Equity Research Report

Kalyan Jewellers India Ltd.

Playing the Low-margin Game with Franchise Expansion

Company Profile

Kalyan Jewellers India Ltd. (hereinafter referred to as “Kalyan Jewellers” or “The Company”) is the second-largest listed retail jeweller in India, with operations also in the UAE, USA, and other countries. Geographically, the revenue breakdown is 87.7% from India, 11.5% from the Middle East, and the rest from other countries.

As of March 31, 2025, the total number of showrooms across India and the Middle East stood at 388 (Kalyan India–278, Kalyan Middle East–36, Kalyan USA–1, Candere–73). The Company is on a franchise model expansion spree since the very beginning of FY25, and it will be accelerated in FY26 and may continue further as it is looking forward to attaining a store network of the industry leader, i.e., Titan, in a couple of years. The asset-light growth strategy is promising, but the EBITDA margins will be stressed due to the larger share of revenue coming from franchisees.

The Company purchased a stake in Enovate Lifestyles Private Limited for its online jewellery platform – Candere in 2017, now a Wholly-owned subsidiary, as a strategic move to establish an omnichannel presence in the dynamic landscape of the jewellery market. “My Kalyan” grassroots stores also play a crucial role in gaining traction from tier-3 and tier-4 cities, and a hyperlocal strategy gives it an edge by serving the preferences of local customers, while simultaneously maintaining a National brand status.

Overview

The company has traded at a premium valuation for the last couple of years, as against its listed peers, except the market leader, i.e., the Titan company.

The price-to-earnings ratio of the company is currently at 81x, while the industry average is at 56x, with Titan trading at 95x and other comparable listed peers at below 50x.

On the EV/EBITDA and EV/Revenue basis, the picture is optically very similar, as the company trades at 37.3x and 2.5x, while the peers’ median stood at 25.1x and 1.3x, respectively.

The company is overvalued based on DCF valuation, as the equity value/share came out to be at INR 136 v/s the current market price of INR 561, according to the conservative estimates or forecasts assumed by the analyst.

Lately, a significant re-rating has been witnessed in the share price of the company because of the high revenue growth due to the franchise-based expansion across the country, but if the emerging intense competition at the local level, normalizing SSSGs, postponement of scaling of the omni-channel business and execution failure at a large scale is witnessed, then the premium valuation enjoyed by the company could take a hit.

Key Inputs

- The company recorded consolidated revenue growth of 35% in FY25 over FY24 and 36.6% in the latest quarter, i.e., Q4FY25, over the same quarter of the preceding year, with a robust SSSG, north of 20%.
- Aims to make the Candere (omnichannel) business segment PAT positive in FY26. And in the next couple of years, take its revenue to INR 1,000 crores.
- Despite the volatility in gold prices, the demand scenario is strong due to the wedding demand and the harvesting season.
- Gross margins at the store level have been rangebound at 13-14% for the past few quarters despite the rising prices of gold, while PBT margins are expanding due to debt reduction and operating leverage.
- For FY26, the company plans to launch 170 showrooms across Kalyan and Candere formats - 75 Kalyan showrooms (all FOCO) in non-South India, 15 Kalyan showrooms (all FOCO) across South India and international markets, and 80 Candere showrooms (mix of FOCO and COCO) in India.

** Financial figures in this report are in INR Crores, unless otherwise stated*

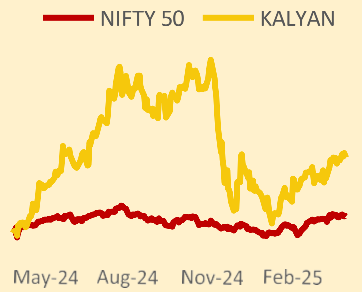
Industry - Gems & Jewelry

Recommendation	**: N/A**
CMP	**: INR 549**
Target Price	**: N/A**

Stock Data (as on May 30, 2025)

NIFTY	: 24,751
52 Week H/L (INR)	: 795/336
Market Cap(INR Crs)	: 57,802
O/s Shares(Crs)	: 103.01
Dividend Yield (%)	: 0.21
NSE Ticker	: KALYANKJIL

Relative Stock Performance – 1Y



Absolute Returns

1 Year	: 146%
3 Years	: 943%
4 Years	: 839%

Shareholding Pattern (March, 2025)

