



Date: August 19, 2025

To,  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400001  
**Scrip Code: 544256**

To,  
National Stock Exchange of India Limited,  
Exchange Plaza, C-1, Block-G, BKC,  
Bandra (East), Mumbai – 400051  
**Symbol: PNGJL**

**Subject: Transcript of Conference Call**

Dear Sir/ Madam,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of audio call of the Conference Call held on Wednesday, August 13, 2025, at 03:00 P.M (IST).

The details are also available on the website of the Company at <https://www.pngjewellers.com>

Kindly take the above information on your records.

Thanking You.

Yours Sincerely,  
**For P N Gadgil Jewellers Limited**

Prakhar Gupta  
Company Secretary & Compliance Officer

**P N Gadgil Jewellers Limited**  
(Formerly known as P N Gadgil Jewellers Pvt. Ltd.)

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INDIA | USA





## “P N Gadgil Jewellers Limited Q1 FY ‘26 Earnings Conference Call”

**August 13, 2025**



**MANAGEMENT:** **MR. SAURABH GADGIL -- CHAIRMAN AND MANAGING  
DIRECTOR, P N GADGIL JEWELLERS LIMITED  
MR. KIRAN FIRODIYA -- EXECUTIVE DIRECTOR AND  
CHIEF FINANCIAL OFFICER, P N GADGIL JEWELLERS  
LIMITED**

**MODERATOR:** **MR. NAVEEN TRIVEDI -- MOTILAL OSWAL FINANCIAL  
SERVICES LIMITED**



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**Moderator:** Ladies and gentlemen, good day, and welcome to P N Gadgil Jewellers Limited Q1 FY '26 Earnings Conference Call hosted by Motilal Oswal.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "\*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Naveen Trivedi. Thank you. And over to you, sir.

**Naveen Trivedi:** Yes. Good afternoon, everyone. On behalf of Motilal Oswal, I am Naveen Trivedi, I would like to welcome you all to the P N Gadgil Jewellers 1Q FY '26 Earnings Conference Call.

From the Management today we have Mr. Saurabh Gadgil – Chairman and Managing Director, Mr. Kiran Firodiya – Executive Director and CFO.

I would now hand over the call to the Management for the opening remarks. Over to you, Saurabh.

**Saurabh Gadgil:** Thank you, Naveen. Good evening, everyone and thank you for joining us today at the P N Gadgil Jewellers 1Q FY '26 Earnings Call. I hope all of you have got an opportunity to look through our Financial Results, Press Releases and Investor Presentations, which are already uploaded on the Stock Exchanges and on the Company website.

This quarter, the gold industry saw almost a 35% year-on-year surge in gold prices, a level that historically tends to challenge discretionary purchases. Yet, the Indian consumer has been resilient and continues to stand strong, despite the high gold prices, both in terms of footfalls and transactions. Both have shown a good increase, which tells us that today's customers are very much interested in looking at gold.

They are just simply being more value conscious in their choices. And from a business perspective, lightweight jewellery offers us better margins and further adding to our profitability while staying evolved with the customers' preferences.

Recognizing this, early on, we began with our lightweight jewellery brand called LiteStyle by PNG, a dedicated brand focused entirely on lightweight, everyday wear jewellery designed to cater specifically to a new wave of customers seeking modern, affordable and lighter weight jewellery. LiteStyle is now positioned as a key growth driver for us in the future.

For the Q1 FY '26, our consolidated revenue from operations grew almost 3% year-over-year to Rs 1,715 crores and we saw 63% year-over-year growth in gross profit, while the gross margin improving from 8.3% to 13.2%.



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EBITDA grew by 85.4% to Rs 122 crores from Rs 66 crores last year. Our PAT also increased by almost 97% year-over year to Rs 69.3 crores.

Our first quarter began on a robust note, building on last year's momentum and healthy growth across all our three platforms - retail, e-com and franchisee. Festive occasions of Akshaya Tritiya and extended wedding season drove strong footfalls at our stores and with higher conversion rates, we were able to achieve record sales on Akshaya Tritiya despite the high gold prices.

This quarter, we also launched two LiteStyle stores - one company owned outlet in Kharadi, an IT hub suburb of Pune, and a franchisee store in Wakad. With the addition of these two new stores, our total store count as of 30th June is 55.

For FY '26, as discussed, we plan to add another 20 to 23 stores over the coming three quarters, backed by a focused expansion strategy, we are confident of stepping into a new phase of accelerated growth.

This year also is a pivotal chapter in our company's journey to becoming a Pan India player as we move beyond the Western Belt the Maharashtra belt to establish a presence in Central and North India, starting with Indore, Kanpur and Lucknow.

We see strong growth potential in these markets, and we are positive about the opportunities in these regions. We are proud of our performance across all the segments and remain committed to delivering sustainable growth, margin expansion and enhanced shareholder value in the years ahead.

With that, I now hand over to our CFO Mr. Kiran Firodiya to provide with us deeper insights into the financial performance. Thank you.

**Kiran Firodiya:**

Hi, thank you, Saurabh. Thank you and good evening, everyone. Let me take you through the financial performance of the company.

For the quarter ended Q1 FY '26, we reported consolidated revenue from operations with Rs. 17,145 million, reflecting 2.8% year-on-year growth. We achieved EBITDA of Rs. 1,228.5 million, marking 85.4% growth year-on-year, with EBITDA margin of 7.2%, which is up by 320 basis points year-on-year.

