

**BUY**

TP: Rs 719 | ▲ 25%

**P N GADGIL JEWELLERS** | Retail - Jewellery

17 May 2026

**Strong growth; margins impacted by mix in Q4FY26**

- SSSG of 86% and a strong wedding demand drove 123% revenue growth; retail and franchise revenue rose 102% and 132% YoY
- Higher bullion mix and promotional spends compress gross margin by 230bps; EBITDA margin declines to 3.8% in Q4FY26
- Maintain BUY; mix normalisation and expansion-led growth support TP of Rs 719 per share at 22x Mar'28 P/E (from 25x)

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**Strong demand drives 123% revenue growth; margins impacted by mix:** P N Gadgil Jewellers (PNGJL) reported revenue growth of 123% YoY in Q4FY26 broadly in line with estimates, driven by a strong wedding demand, elevated gold prices and continued expansion. Retail/franchise revenue grew 102%/132% YoY, while SSSG remained strong at 86% (43% in FY26). However, EBITDA margin contracted 204bps YoY to 3.8%, impacted by higher gold bars/coins contribution, lower studded mix and elevated customer-acquisition discounts, leading APAT growth of 49% YoY, below estimates.

**Expansion and franchise productivity stay strong; studded mix improves:** During FY26, PNGJL added 12 net stores, taking the jewellery store count to 65, while lifestyle stores increased to 13. Franchise contribution improved to 12% of revenue vs 10% YoY, supported by a strong FOCO productivity, with the average franchise store revenue rising 67% YoY. Studded jewellery revenue grew 150% YoY, with the studded mix improving to 9.9% from 8.0% YoY. Average transaction value rose to ~Rs 100,200, while conversion remained healthy at 93%.

**Concall KTAs:** Management maintained FY27 guidance of Rs 135 bn revenue, 7-7.5% EBITDA margin as also a 4% PAT margin, supported by a healthy retail demand, an improving traction outside Maharashtra and continued store expansion. Management expects Q4FY26 margin pressure from the elevated bars & coins mix and promotional activity to normalise in FY27, while ramping up the contribution from jewellery exchange, studded jewellery and lightweight formats should support mix improvement over the medium term.

**Maintain BUY:** PNGJL remains well positioned to benefit from expansion across Maharashtra and newer markets, supported by healthy jewellery demand and improving franchise productivity. While elevated bullion sales may keep near-term margins volatile, management expects mix normalisation to support profitability. However, we moderate our valuation multiple to factor in continued mix pressure and lower margin visibility. We maintain BUY and value the stock at 22x Mar'28E P/E (from 25x) to arrive at a revised TP of Rs 719 (earlier Rs 734).

**Key changes**

Target	Rating
▲	◀ ▶

Ticker/Price	PNGJL IN/Rs 574
Market cap	US\$ 716.8mn
Free float	17%
3M ADV	US\$ 1.8mn
52wk high/low	Rs 736/Rs 503
Promoter/FPI/DII	83%/1%/5%

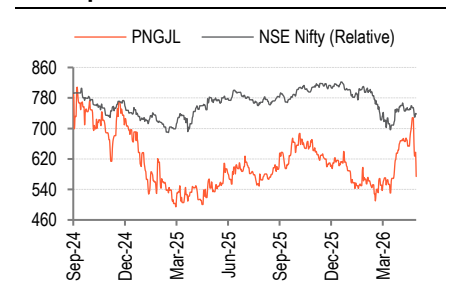
Source: NSE | Price as of 15 May 2026

**Key financials**

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	1,07,391	1,24,062	1,42,544
EBITDA (Rs mn)	6,159	6,389	7,047
Adj. net profit (Rs mn)	4,123	3,905	4,438
Adj. EPS (Rs)	30.4	28.8	32.7
Consensus EPS (Rs)	30.4	32.7	38.0
Adj. ROAE (%)	23.5	18.1	17.2
Adj. P/E (x)	18.9	19.9	17.6
EV/EBITDA (x)	12.0	11.6	9.9
Adj. EPS growth (%)	88.9	(5.3)	13.7

