



Date: May 15, 2026

To,  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400001  
**Scrip Code: 544256**

To,  
National Stock Exchange of India Limited,  
Exchange Plaza, C-1, Block-G, BKC,  
Bandra (East), Mumbai – 400051  
**Symbol: PNGJL**

**Subject: Management Commentary on Gross Margins for Q4 FY26**

Dear Sir/ Madam,

Please find enclosed herewith the management commentary on gross margins for the quarter ended March 31, 2026.

You are requested to take this on your records.

Thanking You,

Yours Sincerely,  
For **P N Gadgil Jewellers Limited**

Prakhar Gupta  
Company Secretary & Compliance Officer

**P N Gadgil Jewellers Limited**

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## P N Gadgil Jewellers Limited

### Management Commentary on Gross Margins for Q4FY26

Pune, 15<sup>th</sup> May 2026 - P N Gadgil Jewellers Ltd is issuing this clarification to provide shareholders, investors, analysts and other stakeholders with a transparent and detailed explanation of gross margin trends observed during the fourth quarter of FY-26, with particular reference to the variation in year-on-year margins and its one-time impact on consolidated gross margins.

#### 1. Q4 FY-26 vs Q4 FY-25 (YoY) - Gross Margin Dilution of ~ 230 bps

The Company that consolidated gross margins for Q4 FY-26 contracted by ~230 basis points on a year-on-year basis, driven by three identifiable factors summarised below.

- **Higher share of gold bars & coins in the overall sales mix (~150 bps):** The share of Gold bars & coins sales in the overall revenue mix rose from ~28% in Q4 FY-25 to ~40% in Q4 FY-26. As this segment operates at structurally thinner spreads than the Company's core retail jewellery business, the elevated contribution compressed the consolidated gross margin, due to the consumer shift of gold from consumption to investment. **All gold bar and coin sales in the period are purely to customers; the refinery business was fully discontinued effective 30<sup>th</sup> September 2024, and no refinery sales have been undertaken thereafter.**
- **Lower studded jewellery contribution (~30 bps):** Due to the one-time impact of Foundation day & Gratitude offer on gold jewellery, the share of studded jewellery (diamond and gemstone-set pieces) moderated in Q4 FY26 versus Q4FY25. Since studded jewellery commands materially higher gross margins than plain gold jewellery, this within-retail mix change diluted consolidated margins by ~30 bps.
- **Higher trade discounts & market-expansion offers (~50 bps):** Targeted promotional activity during the Gudi Padwa festive season, together with customer-acquisition offers in newly entered markets accelerated brand visibility and footfall. However, this customer acquisition strategy has resulted in dilution of gross margin by ~50 bps. The Company views these as upfront investments in brand and distribution with compounding returns expected over subsequent quarters.

#### 2. Q4 FY-26 vs Q3 FY-26 (QoQ) - Sequential Margin Moderation

The sequential moderation in gross margins between Q4 FY-26 and Q3 FY-26 is attributable to four distinct product-mix and base-effect drivers, set out below.

- **Higher franchise sales proportion 8% → 12% (~50 bps):** The contribution of franchise sales to total revenue increased materially during Q4 FY-26. Franchise sales structurally carry lower gross margins than the Company's own retail channel. This shift in channel mix led to a sequential compression in consolidated gross margins.
- **Higher share mix of gold bars & coins 35% → 40% (~50 bps):** Gold bars & coins 's share of the overall revenue mix rose by 5% sequentially. As this segment operates at structurally thinner spreads than the Company's core retail jewellery business, the elevated contribution compressed the consolidated gross margin.
- **Lower studded jewellery ratio 8.2% → 7.3% (~40 bps):** The studded jewellery ratio - the share of studded pieces within total jewellery sales declined in this particular quarter. Studded jewellery commands significantly higher gross margins than plain gold jewellery, this directly impacted the overall product mix and gross margin profile for the quarter.



## P N Gadgil Jewellers Limited

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- **Favourable base effect from gold antique jewellery in Q3 FY-26 (~270 bps):** During Diwali & Dussehra Festive season, Q3 FY-26 benefited from the sale of designer & antique jewellery collection. Antique pieces, owing to their heritage value, craftsmanship and exclusivity, command premium pricing with limited discounting and therefore carry substantially higher gross margins. The strong contribution from antique sales in Q3 FY-26 created an elevated base which, in the absence of a comparable mix in Q4 FY-26, resulted in a sequential moderation in overall gross margins.
- **Higher trade discounts & market-expansion offers (~50 bps):** Targeted promotional activity during the Gudi Padwa festive season, together with customer-acquisition offers in newly entered markets accelerated brand visibility and footfall. However, this customer acquisition strategy has resulted in dilution of gross margin by ~50 basis points. The Company views these as upfront investments in brand and distribution with compounding returns expected over subsequent quarters.

Commenting on the performance, Dr. Saurabh Gadgil, Chairman & Managing Director, P N Gadgil Jewellers Limited, said, “The gross margin compression observed during Q4 FY-26 is, in our considered assessment, largely one-time in nature. It reflects specific product mix changes during the quarter and a set of deliberate strategic growth initiatives, rather than any structural deterioration in the underlying profitability of the business.

*The underlying retail jewellery business continues to demonstrate strong operational momentum. Our medium-to-long-term focus remains firmly on improving product mix, increasing the contribution of studded jewellery, enhancing operating leverage as new stores mature, and driving sustainable, high-quality profitability.*

*With the refinery business already fully discontinued, and with the majority of the Q4 FY-26 margin impact arising from clearly identifiable one-time factors, we expect profitability metrics to progressively normalise from the coming quarters onwards, while we continue to pursue disciplined and sustainable revenue growth.”*

### Strategic Outlook

Looking forward, the Company's strategic priorities remain unchanged and continue to be anchored around the following pillars:

- **Calibrated reduction in gold bars & coins sales exposure** and continued reallocation of capital and management bandwidth towards the high-margin retail jewellery business.
- **Increasing the contribution of studded jewellery** to the overall revenue mix through targeted design, marketing and in-store initiatives.
- **Disciplined geographic expansion** into select new markets, supported by upfront customer-acquisition investments that are expected to yield improving unit economics as stores mature.
- **Refinery business fully discontinued** with effect from 30 September 2024, with no associated revenues or exposures in any subsequent period.

For FY27, The Company remains committed to a gross margin guidance of 12% -13% with EBITDA of 7% - 7.5% and PAT delivery of 4% which is also in line with FY26 performance. Further, we are committed to provide timely, transparent and detailed disclosures to our stakeholders, and reaffirms our focus on delivering long-term, sustainable value creation.

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