Promoters	: 62.8%
FIIs	: 16.9%
DIIs	: 12.0%
Public	: 8.3%

Financial Summary

In INR Crores	**FY25**	**FY26E**	**FY27E**
Net Revenue	25,045	32,559	40,698
YoY Growth %	***35.0%***	***30.0%***	***25.0%***
EBITDA	1,517	2,116	2,645
EBITDA Margin	**6.1%**	**6.5%**	**6.5%**
PAT	714	1,120	1,424
YoY Growth %	*19.8%*	*56.9%*	*27.2%*
PAT Margin	**2.9%**	**3.4%**	**3.5%**
ROE	15.9%	20.0%	21.5%
EPS (in INR)	6.9	10.9	13.8

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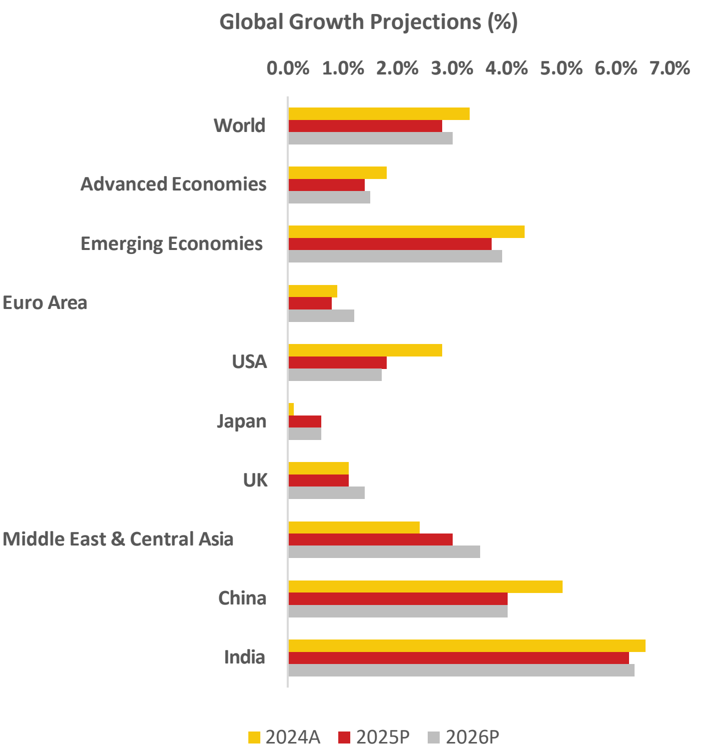
Macroeconomic Analysis

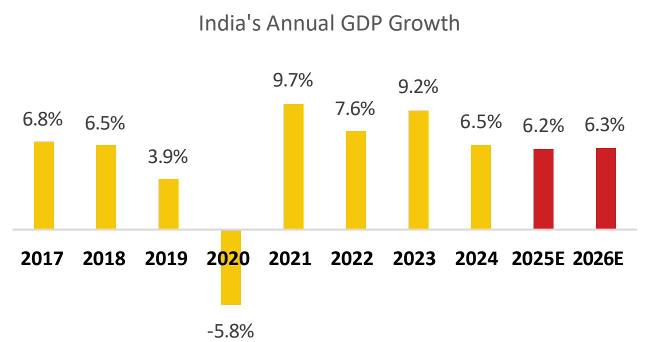
Global Economic Overview

After the rollercoaster ride for the global economy due to COVID-19, the Russia-Ukraine crisis, and the Gaza conflict, in 2024, things started to get stabilised as inflation was coming under the targeted range and employment levels were returning to pre-COVID levels. Growth was hovering around 3%, and global production was also returning to its basic level. But this relatively stable performance of the global economy for a couple of years has been hit by uncertainty due to the trade policy stance of Donald Trump. The reciprocal tariffs imposed by the President of the USA can have major consequences for global growth. The temporary pause on the tariffs may have given relief for a while, but the major concern is the prevailing uncertainty they have caused regarding the spending and investment decisions of consumers and businesses, which can dramatically disrupt the growth of the global economy.
The global growth is projected to be at 2.8% in 2025 and 3.0% in 2026, significantly lower than the 3.3% growth in 2024 and the historical(2000-19) average of 3.7%. The advanced economies' growth is likely to remain at 1.4% in 2025, as against 1.8% in 2024. The growth of emerging & developing economies is expected to come at 3.7% in 2025, against 4.3% in 2024. The global headline inflation is expected to decline to 4.3% in 2025 and to 3.6% in 2026, but this moderation may face severe headwinds as a dynamic trade and economic environment prevails.

