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BUY
TP: Rs 422 | ⮝ 22%

SENCO GOLD | Retail - Jewellery | 12 August 2026

Topline momentum sustains; profitability under pressure

- **Revenue grew 67% YoY, led by 39% SSSG; EBITDA margin declined 308bps to 7.0%**
- **Q1 margins were impacted by gold-price volatility, discounting, old-gold schemes and hedging**
- **Maintain BUY; roll forward to Jun-28E and revise TP to Rs 422 (earlier Rs 488) at unchanged 20x P/E multiple**

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Revenue growth remains healthy; margin compression weighs on earnings: Senco Gold & Diamonds (SENCO) reported revenue growth of 67% YoY, 5% above our estimate, supported by 39% SSSG and network expansion. EBITDA grew 16% YoY, but EBITDA margin contracted 308bps YoY to 7.0% due to gross margin compression and higher other expenses. Adjusted PAT declined 3% YoY, as higher interest costs partly offset the operating profit growth.

store-level growth continued, but gross margin normalises: Company-owned and franchisee revenue grew 72% and 69% YoY, respectively, with the store network expanding 17% YoY to 209 stores. Gross margin declined 296bps YoY to 16.1%, while other expenses increased 141% YoY, resulting in margin pressure despite strong topline growth. Higher interest costs, up 58% YoY, further weighed on profitability.

Concall highlights: Old-gold exchange remained an important demand lever at 43% of sales quantity, although exchange schemes, customer offers and discounting weighed on gross margins. The higher customs duty provided a ~Rs 120-150mn benefit in Q1, partly offset by promotional spends, while ~50% gold hedging was maintained amid elevated price volatility. Inventory days improved as the company utilised pre-Akshaya Tritiya inventory, though inventory build-up is expected ahead of the festive season.

Maintain BUY: We remain constructive on the medium-term growth outlook, supported by store expansion, improving operating leverage and improving demand trends as the gold jewellery cycle remains favourable. We are cautious on near-term margin recovery given discounting and gold-price volatility, reflected in our 10% cut to FY27E PAT despite largely intact EBITDA estimates. We roll forward to Jun'28E and retain our 20x P/E multiple, resulting in a revised TP of Rs 422 vs Rs 488 earlier.

Key changes

Target	Rating
▲	◄ ►

Ticker/Price	SENCO IN/Rs 346
Market cap	US$ 595.8mn
Free float	36%
3M ADV	US$ 6.9mn
52wk high/low	Rs 430/Rs 276
Promoter/FPI/DII	64%/9%/12%

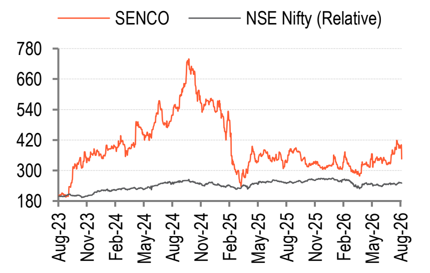
Source: NSE | Price as of 12 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	84,300	1,01,840	1,10,887
EBITDA (Rs mn)	9,690	6,302	7,828
Adj. net profit (Rs mn)	5,687	2,543	3,355
Adj. EPS (Rs)	34.7	15.5	20.5
Consensus EPS (Rs)	34.7	22.8	26.8
Adj. ROAE (%)	25.4	9.7	11.6
Adj. P/E (x)	10.0	22.3	16.9
EV/EBITDA (x)	7.4	12.1	10.2
Adj. EPS growth (%)	256.7	(55.3)	31.9

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	30,560	18,263	67.3	19,967	53.1	29,225	4.6
Raw-Material expense	25,627	14,774	73.5	15,499	65.3	24,549	4.4
Gross Profit	4,933	3,489	41.4	4,468	10.4	4,676	5.5
Employee expense	509	418	21.7	488	4.2	536	(5.1)
Advertisement expense	347	426	(18.5)	278	24.8	584	(40.6)
Other expense	1,946	809	140.6	958	103.2	1,201	62.1
EBITDA	2,131	1,836	16.1	2,744	(22.3)	2,355	(9.5)
D&A	215	187	15.2	232	(7.1)	278	(22.6)
EBIT	1,916	1,649	16.2	2,512	(23.7)	2,077	(7.7)
Interest cost	679	430	58.1	561	21.2	589	15.3
Non-operating expense/(income)	(153)	(186)	(18.2)	(134)	14.2	(246)	(38.0)
PBT	1,389	1,406	(1.2)	2,085	(33.4)	1,734	(19.9)
Tax	378	359	5.2	516	(26.7)	436	(13.4)
Adjusted PAT	1,011	1,047	(3.4)	1,569	(35.5)	1,298	(22.1)
As % of net revenues	**Q1FY27**	**Q1FY26**	**chg (bps)**	**Q4FY26**	**chg (bps)**		
Gross margin	16.1	19.1	(296)	22.4	(623)		
Employee cost	1.7	2.3	(62)	2.4	(78)		
Other cost	6.4	4.4	194	4.8	157		
EBITDA margin	7.0	10.1	(308)	13.7	(677)		
Tax rate	27.2	25.6	165	24.7	246		
APAT margin	3.3	5.7	(242)	7.9	(455)		

