Date: August 04, 2026

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 Tuesday, July 28, 2026, 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
Digitally signed by PRAKHAR GUPTA
Date: 2026.08.04 16:48:57 +05'30'

Prakhar Gupta
Company Secretary & Compliance Officer

"P N Gadgil Jewellers Limited"

Q1 FY27 Conference Call

July 28th, 2026

MANAGEMENT:	**DR. SAURABH GADGIL – CHAIRMAN AND MANAGING DIRECTOR – P N GADGIL JEWELLERS LIMITED** **MR. DEEPAK VIJAY – CHIEF FINANCIAL OFFICER – P N GADGIL JEWELLERS LIMITED**
MODERATOR:	**MR. AAYUSH ADUKIA – NUVAMA WEALTH**

Moderator: Ladies and gentlemen, good day and welcome to the P N Gadgil Jewellers Limited Q1 FY27 Conference Call. As a reminder, all participant 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 star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Aayush Adukia. Thank you and over to you, sir.

Aayush Adukia: Thank you, Ananya. Good afternoon, everyone. On behalf of Nuvama, it is a pleasure to welcome you to P N Gadgil Jewellers Q1 FY27 Earnings Conference Call. From the management today, we have Dr. Saurabh Gadgil, Chairman and MD, and Mr. Deepak Vijay, CFO. I would like to hand over the call to the management for their opening remarks. Over to you, Saurabh.

Saurabh Gadgil: Thank you. Good afternoon, everyone, and a very warm welcome to the Q1 FY27 Earnings Conference Call of P N Gadgil Jewellers Limited. I hope you have had an opportunity to review our financial results, investor presentation, and quarterly update, which are uploaded on the exchanges and on the company's website. At the onset, I would like to thank our customers, employees, franchise partners, vendor partners, and shareholders for their continued trust. Their confidence has enabled us to deliver our highest ever first quarter, beginning FY27 on a strong note.

The Indian jewellery industry remained resilient throughout April to June despite record gold prices. Demand was supported by weddings and an outstanding Akshaya Tritiya, with festive sales growing 80.3% year-over-year to INR251.4 crores. Customers continued to gravitate towards lightweight jewellery, studded products, and old gold exchange trends and that continues to favor trusted organized players with strong brand and transparent pricing.

Against this backdrop, PNG delivered a revenue of INR2,413 crores, up 41% year-over-year. EBITDA grew 57% year-over-year to INR192.4 crores, with the EBITDA margin at 8%, while profit after tax grew 52% year-over-year to INR105.3 crores, with a PAT margin at 4.4%.

This performance reflects the strength of the PNG brand, healthy consumer demand across categories, and our continued focus on disciplined execution and operational excellence. Operationally, the quarter was about strengthening our existing network while preparing for the next phase: site identification, franchise onboarding, and execution planning for the expansion pipeline. We ended the quarter with 78 stores.

Looking ahead, we remain committed to opening around 25 stores during FY2027, taking our network to approximately 103 stores by the year-end. A few launches are planned in Q2, while the bulk of expansion is planned across Q3 and Q4 through a franchise-led approach across both legacy and litestyle formats, deepening our presence in Maharashtra while expanding our reach in Uttar Pradesh, Bihar, Central India, and NCR.

Despite elevated gold prices, our performance remains in line with our previously communicated guidance. Supported by a 194-year-old legacy, disciplined execution, growing pan-India presence, and a continued formalization of the jewellery industry, we remain confident of delivering sustainable growth throughout FY2027. With that, I will hand over the call to our Chief Financial Officer, Mr. Deepak Vijay.

Deepak Vijay: Hi, thank you, Saurabh, and good afternoon, everybody. So let me take you through the financial performance for the quarter ended June 30, 2026. Consolidated revenue from operations grew 41% year-on-year to INR2,413 crore, driven by broad-based growth across retail, franchise, and e-commerce. Retail grew 56% on the back of 46% SSSG. Franchise grew 8% and e-commerce grew 20%, reflecting continued traction across marketplaces, our D2C platform and digital initiatives.