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**



Source: NSE



**Fig 1 – Quarterly performance - Consolidated**

Particulars	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)	BOBCAPS Q4FY26E	Variance (%)
Total operating income	35,443	15,870	123.3	33,026	7.3	1,07,391	76,922	39.6	35,533	(0.3)
Raw-Material expense	32,001	13,973	129.0	28,287	13.1	94,369	69,898	35.0	30,914	3.5
Gross Profit	3,442	1,897	81.5	4,739	(27.4)	13,022	7,024	85.4	4,619	(25.5)
Employee expense	419	317	32.1	400	4.8	1,572	1,121	40.2	504	(16.9)
Other expense	1,672	651	156.9	1,897	(11.9)	5,484	2,562	114.0	1,969	(15.1)
EBITDA	1,352	929	45.5	2,443	(44.7)	5,966	3,341	78.6	2,147	(37.0)
D&A	169	130	29.8	152	11.1	572	348	64.2	140	20.4
EBIT	1,183	799	48.1	2,291	(48.4)	5,394	2,992	80.3	2,007	(41.0)
Interest cost	276	115	139.9	251	10.0	914	430	112.5	355	(22.3)
Non-operating expense/(income)	(311)	(149)	108.7	(240)	29.6	(1,039)	(357)	191.3	(274)	13.6
PBT	1,219	833	46.3	2,281	(46.6)	5,519	2,919	89.1	1,926	(36.7)
Tax	316	226	40.2	572	(44.7)	1,420	748	89.8	485	(34.7)
Reported PAT	903	608	48.5	1,709	(47.2)	4,098	2,170	88.8	1,441	(37.4)
Adjusted PAT	903	608	48.5	1,735	(48.0)	4,124	2,170	90.0	1,441	(37.4)
<b>As % of net revenues</b>	<b>Q4FY26</b>	<b>Q4FY25</b>	<b>Chg. (bps)</b>	<b>Q3FY26</b>	<b>Chg. (bps)</b>	<b>FY26</b>	<b>FY25</b>	<b>Chg. (bps)</b>		
Gross margin	9.7	12.0	(224)	14.4	(464)	12.1	9.1	299		
Employee cost	1.2	2.0	(82)	1.2	(3)	1.5	1.5	1		
Other cost	4.7	4.1	62	5.7	(103)	5.1	3.3	178		
EBITDA margin	3.8	5.9	(204)	7.4	(358)	5.6	4.3	121		
Tax rate	26.0	27.1	(112)	25.1	89	25.7	25.6	10		
APAT margin	2.5	3.8	(128)	5.3	(271)	3.8	2.8	102		

Source: Company, BOBCAPS Research

**Fig 2 – Key operating metrics**

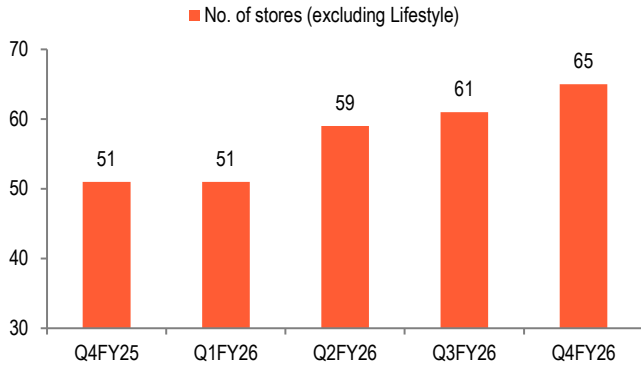
Particulars	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
<b>No. of stores (excluding lifestyle)</b>								
COCO	48	39	23.1	46	4.3	-	-	-
FOCO	17	12	41.7	15	13.3	-	-	-
<b>Total</b>	<b>65</b>	<b>51</b>	<b>27.5</b>	<b>61</b>	<b>6.6</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Average revenue per store (Rs mn)</b>								
COCO	555	350	58.6	610	(9.2)	-	-	-
FOCO	269	161	66.8	170	58.2	-	-	-
<b>Revenue (Rs mn)</b>								
Retail	26,063	12,933	101.5	27,471	(5.1)	81,306	54,000	50.6
Franchisee	4,298	1,852	132.1	2,546	68.8	12,946	7,071	83.1
E-commerce	1,517	907	67.3	1,677	(9.5)	5,290	2,573	105.6
Others	3,565	181	1,869.6	1,332	167.6	7,848	13,282	(40.9)

