



by P. N. Gadgil & Sons

February 07, 2025

To,
The Corporate Relationship Department,
BSE Limited
1st Floor, PJ Towers,
Dalal Street,
Mumbai 400 001

Ref: BSE Scrip Code – 543709 Ref: Symbol – GARGI

Sub: Transcript of the Earnings Call with Investors and/ or Analysts held on February 05, 2025

Dear Sir/Madam,

Pursuant to the provisions of Regulation 30 read with Para A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, please find enclosed herewith the Transcript of Earnings Call held on Wednesday, February 05, 2025.

The transcript along with the audio recording is uploaded on the Company's website <https://www.gargibypng.com/investor-analyst-call/>

Kindly take this on your records please.

Thanking you,

Yours sincerely,
For **PNGS Gargi Fashion Jewellery Limited**

Neha Boid
Company Secretary & Compliance Officer
ICSI M. No. A54111

PNGS GARGI FASHION JEWELLERY LIMITED (w.e.f. 02/11/2022)

CIN: - L36100PN2009PLC133691 (Formerly known as PNGS Gargi Fashion Jewellery Private Limited (from 21/09/2022 to 01/11/2022),
P. N. Gadgil & Sons Gargi Costume Jewellery Private Limited (from 22/09/2021 to 20/09/2022))

Registered Office : Plot No.8A ,Sr No.37/1 and 37/2, Opposite Maruti Service Centre, Sinhgad Road, Wadgaon Khurd, Pune , Maharashtra, 411041

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“PNGS Gargi Fashion Jewellery Limited Quarter and
Nine Months Ended December 31st, 2024, Earnings
Conference Call”

February 05, 2025



**MANAGEMENT: MR. AMIT MODAK – DIRECTOR, PNGS GARGI
FASHION JEWELLERY LIMITED
MR. VISHWAS HONRAO – CHIEF FINANCIAL OFFICER,
PNGS GARGI FASHION JEWELLERY LIMITED
MS. NEHA BOID – COMPANY SECRETARY &
COMPLIANCE OFFICER, PNGS GARGI FASHION
JEWELLERY LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to investor call to discuss financial results for the Quarter and Nine Months Ended December 31st, 2024, Conference Call hosted by PNGS Gargi Fashion Jewellery Limited.

As a reminder all participants' line 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 Ms. Neha Boid – Company Secretary. Thank you and over to you Ms. Neha.

Neha Boid: Thank you. Good afternoon, everyone. This is Neha, Company Secretary and Compliance Officer of PNGS Gargi Fashion Jewellery Limited. A very warm welcome to all. For discussion we have here with us today Mr. Amit Modak – our Director and Mr. Vishwas Honrao – our Chief Financial Officer. Welcome everyone.

We wish to start by qualifying that during the call we may make some forward-looking statements. PNGS Gargi does not provide any specific revenue earning guidance. Anything which is said during this call which may reflect our outlook for the future or which may be construed as a forward-looking statement must be reviewed in conjunction with the risk that the Company faces. These statements are considering the business environment we see as of today and therefore there could be a risk and uncertainties that could cause actual results to vary materially from what we are discussing on this call today.

An audio link and transcript of this call will be shortly available on the investor section of our website that is www.gargibypng.com.

With this we are now ready to begin with the “Opening Statements” and the “Performance” of the Company. And post that we will be available for the question-and-answer session.

I now request Mr. Amit Modak sir to take over. Over to you sir. Thank you.

Amit Modak: Thank you everyone for joining the call. Very good afternoon. Valentine Day is coming near, our industry's most popular festival is coming near. So, we all are happy.

In every call earlier to this call everyone was asking about 100 crores and 100 crores and 100 crores. Sometime I uttered that word when we were not listed and we were not regulated. But that word was taken on record by all investor as my commitment. I am happy to see that I have delivered those 100 crores. But along with those 100 crores completed turnover, I had given you all the explanatory statement also to what extent it is actually B2C and to what extent it is B2B that is a franchise operated, franchise owned model franchisees.

If you go through our all performances which is there till the time of 31st December 2024, you will find and you will be happy to see that Company is performing well. I myself am happy with the performance, you all must be happy with the performance. And we will continue with the same gist and same progress in near future.

We are in the expansion mode right now; we are in the growth status. Just 30 months old Company is there and so we are growing step by step, we are expanding step by step. As at end of 31st January we have got EBOs of 10 then we have a PNGS location 31, they have got SIS on the FOFO model basis. Then we have got Shopper Stop SIS 38 and one more location which is in one museum which is also on the FOFO basis and that is a one unit. So total location, if we sum up those are 39 plus 1 that is a 40, 30-70, 70-10, 80. 80 locations are there right now which are carrying out the business. And from those locations we are getting all these outputs. I had in earlier meeting also said that we are going to open certain locations during the AGM or during the investor call as said and two out of that those are coming up in next 15 days' time, One is the one is at Gurgaon which is Haryana state and one it Indore in state of Madhya Pradesh and third was at Aurangabad, now known as Sambhaji Nagar. Then we are expanding our Lakshmi Road branch of 500 square feet to 1200 square feet, which is at 200 meter distance from our existing branch. So, all these four locations will take place before 31st March. Subsequently also we will be growing because P N Gadgil Sons will have two additional locations. One at Thane Gokhale Road and one at Lakshmi Road. Recently we have started P N Gadgil Sons location at Talegaon which is SIS. And all these locations will start contributing mainly during next year. Because current year's last 2-3 months it has started. Seasons Mall recently opened three days back, earlier to that there was a Pimple Saudagar which was opened. And so recently opened showrooms are there. And so those showrooms will contribute to the business in the coming near future.