Gross profit for the quarter stood at INR319.6 crores with a gross margin of 13.2%. EBITDA stood at INR192.4 crores, up 57% year-on-year, with EBITDA margin expanding 80 bps to 8%. Profit after tax stood at INR105.3 crores, up 52% year-on-year, with PAT margin up 40 bps to 4.4%. Basic EPS came in at INR7.8 against INR5.1 in quarter one last year.

Our studded jewellery strategy continues to gain traction. Retail studded ratio improved to 10.9% from 9.9% in the previous quarter, with our recently launched stores in North and Central India already running stud ratios of 15% to 18%, well ahead of our mature Maharashtra network, while Litestyle by PNG posted a stud ratio of 32.9%.

Our gold bars and coins business also continues to strengthen customer engagement, with 53% of gold bars and coins purchases converting into jewellery this quarter, up from 46% in the last year. On revenue mix, retail contribution rose to approximately 78% of total revenue, while bullion sales normalized to around 22% of retail revenue.

As we move through the year, capital allocation will remain focused on high-return store expansion, strengthening our franchise network, digital investments, and operational excellence.

With that, we conclude our opening remarks and would now be happy to take your questions. Thank you.

Moderator: Thank you. We will now begin with the question-and-answer session. The first question is from the line of Yash Sonthaliya from Edelweiss Public Alts. Please go ahead.

Yash Sonthaliya: Hi, thank you team for taking my questions and congratulations on a good set of numbers. Am I audible?

Deepak Vijay: Yes, you are audible, Yash.

Yash Sonthaliya: Yes. So my first question is on gross margin. Like year-over-year, our gross margin is pretty much flat, while if I see the change in mix, we have seen a very good mix changing towards retail, which is like one of the highest margin products, highest margin revenue for us. So how to understand this flat margin?

Deepak Vijay: So if you see our -- you have to also compare the adjusted gross margin wherein we have given the hedging gains separately, Yash. So if you will remove that, the adjusted gross margins will -- we have increased it by kind of 40, 50 bps compared to last year.

Yash Sonthaliya: Got it, got it. And one more follow-up on the same. Basically, I really want to understand how to read the retail margin for the business, right? Because in retail also, there is a huge sale of less studded or maybe plain gold type jewellery. So what is the ideal retail margin for our business when the studded ratio is in the range of 10% to 11%?

Deepak Vijay: Yes, so ideally we -- so the studded have a different margin as compared to the metal, gold metal jewellery, plain jewellery. These are differentially very, very different. With a studded ratio of 10% to 11%, we should be in the range of somewhere between 12.5% to 13.5% is what we should target.

Yash Sonthaliya: Got it, got it. And this assuming around 20 -- sorry…

Saurabh Gadgil: So like we are saying in the retail sale, we have our sale of jewellery has increased to now 80%, 20% to 21% is only bars and coins. So keeping that and looking at studded, plain gold, and bars and coins in the retail category, the gross margin should be, like Deepak said, between 13% to 14%.

But ideally, but this is what we have been talking on and we have been also able to give a guidance on the gross margins, considering the impact of hedging gains, which we have shown separately in our presentation.

Yash Sonthaliya: Got it. Makes sense, sir. And one last question. Like with our store expansion happening, ideally what our understanding is, the other expense will also increase with the same amount. But in this quarter, the other expenses only increased by 5%. So any specific efficiency or...

Deepak Vijay: Yes, so I'll take this question, Yash. So yes, the other expenses have not moved in the same proportion as the sales. A couple of reasons. Firstly, with the demand or the things which have happened in the industry in the beginning of the quarter, we have gone very conservative on our spends. That is one, that we have not -- we have just put kind of leash on any incremental expenses which we could do for the demand thing. So that is in line with the industry going through the phase wherein the demand could be down, so we have taken a conservative approach there. One is that.

Second is the scheme redemptions which happens on these schemes, those share, that discount on that scheme share is lower in this quarter compared to the last quarter. This has been two new things. And the marketing spends, we have also gone very, very conservative. We have cut down the hoardings wherever not required, like, 250, 300 hoardings have been cut down from what it was last year. So, we continue to monitor and keep our marketing cost within 1.5%, and that is what has helped to keep the cost in check.

Also, there has been no stores which have been planned this year -- I mean in the quarter, so there have been no stores which were planned in the quarter, so no travel, nothing has happened in that side. But yes, going forward, in line with quarter three, quarter four, this should have some increase because the expansions are planned across quarter three and quarter four. But having said that, we are confident of delivering the guidance EBITDA within slightly higher cost or the comparable cost in quarter three, quarter four.

