Date: May 21, 2025

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 Friday, May 16, 2025, at 03:30 P.M.

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: 2025.05.21 18:30:16 +05'30'

Prakhar Gupta
Company Secretary & Compliance Officer

"P N Gadgil Jewellers Limited Q4 FY '25 Earnings Conference Call"

May 16th, 2025

MANAGEMENT: **MR. SAURABH GADGIL – CHAIRMAN AND MANAGING DIRECTOR, P N GADGIL JEWELLERS LIMITED**
MR. KIRAN FIRODIYA – EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER, P N GADGIL JEWELLERS LIMITED

MODERATOR: **MR. NAVEEN TRIVEDI – MOTILAL OSWAL FINANCIAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to P N Gadgil Jewellers Limited Q4 FY '25 Earnings Conference Call hosted by Motilal Oswal Financial Services Limited.

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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Naveen Trivedi. Thank you and over to you, sir.

Naveen Trivedi: Yes. Good afternoon, everyone. On behalf of Motilal Oswal, I am Naveen Trivedi who would like to welcome you all to the P N Gadgil Jewellers 4Q FY '25 Earnings Conference Call.

From the management today, we have Mr. Saurabh Gadgil - Chairman and Managing Director; Mr. Kiran Firodiya - Executive Director and CFO. I will now hand over the call to the management for the opening remarks. Over to you, Saurabh.

Saurabh Gadgil: Thank you, Naveen. Good evening everyone and thank you for joining us today for the P N Gadgil Jewellers Q4 FY '25 Earnings Call.

I hope all of you have got the opportunity to go through our Financial Results, our Press Release and Investor Presentation which we have already uploaded on the Stock Exchanges. FY '25 has been a landmark year for PNG Jewellers, a year where we not only delivered strong growth, but also reinforced our resilience and adaptability in a volatile gold price environment.

For the full year, our revenue for operations grew by 25.9% year-over-year to Rs. 7,693 crores. Our EBITDA rose 33.2% to Rs. 371 crores and PAT increased by 40.7% to Rs. 218 crores, translating up to a PAT margin of 2.8%. We also improved our profitability across matrix with EBITDA margin expanding by 20 bps and PAT margin expanding by 30 bps.

For Q4 FY '25, especially our revenue from operation grew by 5% year-over-year to Rs. 1,588 crores and we saw 21% year-over-year growth in gross profit with gross margin improving 12%. EBITDA grew by 19.7% year-over-year to Rs. 109 crores. Despite record gold prices, we managed to grow our PAT by 12.9% year-over-year, achieving margin expansion and operational efficiency. This performance was largely driven by our strong execution strategy, continued demand during the festive season and wedding season and uptick in consumer sentiments and our ongoing efforts to enhance our product portfolio.

For FY '25, our revenue per store stands at Rs. 145 crores, while net profit per store reached almost Rs. 4.11 crores, demonstrating operational efficiency and profitability. Our same store growth SSSG stood strong at 26.5% and that keeps the strong momentum going. For Q4 FY '25, the retail segment which contributes 81.5% of our total sales continues to lead our business delivering around 50% year-over-year revenue growth and EBITDA margin of 7.9% and a PAT margin of 4.2%. Beyond retail, we witnessed exceptional growth in our e-com and franchisee segments also. Our e-com revenue surged massively by 243% to Rs. 90 crores and franchisee revenue rose by 37.2% to Rs. 185 crores in Q4. This robust growth across all segments reinforced our strategic direction and positioned as well for sustained momentum in the coming quarters.

Our customer engagement remains very strong with transaction volumes rising by 40.3% and the average transaction value ATV was at Rs. 77,000. Moreover, we recorded a 37.8% increase in footfall, supported by a very strong conversion rate of 92.3%, reflecting increased consumer demand and sustained purchasing behavior at our stores, despite the high gold prices.

Festive sales continue to be a strong driver for our performances. This quarter, we achieved a record of Rs. 123.5 crore sales on the auspicious day of Gudi Padwa, marking a 40.4% increase year-over-year. Despite over 30% increase in gold prices, our overall volumes are still higher than the same period last year, underscoring sustained and resilient consumer demand across product categories. At the industry level, while such high price inflation often deters discretionary spending, the Indian consumer cultural affinity for gold has once again stood strong. Rather than stepping away, consumer adopted recalibrated budgets, shifting toward lightweight jewelry, embracing lower carat options like 18 and 14 carat. There was visible shift in lightweight jewellery especially among the younger population. More importantly, they continue to prioritize festive and weddings occasion, reaffirming gold plays as a traditional asset and a meaningful purchase.

Additionally, we observe with 30.8% Y-o-Y increase in studded portion, which now stands at 8%. This uptick highlights the growing popularity of stud-based jewellery aligning with evolving customer preferences. In Q4 FY '25, we strengthened our presence across Maharashtra with the launch of 5 new stores, 4 Company owned and 1 franchisee, located in Laxmi Road, Chinchwad, Satara, Solapur and Talegaon. We also inaugurated our new operational head office in Mumbai, further strengthening our back-end operation and supporting our next phase of growth. As we close FY '25, we are proud of our performances across all segments and remain committed to delivering sustainable growth, margin expansion and enhance shareholder value in the years ahead.

With this now, I would like to invite our CFO, Kiran Firodiya to further give deeper insight into the financial performances. Thank you. Over to you, Kiran.

Kiran Firodiya: Yes. Thank you, Saurabh. Good evening, everyone.

Let me take you through the financial performance of the Company:

For the full Financial Year 2025, we reported consolidated revenue from operation which is INR 76,935 million, reflecting almost 26% year-on-year growth. We achieved an EBITDA of INR 3,709.54 million marking 33.2% growth year-on-year with EBITDA margin of 4.8% that is up by 20 bps year-on-year. Consolidated PAT came at in INR 2,182.68 million representing a 40.7% year-on-year growth with a PAT margin of 2.8%, 30 bps increase year-on-year.

