RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

HOLD
TP: Rs 370 | ▲ 12%

SENCO GOLD | Retail | 13 November 2025

Weak Q2; growth momentum to strengthen in H2FY26

- **Senco reported tepid revenue growth for Q2FY26 due to the deferment of order from customers**
- **Target revenue to grow at 20%+ YoY with EBITDA margin of 7.0% in H2FY26**
- **Maintain HOLD in anticipation of a slow pace of new store addition on leveraged B/S and weak ROCE; TP cut by 7% to Rs 370 per share**

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Weak Q2: Senco missed our Q2FY26 topline estimate by 13.5% YoY due to lower-than-expected revenue (+2.4% YoY vs +18.3% estimated). However, PAT came broadly in line with our estimate due to better-than-expected EBITDA margin (+347bps YoY to 6.9% vs 6.1% estimated). Overall, Senco's revenue/EBITDA/PAT grew by 2.4%/105%/302% YoY in Q2FY26 on a weak base effect.

Highlights: Senco has opened 5 stores (excluding Sennes) in Q2FY26. Revenue grew at a muted pace of 2.4% YoY in Q2FY26, despite sharp increase in store count (12.9% YoY) and steep rise in gold prices. SSG growth stood at -4% in Q2FY26, but improved to +17% in 7MFY26 due to a good recovery in demand during festive season. Gross margin improved to a record high level for September quarter period (+279bps YoY to 17.0% in Q2FY26 after excluding the impact of custom duty cut in base quarter). Adjusted EBITDA margin improved by 149bps to 6.9% in Q2FY26. Net debt to EBITDA ratio went from 2.6x in Q1FY26 to 3.2x in Q2FY26.

Concall KTAs: Management targets to open 4 new stores in H2FY26. Senco has witnessed revenue growth of 25% in 7MFY26 and expects revenue to grow at 18-20% for the remaining five months of FY26. EBITDA margin is projected to be 7.1-7.4% range for FY26. The management expects revenue to grow at 18-20% CAGR for the next 5-10 years to be driven by SSG (+12-14% assuming stable gold price scenarios) and new stores contributing 6-8% growth. Studded ratio is targeted to grow from 12.0% in H1FY26 to 12.5% by Mar'26 and 13.0-13.5% in FY27.

Maintain HOLD; TP cut by 7% to Rs 370: Senco's EPS is projected to grow at a strong 27.5% CAGR over FY25-FY28E, but we maintain our HOLD as we believe a) the pace of new COCO store addition would slow down from FY27 onwards due to levered balance sheet position (net debt/EBITDA projected to be ~3.5x) and b) weak ROCE profile (around 10%). We have cut our TP to Rs 370 per share (Rs 400 earlier) due to downward revision in our EPS estimates (-0.2%/-4.9% for FY27E/FY28E). At CMP, the stock trades at 1Y forward P/E of 17.6x vs average of 29.8x since IPO. Our target P/E multiple remains intact at 60x on Sep'27.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	SENCO IN/Rs 330
Market cap	US$ 609.0mn
Free float	36%
3M ADV	US$ 2.6mn
52wk high/low	Rs 596/Rs 227
Promoter/FPI/DII	64%/9%/12%

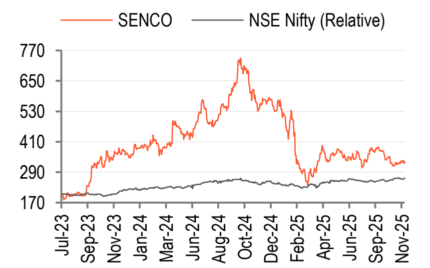
Source: NSE | Price as of 13 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	63,281	76,867	91,076
EBITDA (Rs mn)	3,676	6,037	6,231
Adj. net profit (Rs mn)	1,593	3,139	3,024
Adj. EPS (Rs)	9.7	19.2	18.5
Consensus EPS (Rs)	14.6	21.5	28.5
Adj. ROAE (%)	9.6	14.9	12.7
Adj. P/E (x)	33.9	17.2	17.9
EV/EBITDA (x)	17.6	11.4	11.9
Adj. EPS growth (%)	(10.0)	97.1	(3.7)

