

**BUY****TP: Rs 734 | ▲ 23%****P N GADGIL JEWELLERS** | Retail

| 10 February 2026

## Execution holds; growth outlook moderated

- Festive-led demand, led by SSSG (33%), drives 35.6% YoY revenue growth; retail/e-com up 46.3%/140%
- ~450bps gross margin expansion and operating leverage lift EBITDA ~99% YoY
- Growth momentum to continue on strong store additions and jewellery demand; maintain **BUY**; TP of Rs 734 per share

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**Overall beat in Q3:** PNGJL reported overall earnings beat in Q3FY26, with revenue growing 35.6% YoY (vs 11.3% estimated). EBITDA increased 99.0% YoY, beating our estimate by 44.9%, with EBITDA margin expanding 236bps YoY to 7.4% aided by strong gross margin expansion (+453bps YoY to 14.4%). Consequently, adjusted PAT more than doubled to Rs 1.7bn (+101.6% YoY), 61.5% ahead of estimates; reflecting strong operating leverage.

**Highlights:** The earnings beat was driven by a sharp acceleration in same-store performance and operating leverage. SSSG stood at 33%, supported by higher footfalls (+33%) and strong conversion (94%), translating into robust retail growth (+46.3% YoY) and strong e-commerce traction (+140% YoY). Operating leverage enabled EBITDA to grow materially ahead of revenue. The network expanded to 66 stores in Q3FY26 (61 PNG; 5 lifestyle); though the profitability outperformance was largely driven by existing-store productivity vs store additions.

**Concall KTAs:** Management guided for FY26 revenues to exceed the earlier guidance of Rs 95bn, potentially approaching ~Rs 100bn, supported by continued wedding demand and planned store additions. For FY27, the company targets ~20–25% revenue growth to Rs 115–120bn, on the expansion to ~105 stores (from 66 currently), including ~25 store additions with a balanced mix of PNG and Lifestyle formats. Margins are expected to normalise from Q3's seasonal peak, but remain structurally higher with sustainable annualised margins guided at ~13-14% gross, 7-7.25% EBITDA, and ~3.75–4.0% PAT.

**Maintain BUY; TP cut by 5% to Rs 734:** We have marginally revised our revenue and EBITDA estimates for FY27E/28E by -1.6/-4.3 and -1.3/-7.0. We estimate Revenue/EBITDA CAGR to be 22.3%/17.4% over FY26-28E, driven by strong store additions and strong jewellery demand. Our numbers build in 11.2% EPS CAGR over FY26-27E. We maintain **BUY** rating with TP of Rs 734 per share. Our target P/E multiple remains unchanged at 25x (Dec'27).

## Key changes

	Target	Rating
▼	◀ ▶	

Ticker/Price	PNGJL IN/Rs 598
Market cap	US\$ 779.1mn
Free float	17%
3M ADV	US\$ 1.6mn
52wk high/low	Rs 701/Rs 474
Promoter/FPI/DII	83%/1%/5%

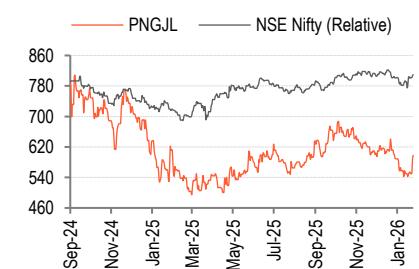
Source: NSE | Price as of 10 Feb 2026

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	75,860	93,542	117,912
EBITDA (Rs mn)	3,358	5,283	6,003
Adj. net profit (Rs mn)	2,183	3,585	3,985
Adj. EPS (Rs)	16.1	26.4	29.4
Consensus EPS (Rs)	16.1	23.8	29.1
Adj. ROAE (%)	20.9	20.7	18.9
Adj. P/E (x)	37.2	22.6	20.4
EV/EBITDA (x)	21.8	14.1	13.0
Adj. EPS growth (%)	22.3	64.2	11.2

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**Fig 1 – Quarterly performance – Consolidated**