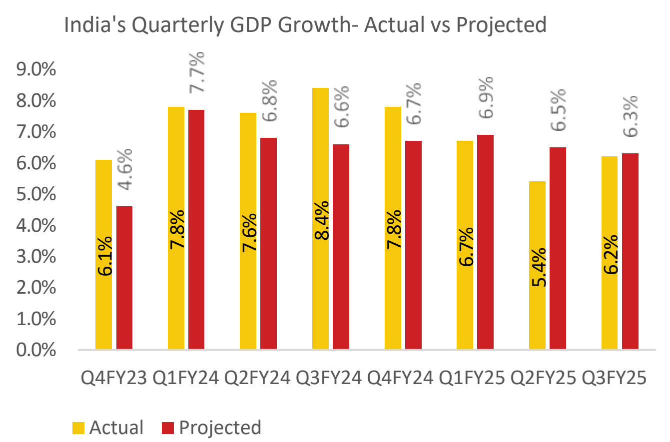
Source: IMF World Economic Outlook, April 2025



Source: IMF World Economic Outlook, April 2025



Source: MoSPI



Source: MoSPI

Indian Economic Overview

During 2024, the Indian economy remained relatively strong despite the general elections, intense heat wave, weak consumer sentiment, inflation, slowdown in manufacturing, etc., and posted GDP growth of 6.5%, maintaining its status as the fastest-growing major economy.
The Indian economy is projected to grow at 6.2% in 2025 and 6.3% in 2026, and this probable slight slowdown is subject to the dent on global growth due to trade frictions that will also affect domestic growth, and higher tariffs will have an adverse effect on our net exports.
India's agriculture sector's prospects are bright regarding the healthy reservoir levels and robust crop production. Manufacturing is showing signs of revival, and the Services sector continues to be resilient. On the demand side, bright prospects for the agricultural sector led to healthy rural demand. Urban consumption is gradually picking up with an uptick in discretionary spending. Investment activity is expected to improve on the back of sustained higher capacity utilisation, government spending on infrastructure, healthy balance sheets of banks and corporates, along with easing of financial conditions. Merchandise exports will be weighed down due to uncertainty, but services exports are expected to be resilient.
India's primary target is to keep up with the growth because of concerns regarding a slowdown in the economy and deteriorating consumer sentiment in previous quarters, and easing food inflation data gives a green signal for it

Source: RBI MPC April 2025, IMF WEO April 2025

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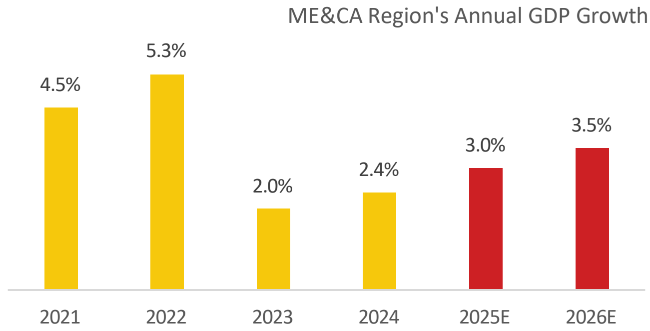
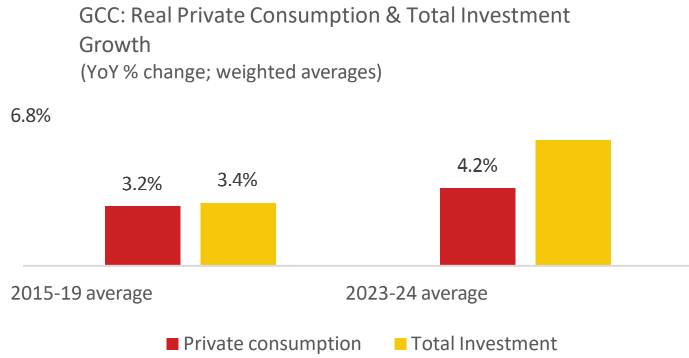
Middle East Economic Overview

The uncertainty regarding tariffs and trade policies can severely affect the global economic prospects and hence reduce the crude oil and gas demand in the near term, which can weaken the economy of Middle East nations. The gradual phase-out of OPEC+ oil production cuts and strong supply growth from non-OPEC+ countries are expected to outpace subdued global oil demand growth amid expectations of a weaker global economic outlook. Hence, bearish trends are expected to exert downward pressure on oil prices in a moderately oversupplied market in 2025.

