

PNG
JEWELLERS

Issue Opens - September 10, 2024 to September 12, 2024

Price Band
₹456 to ₹480

Face Value

₹10 per share

Lot Size

31 Shares

Issue Size

₹1,100.00 Cr

Issue Type

Book Built

research@ganeshstock.com

Important Events



Issue Size

22,916,667 shares / ₹1,100.00 Cr

Fresh Issue

17,708,334 shares / ₹850.00 Cr

Offer for Sale

5,208,333 shares of ₹10/ ₹250.00 Cr

Basis of Allotment

Friday, September 13, 2024

Initiation of Refunds

Monday, September 16, 2024

Credit of Shares to Demat

Monday, September 16, 2024

P N Gadgil IPO Listing Day

Tuesday, September 17, 2024

Objects of The Offer

The company proposes to utilise the Net Proceeds from the Fresh Issue towards funding the following objects:

- Funding expenditure towards setting up 12 new stores in Maharashtra (New Stores);
- Repayment or pre-payment, in full or part, of certain borrowings availed by the Company; and
- General corporate purposes



Brief profile of the Directors

Saurabh Vidyadhar Gadgil is the Managing Director of P N Gadgil. He has been on the Board of the Company since November 28, 2013. He has completed a master's programme in business administration from the Institute of Management Education, Pune, Maharashtra, India. He also holds a doctorate in philosophy in business administration from Ballsbridge University, London. He has more than 25 years of experience in the business of manufacturing and trading in jewellery.

Parag Yashwant Gadgil is an Executive Director of P N Gadgil. He has been on the Board of the Company since November 28, 2013. He holds a diploma in mechanical engineering awarded by the Board of Technical Examination, Maharashtra, India. He has more than 36 years of experience in the business of manufacturing and trading in jewellery.

Radhika Saurabh Gadgil is an Executive Director of P N Gadgil. She has been on the Board of the Company since February 3, 2017. She holds a bachelor's degree in commerce from the University of Pune, Maharashtra, India. She also holds a master's degree in computer management from the University of Pune, Maharashtra, India. She has more than six years of experience in the business of manufacturing and trading in jewellery.

Yashwant Ramchandra Gaikwad is an Independent Director of P N Gadgil. He has been on the Board of the Company since April 21, 2023. He holds a bachelor's degree (special) in arts, English from Rajashri Chhatrapati Shahu College, Shivaji University, Kolhapur, Maharashtra, India. He has more than seven years of experience in assembling and manufacturing of electronic devices' industry and has been a proprietor in a proprietorship firm Autobuddy India.




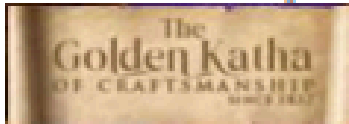

Ravindra Prabhakar Marathe is an Independent Director of P N Gadgil. He has been on the Board of the Company since January 10, 2024. He holds a master's degree in economics from Maharaja Sayajirao University of Baroda, Gujarat, India. He also holds a diploma in treasury, investment and risk management from the Indian Institute of Banking and Finance, Mumbai Maharashtra, India. He has previously held the position of an executive director in Bank of Baroda, and a managing director and chief executive officer in Bank of Maharashtra. He has more than three years of experience in the banking sector

About The Company



PN Gadgil Jewellers Limited is a leading jewellery brand in India with a strong presence in Maharashtra. The company offers a wide range of gold, silver, platinum, and diamond jewellery, catering to various customer needs and preferences. With a rich heritage dating back to 1832, PNG has built a strong brand recall and customer loyalty. The company operates through a network of retail stores and online platforms, providing both in-store and digital shopping experiences. PNG's focus on quality, customer service, and innovative designs has contributed to its growth and success in the Indian jewellery market.