Particulars	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Total operating income	33,026	24,358	35.6	21,776	51.7	71,948	61,052	17.8
Raw-Material expense	28,287	21,967	28.8	19,195	47.4	62,369	55,925	11.5
Gross Profit	4,739	2,391	98.2	2,581	83.6	9,579	5,127	86.8
Employee expense	400	316	26.3	409	(2.2)	1,153	804	43.4
Other expense	1,897	847	124.0	1,101	72.3	3,812	1,911	99.4
EBITDA	2,443	1,228	99.0	1,071	128.0	4,614	2,412	91.3
D&A	152	84	80.1	139	8.8	403	218	84.6
EBIT	2,291	1,143	100.4	932	145.9	4,211	2,193	92.0
Interest cost	251	63	295.6	198	26.3	638	315	102.5
Non-operating expense/(income)	(240)	(70)	243.1	(358)	(32.9)	(727)	(207)	250.8
PBT	2,281	1,150	98.3	1,092	109.0	4,300	2,085	106.2
Tax	572	290	97.4	298	91.6	1,104	523	111.2
Reported PAT	1,709	860	98.6	793	115.5	3,196	1,563	104.5
Adjusted PAT	1,735	860	101.6	793	118.7	3,221	1,563	106.1
<b>As % of net revenues</b>			<b>chg (bps)</b>		<b>chg (bps)</b>			<b>chg (bps)</b>
Gross margin	14.4	9.8	453	11.9	250	13.3	8.4	492
Employee cost	1.2	1.3	(9)	1.9	(67)	1.6	1.3	29
Other cost	5.7	3.5	227	5.1	69	5.3	3.1	217
EBITDA margin	7.4	5.0	236	4.9	248	6.4	4.0	246
Tax rate	25.1	25.2	(12)	27.3	(227)	25.7	25.1	61
PAT margin	5.3	3.5	172	3.6	161	4.5	2.6	192

Source: Company, BOBCAPS Research

**Fig 2 – Key operating metrics**

Particulars	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
<b>No. of stores (excluding lifestyle)</b>								
COCO	46	35	31.4	44	4.5	-	-	-
FOCO	15	11	36.4	15	-	-	-	-
<b>Total</b>	<b>61</b>	<b>46</b>	<b>32.6</b>	<b>59</b>	<b>3.4</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Average revenue per store (Rs mn)</b>								
COCO	610	616	(0.9)	379	61.2	-	-	-
FOCO	170	206	(17.7)	253	(32.8)	-	-	-
<b>Revenue (Rs mn)</b>								
Retail	27,471	18,780	46.3	15,720	74.8	55,243	41,067	34.5
Franchisee	2,546	2,270	12.2	3,409	(25.3)	8,648	5,219	65.7
E-commerce	1,677	700	139.6	1,435	16.9	3,773	1,666	126.5
Others	1,332	2,608	(48.9)	1,213	9.9	4,283	13,101	(67.3)