Yash Sonthalia: Makes sense. Thanks, thanks a lot, sir, for answering all the questions.

Moderator: The next question is from the line of Smith Gala from RSPN Ventures. Please go ahead.

Smith Gala: Yes, thank you for the opportunity and congratulations on a good set of numbers. So, my first question was in line with the sale of coins, etcetera, which were elevated in the last quarter and which have cooled down this quarter. So, it will be -- it is my request to the management that, can this number be given separately in the presentation? And what is the difference between the other section in the segmental reporting which we gave in the PPT and the 21% to 22% which we are mentioning of gold coins, etcetera, as a part of retail revenue?

Saurabh Gadgil: So, see, in retail what I mentioned as bars and coins is what we sell at the stores. So, this time we have gone and mentioned, we have given the details of that, that the average ticket value is less than 5 grams of the bars -- the coins and bars sold at the retail counter. And out of that, more than 50% have converted into jewellery. So, this has been a productive, this is a productive sale for us.

The other part which I mentioned here is primarily the corporate sales, the what we do, you know, for companies in bulk orders. So that's a very small, minuscule number, as far as we put it in others. But going ahead, we would have three categories like I mentioned: retail, out of which roughly around 78% to 79% would be jewellery, 20% to 21% would be bars and coins, and then the second level would be the franchise, and the third arm would be e-commerce.

Smith Gala: Okay, that was helpful. The next question from my side, same as a continuation to the question from previous participant on the other expenses. We have seen a big reduction as far as other expense is concerned. While you alluded the reasons for the reduce, primarily no new showroom openings, etcetera. So, on a normalized basis, what are the kind of other expenses what we are looking at as a percentage of sales?

Saurabh Gadgil: So, see, the guidance given by us, we will be on the same line. Q1 was a little low because we had planned this quarter to really focus more on the existing store network. We had reduced marketing to a large extent since there are no further brand building required in new areas, and we're focusing a lot on on-ground activities.

And you know, it was also a season when we didn't really have to spend anything more on travel or other side. But going ahead with for the annualized other expenses which we had planned for the year, Deepak will just give a number to you, should be on track.

Smith Gala: Should I wait for the number?

Saurabh Gadgil: Just a minute. I'm just adding the number together.

Smith Gala: Okay.

Deepak Vijay: The other expenses as we said will be in the range of let's say 3% roundabout of the total sale.

Saurabh Gadgil: Range of roughly INR400 crores is what we're looking at for the entire year.

Smith Gala: Hello?

Saurabh Gadgil: Hello?

Moderator: Ladies and gentlemen, wait for a moment, I will be reconnecting the previous participant.

Deepak Vijay: Hello?

Moderator: Just a moment, sir, we are reconnecting.

Smith Gala: Yes, am I audible?

Saurabh Gadgil: Yes, you're audible. Yes, the call dropped in between.

Smith Gala: On the other income bit, I understand our accounting for the hedging takes place at the gross margin level. So, the difference in the other income from INR31 odd crores in Q4 versus INR10 crores in Q1, so what plays that?

Deepak Vijay: Other income is primarily the interest part on the fixed deposits which we have.

Smith Gala: But this fluctuation is so vast, interest should be, I assume, interest should be more or less equally distributed across quarters.

Deepak Vijay: Yes, so this will be equally distributed. So, the FDs which we have put on mortgage has come down from last year, and that's the major difference.

Smith Gala: Because the difference is huge, from INR31 crores odd of other income to just INR10 crores in this quarter.

Deepak Vijay: No, there is last quarter there is no -- just give me a second. I think last quarter the number which we reported is round about INR12 crores of other income, not INR31 crores.

Smith Gala: Wait.

Deepak Vijay: Just check, let me also check, to my knowledge the number is INR 12 crores In Q4 it's INR 31 crores.

Smith Gala: Yes, yes, that was -- I was talking about Q4 only, INR31 crores, yes.

Deepak Vijay: So, we have dropped down the FDs from the balances.

Smith Gala: So, the money which was utilized, so the all the money which was redeemed from the FDs is sitting on cash on the balance sheet, is it in Q1?

