

30 September 2025

India | Equity Research | Company Update

Kalyan Jewellers India

Consumer Staples & Discretionary

Risk-reward turning favourable; structural story intact – upgrade to BUY

We upgrade Kalyan Jewellers to **BUY** (from Add) as over 35% correction in the stock price in last one year provides material margin of safety, in our opinion. We maintain our earnings estimates and expect Kalyan to deliver strong SSSG in FY26, supported by strong festive and wedding-led demand. We reiterate our positive stance on the stock as we believe it may continue to outperform peers on the back of 1) aggressive store expansion through its asset-light FOCO model, 2) adding growth levers from omni-channel format Candere, 3) improving balance sheet health through further debt reduction of INR 3.5–4.0bn in FY26. With steady demand trends despite elevated gold prices, coupled with an accelerating store rollout, we expect Kalyan's revenue momentum to remain strong going ahead. We maintain TP of INR 670.

Despite higher gold prices, festive-led demand to drive double-digit SSSG

Over the two last months, gold prices have risen by 15% (+42% YoY). Despite this, we expect Kalyan to deliver strong SSSG, aided by festive demand and the beginning of wedding season.

While the high base of Q2FY25 (37% revenue growth post the customs duty cut) poses a challenge, demand preponement into Navratri is likely to offset it. It is also ramping up the introduction of lower carat, lightweight jewellery, enabling affordable daily-wear purchases.

Aggressive store rollout and Candere expansion

Over FY23–25, Kalyan added 152 stores through FOCO model. For FY26, management has reiterated guidance of 90 new stores, largely FOCO-driven. In Q1, Kalyan added 10 new showrooms in India, taking the global store count to 287 (161 FOCO; 126 COCO).

Kalyan is focusing on Candere's aggressive expansion by growing its retail footprint from a digital-first brand to an omni-channel retailer. The company has also appointed Shah Rukh Khan as a brand ambassador for Candere. The expansion aims to bring Candere's lightweight lifestyle jewellery to customers by creating a seamless online and offline shopping experience. The company has added 70 stores in the last 18 months and aims to add 80 stores in FY26. Candere is now at 81 stores (41 FOCO), delivered INR 1.9bn TTM revenue and continues to scale via FOCO model; it expects to turn PAT positive by FY26-end. Management highlighted stable margins and improving productivity across clusters, reinforcing confidence in its omni-channel strategy.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	1,85,156	2,50,451	3,25,247	4,08,622
EBITDA	12,799	16,412	21,464	26,722
EBITDA Margin (%)	6.9	6.6	6.6	6.5
Net Profit	5,973	8,388	12,015	16,022
EPS (INR)	5.8	8.1	11.6	15.5
EPS % Chg YoY	28.2	40.4	43.3	33.4
P/E (x)	77.4	55.2	38.5	28.9
EV/EBITDA (x)	37.9	29.6	22.1	16.9
RoCE (%)	10.4	12.9	15.1	16.4
RoE (%)	15.3	18.7	22.2	23.4

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Market Data

Market Cap (INR)	463bn
Market Cap (USD)	5,215mn
Bloomberg Code	KALYANKJ IN
Reuters Code	KALN BO
52-week Range (INR)	795 /399
Free Float (%)	37.0
ADTV-3M (mn) (USD)	33.9

Price Performance (%)	3m	6m	12m
Absolute	(17.7)	(4.1)	(36.6)
Relative to Sensex	(13.3)	(7.9)	(30.5)

ESG Score	2023	2024	Change
ESG score	64.4	65.0	0.6
Environment	35.6	37.8	2.2
Social	68.6	70.7	2.1
Governance	77.0	78.2	1.2

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

08-08-2025: [Q1FY26 results review](#)

09-05-2025: [Q4FY25 results review](#)

Additionally, Kalyan plans to launch new regional brands in CY25, with hyperlocal positioning tailored to specific cultural and market preferences - aimed at deepening penetration and enhancing relevance.