Consolidated PAT came at around Rs. 693.4 million, representing 96.3% year-on-year growth, with a PAT margin of 4%, 190 basis points increase year-on-year. The retail segment, which contributes 70.3% of our total sales, remains our largest growth engine, delivering around 19% year-on-year revenue growth, an EBITDA margin of 10% and a PAT margin of 5.7%.



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Beyond retail, we witnessed exceptional growth in our e-commerce and franchise segment as well. E-commerce revenue surged by 126% year-over-year, to Rs. 661 million, while franchise revenue rose by almost 109% year-on-year to Rs. 2,693 million.

Our customer engagement remains strong, with transaction volume up by 23% and an average transaction value nearing inbetween Rs. 95 thousand to Rs. 1 lakh. Footfall increased by 25%, supported by a strong conversion rate of almost 92%. This reflects healthy consumer demand and sustained purchasing behavior despite rising gold prices.

Festive sales continues to be a key driver for our success. This year, we achieved our highest ever single day festive sale on Akshaya Tritiya, that is Rs. 1,395.3 million, a remarkable 35.1% increase over last year's Akshaya Tritiya festival.

Additionally, we recorded a 41.6% year-on-year rise in the studded portion, taking our studded ratio to 10% of the total retail sales. This reflects the growing popularity of studded jewellery and aligns with evolving consumer preferences. Our revenue per store stands at Rs. 312 million, while net profit per store reached to almost Rs. 13 million, demonstrating operational efficiency and profitability.

Our same store sales growth for Q1 financial year '26 comes at 8%, influenced mainly by the absence of Gudi Padwa festival during this quarter. Last year, this festival took place in Q1 FY '25, but this year it took place earlier in Q4, affecting like-to-like compatibility.

We are also pleased to share that CRISIL has reaffirmed our long-term rating at CRISIL A, with a stable outlook, and our short-term rating also at CRISIL A1 for a total bank loan facility of Rs. 419 crore, reflecting our strong financial profile and disciplined capital management.

With this, we are done with the summary of our financial and the numbers, and we can now open the floor for questions. Thank you.

**Moderator:**

Thank you very much. We will now begin with the question-and answer-session. The first question comes from the line of Akash Jha from AJ Wealth. Please go ahead. Yes, Mr. Jha, you can proceed with your question. As there is no response from the current participant, we will move towards the next question. The next question comes from the line of Bala Murali Krishna from Oman Investment Advisors. Please go ahead.

**Bala Murali Krishna:**

Yes, good afternoon. So, regarding this loss due to GML loan, last quarter we enquired the GML and there is a Rs. 50 crores loss because of GML. Even if we are having GML and we are facing the loss, what could be the hedging strategy and there is no profit for the company even by hedging. Is it a right procedure or anything can be done and what is that similar loss in this quarter regarding GML?



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- Kiran Firodiya:** Yes, thank you and this is a good question. Currently, we have on account of hedging since the gold prices are continuously increasing. So, that profit is ultimately affected by roughly Rs. 25 odd crores.
- Bala Murali Krishna:** In this quarter it is Rs. 25 odd crores.
- Kiran Firodiya:** Sorry.
- Bala Murali Krishna:** In this quarter, it is Rs. 25 crores loss.
- Kiran Firodiya:** Rs. 25 crores, Rs. 25 crores.
- Bala Murali Krishna:** But in this quarter, almost the gold prices are stable but even last quarter, we understand that there is a hike in the gold prices. So, you would have borrowed gold at a lower price and you are settling at a higher price, that could be a loss. But in the last quarter of Q1 FY '26, the gold prices almost stable in the crores, but still we need to bear that losses. But then there is no meaning of this hedging. I mean you can go without hedging also rather than bearing these losses. So, we are hardly making a Rs. 50 crores profit in the quarter and also making Rs. 50 crores loss for hedging. So maybe there is some other--
- Kiran Firodiya:** I agree with you Mr. Bala. If you go through the sales prices this quarter, the entire gold industry witnessed almost 33% surge in the gold prices with respect to last 90 days. Recently, last 3 weeks - 4 weeks, gold prices are little bit stable in between Rs. 99,000 to Rs. 1,02,000. But if you see the prices in March, it has already increased by 33%. So, definitely, there is a loss on hedging part.
- Bala Murali Krishna:** Okay. So, this loss will keep on continuing the growth.
- Kiran Firodiya:** Correct. Thank you.
- Bala Murali Krishna:** Yes. When it comes to margins, we are expanding on the gross margin side, but it is directly not reflecting on the bottom line. So, what are the levers which we are dragging this and when we can expect this margin to reflect on the bottom line also?
- Saurabh Gadgil:** See, just to add to what Kiran has said, hedging is actually a need of the hour because the prices are fluctuating, and we do not want to take the price risk on the books. So, GML like you said, GML is a cost because there is a cost to avail the GML facility. But it also has an upside because it protects us from the price fluctuation.
- Business as a whole has seen margin improvement primarily due to three reasons. One has been the share of studded jewellery has seen a substantial increase and we have consistently been able to achieve 40% growth in the studded category. Secondly, there has been a strong conversion to



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footfall ratio upwards of 90%. So, even the market has seen high prices, footfall has seen it to slow down, but conversion ratio has ensured that the top line and the sales are happening at the desired pace.

And thirdly, also has been the focus on cost discipline and ensuring that the stores started during last Navratri when you had 9 days, 9 stores. All of those stores have performed as per expectation and are on track. So, that has added another cushion to the bottom line. So, these have been the drivers as far as business has been concerned.