Now, I would like to come for quarter ended financials:

For the quarter ended 31st March 2025, we reported consolidated revenue from operations of INR 15,882.24 million which is reflecting 5% year-on-year growth. We achieved an EBITDA of INR 1,090.43 million, marking a 19.7% growth year-on-year with EBITDA margin of 6.9%, up by 90 bps year-on-year. Consolidated PAT came at in INR 619.9 million representing 12.9% year-on-year growth with a PAT margin of 3.9%, a 30 bps increase year-on-year.

We have achieved robust performance across all key business segments, demonstrating the strength of our core business model. The retail segment delivered almost 50.1% growth in Q4 itself in Financial Year '25, generating INR 12,933 million in revenue. The e-commerce as Saurabh mentioned that segment demonstrated a massive growth of 243.7%, generating INR 907 million. Lastly, the franchisee segment recorded a growth of 37.2%, contributing INR 1,852 million to our topline. Our inventory turnover ratio stood at 5.2 times in Financial Year '25, among the best in the industry, driven by our efficient order to make model.

At the time of our IPO, we had committed to launch 12 new stores by Financial Year '26. However, by end of Financial Year '25 itself we have already surpassed that outlook by opening 17 stores, making the growth of over 47% in our store count, driven by strong consumer demand and in alignment with our strategic expansion plan. All new stores launched in quarter 3 of Financial Year '25 are performing exceptionally well and have already turned operationally profitable, reflecting both robust market demand and strong store level execution.

Quarter 1 of Financial Year '26 has already commenced on a very strong positive note, supported by a positive impact of Akshaya Tritiya and an extended wedding season. Looking ahead to Financial Year '26, we plan to launch an additional 20-25 store. With this aggressive expansion and ongoing margin improvement strategy, we are well positioned for our next phase of accelerated growth.

With this, I now open the floor for question and answer. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ashish Kumar from Ampersand Capital Investment Advisors. Please go ahead.

Ashish Kumar: Yes, thanks for taking my question. My first question is on the margins. If you remove the other income, the margins are flat Y-o-Y, at the same time, our bullion business has like from 30% last year around 32% has become negligible. But still our margins are like flat on Y-on-Y basis. So if you can give some color on that and how we should look at it going forward? My second question is on the QIP, though it has been deferred for now. So what was the thought process going into that like decision and like, why have we deferred it? Those are my 2 questions?

Kiran Firodiya: Yes. Thank you for your question. First of all, I would like to give some, throw some light on the revenue split. Last financial year, we have shown our revenue in two segments, retail and non-retail. So retail which is sale across the store and non-retail is B2B which includes refinery sale. So now that refinery sale we have completely abolished because that refinery sale is not contributing any margin. And if you see the performance due to which this year my shift in the business from non-retail to retail and retail counter increased by almost 50% for this quarter. So that is the reason if you see my total sale grew by 50%, but if you see my EBITDA margin that has grown by 33.2% and PAT margin also improved, why because our studded portion increased, our jewellery component increased, and our entire product mix also work very well in our favor. So just we have abolished that non-retail portion which is refinery sale. That decision has come in our favor and that is the reason the margin has improved. So that is number one. Number two, with respect to QIP, yes, we have still time to go for completing that below 75% mark by September 2027. But still we are hopeful that in the next Board meeting we can again rethink of going ahead with starting the procedure for QIP. This quarter, we just discussed this possibility, but basis on the discussion that decision we have just postponed for one more quarter.

Ashish Kumar: Okay, Just on the margin thing, like I also had asked about how should we think about going forward now that this bullion is not there, so if you can give some guidance?

Kiran Firodiya: Yes. So now if you see my retail component, retail components have grown almost, if I have to talk about year-on-year basis, then my retail components have grown by almost, reached to 70%, which earlier year it was 60%. So the moment I am increasing my retail portion, my bottom-line is straightway increasing to that extent. So we are now keen on increasing our retail portion because we have added 17 stores this year, 16 our own Company store, one is the franchisee and next year also, we are planning to increase the same store count, probably, slightly 2-4 store extra. So that margin will not affect. At the same time, next year, we will definitely see that those store which you open this year and earlier years will be getting more matured and they will start contributing to the bottom-line as well. So next year margin, as far as next year margin is concerned, we are very much positive that you will see drastic improvement in the EBITDA level as well as PAT level.

Ashish Kumar: Just one last thing, this bullion was there for the first half of FY '25, right in our revenue base. So for the next 2 quarters also we should expect like what kind of sales growth?

Kiran Firodiya: Correct. No, in terms of bullion, which is purely a refinery sale that we have to do because of the compliance requirement. That has been completely sorted out. So 1st October 2024, that refinery sale which is no margin business has totally stopped. That is the reason now there is improvement in the margin and going forward, that business will not be there and we are only doing retail sale, franchisee and e-commerce that is non-retail sales. So there are only two component, retail and non-retail.

Ashish Kumar: But consolidated sales will?

Saurabh Gadgil: Hello, we can't hear you.

Moderator: Sorry to interrupt, Mr. Ashish. I would request you to move a bit closer to your phone and speak.

Ashish Kumar: Yes, I am just saying that will be there in the first half days. So the consolidated sales will be still muted for the first half, right?

Kiran Firodiya: Correct. Next year.

Ashish Kumar: Thank you. That is all from my side.

Moderator: Thank you. The next question is from the line of Deepak Lalwani from Unifi Capital. Please go ahead.

Deepak Lalwani: Hi, thank you for the opportunity and congrats on a good set of numbers on an annual basis. Sir, first question, the guidance that you gave for 20 - 25 stores, can you split that into COCO and franchisee stores? Secondly, what will be the timeline of these stores, like which quarters should we expect these stores to come through and the location for this? I understand there is an element of non-Maharashtra as well, so which geographies are we thinking of, if you can just give an idea of when these stores will come through?