Deepak Vijay: It's on the cash also, and we have put some money for the margins for the hedging part also.

Smith Gala: Okay, and we will be doing around 7% of EBITDA margins for the full year, is that your guidance?

Deepak Vijay: That's the guidance.

Smith Gala: Okay, thank you, that's all from my side.

Moderator: Thank you. The next question is from the line of Raj Shah from Three-Head Capital. Please go ahead.

Raj Shah: Hello? Are you able to hear me?

Saurabh Gadgil: Yes. Go ahead.

Raj Shah: Yes. So, I was asking, see, I mean in terms of our standalone stores, we are currently at 65. So, two, three years down, I mean PNG flagship stores, what kind of store addition that you see going forward in terms of a standalone store and what will be the mix of COCO and franchise-owned?

Deepak Vijay: So hi. So right now, we are at 57 COCO stores and 21 FOCO stores with between legacy and litestyle. We plan to add 25 stores this year and the count will be 103 in total with 63 stores as COCO and the balance is FOCO. Next year, '27, '28, we plan to add round about 37 stores again with the proceeds which we will have from the profits which will accrue.

So we will be adding 37 more stores and the COCO count will become 86 and the franchise stores will be 54 and the total count will be 140. So this year we will add 25 stores and the next two years we will add 37, 37 stores. So 103 becomes 140, 140 becomes 177.

Saurabh Gadgil: And just to the above, out of that we are looking at around 113 stores would be our legacy stores and around 64 stores would be the litestyle stores as of March 2029.

Raj Shah: Sorry, what did you mention the breakup?

Saurabh Gadgil: So as of March 2029, we should be at a number of around 177 stores, out of which 113 would be the PNG legacy stores and around 64 would be litestyle stores. That is the plan for three years.

Raj Shah: Okay, understood. And majority of the new store expansion should come under FOCO, I mean 60%, 70% of that of the new stores, right?

Saurabh Gadil: As of March 2029, we are looking at around the 75 stores would be COCO and around 40 stores would be FOCO.

Raj Shah: Understood.

Saurabh Gadgil: So this year, the plan would be to expand more on the FOCO channel because last year we had expanded more on the COCO side. But going ahead, after that, the next two years would be a combination of COCO and FOCO.

Raj Shah: Understood. So sir, what kind of gross margins you will see three years out? I understand gross margins will be lower but will be consequently have lower employee and other expenses, so our EBITDA margins might be improving trajectory. But in terms of gross margins, what kind of margins do we see three years out and result in EBITDA margins?

Deepak Vijay: Yes, so while we will have an gross margin deflection from the FOCO stores increasing, but at an EBITDA level we will be progressing and at a PAT level we target to be at 4.5% to 4.7% by FY29, which is round about 4.4% right now.

Raj Shah: Understood, sir. And this is last question.

Deepak Vijay: Because gross margin levels won't be comparable like that so the dilution in the top margin but the same margin flows into my PBT for the franchise margin because we do not incur any cost there. So at a PAT level, we should be in the range of 4.7% by FY29 and more.

Raj Shah: Understood. Sir, this last question. In terms of our borrowings, currently what is the mix of GML in our borrowings and how do you see this borrowing moving from here? I mean because the organic store expansion might be lower, I mean we do FOCO more, so the operating cash flow that we generate, should it be used to run down the borrowings or how do we see this mix going forward?

Deepak Vijay: So our borrowing including without GML is in the range of INR1,200 crores, which is in line with what we had in March, so no major movement there. In terms of GML, we have round about INR300 crores to INR400 crores of banking limits the loan right now on gold metal loans.

So going forward, the projection is that the entire loan which is round about INR1,500 crores to INR1,550 crores, FY29 we plan to reduce it by INR500 crores to INR600 crores and will be below INR1,000 crores by FY29 and in couple of more years we should be debt-free in next let's say four to five years, Yes.

Raj Shah: Understood, sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Naveen Trivedi from Motilal Oswal. Please go ahead.

Naveen Trivedi: Yes, good afternoon, everyone. Sir, one question on the Adhik Maas which I am sure that would have impacted your quarter one performance also. Can we expect the Adhik Maas which would have kind of a postponed the wedding season can benefit in the coming quarters?