This industry that is a fashion jewellery industry is growing almost at 25% to 30% CAGR. And if you look our turnover right now, this year it has surpassed the thing. But yes, all days are not same days forever. But I can promise you or I can foresee that we will perform as per the market growth potential. That is a 25% to 30% CAGR. Secondly every year P N Gadgil Sons will also keep on adding locations of their showroom. So, we will get that additional showroom year after year available for the SIS with the P N Gadgil sons. But that is a passive thing because it is not within our control. So, whatever they will expand we will definitely. But on our own at least another 10 locations will get added in FY26. I am talking about FY26 because current years 4 remaining locations I have already explained which are going to be completed by March '25.

New products are added 14-carat gold plus diamond already added in last Diwali. 5-6 days back we have launched our new product range which is called as Utssav which is a purely costume jewellery made out of copper and brass. And for that it's only right now available on the online. The top line contribution from that segment is not yet materialized in our top line. It will get mainly contributed in FY26. This year for last 2 months it will contribute but we are not knowing exactly what is a market potential is there but acceptance to our product and our price range will

be seen in next 2 months' time and we will accommodate accordingly if any changes are required to be done. We see that P N Gadgil & Sons, apart from P N Gadgil & Sons without depending on them we will complete at least 100 locations by end of FY26. That is during FY26 we will have count of 100. Right now, we have count of 80. So, another 20 locations. It may be a branch store; it may be SIS of the Shopper Stop or it may be in some or other form with some or other brand as a hand in hand locations for the selling our product. Strong backing is there from the P N Gadgil & Sons, the Company which has got more than 8,000 crore rupees turnout and we really require to thank them for their support in our entire journey and creating market for us.

Shopper Stop in FY25 at end we have got almost 38 right now and we will close around 40 by end of the year and another 4 to 7 locations will get minimum added in next financial year. Because we have almost completed all their good performing location. They have got more locations or more than 100 or 150 locations. But we cannot go at their every location because it requires to be good for us to sell our product range.

This time in this call, I will say that by 2027 that is a FY28, not 2027FY it is FY28, we can see our top line reaching around Rs. 200 or (+200) crores if everything goes smoothly and if everything progress smoothly. I generally promise and deliver more. And that is the experience of the investor as well as my all associates. They always say 'umeed se jaada' yes, I want to deliver that way only. So, you may find me conservative while speaking but I am very aggressive while executing my business. And you have seen that in the figure number of FY25, first nine months as well as FY24 ending. That's the time when we enter the market in FY23, that is a December '22. That time our entire balance sheet was of 30 crores. And this year in first nine months we achieved profit after tax of 23 crores. So that you can compare it. We made one preferential allotment in September 2024 at the rate of some 565. I am not remembering exact rate but it was near to Rs. 565 per share. And amount collected was around Rs. 47 to 48 crore and that amount was mainly for the expansion purpose, inventory investment purpose and marketing purpose. Now we are spreading pan India, Indore is in Madhya Pradesh, Gurgaon is in Haryana, Delhi is there. Then we are there in Telangana, we are there in Karnataka. So, we will need to require more funds for the marketing spend and in that preferential allotment I had explained to all investors that out of their total contribution, I will spend at least 10 crores out of that on the marketing on pan India basis. And I can tell you that around Rs. 1.5 crores I have spent on the marketing and that is giving me good returns as far as sales figures are concerned. Yes, for purpose of utilization of those funds, those funds are getting utilized. But I am very conservative and I am 'kanjus' you can say for utilizing the money. But yes, when it is given by the investor, I will use it but very carefully because I want to give them returns on their money and not just use their money because they have contributed to me. I can promise you that your Company will never be in red and it will always give all figures in black and never be a cash burning, always we are profit-making and creating a profit. As I always say I am not in hurry in the number. But yes, I proved that by whatever number I told you in some news items I completed that, same way I can say you that FY28 you will see minimum 200 crores or more and that will be a commitment and at any point of time you will find that number is going to

happen and going to be on the paper in a black again without a loss. We are there in a growth mode and you will see a good progressing Company and good Company with good investor, their hard-earned money will be used very carefully by the management for only and only for the purpose of business. This time I am giving you more time for the question answer because question answer means a lot because whatever I will say it will be a one sided, rather than if I get questions from you, I can answer your precise enquiry or the query and that will deliver you more information and which is sought by you. Thank you for listening and you can continue with raising your question one by one.

Moderator will release the question and you can ask the question. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on your touchtone telephone. If you wish to remove yourself from the question queue you may press '*' and '2'. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Kiran Paranjpe, an individual investor. Please go ahead.

Kiran Parajpe: Hello, this is Kiran Paranjpe. Congratulations for a great set of numbers.

Amit Modak: Thank you sir.

Kiran Parajpe: As an investor we are really pleased with the progress PNGS has done in last 6 months with your guidance and support from Mr. Gadgil and PNG & Sons. So, we thank as an investor we thank PNGS & Sons for their support. I have a couple of questions. My first question is related to your material cost as a percentage to sales. If I see last year or last quarter or before that, last year it was about 60%, now it is about 57%. So, is that driven by the product mix which is diamond studded jewellery sales or is there some other reason for that?

Amit Modak: It is a product mix plus the size of operation because economies always work, higher the procurement, lowering of the cost, direct indirect cost and getting good deals in the market that may be the major reason and that is the main reason.

Kiran Parajpe: Okay, so can we assume that this percentage would roughly remain the same going forward or may reduce further?

Amit Modak: So, there are 2-3 chances that silver jewellery getting many times imported, that accessories getting imported and then fabricated in India as a jewellery. So, if any import policy change and if any additional tariff is levied on those imported items which are mainly coming from China, Thailand, Indonesia, then that may impact to certain extent to the price and to the cost. But I don't think that it will be a major impact. And we will try to see that it will get maintained or nearby (+/-1%) or (+/-2%).

