

We reiterate **BUY** on Senco with an unchanged TP of Rs575 (25x Dec-27E EPS), buoyed by leading SSG performance in Q3, growing franchisee interest in non-core territories, and inexpensive valuations. Senco delivered an all-around beat in Q3, with best-in-class SSG at 39% vs 27-32% for peers, and margin beat led by higher COCO share, better mix, and gold price increase. The company delivered ~30% YoY growth in 9M and has guided for >25% YoY growth in Q4. With elevated gold prices, Senco is seeing healthy traction in the lightweight jewelry segment (9/14/18 carat), which is its key moat. We also see emerging franchisee traction in non-core regions as a step toward strengthening its position as a pan-India jewelry retail brand. This should help accelerate Senco's asset-light expansion. Senco has added 4/11 franchisee stores in Q3/9M, of the total 17 store openings in 9MFY26. We expect Senco to deliver a normalized revenue/PAT CAGR of 20%/26% over FY25-28E. Senco currently trades at an inexpensive valuation of 18x/14x FY27E/FY28E EPS, at a 35-70% valuation discount to most other jewelry retailers (Exhibit 5).

Robust Q3; non-East regions continue to see healthy traction

Senco delivered robust revenue growth of ~50% YoY in Q3, supported by best-in-class SSG at 39% vs 32%/27% for Tanishq/Kalyan. For 9M, revenue growth improved to ~30% YoY (21% SSG) vs 16-17% in H1. Notably, revenue from non-East regions has crossed the Rs11bn mark. Senco expects growth from such regions to be higher than in core markets, reinforcing its pan-India expansion strategy. Encouragingly, momentum in studded jewelry has sustained, with ~35% YoY growth in Q3/9M (studded ratio: 10.9%). Senco added 4 new franchisee stores in Q3, taking the total to 196 (83 franchisee stores), and expects to add ~18-20 stores in FY27 with a higher tilt toward the franchisee model. Gross margin (GM) at 19.9% expanded by ~970bps YoY, led by better product mix, higher sales from COCO stores, and ~3.5% realization gain due to higher gold price. EBITDA margin stood at 13.2% (vs 3.9% in Q3FY25), led by GM expansion and operating leverage. Reported PAT at Rs2.6bn was significantly higher than the street/our estimates.

Expects >25% growth in Q4; full-year revenue/margin guidance intact

While margins were elevated in Q3FY26, the management indicated that the steady-state gross/EBITDA margin was ~15%/10%, respectively, for Q3, led by operating leverage during festive and wedding seasons. It maintained its guidance of 7.5-7.8% annual EBITDA margin. The management also highlighted that 55-60% inventory was hedged in Q3, to manage working capital and liquidity, though this ratio could rise to 85-90% in case of a significant fall in gold price. Senco remains confident about achieving >25% YoY revenue growth in Q4, and maintains its guidance of 20% revenue growth and 18-20 store additions in FY27.

Target Price – 12M	Dec-26
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	63.4

Stock Data	SENCO IN
52-week High (Rs)	458
52-week Low (Rs)	227
Shares outstanding (mn)	163.7
Market-cap (Rs bn)	58
Market-cap (USD mn)	636
Net-debt, FY26E (Rs mn)	11,592.7
ADTV-3M (mn shares)	1.3
ADTV-3M (Rs mn)	599.3
ADTV-3M (USD mn)	6.6
Free float (%)	36.0
Nifty-50	25,471.1
INR/USD	90.6

Shareholding, Dec-25

Promoters (%)	64.5
FPIs/MFs (%)	8.2/12.1

Price Performance

(%)	1M	3M	12M
Absolute	4.6	6.7	(21.2)
Rel. to Nifty	5.7	8.4	(28.8)

1-Year share price trend (Rs)



Senco Gold: Financial Snapshot (Consolidated)

Y/E (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	52,414	63,281	81,552	92,165	108,725
EBITDA	3,755	3,676	7,846	6,601	7,951
Adj. PAT	1,810	1,593	4,480	3,272	4,141
Adj. EPS (Rs)	11.6	10.1	27.4	20.0	25.3
EBITDA margin (%)	7.2	5.8	9.6	7.2	7.3
EBITDA growth (%)	18.6	(2.1)	113.4	(15.9)	20.5
Adj. EPS growth (%)	1.6	(13.5)	171.7	(27.0)	26.5
RoE (%)	15.7	9.6	20.5	12.8	14.3
RoIC (%)	13.5	9.8	17.4	11.5	12.5
P/E (x)	30.2	35.0	12.9	17.6	13.9
EV/EBITDA (x)	17.0	17.3	8.1	9.7	8.0
P/B (x)	4.0	2.8	2.4	2.1	1.9
FCFF yield (%)	(2.8)	(4.8)	(6.9)	2.3	0.8