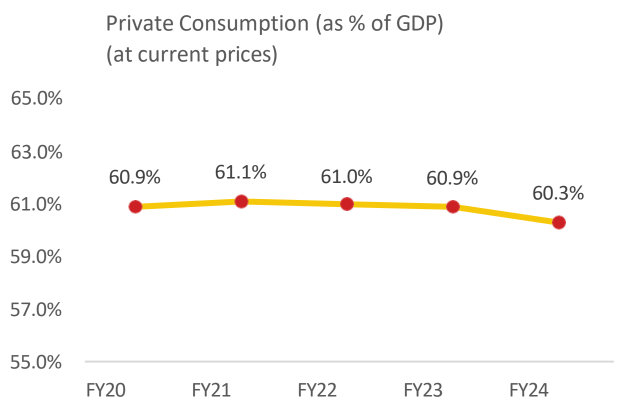
But the non-oil growth factors, such as domestic investment by the Sovereign Wealth Fund (Saudi Arabia) and the efficient execution of ambitious diversification reforms in most of the Gulf Cooperation Council (GCC) countries, are finally bearing fruit. Business viability reforms and favourable financial policies have led to increased private consumption and inward Foreign Direct Investment (FDI). The growth in the Middle East & Central Asia (ME&CA) region is driven by the oil-exporting nations, which are part of the Gulf Cooperation Council (GCC). The ME&CA region's GDP growth was subdued in 2024 at 2.4%, but slightly up from 2% in 2023. Further, the growth of the ME&CA region is projected at 3% in 2025 and 3.5% in 2026 on the back of accelerating the implementation of reforms that would spur inclusive, non-oil growth.

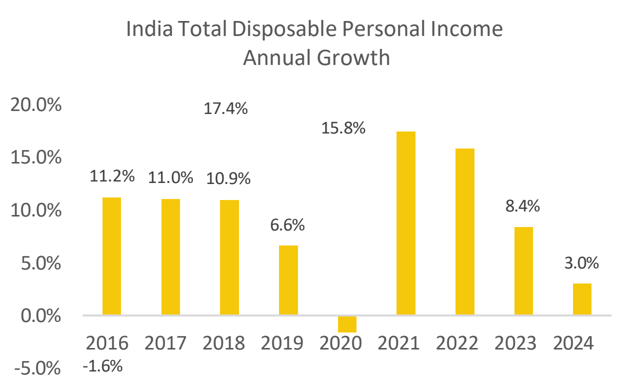
Source: IMF ME&CA Regional Economic Outlook, May 2025
IMF World Economic Outlook, April 2025





Source: IMF





Source: MoSPI, CareEdge Research

India's Case of Private Consumption

India's GDP is heavily dependent on consumption expenditure. Private Final Consumption Expenditure (PFCE) holds above a 60% share in the country's GDP for the last 5 years. During the last 5 years, it peaked in 2021 at 61.1%, but has been on a downward trend since then due to the slowdown in consumer spending. The revenge consumption that followed the pandemic led to higher inflation and tighter financial conditions that curbed private consumption. Also, the medical inflation is outpacing the general inflation by a significant margin, which has led to higher healthcare costs and lower spending on essential items like food, clothing, and housing. Rural demand is reviving due to better prospects of monsoon and agricultural output, but the revival of urban consumption is still struggling because of the persistent employment challenges.

Total Disposable Personal Income is rising overall, but the pace of growth has been slowing down over the years from 17.4% in 2021 to just 3% in 2024.

