Date: November 05, 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 the Conference Call held on Friday, October 30, 2026, at 04:00 P.M. (IST).

The details are also available on the website of the Company at 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: 2026.11.05 15:21:34 +05'30'

Prakhar Gupta
Company Secretary & Compliance Officer

"P N Gadgil Jewellers Limited"

Q2 FY27 Earnings Conference Call

October 30th, 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 INSTITUTIONAL EQUITIES**

Moderator: Ladies and gentlemen, good day and welcome to P N Gadgil Jewellers Limited Q2 FY27 Earnings Conference Call hosted by Nuvama Institutional Equities. 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 the 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 from Nuvama Institutional Equities. Thank you, and over to you, sir.

Aayush Adukia: Thank you, Yusuf. Good afternoon, everyone. On behalf of Nuvama, it is a pleasure to welcome you to P N Gadgil Jewellers Q2 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, Aayush. Good evening, everyone, and a very warm welcome to the Q2 FY27 Earnings Conference Call of P N Gadgil Jewellers Limited. I hope you had an opportunity to review our financial results, our investor presentations and press release, which is uploaded on the exchanges and on the company's website.

To begin with, I would like to express my sincere gratitude to our customers, employees, franchisee partners, vendor partners and shareholders for their continued trust and support. Their confidence in PNG Jewellers continues to inspire us as we build on legacy and deliver a strong performance in the second quarter and the first half of FY27.

This July to September quarter is traditionally a relatively subdued period for the jewellery industry, largely coinciding with Chaturmas when wedding-related demand tends to be lower. Despite this seasonal moderation, consumer demand remained healthy. With gold prices continuing to remain elevated, customers increasingly graduated towards lightweight designs, studded jewellery and old gold exchange.

These evolving preferences continue to create opportunities for trusted organized retailers with established brands and a strong focus on transparency and customer confidence. PNG Jewellers has delivered a revenue of INR2,666 crores, up 22% Y-o-Y. And EBITDA grew 57% Y-o-Y to INR224.6 crores, with EBITDA margin expanding 186 bps to 8.4%, while profit after tax grew 53% Y-o-Y to INR121 crores with a PAT margin of 4.5%.

Profit grew well over twice as fast as revenue, reflecting a richer product mix, a higher retail share and a growing operating leverage. For the first half, revenue grew 31% to INR5,079 crores and PAT grew 52% to INR226.5 crores. This was also a defining quarter for our brand portfolio. We rebranded LiteStyle as YOOU by PNG, which is lightweight diamond jewellery.

Moderator: Sorry to interrupt, sir, your voice is breaking.

Saurabh Gadgil: We rebranded LiteStyle as YOOU by PNG, which is a lightweight diamond jewellery brand for younger style-conscious consumers and the response has been very encouraging with YOOU stud ratio rising to 53.1% from 32.9% last quarter. On 1st October, we completed the 100% acquisition of Silvostyle, a fast-growing silver fashion jewellery brand that grew revenue at 64% CAGR and PAT at 99% CAGR between FY24 and FY26 and already operates 18 stores and around 68 Shop-in-shops at PNG & YOOU and Silvostyle, we now have one house and three brands.

Moderator: Sir, your voice is breaking. There is cracking sound coming from your line. Sir, I'll just disconnect and reconnect. Ladies and gentlemen, please wait while we reconnect the management. Ladies and gentlemen, thank you for patiently holding. We have the line for the management reconnected. Over to you, sir.

Saurabh Gadgil: So now with PNG legacy, YOOU and Silvostyle, we now have 1 house and 3 brands that engage with every generation of jewellery buyers. In Q2 of FY '27, we also raised INR700 crores through QIP, which was over oversubscribed 1.5x. CRISIL also reaffirmed our credit rating at A+ with stable outlook. These developments have further strengthened our financial position and provided a solid foundation for the next phase of our growth.

We currently work with over 100 Karagir associations and more than 180 vendor associations, reflecting the strength of our long-standing partnership. We also remain open to exploring any further strategic opportunities for synergies -- for synergistic integration across the value chain wherever they can strengthen our capabilities and support our long-term growth.