Source: Company, BOBCAPS Research

## Earnings Call Highlights

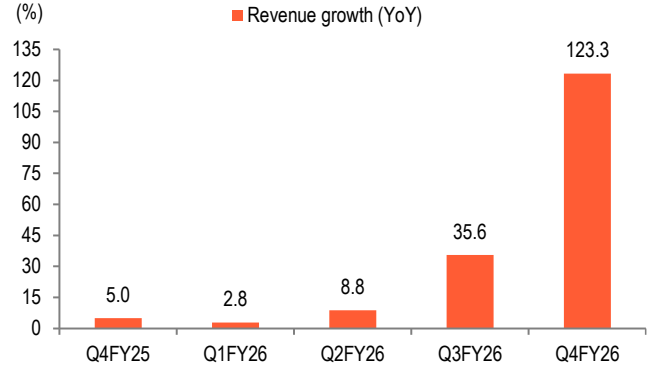
- **Demand shifting back towards jewellery from investment-led purchases:** Management indicated that higher import duty and rising gold prices are gradually shifting consumer demand from bars & coins toward jewellery purchases and old-gold exchange. Old-gold exchange currently contributes 40% of sales and could increase beyond 50% going forward, supporting jewellery mix and diamond demand.
- **Q4 margin pressure seen as largely mix-driven and temporary:** Gross margin contraction was primarily due to elevated contribution from low-margin gold bars & coins (40% of sales vs 28% YoY), lower studded mix and higher customer-acquisition discounts during festive and new-market campaigns. Management expects bars & coins contribution to normalise towards 25% in FY27, which should support margin recovery.
- **Studded jewellery and lightweight formats stay as medium-term focus:** Management reiterated focusing on the growing studded jewellery contribution and expanding lightweight 14k/18k offerings to improve affordability amid elevated gold prices. Studded mix moderated sequentially in Q4FY26, due to promotional activity in plain gold jewellery; though management continues to view studded growth as a key profitability lever over the medium term.
- **FY27 guidance maintained; growth expected to remain retail-led:** Management guided for FY27 revenue of Rs 135 bn, with retail revenue expected at Rs 98 bn (+23%), improving productivity of newer stores and continued traction outside Maharashtra. EBITDA margin guidance remains at 7-7.5%, while PAT margin guidance at 4%.
- **Expansion strategy remains focused on non-Maharashtra markets:** PNG plans to add 25 stores in FY27 — largely through the FOCO route — with the expansion focused on UP, Bihar, MP, Gujarat and Gurgaon. Management highlighted that newer stores in Bihar and Indore are already delivering annualised inventory turns of 1x, ahead of initial expectations; while non-Maharashtra contribution has increased to 10% of revenue.
- **Hedging coverage to increase further to reduce earnings volatility:** Hedging coverage improved to 67% in Q4FY26 vs 57% YoY, while FY26 average hedging stood at 60%. Management plans to raise hedging levels to 75-80% in FY27, to reduce volatility in profitability, despite the higher associated cash-margin requirements.

