RESULT REVIEW

BUY
TP: Rs 793 | ⮝ 17%

P N GADGIL JEWELLERS | Retail - Jewellery | 28 July 2026

Margin-led beat; demand sustainability remains key

- **Retail revenue rises 56% YoY with 46% SSSG; higher ATV and festive demand support growth**
- **Stable gross margin and cost discipline lift EBITDA margin by 114bps despite elevated gold prices**
- **Maintain BUY; retail-led growth and disciplined expansion support TP of Rs 793 per share (22x Jun'28 P/E)**

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Retail momentum supports revenue growth: P N Gadgil Jewellers's (PNGJL) revenue grew 41% YoY, broadly in line with our estimate, while EBITDA and APAT grew 66% and 52% YoY, exceeding our estimates by 29% and 47%, respectively. Retail revenue increased 56% YoY and SSSG stood at 46%, supported by a favourable festive season, healthy customer traction and higher ATV of Rs 92,264. While the quarter benefited from supportive demand conditions, the sustainability of this momentum amid elevated gold prices remains a key monitorable.

Operating leverage drives margin expansion: Profitability improved primarily due to operating leverage and disciplined cost control. Gross margin remained broadly stable at 13.2%, while EBITDA margin expanded 114bps YoY to 7.6%, aided by only a 5% YoY increase in other expenses despite 41% revenue growth. The quarter also included an unhedged inventory gain of Rs 97mn, broadly similar to Rs 101mn in Q1FY26, indicating that margin expansion was largely driven by underlying operating performance rather than inventory gains. Product mix continued to improve, with a higher studded contribution (10.9%) supported by recently opened North and Central India stores and the LiteStyle format.

Guidance: Management maintained its FY27 guidance of ~25 store additions, ~7% EBITDA margin and ~4.7% PAT margin. The company expects most store additions to be in H2FY27 through a franchise-led model, while continuing to increase hedge coverage and gradually reduce borrowings through internal accruals.

Maintain BUY: PNGJL's 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/EBITDA/EPS CAGR of 14.8%/10.6%/7.7% over FY26–29E. We maintain our BUY rating, valuing the stock at 22x June'28 EPS with a revised TP of Rs 793.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	PNGJL IN/Rs 679
Market cap	US$ 844.3mn
Free float	17%
3M ADV	US$ 3.2mn
52wk high/low	Rs 736/Rs 503
Promoter/FPI/DII	83%/1%/5%

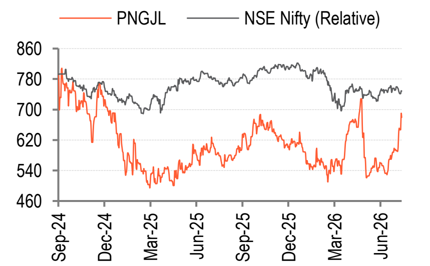
Source: NSE | Price as of 28 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	1,07,391	1,28,038	1,41,290
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)	22.4	20.0	19.2
EV/EBITDA (x)	14.0	11.7	10.7
Adj. EPS growth (%)	88.9	12.0	4.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly performance - Consolidated

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	BOBCAPS Q1FY27E	Variance (%)
Total operating income	24,130	17,146	40.7	35,443	(31.9)	24,189	(0.2)
Raw-Material expense	20,933	14,887	40.6	32,001	(34.6)	20,923	0.0
Gross Profit	3,196	2,259	41.5	3,442	(7.1)	3,265	(2.1)
Employee expense	516	345	49.7	419	23.2	448	15.2
Other expense	856	814	5.2	1,672	(48.8)	1,406	(39.1)
EBITDA	1,824	1,100	65.8	1,352	34.9	1,411	29.2
D&A	178	112	58.5	169	5.3	162	9.3
EBIT	1,646	988	66.7	1,183	39.1	1,249	31.8
Interest cost	341	189	80.0	276	23.5	433	(21.3)
Non-operating expense/(income)	(100)	(129)	(22.1)	(311)	(67.8)	(142)	(29.2)
PBT	1,406	927	51.6	1,219	15.3	958	46.8
Tax	353	234	50.8	316	11.4	241	46.3
Reported PAT	1,053	693	51.9	903	16.7	717	47.0
Adjusted PAT	1,053	693	51.9	903	16.7	717	47.0
As % of net revenues	**Q1FY27**	**Q1FY26**	**Chg. (bps)**	**Q4FY26**	**Chg. (bps)**		
Gross margin	13.2	13.2	7	9.7	353		
Employee cost	2.1	2.0	13	1.2	96		
Other cost	3.5	4.7	(120)	4.7	(117)		
EBITDA margin	7.6	6.4	114	3.8	374		
Tax rate	25.1	25.2	(14)	26.0	(88)		
APAT margin	4.4	4.0	32	2.5	182		