- Kiran Parajpe:** Okay, thanks for that. Next question is related to your finance and depreciation for this quarter as compared to last quarter, the depreciation had jumped about 50% and finance costs have jumped by about 3X. So just wanted to know what was the reason for that.
- Amit Modak:** No, I don't get how you are calculating that 3x from 7 lakh to 20 lakhs.
- Kiran Parajpe:** Just give me a minute, I will tell you.
- Amit Modak:** Up to H1 it was 7,82,000.
- Kiran Parajpe:** No, I am seeing September quarter versus December quarter. The finance cost September quarter was as December quarter is 12.26. So, it's about 4X roughly.
- Amit Modak:** And September quarter?
- Kiran Parajpe:** September was 3.28.
- Amit Modak:** It is a finance cost includes that credit card commission and during festival season there is a mini debit and credit cards are coming in and larger the sale, larger the card usages. Those costs are going up. Those costs are not going up because we are borrowing or anything. We have got ample resources lying in the bank. If you are looking to my other income, you can make it out.
- Kiran Parajpe:** But I have a query about that. Since now we are moving mostly on a FOFO model which is franchisee own, franchisee operated. That means that we are transferring the goods to our franchisee and franchisee is selling good to the individual retailers. So, in that case I was wondering how come the credit cost impact is borne by us.
- Amit Modak:** But it is almost 50-50 sir. Only P N Gadgil & Sons locations are transferred on the FOFO basis.
- Kiran Parajpe:** Okay.
- Amit Modak:** Other are still on my Company's side.
- Kiran Parajpe:** Okay. That's the reason. And what about depreciation? It has jumped. It was 15.6.
- Amit Modak:** Depreciation because there are certain assets which we created our franchisee location. Plus, there is a back-end office expansion is there due to that diamond and increasing inventory management due to additional locations. So that backend expansion had happened in Q2 and Q3 and that depreciation is charged there.
- Kiran Parajpe:** Okay. Thanks for answering those.

- Amit Modak:** You will find it's a very asset light model. If you go and see, the total block, fixed asset block it is very low. It is just 1.5 crores.
- Kiran Parajpe:** Okay, thanks. Another question is related to the diamond which we buy. Now, we take pride that we use only natural diamond. My question was related to how do we ensure that these are not conflict diamonds.
- Amit Modak:** Those are getting certified by GIA, IGI.
- Kiran Parajpe:** Okay. They follow the Kimberly Process Certification?
- Amit Modak:** No, that technicality, I don't know. IGI is following certain processes which are market accepted. And on that basis only we are taking their certification. And Gargi is regularly enrolled with the IGI for certification.
- Kiran Parajpe:** Okay. Thanks. Next question was related to, during AGM we mentioned about hiring of CEO and COO. Have we already done progress on that?
- Amit Modak:** I will address you. We have already appointed two persons. One for exclusively looking to North India and expansion there. Because many Shoppers Stop happened there. Then Delhi had happened two months back then. Gurgaon is happening right now. Then Indore is happening right now. We have appointed one person as an assistant manager for the franchisees and SIS servicing. Plus, we have appointed one in charge manager at the head office who is looking and taking care of entire distribution and the retailers' channels and he is taking care. We have already appointed two people and by May we will have CEO or GM in the place.
- Kiran Parajpe:** Okay. By May 2025?
- Amit Modak:** Yes.
- Kiran Parajpe:** Okay. My last question is related to another thing which we discussed during AGM was about 9 carat gold hallmarking and a possibility of us selling those 9 carat gold jewellery. Can you please update us on that?
- Amit Modak:** No. Still government has not approved that request from the industry for adding 9 carat in the list of the BIS approved Hallmark Karatage. As on date it is only 14, 18, 20, 22 and to some extent a 24 carat.
- Kiran Parajpe:** Okay. It's still pending with the government?
- Amit Modak:** It is still pending. Once it is clear then we can create a bank of the designs and start thinking about the selling. But with the increasing price of gold, it is very likely that very shortly the government may think about it.

- Kiran Parajpe:** Yes, that's exactly reason I was wondering because gold prices keep going up so 9 carat would be very affordable.
- Amit Modak:** Yes.
- Kiran Parajpe:** Okay. Thanks a lot for answering my question. All the best.
- Amit Modak:** Yes. Thank you.
- Moderator:** Thank you. Next question comes from the line of Sameer, an individual investor. Please go ahead.
- Sameer:** Congratulations on the performance so far.
- Amit Modak:** Thank you.
- Sameer:** My question is more strategic. If you consider the number of stores that we have, so far we have done a great job because large part of revenue was coming from the PNG SIS where we were getting the inbound customers of PNG store itself. And then now we are expanding and without reliance, you said that you will expand to 20 additional stores by FY26. So, my question was what would be the growth from these 20 new stores to the top line of let's say FY25 and what would be the same stores sales growth from the current lot of SIS stores. And because Shopper Stop and franchisee store would be lesser, right, in terms of revenue per store.
- Amit Modak:** Predicting the additional sale from the upcoming store is a very tricky thing. We cannot predict hard and fast. I can predict top line for my entire entity but I cannot predict top line for that specific additional number of stores and new stores which are upcoming. And Shopper Stop, yes, it is a very small contribution but it is a very cost-effective contribution for the business and their locations earlier period, last year's period it was less than Rs. 1 crores contribution. This year in first nine months they have contributed more than Rs. 2 crores. So, their contribution will increase as days will pass. And I am confident that Shoppers Stop will have sizable contribution in total fee. 20 location you said out of that as I said, 10 will be the branch store and 10 will be the SIS with some or other. It may be with PNGS, it may be with the Shoppers Stop or like other brand stores, multi brand stores. So that will come from them. So exact targeting or predicting '26 top line with including these 20 new locations it is little bit difficult task for me as such. It may be possible for others but for me it is a little bit difficult task. And I don't want to promise anything which is not known to myself. So how I can promise you something like xx amount of turnover can be derived from these 20 new locations.
- Sameer:** And what would be like the current set of PNG SIS stores which is driving the significant. I mean which constitutes a large chunk of revenue, what percentage would you see them growing in the future and what percentage they have grown in the last one year?

