

BUY**TP: Rs 487 | ▲ 28%****KALYAN JEWELLERS**

| Retail

| 08 February 2026

Festive demand and store expansion drive earnings surge

- Robust SSSG and franchise-led network expansion lift revenues sharply
- Operating leverage improves margins, despite elevated gold prices
- Upgrade from HOLD to BUY; cut TP to Rs 487 per share

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Strong Q3: KALYANKJ delivered a robust beat in Q3FY26, with consolidated revenue at Rs 103.4 bn (+41.9% YoY/+31.7% QoQ), driven by strong festive demand, continued store expansion and healthy SSSG. Operating leverage played out well, with EBITDA rising 71.0% YoY to Rs 7.5 bn, beating estimates by ~26%; while EBITDA margin expanded 123 bps YoY to 7.3%. Consequently, APAT more than doubled to Rs 4.5 bn (+104.5% YoY), supported by strong operating performance, despite higher interest and advertising spends.

Highlights: India operations remained the key growth driver, with revenue up 41.7% YoY, supported by strong SSG of 27% and rapid expansion in the franchise-led (FOCO) network — taking total India store count to 318 (+26% YoY). Middle East revenue grew 28.0% YoY, with margins broadly stable at ~7%. Candere continued on its sharp growth trajectory, with revenue up ~142% YoY, aided by aggressive store expansion, and PAT of Rs 30mn in Q3FY26 (vs -70mn in Q3FY25). At the consolidated level, higher franchise mix continued capping margins, but scale benefits and operating efficiencies drove a sharp improvement in absolute earnings in Q3FY26.

Outlook & Key Takeaways: Management highlighted strong festive-led demand in Q3FY26 (Diwali SSSG >30%), with momentum sustaining into early Q4FY26 despite elevated gold prices. The company remains on track to open 84 new Kalyan stores in FY26, with 80-90 per year for the next couple of years and 6-7 stores additions in the Middle East per year for the next couple of years. FY26 capex guidance stands at Rs 1,750mn for India.

Upgrade from BUY to HOLD; cut TP to Rs 487: We upgrade the stock to BUY from HOLD, supported by strong earnings visibility (EPS CAGR ~42.8% over FY25–FY28E). However, amid persistent investor concerns and weak sentiment, the stock has corrected ~26% over the last three months. We therefore revise our target P/E to 25x Dec'27E (from 35x earlier), which we believe better reflects prevailing risk perception despite healthy operating fundamentals, resulting in a target price of Rs 487 per share.

Key changes

	Target	Rating
	▼	▲

Ticker/Price	KALYANKJ IN/Rs 380
Market cap	US\$ 4.3bn
Free float	37%
3M ADV	US\$ 20.4mn
52wk high/low	Rs 618/Rs 348
Promoter/FPI/DII	63%/14%/15%

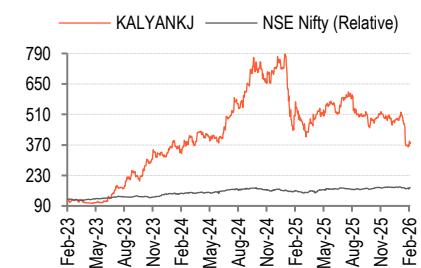
Source: NSE | Price as of 6 Feb 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	2,50,451	3,32,352	4,23,552
EBITDA (Rs mn)	15,172	22,701	30,238
Adj. net profit (Rs mn)	7,148	12,757	17,531
Adj. EPS (Rs)	6.9	12.4	17.0
Adj. ROAE (%)	15.9	24.0	26.9
Adj. P/E (x)	54.9	30.7	22.4
EV/EBITDA (x)	27.4	18.4	14.0
Adj. EPS growth (%)	19.5	78.5	37.4