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly performance – Consolidated

Particulars	Q2FY26	Q2FY25	% chg	Q1FY26	% chg	H1FY26	H1FY25	% chg	BOBCAPS Q2FY26E	Variance (%)
Total operating income	15,361	15,005	2.4	18,263	(15.9)	33,624	29,044	15.8	17,756	(13.5)
Raw-Material expense	12,745	13,166	(3.2)	14,774	(13.7)	27,519	24,777	11.1		
Gross Profit	2,616	1,839	42.3	3,489	(25.0)	6,105	4,266	43.1		
Employee expense	419	333	25.6	418	0.2	837	673	24.4		
Advertisement expense	403	274	47.1	426	(5.5)	829	661	25.4		
Other expense	729	712	2.4	809	(9.8)	1,538	1,326	16.0		
EBITDA	1,065	519	105.1	1,836	(42.0)	2,901	1,607	80.6	1,085	(1.8)
D&A	190	178	6.7	187	1.9	377	359	5.0		
EBIT	875	341	156.7	1,649	(47.0)	2,524	1,248	102.3		
Interest cost	462	326	41.5	430	7.4	891	648	37.6		
Non-operating expense/(income)	(178)	(149)	19.0	(186)	(4.8)	(364)	(272)	33.8		
PBT	591	164	260.8	1,406	(58.0)	1,997	872	129.0		
Tax	103	42	142.1	359	(71.4)	462	238	94.4		
Reported PAT	488	121	302.4	1,047	(53.4)	1,534	634	142.0	489	(0.3)
As % of net revenues			**(bps)**		**(bps)**			**(bps)**		
Gross margin	17.0	12.3	478	19.1	(207)	18.2	14.7	347		
Employee cost	2.7	2.2	50	2.3	44	2.5	2.3	17		
Other cost	4.7	4.7	0	4.4	32	4.6	4.6	1		
EBITDA margin	6.9	3.5	347	10.1	(312)	8.6	5.5	310		
Tax rate	17.4	25.9	(854)	25.6	(815)	23.1	27.3	(412)		
APAT margin	3.2	0.8	237	5.7	(255)	4.6	2.2	238		
Gross margin	17.0	12.3	478	19.1	(207)	18.2	14.7	347		

Source: Company, BOBCAPS Research

Fig 2 – Key operating metrics

Operating metrics	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
No. of stores (excluding Sennes)								
COCO	105	96	9.4	103	1.9	-	-	-
Franchise	79	67	17.9	76	3.9	-	-	-
Total	184	163	12.9	179	2.8	-	-	-
Average revenue per store (Rs mn)								
COCO	102	97	4.8	108	(6.4)	-	-	-
Franchise	74	76	(2.5)	86	(14.7)	-	-	-
Revenue								
COCO	10562	9153	15.4	10958	(3.6)	21519	17717	21.5
Franchise	5713	5102	12.0	6392	(10.6)	12105	9875	22.6

Source: Company, BOBCAPS Research

Earnings call highlights

- **Demand scenario:** The company observed weak demand in Q2FY26 due to unfavourable weather in East region and customers deferred buying decisions from Sep'25 to Oct'25. However, demand rebounded in Oct'25 during the festive season. Momentum post-festive season continues to remain strong with a large number of wedding days scheduled from Nov'25 through Mar'26. As of mid-Nov'25, the company continues to witness strong consumer footfall and positive buying momentum with growth upwards of 20%.

- **Consumer behaviour:** Senco's old gold exchange share has increased to 42-43% (vs 35% Q2FY25) of total transactions in Q2FY26. Average ticket size rose 16% YoY to Rs 86,200 in Q2FY26. Consumers preferred lighter weight jewellery and lower carats (9k, 14k, 18k) to manage budgets. Repeat customers (~65% of sales) remain key demand drivers.