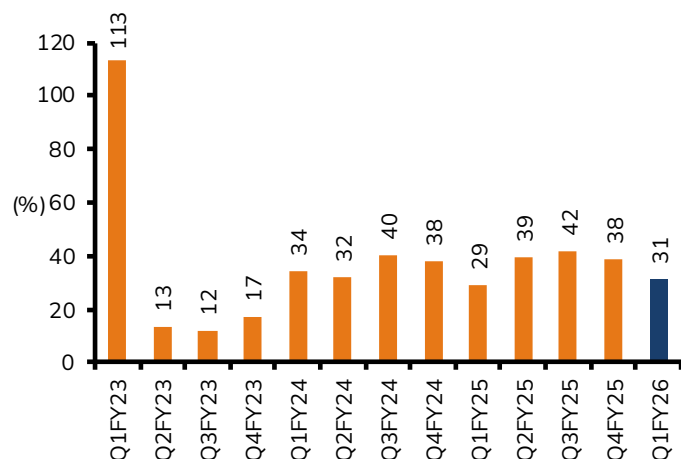
Asset-light model driving returns and capital efficiency

Kalyan reduced working capital debt by INR 5.2bn in FY25, with further targeted reduction of INR 3.5–4.0bn in FY26 (pending release of INR 2bn excess collateral). Capex remains contained at ~INR 1.5bn in FY26.

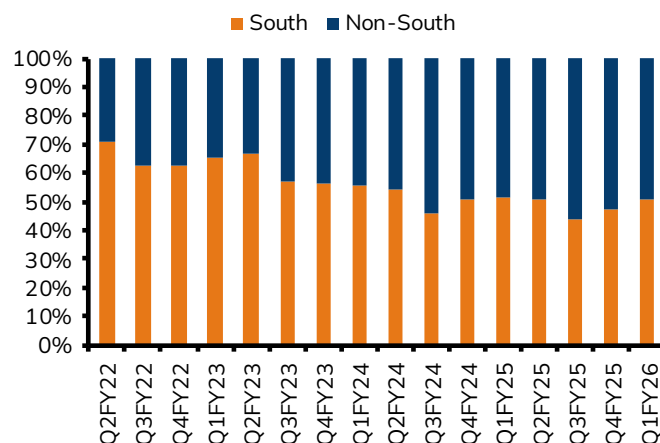
The FOCO rollout has accelerated capital-efficient scaling, improving RoCE to 21.8%, RoE to 17.8% and inventory turns to 3.2x. Net debt-to-equity (ex-GML) remained negligible at ~0.02x, highlighting strong internal accruals and disciplined capital allocation. In our view, the continued FOCO-led expansion of both Kalyan and Candere could further strengthen the return profile.

Valuation and risks

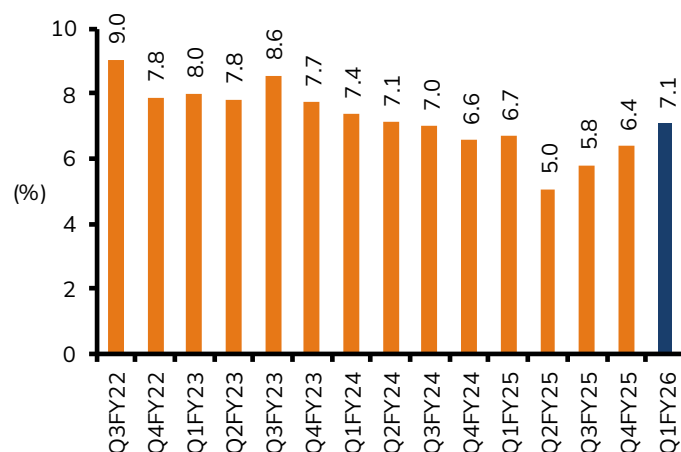
We maintain our estimates, modelling in revenue/EBITDA/PAT CAGR of 28%/28%/38% over FY25–27E. After the recent stock price correction, we upgrade Kalyan to **BUY** (from *Add*) with an unchanged DCF-based target price of INR 670, as risk-reward has turned favourable. At our TP, the stock would trade at 43x FY27E EPS. Key risks: Delay in showroom expansion and potentially higher competitive intensity in core South Indian markets.

