RESULT REVIEW

HOLD

TP: Rs 600 | ⮝ 1%

KALYAN JEWELLERS | Retail - Jewellery | 05 August 2026

Q1FY27: Strong demand sustains growth; margins normalise

- **46% revenue growth driven by healthy SSSG, store expansion and continued strength across India, Middle East and Candere**
- **Higher old-gold exchange weighs on margins; FOCO expansion and Candere profitability support long-term growth**
- **Store expansion to drive long-term growth; downgrade to HOLD on limited upside; unchanged 35x Jun'28 P/E to arrive at TP of Rs600**

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Strong revenue growth continues; margins normalize amid higher old-gold exchange: Kalyan Jewellers (KALYANKJ) reported revenue growth of 46% YoY (+6% vs est.), driven by continued store expansion (+29% YoY), healthy SSSG (28%) and sustained momentum across India, Middle East and Candere. EBITDA grew 25% YoY (-11% vs est.), while EBITDA margins contracted 102bps YoY to 6.0%, reflecting higher share of old-gold exchange transactions, increased employee costs and lower gross margins. Consequently, APAT increased 32% YoY (-12% vs est.).

India growth remains robust; franchise-led expansion and Candere continue to drive scale: India revenue grew 38% YoY, supported by 28% SSSG and continued FOCO-led expansion, while the Middle East business reported 29% YoY revenue growth with 25% SSSG. Candere continued to outperform with 114% YoY revenue growth, turning profitable for the second consecutive quarter. During the quarter, Kalyan added 17 showrooms, taking the total network to 524 stores, while FOCO stores now account for 66% of the India showroom network, supporting capital-efficient expansion.

Concall KTAs: Management remains positive on festive demand and maintained its FY27 PBT margin outlook, supported by the scaling Cash-for-Gold business and operating leverage. The company reiterated its FOCO-led expansion strategy, continued focus on Candere profitability and launch of the Akshaya Thangam (ATM) regional brand, while remaining on track to complete non-GML debt repayment by Sep'26.

Downgrade to HOLD; TP revised to Rs 600: We expect KALYANKJ to deliver 21% revenue CAGR over FY26-29E, supported by 16% CAGR in store additions, while broadly maintaining our margin assumptions. However, after the recent stock rally, valuations leave limited upside. We therefore downgrade the stock to HOLD (from BUY) and revise our TP to Rs 600, based on an unchanged 35x Jun'28 P/E.

Key changes

Target	Rating
▲	▼

Ticker/Price	KALYANKJ IN/Rs 591
Market cap	US$ 6.4bn
Free float	37%
3M ADV	US$ 113.1mn
52wk high/low	Rs 649/Rs 327
Promoter/FPI/DII	63%/14%/15%

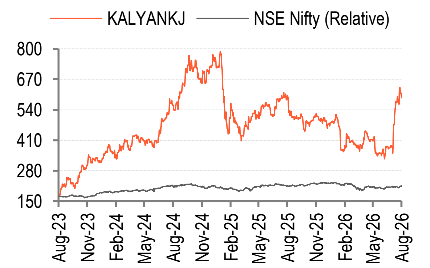
Source: NSE | Price as of 4 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	3,57,429	4,25,755	5,19,929
EBITDA (Rs mn)	24,912	24,831	31,198
Adj. net profit (Rs mn)	13,815	13,100	16,787
Adj. EPS (Rs)	13.4	12.7	16.3
Consensus EPS (Rs)	13.4	16.0	19.1
Adj. ROAE (%)	24.9	19.2	20.9
Adj. P/E (x)	44.2	46.6	36.4
EV/EBITDA (x)	25.6	25.4	20.5
Adj. EPS growth (%)	93.0	(5.2)	28.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly performance – Consolidated

