L. That is how it plays out, and that is also how we have calculated or forecast the numbers that Saurabh just gave you.

Sneh Gala – RSPN Ventures: Is it fair to understand that while gross margins might reduce because of the increase in franchisee sales, the increase in the franchisee mix will help EBITDA margins improve?

Management: Yes, because other expenses, including rentals and other costs, will come down in that channel.

Sneh Gala – RSPN Ventures: Okay, that was [cut off]

Management: ROCE will also increase because there is no capital being invested there. There is hardly any capital that we employ for the franchisee store. ROCE should improve on a yearly basis once the franchisee business becomes meaningful.

Sneh Gala – RSPN Ventures: Okay, thank you, sir. That was very helpful, and all the best for the future.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, to ask a question, you may press star and one.

The next question is from the line of Madhav Agarwal from SKP Securities. Please go ahead.

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Madhav Agarwal – SKP Securities: Thanks for the follow-up opportunity. I wanted to understand this from you. If you open a franchisee store today, my understanding is that, first, if the franchisee store has, let us say, a [inaudible], you will outright sell that inventory to the franchisee to open the showroom, and then regular sales will take place. Therefore, in the year in which the franchisee store opens, there would also be a revenue increase from that. Is my understanding correct?

Management: Yes, that is the right understanding. We will make one sale on day zero when the store opens, and then replenishment takes place. That is a practice that everybody follows. I think it is the industry practice.

Madhav Agarwal – SKP Securities: For our average store, how much gold inventory is there, in crores?

Management: 50 to 55 crores.

Madhav Agarwal – SKP Securities: And in volume, if you can share?

Management: For the—

Madhav Agarwal – SKP Securities: Hello?

Management: Yes, go ahead. Do you have a follow-up question?

Madhav Agarwal – SKP Securities: I was asking, in volume terms, in kilograms, how much inventory is required for a PNG showroom today?

Management: It depends on the carats. A ballpark figure would be around 30-32 kilos, but it all depends on the carats you are looking at—18, 14, or 22. There is no hard-and-fast rule, but a ballpark figure would be around 30-32 kilos.

Madhav Agarwal – SKP Securities: Okay, got it. Thanks.

Operator: Thank you. The next question is from the line of Vikrant Kashyap from Asian Market Securities. Please go ahead.

Vikrant Kashyap – Asian Market Securities: Sir, congratulations on a strong set of [inaudible] Hello, am I audible?

Management: Hello.

Vikrant Kashyap – Asian Market Securities: Hello, am I audible?

Management: Yes, please go ahead.

Vikrant Kashyap – Asian Market Securities: Congratulations, sir, on a very strong set of numbers. My questions pertain to your expansion into non-Maharashtra regions. We have started seeing some [inaudible] greater traction in the target cities, so can you give me an overview of how your store makes into markets [inaudible] [trails off]

Management: Vikrant, I am sorry, we cannot really hear you.

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Operator: Your voice is not clear. Request you to [cut off]

Management: [inaudible] [line issue]

Operator: The line from the current participant has been disconnected. Ladies and gentlemen, due to time constraints, we will take that as the last question for the day. I now hand the conference over to management for the closing comments.

Management: Thank you, everyone, for joining today's conference call and for your continued interest in PN Gadgil Jewellers Ltd. We appreciate your insightful questions and continued support. Should you require any additional information, please feel free to reach out to our investor relations partner, {? XB4 Advisory ?}. Thank you all, and have a wonderful day ahead.

Operator: Thank you very much, sir. On behalf of Nuvama Institutional Equities, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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