Source: Company, BOBCAPS Research

Fig 2 – Key operating metrics

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
No. of stores (excluding lifestyle)					
COCO	48	39	23.1	48	-
FOCO	17	12	41.7	17	-
Total	65	51	27.5	65	-
Average revenue per store (Rs mn)					
COCO	426	383	11.3	621	(31.3)
FOCO	197	239	(17.7)	318	(38.1)
Revenue (Rs mn)					
Retail	18,851	12,053	56.4	26,063	(27.7)
Franchisee	2,906	2,693	7.9	4,298	(32.4)
E-commerce	794	661	20.0	1,517	(47.7)
Others	1,579	1,725	(8.5)	3,565	(55.7)

Source: Company, BOBCAPS Research

Earnings Call Highlights

- **Demand Scenario:** Management attributed the strong quarter to a favourable festive and wedding season, with Akshaya Tritiya being the key demand driver. While some weddings were deferred due to Adhik Maas, management expects the resulting demand to shift into Q2/Q3 rather than being lost. It also indicated that Q1 demand was broad-based rather than solely driven by higher gold prices.

- **Jewellery:** Retail momentum remained healthy, with improving product mix supporting profitability. The retail studded ratio increased to 10.9%, while recently opened North and Central India stores continued to report higher studded penetration of 15-18%. LiteStyle also maintained a higher studded mix of 32.9%. Gold Bars & Coins (GBC) contributed around ~22% of retail sales, with over half of these purchases subsequently converted into jewellery, supporting customer acquisition and cross-selling.

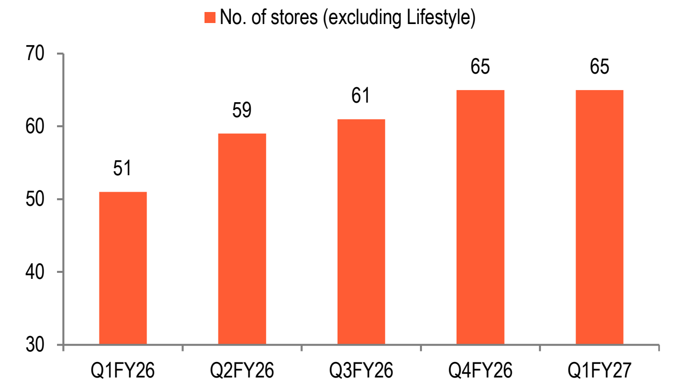
- **Guidance:** Management reiterated its FY27 guidance of adding around 25 stores and maintained its underlying PAT margin target of ~4.7%. Retail gross margins are expected to remain at 13-14% under the current product mix, while FY27 EBITDA margin guidance was maintained at around 7%.

- **Store Expansion:** Management reiterated its FY27 expansion target of ~25 store additions, taking the network to 103 stores by year-end, with only a few openings planned in Q2 and the majority scheduled across Q3-Q4. Expansion will remain franchise-led, with both Legacy and LiteStyle formats driving growth across Maharashtra, Uttar Pradesh, Bihar, Central India and NCR. Beyond FY27, management plans to add ~37 stores annually in FY28 and FY29, taking the network to ~177 stores by March 2029 (113 Legacy and 64 LiteStyle).

- **Hedging:** Management reiterated its strategy of progressively increasing hedge coverage to improve earnings stability. Hedge coverage currently stands at over 70% and is expected to increase to around 80% by Q3FY27, with the longer-term objective of moving towards near-full hedging.

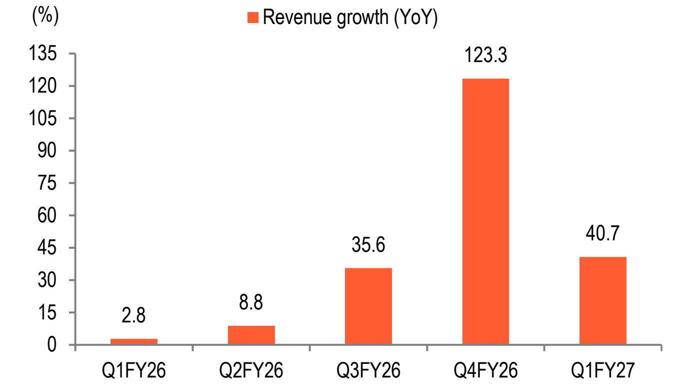
- **Debt:** Management indicated that total borrowings, including GML, remained broadly stable at around Rs 12bn during the quarter, with GML accounting for approximately Rs 3-4bn. Over the medium term, management aims to reduce total borrowings to below Rs 10bn by FY29, while continuing to fund its store expansion plans.