Saurabh Gadgil: Thank you, Deepak. So like we mentioned, right now, we will be looking at adding around 22-25 stores next year in FY '26. This will be a split of PNG full-fledged store and our lightweight model, the LiteStyle stores. So around 12-13 would be PNG full-fledged stores and balance 12-13 would be LiteStyle stores. So the LiteStyle stores would be smaller in format around 1500-2000 square feet, they would be having lightweight jewelry, primarily maybe 14 karat, also 18 karat and catering to the Gen Z, catering to fund buying, impulse buying. So again out of the 25-26 stores, half we are targeting, 50% to be franchisee and 50% to be Company owned. The geography as you said would be some pockets of Maharashtra, which we are still not targeted, like places like West Maharashtra, Kolhapur, places like Khandesh region, Jalgaon, the flagship store coming in Dadar. And along with that, we also would be moving into neighboring states of UP and possibly Bihar also if things work out favorably. So that is the geographic spread out.

In terms of timing, Q1 would primarily be focusing only on the LiteStyle stores, so the plan is to add 2-3 LiteStyle stores in Q1. Q2 would be a lot of, majority of the stores, so around 6-7 stores of PNG would be started in Q2. Q2 will also be the time when we expand in Uttar Pradesh. Also the Bombay flagship store will happen in Q2 and then Q3 and Q4 will again be a spread of 4-5 stores in each quarter. So all in all, we are looking at adding 25-26 stores with a split of PNG and LiteStyle by PNG.

Deepak Lalwani: Yes, sir. That is pretty clear and so by the end of next year, if we are at 70-75 stores, assuming we are 20 stores, how many would be X of Maharashtra? And what will be?

Saurabh Gadgil: So X of Maharashtra, the target would be to be the 3 stores in Goa and 5-6 stores in UP and possibly Bihar, so maybe 10 store outside Maharashtra.

Deepak Lalwani: And the thinking for FY '27 should be at a similar run rate that we do 20 stores and out of that 5 outside Maharashtra?

Saurabh Gadgil: Yes, I think it should be similar lines. It also depends upon, if we are looking at a dilution further in that year that will again lead to some fundraising which will again be deployed back for expansion. So primarily, but on our own this would be what we are looking at.

Deepak Lalwani: And on the dilution part, while this is not decided by the board, any range that we should keep in mind, any amount that we should keep in mind for dilution that you are looking at?

Kiran Firodiya: Mostly, the percentage of what we have to reach is 75. Right now, though we are at 83.11, that is the only criteria we haven't really thought on the valuation side of it right now. So it is too early to comment on that.

Deepak Lalwani: Got it. Sir, few and one question I had on the current month, you mentioned that the sentiment has been good. So should you expect, so does that mean any volume decline in April and May that we have witnessed or it is flat to single digit volume growth in these two?

Saurabh Gadgil: We are expecting volume digit growth to be in single digits only because of the high prices. What we have seen is that value wise, the growth will be plus of 20%, like just to the substantial Akshaya Tritiya, we did a sale of almost Rs. 170 crore single day which was the all time high in the history of the Company. So value wise, there is a lot of expansion. Volume wise, but we are seeing that it will be single digit, but we do not see any degrowth happening also in terms of volumes.

Deepak Lalwani: Sir, last question on your, this is on the number. So basically, in this quarter, did we have any inventory gains from the gold in the gross margin? And secondly, the run-rate for other income depreciation and interest, so if you can give light on these 3 aspects because it has been slightly volatile on a quarterly basis. So what should one assume for FY '26 if you can annualize this or any sense on that?

Kiran Firodiya: Yes. So there is, as we have mentioned in our Q3 Earning Call as well as this Earning Call also, there is no inventory gain we have recorded because we are doing 100% effective hedging. In fact, due to price hike and doing the hedging, we have to take the M2M hit of almost Rs. 55 crores. So there is no inventory gain, which is carried for this financial year with respect to the PAT. Now, with respect to other income, yes, we have done substantive fixed deposit, and that interest part is coming in my other income which is related to my operations because we are keeping the fixed deposit and that same fixed deposit we are utilizing for gold metal loan. So that gold metal loan carries around 3%-3.5% cost, so nullifying that way we are on the positive side.

Deepak Lalwani: And should we assume the same run rate, annualize this run rate for 26 and work with that number for all 3 metrics?

Kiran Firodiya: Yes, of course. In fact, you will see a slight improvement only because the stores, as I mentioned, they will get matured next financial year, and we are also hopeful that market condition will also improve and that will affect the bottom-line as well.

Saurabh Gadgil: So, Deepak you should also understand that this time, we had launched 9 days, 9 stores just before Diwali. So those stores have not even finished a year. So all that benefit all we will all be seeing in the coming year. So like Kiran mentioned, we should see an uptake in margins both on EBITDA level, PAT level and due to the studded ratio also being constantly increasing, even that should have a positive impact on margins.

Deepak Lalwani: Thank you. Thank you so much. Understood.

Moderator: Thank you. The next question is from the line of Arpit Shah from Stallion Asset. Please go ahead.

Arpit Shah: Congratulations on great set of numbers, really superb growth on the retail front of 50%. I just wanted to understand like even this year FY '26, you are expanding our stores another 50% in terms of your store count going from 53 to, let us say, almost 75, what kind of growth we should look at in FY '26 because we are on already, like we have done recently well in retail in FY '25 and what kind of growth we should look at in FY '26 since our store expansion is about 50% and the new stores which you opened in Q3 also need some SSSG growth. So what kind of growth you are looking at?

Kiran Firodiya: Yes, good question. So this year, if you see year-on-year that is with respect to entire 12 months, we have demonstrated almost 26% growth in the topline and we are hopeful that next year also with the plan in hand, if we are able to successfully execute, we have already started working on that. Definitely, you will see the result on quarter-on-quarter basis our performance, but we have kept the target to keep the same momentum ahead. So next year also, you can expect 25%-30% growth in the topline with the volume wise, minimum you can say that 8%-11% volume growth also we are targeting.