Saurabh Gadgil: Naveen, Adhik Maas was not a big turnout this year, primarily silver prices hovering at a high level. Silver is a item sought after during Adhik Maas, so Adhik Maas has seen routine sales. It was not like a standout season. Wedding like you said, because of additional month, weddings would be a driver. So Q2 or a large portion of Q3 should benefit from the wedding which have been postponed by a month.

Naveen Trivedi: Sure. And in terms of our SSSGs, if I look at our overall growth rates are 41%, correct? And retail growth is 56%. So when I look at the SSSG, is it only pertain to retail growth rates, which is like 46% which we had reported?

Deepak Vijay: Yes, this is retail SSSG.

Naveen Trivedi: Sure, fair point. And in this quarter, we had shared the hedging gains for this quarter and the last year also, correct? Can you also share the similar numbers for the last year how these three quarters has kind of a, for the remaining three quarters and for the FY26?

Deepak Vijay: So I think we have in the last call we reported the numbers for quarter three and quarter four as INR45 crores and INR20 crores of gains. In quarter two, the upside and the downside was not much, it was netted off, but that number is in the range of round about INR5.5 crores, INR6 crores, that's what I remember on top of my head.

Naveen Trivedi: INR45 crores for quarter four, correct?

Deepak Vijay: Quarter three.

Naveen Trivedi: Quarter three was INR45 crores.

Deepak Vijay: Because that's where the margins were very high that particular quarter with all of the INR45 crores gains sitting there. Yes.

Naveen Trivedi: And sorry, I missed out for quarter four.

Deepak Vijay: Quarter four was 20. That's what we reported last time.

Naveen Trivedi: Sure, fair point. And now we are talking about going back to our hedging percentage to go up to kind of a 80%, 90%. And what are the timelines to kind of achieve those percentages?

Deepak Vijay: So 80% I feel should be doable before Diwali or maybe quarter three. We can target 80% to be around about quarter three and next year we should be touching 90% plus 100% there in the range of 90% to 100%.

Saurabh Gadgil: See Naveen, the intent is to be for next financial is to be fully hedged. I mean we had gone down because of the margin increase, so we have come to 70% plus. Q2 we should be looking at reaching around 80% and I think the next year the plan is to be committed to be fully hedged.

Naveen Trivedi: Fair point. And just one bit on the other expenses side also, like you kind of a communicated about reaching to INR400 crores kind of a number. So is it only the marketing hedge where which kind of a wins give you close to INR100 crores plus sort of a cut versus last year?

Saurabh Gadgil: You mean the overall marketing, you are talking overall other expenses?

Naveen Trivedi: Yes, you mentioned about last year we did close to INR500 crores plus number. That number will be...

Deepak Vijay: Yes, last year two, three triggers why it was very high. Firstly, the UP launch, which was pretty heavy on the P&L. Round about INR40 crores to INR50 crores have gone into UP and the new celebrity endorsements which has gone there. That's a big top line which will not happen this year straight forward because UP is already launched now and we just go with the organic marketing there and not anything extravagant.

That was one part of it. Also the marketing [Inaudible 00:30:02] sale and the foundation day sale, this year we have no plans. The scheme part of it which is not related because this was more of marketing campaigns, so that was reflected under the other expenses. So that also will not happen, that was one-time exercise will not repeat it.

Saurabh Gadgil: Naveen, on the side of other expenses, there would be major portion saving would be from one-time branding marketing which was done to look at the Central India belt.

We launched entire campaign of the Pethwa campaign in to this region, establishing a brand there. So all that was one-time expenditure and then we crossed the INR10,000 crores mark last year with gratitude sales, so this also would be offset during that. So all these one-time expenses which added to the other expenses which should be neutralized this year.

Moderator: Sir, sorry to interrupt, your voice is coming with a lot of disturbance. Could you please try maybe speaking near the mic?

Saurabh Gadgil: Naveen, are you there?

Naveen Trivedi: Yes, I'm there, I'm there, but Yes, your voice was not very audible, Yes.

Saurabh Gadgil: Yes, I said most of the what Deepak explained were one-time expenses.

Moderator: It's coming out very disturbed.

Saurabh Gadgil: Is it okay now? Because I from our side there's no disturbance.