However, the odds in the longer horizon are favourable for a consumption-driven economy like India, though consisting of temporary hiccups. The Gross National Disposable Income (GNDI) at current prices on a per capita basis grew with a CAGR of 8.88% between FY14 and FY24. Also, the PFCE improved in Q1FY25 by 12.4% YoY, reaching the share of 60.4% as compared to 58.9% in Q1FY24. The anticipated growth in disposable incomes and consumption could lead to robust economic activity across the sectors.

Source: MoSPI, CareEdge Research

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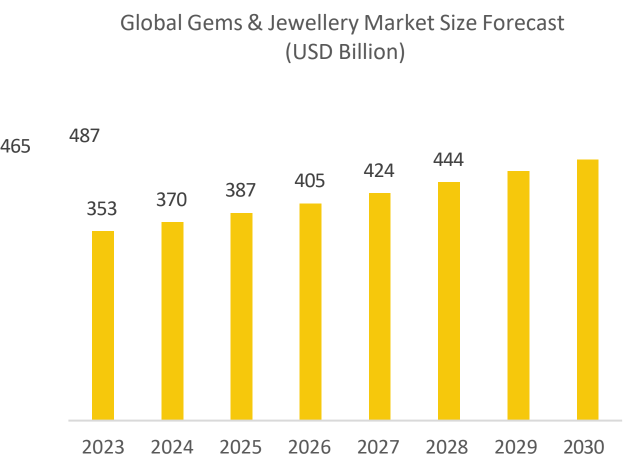
Industry Analysis

Global Gems & Jewellery Industry

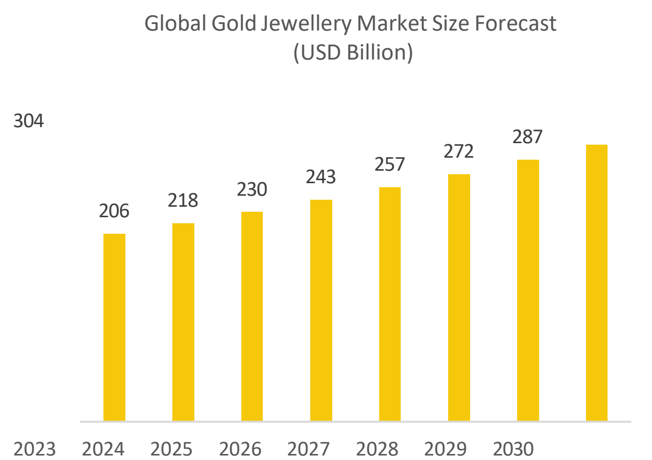
The Global Gems & Jewellery market was valued at USD 353 billion in 2023 and is projected to reach USD 487 billion by the end of this decade with a CAGR of 4.7% and the market for the gold jewellery across the globe was estimated at USD 206 billion in 2023 and is forecasted to reach USD 304 billion by 2030, with the CAGR of 5.7% on the back of rising disposable incomes and expanding middle class in emerging economies and gold's appeal as a safe-haven and long term investment option in the periods of economic or market turmoil like the one which persists in the world now, since Mr. Trump took the office as the President in January, 2025 in the USA. Asia-Pacific region dominates the global jewellery market with a large chunk of market share due to the cultural and traditional significance of gold, and also as a viable investment option, especially in India and China.

A new trend is emerging that is in contrast to the common norms. The luxury market is facing a slowdown across the globe, with many global luxury brands underperforming the estimates, and the global luxury sales are estimated to have fallen to 2% in 2024, historically the weakest. China, which was a huge market for the luxury product brands before the pandemic, is now struggling due to the ongoing real estate crisis and economic uncertainty, and this resulted in a fall of over 20% in sales coming from China for major luxury brands. Also, the demand for diamonds in China has fallen like anything, more than halved in 2 years.
Jewellery is no more a luxury appeal product only, and it is projected that 76% of sales in the jewellery market by 2025 will come from the Non-Luxury segment. Hence, the indication of dominance of affordable and accessible jewellery products in the market is quite significant.