- **Jewellery:** Revenue grew at a muted pace of 2.4% YoY in Q2FY26, despite sharp rise in store count (12.9% YoY) and steep rise in gold prices (>40-45%). SSG growth stood at -4% in Q2FY26, but it improved to +17% in 7MFY26 due to good demand recovery in Oct'25. Studded jewellery ratio remained robust at approximately 12% of sales in Q2FY26. Diamond jewellery and lightweight 14k/18k gold products continued to gain share. Natural diamond realisation per carat remained stable in Q2FY26.

- **Guidance:** Senco has witnessed revenue growth of 25% in 7MFY26 and expects revenue to grow at 18-20% for the remaining five months of FY26. EBITDA margin is projected to be 7.1-7.4% range for FY26. Management expects revenue to grow at 18-20% CAGR for the next 5-10 years to be driven by SSG (+12-14% assuming stable gold price scenarios) and new stores contributing 6-8% growth. Management aims to improve studded ratio from 12.0% in H1FY26 to 12.5% by Mar'26 and 13.0-13.5% in FY27.

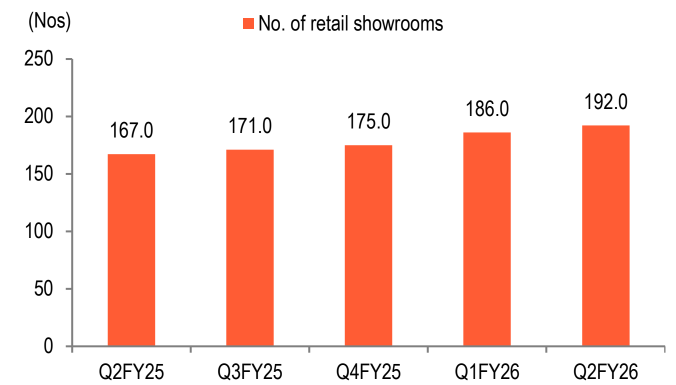
- **Store Expansion:** Senco opened 6 stores in Q2FY26 and targets to open 20+ stores in FY26 (16 stores opened in H1FY26). The company has opened 8 franchisee stores in H1FY26, and 8-10 more franchisees are in the pipeline. A full-fledged flagship stores require 30-40 kg of inventory. East India stores are growing at 25-30% YoY on a low base and 90% of stores are at operational breakeven. The company's focus remains on scaling franchise led model in Tier 2–4 cities through multiple formats (including Everlite lightweight stores requiring Rs 60-80mn investment). Management believes this structure will sustain 18-20% growth as well as improve its ROCE profile.

- **Gold Metal Loan:** GML mix reduced to ~51–55% in Q2FY26 (vs ~65% in Q1FY26) due to volatility and margin calls. Management targets to gradually restore the GML mix to ~75% as gold prices volatility subsides in future.

- **Hedging:** Senco maintains incremental sales, hedging at 90-100% and inventory hedging at 65-70% (vs 85-90% in previous years) in Q2FY26. Management aims to raise inventory hedging to 80–90% if gold prices stabilise. MTM inventory gain was estimated to be Rs 70-80mn in Q2FY26.

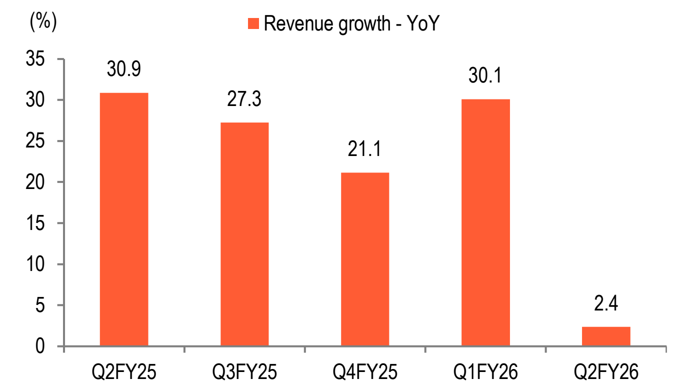
- **Net debt:** Net debt to EBITDA ratio has gone up from 2.6x in Q1FY26 to a vulnerable level at 3.2x in Q2FY26 due to increase rise in net debt (from Rs 11.69bn in Jun'25 to Rs 15.78bn in Sep'25). Trade payable and other current liabilities also gone up by Rs 3.72bn on QoQ basis in Q2FY26.