We closed the quarter with 80 stores, comprising of 79 stores in India and 1 in U.S. These include 7 company-owned stores across Uttar Pradesh, Madhya Pradesh, Bihar and Haryana, reflecting our growing presence in Northern and Central India. Encouragingly, these markets are already showing promising results with our stores in the region recording a stud ratio of 17.4%, well above the company average.

This gives us confidence in our expansion strategy and the potential of these markets. We remain on track to open 23 new stores in FY27, taking our total store count to approximately 103 by the year-end.

Moderator: Sorry to interrupt, sir, your voice is again breaking.

Saurabh Gadgil: Can you call in mobile please now?

Moderator: Okay, I'll reconnect you. Ladies and gentlemen, thank you for patiently holding. We have the line for the management reconnected. Over to you, sir.

Saurabh Gadgil: We remain on track to open around 23 new stores in FY '27, taking our total store count to approximately 103 by the year-end. Expansion will gather pace over the next 2 quarters, driven

primarily by the franchisee-led model across both legacy and YOOU formats. Our Ayodhya store is already operational, while the Prayagraj store is scheduled to open on 4th of November 2026.

Of the planned addition, 8 to 10 openings are targeted in Q3, while the remaining openings are planned for Q4 FY '27, supported steady progress towards the expansion targets. We have also strengthened our risk management framework, raising the hedge coverage to approximately 80%, making our earnings more resilient to gold price swings. Backed by a 195-year-old legacy, a sharper brand portfolio and a strong balance sheet, we remain confident of delivering sustainable profitable growth throughout the year of FY 2027.

With this, I'll hand over the call to our Chief Financial Officer, Mr. Deepak Vijay.

Deepak Vijay: Thank you, Dr. Gadgil, and good evening, everyone. Let me take you through our financial performance for the quarter ended September 30, 2026. Consolidated revenue from operations grew 22% year-on-year to INR2,660 crores driven by strong retail performance. Retail revenue increased 31% year-on-year to INR2,061 crores, supported by a healthy SSSG growth of 25.5%.

Franchisee revenue also recorded a strong growth of 35% year-on-year, whereas e-com reduced 84% year-on-year, primarily due to strategic recalibrations of the product mix as we deliberately reduced the share of low-margin coin sales and shifted focus towards higher-margin jewellery products to enhance the quality and profitability of the channel.

Retail now contributes 77% of our total revenue compared with 72% in the corresponding quarter last year, reinforcing its growing contribution to our business and margin expansion. Also, the share of retail revenue from Northern and Central regions increased to 2.7% in Q2 FY '27 from 0.7% in Q2 FY '26.

Our gross profit grew 32% year-on-year to INR339.8 crores with gross margin expanding by 89 bps to 12.7%. Our EBITDA increased 57% to INR224.6 crores with a margin expanding 186 bps to 8.4%. Excluding an unhedged inventory gain of INR5 crores, adjusted EBITDA grew 60% to INR209.6 crores with an adjusted EBITDA margin improving to 8.2% from 6.3% a year ago.

This reflects the strength of underlying operations and demonstrates that our margin expansion has been driven by operational improvements rather than gold price movements. Profit after tax grew 53% year-on-year to INR121.1 crores with a PAT margin at 4.5%, while adjusted PAT increased 57% to INR117.4 crores with the adjusted PAT margin improving to 4.4% from 3.3%.

Basic earnings per share stood at INR8.7 compared to INR5.8 in Quarter 2 FY'26. Our premiumization strategy continues to deliver encouraging results. The retail stud ratio improved to 11.9% compared with 9% in quarter 2 FY'26 and 10.96% in the previous quarter. Diamond jewellery recorded growth of 21% in value and 11% in volume, reflecting healthy demand in this category.

The Gold jewellery grew by 47% in value and 4% in volume. Gold Bar and coins reduced by 24% in value and 48% in volume. Gold Bar and coins now account for 15.8% of retail revenue,

down from approximately 22% in the previous quarter. 68% of the Gold Bar and coins purchases are converted into jewellery purchases this quarter compared with 53% in the previous quarter.

