

IPO NOTE

Issue Details

Price Band: ₹ 456 to ₹ 480
Issue Opens on: September 10, 2024
Issue Closes on: September 12, 2024
Lot Size: 31 Shares & in Multiples thereafter

Issue Highlights

Issue Size:	₹ 1,100 Cr.
No of Shares:	22,916,667
Face Value:	₹ 10

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	850.00
Offer for Sale	250.00
Total	1,100.00

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	550.00
HNI	15	165.00
Retail	35	385.00
Total	100	1,100.00

Listing

BSE & NSE

Lead Managers

- BOB Capital Markets Limited
- Nuvama Wealth Management Limited
- Motilal Oswal Investment Advisors Limited

Registrar

Bigshare Services Private Limited

ANALYST

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COMPANY OVERVIEW

The 'PNG' brand derives its legacy from the 'P N Gadgil' brand, which has a rich heritage dating back to 1832 and a legacy of over a century. P N Gadgil Jewellers Limited (PNG Jewellers) is the second largest among the prominent organised jewellery players in Maharashtra, in terms of the number of stores as on January, 2024, which is the largest market for BIS-registered outlets in India. They are also the fastest growing jewellery brand amongst the key organised jewellery players in India, based on the revenue growth between Fiscal 2022 and Fiscal 2024.

Their products are primarily sold under their flagship brand, 'PNG', and various sub-brands, through multiple channels, including 39 retail stores (as on July 31, 2024) and various online marketplaces, including the website. Out of 39 stores, 38 stores are located in 21 cities of Maharashtra and Goa and One store in the U.S. All the stores are operated and managed by them with 28 being owned stores and 11 franchisee stores, on a franchisee owned and company operated ("FOCO") model. As on July 31, 2024, they have eight sub-brands which cater to gold jewellery collections for different occasions, two sub-brands which cater to the diamond jewellery collections and two sub-brands which cater to platinum jewellery collections.

HIGHLIGHTS

1. Well established and trusted legacy brand in Maharashtra
2. Second largest organised retail jewellery player and one of the fastest growing brand in Maharashtra
3. Diversified product portfolio across categories and price points
4. Strong historical financial results

OBJECTS OF THE ISSUE

1. Funding expenditure towards setting-up of 12 New Stores in Maharashtra (₹ 392.57 Cr.)
2. Repayment or pre-payment, in full or part, of certain borrowings availed by the Company (₹ 300.00 Cr.)
3. General corporate purpose

OUR VIEW

Incorporated in October 2013, P N Gandgil Jewellers Limited is the prominent organised jewellery players in Maharashtra and the fastest growing jewellery brand amongst the key organised jewellery players in India, based on the revenue growth between FY22 and FY24. It also had the highest revenue per square feet in FY24 among the key organized jewellery players in India.

The company intends to open additional 9 stores by FY25 and 3 stores by FY26 and expects the number of stores in Western India to increase to 51 stores. To enhance brand awareness and strengthen the brand recall diverse array of promotional and marketing strategies, including location based marketing, event focused campaigns, engaging brand ambassadors and digital marketing. As part of the strategy, underserved markets in Maharashtra, particularly Tier II and Tier III cities, will be addressed to meet the demand-supply gap in these areas. They had the lowest working capital days among the key organised jewellery players in Fiscal 2024.

The company operates in highly competitive market and faces competition from both organized and unorganized competitors. Geographical concentration primarily in Maharashtra, especially in Pune adds a revenue risk for the business. Jewellery purchases are discretionary and often considered luxury items. Volatility in prices of gold, silver, diamonds and other raw materials may adversely affect the business. It requires significant working capital to expand the retail network.

The revenue CAGR for the period FY22-24 stood at about 55%. The company operated on an EBITDA margin of 4.54% and PAT margin of 2.53% for year ended FY24. Generating ROE and ROCE of 29% and 27% respectively for FY24. Equity and liabilities both have reliably increased, reflecting growth potential.

The company is asking for a PE multiple of 37x on the upper end of the price band and using diluted EPS for FY24 (₹ 13.08). The industry average is 63x. The issue seems fairly priced compared to the competitors which are trading in the range of 42x to 101 x. The P/BV is at 10.60x based on its NAV of ₹45.29 for FY24.

Looking at all the factors, risks and opportunities investors may subscribe for the issue with a medium to long-term view.

Brief Financials

PARTICULARS	₹ in Million		
	FY '24	FY '23	FY '22
Total Income	61,191.04	45,593.12	25,863.05
Total Expenditure	59,107.40	44,412.28	25,012.75
EBITDA	2,774.26	1,745.20	1,419.83
Profit before Tax	2,083.64	1,180.84	850.30
Profit after Tax	1,543.43	937.01	695.15
E.P.S. (Diluted)	13.08	7.94	5.89
P/E (x) (Diluted)	37	-	-
RONW (%)	28.88	25.09	22.48

* Not Annualised

PRICE CHART (@ ₹ 480) (Retail Category)

LOT SIZE	Amount
31	14,880
62	29,760
93	44,640
124	59,520
155	74,400
186	89,280
217	104,160
248	119,040
279	133,920
310	148,800
341	163,680
372	178,560
403	193,440

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Small HNI	434	208,320
Big HNI	2,108	1,011,840

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	13/9/2024
Initiation of refunds/unblocking ASBA Fund	17/9/2024
Credit of Equity Shares to demat accounts of Allottees	17/9/2024
Commencement of trading of the Equity Shares on the Stock Exchanges	18/9/2024

For more details, Please refer RHP,

https://listing.bseindia.com/Download//PreAnchor/PNGRHP_20240905141815.pdf

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