- Amit Modak:** See right now the percentage wise if you see that PNGS, their stores they have got 31 locations and I have got B2C sale. If you I would B2B sale to them. But if I will save a B2C sale, in B2C sell they are contributing around 83% to 85%.
- Sameer:** And about the growth from the growth aspect, do you see them growing at least 10%-15%?
- Amit Modak:** They are growing at more than 20%.
- Sameer:** You expect them to grow at 15%-20%, maybe one or two....?
- Amit Modak:** No, again I am at the same side. Predicting something which is a fantastic. I can say yes, they can grow around 10% next year. But that you will take as a negative thing because earlier they have grown at 20%. Next year they may grow at 25% also. But predicting something it is very difficult, what will be the growth. I am predicting on the long-term basis. So, I have predicted on FY28 you will see (+200) crores top line and accordingly that bottom line will be in the proportion's growth will be there. So, on that basis you can see what growth I am expecting. But I cannot give you any precise commitment that what growth will be there.
- Sameer:** That's true. And my last question is on margin profile for SIS PNG business and the rest, let's say EBO Business. What would be the margin profile in both these segments?
- Amit Modak:** It is near to each other. There is no vast difference.
- Sameer:** Understood. So total EBITDA margin would be let's say similar kind of profile for both the segments?
- Amit Modak:** Yes.
- Sameer:** Understood. Thank you. That's it.
- Moderator:** Thank you. Next question comes from the line of Bibhor Halan, an individual investor. Please go ahead.
- Bibhor Halan:** First of all, congratulations for excellent set of numbers. These are actually kind of one of the best industry benchmarking numbers. My first question is that can we expect that you would maintain the margin that you had reported in the last quarter, both at a gross margin, EBITDA and a PAT level. So, you had reported gross margin of 43% I believe PAT of 25% and EBITDA of 30%. Can we expect this kind of numbers in the also future also?
- Amit Modak:** Hardly (+/-1%) or (+/-2%) will be there.
- Bibhor Halan:** Okay, thank you. My next question is can you give a sales mix from your PNG SIS, Shoppers Stop SIS, your own website and Amazon? What is your current sales mix in the last quarter?

- Amit Modak:** Online sale is 4%, zero cash burn.
- Bibhor Halan:** Okay. And what about Shoppers Stop SIS?
- Amit Modak:** Shoppers Stop SIS is almost 4% of the total sales against there is a very cost-effective model is there. I am getting certain fixed margin because I am transferring stock to them. I am getting space and marketing, everything free from them. And there is a targeted TG customer which is coming inside the shop of Shoppers Stop is my customer only because it's mainly shoppers of sale, woman centric commodities or the articles or the fashion. And my product is matching to it and I need to spend only the HR cost in Shoppers Stop.
- Bibhor Halan:** Understood. And what is your current sales mix from your own store?
- Amit Modak:** Means other than PNGS and Shoppers Stop and all these things?
- Bibhor Halan:** Yes, from your own branded store.
- Amit Modak:** It is 12%.
- Bibhor Halan:** Okay. So, my question is we have PNG from the strategic point of view from the next year onwards as we have almost, I think done the SIS agreement for all the PNG stores. The only lever of growth that I see is adding up own stores, right? And the 10 number of stores that you have pointed out from the owned stores, that looks to be the main source of organic kind of a growth. Other than the if there are any increase in the same store sales growth because we are probably not adding any products that you have said. We have already added Utssav and 13-carat, so what is our strategy of—I am not able to understand the—utilization of 45 crores? You have raised 45 crores. But I do not see that being utilized for the growth right now. Correct me if I am wrong.
- Amit Modak:** The owned stores I need to expand on my own fund if franchisee is not coming there for the brand store, then I need to invest almost Rs. 3 to 5 crores per store including the diamond jewellery inventory. Secondly, I need to invest more on the back-end inventory as number of stores will go on growing. And this money I will see that utilization will be completed in next 18 months' time and will start aiding for the business of the Company. But at the same time, I will not recklessly start investing money just because it is in my hand.
- Bibhor Halan:** I am not saying that you should recklessly start spending money. But the guidance that you have given of 200 crores for FY28. That means you are factoring only some 30% growth year-on-year which is almost in line with the industry growth. Whereas you have reported kind of 100% both for the last 2 years. So, are you saying that you are going to do much-much worse off than you have done in the past 3 years? And you would be not giving market. You would be but just maintaining market share.