Source: Company, BOBCAPS Research

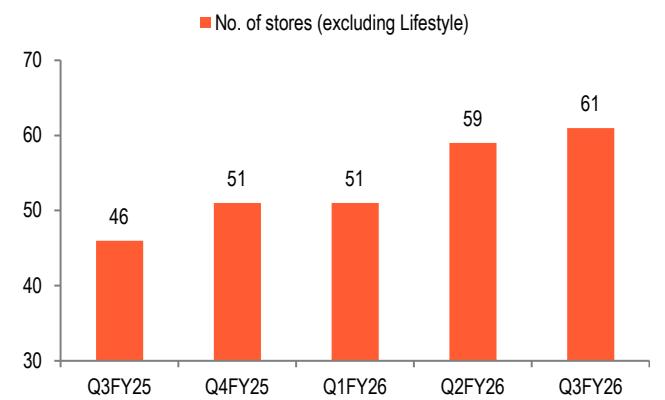
## Earnings Call Highlights

- **Demand scenario:** Management noted that demand remained resilient, despite sharp gold price inflation (+70% YoY; +15% QoQ), with momentum building through Dussehra, Diwali and the wedding season. They reiterated that the business remains largely insulated from gold price volatility, given its making-charge-led model, with volume softness at higher prices typically offset by value growth and vice versa during price corrections.
- **Jewellery:** PNGJL revenue grew by 35.6% YoY in Q3FY26, on the back of strong festive and wedding demand. Retail revenue increased 46.3% YoY, aided by higher footfalls (33%) and conversion rate (94%) in Q3FY26. Management highlighted a continued traction in studded jewellery, with studded sales up 52% in value terms; taking the studded mix to 8.4% in Q3FY26. This was aided by a stronger preference for studded and fancy jewellery in newer markets such as Uttar Pradesh and Bihar.
- **Lifestyle Jewellery:** The Lifestyle (LightStyle by PNG) segment focused on lightweight diamond and studded jewellery, contributed 5-6% of sales and currently operates through 6 stores, including standalone outlets and shop-in-shop formats. Management indicated that the segment is margin-accretive and is intended to scale gradually, with a stated medium-term target of 10% contribution, driven by impulse-led purchases and engagement with younger consumers.
- **Guidance:** Management upgraded FY26 revenue expectations, indicating that revenues are likely to exceed the earlier guidance of Rs 95bn and could approach ~Rs 100bn. For FY27, management guided for ~20–25% revenue growth, targeting revenues of ~Rs 115–120bn. On margins, management reiterated that Q3 margins are seasonally strong, while sustainable annualised margins are expected at 13–14% gross, 7-7.25% EBITDA, and 3.75-4.0% PAT, with marketing spends maintained at -1.5% of turnover.
- **Store expansion:** The company expanded its network from 47 stores to 66 stores during 9MFY26, including the launch of three exclusive COCO stores in Q3FY26; marking entry into Patna, Bihar. Management remains confident of reaching 78-80 stores by Mar'26, with plans to add ~11-12 stores in Q4FY26 across Maharashtra and Central India through a mix of COCO and FOCO models. For FY27, the company plans to add 25 stores, with a 50:50 split between PNG and LightStyle formats, and a mix of COCO and FOCO, targeting ~105 stores by Mar'27. Expansion in Uttar Pradesh will continue, with two stores planned in Gorakhpur and Banaras in Q4FY26, and management indicating capacity for 8-10 stores in the state over the short term.
- **Hedging policy:** PNGJL maintains ~100% gold hedging through a mix of old gold exchange (~30%), GML (~20-25%), and futures & options (~15-16%), with a dynamically managed mix. Silver exposure is partially unhedged but remains immaterial and had no meaningful impact on margins in Q3FY26.
- **Inventory:** Inventory requirements for COCO PNG stores remain at Rs 550-600mn per store, while lifestyle stores require Rs 80-100mn per store. Management noted that inventory mix continues to shift towards studded and lightweight jewellery,

particularly in Central and North India. Inventory turnover stood at ~3.2x, with ~3–3.5x achievable in newer regions such as UP and Bihar post stabilisation.

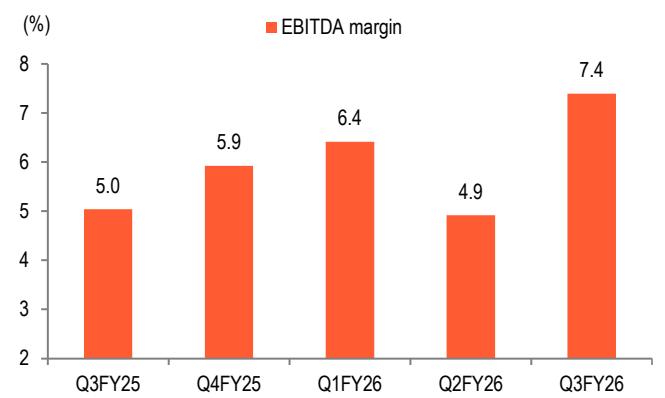
- **QIP:** The Board has approved a QIP valid until August 2026, intended primarily to support expansion plans. Management indicated that timing has not been finalised and will depend on market conditions, reiterating that no immediate equity dilution is planned.

