BUY
TP: Rs 793 | ▲ 39%

P N GADGIL JEWELLERS | Retail | 04 November 2026

Growth Momentum maintained

- **PNG is strengthening its brand portfolio with the launch of "YOOU" focused on lightweight diamond jewellery, and the acq of Silvostyle**
- **Strong SSSG of 25.5% reflects healthy consumer demand despite elevated gold prices.**
- **Studded jewellery momentum remained strong, supporting mix improvement and long-term margin expansion.**

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Result highlights: PNG delivered a strong Q2'27 with rev growing 37.3% YoY to Rs 57.9bn, driven by healthy customer traction despite elevated gold prices, and continued market share gains. EBITDA increased 31.8% YoY to Rs 2.3bn, while EBITDA margin stood at 4.0%. PNG reported a strong SSSG of 25.5%, reflecting healthy performance across mature stores. Demand remained broad-based across jewellery categories, with co highlighting strong momentum in studded jewellery and benefits from an expanding store network. During Q2, the Co continued to gain traction in newer markets outside Maharashtra, supporting its geographic diversification strategy. Management indicated that consumer demand remained resilient despite sharp gold price increases and reiterated confidence in achieving its FY27 revenue target of Rs 130bn+, supported by aggressive store expansion and a healthy festive and wedding season outlook.

Key Concall Summary: PNG is strengthening its brand portfolio with the launch of YOOU by PNG, focused on lightweight diamond jewellery, and the acq of Silvostyle, which expands its presence in the silver jewellery segment. Management remains on track to add 23 stores in FY27, taking the total store count to ~103, with 8–10 openings planned in Q3 and the balance in Q4. Over the longer term, the company targets ~170 additional stores by FY29, largely funded through internal accruals. Expansion into Northern and Central India is progressing well, with these markets expected to contribute 30–35% of sales by FY30, compared with Maharashtra's current share of ~91%. Management reiterated its FY27 target of PAT margin 4–4.2%. Further, hedge coverage has increased to ~80%, while legacy inventory turnover of 3.7–4.0x is expected to remain sustainable.

Maintain BUY: PNGJL's store expansion strategy, improving product mix and operational discipline provide visibility on medium-term earnings growth, while the demand environment and execution of the expansion pipeline remain key monitorables. We expect the company to deliver revenue/EPS CAGR of 14.8%/7.7% over FY26–29E. We maintain our BUY rating, valuing the stock at 20x rolling over to Sep'28 EPS with a revised TP of Rs 793.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	PNGJL IN/Rs 572
Market cap	US$ 710.8mn
Free float	17%
3M ADV	US$ 3.5mn
52wk high/low	Rs 736/Rs 503
Promoter/FPI/DII	83%/1%/5%

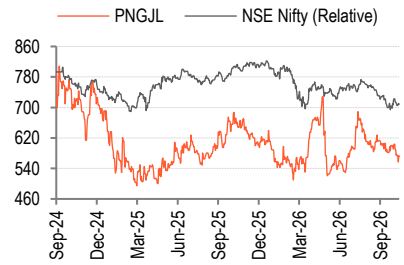
Source: NSE | Price as of 28 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	107,391	128,038	141,290
EBITDA (Rs mn)	6,159	7,414	7,611
Adj. net profit (Rs mn)	4,123	4,620	4,807
Adj. EPS (Rs)	30.4	34.0	35.4
Consensus EPS (Rs)	30.4	33.7	40.4
Adj. ROAE (%)	23.5	21.1	18.0
Adj. P/E (x)	18.8	16.8	16.1
EV/EBITDA (x)	12.0	10.0	9.1
Adj. EPS growth (%)	88.9	12.0	4.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Earnings Call KTA's

Financial Performance: P N Gadgil delivered a strong Q2FY27 performance, with consolidated revenue increasing 22.4% YoY to Rs26.66bn, while EBITDA grew 57.1% to Rs2.25bn. EBITDA margin expanded 186bps YoY to 8.4%, supported by a richer product mix, higher retail contribution and operating leverage. PAT increased 52.7% to Rs1.21bn, with PAT margin improving 90bps to 4.5%. Excluding an unhedged inventory gain of Rs50mn, adjusted EBITDA grew 60% to Rs2.10bn, with an adjusted EBITDA margin of 8.2% versus 6.3% in Q2FY26, indicating improvement in underlying operating performance. For H1FY27, revenue grew 30.5% to Rs50.79bn, EBITDA increased 56.8% to Rs4.17bn and PAT grew 52.3% to Rs2.26bn.