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance – Consolidated

Particulars	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)	BOBCAPS Q3FY26E	Variance (%)
Total operating income	1,03,434	72,869	41.9	78,560	31.7	2,54,679	1,88,878	34.8	98,320	5.2
Raw-Material expense	89,857	63,871	40.7	68,395	31.4	2,20,855	1,64,294	34.4		
Gross Profit	13,577	8,998	50.9	10,166	33.6	33,824	24,585	37.6		
Employee expense	2,471	1,926	28.3	2,179	13.4	6,746	5,349	26.1		
Advertisement expense	1,788	1,366	30.9	1,414	26.4	4,240	3,671	15.5		
Other expense	1,814	1,317	37.7	1,602	13.2	5,284	4,144	27.5		
EBITDA	7,505	4,388	71.0	4,970	51.0	17,555	11,421	53.7	5,962	25.9
D&A	1,089	890	22.4	1,032	5.5	3,098	2,494	24.2		
EBIT	6,416	3,499	83.4	3,938	62.9	14,457	8,927	61.9		
Interest cost	1,043	876	19.1	949	9.9	3,029	2,632	15.1		
Non-operating expense/(income)	(227)	(313)	(27.6)	(514)	(55.9)	(1,204)	(795)	51.5		
PBT	5,599	2,936	90.7	3,503	59.9	12,632	7,090	78.2		
Tax	1,436	749	91.8	898	60.0	3,223	1,824	76.7		
Reported PAT	4,163	2,187	90.4	2,605	59.8	9,409	5,266	78.7		
Adjusted PAT	4,472	2,187	104.5	2,605	71.6	972	527	84.5	3,303	35.4
As % of net revenues				chg (bps)		chg (bps)			chg (bps)	
Gross margin	13.1	12.3	78	12.9	19	13.3	13.0	27		
Employee cost	2.4	2.6	(25)	2.8	(39)	2.6	2.8	(18)		
Other cost	1.8	1.8	(5)	2.0	(29)	2.1	2.2	(12)		
EBITDA margin	7.3	6.0	123	6.3	93	6.9	6.0	85		
Tax rate	25.7	25.5	15	25.6	3	25.5	25.7	(22)		
APAT margin	4.3	3.0	132	3.3	101	0.4	0.3	10		

Source: Company, BOBCAPS Research

Fig 2 – Segment financials

Operating Metrics	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
No. of stores								
India	318	253	25.7	300	6.0	-	-	-
- COCO	123	121	1.7	126	(2.4)	-	-	-
- FOCO	195	132	47.7	174	12.1	-	-	-
Middle East	38	36	5.6	38	-	-	-	-
- COCO	34	32	6.3	34	-	-	-	-
- FOCO	4	4	-	4	-	-	-	-
Candere	110	59	86.4	96	14.6	-	-	-
- COCO	42	24	75.0	42	-	-	-	-
- FOCO	68	35	94.3	54	25.9	-	-	-
US/UK	3	1	200.0	2	50.0	-	-	-
Total	469	349	34.4	436	7.6	-	-	-
Average revenue per store (Rs mn)								
Indian	293	264	11.0	233	25.6	730	697	4.8
Middle East	282	233	21.3	234	20.6	794	679	16.9
Candere	13	12	11.6	11	24.7	31	34	(10.2)
Revenue (Rs mn)								
Indian	90,477	63,864	41.7	68,428	32.2	2,20,327	1,62,882	35.3
Middle East	10,726	8,377	28.0	8,657	23.9	29,648	24,458	21.2
Candere	1,350	558	141.9	930	45.2	2,940	1,358	116.5
Others (excluding Candere)	881	70	1,161.7	545	61.6	1,764	180	877.7
Total	1,03,434	72,869	41.9	78,560	31.7	2,54,679	1,88,878	34.8

Operating Metrics	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
EBITDA (Rs mn)								
Indian	6,538	3,703	76.6	4,321	51.3	15,201	9,360	62.4
Middle East	756	619	22.1	613	23.3	2,097	1,832	14.5
Others (including Candere)	211	66	218.3	36	485.8	257	229	12.3
Total	7,505	4,388	71.0	4,970	51.0	17,555	11,421	53.7
EBITDA margin (%)								
Indian	7.2	5.8	143	6.3	91	6.9	5.7	115
Middle East	7.0	7.4	(34)	7.1	(3)	7.1	7.5	(42)
Others (including Candere)	9.4	10.6	(110)	2.4	701	5.5	14.9	(942)
Total	7.3	6.0	123	6.3	93	6.9	6.0	85