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	BOBCAPS Q1FY27E	Variance (%)
Total operating income	1,05,889	72,685	45.7	1,02,749	3.1	1,00,009	5.9
Raw-Material expense	93,251	62,603	49.0	89,531	4.2	86,833	7.4
Gross Profit	12,638	10,081	25.4	13,219	(4.4)	13,176	(4.1)
Employee expense	3,154	2,096	50.5	2,657	18.7	2,900	8.8
Advertisement expense	1,169	1,038	12.6	1,327	(11.9)	1,408	(17.0)
Other expense	1,990	1,868	6.6	1,878	6.0	1,790	11.2
EBITDA	6,325	5,080	24.5	7,357	(14.0)	7,078	(10.6)
D&A	1,150	977	17.7	1,131	1.8	1,316	(12.6)
EBIT	5,175	4,103	26.1	6,226	(16.9)	5,762	(10.2)
Interest cost	1,084	1,036	4.6	1,300	(16.6)	939	15.5
Non-operating expense/(income)	(557)	(463)	20.5	(462)	20.7	(462)	20.7
PBT	4,648	3,530	31.7	5,388	(13.7)	5,285	(12.0)
Tax	1,162	889	30.7	1,293	(10.2)	1,330	(12.7)
Reported PAT	3,487	2,641	32.0	4,095	(14.9)	3,955	(11.8)
Adjusted PAT	3,487	2,641	32.0	4,095	(14.9)	3,955	(11.8)
As % of net revenues			**chg (bps)**		**chg (bps)**		
Gross margin	11.9	13.9	(193)	12.9	(93)		
Employee cost	3.0	2.9	10	2.6	39		
Other cost	1.9	2.6	(69)	1.8	5		
EBITDA margin	6.0	7.0	(102)	7.2	(119)		
Tax rate	25.0	25.2	(19)	24.0	99		
APAT margin	3.3	3.6	(34)	4.0	(69)		

Source: Company, BOBCAPS Research

Fig 2 – Segment financials

Operating Metrics	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
No. of stores					
India	**354**	**287**	**23.3**	**342**	**3.5**
- COCO	120	126	(4.8)	120	-
- FOCO	234	161	45.3	222	5.4
Middle East	**38**	**36**	**5.6**	**38**	**-**
- COCO	34	32	6.3	34	-
- FOCO	4	4	-	4	-
Candere	**129**	**81**	**59.3**	**124**	**4.0**
- COCO	56	40	40.0	54	3.7
- FOCO	73	41	78.0	70	4.3
US/UK	**3**	**2**	**50.0**	**3**	**-**
Total	**524**	**406**	**29.1**	**507**	**3.4**
Average revenue per store (Rs mn)					
Indian	244	217	12.4	273	(10.3)
Middle East	347	285	21.8	283	23.0
Candere	11	9	30.0	11	(0.7)
Revenue (Rs mn)					
Indian	85,033	61,422	38.4	89,943	(5.5)
Middle East	13,201	10,265	28.6	10,736	23.0
Candere	1,410	660	113.6	1,313	7.4
Others (excluding Candere)	6,245	338	1,749.1	757	724.5
Total	1,05,889	72,685	45.7	1,02,749	3.1

Operating Metrics	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
EBITDA (Rs mn)					
Indian	5,000	4,342	15.2	6,042	(17.2)
Middle East	899	728	23.5	787	14.2
Others (including Candere)	426	10	4,062.0	528	(19.3)
Total	**6,325**	**5,080**	**24.5**	**7,357**	**(14.0)**
EBITDA margin (%)					
Indian	5.9	7.1	(119)	6.7	(84)
Middle East	6.8	7.1	(28)	7.3	(52)
Others (including Candere)	5.6	1.0	454	25.5	(1993)
Total	**6.0**	**7.0**	**(102)**	**7.2**	**(119)**

Source: Company, BOBCAPS Research

Earnings Call Highlights

- **Demand trends remain healthy despite elevated gold prices:** Management indicated demand remained robust through Q1FY27, with only a brief slowdown during Mar’26 due to wedding demand postponement in certain markets. Jul’26 demand has remained healthy despite gold-price volatility, with management remaining optimistic on the upcoming festive and wedding season. The structural shift from the unorganised to organised jewellery market continues to support growth.

- **Old-gold exchange and gold recirculation:** The 'Shine with India' campaign increased recycled gold contribution to 46% of revenue in Q1FY27, rising to over 55% in June. Management intends to sustain recycled gold at 55-60% of revenues. While higher exchange transactions are margin dilutive, the recently introduced Cash-for-Gold initiative, which purchases gold below spot prices, is expected to gradually offset the margin impact.