Source: Company, Emkay Research

Devanshu Bansal

devanshu.bansal@emkayglobal.com
+91-22-66121385

Sunny Bhadra

sunny.bhadra@emkayglobal.com
+91-22-66121376

Yuvraj Kunwar

yuvraj.kunwar@emkayglobal.com
+91-22-66121302

Earnings call KTAs

Business update and demand environment

- Dhanteras and the wedding season were in full swing, supporting strong demand momentum.
- Growth in Tier 2 and Tier 3 markets has been particularly strong. Growth rates in non-East regions was higher than in the East region, and the company is looking at 25-30% revenue growth in the non-East regions vs 18-20% in the East region.
- Despite high gold prices, consumer faith and trust in the brand continues to strengthen, and there is no expectation of a material drop in ASPs in Q4.
- The company has 9-carat offerings in both gold and diamond jewelry.
- Volume growth was down 3%/10% YoY in Q3/9M, respectively, for gold. Diamond volume sales were up 12.5% YoY for the 9MFY26.

Margins and profitability

- Adjusted EBITDA margin stood at ~13.2% in Q3.
- Steady state business margins for Q3 are expected in the range of 9.5-10%.
- For FY27, if gold prices remain elevated, margins are expected to be at 7.5-7.8%.
- 15-16% is the sustainable gross margin range in case of steady gold prices.
- Gross margins vary by channel, at 7-8% for franchise sales, 18-20% for own stores, and ~5% for e-commerce and exports.
- Effective making charges in lightweight jewellery are higher, supporting margins.

Channel mix and expansion

- Franchisee revenue salience stood at 33%, own stores contributed 65%, and other channels accounted for 2%.
- The company continues to focus on opening 18-20 stores annually, with a higher thrust on franchise expansion.
- Senco opened ~40 new stores in the past two years. New stores in the first year begin with revenue of Rs180-200mn.
- Among the old-store cohort, 8-9 stores have crossed the Rs1bn revenue mark.

Old gold and hedging trends

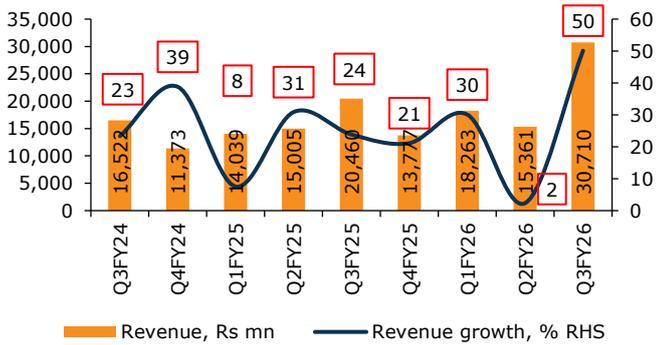
- Hedging ratio stood at 55-60%. If gold prices remain stable or see a decline, the hedging ratio can inch up to 85-90%.
- The share of old gold exchange has increased significantly from 25-30% a few years ago to ~45% currently.

Inventory and working capital

- Inventory value increased 55% YoY, funded through borrowings and trade payables.
- Inventory days are expected to remain at ~180 days.
- The company has a working capital limit of Rs24bn.
- The company received credit rating of A+ from Care Edge, and believes that blended rate of interest could come down by 30-40bps in FY27.