Source: Company, BOBCAPS Research

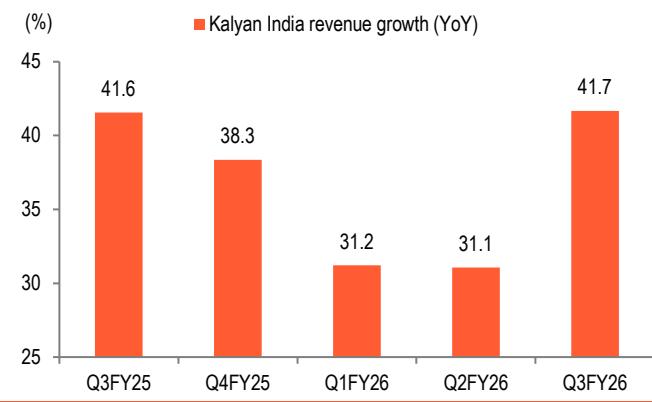
Earnings Call Highlights

- **Jewelry demand scenario:** Management described Q3FY26 demand as robust across the quarter, with the festive period significantly outperforming the rest of the quarter. SSSG during the 30-day Diwali period exceeded 30% on a L4L basis, indicating strong underlying consumer traction despite sharp gold price volatility. Early Q4FY26 trends stay positive, with management highlighting strong footfalls, walk-ins and wedding demand even amid elevated gold prices, and expressing confidence of ending FY26 on a strong note.
- **Kalyan India operations:** Revenue grew by 41.7% YoY (SSG: +27%; South: +25%; Non-South: +29%) in Q3FY26. EBITDA margin improved by 143bps YoY to 7.2% in Q3FY26, aided by higher studded share, earlier procurement efficiencies and the benefits from revised franchise margin-sharing terms. Studded share improved by 170bps YoY to 32% in Q3FY26. Old gold exchange traction improved in Q3FY26, accounting for 30%+ of sales (up 1-2% YoY). Gold savings schemes remained stable at 18-20% of sales. The company remains on track to open 84 new stores in FY26, with 80-90 per year, for the next couple of years.
- **Candere:** Revenue grew by 141.9% YoY in Q3FY26, driven by aggressive store expansion, taking the network to 110 stores. The segment turned PAT-positive (Rs 30mn vs -Rs 70mn in Q3FY25). Going forward, management will focus on new store additions and improving productivity of existing stores through higher inventory deployment and driving same-store sales growth. Investments in Candere form part of the ~Rs 3bn internal accrual usage, during 9MFY26.
- **Middle East:** Revenue grew by 28.0% YoY (SSG: +24%) in Q3FY26, while EBITDA margin contracted by 34bps YoY to 7.0%. Studded share was down 50bps YoY to 18% in Q3FY26. Management noted franchise ecosystem development is slower than in India, so expansions are targeted at 6-7 showrooms per year for the next couple of years. Active discussions are underway with Arab investors for franchises, which could accelerate growth, if materialised.
- **COCO/FOCO:** KALYANKJ operates 200+ FOCO stores, with 30 in South India and 170+ in non-South markets. Over the last 2-3 quarters, several COCO stores were converted to FOCO, increasing the South FOCO presence from 8-9 stores to 30 in Q3FY26. Revised franchise terms introduced a year ago are now translating into 25-50 bps margin improvement. Franchise sign-ups remain strong despite higher gold

prices, though new partners typically start with a single store. South India continues to deliver higher per-store revenues vs non-South markets.

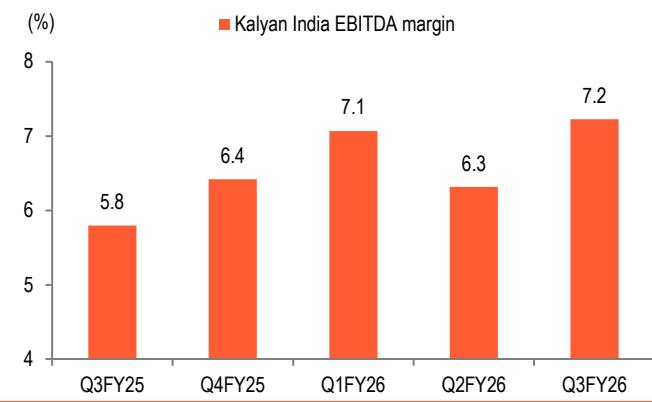
- **Capex:** FY26 capex guidance stands at Rs 1,750mn for India, largely towards maintenance and routine investments. The Candere expansion involves Rs 20-25mn per store for 30-40 stores, while the new regional brand stores are expected to require Rs 40-50mn per store for 5 stores over the next year.
- **Inventory:** Management noted that higher gold prices have lifted inventory value, while absolute inventory volumes are being moderated. Inventory optimisation is gradual, supported by increasing 18-carat and lower-carat jewellery penetration, which helps maintain volume affordability. Inventory turns are targeted at 2-2.5x over the medium term, with continuous monitoring vs abrupt reductions.
- **Debt:** Debt levels remained broadly stable QoQ, as repayments are typically front-loaded in Q2 and Q4. During 9MFY26, the company utilised Rs 3bn of free cash flows toward debt reduction and dividends. Management confirmed stability in the GML book, with no increase in risk or interest cost, despite volatility in gold prices.
- **Asset Monetisation:** Management indicated that mediators have been appointed to monetise the select non-core real estate assets, with the land parcel sale targeted by H1FY27. Proceeds are intended to strengthen the balance sheet.