Customer engagement remained strong with footfalls exceeding 1.78 lakhs, a conversion rate of 88.6% and an average transaction value of INR1.22 lakh. Together, these trends reflect our continued focus on improving product mix, driving jewellery-led sales and enhancing the quality of our retail revenue.

As we enter the seasonally stronger second half, capital allocation will remain focused on high-return store expansion, festive and wedding season inventory, the integration of Silvostyle, digital investments and a steadily higher hedge coverage. Within networth of INR2,865 crores as of September 30, we are well capitalized to fund this growth.

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

Moderator: Thank you very much, sir. We will now begin the question and answer session. First question is from the line of Yash Sonthaliya from Edelweiss Public Alternatives. Please go ahead.

Yash Sonthaliya: Hello hi team, thank you for taking my questions and Congratulation on a good set of numbers. So three questions. Number one, I wanted to understand basically, we have -- I'm audible, right?

Saurabh Gadgil: Yes, you're audible. Please go ahead.

Yash Sonthaliya: Yes. So first question is basically why we have seen a good expansion on gross margin Y-o-Y and some decline Q-o-Q based on how mix has changed. But do you think there was any impact of the festive shift on our gross margin? And also, what is the impact of the festive shift?

Deepak Vijay: So I'm -- on the gross margins, you have picked up right that we have increased our gross margins on a year-on-year basis. And there is some dip on a Q-on-Q basis, primarily driven by the franchisee share increased to 17% from 12% in the Q-on-Q number. So that's the reason why the gross margin has reduced by 50 bps on quarter-to-quarter.

On the festive shift on gross margin, we are not very clear what exactly is your question. But concerning the sale part of the festive mix, the Navaratri season has shifted into Q3 this year, which was in the last quarter 2 in the previous year. So that's the shift which has happened on the sales, but I'm not really understood your question on what you wanted to understand on the gross margin bit.

Yash Sonthaliya: So basically, on Y-o-Y base, while our gross margin has improved a lot, but if I adjust for other segments and how the mix has changed, and also basically, the hedge profit has been -- unhedged profit has been very much similar. So I wanted to understand with the stud ratio increasing from 9% to where we are, I thought the gross margin could have improved more and festive have somewhere impacted the margins?

Deepak Vijay: But festive will happen in next quarter.

Saurabh Gadgil: To an extent the festive sales, which would have happened last year in Q2 has this year pushed to Q3. So from that perspective, it is right of saying that festive margins -- festive sales will be shown in the quarter -- in the third quarter this year. But otherwise, the only mix -- the only change has been the franchisee where we have seen our franchisee grow to 17% from 12%. So that explains the 50 bps difference in gross margin.

Yash Sonthaliya: Got it. Got it, sir. And basically, other festive if it has been in this quarter, how would have our revenue growth would be adjusted for festive, some broad numbers?

Saurabh Gadgil: Yes, around -- if you look at the entire season of the 10 days of Navaratri, around INR200 crores would have been the revenue from those 10 days. So that revenue has been pushed to Q3.

Yash Sonthaliya: Got it. Sir, my second question is more on capital allocation, like what we are seeing, basically, we are trying to grow more on the franchisee model going ahead. And now we are also entering different brands and different segments of the jewellery business. So how should we think about how our internal capital will go into all these businesses, where we will go more in a COCO format and how the capital will flow into the business?

Saurabh Gadgil: See, like we had mentioned in our investor call -- last investor call so that the company had done the COCO stores primarily in Q4 of last year to establish presence in UP, so Q3 and Q4. So we had done 4 stores in UP - Lucknow, Kanpur, Gorakhpur and Banaras. We also had done a company store in Patna and also one in Indore.

This was to really establish the brand there to have -- to build confidence there. And then the plan was to further expand by the FOCO route. So that is what we are following this year. So this year, it's going to be more FOCO led in Q3 and Q4. But going ahead, next year -- from next year onwards, we plan to do a 50-50 allocation between COCO and FOCO. And that too also in the legacy and the YOOU by PNG format, it will be 50-50.