- Amit Modak:** I cannot quantify you. But I have given you the minimum number which I am likely to achieve in FY28. You may see that earlier also or you may see very, number higher number in FY28 then committed number. And how that growth will come, it depends on the what opportunity will come to me. If some good opportunities coming through the franchisee model, I will not unnecessarily invest the money just because I have got that money in my hand. Because I am there for doing the business. If opportunity is good and giving me good returns without investing money, I will prefer that. Just because money is there, I will not invest it and I am not in hurry. I am getting franchises, so simultaneously I will go for my own store also and start investing that money. Because money is there, I can start additional store. There location is required, good marketplace is required. Then only I can start my franchise there or the store there. You can see that my all the stores are happening stores and making money for me, money for the Company, money for your Company and your money. So, I want that to be maintained. Just opening the store and if it is not performing, it doesn't mean anything.
- Bibhor Halan:** And what is your current ratio of this 14 carat gold studded with diamond of your overall sales?
- Amit Modak:** Overall sale with studded to the silver jewellery, silver jewellery is 48% and 43% is diamond.
- Bibhor Halan:** And what is the gross margin of silver jewellery and this studded jewellery?
- Amit Modak:** We are not calculating. We are treating it as a one single segment.
- Bibhor Halan:** That is okay. But the product is different.
- Amit Modak:** Product is different but in P&L it is same. It is not segment wise. Then only I can segregate on diamond how much I am making, on silver how much I am making. But segment is same.
- Bibhor Halan:** Two quarters. Back you had given some numbers around the industry, right? And you had said that we are the organized share is around 3% to 5% of the overall fashion industry. Can you throw some light of what would be our share of this organized jewellery market right now?
- Amit Modak:** Our sharing total organized sector?
- Bibhor Halan:** Yes, in jewellery share of organized jewellery sector.
- Amit Modak:** I am thinking that I might be somewhere 0.25% of the organized sector in the fashion jewellery. Because if you are taking CaratLane, taking Mia, taking Bluestone, all these people as a fashion jewellery people, then my share may be very low. Fashion jewellery is growing. Fashion jewellery will grow. And as many people will have more and more money in their hand for the disposable income due to lowering of the income tax. That first Rs. 12 lakh is tax free. That is giving almost Rs. 70,000 crores additional cash flow in the common man's hand and that will definitely come in the fashion and lifestyle. And since our industry is there in the fashion and lifestyle, we will also get some slice out of that. And that is maybe the growth engine for our

industry. That is a fashion jewellery industry. And increasing gold prices, fine gold prices and compared to the fashion jewellery prices. So, fashion jewellery will be more popular in a common man's mind or for the common man's hand. And so, they will come more and more towards the fashion jewellery. And they will the market will grow at a faster rate than what we are expecting. So that I am saying that I am not going to quantify anything right now. Because all these effects are yet to come in the market, yet to come into the picture.

Bibhor Halan: Okay. And what is the inventory days that we expect?

Amit Modak: Inventory days I am expecting around 180 to 200.

Bibhor Halan: Okay. Thank you so much for your answers.

Amit Modak: That is including inventory line with my FOFO. I am not talking only at my back-end store.

Bibhor Halan: No, I am talking about inventory in your balance sheet.

Amit Modak: Inventory and balance sheet you may see 3x of stockturn.

Bibhor Halan: Okay.

Moderator: Thank you. Next question comes from the line of Rajesh Singla with VTG Capital. Please go ahead.

Rajesh Singla: Congratulations for a good set of numbers. I have few questions, would like to revisit the assumptions which you have given so far and how they turn out to in terms of the numbers. So, my first question is like how are we connected with the P N Gadgil Jewellers Limited which is another listed entity and what kind of growth are we going to see in our parent business? Because that has been a major driver of growth for us. Like they currently have 30 stores and if I heard you correctly, you're saying we will be adding 2 to 3 or maybe 4 stores every year for next few years.

Amit Modak: Yes. First of all, P N Gadgil Jewellers, we are not connected with it at all in any nature. Neither cross transaction, no cross holding, not a single paisa of financial transaction with each other. It's just a Gadgil to Gadgil. Second to your question regarding the parent business. Yes. Since I am there working as a CEO also, I can comment on that. They are likely to add 2 to 3 store every year here in after. This year also they have added one at Talegaon, three days back in next two weeks it is adding Thane. Another two week it will add Lakshmi Road. So, this year that FY25 three stores will be over. And if we go at your question that FY30 you are talking about FY2030. Yes. By FY2030 we will have definitely at least 45 stores in the fold of P N Gadgil & Sons Limited. 50 is a little bit higher, bigger for me. But 45 that is another 12 stores in next 4 years. That is three store each year, FY. FY26-27-28-29. Yes. And we are adding FY30 also. So, 12 store from this, so 45 store it will be there.

- Rajesh Singla:** So, in a way we will be....
- Amit Modak:** As you correctly said, yes, that is going to be a main growth engine for us. We are not shy in saying that their growth engine for us because it's their baby only and they have nurtured it. They have given the brand value to our Company. And without shaking any confidence of any investor or we as a Company in Gargi, we are getting their full support. Even the trade name which is a Gargi by P N Gadgil and Sons. That is also registering the Company's name, not in the P N Gadgil Company's name or any owner's name. So, they are giving wholeheartedly support to us.
- Rajesh Singla:** So, in a way we are saying that the main parent business, the area growth will be 8% to 10% every year. Three to four store we are adding. So 8% to 10% will be the space area growth for the main parent business, average year.
- Amit Modak:** Yes.
- Rajesh Singla:** And so, on top of that, so we are also saying that we will have around 14 exclusive brand stores by the end of this year.
- Amit Modak:** Yes.
- Rajesh Singla:** So we will be adding stores every year.....
- Amit Modak:** Next year we are planning another 10.
- Rajesh Singla:** Yes, another 10. So that is also a very strong growth over routine exclusive brand store. I think and more it's around 8% exclusive brand store growth. So, the space area growth in your exclusive brand store is also going to grow by 80% in your exclusive brand store. Your POS Shoppers Stop could be like muted, actually very small business. Anyway that your area growth is likely to grow very strongly growing as you are also growing and your exclusive brand store is also going to grow by around 70-80 from the area side of the business. And if I remember correctly, you also mentioned that your organic growth could be on your parent business, 10% to 20%. It could be 20%. It could be 10 or it could be (Inaudible).
- Amit Modak:** Right.
- Moderator:** Sorry for interrupting. We cannot hear you.
- Amit Modak:** Singla ji should I reply your question to the extent what I have heard from you?
- Rajesh Singla:** Yes sir. Sure.
- Amit Modak:** So, you are saying 10% to 20% growth will come from our parent Company's shops or the locations which is at current 33 locations at the end of this year. Out of that three will contribute