Arpit Shah: Now if you see our retail growth at least in the Quarter 4 where you have grown about 50% in terms of revenue and probably the retail, wouldn't that be higher number than 25%-30%?

Kiran Firodiya: Yes, definitely. Because if you see the retail growth, which we have demonstrated as compared to last year, last year, we have our retail portion is around 60% and this year my total contribution of retail has reached to almost 71% because we have completely reduced that non-retail portion, the refinery sale. Now, we are strictly focusing on our retail expansion. This year, we have added 16 Company stores and 1 franchisee and next year also, as Saurabh mentioned that 20-25 stores were added to the retail kitty. So definitely, there will be that retail contribution in total revenue, we are expecting to reach to around 75%-80%.

Saurabh Gadgil: Just to add to Kiran, what is happening is that because we are not doing the B2B refinery sale, so that was considered in the first 6 months of this financial year. So that will be completely 0 in FY '26. Considering that also, we are saying that we should be looking at a gross topline growth of around 30%.

Arpit Shah: If you can just spell out the retail numbers for FY '25, what has been the total number for retail in FY '25?

Kiran Firodiya: For this financial year you are talking?

Arpit Shah: Yes.

Kiran Firodiya: So this Financial Year, my total revenue is Rs. 7,627 crore out of which retail is Rs. 5,327 crores and non-retail is Rs. 2,301 crores.

Arpit Shah: Non-retail is Rs. 2,000, sorry?

Kiran Firodiya: Rs. 2,301.

Saurabh Gadgil: So non-retail has three portions, franchisee, e-com and B2B sales.

Arpit Shah: So some of that would come back.

Saurabh Gadgil: For the B2B sale will completely 0, franchisee will keep on showing healthy growth of 100% plus and franchisee division will also be showing healthy growth, we are looking around 35%-40% and so will be the growth from the retail operations at PNG level.

Arpit Shah: If you can just spell out the refinery part in the non-retail, you have mentioned franchisee, e-com and the refinery, what we do the refinery part?

Kiran Firodiya: There will be no refinery sale now going forward.

Arpit Shah: No, in FY '25?

Saurabh Gadgil: FY '25 it was more than Rs. 1,000 crores. Around Rs. 1,100 crores was what was the refinery portion of it. So if you want to take that refinery sale numbers, they were Rs. 1,200 crores in FY '24, Rs. 700 crores in FY '25 which will now be 0 in FY '26.

Arpit Shah: Fair enough. Now, since you are moving to almost 100% retail, e-commerce is also like B2C for us, what kind of margins are we looking at because we are going to see an increase in franchisee business in FY '26, like from the stores that you are going to open, half are going to be franchisee. So what kind of EBITDA margins should we be looking at?

Kiran Firodiya: See, with respect to retail portion or as far as Company level portion, the retail portion we are always targeting to reach in between 7%-8% EBITDA margin with the growth of 30%-35% in the topline, only retail portion. And as far as PAT level is concerned, for retail, it is definitely in the range of 4% and Company level, we are targeting to reach in between 2.75%-3.25%.

Arpit Shah: Got it. But the share of franchisee is quite small, right? Where is the dilution then coming from because if the retail is 4% and franchisee, since it is a very small share, why the dilution is about let us say about 1%-1.2%?

Saurabh Gadgil: As in retail, we are targeting on 3.25% PAT as a Company level, so that 0.75%, which you are seeing is going to be primarily e-com and franchisee which would be a little lower. Also, considering the expansion which we are doing this year, the cost overhead which will be incurred due to the expansion would also have some impact. So that is why we are saying at a console level, we should be looking at around 3.25% PAT for the upcoming year.

Arpit Shah: So broadly, Rs. 320-Rs. 350 crores should be a fair assumption for FY '26?

Saurabh Gadgil: Fair assumption, yes.

Arpit Shah: Thank you. Thank you so much.

Moderator: Thank you. The next question is from the line of Kumanika from Sameeksha Capital. Please go ahead.

Kumanika: Yes. So thank you for taking my question. So my first question pertains to the high inventory turnover ratio. So like in your previous call and even in your opening remarks, you did mention about like the 30%-40% of the total revenue come from make to order. But even if I do the back calculation from these numbers, the inventory turnover should be around like 5x, but the FY '24 inventory turnover was like 6.5, so I wanted to understand I am not missing anything else like in the calculation?

Kiran Firodiya: Hello. Your voice is cracking. We couldn't really hear the question here, repeat again, please.

Kumanika: Yes, sir, I was asking about the reason for the high inventory.

Kiran Firodiya: Some disturbance at the back end.

Kumanika: Hello, am I audible now?

Kiran Firodiya: Yes.

Kumanika: So my question was on the high inventory turnover ratio. So like you did mention in your previous con-calls and even in your opening remarks that due to like high make-to-order customers like 30%-40% revenue come from the make to order and because of that your inventory turnover is high. So if I do that calculation by taking like 30%-40% of the revenue as 0 inventory days, still the inventory turnover should not be like more than 5X. But for FY '24, the inventory turnover was like 6.5x. So am I missing something well?

Kiran Firodiya: No, here the basic assumption of the stock turn is that in last Financial Year '23 it is 6.9, Financial Year '24 it was 7.9 and Financial Year '25 we have posted 5.2 stock turn. So whenever we are doing the order-based business so that is the main reason that the inventory gets done on the higher side plus, at the same time, considering the Akshaya Tritiya, considering the Gudi Padwa, considering the main festive season, we have also demonstrated that the high level of inventory which is made to order as well as across the counter sale has also been increased. At the same time, the studded portion has also shown a drastic growth, so consolidating everything that stock turn has improved a on a higher side, but as compared to the last 2 years, which is 6.9 and 7.9, this year we have demonstrated slightly lower, which is 5.2 as compared to other two. So you are right that there is investment in all 17 stores. So now, these stores will definitely come as far as breakeven is concerned in next probably 6-8 months because 6-7 months, they have already completed and as per the operational metrics, it will require 15-18 months to reach breakeven. That is the reason there is a dip in the stock turn, but eventually as compared to the peers that stock turn is also we are keeping the same that 5 plus across the Company level.