- **Margins and profitability:** Management indicated Q1 included ~Rs 400mn customs-duty inventory gain, of which a significant portion was passed on to customers through exchange offers. Despite near-term margin dilution from higher exchange mix and employee cost increases, management reiterated its confidence of maintaining FY27 PBT margins broadly in line with FY26, supported by higher Cash-for-Gold contribution, operating leverage and tapering promotional intensity

- **FOCO-led expansion continues to support capital efficiency:** Management maintained its guidance of opening 84 Kalyan and 50 Candere showrooms during FY27, with store additions expected to be H2-weighted. The FOCO model remains central to expansion, improving ROCE while limiting capital deployment. Franchise partners remain financial investors, with store operations fully managed by Kalyan.

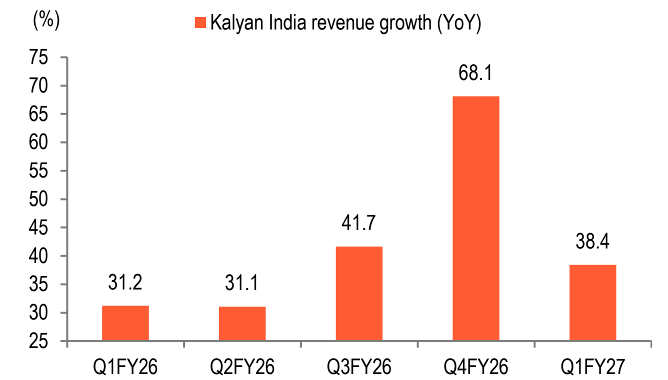
- **Candere continues to scale profitably:** Candere reported 114% YoY revenue growth and remained profitable for the second consecutive quarter. Management's immediate focus is on improving productivity of existing stores through higher inventory rather than accelerating expansion. The company reiterated its plan to add ~50 stores during FY27.

- **Regional brand strategy:** Management announced the launch of 'Akshaya Thangam (ATM)', a Tamil Nadu-focused jewellery brand aimed at competing directly with regional jewellers. The first showroom will open in Chennai during

Aug'26, followed by four additional stores over the next few months. Expansion will continue through the asset-light franchise model after evaluating initial traction.

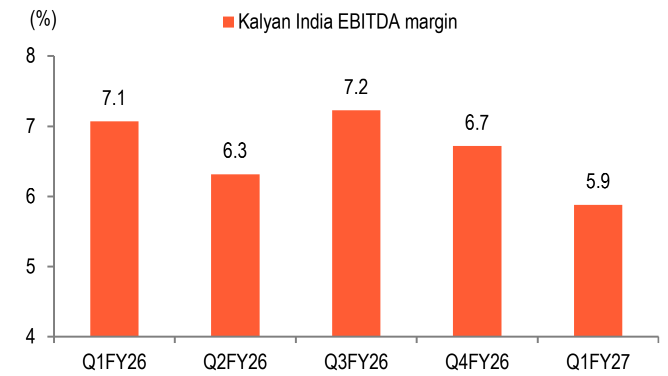
- **Middle East operations:** Middle East operations remained resilient, delivering 29% revenue growth and 25% SSSG. Management continues to view the region as a stable growth market while maintaining its existing store network.
- **Balance sheet:** Management expects to complete repayment of all non-GML debt by Sep'26. In addition, sale agreements for two non-core land parcels worth ~Rs 1.02bn have been signed, with proceeds expected during Q2FY27. The company reiterated its focus on improving ROCE through continued asset-light expansion and strengthening the balance sheet.