next year, full year and next 3 years addition will contribute partially for the next year and partially for the subsequent year. Even if we go back 20% growth, that substantial contribution from their side to the top line will be definitely there. And we are confident and we are not shy to say thank you to them or to accept that they are giving us boost in our top line. Secondly, you said that we are doubling our number in our owned store from 10 stores current 4 additional coming up, so 14 and another 8 to 10 stores getting added in next FY. Yes, that also will add substantial top line to our Company. As far as percentage distribution for own store then PNGS, SIS, then Shoppers Stop. Instead of that I will prefer to talk about the Company as a whole. And as a Company as a whole yes, I am confident that we will keep minimum to minimum 30% growth rate which is there in the market. Plus, if that additional cash flow which is going to remain in the hands of the investor due to change in the income tax rate which is to the tune of 70,000 crores plus 8th pay commission is also coming in next 15 to 18 months. And government is expecting Rs. 2,25,000 crores to be pumped in the market through the increased salary. All that is going to boost this jewellery market and fashion jewellery market at very large. And we are there ready to take advantage of all these things. We will be nowhere back and we will be at the front end only. And we will be taking all the opportunities and all the benefits which are coming out of this, increasing customer base, increasing customer demand. And we will see that Company will get benefited out of that.

Moderator: Mr. Singla, sorry for interrupting. We cannot hear you. I would request you to disconnect your line and reconnect and fall back in the queue. Thank you.

Rajesh Singla: Sure, I will join the queue back again. Thank you.

Moderator: Our next question comes from the line of Nimish Kala, an individual investor. Please go ahead.

Nimish Kala: Hello sir. Congratulations for your excellent set of numbers.

Amit Modak: Thank you.

Nimish Kala: I would like to ask a question that as you have mentioned that you are looking for a growth of 30% for the next 3 years. So, are you saying it to be extremely conservative target or you can grow much faster than that?

Amit Modak: As I said this is a normal target. I am again and again repeating that 70,000 crores which is going to remain in hands of people due to reduction in tax. Secondly, increasing gold prices which is creating more and more attraction for the fashion jewellery. And third is a fifth pay commission which is coming with 2,25,000 yearly cash inflow in the system. All these factors I am not discounting in this 30%. This 30% will be normal and over and above all these positive factors which is there for our industry may push that 30% to substantial respected higher figures.

Nimish Kala: Yes sir. And sir, what do you think about the sub brand that we have recently launched which is called Utssav. What do you think its contribution will be in the coming years? How do you see it unfolding?

Amit Modak: I generally I avoid to comment on such things because it is launched just seven days back. I am not having any idea what it will contribute in this first 2 months' time. But yes, I know that this industry is very big and people want branded and good quality product for this event-based jewellery. Because nowadays more and more events are coming like Mehendi, Sangeet and all these things even in a middle-class people also. And for all these events these people require this kind of jewellery which is just almost a onetime use kind of jewellery. But they want some branded, some good quality. Even though it's a onetime use, they want it to be multiple time usable and for that they depend on the brand and the quality provider like PNGS Gargi Fashion Jewellery. And so, we have entered in that market. Presently we are entering that market only online basis. Subsequently our exclusive brand stores which are not in the PNGS premises i.e. SIS with PNGS, there also we are going to start presence of this jewellery.

Nimish Kala: Yes sir. And my last question is what do you think the online contribution will be in the coming years?

Amit Modak: It has gone up from 2% to almost 4.25% that is doubled in last one year time. And I am expecting in percentage wise it should reach to 6% to 6.5%. Again and again, I am telling you this is with zero cash burn.

Nimish Kala: Yes sir. Okay. Thank you, sir, for answering the question.

Moderator: Thank you. Next question comes from the line of Rahul Kumar Paliwal with Shefa Family Office. Please go ahead.

Rahul Kumar Paliwal: Congregation sir for consistently delivering the surprises for every stakeholder, from earning to the category innovation like Utssav. So, I think you have articulated little bit about Utssav. Can you share a little more about what is the inspiration behind? So, is it like a new category where you want to club and how it is driven? Is it like through consumer feedback or identifying market gaps or desire to create a new category or is it reflecting Gargi's ROI strength in terms of competency? So little more on Utssav and how you envisage it evolving.

Amit Modak: In your question you have given all the characteristics that what Gargi possesses and that only has induced us to introduce this Utssav also that yes, we have got ability to deliver, we have got ability to create ROI. And we have got ability to crack the market with good analysis about the market. And yes, we have analyzed the market. Market is demanding this kind of jewellery and this kind of jewellery is there very well received by the market from various supplier or the various chain stores. And we have seen the growth of those stores. And we thought that with the customer inquiry which is coming repeatedly that why this kind of jewellery you are not keeping.

You have got good brand, you are giving good quality, good finishing. We expect this kind of jewellery also to come with us for our purpose. So, we decided to introduce this jewellery. Only thing we had researched and find out the good suppliers and good assemblers who can create a quality finished jewellery. We are giving good commitment regarding the polish and finish. And then we started, not only even we decided to launch in on 1st January but for some our internal purposes that were not satisfied with certain things. We delayed it and we launched on it on the 1st February. Because we don't want to compromise on any front. And that's why we launched in on 1st February and yes, we are confident that it will give us good returns and good top line. And as you said regarding ROI, yes it will contribute good ROI to the Company's bottom line. Even though top line contribution will be low as compared to the diamond jewellery or the silver jewellery. But bottom-line percentage contribution will be higher.

Rahul Kumar Paliwal:

Great. My other question is about industry trends. So, what do you see the most significant upcoming challenge in the fashion jewellery industry? One thing is like the space is getting crowded with the deep pockets coming in. Another line I can add is like about, are you giving a rethought upon lab grown diamond category given the trend and Tata getting entered into the space? Maybe you can consider lab grown not as a diamond, it is a stone in a fashion category space similar to what you are doing with the brass, silver and other material. So how do you look at this category and challenges in the industries which you envisage?