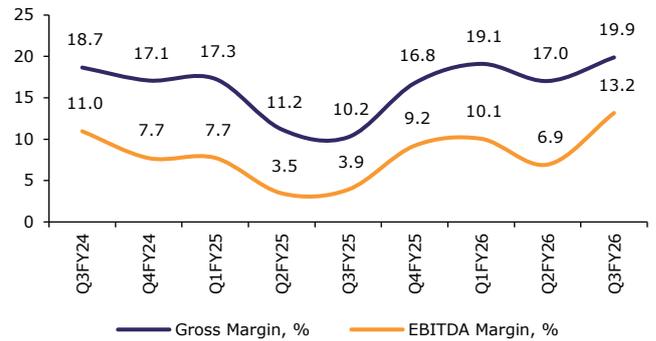
Story in charts

Exhibit 1: Reported revenue was up ~50% YoY, led by 39% SSG



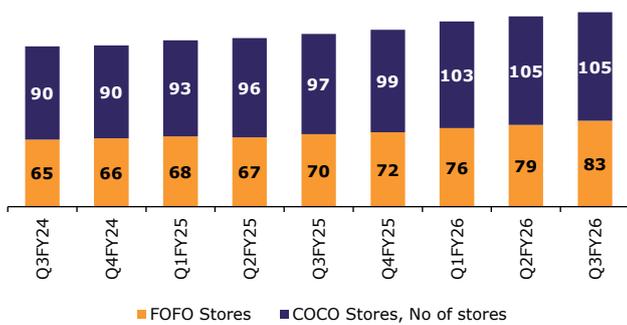
Source: Company, Emkay Research

Exhibit 2: EBITDA margin stood at 13.2% vs 3.9% in Q3FY25, led by strong gross margin performance (up by ~970bps YoY)



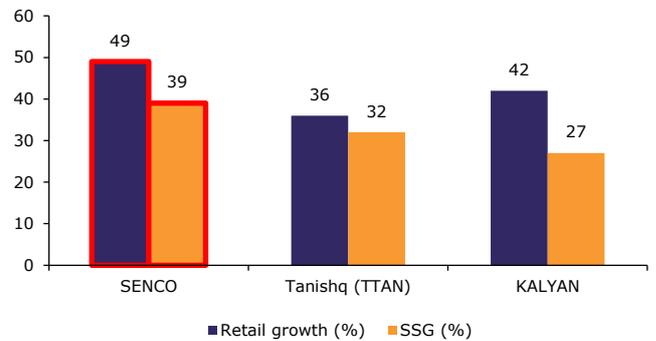
Source: Company, Emkay Research

Exhibit 3: Senco has seen a healthy store-count addition



Source: Company, Emkay Research

Exhibit 4: Senco's Q3 SSG at 39% was strong and ahead of Titan's and Kalyan's SSG



Source: Company, Emkay Research

Exhibit 5: Senco is seeing healthy initial traction for franchisees in non-East regions



Source: Company, Emkay Research

Exhibit 6: Senco is trading at a 35-70% discount to other jewelry brands, despite strong growth prospects

Company	FY25-28E CAGR (%)		FY25	FY28E	FY27E P/E (x)	Valuation Discount (%)
	Revenue	PAT	ROE (%)			(vs peers)
TTAN	21	28	32	32	59	70
Kalyan	27	27	15	22	31	43
Thangamayil	32	56	15	24	29	39
P N Gadgil	20	32	21	19	20	10
Senco	20	26	10	14	18	

Source: Company, Bloomberg, Emkay Research; Note: *FY25 PAT has been adjusted for the impact of customs duty reduction across players

Exhibit 7: Actual vs estimates (Q3FY26)

(Rs mn)	Actual	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Net sales	30,710	30,709	26,094	0.0%	17.7%	Topline was in line with our estimate.
EBITDA	4,046	2,136	1,811	89.4%	123.4%	EBITDA beat led by better gross margin.
EBITDA margin	13.2%	7.0%	6.9%	622bps	623bps	
PAT	2,640	1,199	981	120.1%	169.1%	PAT beat led by EBITDA flow-through and higher other income.

Source: Company, Emkay Research

Exhibit 8: Change in estimates

(Rs mn)	FY26E			FY27E			FY28E		
	Old	New	Change (%)	Old	New	Change (%)	Old	New	Change (%)
Revenue	80,587	81,552	1.2	91,058	92,165	1.2	107,485	108,725	1.2
EBITDA*	5,848	7,846	34.2	6,598	6,601	0.0	7,939	7,951	0.2
EBITDA margin (%)	7.3	9.6	240 bps	7.2	7.2	-10 bps	7.4	7.3	-10 bps
Net profit	2,955	4,480	51.6	3,269	3,272	0.1	4,138	4,141	0.1
EPS (Rs)	18.1	27.4	51.6	20.0	20.0	0.1	25.3	25.3	0.1