Kumanika: So like, for example, if I remove the 30%-40% of the revenue that is made to order and for the 60% of revenue, what is the inventory turnover for those revenue and on the Company level as well?

Kiran Firodiya: No, what happened, the thing is, whenever we are doing the order-based business, that particular product which was in the store that is continuously moving and that is the reason that stock turn has increased. So at the same time we have to ensure that the inventory has to replenish on regular basis.

Kumanika: So my question was on the studded ratio. So in the previous con-call, you said like you want to improve the studded ratio, right? But if I even look at the regular footfall is really good, like 23% CAGR in the last 2 years. So in order to improve the studded ratio, you also need to change the taste of your regular customer. So how difficult or easy would that be for you to change the taste of the existing customer?

Saurabh Gadgil: It is not a matter of difficult or easy, it is a journey which we have started a year ago. We focused a lot on designing diamonds which were high in the value chain, primarily necklaces in the range of plus of 20 lakhs bangles, we moved into Polki and the Kundan category. We introduced color stone jewellery, color stones, auspicious stones, all this is bearing fruit, people are moving into a category. The base which was 0 five years ago today is a base which is more than Rs. 500 crores. So there has been sustained growth in this category and we are moving in the right direction. You will keep on seeing high growth in the studded category because the base is small for us and the market is big. So we are confident that this is one category where we would be seeing growth even if gold prices continue to remain high and the interest of people in natural diamond, the interest in color stone jewellery, Polki is continued to be seen strong and especially also in the state of Maharashtra, which was not a very studded friendly state, we are seeing people taste changing, even wedding shopping is happening on studded. So we are confident that the move in the studded jewellery growth is going in the right direction.

Kumanika: Thanks. That is it from my side.

Moderator: Thank you. The next question is from the line of Gaurav Nigam from Tunga Investments. Please go ahead.

Gaurav Nigam: Yes. Thank you, sir, for taking my question. Sir, the first question was, as I understand in the investor presentation is specified the SSSG for FY '24 was close to 26.5% in FY '25. Just wanted to understand, sir what was the inventory turns, and EBITDA generated by these stores in FY '24 stores for the year FY '25, inventory turns and EBITDA?

Kiran Firodiya: Yes. So if I have to give you SSSG for 24 stores only because in March '24, we have 24 store and if I have to give you the exact same store sales growth, then there is value growth of almost 27% in topline and the volume growth is only 3.5%.

Gaurav Nigam: Got it, sir. And what about the EBITDA generated by these stores? I am just trying to understand in the overall EBITDA that we generated in FY '25, how much was contributed by these older stores and how much was from the new stores?

Kiran Firodiya: So now the older store, before IPO they have generated EBITDA of 6.41 and the new store they have generated the EBITDA of 8.48 because if I have to give you the breakup of 40 stores, then 27 store which we have opened before IPO, they have generated 6.41 EBITDA and the stores which we have opened after IPO, 13 stores they have generated 8.48 EBITDA at retail level.

Gaurav Nigam: Sir, something I am missing, newer store should be lesser profitable, right?

Kiran Firodiya: No. The thing is, what happened, the newer store since they opened before Diwali has shown the demonstrated a high amount of revenue. As compared to the operational expenses, they are proportionately very limited to only 6 months.

Gaurav Nigam: Older stores are generating 6.41% of EBITDA for FY '25?

Kiran Firodiya: Older stores have completed 12 months.

Gaurav Nigam: Correct.

Kiran Firodiya: And the newer store they have just completed 6 months, so they have higher revenue, but as compared to that operational expenses, they have only proportionate.

Gaurav Nigam: Got it. So the 13 new stores are generating 8.48% of EBITDA?

Saurabh Gadgil: Correct. So the key take away from this is that the new stores which we have started, all the stores have been doing exceptionally well and that has what has really helped us to keep the profitability high and to achieve the numbers. So that is a positive sign that whatever survey we like we had spoken, we do store after doing the market survey the right location that has really taken place. This year we have added almost 800 new employees training, getting them on job and ensuring that the store experience is the same at all the stores and continues to give higher rise in sales is what is being seen. So that is a very important take away from this, the new store, the growth story.

Gaurav Nigam: Sir, just one clarification, if the newer stores are performing much better than the older ones, why this, if you remove the other income, the EBITDA growth is only 6%, right? I believe this number should have been much higher in Q4, anything I am missing?

Kiran Firodiya: No, I am talking about entire year considering YTD year-on-year. This is not only a quarterly update.

Gaurav Nigam: Got it. Understood.

Kiran Firodiya: If you are asking me on only Quarter 4, then Quarter 4 EBITDA of this 13 store is 10.61 versus the old store is only 7.44.

Gaurav Nigam: Sir, are you, like proportionating, like the non-store expenses more towards the older stores. Is that the reason why this is, difference, that is why I am?

Kiran Firodiya: Yes, you are right.

Saurabh Gadgil: Gaurav, the new stores are only 6 months old, so a lot of corporate costs, which are also proportionately only loaded to the stores and that is why, like Kiran mentioned that the majority of costs are routed back to the older stores.

Gaurav Nigam: Fair enough, sir. Understood. And sir, my second question was, if I look at your new initiatives, you are talking about two new initiatives which is the opening store in non-Maharashtra market and then the LiteStyle jewellery. I just wanted to understand since these are newer initiatives for which Company also is experimenting on these because we don't know these newer geographies and the LiteStyle jewellery, how is the management thinking about the capital allocation towards these new initiatives.