Source: Deloitte Research, CareEdge, Businesswire, Statista, Fortune Business Insights, GVR



Source: Deloitte Research, Custom Market Insights (CMI)



Source: Businesswire

Indian Gems & Jewellery Industry

Overview of Industry & Growth

The Gems & Jewellery market of India was estimated at Rs 6482 billion in 2023, grew at a CAGR of 28.7% from Rs 3037 billion in 2020, and is further expected to be valued at Rs 10,645 billion by 2029, growing with a CAGR of 8.6%. The domestic gold jewellery market was valued at Rs 4115 billion in 2023, and grew at a CAGR of 31.5% between 2020 and 2023, and is estimated to grow with a CAGR of 9.7% between 2023 and 2029, to reach the value of Rs 7162 billion. This growth is driven by various factors like increasing private consumption, growing working population, rising disposable income of the expanding middle class, improved living standard and aspirations, and the long-standing affiliation of jewellery with the wedding ceremonies and festivals in this country. The expansion of the organized retail segment and the advent of omnichannel strategy are the strategic shifts in the industry, seen after the pandemic, due to government regulations, digitalization, consumer awareness, etc.
The domestic jewellery retail market is diversified regionally, evident by the data that, as of 2023, the southern region where plain and heavy gold jewellery prevails, accounted for the major share, i.e., 42%, the western and the northern region where traditional designs and studded jewellery which provides superior margins are the growth drivers, held 24% and 20% market share respectively, and the eastern region at 14%.
The demand for jewellery is seasonal in India and is mainly driven by the wedding season, festivals, harvesting, etc. The bridal segment has a significant market share of 50-60%, while daily and fashion wear jewellery accounts for the remaining 40-50% demand. In the bridal jewellery segment, approximately 85% share is of plain gold jewellery due to the traditional and cultural aspects, but the lightweight jewellery is gaining traction after the pandemic. Light-weight jewellery is already dominating the daily wear jewellery segment because of its rising appeal to the youngsters and working women as informal and everyday use of lighter jewellery with trending fashion designs.

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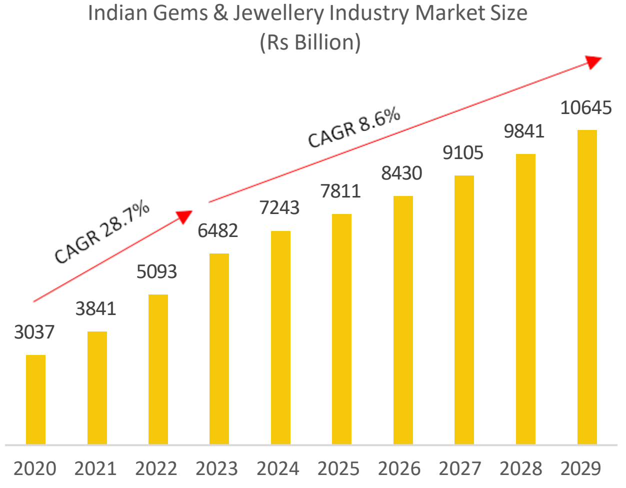
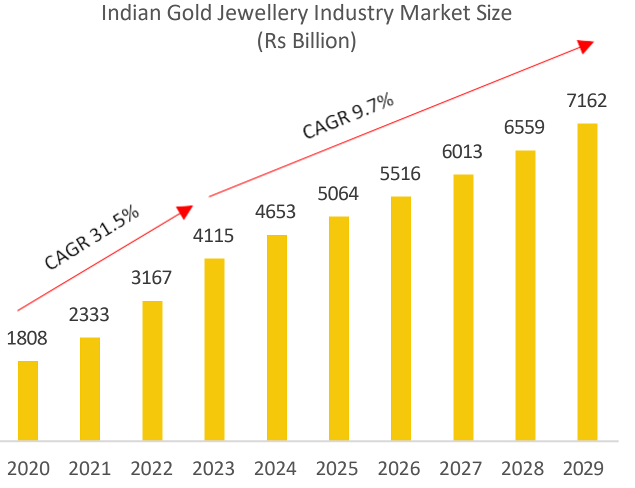