Retail Performance: Retail revenue grew 31.1% YoY to Rs20.61bn, supported by healthy same-store sales growth (SSSG) of 25.5%. Retail contribution to consolidated revenue increased to 77% from 72% in Q2FY26, reflecting a continued shift towards the higher-margin retail business. Franchisee revenue also grew 34.7% to Rs4.59bn, while e-commerce revenue declined 83.6% to Rs236mn, primarily due to the deliberate reduction in low-margin gold coin sales and a strategic shift towards higher-margin jewellery products. Customer engagement remained healthy, with footfalls exceeding 1.78 lakh, a conversion rate of 88.6% and an average transaction value of Rs1.22 lakh.

Jewellery Mix: Premiumisation continued to support the improvement in product mix, with the retail studded ratio increasing to 11.9% from 9% in Q2FY26 and 11% in Q1FY27. Diamond jewellery recorded 21% growth in value and 11% in volume, while gold jewellery grew 47% in value and 4% in volume, indicating that gold growth was largely realization-led. Gold bars and coins declined 24% in value and 48% in volume, with their contribution to retail revenue falling to 15.8% from approximately 22% in the previous quarter. Importantly, 68% of gold bar and coin purchases were subsequently converted into jewellery purchases, compared with 53% in Q1FY27, supporting cross-selling and jewellery-led sales.

Demand Outlook: Despite Q2 being seasonally subdued due to Chaturmas and lower wedding-related activity, management indicated that consumer demand remained healthy. Elevated gold prices continued to drive consumer preference towards lightweight designs, studded jewellery and old-gold exchange. Management highlighted that Navratri demand was good, with around Rs2bn of revenue from the 10-day period shifting from Q2 last year to Q3 this year. The outlook for Diwali and the wedding season remained positive, supported by healthy bookings and customer interest. Management also indicated that softer gold prices could support volume growth, while higher prices generally drive value growth.

YOOU by PNG: The company rebranded LiteStyle as YOOU by PNG, positioning it as a lightweight diamond jewellery brand targeting younger and style-conscious consumers across 9K, 14K, 18K and 22K gold categories. The response has been encouraging, with the studded ratio increasing sharply to 53.1% from 32.9% in the previous quarter. YOOU currently operates 14 stores, with an average transaction value of Rs65,300 and an annualised inventory turnover of 0.8x. Management expects the inventory turnover to gradually improve to 1.8-2.0x as the brand scales. The rebranding aims to strengthen its positioning in everyday and lightweight diamond jewellery, while leveraging PNG's legacy and customer trust.

Silvostyle Acquisition: The company completed the 100% acquisition of Silvostyle on 1 October 2026, expanding its presence into the 925 sterling silver fashion jewellery segment. Silvostyle is a fast-growing brand with 18 standalone stores and approximately 68 franchise shops within the group's network, along with a presence across five states. The business reported a revenue CAGR of 64% and PAT CAGR of 99% between FY24 and FY26, reaching revenue of Rs72.8cr in FY26. The acquisition strengthens PNG's multi-brand strategy by targeting first-time jewellery buyers, millennials and Gen-Z consumers, while leveraging its existing retail network for distribution and operational synergies. Management will focus on integrating the business and scaling the brand.

Store Expansion: Management remains on track to add approximately 23 stores in FY27, taking the total PNG store network to around 103 by year-end. The company closed Q2FY27 with 80 stores, comprising 59 COCO and 21 FOCO stores, including 14 YOOU stores. Expansion will accelerate in H2, with 8-10 openings planned in Q3 and the remaining additions in Q4, primarily through the franchisee-led model. The Ayodhya store is already operational, while the Prayagraj store was scheduled to open on 4 November 2026. Beyond FY27, management indicated plans to add around 30-35 stores annually, with approximately 17-18 stores under the legacy format and the remaining additions through YOOU. From FY28 onwards, the company intends to maintain a 50:50 mix between COCO and FOCO stores.