Source: Company, BOBCAPS Research

Fig 2 – Key operating metrics

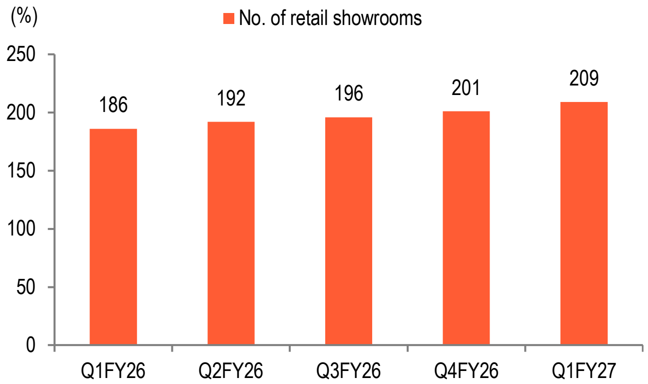
Operating metrics	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
No. of stores (excluding Sennes)					
COCO	120	103	16.5	104	15.4
Franchise	89	76	17.1	87	2.3
Total	209	179	16.8	191	9.4
Average revenue per store (Rs mn)					
COCO	168	108	54.9	129	30.0
Franchise	123	86	42.3	87	41.8
Revenue					
COCO	18828	10958	71.8	13509	39.4
Franchise	10819	6392	69.3	7371	46.8

Source: Company, BOBCAPS Research

Earnings Call Highlights

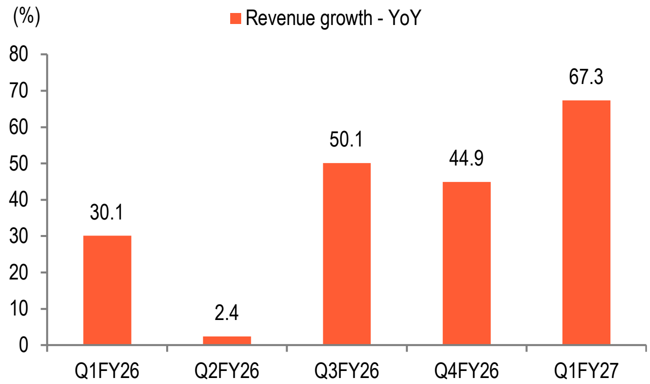
- **Old-gold exchange remains a key demand lever, but weighs on margins:** Old-gold exchange contributed 43% of sales quantity, helping customers upgrade jewellery amid elevated gold prices. Management indicated that exchange schemes, customer offers and discounting supported Q1 sales but also pressured gross margins.
- **Margin recovery remains back-half weighted; FY27 guidance retained:** EBITDA margin stood at 7.0% in Q1, with management retaining its 7.5-7.8% FY27 EBITDA margin guidance. Q1 margins were impacted by gold-price volatility, discounting, old-gold schemes and hedging, while management expects to assess performance over the next 3-4 quarters rather than extrapolate Q1.
- **Gold-duty benefit provides limited near-term support:** Management estimated the Q1 benefit from the higher customs duty at ~Rs 120-150mn, with the benefit expected to accrue over the next 2-3 quarters. However, management expects part of this benefit to be offset by customer offers and discounts.
- **50% hedging maintained amid elevated gold-price volatility:** Senco is currently maintaining ~50% gold hedging, balancing price risk against liquidity requirements. Management indicated that hedging could increase towards historical 75-85% levels once gold prices and liquidity conditions stabilise.
- **Inventory efficiency improves, but festive build-up to resume:** The company reduced inventory during Q1 and improved inventory days, using the stock accumulated ahead of Akshaya Tritiya. Management plans to rebuild inventory from September ahead of the festive season, implying some reversal in the working-capital benefit.
- **Store expansion remains franchise-led:** Senco added 8 showrooms in Q1, 3 COCO, 4 franchisee and 1 Senne, taking the network to 209 stores. Management plans to add another 12-15 stores in FY27, with a greater focus on franchise-led expansion in East and North India.
- **FY27 growth ambition unchanged despite softer Q2:** Management retained its 20%+ FY27 value-growth target and expects Q2 to remain seasonally softer. It indicated improving consumer sentiment towards July-August and expects to use Q2 for inventory preparation and new-design launches ahead of the festive/wedding season.