**Bala Murali Krishna:**

Yes, I understood that. So, thanks for the explanation. But I just rephrase my question, so when you see the Q3 where we have opened 9 stores, at that time our gross margin was 9.8% and the PAT margin is around 3.5%. So, even now in this quarter we have a gross margin of 13.2% which is almost 3.4% higher than the Q3. But still our PAT margin is around 4% only. So, that is what I want to ask. Why is this not reflecting on the bottom line?

So, we are expecting that whatever improvement will come in the gross margin will directly lead to bottom line also. But this is not happening in the bottom line. So, when you can expect this to happen and what are the reasons for this drag on growth if you can throw some light on that?

**Kiran Firodiya:**

Yes, so now to answer you in detail, first of all, if you notice Quarter 4 of last year versus Quarter 1 of this financial year, there is no major changes happened because refinery sale was not there in Quarter 4 as well as absent in Quarter 1. So, these things are almost arm's length.

If I give you the answer for comparison for Quarter 4 and Quarter 1 for this quarter-over-quarter, then almost all margins and PAT margin everything remains stable. If I have to compare quarter-over-quarter that is last year Quarter 1 versus this year Quarter 1, the major difference is the refinery sale which is roughly Rs. 360 crore that is with 100% COGS last year. So, straightaway that is added this year with 13% or 14% gross margin. That is number one.

Number two, also the old gold purchase which we are doing from the customer, total old gold which we have right now as a replenishment model or as a hedging policy is roughly around 42% out of which 20% is against the cash purchase. So, there we have almost 3% margin in between buying and selling.

At the same point, as Saurabh mentioned that there is increment in the studded portion and the diamond inventory which we have infused that has also shown that has also been procured at very low cost because of the overall sharp fall in the diamond prices.

So, consolidated these four to five factors, we have able to keep the same momentum as for Quarter 4 last year, but definitely there is increment improvement as compared to quarter-over-quarter.



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**Moderator:** Thank you. The next question comes from the line of Deepak from Unifi Capital. Please go ahead.

**Deepak:** Hello, sir. Thank you for the opportunity. So, firstly, on the demand side, just wanted a sense from you as to how has July been because what we hear from other jewelers is July versus last year has been on the lower side given that last year had a custom duty benefit which everybody took a benefit from. So, just wanted your sense on the demand side, sir.

**Saurabh Gadgil:** See, July, like you rightly mentioned, last year with that custom duty, the impact July had seen robust sales. But if you look at this, this July sales have also shown uptick, two reasons. One is the prices have kind of stabilized at the level that people are seeing the bullishness in the prices moving ahead.

And second one has been the month of Shravan which started in the middle of July. Now, that again has had an impact because Shravan heralds the shopping season. That has had an impact. Silver has shown strong sales during the entire July month continuing till now. So, I think overall, I mean, if you compare apple-to-apple over last July, it was once in a year occasion. So, it would not compare to last July.

But overall, the quarter looks to be on track. The market seems to be stabilized. Footfalls are there. And people, confidence in gold, people confidence in jewellery is what is showing strong resilience as we speak.

**Deepak:** Sure. Okay. That is helpful. On the store expansion side, you mentioned 20 stores over the next three quarters. So, if you can give which formats are you planning, which is the PNG and LiteStyle format and the location of the same? And quarter wise, how should we look at the timeline for these stores?

**Saurabh Gadgil:** Yes. So, as we speak on second quarter, we just opened a store in Nashik, which was a PNG store. Going ahead, we have launches in the month of August and September. I will take these two months as Q2. We will be doing Jalgaon. Post that, we are doing Indore, our first store outside Maharashtra.

In the month of September, post the Shradh season, we have three stores lined up. After the two in Pune, there is another store which is lined up in Kolhapur and then we move to UP. So, we have Lucknow, Kanpur, and then another flagship store in Dadar. So, this is where the plan for PNG would be. So, we would be at around 64 stores as we speak as of September end of Q2.

Q3, Q4, will also see expansion. The balance store, which will happen in Q3, Q4 post Diwali. Again, during Q2, we will be doing four shopping shops for LiteStyle brands we spoke about. So, in four of our stores, we are doing a shopping shop on LitetStyle. And we will be adding





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another seven to eight LiteStyle stores, independent LiteStyle stores in Q3 and Q4, along with three to four PNG stores.

So, our guidance for the year, we just spoke about 23 to 25 stores remain intact. And it will be a combination of around 10 to 12 LiteStyle and the balance PNG stores.

**Deepak:**

Sure, understood. Sir, just wanted to touch upon the gross margin part in this quarter. It was quite remarkable. So, is this 13% gross margin are sustainable run rate that we should work with for the rest of the year? Or this gross margin had some sort of inventory gains that we might have booked in this quarter? So, just wanted your sense on how should we look at this gross margin part?

**Kiran Firodiya:**

Yes. So, we are hopeful that we will keep the same margin going forward as well. If you see, last quarter also, we are in the same 12.5% to 12.8% this year, slightly on a higher side, because my studded portion and the product mix is increased. With respect to the inventory gain, there is no question of inventory gain lies in the gross margin. Because as we mentioned that we are doing the effective hedging since Q3 of last year. So, we are hopeful that we will keep the gross margin level intact.

**Deepak:**

Sure. Okay. Sir, just a bookkeeping question. If you can tell us about the inventory on books, the debt on books, and what is the cost of debt?