Fig 3 – No. of PNG traditional store count remained flat in Q1FY27



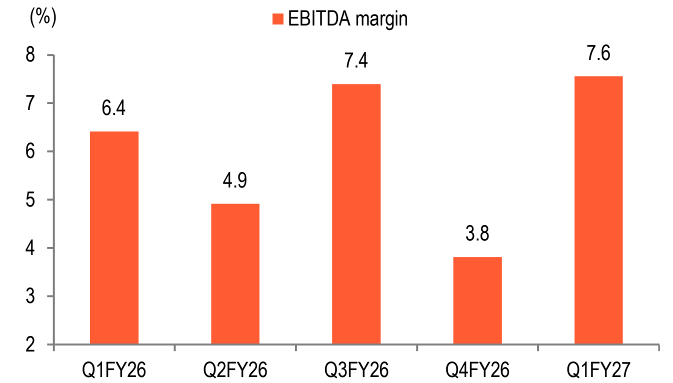
Source: Company, BOBCAPS Research

Fig 4 – Revenue grew by 41% YoY in Q1FY27, on wedding demand and elevated gold prices



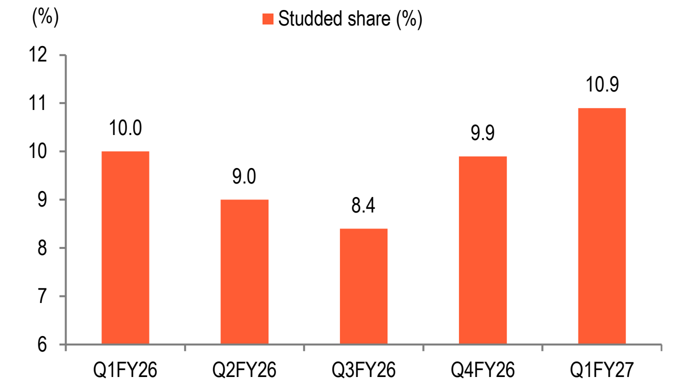
Source: Company, BOBCAPS Research

Fig 5 – Adjusted EBITDA margin expanded by 114bps YoY to 7.6% in Q1FY27



Source: Company, BOBCAPS Research

Fig 6 – Studded ratio marginally improved from 10.0% in Q1FY26 to 10.9% in Q1FY27



Source: Company, BOBCAPS Research

Valuation Methodology

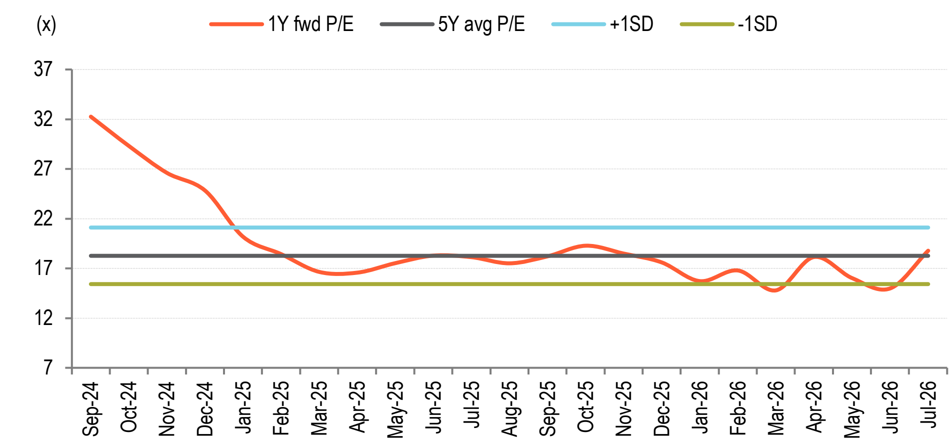
PNGJL's expansion strategy, improving product mix and operational discipline provide visibility on medium-term earnings growth, while the demand environment and execution of the expansion pipeline remain key monitorables. We expect the company to deliver revenue/EBITDA/EPS CAGR of 14.8%/10.6%/7.7% over FY26-29E. We maintain our BUY rating, valuing the stock at 22x June'28 EPS with a revised TP of Rs 793.