Fig 3 – Kalyan's Indian operations revenue grew by 38% YoY in Q1FY27



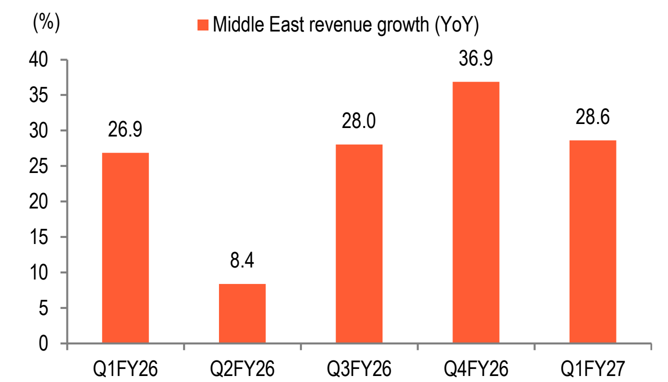
Source: Company, BOBCAPS Research

Fig 4 – Kalyan's Indian operations EBITDA margin contracted by 119bps YoY to 5.9% in Q4FY26



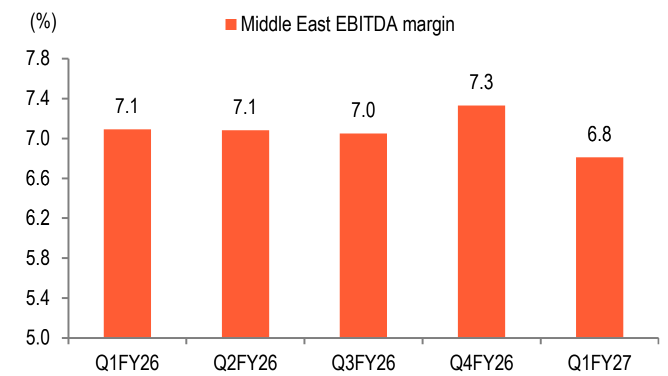
Source: Company, BOBCAPS Research

Fig 5 – Middle East operations revenue rose by 29% YoY in Q1FY27



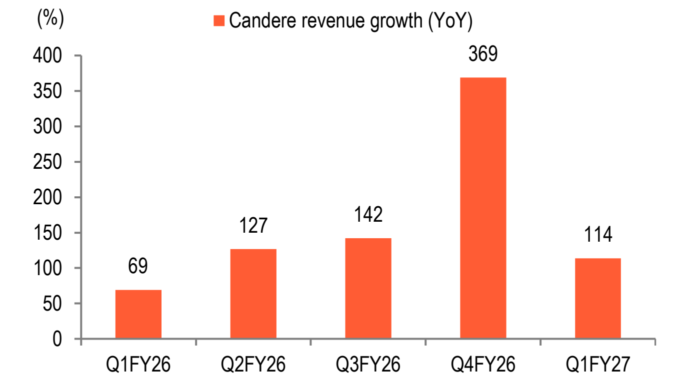
Source: Company, BOBCAPS Research

Fig 6 – Middle East operations EBITDA margin fell by 28bps YoY to 6.8% in Q1FY27



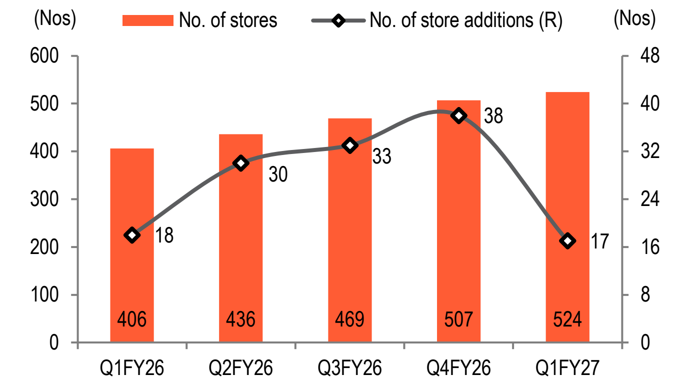
Source: Company, BOBCAPS Research

Fig 7 – Candere revenue grew sharply by 114% YoY in Q1FY27



Source: Company, BOBCAPS Research

Fig 8 – The company added 17 stores in Q1FY27, taking the total to 524



Source: Company, BOBCAPS Research

Valuation Methodology

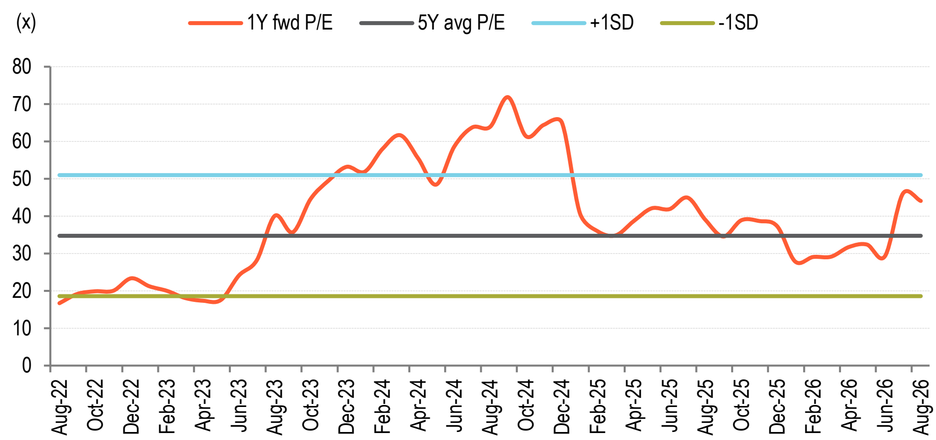
We expect KALYANKJ to deliver 21% revenue CAGR over FY26-29E, supported by 16% CAGR in store additions, while broadly maintaining our margin assumptions. However, after the recent stock rally, valuations leave limited upside. We therefore downgrade the stock to HOLD (from BUY) and revise our TP to Rs 600, based on an unchanged 35x Jun'28 P/E.

Fig 9 – Revised estimates

Consolidated (Rs bn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	425.8	519.9	635.1	414.6	467.5	534.3	2.7	11.2	18.9
EBITDA	24.8	31.2	38.4	26.7	30.6	35.1	(7.0)	2.0	9.5