Fig 3 – Kalyan Indian operations revenue grew by 41.1% YoY (SSG: 27%) in Q3FY26



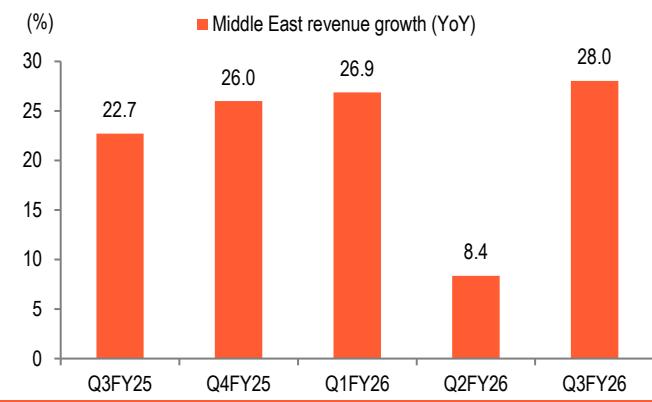
Source: Company, BOBCAPS Research

Fig 4 – Kalyan Indian operations EBITDA margin improved sharply in Q3FY26



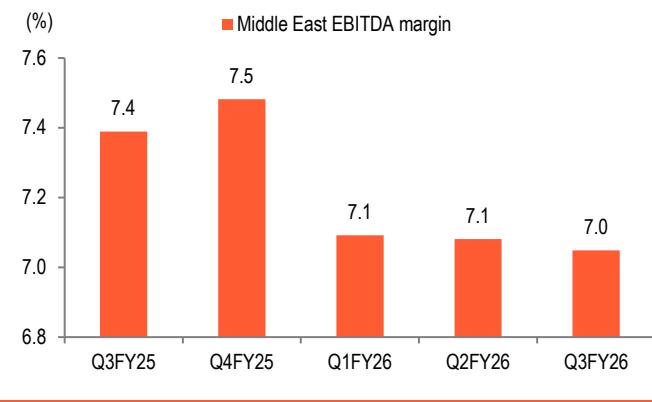
Source: Company, BOBCAPS Research

Fig 5 – Middle East operations revenue rose by 28% YoY (SSG: +24%) in Q3FY26



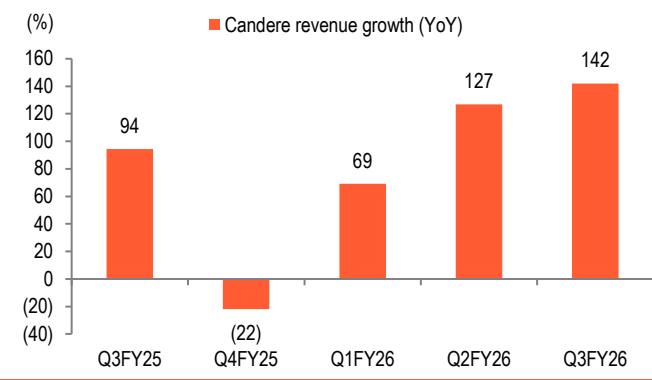
Source: Company, BOBCAPS Research

Fig 6 – Middle East operations EBITDA margin fell by 34bps YoY to 7.0% in Q3FY26



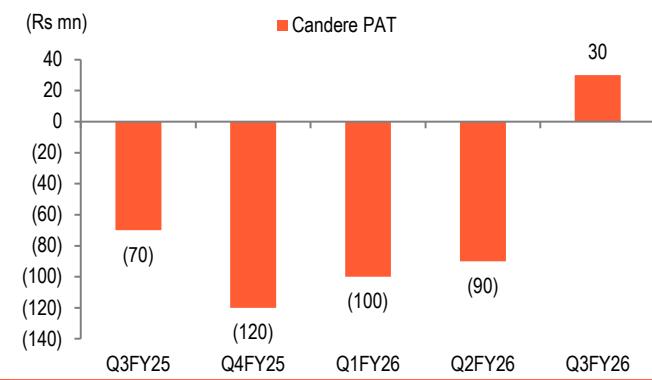
Source: Company, BOBCAPS Research

Fig 7 – Candere revenue grew sharply by 141.9% YoY in Q3FY26, driven by aggressive store expansion



Source: Company, BOBCAPS Research

Fig 8 – Candere posted profit of Rs 30mn in Q3FY26 (vs - Rs 70mn in Q3FY25)



Source: Company, BOBCAPS Research