Exhibit 1: Revenue growth (%) - Standalone

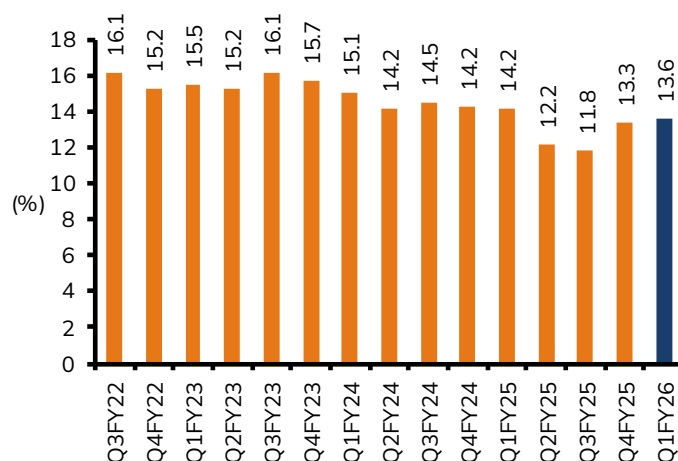
Source: Company data, I-Sec research

Exhibit 2: Revenue contribution

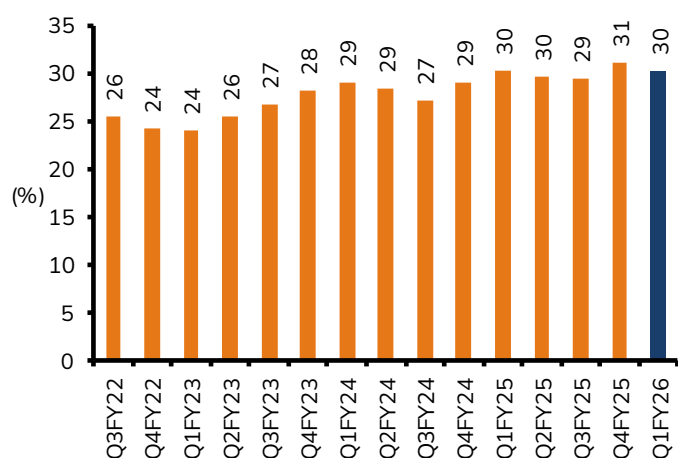
Source: Company data, I-Sec research

Exhibit 3: EBITDA margin (%) - Standalone

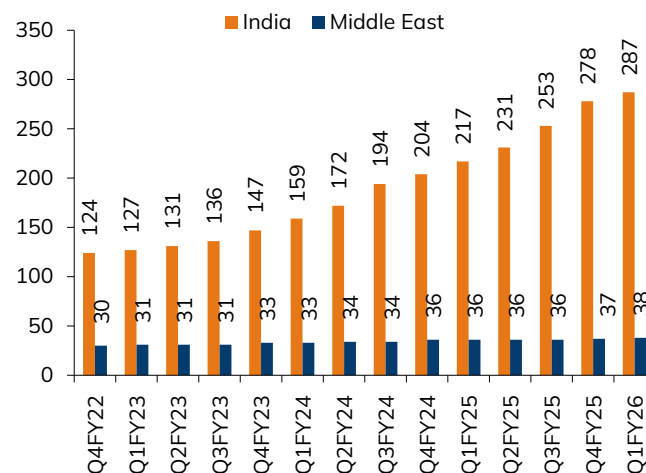
Source: Company data, I-Sec research

Exhibit 4: Gross margin (%) - Standalone

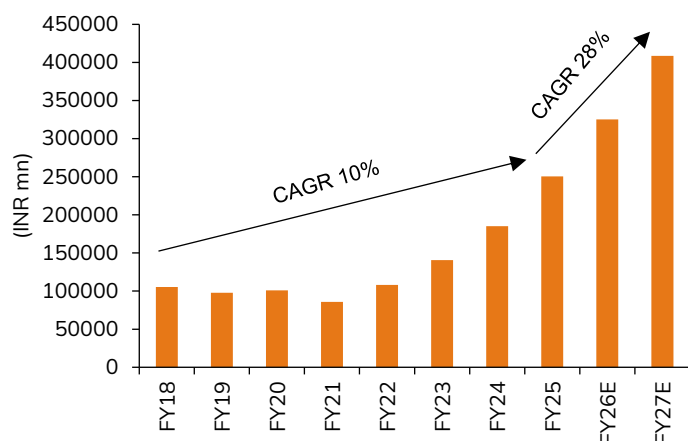
Source: Company data, I-Sec research

Exhibit 5: Studded share

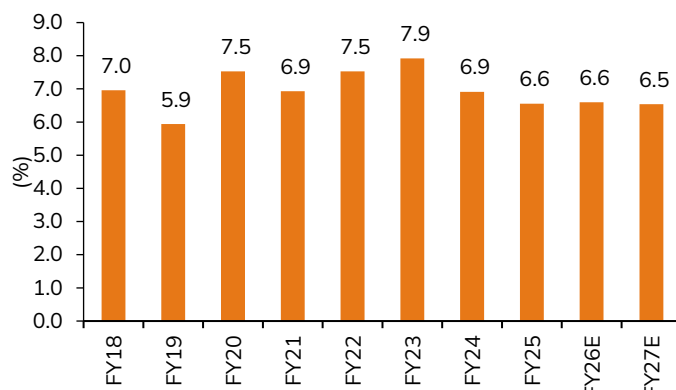
Source: Company data, I-Sec research

Exhibit 6: Store count (Kalyan Jewellers)