EBITDA Margin (%)	5.8	6.0	6.1	6.5	6.5	6.6	(68)	(54)	(51)
Adjusted PAT	13.1	16.8	20.4	14.5	16.3	18.4	(9.7)	3.0	11.1
EPS (Rs)	12.7	16.3	19.8	14.0	15.8	17.8	(9.7)	3.0	11.1

Source: BOBCAPS Research

Fig 10 – Trading at 44.1x on 1YF P/E vs historical average of 34.8x since IPO



Source: Bloomberg, BOBCAPS Research

Fig 11 – Key assumptions

Particulars	FY25	FY26	FY27E	FY28E	FY29E
No. of stores					
India	278	342	347	428	466
- COCO	126	120	124	161	177
- FOCO	152	222	223	268	289
Middle East	36	38	42	67	71
- COCO	32	34	34	49	49
- FOCO	4	4	8	18	22
Candere	73	124	225	238	245
- COCO	36	54	112	123	128
- FOCO	37	70	113	115	116
Total	387	504	614	734	781
- COCO	194	208	270	333	354
- FOCO	193	296	344	401	428

Particulars	FY25	FY26	FY27E	FY28E	FY29E
Revenue (Rs bn)	250	357	426	520	635
- India	216	310	374	450	541
- Middle East	32	40	47	63	87
- Candere	2	4	5	6	7
Average revenue per store (Rs mn)					
- India	778	907	1079	1051	1162
- Middle East	897	1063	1112	943	1228
- Candere	22	34	22	27	27
EBITDA Margin (%)	6.1	7.0	5.8	6.0	6.1
- India	5.9	6.8	5.7	6.0	6.1
- Middle East	7.6	7.1	4.0	3.8	4.0
- Candere	-4.1	18.5	29.6	30.5	30.6
PAT Margin (%)	2.9	3.9	3.1	3.2	3.2
Inventory days	141	145	106	126	122
Franchise revenue share for Indian operations (%)	36.0	49.8	56.1	53.9	52.9
ROCE (%)	16.3	21.8	18.6	19.6	20.3
Net Debt/EBITDA (x)	1.49	1.30	0.32	1.59	1.66

Source: Company, BOBCAPS Research

Key Risks

Key upside/downside risks to our estimates:

- Steep increase in gold price volatility, regulatory risks and slower-than-expected rollout of new stores or an early termination of franchisee stores — would be the key downside risks.
- Market-share gain in Kalyan's Indian operations would be a key upside risk.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**2,50,451**	**3,57,429**	**4,25,755**	**5,19,929**	**6,35,067**
EBITDA	15,172	24,912	24,831	31,198	38,448
Depreciation	3,427	4,229	5,263	6,305	7,347
EBIT	11,745	20,683	19,569	24,893	31,101
Net interest inc./(exp.)	(3,595)	(4,329)	(5,266)	(6,359)	(8,541)
Other inc./(exp.)	1,446	2,080	3,193	3,899	4,763
Exceptional items	0	0	0	0	0
EBT	9,596	18,435	17,496	22,434	27,323
Income taxes	2,454	4,516	4,395	5,647	6,877
Extraordinary items	0	415	0	0	0
Min. int./Inc. from assoc.	6	0	0	0	0
Reported net profit	**7,148**	**13,504**	**13,100**	**16,787**	**20,446**
Adjustments	0	311	0	0	0
Adjusted net profit	**7,148**	**13,815**	**13,100**	**16,787**	**20,446**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	23,503	33,597	32,016	35,188	38,682
Other current liabilities	31,315	50,130	50,130	50,130	50,130
Provisions	356	836	836	836	836
Debt funds	32,933	41,114	48,974	59,806	73,051
Other liabilities	15,117	18,402	18,402	18,402	18,402
Equity capital	10,314	10,327	10,327	10,327	10,327
Reserves & surplus	37,721	52,760	63,355	76,933	93,470
Shareholders' fund	48,036	63,087	73,683	87,260	1,03,797
Total liab. and equities	**1,51,259**	**2,07,166**	**2,24,040**	**2,51,622**	**2,84,898**
Cash and cash eq.	10,311	8,609	40,920	10,245	9,338
Accounts receivables	3,999	8,665	10,322	12,605	15,397
Inventories	96,811	1,41,746	1,23,663	1,79,691	2,12,178
Other current assets	2,872	4,287	4,287	4,287	4,287
Investments	0	0	0	0	0
Net fixed assets	13,056	14,979	15,968	15,914	14,818
CWIP	77	177	177	177	177
Intangible assets	14,795	17,525	17,525	17,525	17,525
Deferred tax assets, net	1,125	1,938	1,938	1,938	1,938
Other assets	8,213	9,241	9,241	9,241	9,241
Total assets	**1,51,259**	**2,07,166**	**2,24,040**	**2,51,622**	**2,84,898**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**12,428**	**217**	**35,281**	**(29,588)**	**(212)**
Capital expenditures	(8,488)	(8,981)	(6,251)	(6,251)	(6,251)
Change in investments	(9)	(2)	0	0	0
Other investing cash flows	1,446	1,665	3,193	3,899	4,763
Cash flow from investing	**(7,050)**	**(7,318)**	**(3,058)**	**(2,352)**	**(1,488)**
Equities issued/Others	14	13	0	0	0
Debt raised/repaid	(240)	8,181	7,859	10,833	13,244
Interest expenses	(3,595)	(4,329)	(5,266)	(6,359)	(8,541)
Dividends paid	(1,547)	(2,582)	(2,505)	(3,210)	(3,909)
Other financing cash flows	550	4,116	0	0	0
Cash flow from financing	**(4,818)**	**5,400**	**88**	**1,264**	**794**
Chg in cash & cash eq.	**560**	**(1,702)**	**32,311**	**(30,676)**	**(906)**
Closing cash & cash eq.	**10,311**	**8,609**	**40,920**	**10,245**	**9,338**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	6.9	13.1	12.7	16.3	19.8
Adjusted EPS	6.9	13.4	12.7	16.3	19.8
Dividend per share	1.5	2.5	2.4	3.1	3.8
Book value per share	46.6	61.1	71.3	84.5	100.5

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	2.5	1.8	1.5	1.2	1.0
EV/EBITDA	41.7	25.6	25.4	20.5	17.3
Adjusted P/E	85.3	44.2	46.6	36.4	29.9
P/BV	12.7	9.7	8.3	7.0	5.9