Moderator: Now it is perfect, sir. Please continue.

Saurabh Gadgil: Yes. So I think I have answered the question. Naveen, anything else from your side?

Naveen Trivedi: Just two things from my side. So if last year we did close to INR70 crores to INR75 crores inventory gain, so if I look at on profitability side, there would be like 50 bps, 60 bps kind of a benefit at least on the net profit margin. So I think the underlying margins would be close to 3.2% to 3.3% on a yearly basis. How are we seeing this because given now expenses line will kind of a will see tapering down and given now the there is up and down in the gold side also has played out, how are we seeing profit margins this year?

Deepak Vijay: So as we are growing more on the hedging, so the hedging gains will slowly down.

Saurabh Gadgil: Hello? Naveen?

Naveen Trivedi: Yes, yes. So I was asking about our net profit margin percentages.

Saurabh Gadgil: This time the PAT margin should be in the range of around 4.2%.

Deepak Vijay: Yes, we should be upwards 4% between 4.1% to 4.25% is what we are targeting, Naveen. This is underlying without any kind of hedging gains and we're also ensuring that the expenses doesn't go up. That's an very aggressive targets we also have taken, but let's see, we should be able to pull it off with that marketing cuts which we have taken this year.

Naveen Trivedi: Sure, sure. That's all from my side.

Moderator: Thank you. The next question is from Subhanu Bangar from Three-Head Capital. Please go ahead.

Subhanu Bangar: Yes, good afternoon. Hope I am audible. Sir, my question on the litestyle format, like current our studded mix around 32%, but in the same segment many of our listed peers keeping the studded ratio above 50%, 60% or so and they are doing around 30% to 35% gross margin. But my question on -- why we are keeping the studded ratio around 30% to 35% although we are open this format for high studded mix business? And second, what kind of GM we are doing currently, GM means gross margin we are doing? And third, last year you guided we want to open around 100 store for by 2030 in the litestyle format. Are you on track to achieve this guidance?

Saurabh Gadgil: Yes, so your first question on the litestyle, why the studded ratio [Inaudible 0:34:21]

Subhanu Bangar: Sir, your voice is breaking.

Saurabh Gadgil: Hello? Can you hear me now?

Subhanu Bangar: No, sir. Still breaking.

Moderator: Sir. Your voice is cracking up a lot.

Saurabh Gadgil: It is the same. [Inaudible 0:34:38] I don't know why it's cracking. Is it audible now?

Moderator: Could you please say a line? I'll check.

Saurabh Gadgil: Is it audible now?

Moderator: Yes, it is. It is audible now. Continue, please.

Saurabh Gadgil: Yes, so on the litestyle we had -- as I mentioned last we started litestyle, it was more on the gold side looking at around 80% inventory of gold and only 15% to 18% in studded. But through our -- but through the journey through people's experiences, we realized that studded has to go up and that is how we have been slowly working on the merchandise mix. Eventually, we plan to take it to 80% studded inventory at a store level and 20% gold inventory and that would also enable us to reach a 50% to 60% studded ratio in that category. Hello?

Subhanu Bangar: Yes, Yes, I am here.

Saurabh Gadgil: Yes. So once that happens, the margins again would be like the industry around 30% to 35% margins on the litestyle format. And on the store size, we have right now spoken up to March 2029 where we are looking at reaching around a 65 to 70 store mark now for litestyle and as we go ahead in the next few years we should be aiming to reach the 100 store mark for litestyle.

Subhanu Bangar: Okay. And what was the current gross margin?

Saurabh Gadgil: The current gross margin in litestyle in the would be in range around 18% to 20%.

Subhanu Bangar: And when we can expect this studded mix can go up to 80%?

Saurabh Gadgil: Likely the next two years because right now we have changed the entire merchandise mix. So our current ratio -- studded ratio is around 34%, which we in the next 12 months expect to be doubling from here.

Deepak Vijay: Yes, so the studded ratio right now in LS is right round about that percent. This will go up with the change of merchandise mix as Saurabh has mentioned. So Yes, we're looking at round about 50% in next couple of years to be there.

Subhanu Bangar: Okay, great. Best of luck, sir.

Saurabh Gadgil: Thank you.