Saurabh Gadgil: See from the point of view of expansion outside Maharashtra, UP and maybe the state of Bihar, the Company has already taken already initiatives there, doing market surveys, holding some on-ground events, exhibitions, understanding the taste. So all that has already been started, getting the brand familiarized there, connecting with brands of friends, so that all movement is already there. So when we look at the store launches in the latter part of Q2, we should be well geared up for the launch in those states. As far as LiteStyle is concerned, LiteStyle by PNG is going to be a format in the store CAPEX investment including the stock and the CAPEX would not exceed Rs. 8- Rs. 9 crores. So this is all going to be funded through Company accruals, internal accruals and these formats are primarily going to be in high streets or in malls where we will be looking at differential experience in jewellery buying, in jewellery designs, in the way we transact, targeting a lot of younger customer there, design savvy customers and this is going to be jewellery which is differentiated, not seen at the PNG stores, jewellery which is aspirational, design oriented, but low on the pocket. So the tagline is though it is light, it is serious fashion, so it will be very high on the fashion side, but light on the pocket. So we felt that there is a big need for lightweight jewellery especially looking at the higher prices and looking at the taste of today's younger generation plus both LiteStyle will also be completely on the online model, which will also help us to achieve revenue from people who prefer online mode. Majority of our store expansion would be funded through internal accruals and the balance expansion would be by the franchisee route.

Gaurav Nigam: Got it. And sir, what are the matrices that you would be looking for before deploying further capital in both UP initiative and the LiteStyle initiative, sir?

Saurabh Gadgil: UP again is a strategic expansion for us, so we will be looking at the same metrics like we do for any other store, getting the inventory right, looking at the store experience and our typical breakeven here is around 15-18 months. Outside the state, we could be looking at a little higher breakeven, so 18-24 months is the metrics what we have in mind. Investment wise, we should be looking at the same setup for investment like we do in Maharashtra here. LiteStyle is going to be a lighter format model, a sub Rs. 10 crores investment and the breakeven there would be higher because margins would be a little higher in the LiteStyle model. So that will help us to break even maybe in 12-15 months.

Gaurav Nigam: Got it, sir. If I may ask one more question sir, if I.

Moderator: Sorry to interrupt, Mr. Gaurav, may we request that you return to the question queue.

Gaurav Nigam: Sure, sir. I will come back. Yes.

Moderator: Thank you. The next question is from the line of Deepak Lalwani from Unifi Capital. Please go ahead.

Deepak Lalwani: Hi, sir. Thank you for the opportunity again. Sir, we are looking at the gold prices which are up today and a lot of jewellers including the organized chains and unorganized sitting on large inventory gains and not being able to sell inventory. And there is a high tendency of discounts that we are seeing in the market. So the gross margin that we did in this quarter about 12% is that at risk and are we reducing any making charges, if you can give some sense on that number?

Saurabh Gadgil: Deepak, we are not sitting on very heavy inventory. We have only been buying for the last 3-4 months what has been needed in the store and it has been a very calibrated approach to stocking at the stores. Like Kiran had mentioned before that due to hedging, we have not been able to see any price gain shown in the balance sheet due to the price increase. Thirdly, I think in terms of margins and sales, since the inventory is something which is fresh, which is as per the desired level, we are not really on the discounting space. So one of the major factors has been that when Diwali, Q3 normally that discounts and schemes going on, in Q4, we did not have any offer schemes, so that also has been one more reason why we have seen an increase in the margins because of the discount factor going down. So we believe that going ahead also discounting is not going to be the key strategy for us, it is going to be educating the consumer, looking at people, the shopping experience, increasing the value chain and going and positioning our position further of being the organized family jeweller of the country.

Deepak Lalwani: Yes, sir. That is well understood. Second question, sir, so we will be expanding about 8 COCO stores in PNG and a few lightweight stores, so we won't be needing money to expand because we already have Rs. 400 crores on the balance sheet, we will be generating another Rs. 300 crores next year. So I just wanted your opinion if you would want to reconsider your thoughts on the dilution, because that is eventually going to hurt the ROE profile of the Company, so just wanted some sense on that?

Saurabh Gadgil: So Deepak, definitely, there isn't immediate plan of going for any dilution. It was just the agenda table for taking the board approval. We also understand that funds have to be deployed once they are raised and like you mentioned right now, the growth for next year would more or less be funded from internal accruals and profits, so there isn't any really pressing need to do the dilution at a particular date. We have till September 2027 timeline for us for looking at dilution. So at the right time and right valuation, we would touch that subject.

Deepak Lalwani: Yes, sir. That is understood. Thank you. Thank you so much.

Saurabh Gadgil: Thank you.

Moderator: Thank you. The next question is from the line of Sonal Minhas from Prescient Capital. Please go ahead.

Sonal Minhas: Yes, I had the first question regard to your revenue, if I take away the bullion sales from the revenue for Q4, both Q4 this year and Q4 for FY '24, the topline seems to have grown for by around 40% odd and the gross profit has gone up including the other income by around 20%, excluding the other income by around 10%-12%. If you could just explain me, what is the reason the gross profit has gone up by around 10% this quarter that we sent the base for the remaining?

Kiran Firodiya: Yes. So that is really a good question because when you have in your revenue those items which not contributing to the gross margin, then in that case, your gross profit is definitely affecting and that is what we witnessed for last 1 year or odd year in last Financial Year '24. But since that business has been totally abolished or totally discontinued from 1st October 2024, we have observed that there is increment in the revenue and that incremented revenue has increased the gross margin as well. Now, at the same time, from 1st of October, since we have completed successfully IPO, the entire funds has been deployed to utilize that funds for having a product mix, increasing the store count, having that Karagiri product mix, the negotiation with Karagiri as well as reshuffling the entire finance cost arranged, completely square of the debt and the current finance cost is as compared to earlier in the range of 4% which is in last year, it is almost 9.

Sonal Minhas: Can I just pause you here, just moving slowly because I wanted to understand this. So your revenue in FY '24 4th quarter was roughly Rs. 1,100 crores if you remove the bullion, bullion was around Rs. 480 odd crores. What margins were you making on the bullion, sir, ballpark margins, just to understand?