**Kiran Firodiya:**

Yes. So, right now, we have totally net debt is of around Rs. 324 crores. Total debt in the books is roughly Rs. 825 crores, against which we have a fixed deposit which are incurring the, just hold on. Yes. So, total debt is Rs. 854 crore out of which, I have the fixed deposit or investment in fixed deposit is Rs. 530 crore. So, net debt, if you are asking me is Rs. 324 crores, effective finance cost is 4.90%, 4.90% for me.

**Deepak:**

Sure. Got it. And for the expansion that we have planned this year, how should we look at the funding of this? And you have taken an enabling resolution to raise through a QIP. So, if you can give some sense on how the funding will happen and what kind of money that you would need from the equity raise going forward?

**Kiran Firodiya:**

Yes. So, roughly for expansion of by this as Saurabh has given the details that by H1, that is by Q2, we are targeting to reach to store count to 64. And probably in H2, we are also thinking to add the similar as well. So, thinking to add additional 24 store by this financial year, we are hopeful that 50% will be funded by the company's reserves and surpluses.

So, roughly we need Rs. 300 crores to Rs. 400 crore is the infusion. So, that is predominantly coming by surpluses as well as we have some sanctions up to Rs. 140 crore from two banks. So, probably we will liquidate that and we will utilize internal resources only to go ahead for the expansion.



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With respect to QIP, that is more rational that we have done. So, we are still thinking of exactly we need to utilize the QIP part. So, that will definitely let you know.

**Saurabh Gadgil:**

And just to add to Kiran, we are talking about the store up to 25 stores for the year, half will be franchisee, which will have no investment from our side, which will be zero investment and the balance stores with that store, we are looking at five stores to six stores to be the LiteStyle stores, investment is much lower.

So, most of the investment in the new stores will come from internal accrual. Around Rs. 100 crore is what we would be seeking additional limits, which are already sanctioned. We may use if the need be. Otherwise, more or less, it will be funded through internal accrual.

**Moderator:**

Thank you. The next question comes from the line of Yash Sonthaliya from Edelweiss Public Alts. Please go ahead.

**Yash Sonthaliya:**

Hi team. Thank you for taking my question. So, my first question is on our franchise business, like on Y-o-Y basis, we only added two stores, while our revenue growth on Y-o-Y basis is more than 100% in franchise. And if I see the quarterly run rate also, it is for all the stores, it is more than average Rs. 20 crores. So, I wanted to understand what really changed in our franchise business. Why so much pick up in this quarter?

**Saurabh Gadgil:**

The franchisee business has seen a good uptake because the franchisee stores were two – three stores were remodeled in the last three months. The store locations have been there for almost three years to four years now. They have reached maturity.

So, the franchisee business has seen a good uptake. We have been able to identify locations where the franchisees have been able to perform well. And it is purely from the point of view of the policy which we are using here in terms of footfalls. All have shown good success at the franchisee level. And we are hopeful that the franchisee will see the similar run rate as we go ahead in the year.

**Yash Sonthaliya:**

Understood. And sir, just a small follow-up on the same. Do the franchisee have the inventory of Rs. 10 crores - Rs. 15 crores and they are doing such a high turnover on that?

**Saurabh Gadgil:**

No, no. See, right now being the month of Shravan and we have the Mangalsutra festival, so the franchisee had also ramped up the inventory. So, each franchisee would have been up by almost 30%.

**Yash Sonthaliya:**

Got it. And sir, I think you already alluded this, but just to confirm, no inventory gains or GML gains, anything, GML losses or anything is not impacting our gross margins, right?



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- Kiran Firodiya:** Yes. So, GML, whatever hedging gain, that is there. But there is no inventory gain lies in the, on account of non-hedging.
- Yash Sonthaliya:** Understood. Understood. And this 13% is organic and we can expect this to continue in the upcoming quarter.
- Saurabh Gadgil:** Yash, yes. We will be able to now with the healthy studded ratio and with our margins now, our net margin only from retail and our e-commerce business. So, the margins are stable and we can look at the same margin as we go ahead.
- Yash Sonthaliya:** Got it. And sir, what is our gross margin difference between studded and non-studded?
- Kiran Firodiya:** See, in studded portion, we have a gross margin of around 33% because there is a portion of diamond wherein we are purchasing diamond at very low price since the entire procurement is happening very effectively.
- But on sale side, the prices are not gone that down with respect to studded. And with respect to non studded, we have a difference of making charges, which is roughly in the range of 7% to 8%. So, if I combine everything, then the gross margin is coming around 13%.
- Yash Sonthaliya:** Got it, sir. Thank you. That is all from my side. Best of luck for upcoming quarters.
- Kiran Firodiya:** Thank you.
- Moderator:** Thank you. Thank you. The next question comes from the line of Tanishk Gagera from Family Office. Please go ahead. As there is no response from the current participant, we will move towards the next question. The next question comes from the line of Gaurav Nigam from Tunga Investments. Please go ahead.
- Gaurav Nigam:** Yes, sir. Sir, one question. I just need one clarification question. I think you have earlier mentioned about the hedging loss and hedging gain. I just wanted to understand, is this notional number that you are mentioning because conceptually, hedging means you will not have losses or gains. So, I mean, what is this Rs. 25 crores that you are mentioning as a loss in this quarter?
- Kiran Firodiya:** Yes, correct. It is notional only because whatever gold metal loan we have, we have to have that mark to margin on a regular basis. So, that is nothing but a notional thing only.
- Gaurav Nigam:** We do not have any loss, I mean, no realized loss in this quarter from hedging.
- Saurabh Gadgil:** No, I like to say because hedging, there is no gain and loss on account of the price movement.
- Gaurav Nigam:** Correct. Understood, sir. And what is the current level of hedging in the quarter for gold?