Valuation Methodology

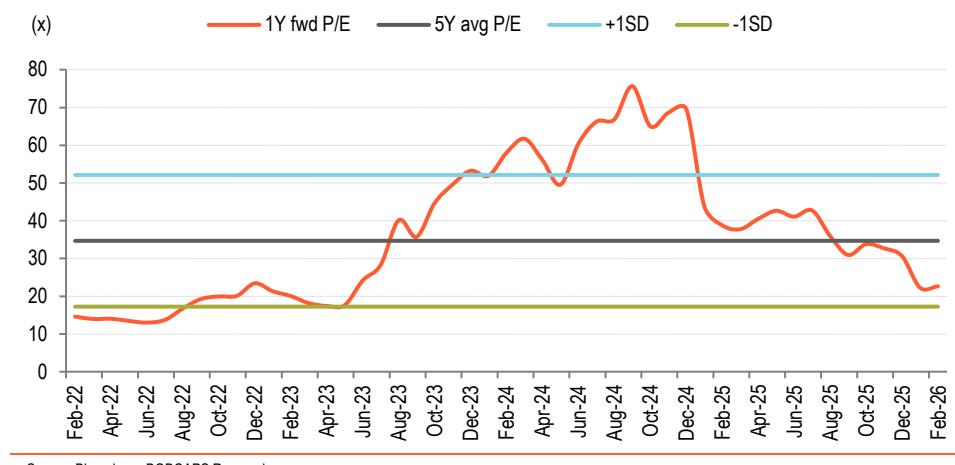
We upgrade the stock to BUY from HOLD, supported by strong earnings visibility (EPS CAGR ~42.8% over FY25–FY28E). However, amid persistent investor concerns and weak sentiment, the stock has corrected ~26% over the last three months. We therefore revise our target P/E to 25x Dec'27E (from 35x earlier), which we believe better reflects prevailing risk perception despite healthy operating fundamentals, resulting in a target price of Rs 487 per share.

Fig 9 – Revised estimates

Consolidated (Rs bn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	332.4	423.6	489.7	327.3	411.8	476.2	1.5	2.8	2.8
EBITDA	22.7	30.2	36.0	20.8	26.1	30.4	9.0	16.0	18.4
EBITDA Margin (%)	6.8	7.1	7.4	6.4	6.3	6.4	47	81	97
Adjusted PAT	12.8	17.5	20.8	11.0	13.9	16.1	16.1	26.5	29.1
EPS (Rs)	12.4	17.0	20.2	10.6	13.4	15.6	16.1	26.5	29.1