Fig 3 – Senco opened 6 stores in Q2FY26 and target to open another 4 stores in H2FY26



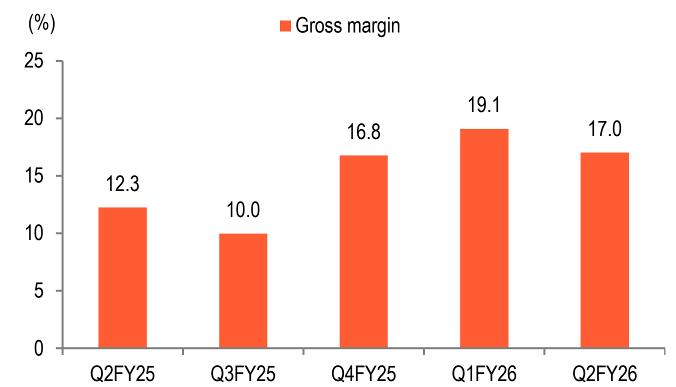
Source: Company, BOBCAPS Research

Fig 4 – Revenue grew at a muted pace of 2.4% YoY in Q2FY26, despite steep rise in gold price



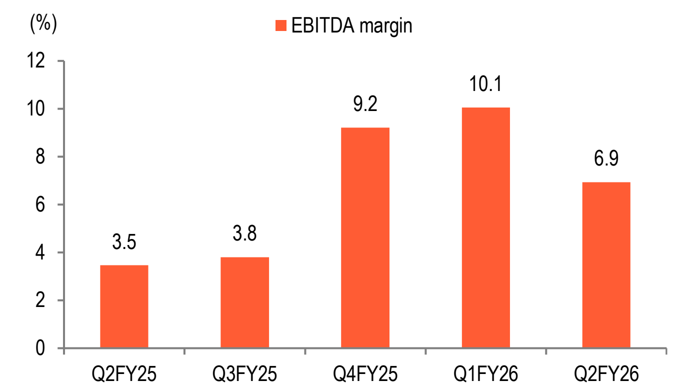
Source: Company, BOBCAPS Research

Fig 5 – Gross margin improved to a record high level (since IPO) for September quarter period in Q2FY26