Amit Modak:

I cannot take names of the companies just like you because I have got certain limitation. But whoever is introducing lab grown diamond just now you referred, they have got their one very label friendly readymade garment store as well as very premium, means premium quality garment store also. So, they have at both the ends. So same way that house has got real diamond, real gold as well as right now as you said, the lab grown diamond. In our basic thing as a P N Gadgil Sons, we are never thinking about the lab grown diamond. Lab grown diamond and the category where we are dealing like a small diamond studded in the gold which are ranging from 1 cent to 15 cent. In that category, lab grown diamond cannot compete with the natural diamond because price difference is not much. Secondly, the cost of setting of this diamond irrespective whether it is a lab grown or the natural that is not differing. So, lab grown can make impact on the loose diamond like a 1 carat, 2 carat, 3 carat bigger size diamond but they cannot impact on the smaller size natural diamond as far as pricing is concerned. So why to give lab grown when say at same price or nearby price natural diamonds are available. So, we are never going for lab grown and in case of that Utssav versus silver jewellery or the real gold jewellery that Utssav jewellery are altogether different class and we are right now catering copper and brass jewellery in our brand store. But this Utssav jewellery is something bulky jewellery which is like a temple kind of jewellery or the south kind of patterns which is a bulky jewellery mainly. And that is not right now in our fold or in our catalog, in our design. So, we are adding that is not something which we don't have. Right now, we are dealing in copper and brass jewellery but it is a delicate smaller size tops or the smaller chains that we are dealing, now it will be a bulky jewellery which is used for the event like Mehendi Sangeet and all these things.

- Rahul Kumar Paliwal:** Got it. I would club my last two questions together. Can you share any experience where a significant setback or unexpected challenge reshaped your leadership approach and overall business strategy since the beginning of the Gargi? That is one and second is about in line of impressive growth in sales and profit. How is this growth influencing your working capital management including the liquidity, specifically to during period of expansion? Of course, we have the cash in which we collected through QIPs and including with that is a question about in a jewellery space creative artistry meets the commercial pressure. So how do you navigate the balance between fostering creative expression and meeting the financial imperative of running a business?
- Amit Modak:** Very really speaking I don't get your question. Okay, so make it some simple. You must be a finance person but make it simple for me.
- Rahul Kumar Paliwal:** Surely, so more I am talking about the kind of growth it has happened....
- Amit Modak:** I will give you two lines answer and then you can continue with your sub question. Continue with the first part.
- Rahul Kumar Paliwal:** Okay, so my first question is about since the beginning of Gargi, have you experienced any significant setback or unexpected challenge which has...?
- Amit Modak:** I am getting every positive surprises now day after day but I have not seen any setback or anything till date.
- Rahul Kumar Paliwal:** And the credit goes to the legacy.
- Amit Modak:** Credit goes to all my investors and customers.
- Rahul Kumar Paliwal:** Appreciate, I conclude my question here. Thank you so much and wishing you the best.
- Amit Modak:** Second part
- Moderator:** Thank you. Next question comes from the line of Bibhor Halan, an individual investor. Please go ahead.
- Bibhor Halan:** Thank you for providing the opportunity once again. My question is what is your expansion strategy for the next 3 years? Is it going to be led by owned store expansion and PNG SIS expansion or will there be anything more to it?
- Amit Modak:** Now these are the only two options right now in the market. Either I have to go through SIS or through my own brand store or the franchisee brand store. SIS yes, whatever P N Gadgil & Sons will expand I will have SIS at their every place and that will definitely contribute me good contribution in my top line. Regarding the standalone store or the brand store or the franchisee

brand store, I will go selectively, I need to survey the location, I will see the market, I will see the potential and then I will decide where to set up these stores. Right now, we are in more to expand pan India, so we are trying to expand everywhere. Right now, as I told you in my earlier question answer that we have appointed two exclusive persons just to look after the distribution channel. Either it will be through our owned store or the SIS or the owned franchisees, whatever it may be and they are tapping out the potential people who can take the franchisees in different states in different location. I cannot spell out you the exact location or the city name and all these things for two reasons because if that doesn't happen, I am giving you wrong promise. And second if I tell you this is going to be a public document on the exchange website, so my confidentiality will get break and so I am not in position to explain you the exact locations or the cities or the area where right now we are surveying or we are tapping the market and finding out the potential. But yes, we will find out potential pan India and it will be the mix SIS with PNG Sons, SIS with other options and standalone store, either it will be a brand store of own Company run or franchisee run.

Bibhor Halan: Out of the current 14 of the band stores that we have, how much is our own and how much is franchisees?

Amit Modak: Five are our own.

Bibhor Halan: All are our own, right?

Amit Modak: Five.

Bibhor Halan: Five are our owned and the balance nine?

Amit Modak: Are franchisees.

Bibhor Halan: And can you tell me what is the standard square feet of our owned stores versus the PNG SIS?

Amit Modak: No, I don't get your question.

Bibhor Halan: What is the standard square feet size of a store?

Amit Modak: Standard square feet size of store for franchisee, it is around 400 square feet. Minimum size is 250 square feet which is required only for silver and brass jewellery. If you want to go with the diamond jewellery then you require 450 to 500 square feet.

Bibhor Halan: Okay and what about PNG?

Amit Modak: PNG Sons, we cannot detect them that how much space they should provide to us. They are providing us reasonable space and at a prominent location within their branch.