Moderator: Thank you. The next question is from the line of Nitin Jain from Fair Value Equity Advisory. Please go ahead.

Nitin Jain: Yes, thank you for the opportunity and congratulations on an excellent quarter. So my first question is in the retail segment, like we have done very well this quarter despite the Adhik Maas, but both franchise and e-commerce, they have been slightly muted. So what reason you would attribute to this?

Saurabh Gadgil: See, the franchise, like we have mentioned in our update, we were looking at finalizing franchise, working on the store setups. So the franchise number will pick up in Q2 and Q3. So we have around on the legacy side around 10 line -- 10 franchises planned for the entire year and around five on the litestyle format. So once -- so the number will pick up as we move ahead. And your second question was on?

Nitin Jain: E-commerce.

Saurabh Gadgil: Yes, e-commerce, we have taken a conscious decision of focusing more on the jewellery side and reducing the bars and coin sales there. So it's more of a company decision to focus on jewellery, both studded and plain gold on the e-com side. So e-com will see better margins but may see a little slow down, a little decrease in total sales.

Nitin Jain: Right. Also, the inventory ratio we have today is close to 4x, but according to the presentation, it was nearer to 8x almost eight times two years ago. So what do you think has caused this big dip in inventory ratio?

Saurabh Gadgil: So the ratio was around seven times, but hello?

Nitin Jain: Yes, audible.

Saurabh Gadgil: So the ratio was around seven, that primary was when we were doing the refinery sale and there was a -- there was a lot of B2B sale. After that, everything has been rationalized. We had also given a guidance of the stock turns stabilizing around 3.5 to 4, and that is where we are today. So this was as per the guidance given and after ending the refinery sale and the B2B sales.

Nitin Jain: Great, that's very helpful. And my last question is on the promoter shareholding. So right now it's greater than 75% and it kind of seems to be an overhang on the stock. So do we have plans to bring it down in the near future?

Saurabh Gadgil: Yes, the plans are there, definitely. We already have an enabling board resolution into the effect. So, you know, we are monitoring the market and at a suitable time we'll definitely come up with the QIP to get the shareholding to the desired level.

Nitin Jain: Great, thank you so much. Just one last observation. So recently I was in Ayodhya for the darshan of Shri Ram Mandir and I saw a hoarding of PNG Jewellers just right outside the mandir. So the area had very good footfall and excellent visibility. So congratulations on the management on that.

Saurabh Gadgil: Thank you. We're opening a store soon in Ayodhya, so you also next time when you go there, you can also see the PNG store there.

Nitin Jain: Great, thank you.

Saurabh Gadgil: Thank you.

Moderator: Thank you. The next question is from the line of Yash Sonthalia from Edelweiss Public [inaudible 0:40:24]. Please go ahead.

Yash Sonthalia: Hi, thanks for the follow-up. So I, sorry for the confusion, but I again wanted to ask on gross profit margin only on the Y-o-Y basis. So hedging gains are very similar on Y-o-Y basis. So and ideally, like you already alluded, we have done a really good job on increasing the retail revenue and the mix of jewellery in the retail and also reduces the discounts or the off schemes we provide.

So ideally this should have increased our gross margin. So what is the reason the gross margins are flat?

Deepak Vijay: Yes the hedging gain last year was on a lower base of the retail and same, similar hedging gain we have on the bigger base this year. So when you put the adjusted margins net of the hedging gains, you will see the bps increasing there.

Deepak Vijay: Yes, Yash, you there?

Yash Sonthalia: Yes, yes. So basically 20 bps I understood the base effect, but ideally what my understanding was the margins would have improved more with the mix change. But got your point on that part. And…

Deepak Vijay: Basically we did these new businesses or the new territories in the, their share of these new territories in the overall retail mix is round about 3%, so the adjusted ratio might see bigger number there. But to translate into a visible margin gain this UP and Central India revenue share in the retail mix has to really increase there.

So that's where we'll have to focus couple of years down the line when UP and Central India becomes a bigger share of retail margin you will see the better margin number there as compared to that.

Yash Sonthalia: Got it, got it. And one last question is on the franchise part of the business. Not talking about the growth of the stores, but on the revenue growth, like we only have seen 8% revenue growth, while the same in the our own stores the growth is higher. So why is such high discrepancy and how it impacts the economics for a franchise partner?