**Fig 3 – No. of PNG traditional store count has gone up from 43 stores in Q3FY25 to 61 stores in Q3FY26**



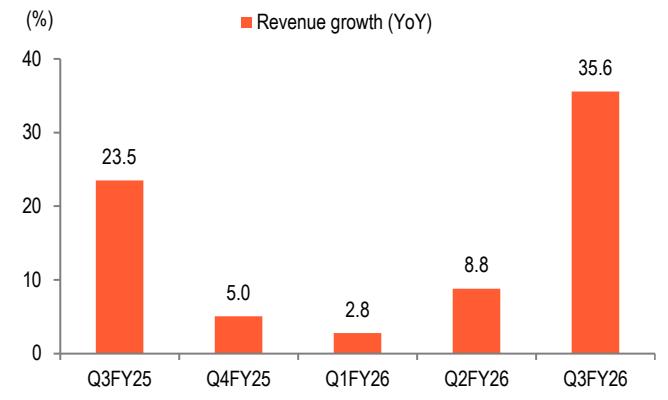
Source: Company, BOBCAPS Research

**Fig 5 – Adjusted EBITDA margin improved by 236bps YoY to 7.4% in Q3FY26**



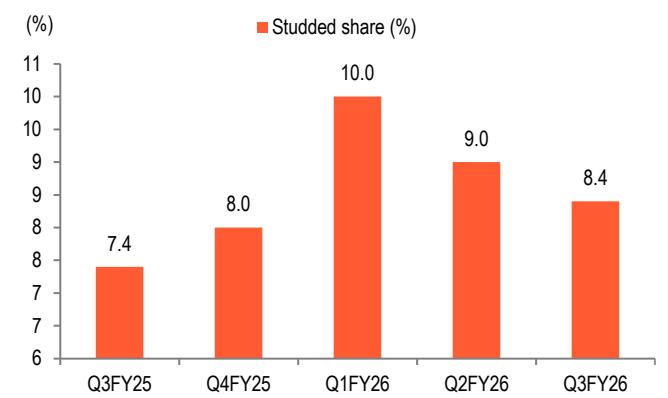
Source: Company, BOBCAPS Research

**Fig 4 – Revenue grew by 35.6% YoY in Q3FY26**



Source: Company, BOBCAPS Research

**Fig 6 – Studded ratio marginally improved from 8.0% in Q3FY25 to 8.4% in Q3FY26**



Source: Company, BOBCAPS Research

## Valuation Methodology

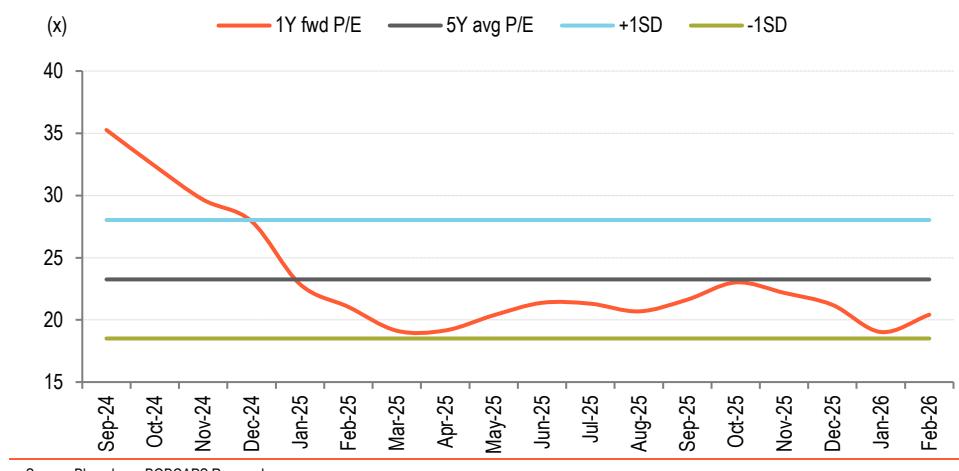
We have marginally revised our revenue and EBITDA estimates for FY27E/28E by -1.6/-4.3 and -1.3/-7.0, respectively, to factor in moderation in growth. We estimate Revenue/EBITDA CAGR to be 22.3%/17.4% over FY26-28E, respectively. Our numbers build in 11.2% EPS CAGR over FY26-27E. We maintain BUY rating with TP of Rs 734 per share. Our target P/E multiple remains unchanged at 25x (Dec'27).

**Fig 7 – Revised estimates**

Consolidated (Rs bn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Total operating income	93.5	117.9	140.0	92.0	119.8	146.3	1.7	(1.6)	(4.3)
EBITDA	5.3	6.0	7.3	5.1	6.1	7.8	4.5	(1.3)	(7.0)
EBITDA Margin	5.6	5.1	5.2	5.5	5.1	5.4	15bps	1bps	(15bps)
Adjusted PAT	3.6	4.0	4.7	3.2	3.6	4.7	11.7	10.6	1.1
EPS (Rs)	26.4	29.4	34.9	23.7	26.6	34.5	11.7	10.6	1.1