Fig 3 – Senco opened 8 stores in Q1FY27



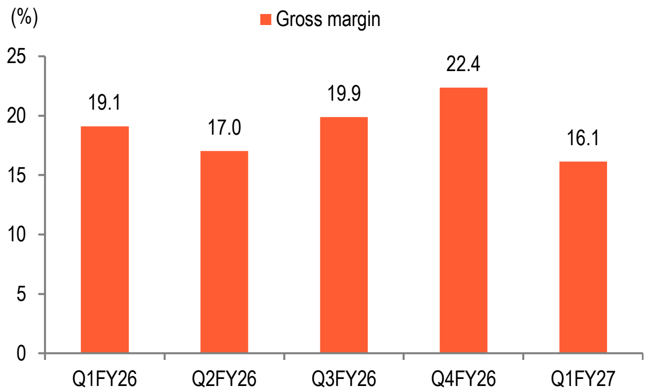
Source: Company, BOBCAPS Research

Fig 4 – Revenue spiked by 67% YoY in Q1FY27



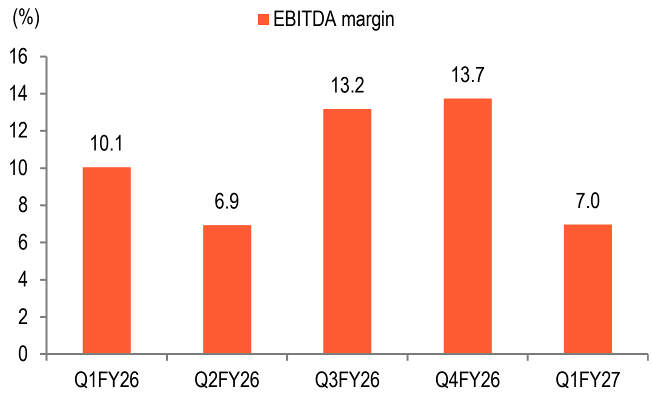
Source: Company, BOBCAPS Research

Fig 5 – Gross margin contracted by 296bps YoY to 16.1% in Q1FY27



Source: Company, BOBCAPS Research

Fig 6 – Adjusted EBITDA margin contracted by 308bps to 7.0% in Q1FY27



Source: Company, BOBCAPS Research

Valuation Methodology

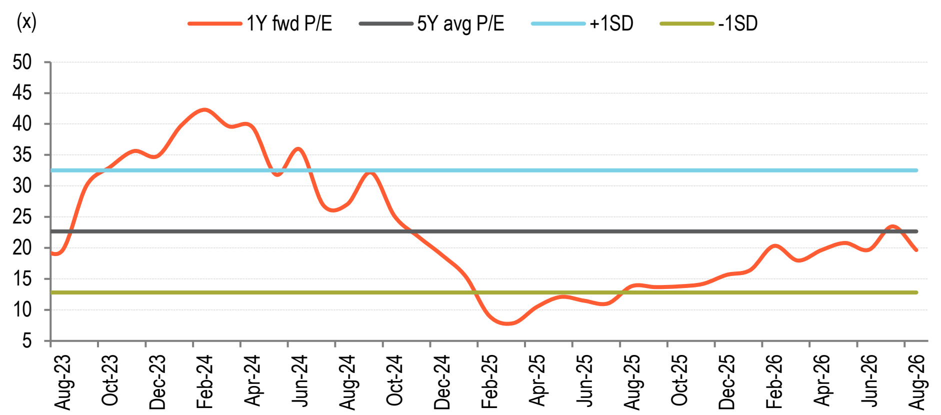
We remain constructive on the medium-term growth outlook, supported by store expansion, improving operating leverage and improving demand trends as the gold jewellery cycle remains favourable. We are cautious on near-term margin recovery given discounting and gold-price volatility, reflected in our 10% cut to FY27E PAT despite largely intact EBITDA estimates. We roll forward to Jun'28E and retain our 20x P/E multiple, resulting in a revised TP of Rs 422 vs Rs 488 earlier.