So what we're talking of adding around 30, 35 stores, out of which 17 to 18 stores would be legacy, half the balance would be YOOU by PNG. And again, in this, it would be half COCO and half FOCO. So what we're trying to say from all this is that our internal accruals should be more than enough to fund the COCO expansion, and we'll not be required to raise any further debt. And by 2030, we are expecting that this debt should come down by 20%-25%.

Yash Sonthaliya: Got it. Very clear, sir. And sir, my last question is on our expansion towards UP and other states. So basically, while you already mentioned the stud ratio is over 17% over there. So can you just help me understand how has been the asset turn or inventory turn in those parts of the region, all the stores which are the most mature over there? And what are the margins or broadly stud ratio in those stores?

Saurabh Gadgil: See, roughly the stores around -- average age would be around a year, 11 to 12 months. And on average, the stock turn there would be at 1. So like we had projected there that each store should be doing around INR50 crores, INR55 crores of revenue, and that is where we are. So our planning is on track, and we are -- in fact, we are a little higher. We are at around 1.1 stock

turns, so it's around INR60 crores. But this is what we had expected there. Stud ratio, we had projected 15%. We are upwards of 17%. Margins are same like the margin anyway solid gross of around 35%.

Yash Sonthaliya: Got it. Got it. Sir, just a follow-up. So basically, that the region and all the economics is very different from what we do in Maharashtra. So how to -- how you are internally benchmarking what would be the numbers you are envisaging once the stores mature over there, what will be the turnover and the stud ratios you are expecting?

Saurabh Gadgil: The turn again should be the same. We are looking at 2.5 to 3 stock turn per store. And then after the year -- after year 4, we should look at reaching 3.5 to 4 stock turn. So that would translate into around INR200 crores once the store is fully mature. And I think the stud ratio which we are projecting there should be in the range of around 22% to 25%. And this is where we are right now, we also have 17% I think that's clearly achievable. Also on the stock turn wise, we are already 1.1 stock turn. So I think we are on track to be able to achieve the numbers which we are aiming for.

Moderator: Next question is from the line of Prince Choudhary from PINC Wealth.

Prince Choudhary: Am I audible?

Moderator: Yes, please go ahead.

Prince Choudhary: Congratulations, sir, for the great set of numbers. My question is on the YOOU brand. So just wanted to understand that currently, we have an inventory turnover of 0.8x. So what will be the peak inventory turnover we can expect from the YOOU brand?

Saurabh Gadgil: I think YOOU, like we know is more diamond focused. It's got around 70% diamond and 30% gold and the composition of the entire inventory should be maturing at I think around 1.8 to 2 stock turns.

Prince Choudhary: Okay. And sir, for our legacy, we have seen that our inventory turnover has come to 3.7x. So can you specify the reason that why the inventory turnover has dipped if we see the following quarters?

Saurabh Gadgil: I think we have always given this that the inventory stock turn primarily as we expand, would somewhere rationalize at these levels. The average industry stock turn is around 2 to 2.5. We are well above that. And I think our focus also is to go more on jewellery to go less on the bars and coins. And that also is ensuring that our jewellery -- the product mix is focusing more towards jewellery. And I think at industry -- at a store level, company level 3.7 to 4 is a very good stock turn, which I think in the industry should be one of the best.

Prince Choudhary: Got it, sir. But sir, just wanted to know that as we -- are this inventory turnover sustainable or going forward, since we are in an expansion mode, we'll see reduction in inventory turnover also? So what -- what can be sustainable number?

Saurabh Gadgil: This is sustainable because as we have seen the stores also maturing the store, which we expanded 2 years ago, will head towards maturity and new stores will start coming up. So when we had said during the early IPO days that the 5.6-6 stock turns will somewhere mature at 3.5 to 4. And that is what we are seeing. So this stock turn is sustainable as we go ahead.

Prince Choudhary: Okay, sir. And sir, how we are seeing the demand in the festive season? Like Navaratri, you mentioned about, but what is your expect towards Diwali and the wedding season?