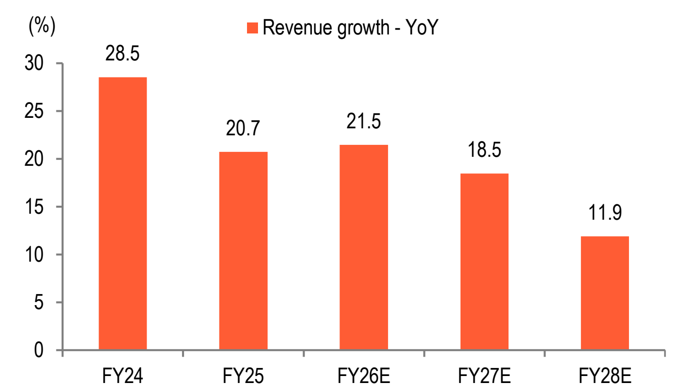
Source: Company, BOBCAPS Research

Fig 6 – Adjusted EBITDA margin improved by 149bps to 6.9% in Q2FY26



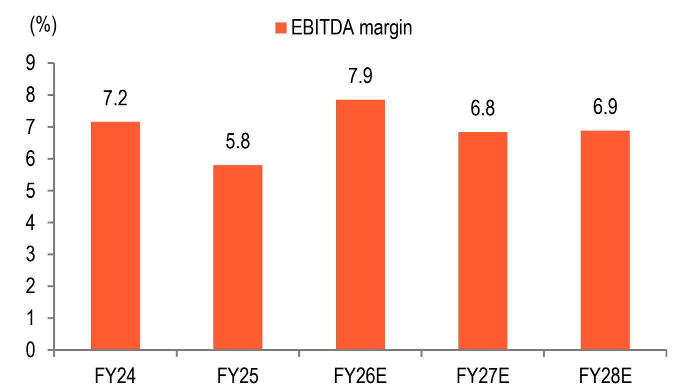
Source: Company, BOBCAPS Research

Fig 7 – Revenue is projected to grow at 17.2% CAGR over FY25-FY28E



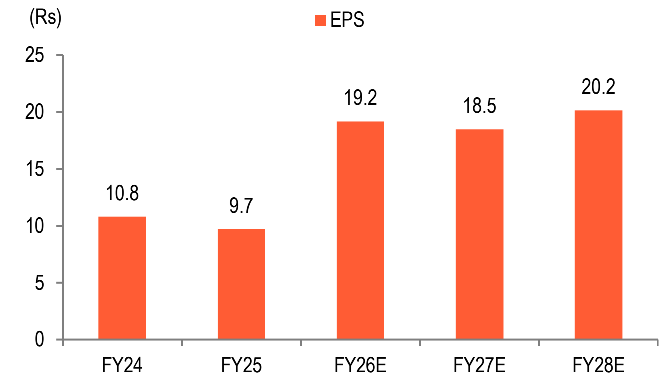
Source: Company, BOBCAPS Research

Fig 8 – EBITDA margin is projected to be around 7.0% over FY27-FY28



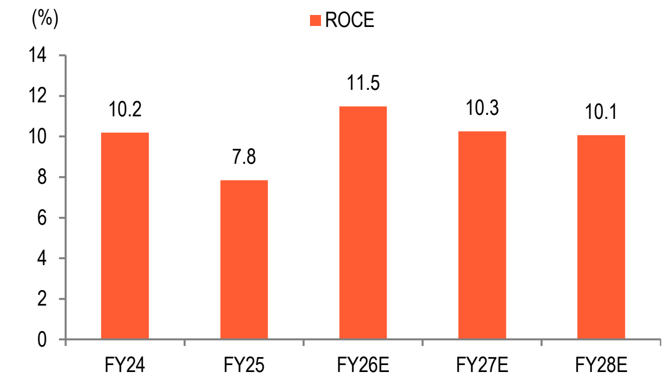
Source: Company, BOBCAPS Research

Fig 9 – EPS is projected to grow at 27.5% CAGR over FY25-FY28E



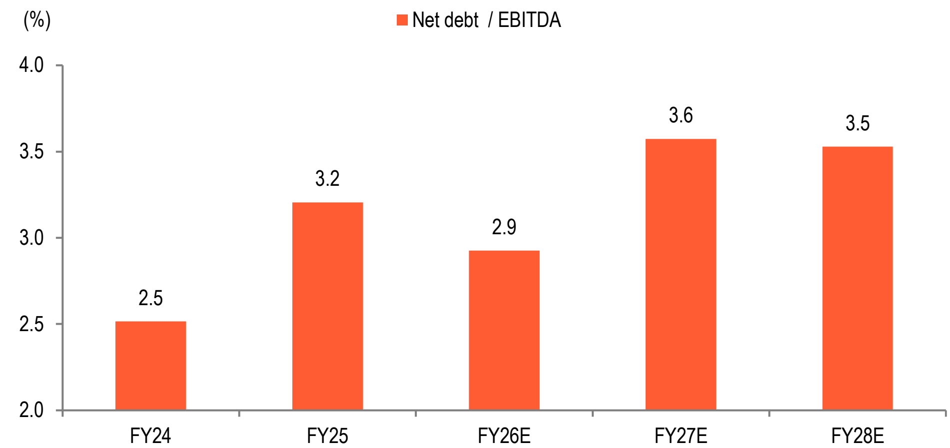
Source: Company, BOBCAPS Research

Fig 10 – ROCE is projected to remain at sub-optimal level at around 10% over FY27-FY28