**Fig 3 – No. of PNG traditional store count has gone up from 51 stores in Q4FY25 to 65 stores in Q4FY26**



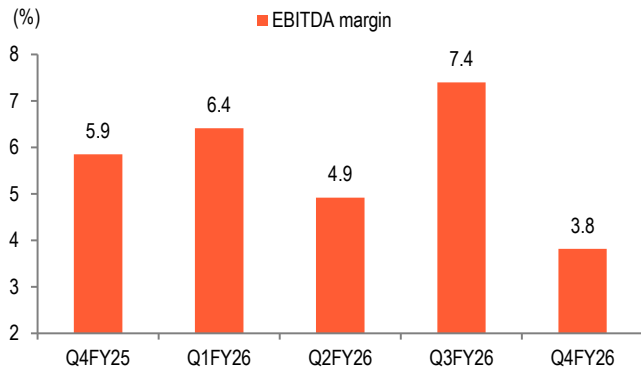
Source: Company, BOBCAPS Research

**Fig 4 – Revenue grew by 123.3% YoY in Q4FY26, on wedding demand and elevated gold prices**



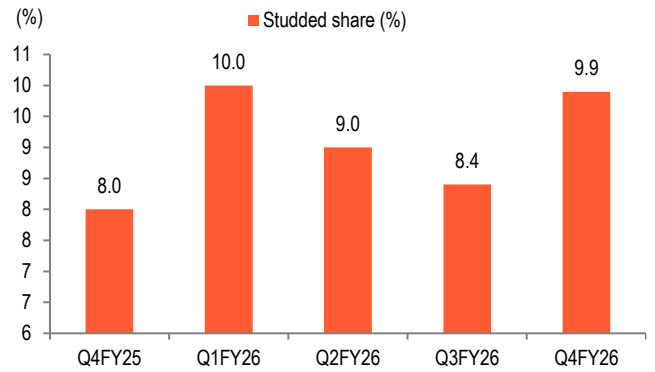
Source: Company, BOBCAPS Research

**Fig 5 – Adjusted EBITDA margin contracted sharply by 203bps YoY to 3.8% in Q4FY26**



Source: Company, BOBCAPS Research

**Fig 6 – Studded ratio marginally improved from 8.0% in Q4FY25 to 9.9% in Q4FY26**



Source: Company, BOBCAPS Research

## Valuation Methodology

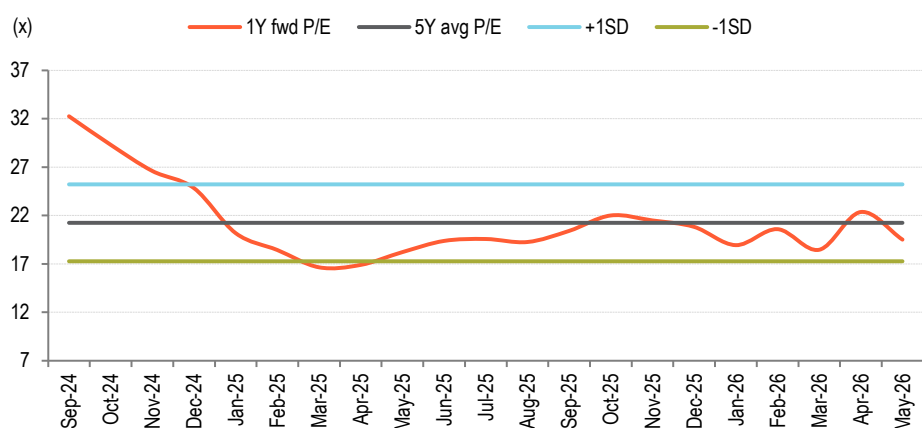
PNGJL remains well positioned to benefit from expansion across Maharashtra and newer markets, supported by healthy jewellery demand and improving franchise productivity. While elevated bullion sales may keep near-term margins volatile, management expects mix normalisation to support profitability. However, we moderate our valuation multiple to factor in continued mix pressure and lower margin visibility. We maintain BUY and value the stock at 22x Mar'28E P/E (from 25x) to arrive at a revised TP of Rs 719 (earlier Rs 734).

**Fig 7 – Revised estimates**

Consolidated (Rs bn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Total operating income	124.1	142.5	168.9	117.9	140.0	NA	5.2	1.8	NA
EBITDA	6.4	7.0	7.7	6.0	7.3	NA	6.5	(3.5)	NA
EBITDA Margin	5.2	4.9	4.6	5.1	5.2	NA	6	-27	NA
Adjusted PAT	3.9	4.4	4.7	4.0	4.7	NA	(2.4)	(5.6)	NA
EPS (Rs)	28.8	32.7	34.9	29.4	34.9	NA	(2.1)	(6.3)	NA