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- Kiran Firodiya:** So, currently, if you are asking me with respect to month-on-month basis, we are 100% hedged.
- Gaurav Nigam:** Got it, sir. Sir, one more clarification. I think one of the earlier participants asked about this 13.2% gross margin and you alluded that the last quarter gross margin was 12.8%. I think you have showed gross margin of 12% last quarter, Q4, I mean. So, 12 has gone to 13.2%. I mean, am I correct? I mean, you mentioned 12.8%. That is why I got a little confused.
- Kiran Firodiya:** Yes, you are correct. So, the thing, as I have informed you the reason also that the product mix, which is the studded portion has increased drastically. Again, at the same time, since we have the old gold purchase, which is happening at 3% discount, so that is also procurement is at less than the market price.
- At the same time, the studded portion and the diamond procurement, that is also happening at very low level. So, these three, four factors is effectively improve the gross margin by almost 1.1%.
- Gaurav Nigam:** Understood. No, thank you. I think just wanted to clarify that. And next question was on this LiteStyle jewellery, right? How much is the revenue contributed by that segment and what is the gross margin on the LiteStyle jewellery that we are selling as of now?
- Kiran Firodiya:** Yes, so LiteStyle model is typically the model, which we have recently launched. Last year, we have two showrooms and in both the showroom, we have the inventory to the tune of Rs. 8 to Rs. 10 crore and wherein we have historically or last two to three quarters observed that the gross margin are roughly 25% to 26%. So, this is how the light style model economically works.
- Gaurav Nigam:** Got it. And what was the total contribution from that LiteStyle revenue in this quarter?
- Saurabh Gadgil:** It is a new concept right now. As Kiran mentioned, we had done two pilots in the last financial year. Roughly, the stores, we are seeing that in the year one, they would do around 1 to 1.2 stock terms. So, with the investment of Rs. 8 crores to Rs. 9 crores, we are expecting around Rs. 10 crores – Rs. 11 crores revenue from that store in the year one. This year, we plan to add around 7 to 8 LiteStyle. So, taking the target to 10 plus stores.
- So, cumulative for the year, if you look at the net contribution, it should not be more than Rs. 100 crores for the entire year from LiteStyle, but with a good margin and the product mix there would be around 30% studded and 70% gold. Again, gold would be of 18 carat, 14 carat. So, the focus on design, the focus on studded is the highlight of LiteStyle along with that high on fashion and light on pocket.
- Gaurav Nigam:** Great, understood. Sir, two more questions, just quick one on SSG. We reported a SSG of 8%, right? One clarification on that again, the gold price increase in this quarter itself was more than 10%, as far as I understand. I mean, this 8%, is there a better way to think about it?



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- Kiran Firodiya:** Yes. So, typically, when we are talking about same store sales growth, then we have 27 stores out of the 55 stores, which we have just now. So, 27 stores, if I have to compare apple-to-apple, then there is a 8% growth. If you have considered the entire sales growth versus last year, then there is an upside of almost 25%.
- Gaurav Nigam:** Got it. Understood. And for this last question, this Rs. 174 crore sales, which you have mentioned as others in the press release, I mean, what is that? And what is the gross margin? And what is the exact thing that we are selling in that category?
- Kiran Firodiya:** You are talking about LiteStyle?
- Gaurav Nigam:** No, sir. I think in the presentation, in the press release, you mentioned one category as others which is --.
- Kiran Firodiya:** Yes. So, these are my color stone or non platinum sale or all these things.
- Saurabh Gadgil:** So, anything which is not diamond, we classify others, which are a small portion, but it is primarily precious stone, semi precious stone and platinum.
- Gaurav Nigam:** Understood. Got it.
- Saurabh Gadgil:** And they all have margins similar to gold. So, all would be, the same with diamonds, all would be in the 20% - 25% plus margin segment.
- Gaurav Nigam:** Very interesting. Got it, sir. Thank you. Thank you for answering my question.
- Moderator:** Thank you. The next question comes from the line of Ashish Kumar from Ampersand Capital Investment Advisors. Please go ahead.
- Ashish Kumar:** Thanks. I just have a small question. Last time we had mentioned that we have deferred the QIP and we have time till September '27 to reach that 75% mark. So, is there any update like, will we be looking at QIP in this financial year? I just wanted an update on that.
- Saurabh Gadgil:** So, the update is still the same. We have, we have just seeked the board approval. Beyond that, we had the company is in no need of funds right now for expansion for this financial year. So, there is no immediate plan as such. But like we have said, we have just taken the permission. So, we will be looking at it and at the right time, we will come up with the QIP.
- Ashish Kumar:** Thanks. That is all from my side.
- Moderator:** Thank you. The next question comes from the line of Subhanu from 3 Head Capital. Please go ahead.