Saurabh Gadgil: Navaratri has been good and so the season looks positive as we speak. Prices have remained soft, and that has been also tempting of people to enter the market. So we are positive that Diwali should be -- Diwali season, the entire 1st November, first 15 days should be good. The indications are there are a lot of bookings, a lot of interest from people to make the purchases. So I think we are all confident that Diwali and the wedding season look to be good.

Prince Choudhary: So sir, we will see more of volume growth now when we see the SSSG growth in the coming time? Because the prices have softened also?

Saurabh Gadgil: See, we always maintain -- I mean, when prices come down, you'll see more volume. When prices go up, you'll see more value. So by that logic, yes.

Prince Choudhary: And sir, the last question that we have raised the fund recently. We have done the QIP. So like how we are going to deploy that fund? And can you just share the time line for that expansion?

Deepak Vijay: Yes, I'll just take that. So what we have done on the QIP, we have deployed some funds into the working capital, which is to take the care of the festive inventory-led demand on cash. And the balance, we -- from the accruals, which we'll do over the next couple of years, our 170-odd stores, which we have given a guidance earlier by FY '29 is completely led by the accruals which we generate from the profits. So we are well pretty much into the shape and to achieve that, we don't see any deviations on that right now.

Saurabh Gadgil: So currently money is parked in bank FDs., So around INR600 crores in bank FDs right now as we speak.

Deepak Vijay: Also, if you will see quarter-on-quarter, my FDs -- the balance in my FDs last quarter, it was INR554 crores. This is around about INR1,191 crores in FY -- in quarter 2 end. So we have increased our FDs also by INR637 crores in -- between 2 quarters now.

Moderator: Next question is from the line of Piyush from Smart Sync Services.

Piyush: Am I audible?

Saurabh Gadgil: Yes.

Piyush: Okay. So my question is regarding the geographic expansion. So nearly 90% of company stores are still in consolidating in Maharashtra and Goa, while expansion into Northern and Central India is becoming the key growth driver. So how do sales productivity, operating margin and

inventory requirement in this newer market compared with the mature Maharashtra stores? Also, you are moving towards the franchisee lead expansion and how much the improvement in capital efficiency and store level returns can we expect?

Deepak Vijay: From the inventory point of view, we don't foresee any major changes in terms of the investment. The only difference will be because these -- the newer markets are primarily led on the stud side. So the investment will be a little lesser in terms of the gold kind of volume, which will be put into these new stores. So that will be a little lower, let's say, 10% of what we do in the Maharashtra stores. That is the impact on the investment side on the inventory per se.

On the impact of the newer geographies into our business, as you have said, right now, we are -- Maharashtra contributes around about 91% of our total sales. That will change to around about -- the newer geographies will be around about 30% to 35% by FY '30. That's the internal projection we have had. And the stud ratio, which is in the 11.9% at a company level right now, will increase to 17% to 18% at a company level.

And at the Northern India and the central regions, it is in the range of 25% is what we have forecasted. So that's how we see. So the margin expansion will happen from the stud and into the newer geographies. Right now, the share of the Northern and Central region, as I have already said in my commentary, around about 2.7% of retail. Now this 2.7% of retail doesn't move too much into the numbers at a total level right now. But once the northern region is in the range of 30% to 35%, this will show in the margin expansion and the EBITDA expansion.

Piyush: Okay, sir. My second question is regarding the INR700 crores QIP. So you have raised the INR700 crores through QIP and consolidated borrowings have increased by approximately INR385 crores since March. So while quarterly finance costs have also rising significantly. So can you explain how the QIP profits and incremental borrowing are being deployed?

Deepak Vijay: So I'll first explain to you on the March versus quarter 2, what comparison you are doing on a INR385 crores of the gross borrowing, which is increasing. That's the right number. That has primarily increased because of the GML loans, which we have increased, which is in line with our hedging strategy. We are increasing our GML loans. That is the reason on the gross number. But if you'll see our FDs, the FDs and the collateral, which we have given to the banks has also increased by INR552 crores. So net-net, my net borrowing has reduced by INR167 crores, including the QIP funds.

Piyush: Okay. So the company borrowing levels and interest cost and debt reduction strategy over the next 2 years?