Geographical Expansion: PNG is accelerating its expansion beyond Maharashtra and Goa, with seven company-owned stores already established across Uttar Pradesh, Madhya Pradesh, Bihar and Haryana. These newer markets are showing encouraging traction, with Northern and Central India stores reporting a studded ratio of 17.4%, compared with the company average of 11.9%. Retail revenue contribution from these regions increased to 2.7% in Q2FY27 from 0.7% in Q2FY26. Management expects newer geographies to contribute 30-35% of total sales by FY30, compared with Maharashtra's current contribution of approximately 91%. The company expects the overall studded ratio to increase to 17-18%, while Northern and Central India could achieve 25%, supporting structural margin expansion.

New Store Economics: Management indicated that the newer markets are progressing ahead of initial expectations. Stores in Uttar Pradesh, with an average operating history of 11-12 months, have achieved approximately 1.1x inventory turnover against the initial expectation of 1x, translating into annual revenue potential of around Rs60cr per store versus the initial estimate of Rs50-55cr. The studded ratio in these stores is already above 17%, compared with the initial target of 15%. Management expects mature stores to achieve 2.5-3x inventory turnover, increasing to 3.5-4x after the fourth year, with revenue potential of approximately Rs200cr per store. The studded ratio in these markets is expected to reach 20-25%. Made-to-order sales currently account for 22-25% in UP, compared with 30-32% in Maharashtra, with the company leveraging its existing karigar network and a regional office in UP for faster order processing.

Franchise-led Expansion: Management highlighted that the franchise-led FOCO model will be a key driver of capital-efficient expansion. While the company established COCO stores in newer markets to build brand awareness and validate demand, subsequent expansion will increasingly be through FOCO. From FY28 onwards, the company plans to maintain a 50:50 mix between COCO and FOCO additions across

the legacy and YOOU formats. Although a higher franchisee contribution could dilute gross margins due to the revenue mix, management expects EBITDA margins to remain supported by lower operating expenses, rentals and store-level costs borne by franchise partners. The asset-light model is also expected to improve ROCE as the company requires relatively limited capital investment in franchisee stores.

Gross Margins & Operating Costs: Consolidated gross margin expanded 89bps YoY to 12.7%, while declining 50bps sequentially to 12.7% from 13.2%, primarily due to the increase in franchisee revenue contribution. Management clarified that the higher franchisee mix impacts gross margins but benefits EBITDA through lower operating expenses at the company level. Other expenses remained broadly stable at Rs86.9cr versus Rs85.7cr in Q1FY27, reflecting the rationalisation of advertising, promotional spending and campaign discounts. Management expects similar moderation in operating expenses to continue through H2FY27. Employee expenses stood at Rs45.5cr, with the sequential movement partly reflecting differences in variable payouts.

Hedging Strategy: Management has increased hedge coverage to approximately 80% to improve earnings visibility and reduce exposure to gold price volatility. The company is progressively increasing its hedge coverage as part of its risk management framework. Higher gold metal loan (GML) borrowings are also linked to this hedging strategy. Management indicated that the focus remains on making earnings more resilient to gold price movements.

QIP & Capital Allocation: The company raised Rs700cr through a QIP in August 2026, which was oversubscribed approximately 1.5x, strengthening its balance sheet for the next phase of expansion. A portion of the proceeds has been deployed towards working capital requirements, particularly to support festive inventory demand, while the remaining funds were largely parked in bank fixed deposits. Bank FDs increased by approximately Rs637cr sequentially to Rs1,191cr at the end of Q2FY27. Management indicated that the planned expansion over the next few years will largely be funded through internal accruals, with no significant requirement for additional debt to support the store rollout. CRISIL also reaffirmed the company's credit rating at A+ with a stable outlook.

Debt & Balance Sheet: Gross borrowings increased by approximately Rs385cr since March 2026, primarily due to higher GML borrowings undertaken as part of the hedging strategy. However, bank FDs and collateral placed with banks increased by approximately Rs552cr over the same period, resulting in a reduction of net borrowings by around Rs167cr, including the QIP proceeds. Management aims to reduce borrowings by 20-25% or more by FY29-FY30, while continuing to fund its expansion through internal accruals. Net worth stood at Rs2,855cr as of September 2026, providing a stronger capital base for future growth.