Source: Company, Emkay Research; Note: *Post-IndAS EBITDA

Exhibit 9: Summary of quarterly results

Y/E, Mar (Rs mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	YoY (%)	QoQ (%)	FY25TD	FY26TD	YoY (%)
Revenue	20,460	13,777	18,263	15,361	30,710	50.1	99.9	49,504	64,334	30.0
Expenditure	19,660	12,507	16,427	14,296	26,664	35.6	86.5	47,097	57,387	21.8
Consumption of RM	18,363	11,465	14,774	12,745	24,603	34.0	93.0	43,301	52,122	20.4
as a % of sales	89.8%	83.2%	80.9%	83.0%	80.1%			87.5%	81.0%	
Employee Cost	361	357	418	419	534	47.8	27.5	1,034	1,371	
as a % of sales	1.8%	2.6%	2.3%	2.7%	1.7%			2.1%	2.1%	
Advertising and SP	221	179	426	408	468	111.7	14.6	887	1,303	46.9
as a % of sales	1.1%	1.3%	2.3%	2.7%	1.5%			1.8%	2.0%	
Other Expenditure	715	507	809	724	1,059	48.2	46.3	1,875	2,592	38.2
as a % of sales	3.5%	3.7%	4.4%	4.7%	3.4%			3.8%	4.0%	
EBITDA	800	1,270	1,836	1,065	4,046	406.0	279.8	2,406	6,947	188.7
Depreciation	131	191	187	190	211	61.2	10.9	490	588	20.0
EBIT	669	1,079	1,649	875	3,835	473.5	338.3	1,916	6,359	231.8
Other Income	127	147	186	178	301	137.5	69.7	399	665	66.8
Interest	339	375	430	462	590	73.8	27.8	987	1,481	50.0
PBT	456	851	1,406	591	3,546	677.2	500.4	1,328	5,543	317.4
Total Tax	121	226	359	103	906	646.4	781.1	359	1,368	281.0
PAT	335	624	1,047	488	2,640	688.4	441.2	969	4,174	330.9
Extraordinary Items	0	0	0	0	0			0	0	
Reported PAT	335	624	1,047	488	2,640	688.4	441.2	969	4,174	330.9
Minority Interest	0	0	0	0	0			0	0	
Reported EPS (Rs)	2.1	3.8	6.4	3.0	16.1	657.2	441.2	6.2	25.5	310.7
(%)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	(bps)	(bps)	FY25TD	FY26TD	(bps)
EBITDA margin	3.9	9.2	10.1	6.9	13.2	930	620	4.9	10.8	590
EBIT margin	3.3	7.8	9.0	5.7	12.5	920	680	3.9	9.9	600
EBT margin	2.2	6.2	7.7	3.8	11.5	930	770	2.7	8.6	590
PAT margin	1.6	4.5	5.7	3.2	8.6	700	540	2.0	6.5	450
Effective tax rate	26.6	26.6	25.6	17.4	25.6	-110	810	27.0	24.7	-240

Source: Company, Emkay Research

Exhibit 10: Valuation comparison across our coverage universe

Company	Price (Rs)	Mcap (Rs bn)	Reco	Target Price (Rs)	EPS (Rs)			P/E (x)			EV/EBITDA (x)*		
					FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Titan Company	4,181	3,712	ADD	5,000	57.9	72.5	88.5	72.2	57.7	47.3	44.4	37.1	31.5
Varun Beverages**	449	1,520	BUY	615	9.0	10.0	12.4	50.0	45.1	36.3	30.1	26.9	23.1
Ethos	2,487	67	BUY	3,200	38.8	50.5	68.0	64.1	49.2	36.6	27.5	20.3	15.0
Page Industries	33,405	373	REDUCE	33,750	693.1	780.1	864.5	48.2	42.8	38.6	32.6	29.0	26.3
ABFRL	74	90	ADD	85	-6.1	-5.2	-3.6	NA	NA	NA	11.5	7.5	5.4
Go Fashion	350	19	REDUCE	400	10.9	10.9	13.7	32.1	32.2	25.5	6.9	6.4	5.7
Jubilant FoodWorks	533	352	BUY	725	5.7	7.0	9.0	93.0	75.8	59.4	20.1	17.4	15.0
Devyani International	132	163	BUY	190	-0.3	0.3	1.0	NA	491.5	129.9	20.4	15.9	13.0
Westlife Foodworld	523	82	ADD	650	1.6	2.5	5.4	335.6	210.4	96.6	24.7	18.8	15.1
Sapphire Foods	218	70	BUY	350	-0.9	1.4	2.8	NA	157.4	76.5	14.8	11.5	9.6
Senco Gold	352	58	BUY	575	27.4	20.0	25.3	12.9	17.6	13.9	8.1	9.7	8.0
Metro Brands	1,070	292	BUY	1,300	17.5	19.7	22.6	61.1	54.3	47.2	32.9	28.4	24.5
ABLBL	113	14	BUY	170	1.6	2.6	3.7	69.4	42.9	30.6	1.5	1.3	1.1
Vishal Mega Mart	122	569	BUY	190	1.9	2.5	3.1	65.8	49.6	39.9	29.1	23.5	19.7
Lenskart	505	876	BUY	550	2.2	3.9	5.8	228.1	129.9	86.9	51.9	37.4	28.6