Deepak Vijay: So the borrowing, as like Saurabh has already mentioned earlier that we plan to reduce the borrowing by FY '29, FY '30 in the range of 20% to 25% and upwards of that. That's the goal which we have set for ourselves.

Moderator: Next question is from the line of Raj Shah from Fident AMC.

Raj Shah: Congrats on a good set of numbers. Sir, just wanted to understand the quarter-on-quarter decline in employee cost that we have seen. And also going forward, I mean, there was a very high base of marketing cost last year. So how do you see the other expenses from here on?

Deepak Vijay: So on the employee expenses, there is a small drop of around about INR6 crores. That's majorly because of the variables which were there -- that's the difference of the variables across the 2 quarters and quarter 1 last year -- quarter 2 last year and this year. So that's the difference on the variable payouts. Can you repeat your second question, please?

Raj Shah: Second question. So I mean, this quarter, other expenses were like -- your operation expenses were like INR85 crores, INR86 crores. And last year, because we had done a lot of advertising in UP, etcetera. So last year's base for H2 for other expenses looks quite high, close to INR190 crores for the third quarter. So you see a decline in Q3 because of that in other expenses?

Deepak Vijay: So in the quarter 1 call also, we have mentioned that our operating -- we have recalibrated all our operating expenses majorly in the other expenses category, which comprises of promotion discounts, which comprises of the advertisement. So if you compare quarter-on-quarter, last quarter, it was INR85 crores. And this quarter, it is INR86 crores. So we are pretty much in line with what we have committed in the quarter 1 call. You have pointed that H1 versus -- H1 last year versus this year, we have also improved, and that's primarily because of the advertisement and the campaign discounts, which we have said we will kind of rationalize.

Raj Shah: So H2 also similar moderation we will continue to see, right?

Deepak Vijay: Yes, yes. We foresee that the similar moderation should happen in H2.

Raj Shah: Understood. And lastly, sir, any indication of what kind of growth, I mean, you are looking at in H2 of this year versus last year in this festive season and the entire H2 alone?

Deepak Vijay: At a company level, we are targeting the revenues to be in the range of INR13,000 crores plus. That's the guidance we have already given in the market. And we see that this guidance is achievable as of now from the numbers which we have seen. PAT margin of 4% to 4.2% is what we have given the guidance earlier.

Moderator: Next question is from the line of Prolin Nandu from Edelweiss Public Alternatives.

Prolin Nandu: My question is on the UP expansion that you have done, right? Now we have 4 stores in UP. And you mentioned that we are already ahead on the turnover side, right, in terms of inventory turns. So just wanted to understand, Saurabh, what have we done right in that market, right? Because for a Maharashtra-based jewellery player to move to UP, it's not a very easy and a similar kind of a market?

So what is it that is going right? And even with 1.1x turn that you have achieved, how does it compare to with some of the other peers in the same catchment area? And one of our forte or one of the strength that we have in Maharashtra is that we have a very large share of made-to-

order, right, which helps us increase our turns as well. What is the situation in UP? Are we also seeing similar kind of a trend in UP as well? So some more qualitative color on what is working for us in UP will help?

Saurabh Gadgil: Yes, a long question. So you're asking a lot of business secrets, which I can't say on this, what we have done right there. If you go back, we had said that this strategy -- I mean, everybody had a question on why UP. And at that point also, we had said the Peshwa strategy, our market research there, looking at the brand positioning there, looking at the customer connect, which we already enjoyed there.

The right campaign we use there to introduce the brand to use legacy as the focus to enter those markets, which has really resulted well. We have also been able to get the right merchandise at the stores. And I think it's a combination of these things. We had also said that we will keep on tracking it and it's been now four quarters and the result which we had projected, we have been able to surpass those.

So I think that is what has really worked in our favor. We also -- this was a very planned move. This was a strategic move. We had purposely not gone into markets where there was -- where we felt there was not a position for us. Our organized family jeweller tag has worked well there.