- Bibhor Halan:** And what is the approximate revenue per store that we get from our owned store and from the PNG SIS store?
- Amit Modak:** I have not calculated because all these my owned stores are young stores comparatively, then PNGS stores they are scattered in Tier II, Tier III, Tier I city. So, if I go and just average it you can save around Rs. 2 crores per store turnover is there from PNGS. But you may find that there one single store is also making Rs. 5 crores and one some other store might be making only Rs. 50 lakhs to 60 lakh a year.
- Bibhor Halan:** Got it. Okay, I think that's it from the side. Thank you.
- Moderator:** Thank you. Next question comes from the line of Kiran Paranjpe, an individual investor. Please go ahead.
- Kiran Paranjpe:** Thank you for taking my follow up question. Just have a quick question related to the preference shares. I believe the approval for trading of the share came on the 27th September and I believe there is a six month lock in. So, does that mean the 27th March these shares which is 7,29,000 shares would be available for trading, right?
- Amit Modak:** Yes.
- Kiran Paranjpe:** Okay. Just want you to confirm that. Thank you, that's all from my side.
- Amit Modak:** Okay.
- Moderator:** Thank you. Next question comes from the line of Rajesh Singla with VTG Capital. Please go ahead.
- Rajesh Singla:** So just continuing with the previous question which I had earlier. So, this 200 crores sales target which you are saying by FY28 that is for the B2C sales, right? That's what you're talking about.
- Amit Modak:** Yes, definitely.
- Rajesh Singla:** That is B2C sales. Okay. And also, can you please highlight like the current inventory level probably with the FOCO franchise it could be around 40 crores kind of level. So that inventory level will remain stable or it will grow with the sales growth?
- Amit Modak:** It will grow if their SIS grows, PNGS SIS if grows that inventory level will also grow because more inventory will be required by them.
- Rajesh Singla:** Right. And the standard inventory days you mentioned earlier would be around 180 to 190 days, right?

- Amit Modak:** 180 to 190 days. Yes. That much required period is there for turnaround. But if you see my balance sheet inventory just 20 crores and if you find out that 100 crores top line it is of 5X.
- Rajesh Singla:** Right. So, with the 200 crores B2C sales in FY28 and around maybe 50 crores of inventory with the FOCO. So probably we'll do around 250 crores kind of sales in FY28 on a total basis?
- Amit Modak:** Yes.
- Rajesh Singla:** Okay. Thank you, sir.
- Amit Modak:** Thank you.
- Moderator:** Thank you.
- Amit Modak:** I think that time is limiting us. So, should I conclude the meeting?
- Moderator:** We have one question left.
- Amit Modak:** Okay. We will take that.
- Moderator:** It's from the line of Sharad Anuragi, an individual investor. Please go ahead.
- Sharad Anuragi:** Hello sir.
- Amit Modak:** Welcome.
- Sharad Anuragi:** Congratulations on great set of number. I will just quickly go through the question as the time is limited. Regarding the, Utssav jewellery, wanted to know what is the estimated market size for this kind of jewellery?
- Amit Modak:** No, I haven't heard you properly.
- Sharad Anuragi:** So, what is the estimated market size for the kind of the jewellery that Utssav will be entering in?
- Amit Modak:** Utssav kind of jewellery, there is no organized market as on date, very few players are there. But they are also in a private limited mode. So, their accounts and topline figures are also not available. But as the rough estimations are there, this fashion jewellery market price is around Rs. 10,000 to 12,000 crores.
- Sharad Anuragi:** Okay. And the margins in this kind of jewellery, are they similar to the jewellery or....?
- Amit Modak:** Those varies with the quality. But for us it will be around 30% to 40% on the gross level.

Sharad Anuragi: Okay. And sir, I wanted to know how are the designs differentiated for the items that are available in the north region in Delhi, Indore. How are different from the designs that are available in Maharashtra? Are they similar or they are....?

Amit Modak: They are generally similar because temple jewellery is same pan India Kashmir to Kanyakumari. Our south designs are same pan, Kanyakumari to Kashmir, then Rajkot jewellery same pan India. So, there is no differentiation area wise, little bit differentiation is there but major differentiation is not there when it comes to the event based or fashion jewellery which is required for the Sangeet or your Mehndi kind of events or the Shadi, Baraat and all this kind of event, generally same, bulky jewellery is used.

Sharad Anuragi: I meant to ask for the Gargi jewellery sir. I wanted to ask this question for the Gargi jewellery, is it same for the Maharashtra and the Delhi region, the designs are similar?

Amit Modak: For Gargi designs are pan India, those are same. Because it's a basically fashion and design which we are selling and generally in this fashion jewellery there is no bulky designs at all. Those are the very delicate designs. So, all the designs which are available from Kashmir to Kanyakumari are same.

Sharad Anuragi: Okay sir. And just the last question sir. I wanted to understand the same store economics a little bit in detail for the EBOs. And I understand that the branded stores are very new. So, have you set any targets or maybe estimates on what would be the internal target for revenue per store or break-even period, those kind of metrics?

Amit Modak: As far as store economics are concerned, you can come and across my people who are giving you the franchises and all these things, they can explain you economics in one-to-one basis. Again, as I said, this is going to be a public document on the website. There I cannot open my business confidentiality. But yes, if you come across my people, they will definitely explain you how to what extent you need to invest, in what period you are likely to get your money back and in what period you will start making a BEP and earnings on index, those stores.

Sharad Anuragi: Right sir. Understandable. Thank you very much. That's it for my end.

Moderator: Thank you. Ladies and gentlemen, due to time constraints we have reached the end of question-and-answer session. I would now like to hand the conference over to Mr. Amit Modak for closing comments.

Amit Modak: Sorry Mr. Jain, I could not take you on the line because of the limitation of the time. I am thankful to all people who have participated in the meeting and I can commit you that the Company will grow as it was going earlier and it will deliver as good as numbers and results and performance as it is giving you for last 30 months, more than 30 months. And I can give you confidence that we are always working hard for giving you good returns and good performance. To that extent



*PNGS Gargi Fashion Jewellery Limited
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I can commit you that PNGS Gargi Fashion Jewellery Limited always concerns about their investor and always concerns about the satisfaction of their customers. Thank you.

Moderator:

Thank you. On behalf of PNGS Gargi Fashion Jewellery Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.