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- Subhanu:** Hi. Sir, what is your profitability metric in your franchise segment? How is the margin, EBITDA margin, PAT margin?
- Saurabh Gadgil:** Sorry, can you repeat the question again, please?
- Subhanu:** How is the profitability metric in your franchise segment?
- Saurabh Gadgil:** Profitability margin. Okay.
- Kiran Firodiya:** So, franchisee, for franchisee, we do not maintain the franchisee inventory level. So, whatever inventory we are transferring to franchisee, it is pure sale. And we are making 3% consolidated everything, gross margin on the franchisee sale.
- Subhanu:** Only 3% gross margin?
- Saurabh Gadgil:** See, it is just a net margin from franchisee because all the costs are borne by the franchisee. So, there is no additional cost for the company. So, it is like a, you can treat it like a wholesale sale, which has a 2.5% margin, and there is a 0.5% franchisee fee.
- Subhanu:** Okay, understood. And earlier Q4, you guided 3.25% to 3.75% PAT margin, but this year you also touched 4% PAT margin. Can we assume 4% PAT margin is sustainable?
- Saurabh Gadgil:** See, between 3.5% to 4% is what we feel is sustainable. It all depends upon, the way the business goes ahead. But with the studded mix increasing and with this entire focus also on light weight to a high margin jewelry, I think 3.5% to 4% should be sustainable in the year ahead.
- Subhanu:** Okay. Thank you.
- Moderator:** Thank you. The next question comes from the line of Dinesh Kulkarni from Finsight. Please go ahead.
- Dinesh Kulkarni:** Thanks for taking my question and a really great set of numbers. Congratulations on that. So, my question is slightly on the longer term. Like, as you mentioned, we are, we will be opening somewhere around 20 plus stores this financial year. And so, how do you look at for the next two years - three years? Or is there any count like say 100 plus stores in the next three years or five years - five years, something like that? And if so, what kind of revenue impact you would see from that kind of an expansion?
- Kiran Firodiya:** Yes, so good question. With respect to the store count, definitely by March '28, we are targeting to cross 100 stores definitely. And in between, if we get the opportunity, as Saurabh mentioned, for QIP, then there will be again massive growth plan, which definitely we will share with you at appropriate time. And I think...



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- Saurabh Gadgil:** So, just to add, see, if you take it year by year, this year, we should be closing at close to 80 stores. Next year, we will be doing around 20 - 25 stores every year from our internal accruals. Like Kiran mentioned, the QIP funding would add another 25 stores - 30 stores. So, if that goes on till March 28, we should be able to, reach a number of, aim to reach a number of 150 stores. But we can only talk about this year, wherein we are saying that this year, we should be close to 80 stores as we end this financial year.
- Dinesh Kulkarni:** Okay, that really sounds great, sir. And usually, like, say, I would like to see, what is the kind of CAPEX you need to do for, say, like, if you want to have 150 stores, plus stores, maybe by 2028. So, what kind of investments you need to do and how do you --?
- Saurabh Gadgil:** It will be depending on the company owned and a franchise store, the franchise store needs no investment. The company store, again, would it be a PNG store or a LiteStyle store? A LiteStyle store needs a total investment of around Rs. 10 crores. A PNG store would need an investment of close to Rs. 50 crores. So, it is a combination of that. But again, the plan here, for this financial year, most of the expansion will be funded internally by internal accruals. At the most, we are looking at Rs. 100 crores - Rs. 150 crores of external bank debt, if the need occurs. But other than that, it will all be funded through internal accruals itself.
- Dinesh Kulkarni:** Okay, so, it will be partly a PNG store and some of it will be franchise, right?
- Saurabh Gadgil:** That is right. It will be a mix of it.
- Dinesh Kulkarni:** I mean, it will be a mix of it. Okay, so, 50% - 50% kind of a thing we can look at, or it will be more towards franchise?
- Saurabh Gadgil:** No, I mean, you can say 50% - 50%, but it would not just be a franchise model. The company store also will be a big part of it.
- Dinesh Kulkarni:** Okay, that really sounds great, sir. Thank you and all the best.
- Saurabh Gadgil:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Tanishk Gagera from Family Office. Please go ahead. No response from this line. We will move to the next question. The next question comes from the line of Akash Jha from AJ Wells. Please go ahead.
- Akash Jha:** So, I wanted to understand, since we are expanding to new geographies this year, so how well we are prepared to compete with already established large organizations there? I mean, specifically, have we developed any new designs or pricing strategies for these markets?



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**Saurabh Gadgil:**

So, see, like we mentioned during our previous call also, that the expanding strategy is a very well thought strategy. It is done by research, both on ground, by doing exhibitions, looking at the market mapping. So, based on that and looking at the market visibility, we have shortlisted Central India and North India as the belt for expansion ahead.

That journey is starting from Madhya Pradesh. We are looking at Indore. Post that, we are looking at, in the month of September, looking at UP, Lucknow and Kanpur being the two cities we are starting stores. So, this is going to be on the similar line that we are doing here. Those markets will have around 70% localized design, which are what the market demand is there. 30% will be, again, our evergreen PNG design, the PNG Classics.

It will be the same kind of a service what we have at PNG here, the same family feeling, the warmth. Our customers, our employees are trained to have the same levels of service, the same levels of empathy as we have in the stores here. So, we are confident that with this positioning, with a legacy of almost 200 years and with the deep market understanding and the brand value, the company should be able to successfully make strides in these states and move ahead in the neighboring states as we go ahead.

**Akash Jha:**

And sir, similar to last year, we are opening more stores close to the festive season. So, should we expect the break even for these stores to be faster than the company's overall average?

**Saurabh Gadgil:**

So, we have always said that anything which we open before Diwali, especially in the month of Navratri, the breakeven is between 12 months to 15 months as opposed to 15 months to 18 months, which are stores we open opposed to the festive season.

