

Jewellery Q3 Preview: Revenue growth momentum to sustain

- Our jewellery universe's revenue to grow at a healthy 28% YoY in Q3 to be supported by higher gold prices
- Jewellery EBIT margin to be slightly under pressure in Q3 due to intense competition from small and unorganised players
- Long-term winners will be franchise-heavy businesses with low leverage; PNG remains our preferred pick

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Jewellery sector to witness strong revenue growth in Q3 on higher gold prices: Our jewellery universe revenue is projected to grow at 28% YoY in Q3, to be driven by good demand during festive period (i.e. October month) and the impact of steep rise in gold prices (+63% YoY/+22% QoQ). Thangamayil (+82% YoY) and Kalyan (+35%) are likely to deliver superior revenue growth in Q3FY26, whereas Senco (+20%) are expected to report inferior revenue growth vs industry in our view.

Jewellery sector EBIT margin to be slightly under pressure in Q3: Our jewellery universe EBIT margin is forecast to contract by 20bps YoY to 8.0% in Q3FY26 over a weak base, due to rise in competitive intensity from small and unorganised players (as they tend to partially pass on inventory benefit to consumers in a rising gold price environment).

How to play the sector in a rising gold price environment? We believe the pace of store addition in Indian jewellery sector is likely to slow down, in future due to significant increase in capex requirement (from Rs 300mn to Rs 500-600mn) for opening a new retail jewellery store (with an area of 3,000-4,000 sq.ft) and stretched balance sheet position (our jewellery universe net debt to TTM EBITDA stood at 2.7x in Q2FY26) on account of steep rise in gold prices. Going ahead, we believe the companies with high share of franchise revenue, low leverage, high hedging ratio in a volatile gold price environment and superior ROCE profile would grow at a faster pace over long term. PNG remains our preferred pick in this space.



Fig 1 – Retail Jewellery earnings estimates – Q3FY26

Particulars	Q3FY26E	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Titan					
Sales (Rs mn)	2,27,037	1,74,090	30.4	1,62,190	40.0
EBITDA (Rs mn)	24,004	16,740	43.4	18,750	28.0
EBITDA margin (%)	10.6	9.6	96bps	11.6	(99bps)
Adjusted PAT (Rs mn)	15,073	10,470	44.0	11,200	34.6
Kalyan Jewellers					
Sales (Rs mn)	98,320	72,869	34.9	78,560	25.2
EBITDA (Rs mn)	5,962	4,388	35.9	4,970	20.0
EBITDA margin (%)	6.1	6.0	4bps	6.3	(26bps)
Adjusted PAT (Rs mn)	3,303	2,187	51.1	2,605	26.8
P N Gadgil					
Sales (Rs mn)	29,674	24,358	21.8	21,776	36.3
EBITDA (Rs mn)	1,686	1,228	37.3	1,071	57.4
EBITDA margin (%)	5.7	5.0	64bps	4.9	76bps
Adjusted PAT (Rs mn)	1,074	860	24.8	793	35.4
Senco Gold					
Sales (Rs mn)	25,178	21,025	19.7	15,361	63.9
EBITDA (Rs mn)	2,018	800	152.4	1,065	89.5
EBITDA margin (%)	8.0	3.8	421bps	6.9	108bps
Adjusted PAT (Rs mn)	1,148	335	242.7	488	135.2
Thangamayil					
Sales (Rs mn)	20,560	11,316	81.7	17,046	20.6
EBITDA (Rs mn)	1,275	824	54.8	993	28.3
EBITDA margin (%)	6.2	7.3	(108bps)	5.8	37bps
Adjusted PAT (Rs mn)	797	482	65.4	585	36.2
Bluestone Jewellery & Lifestyle					
Sales (Rs mn)	6,802	5,871	15.9	5,136	32.4
EBITDA (Rs mn)	566	505	12.4	417	36.1
EBITDA margin (%)	8.3	8.6	(26bps)	8.1	23bps
Adjusted PAT (Rs mn)	(328)	(269)	21.5	(521)	(37.3)

Source: Company, BOBCAPS Research

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Note: Recommendation structure changed with effect from 21 June 2021

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