Source: BOBCAPS Research

Fig 10 – Trading at 22.6x on 1YF P/E vs historical average of 34.3x since IPO



Source: Bloomberg, BOBCAPS Research

Fig 11 – Key assumptions

Particulars	FY24	FY25	FY26E	FY27E	FY28E
No. of stores					
India	204	278	362	398	438
- COCO	128	126	126	139	152
- FOCO	76	152	236	260	286
Middle East	36	36	40	44	48
- COCO	35	32	34	34	34
- FOCO	1	4	6	10	14
Candere	13	73	153	233	256
- COCO	5	36	66	96	106
- FOCO	8	37	87	137	151
Total	253	387	555	675	742
- COCO	168	194	226	269	292
- FOCO	85	193	329	407	450
Revenue (Rs bn)	185	250	332	424	490
- India	158	216	289	370	427
- Middle East	26	32	39	46	53
- Candere	1	2	4	8	10
Average revenue per store (Rs mn)					
- India	773	778	799	929	975
- Middle East	732	897	970	1043	1099
- Candere	NM	22	28	33	38
EBITDA Margin (%)	7.1	6.1	6.8	7.1	7.4
- India	7.1	5.9	6.7	6.5	6.5
- Middle East	7.6	7.6	7.2	8.3	8.3
- Candere	-1.9	-4.1	10.0	29.7	38.4
PAT Margin (%)	3.2	2.9	3.8	4.1	4.3
Inventory days	163	141	124	116	119
Franchise revenue share for Indian operations (%)	20.0	36.0	49.6	55.6	55.6
ROCE (%)	21.2	22.9	28.4	30.6	30.0
Net Debt/EBITDA (x)	1.78	1.49	1.24	1.17	1.17

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 early termination of franchisee stores would be key downside risks
- Market share gain in Kalyan Indian operations would be a key upside risk.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	1,85,483	2,50,451	3,32,352	4,23,552	4,89,704
EBITDA	13,127	15,172	22,701	30,238	36,005
Depreciation	2,743	3,427	4,025	4,611	5,198
EBIT	10,384	11,745	18,676	25,627	30,808
Net interest inc./exp.)	(3,232)	(3,595)	(3,982)	(4,780)	(5,775)
Other inc./exp.)	737	1,446	2,260	2,567	2,767
Exceptional items	0	0	0	0	0
EBT	7,888	9,596	16,955	23,414	27,800
Income taxes	1,925	2,454	4,206	5,893	6,997
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	11	6	8	11	12
Reported net profit	5,973	7,148	12,757	17,531	20,815
Adjustments	0	0	0	0	0
Adjusted net profit	5,973	7,148	12,757	17,531	20,815

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	19,441	23,503	24,951	25,438	26,470
Other current liabilities	23,026	31,315	31,315	31,315	31,315
Provisions	187	356	356	356	356
Debt funds	10,643	9,497	15,603	19,884	22,990
Other liabilities	10,472	15,117	15,117	15,117	15,117
Equity capital	10,301	10,314	10,314	10,314	10,314
Reserves & surplus	31,590	37,721	47,927	61,952	78,604
Shareholders' fund	41,878	48,036	58,233	72,247	88,887
Total liab. and equities	1,05,648	1,27,823	1,45,574	1,64,357	1,85,134
Cash and cash eq.	9,751	10,311	18,507	24,066	26,695
Accounts receivables	3,283	3,999	5,307	6,763	7,820
Inventories	82,976	96,811	1,13,247	1,34,660	1,59,640
Other current assets	2,141	2,872	2,872	2,872	2,872
Investments	0	0	0	0	0
Net fixed assets	10,904	13,056	12,530	11,419	9,721
CWIP	485	77	77	77	77
Intangible assets	11,479	14,795	14,795	14,795	14,795
Deferred tax assets, net	662	1,125	1,125	1,125	1,125
Other assets	5,157	8,213	8,213	8,213	8,213
Total assets	1,26,838	1,51,259	1,76,674	2,03,991	2,30,959

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	11,681	12,428	2,199	1,962	4,004
Capital expenditures	(6,988)	(8,488)	(3,500)	(3,500)	(3,500)
Change in investments	(1)	(9)	0	0	0
Other investing cash flows	737	1,446	2,260	2,567	2,767
Cash flow from investing	(6,252)	(7,050)	(1,240)	(933)	(733)
Equities issued/Others	0	14	0	0	0
Debt raised/repaid	(1,835)	(240)	13,770	12,816	9,296
Interest expenses	(3,232)	(3,595)	(3,982)	(4,780)	(5,775)
Dividends paid	(1,236)	(1,547)	(2,551)	(3,506)	(4,163)
Other financing cash flows	806	550	0	0	0
Cash flow from financing	(5,497)	(4,818)	7,237	4,529	(642)
Chg in cash & cash eq.	(68)	560	8,196	5,559	2,629
Closing cash & cash eq.	9,751	10,311	18,507	24,066	26,695