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	74.5	74.9	74.9	74.8	74.8
Interest burden (PBT/EBIT)	81.7	89.1	89.4	90.1	87.9
EBIT margin (EBIT/Revenue)	4.7	5.8	4.6	4.8	4.9
Asset turnover (Rev./Avg TA)	165.6	172.5	190.0	206.6	222.9
Leverage (Avg TA/Avg Equity)	3.1	3.3	3.0	2.9	2.7
Adjusted ROAE	14.9	21.9	17.8	19.2	19.7

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	35.0	42.7	19.1	22.1	22.1
EBITDA	15.6	64.2	(0.3)	25.6	23.2
Adjusted EPS	19.5	93.0	(5.2)	28.1	21.8
Profitability & Return ratios (%)					
EBITDA margin	6.1	7.0	5.8	6.0	6.1
EBIT margin	4.7	5.8	4.6	4.8	4.9
Adjusted profit margin	2.9	3.9	3.1	3.2	3.2
Adjusted ROAE	15.9	24.9	19.2	20.9	21.4
ROCE	16.3	21.8	18.6	19.6	20.3
Working capital days (days)					
Receivables	6	9	9	9	9
Inventory	141	145	106	126	122
Payables	34	34	27	25	22
Ratios (x)					
Gross asset turnover	12.2	14.1	13.5	13.7	14.4
Current ratio	1.8	1.8	2.0	2.2	2.4
Net interest coverage ratio	3.3	4.8	3.7	3.9	3.6
Adjusted debt/equity	0.5	0.5	0.1	0.6	0.6

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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SEBI Depository Participant Registration No: **IN-DP-728-2022**
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For any queries or grievances, you may contact the Grievance Officer.
Name of the Grievance Officer: Mr. Nilesh Mehta
Email ID: head-customercare@bobcaps.in; Phone no: 92288 60945

Brand Name: **BOBCAPS**
Website: **https://www.bobcaps.in/**
CIN: **U65999MH1996GOI098009**

Logo:

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Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

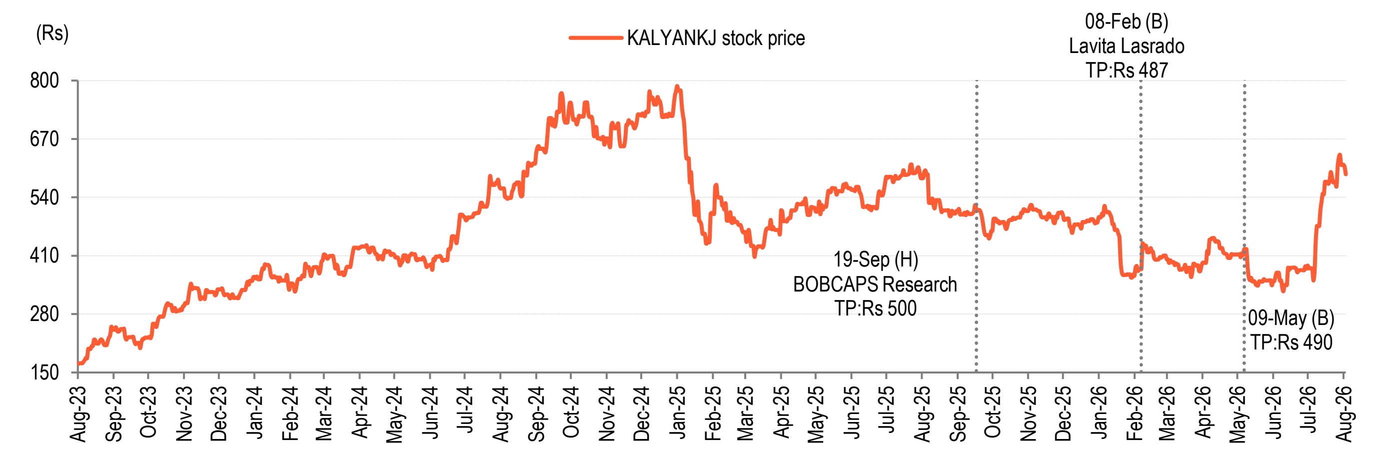
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): KALYAN JEWELLERS (KALYANKJ IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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