Kiran Firodiya: So yes, on bullion, there was no margin and in retail, we have a margin.

Sonal Minhas: You can pause, so bullion there are no margins. So on Rs. 1,100 crores of sale, we made a gross profit of Rs. 150 crores, removing other income, we made a gross profit of Rs. 155 crores?

Kiran Firodiya: Correct.

Sonal Minhas: Last quarter, I am reading from your deck. Now, moving to this quarter, FY '25 Q4, you have made a sale of Rs. 1,588 Cr and you have made a gross profit of Rs. 190 minus 15 which is Rs. 175 Cr.

Kiran Firodiya: Right.

Sonal Minhas: Am I right in reading those numbers?

Kiran Firodiya: Yes, correct. So now in Quarter 4 of Financial Year '25, my total sale is Rs. 1,587, which is almost Rs. 1,293 crore is from retail and Rs. 294 is from non-retail. But now there is no component of bullion sale, so the entire sale what we have.

Sonal Minhas: That is why I want to pause here. I am comparing apple to apple, your Q4 FY '24 non-bullion sale is roughly Rs. 1,100 crores, which made a gross profit of Rs. 155 crores. Your sale in all business is similar, basically your sale in Q4 FY '25 is Rs. 1,588 crores on a gross profit of Rs. 175 Cr. Now, if we compare these two numbers, basically then, your gross profit has gone up by 12%, while your sale has gone up by 40% like to like, correct?

Kiran Firodiya: Correct.

Sonal Minhas: Right, sir, so basically there is a gross margin shrinkage?

Kiran Firodiya: Gross margin 12% is only for quarter.

Sonal Minhas: Sir, I am talking quarter only.

Kiran Firodiya: Yes. So now we are talking about quarter, then gross margin improvement is 12%, but revenue increment is net off is only 5%.

Sonal Minhas: Sir, I want to again emphasize, your gross margin if we take out the bullion sales basically has squeezed from Q4 FY '24 to Q4 FY '25, I want to understand the reason? If you take out the bullion sales, the gross margin is squeezed. I want to understand the reason for this.

Kiran Firodiya: Reason for what? Reason for discontinuation?

Sonal Minhas: Reason for gross margin shrinkage when I compare Q4 FY '25 to Q4 FY '24, if I strip away the bullion sale, your gross margin has reduced?

Kiran Firodiya: No. If I have to give you the exact figure, just hold on. So if I have to give you the exact figure, then if I have to remove, then my gross margin for retail which we have posted for Financial Year Q4 FY '24, it is 10.18 almost, 10.4 what we have demonstrated against which this year we have demonstrated 11.85% that is almost 12%. If I have to skip that bullion part that bullion part, refinery sale for last quarter of the Financial Year is only Rs. 300 crores. For Financial Year '24 Quarter 4, which is sale of Rs. 1,510 crore in which my refinery sale is only Rs. 300 crore and this Financial Year, Quarter 4, which we have posted revenue of Rs. 1,587 in which there is no refinery sale. So if I have to remove, it is only Rs. 300 crores removal, right?

Sonal Minhas: Okay.

Kiran Firodiya: So that is what I am saying.

Sonal Minhas: So if we remove Rs. 300 crores from Rs. 1,515, basically we come down to 12?

Kiran Firodiya: So then it is only added, what else you want?

Saurabh Gadgil: See, the question here is that margin, so the margins have increased quarter-over-quarter, that is what Kiran is trying to mention here and that has really happened because of studded ratio has gone up. Our focus on working on with high inventory turns, in store acquiring new customers, our ratio of conversions is upward of 92%, our walk-ins are increased by 37%. All this has resulted in generating sales and being able to ride the tide and not just look at bullion sales, but jewellery sales have been strong, diamond sales, studded sales have been strong and that is why the margin increase has happened.

Sonal Minhas: Got it, sir. So how much margin do we lose in hedging?

Moderator: Sorry to interrupt, Mr. Sonal, may we request that you return to the question queue for a follow up question.

Sonal Minhas: Sure.

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

Naveen Trivedi: Yes, just a couple of questions from my side. How much was our GML at the end of the year and what kind of interest rate do you expect going ahead and what are the rates currently?

Kiran Firodiya: Yes. So good question, Naveen. Hi. So this year we have now March ended, we have GML of around 615 KG, so which my GML cost is coming around 3% with the increased rate of interest and at the same time we are covered with respect to total inventory, it is 80% and with respect to month-on-month basis, it is 100% effectively.

Naveen Trivedi: So you said GML is Rs. 670 crores, correct?

Kiran Firodiya: Rs. 650.

Naveen Trivedi: You are counting in KG or crores?

Kiran Firodiya: Yes.

Naveen Trivedi: Yes. So I was saying GML Rs. 650 crore you are saying or KG you are saying?

Kiran Firodiya: KG. See what happened, out of my total inventory, 84% comes of gold. Now, my total inventory of gold out of which 30% is hedged with respect to the replenishment model and remaining 55% is by way of GML as well as derivative instrument.

Naveen Trivedi: Sure. And just on the depreciation part, this quarter versus last quarter, we have seen significant change in the depreciation, any one-off there or do you think that this run rate will continue of Rs. 13 crores which we had done this quarter?

Kiran Firodiya: No, this quarter depreciation is high because whatever stores we have launched in Q3, they have been completely doing this structural audit by January. So whenever we are opening a new store, after completely hand over the store, we are not booking the entire capitalization of asset because we are doing the structural audit from third party and they will require minimum 3 weeks to hand over the report. So those store which we open in Q3, they are getting capitalized in Q4. That is the reason there is slight improvement in the depreciation.

Naveen Trivedi: So annually we can take more like Rs. 40-Rs. 45 crores kind of depreciation?

Kiran Firodiya: Yes, definitely.

Naveen Trivedi: And just one thing, on the last year we had some inventory gain last year in 4th quarter?

Kiran Firodiya: Yes. Last year, Quarter 4 or entire year, we have almost inventory gain of Rs. 18 crores.