So, this year also, we are doing a lot of expansion during the month of Navratri. We will be adding 6 stores during Navratri this year and 4 shopping shops for LiteStyle. So, there will be a good addition of stores during Navratri and this will have a good impact as we move in the Diwali season ahead.

**Akash Jha:**

So, I mean, the breakeven for these stores would be 12 months to 15 months?

**Saurabh Gadgil:**

That is what we have seen typically, but now when you go outside the state, there could be a little delay. We have to wait and watch and see how the response is there. But in Maharashtra, what we have done till now, the store we started last year before Diwali, we feel that it is around 12 months to 15 months. Otherwise, 15 months to 18 months of stores post Diwali.

**Akash Jha:**

And one last question, sir, on your guidance for this year of 25% to 30%. So, this translates to, I mean, on a revenue base of last year, somewhere around Rs. 9,500 crores to Rs. 10,000 crores. And given the refinery segment, I believe Q2 will likely be in a similar range as Q1.





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So, to achieve the full year guidance, I mean, the H2 growth of this year should be more than 40%. So, considering the current demand environment, are you confident for achieving this number?

**Saurabh Gadgil:**

In the annual guidance, what you said was between Rs. 9,000 crores to Rs. 9,500. I think we are on track for that. Margins also, we are hopeful that we will be able to maintain the same margins. H2, as we speak, the season has looked good. Shravan has seen good uptake in sales. And we hope that the same momentum continues ahead. So, the guidance will remain the same. We should be able to achieve a top rate of Rs. 9,000 crores to Rs. 9,500 crores like I mentioned before, 3.5% to 4% PAT.

**Akash Jha:**

So, the growth rate would accelerate in H2?

**Saurabh Gadgil:**

It will be Q2 and Q3, because Q2 has seen Shravan, has seen Rakhi. As we move ahead, we will be moving in Navratri, which will again come in H2. And Q2 and Q3 will have the entire Diwali season and wedding season. So, both these quarters should be good.

**Akash Jha:**

Okay. Got it, sir. Thank you. All the very best, sir.

**Saurabh Gadgil:**

Thank you.

**Moderator:**

Thank you. The next question comes from the line of Varun Kumar from VK Investments. Please go ahead.

**Varun Kumar:**

Thank you for the opportunity. Sir, what is the kind of growth that you are seeing as compared to last year in July?

**Saurabh Gadgil:**

See, last year, July was an exceptional month because of the import duty impact. So, we would, in fact, look at the quarter-over quarter and we will look at that good and looking at just a one month growth.

**Varun Kumar:**

Okay. So, are we seeing any growth or is it some degrowth as of now, as compared to the last year? We understand that last year was exceptional. There was some custom duty impact.

**Saurabh Gadgil:**

Like I am saying that it is wrong to compare an exceptional month with a normal month. So, let us say for a quarter, the quarter looks good with Shravan, with Rakhi. The month of July has seen good sales.

**Varun Kumar:**

Okay. Thank you. Thank you.

**Moderator:**

Thank you. The next question comes from the line of Ankit from Fusion Capital. Please go ahead.



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- Ankit:** Yes, hi. Sir, my question was on the stud ratio. It is already improved substantially, right? So, from here on, are we expecting some more increment or this is the stable stud ratio that we are going to maintain?
- Saurabh Gadgil:** See, we always said that a company aims to look at a stud ratio of around close to 12% to 13% is what the company is aiming for. When we spoke, we were at around 7% - 8%. We have been able to now get a ratio to 10%. And I think there is still a lot of upside left. So, the aim would be to reach 13% on the stud ratio side.
- Ankit:** So, with this stud ratio, we are targeting 3.5% to 4% PAT margins, right? And even if this ratio improves, then it could be even more, right? Is that assumption correct?
- Saurabh Gadgil:** That is right.
- Ankit:** Okay. All the best. Thank you.
- Moderator:** Thank you. The next question comes from the line of Deepak from Unifi Capital. Please go ahead.
- Deepak:** Hello, sir. Thank you for the follow-up. So, my question was on the finance cost. Your debt has remained rangebound in that Rs. 800 crores mark. So, any reason why this finance cost run rate went up in this quarter and how should we look at it going forward?
- Kiran Firodiya:** Yes. So, finance cost, remaining the same because, having said that, whatever, there is increase in the other income part as well because that we cannot consider in the finance cost. So, if you see the other income in that, my fixed deposit interest is also coming up.
- So, that is from the same bank. So, if I have to consolidate everything, then for gold metal loan, I am not required to pay anything because I am getting more than the amount, which I have invested. And with respect to the WCDL, that facility which we are enjoying, if I nullify, if I consolidated everything, then my finance cost is coming to 5.10%.
- Deepak:** Okay. So, we should assume the Rs. 19 crores run rate to continue, right?
- Kiran Firodiya:** Yes, of course. Because as and when, whatever surplus is coming that is continuously infusing into the business, there is no diversion of the surpluses. So, whenever we are month-on-month basis, we are left with the surplus that has been inventory is pump-up. And as we have the expansion plan also, as we mentioned clearly that we are utilizing our surplus for the expansion. So, whatever surplus is coming, they are infusing into the business only.
- Deepak:** Sure. Okay. On the other expenses part, so that has gone up drastically in this quarter. I understand that your retail sales are also up. So, if you can give a sense as to how should we



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look at this number going forward? I am talking about the Rs. 80 crores number which used to be about Rs. 50 crores last year.