Source: Company, BOBCAPS Research

Fig 11 – Balance sheet position is projected to remain weak as evident from net debt to EBITDA ratio of >3x over FY27-FY28E



Source: Company, BOBCAPS Research

Valuation Methodology

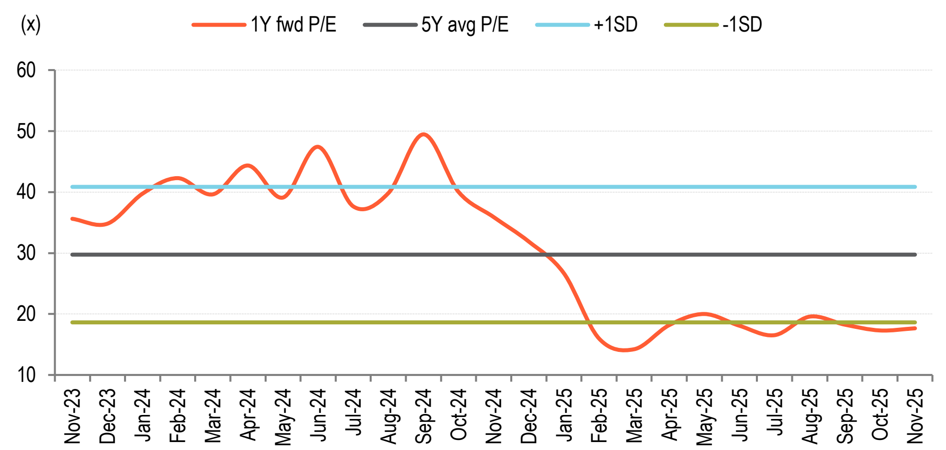
Senco's EPS is projected to grow at a strong 27.5% CAGR over FY25-FY28E, but we maintain HOLD as we believe a) the pace of new COCO store addition would slow down from FY27 onwards due to levered balance sheet position (net debt/EBITDA projected to be ~3.5x) and b) weak ROCE profile (around 10%). We have cut our TP to Rs 370 per share (Rs 400 earlier) due to downward revision in our EPS estimates (-0.2%/-4.9% for FY27E/FY28E). At CMP, the stock trades at a 1Y forward P/E of 17.6x vs average of 29.8x since IPO. Our target P/E multiple remains intact at 60x on Sep'27.

Fig 12 – Revised estimates

Consolidated (Rs bn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	76.9	91.1	101.9	77.2	88.4	99.0	(0.4)	3.1	3.0
EBITDA	6.0	6.2	7.0	5.8	6.0	6.9	3.8	3.0	1.7
EBITDA Margin (%)	7.9	6.8	6.9	7.5	6.8	7.0	32bps	0bps	(9bps)
Adjusted PAT	3.1	3.0	3.3	3.1	3.0	3.5	2.6	(0.2)	(4.9)
EPS (Rs)	19.2	18.5	20.2	18.7	18.5	21.2	2.6	(0.2)	(4.9)

Source: BOBCAPS Research

Fig 13 – Senco stock trades at 17.6x on 1YF P/E vs average of 29.8x since IPO



Source: Bloomberg, BOBCAPS Research

Fig 14 – Key assumptions

Particulars	FY24	FY25	FY26E	FY27E	FY28E
No. of stores					
COCO	93	98	108	114	120
Franchise	66	72	83	89	97
International	0	1	1	1	1
Total (excl Sennes)	159	171	192	204	218
Revenue per store (Rs mn)					
COCO	361	407	454	491	515
Franchise	246	281	310	343	361
Franchise revenue share (%)	31.0	32.0	33.4	33.5	34.4
Revenue (Rs bn)	40.8	52.4	63.3	76.9	91.1
EBITDA margin (%)	7.2	5.8	7.9	6.8	6.9
PAT margin (%)	3.2	2.5	4.1	3.3	3.2
Inventory (days)	171	190	200	200	200
Net debt/EBITDA (x)	2.5	3.2	2.9	3.6	3.5
ROCE (%)	12.5	9.5	14.4	12.8	12.8