Naveen Trivedi: All in the Quarter 4?

Kiran Firodiya: More or less because last year also we have a stock turn of around 6, so whatever inventory we remain that is for last quarter only. So that gain is a cumulative gain of up and down kind of thing. But whatever profit we have posted annually in that Rs. 18 crores was there. If you want exact last quarter, then I need to dig out the data, Naveen.

Naveen Trivedi: Thank you. That is all from my side.

Moderator: Thank you. The next question is from the line of Bibhor Halan, an Individual Investor. Please go ahead.

Bibhor Halan: Thanks for the opportunity. I just want to ask, so you are saying, first of all, what is the reason for the miss in the guidance in the current year? You had guided to do around Rs. 8,000-Rs. 8,200 crores of revenue and that too I think September quarter. So what happened that we list the guidance by around Rs. 400 crores in just 6 months in this year?

Kiran Firodiya: I am not able to hear you clearly. Can you request to please repeat the question?

Bibhor Halan: Am I audible?

Kiran Firodiya: Yes, now much better.

Bibhor Halan: But my first question is that we had guided to do Rs. 8,000 plus crores of topline in FY '25, but we have done only Rs. 7,600 crores. What is the reason for missing the guidance by approximately Rs. 400 crores in just a matter of 6 months?

Kiran Firodiya: Correct. So that is a good question.

Saurabh Gadgil: So the primary reason for that is the discontinuation of the entire B2B refinery sale that would have been in the ratio of Rs. 800 crores, which would have led us to a turn of Rs. 8,200 crores. But since we completely discontinued that that is why we have been looking at the revenue of Rs. 7,600 odd crores. So our revenue from retail franchisee and e-com all are as per the target which we have given.

Bibhor Halan: And next year, are we guiding to do 30% topline on this Rs. 7,600 crores or are we guiding 30% topline only on the retail component for this year?

Kiran Firodiya: No, actually now, we strongly believe that we will continue the entire topline, that 7700 topline which we are giving now there is no B2B sales. So now, we have non-retail portion includes e-commerce and franchisee, there is also a huge growth we are expecting and the retail portion is also, so inside that, we are proposing to you all is that on the topline of INR 7,700 crores we are expecting 20%-25% or up to 30% growth in totality.

Bibhor Halan: So are you saying that we will at least do Rs. 9,500 crores of topline for the current year if I take the 25% growth from INR 7,700 crores odd?

Saurabh Gadgil: That is right.

Bibhor Halan: Because, see, I will just recommend one thing to the management. When you release the press release also on a quarterly level release the business update, the press release is very confusing because on the one hand, you say that we have posted a retail growth of X and then we see the overall revenue that is hardly improved. So the investors are taking these kind of updates right from a kind of a not very transparent kind of a thing. So if you can be a little transparent, right in your press release that will also help a little?

Saurabh Gadgil: See going ahead, there they will not be any confusion because there is no B2B sales now. So whatever comparison growth will be, it will be apple to apple. So when you talk on Q4, when you talk on Q1 of this year, it will be on growth which is only be on retail and non-retail we will have only franchise and e-com. So it will be apple to apple, it will be self-explanatory, but the point is noted.

Bibhor Halan: And the next point is that in the current quarter, we have posted 4% PAT margin in the current quarter and this year there is no bullion sale, right in the current quarter 0 bullion sale. Nowdespite 0 bullion sale, we have posted 4% PAT margin, so why are you guiding for a 2.85%-3.25% PAT margin for the next year? That I am not able to understand, why there is a sudden sharp drop from the current year run rate of the PAT margin?

Kiran Firodiya: Sir, in the current year also, we have 6 months that B2B sale which had no margin. So this year we have a 2 portion, 1 up to 6 months we have a bullion portion and next half which is H2, there is no bullion sale. That is the reason on a quarter-on-quarter basis you have seen 3.9%.

Bibhor Halan: My question is not that.

Saurabh Gadgil: Number you are looking at is back from the retail side. It doesn't include e-com, it doesn't include franchisee.

Bibhor Halan: Sir, my question is whatever is your current run rate in Q4 that does not include any bullion, next year also it will not include any bullion. So the current quarter is like to like versus next year's number. So if in the current quarter itself we have posted 4% PAT margin, why are you guiding 3.25% maximum for the next year PAT margin?

Kiran Firodiya: Yes because that is the reason we are going outside Maharashtra wherein we probably require at least one or two quarter more to reach to a breakeven. Till date we are into the state of Maharashtra, we have a legacy, we have a brand value and there we required a very low time to reach to a breakeven and the moment any store reached to breakeven, they started contributing to the bottom-line and that is what we have experienced the stores which we have opened in 9 days or before Navaratri, they are operationally in the profit. But same momentum on a safer side we don't want to give you wrong picture that yes, we are continuously up. Slightly, there may be deviation that is again an assumption. We also eagerly want to keep the same momentum, but on a safer side maybe 0.5% here and there we are targeting.

Saurabh Gadgil: So it is unknown state the cost could go a little higher. That is why we are giving a little cautious guidance. But the aim would be to continue on the number which we have been able to demonstrate in Q4.

Bibhor Halan: That is the impact of that won't be outside Maharashtra in the second half and that is only Rs. -4-Rs. 5 crores.

Moderator: Sorry to interrupt, Mr. Bibhor. Sorry to interrupt, we would take that as the last question due to time constraints. Ladies and gentlemen, due to time constraints, that was the last question. I now hand the conference over to the management for the closing comments.

Saurabh Gadgil: So thank you everybody for attending the conference and for the Q&A. If you have any further questions, we will happy to clarify the doubts. Our IR Partners X-B4 Advisory would be happy to assist you in that. It was a pleasure and as a Company we stand committed to achieving our commitments and delivering growth and value to our stakeholders. Thank you everybody.

Kiran Firodiya: Thank you.

Moderator: Thank you. On behalf of Motilal Oswal Financial Services Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.