Fig 7 – Revised estimates

Consolidated (Rs bn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Total operating income	128.0	141.3	162.5	128.1	144.3	171.8	(0.0)	(2.1)	(5.5)
EBITDA	7.4	7.6	8.3	6.9	7.2	8.6	7.0	6.0	(3.7)
EBITDA Margin	5.8	5.4	5.1	5.4	5.0	5.0	38	41	9
Adjusted PAT	4.6	4.8	5.2	4.3	4.5	5.4	7.8	6.7	(4.3)
EPS (Rs)	34.0	35.4	38.0	31.6	33.2	39.7	7.8	6.7	(4.3)

Source: BOBCAPS Research

Fig 8 – PNG stock trades at 18.8x on 1YF P/E vs average of 18.3x since IPO



Source: Bloomberg, BOBCAPS Research

Fig 9 – Key assumptions

Particulars	FY25	FY26	FY27E	FY28E	FY29E
No. of stores					
PNG format	51	65	69	77	89
- COCO	39	48	52	57	65
- FOCO	12	17	17	20	24
Lifestyle format	2	13	18	25	32
- COCO	2	9	14	20	26
- FOCO	0	4	4	5	6
Total no. of stores	53	78	87	102	121
- COCO	41	57	66	77	91
- FOCO	12	21	21	25	30

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue per store (Rs mn)					
COCO	1317	1694	2012	2069	2086
FOCO	589	762	963	886	868
Franchise revenue share (%)	9.2	12.1	12.8	12.5	12.8
Revenue (Rs bn)	75.9	107.4	128.0	141.3	162.5
EBITDA margin (%)	4.4	5.7	5.8	5.4	5.1
PAT margin (%)	2.9	3.8	3.6	3.4	3.2
Inventory (days)	97	124	97	97	97
Net debt/EBITDA (x)	0.6	1.7	0.3	0.1	0.0
ROCE (%)	14.1	18.3	18.4	16.4	15.3

Source: Company, BOBCAPS Research

Key Risks

Key downside risks to our estimates:

- 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**	**1,07,391**	**1,28,038**	**1,41,290**	**1,62,450**
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	1.1	0.8	0.7	0.6	0.5
EV/EBITDA	24.6	14.0	11.7	10.7	9.7
Adjusted P/E	42.2	22.4	20.0	19.2	17.9
P/BV	5.9	4.7	3.8	3.2	2.7

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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BUY – Expected return >+15%

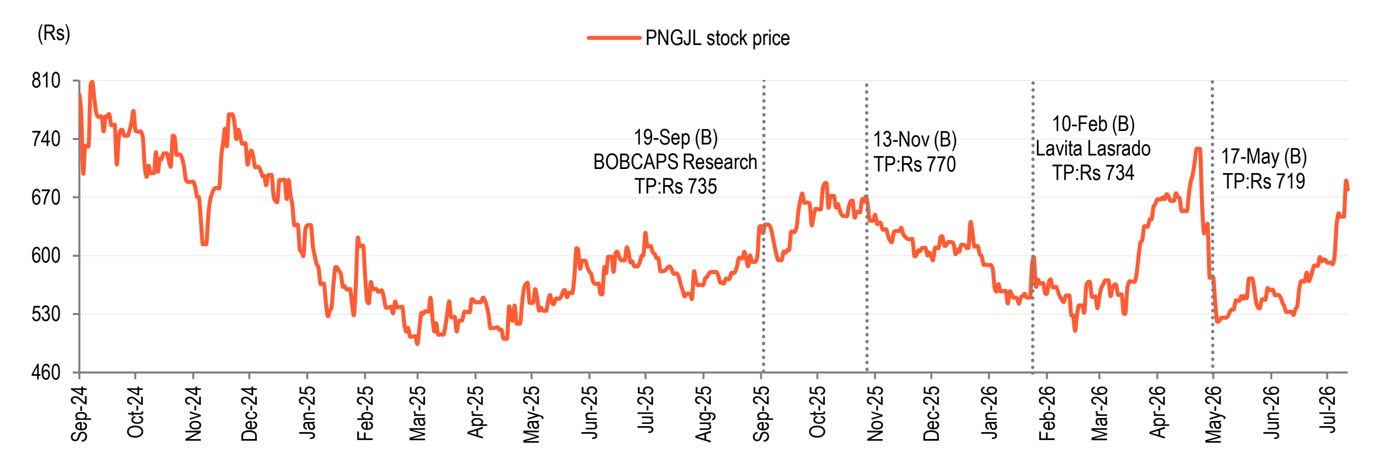
HOLD – Expected return from -6% to +15%

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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