**Kiran Firodiya:**

Yes. So, typically, my other expense basically comes with the background that marketing spend, if you notice, last two years or before IPO, we are into the Maharashtra, we have a strong presence, the brand is very much popular, we are not required to spend our outflow on account of marketing. But definitely, as in the beginning of the call, Saurabh mentioned that we have already started our expansion plan into the neighboring state.

So, definitely, my other expenses, which is predominantly a marketing spend, that has been definitely going to increase. So, last year, you will see that it is less than 1%. So, this year, we may feel that it will be in the range of 1.2% to 1.4% of the total revenue because I think Saurabh will also add something on that. But that is one of the major factors which led to increase the other expenses.

At the same time, the new store which we have recently added two store in Q1 as well as three store to four store in Q4 of the last year. Since these stores open after Diwali, so these costs are definitely going to increase in commensurate with the revenues not coming up. But definitely, over a period of time, when the stores settle, you will see this portion automatically gone down. I think Saurabh you want to add something?

**Saurabh Gadgil:**

Yes, Deepak, anything else you want to know?

**Deepak:**

No, sir. That is it. Thank you. All the best.

**Saurabh Gadgil:**

Thank you. Thank you, Deepak.

**Moderator:**

Thank you. The next question comes from the line of Roshil Selarka from Pioneer Wealth Management. Please go ahead.

**Roshil Selarka:**

Hello. Sir, congratulations for the great sets of numbers. Sir, my question is that under franchisee model, the inventory is in the books of our company or in the books of the franchisee?

**Saurabh Gadgil:**

No, it is in the books of franchisee company. We sell the inventory.

**Roshil Selarka:**

Okay. So, what margin do we sell, if you can give us an idea?

**Saurabh Gadgil:**

I mean, like I mentioned before, it is around 2.5% margins in sales and a 0.5% royalty as a franchisee fee.



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**Roshil Selarka:** Okay, sir. So, my question is that due to the rising gold price, like going forward, do we see that any slowdown in the stores due on the franchisee model as the investment requirement by them will be higher?

**Saurabh Gadgil:** See, it is very difficult to predict, what will happen in the future, just because of gold prices rising. Because a rising gold price also is meaning that the franchisee investment also is appreciating. So, as of now, there is been no pushback.

There is a lot of interest in franchisees. But our process of diligence, our process of ensuring that the franchisee qualifies to be a PNG franchisee is something which we are very adamant about. And it is followed strictly, but there is no resistance or pushback because of the high prices for the franchisee demand.

**Roshil Selarka:** And sir, what will be the SSG for our mature stores?

**Kiran Firodiya:** So, SSG for mature stores, if you are asking me in terms of 27 stores, which we have last year as well. So, they have 8% to 8.5%.

**Roshil Selarka:** And so, are we seeing any volume degrowth or the volume has been flat and in terms of sales growth, I am asking, are we seeing any volume growth? I mean, volume is flat or degrowing and it is because of totally value growth or like you can just give some light over it?

**Saurabh Gadgil:** The volume has been on the flatish side because of the high prices. But what we have seen is that we have got strong conversion ratios of footfalls and conversion have been a very important factor. Lightweight jewellery has been another push and we have been able to demonstrate good sales conversion from the footfall.

But yes, the whole value growth also is coming from the studded ratio, the studded diamond sale, which also is in the value side. So, the volume growth should be almost flat, but the value growth should be, as you have seen, in the range of 20% - 25%.

**Roshil Selarka:** And so, one last question that in this, there is light jewelry, the stores, LiteStyle jewellery, which we are opening. Sir, do you see that going forward, let us say after three years or five years, are we going to see that, itself it will create a separate market? Because as of now, no one is opening an independent shop, we can say, or because of now the gold prices everybody has started looking creating a new market for this.

So, do you think that this itself can be a good upcoming market? Because of the high gold prices and also because of the way people are creating awareness and doing marketing?



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**Saurabh Gadgil:** Look at this segment in a very strategic way. We believe that PNG is a festive occasion, reason based shopping, while LiteStyle is fun shopping, is a no-occasion shopping. And I think there is a clear differentiation between the pricing there, the design there.

So, there is a market growing in that category where you are creating your own occasion, you are buying because you want to buy today for feel good, gifting. So, there is a big category which we believe is in that entire space and that is what LiteStyle is catering to. PNG will continue to look at the traditional occasions, look at weddings as the primary drivers for sales.

**Roshil Selarka:** And so, any vision you have regarding the lifestyle? So, like how big you are seeing in the next five years, like any ballpark number or any ballpark vision you have?

**Saurabh Gadgil:** So, we aim to add around 10 to 15 LiteStyle stores a year. So, in the next five years, we should be hopeful to reach 100 number. But this is, like I mentioned, this is again going to be a mix of company, franchisee, and seeing the way we are growing, I think this is a target which we have kept for ourselves.

And there is a lot of serious planning going on to make LiteStyle also into one of the major revenue streams as we speak.

**Roshil Selarka:** Thank you, sir. Thank you for clearing the answer.

**Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to management for closing comments. Thank you and over to you, sir.

**Saurabh Gadgil:** So, Thank you, everybody, for taking the time to join the call and for your insightful and interesting questions. I hope, we have been able to answer most of your questions satisfactorily.

But in case you have any further questions or would like to know more about the company, feel free to reach us through our Investor Relations Partner at XB4 Advisory. Once again, thank you very much and a very Happy Independence Day at once to all of you. Thank you.

**Moderator:** Thank you. On behalf of Motilal Oswal, that concludes this conference. Thank you for joining us and you and you may now disconnect your lines. Thank you.