Source: Company, BOBCAPS Research

Key risks

Key upside/downside risks to our estimates are:

- Loss of market share due to steep rise in competitive intensity in its core West Bengal market, steep increase in volatility in gold price 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)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**52,414**	**63,281**	**76,867**	**91,076**	**1,01,914**
EBITDA	3,755	3,676	6,037	6,231	7,017
Depreciation	601	681	782	826	936
EBIT	3,154	2,995	5,255	5,405	6,081
Net interest inc./(exp.)	(1,211)	(1,362)	(1,832)	(2,070)	(2,378)
Other inc./(exp.)	422	546	718	706	706
Exceptional items	0	0	0	0	0
EBT	2,365	2,179	4,141	4,041	4,409
Income taxes	685	586	1,002	1,017	1,110
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**1,680**	**1,593**	**3,139**	**3,024**	**3,299**
Adjustments	0	0	0	0	0
Adjusted net profit	**1,680**	**1,593**	**3,139**	**3,024**	**3,299**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	2,069	1,516	1,842	2,183	2,442
Other current liabilities	3,909	5,865	5,865	5,865	5,865
Provisions	2,532	49	49	49	49
Debt funds	14,956	17,690	18,949	22,449	25,119
Other liabilities	4,701	2,640	2,640	2,640	2,640
Equity capital	777	818	818	818	818
Reserves & surplus	12,878	18,885	21,696	24,393	27,283
Shareholders' fund	13,655	19,703	22,515	25,211	28,101
Total liab. and equities	**41,821**	**47,464**	**51,859**	**58,397**	**64,217**
Cash and cash eq.	5,514	5,909	1,286	182	361
Accounts receivables	529	810	984	1,166	1,305
Inventories	24,570	32,993	42,119	49,905	55,843
Other current assets	4,560	2,780	2,780	2,780	2,780
Investments	0	0	0	0	0
Net fixed assets	1,158	1,376	1,095	768	332
CWIP	15	20	20	20	20
Intangible assets	2,462	2,670	2,670	2,670	2,670
Deferred tax assets, net	228	418	418	418	418
Other assets	2,785	487	487	487	487
Total assets	**41,821**	**47,463**	**51,859**	**58,397**	**64,216**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**(2,472)**	**(4,864)**	**(3,940)**	**(2,413)**	**90**
Capital expenditures	(1,309)	(1,113)	(500)	(500)	(500)
Change in investments	0	0	0	0	0
Other investing cash flows	422	546	718	706	706
Cash flow from investing	**(886)**	**(567)**	**218**	**206**	**206**
Equities issued/Others	92	31	0	0	0
Debt raised/repaid	3,188	2,734	1,258	3,501	2,670
Interest expenses	(1,211)	(1,362)	(1,832)	(2,070)	(2,378)
Dividends paid	(311)	(164)	(327)	(327)	(409)
Other financing cash flows	2,739	4,587	0	0	0
Cash flow from financing	**4,497**	**5,827**	**(901)**	**1,103**	**(118)**
Chg in cash & cash eq.	**1,138**	**395**	**(4,623)**	**(1,104)**	**179**
Closing cash & cash eq.	**5,514**	**5,909**	**1,286**	**183**	**361**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	10.8	9.7	19.2	18.5	20.2
Adjusted EPS	10.8	9.7	19.2	18.5	20.2
Dividend per share	2.0	1.0	2.0	2.0	2.5
Book value per share	87.9	120.4	137.6	154.0	171.7