Fig 7 – Revised estimates

Consolidated (Rs bn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	101.8	110.9	125.1	91.9	103.4	120.3	10.8	7.2	4.0
EBITDA	6.3	7.8	9.1	6.3	7.5	8.8	0.0	4.4	3.0
EBITDA Margin (%)	6.2	7.1	7.2	6.9	7.3	7.3	(67)	(19)	(7)
Adjusted PAT	2.5	3.4	3.8	2.8	3.4	3.7	(10.1)	(1.9)	1.1
EPS (Rs)	15.5	20.5	23.0	17.3	20.9	22.8	(10.3)	(2.0)	1.1

Source: BOBCAPS Research

Fig 8 – Senco stock trades at 19.7x on 1YF P/E vs average of 22.6x since IPO



Source: Bloomberg, BOBCAPS Research

Key Risks

Key upside/downside risks to our estimates:

- Loss of market share due to steep rise in competitive intensity in its core West Bengal market, steep increase in gold-price volatility and regulatory risks - are key downside risks.
- Faster-than-expected pace of new store addition and ramp-up, along with sharp increase in franchise revenue share, are key upside risks.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**63,281**	**84,300**	**1,01,840**	**1,10,887**	**1,25,121**
EBITDA	3,676	9,690	6,302	7,828	9,064
Depreciation	681	820	1,019	1,344	1,761
EBIT	2,995	8,870	5,283	6,484	7,303
Net interest inc./(exp.)	(1,362)	(2,042)	(2,551)	(2,777)	(3,133)
Other inc./(exp.)	546	799	713	776	876
Exceptional items	0	1	0	0	0
EBT	2,179	7,626	3,445	4,483	5,045
Income taxes	586	1,884	902	1,128	1,270
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**1,593**	**5,742**	**2,543**	**3,355**	**3,775**
Adjustments	0	(55)	0	0	0
Adjusted net profit	**1,593**	**5,687**	**2,543**	**3,355**	**3,775**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	1,516	6,786	8,197	8,926	10,071
Other current liabilities	5,865	11,720	11,720	11,720	11,720
Provisions	49	72	72	72	72
Debt funds	17,690	23,460	28,339	30,856	34,816
Other liabilities	2,640	3,441	3,441	3,441	3,441
Equity capital	818	819	819	819	819
Reserves & surplus	18,885	24,318	26,533	29,478	32,844
Shareholders' fund	19,703	25,137	27,352	30,297	33,663
Total liab. and equities	**47,464**	**70,615**	**79,121**	**85,312**	**93,783**
Cash and cash eq.	5,909	5,166	7,209	5,371	3,251
Accounts receivables	810	2,247	2,715	2,956	3,335
Inventories	32,993	52,961	55,803	60,760	68,560
Other current assets	2,780	4,403	4,403	4,403	4,403
Investments	0	0	0	0	0
Net fixed assets	1,376	4,729	7,883	10,713	13,125
CWIP	20	21	21	21	21
Intangible assets	2,670	25	25	25	25
Deferred tax assets, net	418	728	728	728	728
Other assets	487	335	335	335	335
Total assets	**47,464**	**70,615**	**79,121**	**85,312**	**93,783**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**(4,864)**	**(3,430)**	**3,502**	**2,229**	**761**
Capital expenditures	(1,113)	(1,528)	(4,174)	(4,174)	(4,174)
Change in investments	0	(1)	0	0	0
Other investing cash flows	546	798	713	776	876
Cash flow from investing	**(567)**	**(731)**	**(3,461)**	**(3,398)**	**(3,298)**
Equities issued/Others	31	1	0	0	0
Debt raised/repaid	2,734	5,769	4,880	2,517	3,960
Interest expenses	(1,362)	(2,042)	(2,551)	(2,777)	(3,133)
Dividends paid	(164)	(164)	(328)	(410)	(410)
Other financing cash flows	4,587	(145)	0	0	0
Cash flow from financing	**5,827**	**3,419**	**2,001**	**(670)**	**417**
Chg in cash & cash eq.	**395**	**(742)**	**2,043**	**(1,838)**	**(2,120)**
Closing cash & cash eq.	**5,909**	**5,166**	**7,209**	**5,371**	**3,251**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	9.7	35.1	15.5	20.5	23.0
Adjusted EPS	9.7	34.7	15.5	20.5	23.0
Dividend per share	1.0	1.0	2.0	2.5	2.5
Book value per share	120.4	153.5	167.0	185.0	205.5