Management Guidance: Management reiterated its FY27 revenue target of Rs13,000cr+, with PAT margin guidance of 4-4.2%, and indicated that the targets remain achievable based on current business trends. For FY27-FY29, management outlined an aspirational revenue CAGR of approximately 25%, with revenue potentially reaching Rs17,000cr+ by FY29 at a broad level. It also indicated a longer-term revenue potential of approximately Rs21,000cr based on its store expansion and productivity assumptions. Mature stores are expected to deliver SSSG of 7-8%, assuming stable

gold prices, while newer stores are expected to ramp up through improving inventory turns. The company remains confident of delivering profitable growth through its multi-brand strategy, geographical expansion and increasing FOCO contribution.

Inventory & Store Productivity: The company's annualised inventory turnover stood at 3.7x in H1FY27, remaining significantly above the industry average of 2-2.5x. Management considers the current 3.7-4x turnover sustainable as newer stores mature and the business continues shifting towards jewellery-led sales rather than gold bars and coins. The legacy format is expected to maintain inventory turnover of 3.5-4x, while YOOU is expected to gradually improve towards 1.8-2x. Management indicated that an average legacy store requires inventory and capex investment of approximately Rs60cr, while the YOOU format requires around Rs4cr, supporting a relatively capital-light expansion strategy.

Digital & E-commerce: Management highlighted digital investments and e-commerce as key areas of focus under its broader growth strategy. The company is looking to improve e-commerce volumes across marketplaces and quick-commerce platforms, while strengthening direct-to-consumer (D2C) engagement through personalised digital experiences and targeted campaigns. The focus remains on improving brand visibility, customer experience and return on marketing expenditure. The company will also continue investing in digital capabilities alongside its store expansion and multi-brand strategy.

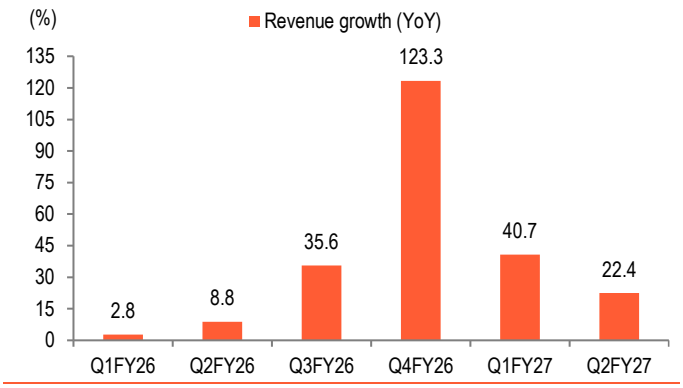
Long-term Growth Strategy: Management reiterated its ambition to transform PNG from a Maharashtra-focused legacy jeweller into a pan-India retail brand through geographical expansion, brand diversification and an asset-light operating model. The strategy is centred around three brands: PNG Legacy, YOOU by PNG and Silvostyle, targeting traditional jewellery buyers, younger consumers and fashion silver customers, respectively. The company currently has 100+ karigar associations and 180+ vendor associations, supporting its manufacturing and sourcing network. Management also remains open to exploring further strategic opportunities for synergistic integration across the jewellery value chain.

Fig 1 – Quarterly Table

Particulars	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Total operating income	26,664	21,776	22.4	24,130	10.5
Raw-Material expense	23,266	19,195	21.2	20,933	11.1
Gross Profit	3,398	2,581	31.7	3,196	6.3
Employee expense	455	409	11.4	516	(11.8)
Other expense	869	1,101	(21.1)	856	1.4
EBITDA	2,074	1,071	93.6	1,824	13.7
D&A	202	139	45.0	178	13.9
EBIT	1,872	932	100.9	1,646	13.7
Interest cost	418	198	110.9	341	22.9
Non-operating expense/(income)	(172)	(358)	(52.0)	(100)	71.3
PBT	1,625	1,092	48.9	1,406	15.6
Tax	414	298	38.8	353	17.5
Reported PAT	1,211	793	52.7	1,053	15.0
Adjusted PAT	1,211	793	52.7	1,053	15.0
As % of net revenues	**Q2FY27**	**Q2FY26**	**chg (bps)**	**Q1FY27**	**chg (bps)**
Gross margin	12.7	11.9	89	13.2	(50)
Employee cost	1.7	1.9	(17)	2.1	(43)
Other cost	3.3	5.1	(180)	3.5	(29)
EBITDA margin	7.8	4.9	286	7.6	22
Tax rate	25.5	27.3	(185)	25.1	41
APAT margin	4.5	3.6	90	4.4	18