The table below sets forth the sub-brands and range of products offered across their different design categories:

Jewellery type	Sub-brand	Type of offering	Approximate price range
Gold	<p><i>Saptam</i></p> 	Wedding and festive collection, which include hand crafted elements.	₹ 500,000 to ₹ 1,250,000
Gold	<p><i>Swarajya</i></p> 	Wedding collection with fusion of traditional Maharashtrian designs and modern jewellery styles.	₹ 450,000 to ₹ 2,000,000
Gold	<p><i>Rings of Love</i></p> 	Wedding collection, which includes gold rings created using laser and computer numerical count making techniques.	₹ 25,000 to ₹ 70,000
Gold	<p><i>The Golden Katha of Craftmanship</i></p> 	Wedding collection, which includes Necklaces and bangles with Gokak Karagiri made from 100 years old dies.	₹ 300,000 to ₹ 1,000,000
Gold	<p><i>Flip</i></p> 	'Mangalsutra' collection for weddings.	₹ 500,000 to ₹ 800,000



Gold	<p><i>Lifestyle</i></p> 	Daily wear jewellery featuring youthful, elegant, functional and contemporary designs.	₹ 6,500 to ₹ 300,000
Diamond	<p><i>Eiina</i></p> 	Diamond jewellery for women.	₹ 750,000 to ₹ 1,750,000
Diamond	<p><i>PNG Solitaire</i></p> 	Solitaire collection for men and women.	₹ 110,000 to ₹ 1,700,000
Platinum	<p><i>Men of Platinum</i></p> 	Platinum jewellery for men	₹ 150,000 to ₹ 300,000
Platinum	<p><i>Evergreen Love</i></p>	Platinum jewellery for weddings and couples	₹ 17,000 to ₹ 65,000
Gold	<p><i>Pratha</i></p> 	Include all kinds of jewellery for celebration of weddings.	₹ 550,000 to ₹ 1,350,000
Gold	<p><i>Yoddha</i></p> 	Gold chains and rings for men	₹ 50,000 to ₹ 4,00,000

Channel-wise revenue:

Particulars	<i>(in ₹ millions)</i>		
	Fiscal 2024	Fiscal 2023	Fiscal 2022
(i) Physical stores	59,972.25	44,995.99	25,430.58
(ii) Online marketplaces*	1,116.38	62.22	112.60
Total	61,088.63	45,058.21	25,543.28

Statement of Profit and Loss



Particulars	Notes	For the year ended		
		Mar 31, 2024	Mar 31, 2023	Mar 31, 2022
Income				
Revenue from operations	25	61,109.45	45,075.19	25,556.34
Other income	26	81.59	517.93	306.71
Total income:		61,191.04	45,593.12	25,863.05
Expenses				
Cost of materials consumed	27	55,981.80	41,454.25	23,055.16
Employee benefit expenses	28	882.23	752.89	621.60
Finance cost	29	458.69	348.99	351.44
Depreciation and amortization expense	30	231.93	215.37	218.08
Other expenses	31	1,552.75	1,640.78	766.47
Total expenses:		59,107.40	44,412.28	25,012.75
Profit/(Loss) before exceptional items and tax from continuing operations		2,083.64	1,180.84	850.30
Exceptional items		-	-	-
Profit/(loss) before tax		2,083.64	1,180.84	850.30
Tax Expense				
Current tax	36	528.87	235.84	148.11
Deferred Tax	36	11.34	7.99	7.05
Total tax expenses:		540.21	243.83	155.16
Profit/ (Loss) for the year/period, net of tax from continuing operations		1,543.43	937.01	695.15
Total comprehensive income for the year, net of tax		1,541.64	936.94	695.72
Profit Attributable to:				
i) Shareholders of the Company		1,543.43	742.85	576.03
ii) Non-controlling interests		-	194.15	119.12
Total Comprehensive Income Attributable to:				
i) Shareholders of the Company		1,541.64	742.79	576.50
ii) Non-controlling interests		-	194.14	119.22
Earnings Per Equity Share				
Basic earnings per share of face value of ₹10 each (in ₹)	32	21.59	16.97	12.59
Diluted earnings per share of face value of ₹ 10 each (in ₹)	32	13.08	7.94	5.89

Strengths



Established and Trusted Legacy Brand in Maharashtra - The company has a strong reputation in Maharashtra's jewellery market with a variety of sub-brands. These include eight gold jewellery collections for different occasions, two diamond jewellery collections, and two platinum collections. Key sub-brands include 'Saptam', 'Rings of Love', and 'Men of Platinum'. Their experience in the jewellery industry helps them understand changing customer preferences and trends, offering collections across all price points.