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	1.2	1.0	0.9	0.8	0.8
EV/EBITDA	16.6	17.6	11.4	11.9	11.0
Adjusted P/E	30.5	33.9	17.2	17.9	16.4
P/BV	3.8	2.7	2.4	2.1	1.9

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	71.0	73.1	75.8	74.8	74.8
Interest burden (PBT/EBIT)	75.0	72.7	78.8	74.8	72.5
EBIT margin (EBIT/Revenue)	6.0	4.7	6.8	5.9	6.0
Asset turnover (Rev./Avg TA)	125.3	133.3	148.2	156.0	158.7
Leverage (Avg TA/Avg Equity)	3.1	2.4	2.3	2.3	2.3
Adjusted ROAE	12.3	8.1	13.9	12.0	11.7

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	28.5	20.7	21.5	18.5	11.9
EBITDA	45.7	(2.1)	64.2	3.2	12.6
Adjusted EPS	70.9	(10.0)	97.1	(3.7)	9.1
Profitability & Return ratios (%)					
EBITDA margin	7.2	5.8	7.9	6.8	6.9
EBIT margin	6.0	4.7	6.8	5.9	6.0
Adjusted profit margin	3.2	2.5	4.1	3.3	3.2
Adjusted ROAE	14.5	9.6	14.9	12.7	12.4
ROCE	12.5	9.5	14.4	12.8	12.8
Working capital days (days)					
Receivables	4	5	5	5	5
Inventory	171	190	200	200	200
Payables	14	9	9	9	9
Ratios (x)					
Gross asset turnover	14.1	22.7	23.6	24.2	23.9
Current ratio	1.5	1.7	1.8	1.8	1.8
Net interest coverage ratio	2.6	2.2	2.9	2.6	2.6
Adjusted debt/equity	0.7	0.6	0.8	0.9	0.9

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

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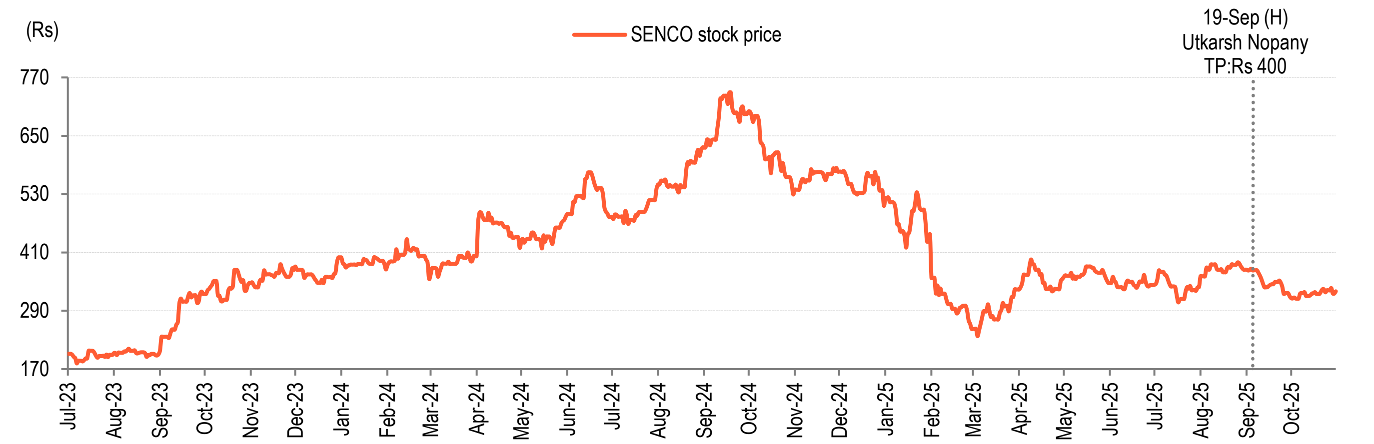
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

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): SENCO GOLD (SENCO IN)



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

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