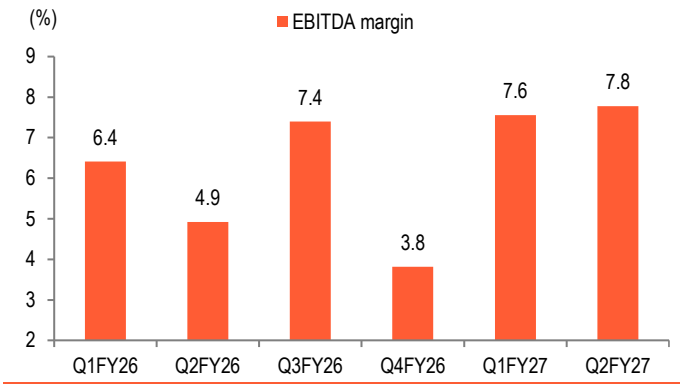
Source: Company, BOBCAPS Research

Fig 2 – Revenue growth (%)



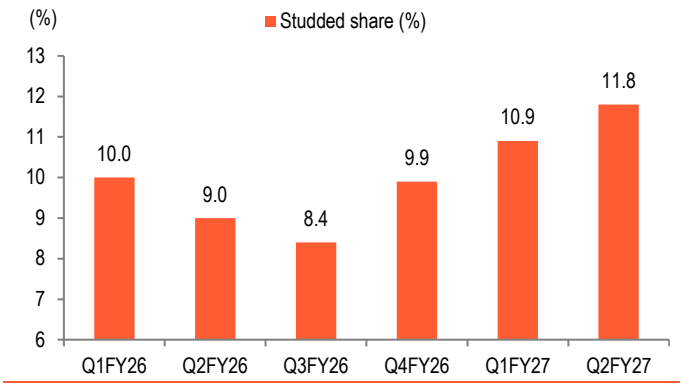
Source: Company, BOBCAPS Research

Fig 3 – EBITDA Margin (%)



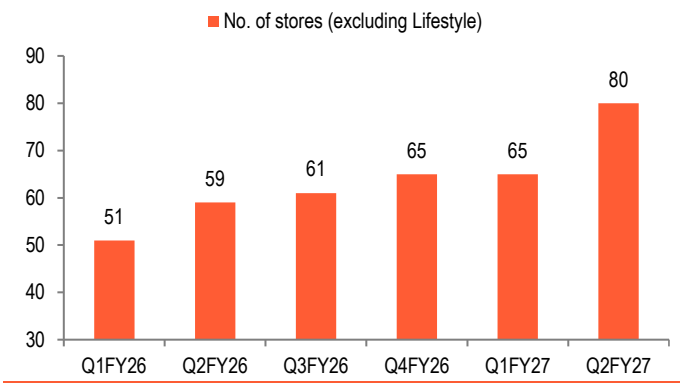
Source: Company, BOBCAPS Research

Fig 4 – Studded share (%)



Source: BOBCAPS Research, Company

Fig 5 – No of stores



Source: BOBCAPS Research, Company

Valuation methodology

PNGJL's store expansion strategy, improving product mix and operational discipline provide visibility on medium-term earnings growth, while the demand environment and execution of the expansion pipeline remain key monitorables. We expect the company to deliver revenue/EPS CAGR of 14.8%/7.7% over FY26–29E. We maintain our BUY rating, valuing the stock at 20x rolling over to Sep'28 EPS with a revised TP of Rs 793.