Source: Company, Emkay Research; Note: *Post-IndAS116 EBITDA; **FY26E is CY25 and likewise for Varun Beverages

Senco Gold: Consolidated Financials and Valuations

Profit & Loss					
Y/E (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	52,414	63,281	81,552	92,165	108,725
Revenue growth (%)	28.5	20.7	28.9	13.0	18.0
EBITDA	3,755	3,676	7,846	6,601	7,951
EBITDA growth (%)	18.6	(2.1)	113.4	(15.9)	20.5
Depreciation & Amortization	601	681	766	851	932
EBIT	3,154	2,995	7,079	5,749	7,019
EBIT growth (%)	16.4	(5.0)	136.4	(18.8)	22.1
Other operating income	-	-	-	-	-
Other income	422	546	830	850	925
Financial expense	1,081	1,362	1,920	2,225	2,408
PBT	2,495	2,179	5,990	4,374	5,535
Extraordinary items	0	0	0	0	0
Taxes	685	586	1,509	1,102	1,395
Minority interest	0	0	0	0	0
Income from JV/Associates	-	-	-	-	-
Reported PAT	1,810	1,593	4,480	3,272	4,141
PAT growth (%)	14.2	(12.0)	181.2	(27.0)	26.5
Adjusted PAT	1,810	1,593	4,480	3,272	4,141
Diluted EPS (Rs)	11.6	10.1	27.4	20.0	25.3
Diluted EPS growth (%)	1.6	(13.5)	171.7	(27.0)	26.5
DPS (Rs)	0.6	0.4	1.4	1.0	1.3
Dividend payout (%)	5.1	4.4	5.1	5.1	5.1
EBITDA margin (%)	7.2	5.8	9.6	7.2	7.3
EBIT margin (%)	6.0	4.7	8.7	6.2	6.5
Effective tax rate (%)	27.5	26.9	25.2	25.2	25.2
NOPLAT (pre-IndAS)	2,288	2,190	5,295	4,300	5,250
Shares outstanding (mn)	155	158	164	164	164

Source: Company, Emkay Research

Cash flows					
Y/E (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBT (ex-other income)	2,073	1,633	5,160	3,524	4,610
Others (non-cash items)	0	0	0	0	0
Taxes paid	(734)	(623)	(1,616)	(1,158)	(1,459)
Change in NWC	(4,389)	(5,679)	(10,181)	(3,504)	(5,477)
Operating cash flow	(1,369)	(2,625)	(3,951)	1,938	1,014
Capital expenditure	(444)	(462)	(465)	(500)	(535)
Acquisition of business	-	-	0	0	0
Interest & dividend income	422	546	830	850	925
Investing cash flow	(22)	83	365	350	390
Equity raised/(repaid)	2,482	4,484	0	0	0
Debt raised/(repaid)	506	(29)	7,030	1,289	1,418
Payment of lease liabilities	(618)	(666)	(692)	(739)	(791)
Interest paid	(796)	(1,030)	(1,546)	(1,814)	(1,964)
Dividend paid (incl tax)	(93)	(70)	(229)	(167)	(212)
Others	0	0	0	0	0
Financing cash flow	1,481	2,689	4,563	(1,431)	(1,548)
Net chg in Cash	90	147	978	857	(144)
OCF	(1,369)	(2,625)	(3,951)	1,938	1,014
Adj. OCF (w/o NWC chg.)	3,021	3,054	6,230	5,442	6,492
FCFF	(1,813)	(3,087)	(4,416)	1,438	479
FCFE	(2,187)	(3,571)	(5,131)	474	(560)
OCF/EBITDA (%)	(36.4)	(71.4)	(50.4)	29.4	12.8
FCFE/PAT (%)	(120.8)	(224.2)	(114.5)	14.5	(13.5)
FCFF/NOPLAT (%)	(79.2)	(141.0)	(83.4)	33.4	9.1