And we further continue to expand in UP. I think by this year -- by the end of FY '27, we should be around 8 to 10 stores in UP. We'll be adding some more stores in Lucknow. We are opening Prayagraj next month in November. So I think the journey is going strong there. The brand is well accepted there and we are getting a lot of newer customers. Studded ratio has gone well there.

Conversions also are on track. So I think as a company, the stride into UP and Central India has been a success. As regards to our made-to-order business, we are also able to service the made-to-order business from our existing network of Karagir suppliers in Maharashtra here, though we have set up also a regional office in UP to cater to faster processing of orders. But the order ratio, the made-to-order business stands around 22% to 25% in UP as compared to around 30% to 32% in Maharashtra here.

Prolin Nandu: Sure. That's very encouraging. Now as you mentioned, you plan to double the store count by end of the year, right? And UP is a fairly large market, right? So a lot more can be done in that state and initial signs are encouraging. So within UP and within the stores that we have opened, are there any differences in terms of some of the stores in Tier 1, Tier 2 town doing better than, let's say, Gorakhpur or some of the other stores? And again, what are the -- what is the kind of clientele that we are attracting, right? Is there a certain kind of clientele which is coming to us because of whatever kind of activity on the ads, on our legacy and all that we have done?

Saurabh Gadgil: See, currently, we are all in the bigger towns of UP. So like we speak of Maharashtra, when you look at Mumbai, Pune, Nashik, Nagpur, Sambhajinagar, we are right now in all the major towns of UP. But like rightly said, UP is a big state and we can still go in district places and Taluka places as we move ahead. That is the plan of expansion where the UP can add a lot of more stores.

When you look at our customer profile, what we have been looking at is that we have been seen as a legacy player there, almost 200 years of legacy and a mix of organized and a family setup. So the customer profile is almost similar to a Titan profile, a tanisq profile and what customers are coming at us, people who are looking at quality or looking at organized setup and looking at great design and great store experience. So that is where our focus has been. We are not a discount-led brand there. We are focusing more on service, on design and a great customer experience.

Moderator: Next question is from the line of Madhav Agarwal from SKP Securities.

Madhav Agarwal: Sir, if you can share if you have any like guidance for FY '29, any revenue target if you have in your mind?

Saurabh Gadgil: We had done a 3-year plan, which is more of an aspirational plan, but it will be difficult to right now pin a number to it. On a broad level, we should be at around -- sorry, around INR17,000 crores plus by -- and I think our CAGR for FY '27 to '29 should be around 25% year-over-year.

Madhav Agarwal: Okay. And sir, if you can share like when you make these estimates, so let's say, like when we are sitting today, so for your mature stores, say, stores which are 2 years, 3 years older. So for those stores, what are your estimates on a like same-store sales growth basis, assuming that, let's say, the gold prices, there is no increase in gold prices, let's say, when we are sitting today. So on a same-store basis for a mature store, what are your internal estimates broadly, if you can share?

Saurabh Gadgil: So, when a store matures, the SSG there would be in the same single digit, 7%, 8%. But as the store -- the newer store, the SSG would be quite higher. Like we have mentioned in year 1, if we do a stock turn, year 2, we are looking at 1.8 to 2 stock turns. So that's almost like double, 80% growth in SSG for a new store in year 2. Year 3 from 1.8, we look at reaching 2.5 -- so that is -- so that's how we are doing the entire calculation.

So just to answer your question, based on this calculation, by FY '29, we should be around INR21,000 crores is what we are projecting by this estimate. And I think our estimates are basically based on our store openings, what we are looking at in terms of areas, the legacy store and YOOU format stores, it's a detailed working on that.

Madhav Agarwal: Right. So this 7%, 8% that you have mentioned, so this is like this is you are mentioning like without any surge in gold price or within this estimate, like you pencil in, say, a 5% surge in?

Deepak Vijay: This is single digit without any gold price surge. So if the gold price surge happens, then the volume comes down. So we have kept it flat for now.

Moderator: Next question is from the line of Smith Gala from RSPN Ventures.