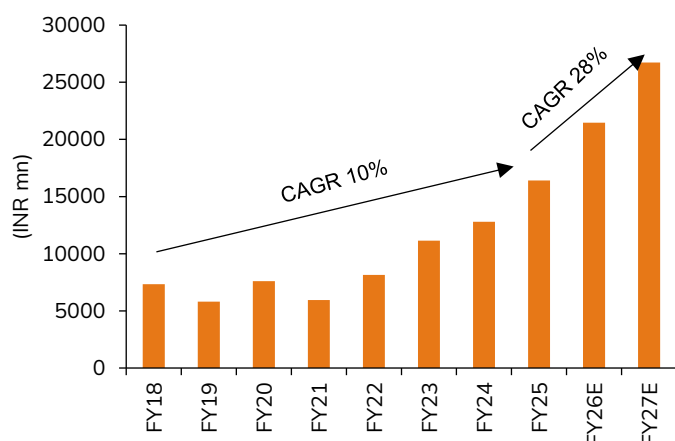
Source: Company data, I-Sec research

Exhibit 7: Revenue and growth rates

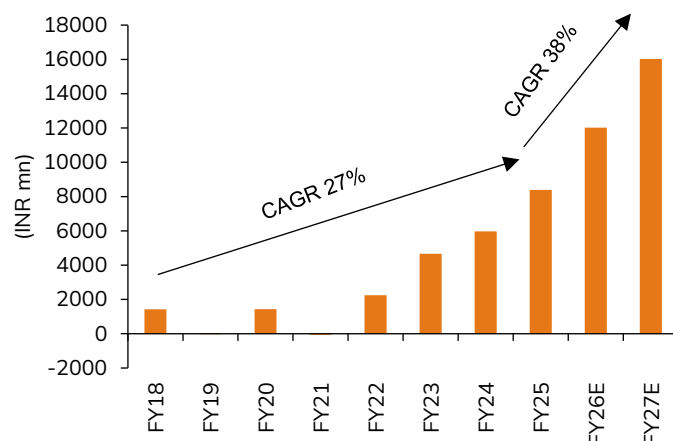
Source: Company data, I-Sec research

Exhibit 8: EBITDA margin

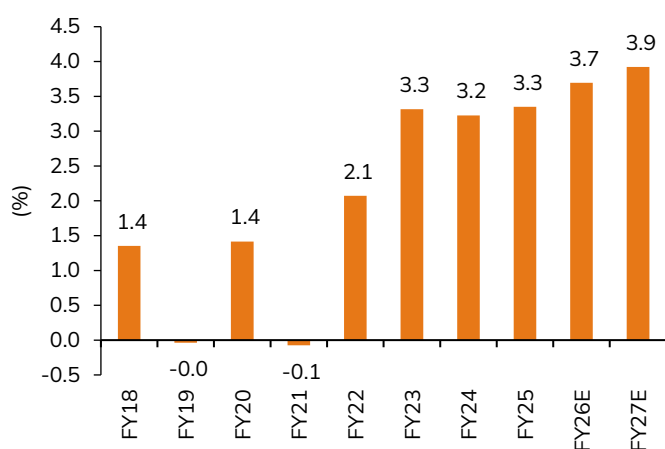
Source: Company data, I-Sec research

Exhibit 9: EBITDA and growth rates

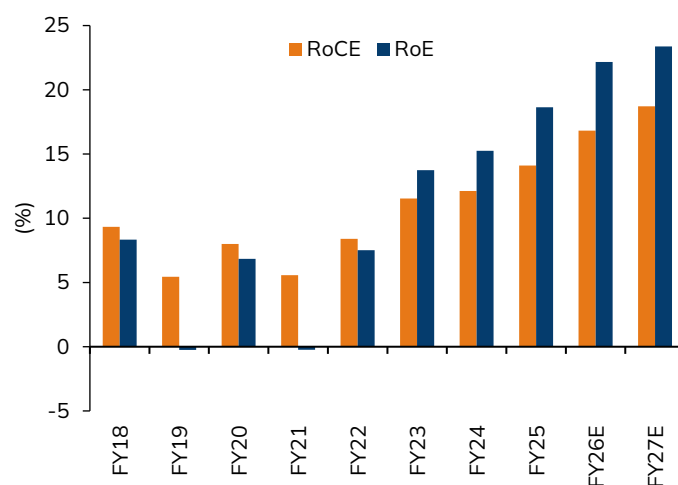
Source: Company data, I-Sec research

Exhibit 10: PAT and growth rates

Source: Company data, I-Sec research

Exhibit 11: PAT margin

Source: Company data, I-Sec research

Exhibit 12: Return ratios

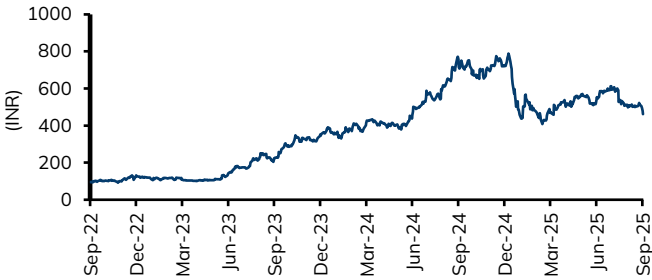
Source: Company data, I-Sec research

Exhibit 13: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	60.6	62.9	62.8
Institutional investors	30.0	28.9	30.2
MFs and others	11.8	10.5	11.8
FIs/Banks	0.8	0.4	0.5
FIIIs	17.4	18.0	17.9
Others	9.4	8.2	7.0

Source: Bloomberg, I-Sec research

Exhibit 14: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 15: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	1,85,156	2,50,451	3,25,247	4,08,622
Operating Expenses	1,72,356	2,34,039	3,03,783	3,81,900
EBITDA	12,799	16,412	21,464	26,722
EBITDA Margin (%)	6.9	6.6	6.6	6.5
Depreciation & Amortization	2,743	3,427	3,947	4,307
EBIT	10,056	12,985	17,517	22,415
Interest expenditure	3,232	3,595	3,383	3,448
Other Non-operating Income	-	-	-	-
Recurring PBT	7,888	10,836	15,872	21,116
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	1,925	2,454	3,863	5,102
PAT	5,963	8,382	12,009	16,015
Less: Minority Interest	(11)	(6)	(7)	(7)
Extraordinaries (Net)	-	(1,240)	-	-
Net Income (Reported)	5,963	7,142	12,009	16,015
Net Income (Adjusted)	5,973	8,388	12,015	16,022