Source: BOBCAPS Research

**Fig 8 – PNG stock trades at 20.4x on 1YF P/E vs average of 23.3x since IPO**



Source: Bloomberg, BOBCAPS Research

**Fig 9 – Key assumptions**

Particulars	FY24	FY25	FY26E	FY27E	FY28E
<b>No. of stores</b>					
PNG format	35	51	64	72	84
- COCO	24	39	48	56	64
- FOCO	11	12	16	16	20
Lifestyle format	1	2	8	15	22
- COCO	1	2	6	12	18
- FOCO	0	0	2	3	4
Total no. of stores	36	53	72	87	106
- COCO	25	41	54	68	82
- FOCO	11	12	18	19	24
<b>Revenue per store (Rs mn)</b>					
COCO	1,545	1,317	1,500	1,675	1,778
FOCO	509	589	702	856	774

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Franchise revenue share (%)	9.2	9.2	12.0	11.6	11.1
Revenue (Rs bn)	60.6	75.9	93.5	117.9	140.0
EBITDA margin (%)	4.5	4.4	5.6	5.1	5.2
PAT margin (%)	2.6	2.9	3.8	3.4	3.4
Inventory (days)	58	97	97	97	97
Net debt/EBITDA (x)	1.2	0.6	1.2	1.5	1.4
ROCE (%)	27.9	17.8	24.9	23.1	22.8

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)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Total revenue</b>	<b>60,613</b>	<b>75,860</b>	<b>93,542</b>	<b>117,912</b>	<b>140,027</b>
EBITDA	2,703	3,358	5,283	6,003	7,286
Depreciation	232	348	543	556	646
EBIT	2,472	3,010	4,740	5,447	6,640
Net interest inc./exp.)	(459)	(430)	(918)	(1,144)	(1,324)
Other inc./exp.)	82	351	1,035	1,097	1,097
Exceptional items	0	0	0	0	0
EBT	2,094	2,931	4,857	5,400	6,413
Income taxes	543	748	1,272	1,415	1,680
Extraordinary items	0	0	0	0	0
Min. int./inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>1,551</b>	<b>2,183</b>	<b>3,585</b>	<b>3,985</b>	<b>4,733</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>1,551</b>	<b>2,183</b>	<b>3,585</b>	<b>3,985</b>	<b>4,733</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	1,489	2,557	400	350	350
Other current liabilities	3,247	4,086	3,753	3,447	3,447
Provisions	28	49	90	100	100
Debt funds	3,805	3,352	4,114	5,165	6,118
Other liabilities	578	979	614	628	628
Equity capital	1,180	1,357	1,357	1,357	1,357
Reserves & surplus	4,164	14,182	17,767	21,752	26,485
Shareholders' fund	5,344	15,539	19,124	23,110	27,842
<b>Total liab. and equities</b>	<b>14,492</b>	<b>26,563</b>	<b>28,096</b>	<b>32,798</b>	<b>38,485</b>
Cash and cash eq.	796	6,287	4,021	3,841	5,097
Accounts receivables	378	500	513	646	767
Inventories	9,589	20,209	24,859	31,335	37,213
Other current assets	1,310	688	1,004	900	900
Investments	10	86	86	86	86
Net fixed assets	1,502	1,871	1,828	1,772	1,626
CWIP	35	35	35	35	35
Intangible assets	920	1,344	1,344	1,344	1,344
Deferred tax assets, net	0	0	0	0	0
Other assets	111	422	422	422	422
<b>Total assets</b>	<b>14,651</b>	<b>31,442</b>	<b>34,112</b>	<b>40,382</b>	<b>47,491</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Cash flow from operations</b>	<b>(27)</b>	<b>(5,491)</b>	<b>(2,748)</b>	<b>(1,154)</b>	<b>704</b>
Capital expenditures	(570)	(1,142)	(500)	(500)	(500)
Change in investments	2	(77)	0	0	0
Other investing cash flows	82	351	0	0	0
<b>Cash flow from investing</b>	<b>(487)</b>	<b>(867)</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>
Equities issued/Others	0	177	0	0	0
Debt raised/repaid	1,133	4,266	1,900	2,618	2,376
Interest expenses	(459)	(430)	(918)	(1,144)	(1,324)
Dividends paid	0	0	0	0	0
Other financing cash flows	143	7,835	0	0	0
<b>Cash flow from financing</b>	<b>817</b>	<b>11,848</b>	<b>982</b>	<b>1,474</b>	<b>1,052</b>
Chg in cash & cash eq.	303	5,490	(2,266)	(180)	1,256
<b>Closing cash &amp; cash eq.</b>	<b>796</b>	<b>6,287</b>	<b>4,021</b>	<b>3,841</b>	<b>5,097</b>

### Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	13.1	16.1	26.4	29.4	34.9
Adjusted EPS	13.1	16.1	26.4	29.4	34.9
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	45.3	114.5	140.9	170.3	205.2

### Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	1.2	1.0	0.8	0.7	0.6
EV/EBITDA	27.1	21.8	14.1	13.0	11.0
Adjusted P/E	45.5	37.2	22.6	20.4	17.1
P/BV	13.2	5.2	4.2	3.5	2.9

### DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	74.1	74.5	73.8	73.8	73.8
Interest burden (PBT/EBIT)	84.7	97.4	102.5	99.1	96.6
EBIT margin (EBIT/Revenue)	4.1	4.0	5.1	4.6	4.7
Asset turnover (Rev./Avg TA)	413.7	241.3	274.2	292.0	294.8
Leverage (Avg TA/Avg Equity)	2.7	2.0	1.8	1.7	1.7
Adjusted ROAE	29.0	14.0	18.7	17.2	17.0

### Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
<b>YoY growth (%)</b>					
Revenue	35.0	25.2	23.3	26.1	18.8
EBITDA	120.7	24.2	57.3	13.6	21.4
Adjusted EPS	109.4	22.3	64.2	11.2	18.8
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	4.5	4.4	5.6	5.1	5.2
EBIT margin	4.1	4.0	5.1	4.6	4.7
Adjusted profit margin	2.6	2.9	3.8	3.4	3.4
Adjusted ROAE	34.5	20.9	20.7	18.9	18.6
ROCE	27.9	17.8	24.9	23.1	22.8
<b>Working capital days (days)</b>					
Receivables	2	2	2	2	2
Inventory	58	97	97	97	97
Payables	9	12	2	1	1
<b>Ratios (x)</b>					
Gross asset turnover	33.3	36.1	36.2	38.2	39.0
Current ratio	1.6	2.8	3.7	4.1	4.4
Net interest coverage ratio	5.4	7.0	5.2	4.8	5.0
Adjusted debt/equity	0.6	0.1	0.3	0.4	0.4

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

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**BUY** – Expected return >+15%

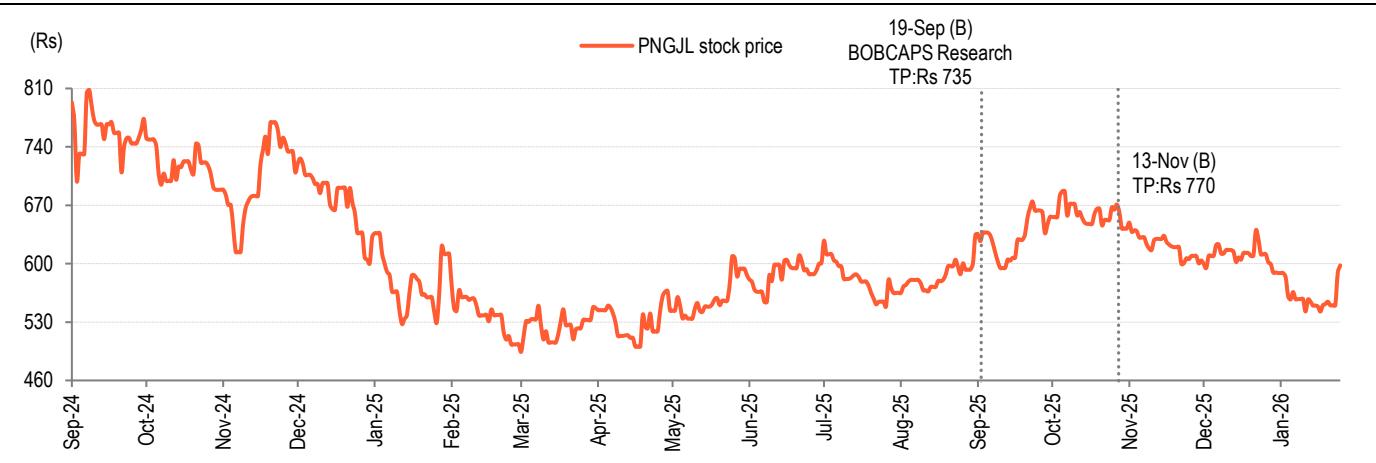
**HOLD** – Expected return from -6% to +15%

**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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