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	1.1	0.8	0.7	0.7	0.7
EV/EBITDA	18.3	7.4	12.1	10.2	9.4
Adjusted P/E	35.5	10.0	22.3	16.9	15.0
P/BV	2.9	2.3	2.1	1.9	1.7

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	73.1	74.6	73.8	74.8	74.8
Interest burden (PBT/EBIT)	72.7	86.0	65.2	69.1	69.1
EBIT margin (EBIT/Revenue)	4.7	10.5	5.2	5.8	5.8
Asset turnover (Rev./Avg TA)	133.3	119.4	128.7	130.0	133.4
Leverage (Avg TA/Avg Equity)	2.4	2.8	2.9	2.8	2.8
Adjusted ROAE	8.1	22.6	9.3	11.1	11.2

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	20.7	33.2	20.8	8.9	12.8
EBITDA	(2.1)	163.6	(35.0)	24.2	15.8
Adjusted EPS	(10.0)	256.7	(55.3)	31.9	12.5
Profitability & Return ratios (%)					
EBITDA margin	5.8	11.5	6.2	7.1	7.2
EBIT margin	4.7	10.5	5.2	5.8	5.8
Adjusted profit margin	2.5	6.7	2.5	3.0	3.0
Adjusted ROAE	9.6	25.4	9.7	11.6	11.8
ROCE	9.5	19.9	10.8	11.9	11.9
Working capital days (days)					
Receivables	5	10	10	10	10
Inventory	190	229	200	200	200
Payables	9	29	29	29	29
Ratios (x)					
Gross asset turnover	22.7	16.6	11.0	8.3	7.1
Current ratio	1.7	1.5	1.5	1.4	1.4
Net interest coverage ratio	2.2	4.3	2.1	2.3	2.3
Adjusted debt/equity	0.6	0.7	0.8	0.8	0.9

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

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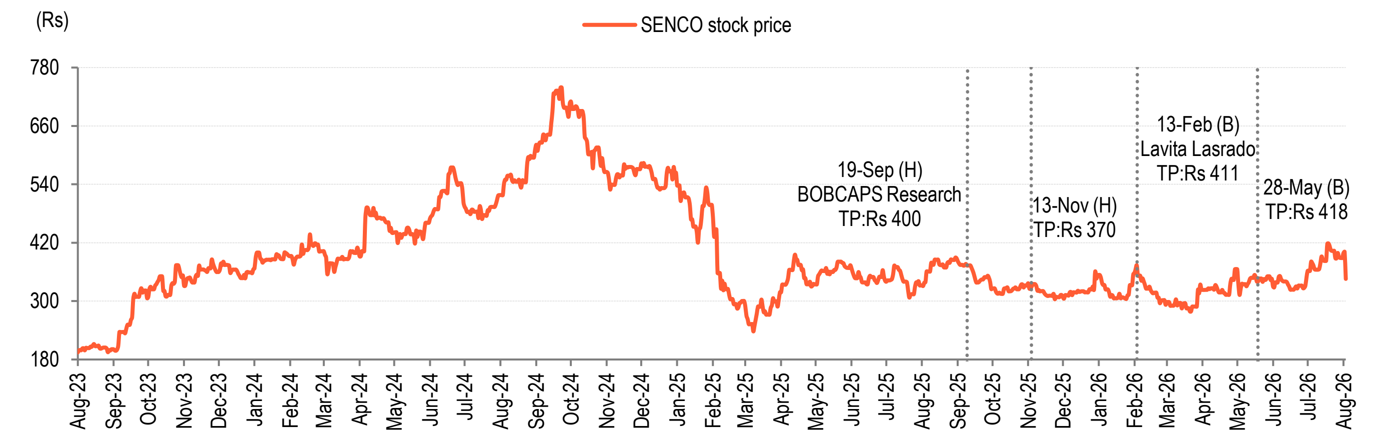
Note: Recommendation structure changed with effect from 21 June 2021

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): SENCO GOLD (SENCO IN)



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