Second Largest Organised Jewellery Player in Maharashtra - As of January 2024, the company is the second-largest organised jewellery retailer in Maharashtra, the biggest market for BIS-registered outlets in India. They are also one of the fastest-growing jewellery brands in India, with notable revenue growth from 2022 to 2024.

Diverse Product Portfolio - By March 2024, their offerings include over 10,000 SKUs in gold, 1,200 in silver, 2,700 in platinum, and 24,000 in diamond jewellery. They provide a wide range of products across various price points, appealing to a broad customer base.

Experienced Leadership - Led by Promoter and Managing Director Saurabh Vidyadhar Gadgil, who has over 25 years of industry experience, the company benefits from strong leadership. His expertise helps drive the business forward with a deep understanding of customer needs and market demands.

Strong Financial Growth - The company has shown consistent growth through increasing sales, opening new stores, and expanding product offerings. Operational efficiencies have improved cost control, leading to a rise in profit after tax.

Threats



- **Market Competition:** P N Gadgil operates in a highly competitive jewellery market, facing challenges from established brands like Titan and Kalyan Jewellers. These competitors often have larger market shares and more extensive resources, which could impact P N Gadgil's growth and profitability.
- **Lower Profit Margins:** Compared to larger competitors, P N Gadgil has reported lower profit margins. This may affect its ability to sustain growth and profitability in the long term, especially in a market that is sensitive to pricing strategies.
- **Debt Levels:** The company plans to use part of the IPO proceeds to repay or prepay borrowings. High levels of debt can pose risks, as it may limit financial flexibility and increase vulnerability to economic downturns or fluctuations in consumer demand.
- **Expansion Risks:** The company intends to open 12 new stores in Maharashtra. Rapid expansion can lead to operational challenges, including difficulties in maintaining quality control and brand reputation, which are crucial in the jewellery sector.
- **Brand Reputation:** Any negative publicity or issues related to product quality could harm the brand's reputation. Given the importance of customer trust in the jewellery business, such risks can significantly impact sales and profitability.
- **Economic Sensitivity:** The jewellery sector is often sensitive to economic conditions. Changes in consumer spending patterns, inflation, or economic downturns could adversely affect sales.

Valuation and Outlook



P N Gadgil Jewellers Limited IPO is expected to be priced between ₹456 to ₹480 per share. At this price, the company shows a Price-to-Earnings (P/E) ratio of 22.23x with an FY24 EPS of Rs21.59 and whereas the Industry P/E of 63.31x.

Name of the company	P/ E	Revenue from operations (in ₹ million)	EPS (Basic) (₹)	EPS (Diluted) (₹)	Net worth (in ₹ million)	RoNW (%)	Net Asset Value per Equity Share (₹)
P N Gadgil Jewellers Limited*		61,109.45	21.59	13.08	5,343.77	28.88%	45.29
Listed peers*							
Kalyan Jewellers India Limited	101.53	1,85,482.86	5.80	5.80	41,890.57	14.23%	40.67
Senco Gold Limited	45.50	52,414.43	24.06	23.98	13,655.42	13.26%	175.74
Thangamayil Jewellery Limited	42.89	38,267.80	44.91	44.91	4,931.8	24.99%	179.74

P N Gadgil Jewellers has shown impressive revenue growth, with revenues increasing from ₹4,559 crores in FY23 to ₹6,110 crores in FY24, reflecting a strong upward trajectory. The EBITDA has nearly doubled from ₹141.98 crores in FY22 to ₹277.42 crores in FY24, showcasing the company's ability to scale operations profitably. P N Gadgil Jewellers Ltd.'s IPO valuation is characterized by strong financial metrics, favorable market conditions, and a robust growth outlook, making it an appealing opportunity for investors.

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