Source: Company, Emkay Research

Balance Sheet					
Y/E (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Share capital	777	818	818	818	818
Reserves & Surplus	12,878	18,885	23,135	26,240	30,169
Net worth	13,655	19,703	23,954	27,059	30,987
Minority interests	0	0	0	0	0
Non current liab. & prov.	2,400	2,639	3,114	3,730	4,520
Total debt	5,901	5,872	12,903	14,192	15,611
Total liabilities & equity	21,956	28,214	39,971	44,981	51,118
Net tangible fixed assets	1,051	1,152	1,240	1,336	1,438
Net intangible assets	135	251	357	456	546
Net ROU assets	2,434	2,644	3,048	3,502	4,113
Capital WIP	15	20	20	20	20
Goodwill	0	0	0	0	0
Investments [JV/Associates]	1	2	2	2	2
Cash & equivalents	185	333	1,310	2,167	2,023
Current Liab. (ex-cash)	33,177	42,797	58,078	66,426	76,415
Current Liab. & Prov.	15,042	18,984	24,084	28,928	33,440
NWC (ex-cash)	18,135	23,813	33,994	37,499	42,976
Total assets	21,956	28,214	39,971	44,981	51,118
Net debt	5,716	5,540	11,593	12,025	13,588
Capital employed	21,956	28,214	39,971	44,981	51,118
Invested capital	19,321	25,216	35,592	39,291	44,960
BVPS (Rs)	87.9	124.6	146.3	165.3	189.3
Net Debt/Equity (x)	0.4	0.3	0.5	0.4	0.4
Net Debt/EBITDA (x)	1.5	1.5	1.5	1.8	1.7
Interest coverage (x)	3.0	2.4	3.9	2.8	3.1
RoCE (%)	20.8	15.7	25.3	16.9	18.1

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	30.2	35.0	12.9	17.6	13.9
P/CE(x)	26.6	30.4	12.1	16.1	12.9
P/B (x)	4.0	2.8	2.4	2.1	1.9
EV/Sales (x)	1.2	1.0	0.8	0.7	0.6
EV/EBITDA (x)	17.0	17.3	8.1	9.7	8.0
EV/EBIT(x)	20.2	21.3	9.0	11.1	9.1
EV/IC (x)	3.3	2.5	1.8	1.6	1.4
FCFF yield (%)	(2.8)	(4.8)	(6.9)	2.3	0.8
FCFE yield (%)	(3.8)	(6.2)	(8.9)	0.8	(1.0)
Dividend yield (%)	0.2	0.1	0.4	0.3	0.4
DuPont-RoE split					
Net profit margin (%)	3.5	2.5	5.5	3.6	3.8
Total asset turnover (x)	3.1	2.8	2.6	2.4	2.5
Assets/Equity (x)	1.5	1.4	1.4	1.5	1.5
RoE (%)	15.7	9.6	20.5	12.8	14.3
DuPont-RoIC					
NOPLAT margin (%)	4.4	3.5	6.5	4.7	4.8
IC turnover (x)	3.1	2.8	2.7	2.5	2.6
RoIC (%)	13.5	9.8	17.4	11.5	12.5
Operating metrics					
Core NWC days	126.3	137.4	152.1	148.5	144.3
Total NWC days	126.3	137.4	152.1	148.5	144.3
Fixed asset turnover	22.0	22.0	24.4	24.1	25.1
Opex-to-revenue (%)	6.5	6.2	6.8	6.2	6.2

Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
10-Jan-26	354	575	Buy	Devanshu Bansal
23-Nov-25	321	500	Buy	Devanshu Bansal
13-Nov-25	330	500	Buy	Devanshu Bansal
07-Oct-25	348	500	Buy	Devanshu Bansal
13-Aug-25	339	500	Buy	Devanshu Bansal
01-Aug-25	314	500	Buy	Devanshu Bansal
02-Jun-25	379	500	Buy	Devanshu Bansal
09-Apr-25	318	500	Buy	Devanshu Bansal
17-Feb-25	325	600	Buy	Devanshu Bansal
10-Jan-25	538	775	Buy	Devanshu Bansal
17-Sep-24	641	800	Buy	Devanshu Bansal
15-Aug-24	550	700	Buy	Devanshu Bansal
23-Jul-24	495	575	Buy	Devanshu Bansal
07-Jul-24	541	575	Buy	Devanshu Bansal
24-May-24	437	550	Buy	Devanshu Bansal
15-Apr-24	476	550	Buy	Devanshu Bansal
07-Apr-24	400	463	Buy	Devanshu Bansal
15-Feb-24	387	450	Buy	Devanshu Bansal

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research