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	5.8	6.9	12.4	17.0	20.2
Adjusted EPS	5.8	6.9	12.4	17.0	20.2
Dividend per share	1.2	1.5	2.5	3.4	4.0
Book value per share	40.7	46.6	56.5	70.1	86.2

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	2.2	1.7	1.3	1.0	0.9
EV/EBITDA	31.7	27.4	18.4	14.0	12.0
Adjusted P/E	65.6	54.9	30.7	22.4	18.8
P/BV	9.4	8.2	6.7	5.4	4.4

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	75.7	74.5	75.2	74.9	74.9
Interest burden (PBT/EBIT)	76.0	81.7	90.8	91.4	90.2
EBIT margin (EBIT/Revenue)	5.6	4.7	5.6	6.1	6.3
Asset turnover (Rev./Avg TA)	146.2	165.6	188.1	207.6	212.0
Leverage (Avg TA/Avg Equity)	3.0	3.1	3.0	2.8	2.6
Adjusted ROAE	14.3	14.9	21.9	24.3	23.4

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	31.8	35.0	32.7	27.4	15.6
EBITDA	17.8	15.6	49.6	33.2	19.1
Adjusted EPS	37.9	19.5	78.5	37.4	18.7
Profitability & Return ratios (%)					
EBITDA margin	7.1	6.1	6.8	7.1	7.4
EBIT margin	5.6	4.7	5.6	6.1	6.3
Adjusted profit margin	3.2	2.9	3.8	4.1	4.3
Adjusted ROAE	15.3	15.9	24.0	26.9	25.8
ROCE	21.2	22.9	28.4	30.6	30.0
Working capital days (days)					
Receivables	6	6	6	6	6
Inventory	163	141	124	116	119
Payables	38	34	27	22	20
Ratios (x)					
Gross asset turnover	10.9	12.2	13.8	15.4	15.8
Current ratio	1.8	1.8	1.9	2.2	2.4
Net interest coverage ratio	3.2	3.3	4.7	5.4	5.3
Adjusted debt/equity	0.6	0.5	0.5	0.5	0.5

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

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

BUY – Expected return >+15%

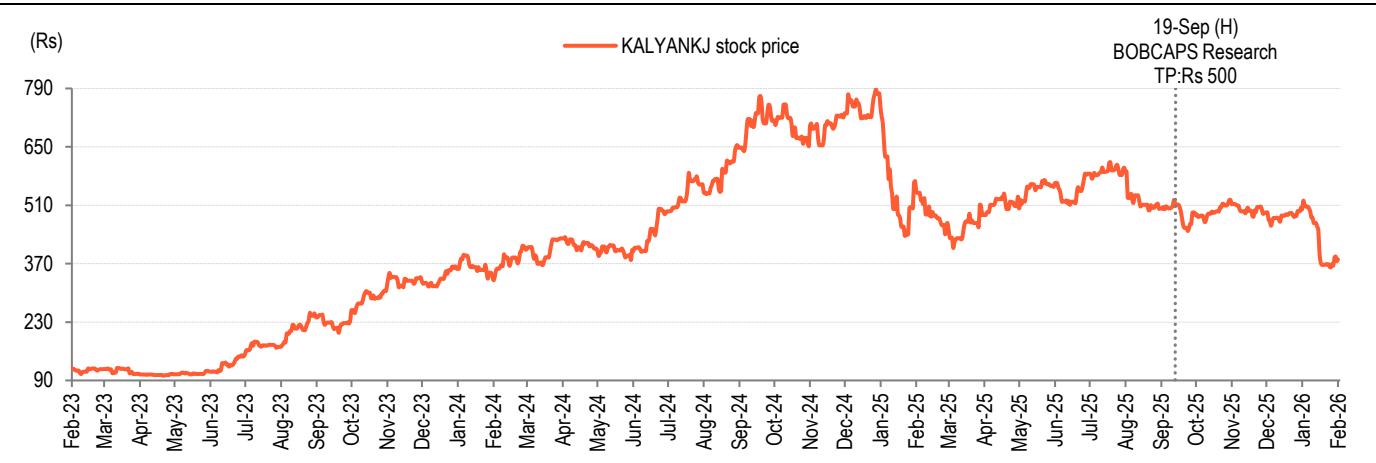
HOLD – Expected return from -6% to +15%

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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