Fig 6 – Actual vs Estimates

Rs mn	Q2FY27	Q2FY27E	Deviation (%)
Revenue	26,664	26,654	0.04
EBITDA	2,074	1,682	23.31
EBITDA Margin (%)	7.8	6.3	146 bps
PAT	1,211	1,098	10.30

Source: BOBCAPS Research, Company

Fig 7 – Revised estimates

(Rs xxxx)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Total operating income	128.0	141.0	162.0	128.1	141.3	162.5	(0.08)	(0.21)	(0.31)
EBITDA	7.4	7.6	8.3	7.4	7.6	8.3	0.00	0.00	0.00
EBITDA Margin	5.8	5.4	5.1	5.8	5.4	5.1	0 bps	1 bps	2 bps
Adjusted PAT	4.6	4.8	5.1	4.6	4.8	5.2	0.00	0.00	(1.92)
EPS (Rs)	34.0	35.4	38.0	34.0	35.4	38.0	0.00	0.00	0.00

Source: BOBCAPS Research

Key risks

Key upside/downside risks to our estimates are:

- Steep increase in gold-price volatility and regulatory risks
- Loss of market share due to a steep rise in competitive intensity in its core Maharashtra market
- Slow rollout and poor ramp-up of new stores

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**75,860**	**107,391**	**128,038**	**141,290**	**162,450**
EBITDA	3,358	6,159	7,414	7,611	8,322
Depreciation	348	572	650	814	978
EBIT	3,010	5,588	6,765	6,798	7,344
Net interest inc./(exp.)	(430)	(916)	(1,730)	(1,761)	(2,007)
Other inc./(exp.)	351	881	1,138	1,387	1,551
Exceptional items	0	0	0	0	0
EBT	2,931	5,553	6,173	6,424	6,888
Income taxes	748	1,420	1,552	1,617	1,734
Extraordinary items	0	34	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**2,183**	**4,098**	**4,620**	**4,807**	**5,155**
Adjustments	0	25	0	0	0
Adjusted net profit	**2,183**	**4,123**	**4,620**	**4,807**	**5,155**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	2,557	5,755	6,862	7,572	8,706
Other current liabilities	4,086	7,012	7,012	7,012	7,012
Provisions	49	76	90	99	114
Debt funds	8,231	15,796	18,813	20,749	23,841
Other liabilities	979	1,376	1,376	1,376	1,376
Equity capital	1,357	1,357	1,357	1,357	1,357
Reserves & surplus	14,182	18,270	22,890	27,697	32,852
Shareholders' fund	15,539	19,627	24,248	29,054	34,209
Total liab. and equities	**31,442**	**49,642**	**58,400**	**65,863**	**75,258**
Cash and cash eq.	6,287	5,044	16,414	20,125	23,786
Accounts receivables	500	628	749	827	950
Inventories	20,209	36,554	34,026	37,548	43,172
Other current assets	688	1,409	900	900	900
Investments	86	82	82	82	82
Net fixed assets	1,871	2,300	2,617	2,769	2,757
CWIP	35	0	0	0	0
Intangible assets	1,344	1,804	1,804	1,804	1,804
Deferred tax assets, net	0	0	0	0	0
Other assets	422	1,808	1,808	1,808	1,808
Total assets	**31,442**	**49,630**	**58,400**	**65,863**	**75,258**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**(5,491)**	**(7,306)**	**11,049**	**4,501**	**3,541**
Capital expenditures	(1,142)	(1,426)	(966)	(966)	(966)
Change in investments	(77)	4	0	0	0
Other investing cash flows	351	847	0	0	0
Cash flow from investing	**(867)**	**(575)**	**(966)**	**(966)**	**(966)**
Equities issued/Others	177	0	0	0	0
Debt raised/repaid	4,266	7,565	3,017	1,936	3,092
Interest expenses	(430)	(916)	(1,730)	(1,761)	(2,007)
Dividends paid	0	0	0	0	0
Other financing cash flows	7,835	(10)	0	0	0
Cash flow from financing	**11,848**	**6,639**	**1,287**	**176**	**1,085**
Chg in cash & cash eq.	**5,490**	**(1,242)**	**11,370**	**3,711**	**3,660**
Closing cash & cash eq.	**6,287**	**5,044**	**16,414**	**20,125**	**23,786**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	16.1	30.2	34.0	35.4	38.0
Adjusted EPS	16.1	30.4	34.0	35.4	38.0
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	114.5	144.6	178.7	214.1	252.1