Source: BOBCAPS Research

**Fig 8 – PNG stock trades at 19.5x on 1YF P/E vs average of 21.2x since IPO**



Source: Bloomberg, BOBCAPS Research

**Fig 9 – Key assumptions**

Particulars	FY25	FY26	FY27E	FY28E	FY29E
<b>No. of stores</b>					
PNG format	51	65	70	82	84
- COCO	39	48	53	61	63
- FOCO	12	17	17	21	21
Lifestyle format	2	9	15	22	23
- COCO	2	5	11	17	18
- FOCO	0	4	4	5	5
Total no. of stores	53	74	85	104	107
- COCO	41	53	64	78	81
- FOCO	12	21	21	26	26
<b>Revenue per store (Rs mn)</b>					
COCO	1317	1694	1941	1958	1950

Particulars	FY25	FY26	FY27E	FY28E	FY29E
FOCO	589	762	931	839	888
Franchise revenue share (%)	9.2	12.1	12.8	12.4	12.7
Revenue (Rs bn)	75.9	107.4	124.1	142.5	168.9
EBITDA margin (%)	4.4	5.7	5.2	4.9	4.6
PAT margin (%)	2.9	3.8	3.1	3.1	2.8
Inventory (days)	97	124	97	97	97
Net debt/EBITDA (x)	0.6	1.7	0.3	0.3	0.4
ROCE (%)	14.1	18.3	16.6	15.7	14.6

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
<b>Total revenue</b>	<b>75,860</b>	<b>1,07,391</b>	<b>1,24,062</b>	<b>1,42,544</b>	<b>1,68,934</b>
EBITDA	3,358	6,159	6,389	7,047	7,738
Depreciation	348	572	650	814	978
EBIT	3,010	5,588	5,740	6,233	6,759
Net interest inc./(exp.)	(430)	(916)	(1,701)	(1,743)	(2,057)
Other inc./(exp.)	351	881	1,180	1,440	1,621
Exceptional items	0	0	0	0	0
EBT	2,931	5,553	5,218	5,930	6,323
Income taxes	748	1,420	1,313	1,493	1,592
Extraordinary items	0	34	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>2,183</b>	<b>4,098</b>	<b>3,905</b>	<b>4,438</b>	<b>4,732</b>
Adjustments	0	25	0	0	0
<b>Adjusted net profit</b>	<b>2,183</b>	<b>4,123</b>	<b>3,905</b>	<b>4,438</b>	<b>4,732</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	2,557	5,755	6,649	7,639	9,053
Other current liabilities	4,086	7,012	7,012	7,012	7,012
Provisions	49	76	87	100	119
Debt funds	8,231	15,796	18,232	20,932	24,789
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	22,175	26,612	31,344
Shareholders' fund	15,539	19,627	23,532	27,970	32,701
<b>Total liab. and equities</b>	<b>31,442</b>	<b>49,642</b>	<b>56,887</b>	<b>65,029</b>	<b>75,050</b>
Cash and cash eq.	6,287	5,044	16,027	19,004	21,879
Accounts receivables	500	628	680	781	926
Inventories	20,209	36,554	32,970	37,881	44,895
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
<b>Total assets</b>	<b>31,442</b>	<b>49,630</b>	<b>56,887</b>	<b>65,029</b>	<b>75,050</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
<b>Cash flow from operations</b>	<b>(5,491)</b>	<b>(7,306)</b>	<b>11,214</b>	<b>2,985</b>	<b>2,042</b>
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
<b>Cash flow from investing</b>	<b>(867)</b>	<b>(575)</b>	<b>(966)</b>	<b>(966)</b>	<b>(966)</b>
Equities issued/Others	177	0	0	0	0
Debt raised/repaid	4,266	7,565	2,436	2,701	3,856
Interest expenses	(430)	(916)	(1,701)	(1,743)	(2,057)
Dividends paid	0	0	0	0	0
Other financing cash flows	7,835	(10)	0	0	0
<b>Cash flow from financing</b>	<b>11,848</b>	<b>6,639</b>	<b>735</b>	<b>958</b>	<b>1,799</b>
<b>Chg in cash &amp; cash eq.</b>	<b>5,490</b>	<b>(1,242)</b>	<b>10,983</b>	<b>2,977</b>	<b>2,875</b>
<b>Closing cash &amp; cash eq.</b>	<b>6,287</b>	<b>5,044</b>	<b>16,027</b>	<b>19,004</b>	<b>21,879</b>

### Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	16.1	30.2	28.8	32.7	34.9
Adjusted EPS	16.1	30.4	28.8	32.7	34.9
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	114.5	144.6	173.4	206.1	241.0

### 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	11.6	9.9	9.1
Adjusted P/E	35.7	18.9	19.9	17.6	16.5
P/BV	5.0	4.0	3.3	2.8	2.4

### DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	74.5	74.3	74.8	74.8	74.8
Interest burden (PBT/EBIT)	97.4	99.4	90.9	95.1	93.5
EBIT margin (EBIT/Revenue)	4.0	5.2	4.6	4.4	4.0
Asset turnover (Rev./Avg TA)	241.3	216.4	218.1	219.2	225.1
Leverage (Avg TA/Avg Equity)	2.0	2.5	2.4	2.3	2.3
Adjusted ROAE	14.0	21.0	16.6	15.9	14.5

### Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
<b>YoY growth (%)</b>					
Revenue	25.2	41.6	15.5	14.9	18.5
EBITDA	24.2	83.4	3.7	10.3	9.8
Adjusted EPS	22.3	88.9	(5.3)	13.7	6.6
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	4.4	5.7	5.2	4.9	4.6
EBIT margin	4.0	5.2	4.6	4.4	4.0
Adjusted profit margin	2.9	3.8	3.1	3.1	2.8
Adjusted ROAE	20.9	23.5	18.1	17.2	15.6
ROCE	14.1	18.3	16.6	15.7	14.6
<b>Working capital days (days)</b>					
Receivables	2	2	2	2	2
Inventory	97	124	97	97	97
Payables	12	20	20	20	20
<b>Ratios (x)</b>					
Gross asset turnover	36.1	37.8	32.5	29.8	29.4
Current ratio	2.8	1.5	1.6	1.6	1.7
Net interest coverage ratio	7.0	6.1	3.4	3.6	3.3
Adjusted debt/equity	0.1	0.5	0.1	0.1	0.1

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

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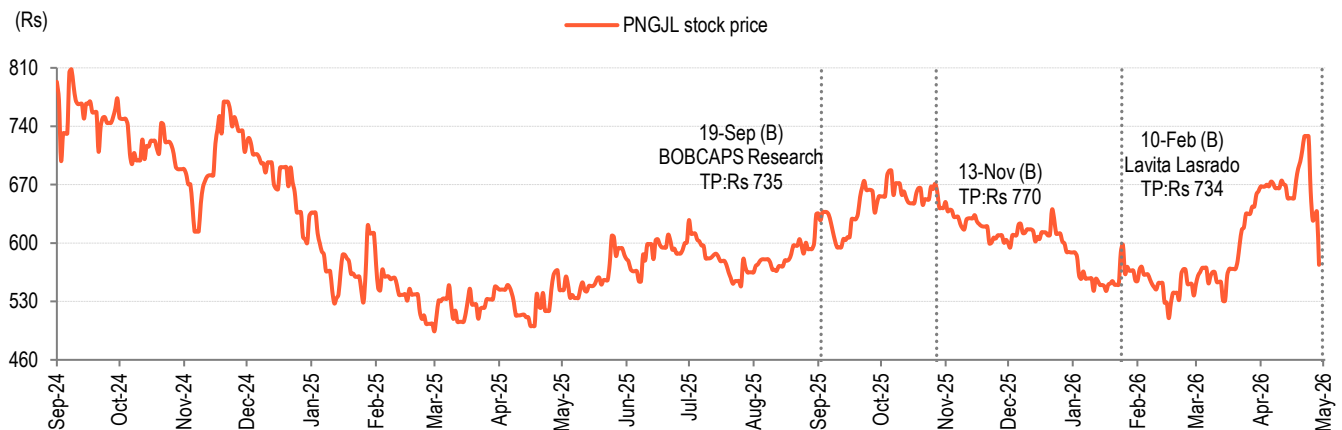
### Recommendation scale: Recommendations and Absolute returns (%) over 12 months

**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

### Analyst certification

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