Deepak Vijay: So I'll take the question on the franchise growth being muted at 8% for this year. So franchise, how, how generally we do one stock when we do the, when we start the franchise. That time it is 100% one stock turn happens because we did, they pay up, we stock up there, that's a part of the, of the sales which we book.

Now the replenishment happens there on a weekly basis and as and when required and also franchise also sometimes has to pay up the money and then get the stock. So there could be some timing differences which could come in from when the money is paid and when the stock is completely sold there.

So franchise is the books the sales which we record is not B2C, it is B2B, so the stores might still have an inventory or the stores, the investor has not paid up the money, they might want to pay up a couple of days ahead. So those all mixes happens in franchise. So franchise apple-to-apple on a quarter-to-quarter, these differences which will come, but having said that, we understand because franchise is our focus now, will be becoming big.

So we have taken access of the systems from franchise and we will be monitoring the B2C environment very closely and the customer demands closely and you will see the better economics coming from franchise on the B2C level as well. But this has become our focus now and we are continuously working with the franchise partners to get access on the B2C data.

Yash Sonthalia: Got it. Thanks, thanks a lot.

Deepak Vijay: Yes.

Moderator: Thank you. The next question is from the line of Aayush from Nuvama. Please go ahead.

Aayush: Thanks. Just one question from my end. We are doing good on Maharashtra. Are we seeing any cannibalization signs, particularly in the state? And also, are we gaining any share from the likes of Kalyan and Tanishq? Yes.

Saurabh Gadgil: Ayush, can you repeat the question again please? Hello?

Aayush: In Maharashtra am I audible?

Saurabh Gadgil: Yes, Yes go ahead.

Aayush: In Maharashtra we are doing good expansion. Are we seeing any cannibalization probably in the stores from our store?

Saurabh Gadgil: No sir, our expansion is planned in a very strategic way. So, which area we're expanding, we look at the catchment area, which are the customer base there, and only if it makes, if it's a catchment area to serve for a new store, then we launch a store. So cannibalization which will impact the existing store and new store is not happening.

Some natural cannibalization will definitely be there, but that's always factored in when we enter a new store that the, at some stores may lose some portion of their sale, but then the store also address new customers and, be able to still top it off and grow, as we move ahead.

Deepak Vijay: And also to add to what Saurabh has said, that when we go for the franchise stores or our own stores in a similar territory, there is an framework and a guidelines which we use wherein there has to be a particular kilometers apart these stores has to serve two different catchments and they should not eat up into each other's sale.

So that is also a guiding factor and a framework when we choose which location to open the new store or a franchise store.

Saurabh Gadgil: And Ayush, also answer the other question I think which you asked was about gaining share from competition. There is definitely a, share which we are trying to gain from competition in Maharashtra. Also the unorganized segment is something which is moving fast towards organized and that's why getting a lot of new customers.

So our CRM is actively working on ensuring that we keep on having a healthy share of new customers and also being able to dive deeper into our existing set of customers.

Aayush: Understood, sir. Just one more bit, sir, on our UP expansion, how has been the initial feedback of our stores?

Saurabh Gadgil: UP has gone well, on track as per our plans, which we've been always mentioning during last couple of calls that, we had made some projection for UP in terms of stock turn, in terms of studded mix, and I think we are on track for that. We still haven't finished a year, so some stores are only three months or four months old.

But the older stores are also on track and I think UP expansion looks to be satisfactory, looks to be good. And I think studded which we had projected at 15% is already upwards of 18%, which can still see further growth. And I think those markets had accepted the brand well and that's another reason why we're seeing almost 8 franchises to 10 franchises opening in UP in this financial year.

Aayush: All right. That's helpful. Thank you, thank you.

Saurabh Gadgil: Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question for today. I now hand over to the management for the closing remarks.

Saurabh Gadgil: Thank you, everyone, for joining today's call and your continued interest in PNG Jewellers. We appreciate your insightful questions and continued support. Should you require any additional information, please feel free to reach us at our investor relations partner, X-B4 Advisory. Thank you and have a wonderful evening ahead.

Moderator: Thank you. On behalf of PNG Jewellers Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Saurabh Gadgil: Thank you.

E&OE: The transcript has been edited for factual errors if any.