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	0.9	0.7	0.6	0.5	0.4
EV/EBITDA	20.9	12.0	10.0	9.1	8.2
Adjusted P/E	35.6	18.8	16.8	16.1	15.1
P/BV	5.0	4.0	3.2	2.7	2.3

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	74.5	74.3	74.9	74.8	74.8
Interest burden (PBT/EBIT)	97.4	99.4	91.2	94.5	93.8
EBIT margin (EBIT/Revenue)	4.0	5.2	5.3	4.8	4.5
Asset turnover (Rev./Avg TA)	241.3	216.4	219.2	214.5	215.9
Leverage (Avg TA/Avg Equity)	2.0	2.5	2.4	2.3	2.2
Adjusted ROAE	14.0	21.0	19.1	16.5	15.1

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	25.2	41.6	19.2	10.4	15.0
EBITDA	24.2	83.4	20.4	2.7	9.3
Adjusted EPS	22.3	88.9	12.0	4.0	7.2
Profitability & Return ratios (%)					
EBITDA margin	4.4	5.7	5.8	5.4	5.1
EBIT margin	4.0	5.2	5.3	4.8	4.5
Adjusted profit margin	2.9	3.8	3.6	3.4	3.2
Adjusted ROAE	20.9	23.5	21.1	18.0	16.3
ROCE	14.1	18.3	18.4	16.4	15.3
Working capital days (days)					
Receivables	2	2	2	2	2
Inventory	97	124	97	97	97
Payables	12	20	20	20	20
Ratios (x)					
Gross asset turnover	36.1	37.8	33.5	29.5	28.2
Current ratio	2.8	1.5	1.6	1.7	1.7
Net interest coverage ratio	7.0	6.1	3.9	3.9	3.7
Adjusted debt/equity	0.1	0.5	0.1	0.0	0.0

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

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

BUY – Expected return >+15%

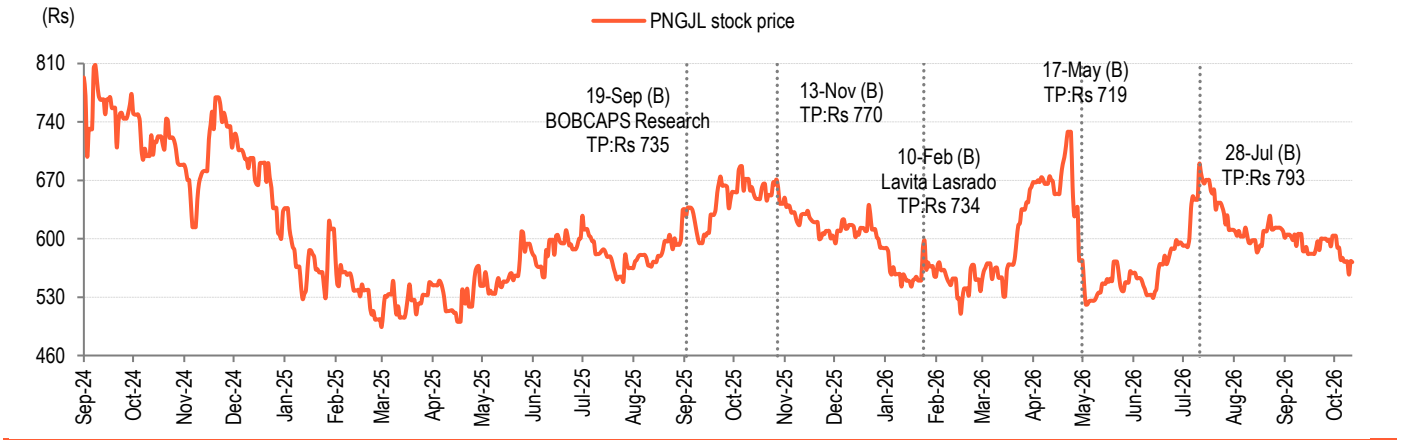
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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

Ratings and Target Price (3-year history): P N GADGIL JEWELLERS (PNGJL IN)



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

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