Smith Gala: Congratulations on a good set of numbers. So my only question will be, as we mentioned earlier on the call, the gross margins sequentially got hit by 50 bps because increase in franchisee mix. So as we are going to grow faster on the FOCO side, especially in this year and 50% in FY '28.

So how do you see the gross margins and in turn, the EBITDA margins shaping up for FY '27 or H2 of FY '27 and FY '28?

Deepak Vijay: So what happens, we have explained it earlier also when the -- at a gross margin level, the increase of franchisee dilutes the margin at a gross margin level. But at an EBITDA level, we are pretty much there. So that's the reason also even though the gross margin have shifted a bit on the Q-on-Q basis, my other expenses have come down because I don't have a cost to operate those stores into my P&L, that's the cost being taken at the franchisee P&L and not in the PNG P&L. So that's how it plays out. And that's how we have also calculated our kind of forecasted numbers, what Saurabh just gave you.

Smith Gala: So is it fair to understand that while the gross margins might reduce because of the increase in franchisee sale, but the increase in franchisee mix will be helping the EBITDA margins to improve?

Deepak Vijay: Yes, because the other expenses, rentals and all will come down on that channel. And the ROCE will have a jump because there is no capital being put there. There are hardly any capital which we employ for the franchisees, too. So the ROCE should improve on a yearly basis once the franchisee becomes meaningful.

Moderator: Next question is from the line of Madhav Agarwal from SKP Securities.

Madhav Agarwal: Sir, I wanted to have an understanding from you. So let's say, like if you open a franchisee store, right, like what I can sense is you open a franchisee store today. So firstly, you will be, let's say, the franchisee store has 50Cr inventory requirement, let's say, right? So firstly, you will be outright selling that inventory to the franchisee to open the showroom. And then for that like whatever will be the regular sales happening, that will be happening. So while in the year of opening of the franchisee stores, there would be like the revenue jump from that also. Like is my understanding correct?

Deepak Vijay: Yes, that's the right understanding. We will do one sale on day 0 when the store gets opened and then the replenishment happens. But that's a practice that everybody follows, it's an industry practice.

Madhav Agarwal: Right. So for you, like for an average store, how much is the gold inventory?

Saurabh Gadgil: Around INR50 crores to INR55 crores.

Madhav Agarwal: Okay. In volumes, if you can share?

Saurabh Gadgil: Yes, go ahead. Do you have any follow-up question?

Madhav Agarwal: I was asking in volume terms, like in KGs, how much of the inventory is required for PNG showroom today?

Saurabh Gadgil: It depends upon the karatage. So ballpark would be around 30, 32 kilos, but it all depends upon the cartage we're looking at 18, 14, 22. So there's no hard and fast rule, but ballpark would be around 30, 32 kilos.

Moderator: Thank you. Next question is from the line of Vikrant Kashyap from Asian Market Securities.

Vikrant Kashyap: Congratulations on a very strong set of numbers. Am I audible?

Deepak Vijay: Yes, go ahead, please.

Vikrant Kashyap: Congratulations on a very strong set of numbers. My questions pertain to your expansion into North Maharashtra, again. So we have started seeing some better contribution comingg.

Deepak Vijay: Your voice is very feeble and not very much audible, Vikrant.

Vikrant Kashyap: Now it is okay, sir?

Deepak Vijay: Yes, better now.

Vikrant Kashyap: So I was just asking a question on non-Maharashtra market contributions. So since we have better traction in studded jewellery. So can you please highlight how we are so niche going ahead in markets that

Deepak Vijay: Vikrant, I am sorry, we can barely hear you.

Moderator: Your voice is not clear. Request you to please use your handset. The line from the current participant has been disconnected. Ladies and gentlemen, due to time constraint, we will take that as the last question for the day. I now hand the conference over to the management for the closing comments.

Saurabh Gadgil: Thank you, everyone, for joining today's conference call and for your continued interest in P N Gadgil Jewellers Limited. We appreciate your insightful questions and continued support. Should you require any additional information, please feel free to reach to our Investor Relations partner, X-B4 Advisory. Thank you all, and have a wonderful day ahead.

Moderator: Thank you very much, sir. On behalf of Nuvama Institutional Equities, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.

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