Source Company data, I-Sec research

Exhibit 16: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	98,151	1,13,993	1,39,482	1,70,675
of which cash & cash eqv.	9,751	10,311	21,675	46,317
Total Current Liabilities & Provisions	40,677	52,821	68,996	87,196
Net Current Assets	57,474	61,172	70,486	83,479
Investments	611	611	611	611
Net Fixed Assets	10,904	13,056	14,472	15,828
ROU Assets	11,390	14,723	14,723	14,723
Capital Work-in-Progress	485	77	77	77
Total Intangible Assets	89	72	21	21
Long Term Loans & Advances	3,812	6,250	8,791	11,724
Deferred Tax assets	-	-	-	-
Total Assets	86,838	97,313	1,10,914	1,28,619
Liabilities				
Borrowings	33,259	32,933	34,268	35,434
Deferred Tax Liability	(662)	(1,125)	(1,125)	(1,125)
Provisions	456	501	641	796
Other Liabilities	218	308	159	159
Equity Share Capital	10,301	10,314	10,314	10,314
Reserves & Surplus	31,590	37,721	49,996	66,381
Total Net Worth	41,891	48,036	60,310	76,695
Minority Interest	(13)	-	-	-
Total Liabilities	86,838	97,313	1,10,914	1,28,619

Source Company data, I-Sec research

Exhibit 17: Quarterly trend

(INR mn, year ending March)

	Sep-24	Dec-24	Mar-25	Jun-25
Net Sales	60,655	72,781	61,815	72,685
% growth (YOY)	37.4	39.3	36.6	31.3
EBITDA	3,272	4,300	3,994	5,080
Margin %	5.4	5.9	6.5	7.0
Other Income	260	401	408	463
Extraordinaries	-	-	-	-
Adjusted Net Profit	1,306	2,188	1,876	2,641

Source Company data, I-Sec research

Exhibit 18: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	13,218	12,094	16,879	30,437
Working Capital Changes	2,031	(1,708)	(1,039)	8,448
Capital Commitments	(2,173)	(2,544)	(3,466)	(3,514)
Free Cashflow	11,045	9,550	13,413	26,923
Other investing cashflow	803	779	-	-
Cashflow from Investing Activities	(1,370)	(1,765)	(3,466)	(3,514)
Issue of Share Capital	-	145	-	-
Interest Cost	(2,389)	(2,234)	(3,383)	(3,448)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	(515)	(1,236)	-	-
Others	(5,909)	(1,684)	1,334	1,166
Cash flow from Financing Activities	(11,480)	(8,402)	(2,049)	(2,281)
Chg. in Cash & Bank balance	368	1,926	11,364	24,642
Closing cash & balance	10,119	12,237	33,039	70,959

Source Company data, I-Sec research

Exhibit 19: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	5.8	8.1	11.6	15.5
Adjusted EPS (Diluted)	5.8	8.1	11.6	15.5
Cash EPS	8.5	11.5	15.5	19.7
Dividend per share (DPS)	1.2	1.5	2.2	3.2
Book Value per share (BV)	40.7	46.6	58.5	74.4
Dividend Payout (%)	4.8	5.4	5.3	4.9
Growth (%)				
Net Sales	31.6	35.3	29.9	25.6
EBITDA	14.9	28.2	30.8	24.5
EPS (INR)	28.2	40.4	43.3	33.4
Valuation Ratios (x)				
P/E	77.4	55.2	38.5	28.9
P/CEPS	53.0	39.1	29.0	22.7
P/BV	11.0	9.6	7.7	6.0
EV / EBITDA	37.9	29.6	22.1	16.9
P / Sales	2.5	1.8	1.4	1.1
Dividend Yield (%)	0.3	0.3	0.5	0.7
Operating Ratios				
Gross Profit Margins (%)	14.5	13.6	12.6	12.0
EBITDA Margins (%)	6.9	6.6	6.6	6.5
Effective Tax Rate (%)	24.4	22.6	24.3	24.2
Net Profit Margins (%)	3.2	3.3	3.7	3.9
Net Debt / Equity (x)	2.3	2.5	2.8	3.2
Net Debt / EBITDA (x)	5.9	4.9	4.4	4.2
Fixed Asset Turnover (x)	10.9	12.2	13.0	13.4
Working Capital Days	183	160	136	111
Inventory Turnover Days	186	162	138	113
Receivables Days	7	7	7	6
Payables Days	44	39	39	39
Profitability Ratios				
RoCE (%)	10.4	12.9	15.1	16.4
RoE (%)	15.3	18.7	22.2	23.4
RoIC (%)	10.4	12.9	15.1	16.4

Source Company data, I-Sec research

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