Source: CareEdge Research



Source: CareEdge Research

Dramatic Shift towards Formalization

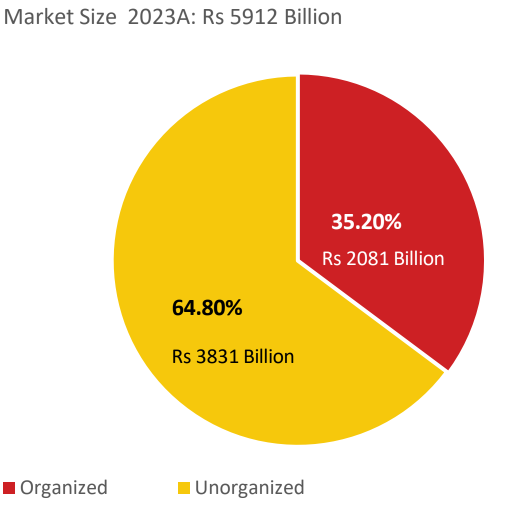
The Indian gems and jewellery industry is dominated by the traditional, unorganized jewellers and is highly fragmented. In 2023, the unorganized sector held 64.8% share of India's retail jewellery market, but this dominance is deteriorating over the years, evident by the fact that in the year 2000, it held 95% market share. The organized sector held 35.2% in 2023 and is estimated to hold a market share of 40.35% by 2029, driven by the transformation of the industry on the back of evolving factors like consumer awareness, brand identity, large-scale marketing, formalization efforts by the government, public funding, international expansion, technological advancements, customer experience, etc.

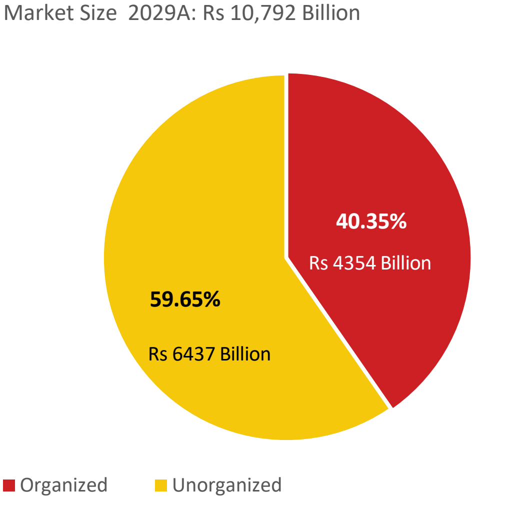
Growth drivers & strategies of the Organized jewellery players

The major players in the organized segment increased their store count by around 20% in FY23, with an estimated growth of 18-20% YoY in FY24. This expansion spree is motivated by the opportunity to take over the market from the fragmented local jewellers by capitalizing on the tailwinds through various strategies.

- Customer satisfaction and sophisticated shopping experience provided by the branded jewellery chains through transparency in prices, making charges, purity of gold or gems, high-quality standards, vast collections with dynamic fashion trends, etc., enables them to attract the majority of customers.
- Formalization efforts and supportive policies by the government like mandatory hallmarking, GST, reduction of import duties, Gold Monetization Scheme have boosted consumer confidence in organized retail channels while helping formalize the sector.
- Urbanization and migration towards urban areas will also benefit organized jewellers, as these young customers lack relationships with local jewellers. They are likely to be more inclined towards organized stores that offer trending designs and a comprehensive range of collections, making them a prospective customer segment for branded jewellery chains.
- The incorporation of innovation and technology has helped in catering to the tech-savvy customer segment for organized jewellery players. Brands have capitalized on digitalization, employing digital try-ons using augmented reality and e-commerce platforms that allow customers to browse and buy jewellery online. The convenience of online shopping, paired with features like doorstep delivery, transparency, and a simplified return process, has expanded the reach of organized jewellery retailers and attracted young consumers.

Indian Retail Jewellery Market Segments

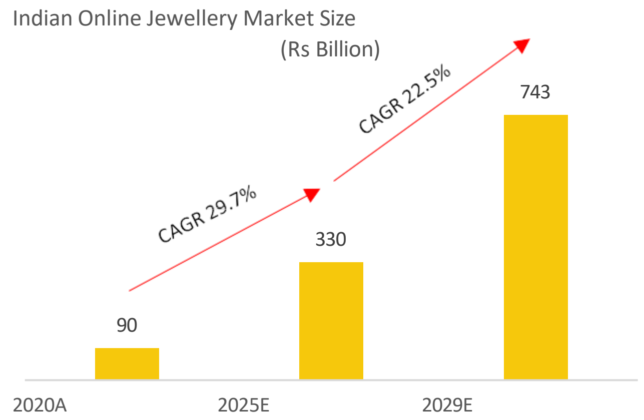




Source: CareEdge Research

Omnichannel playground

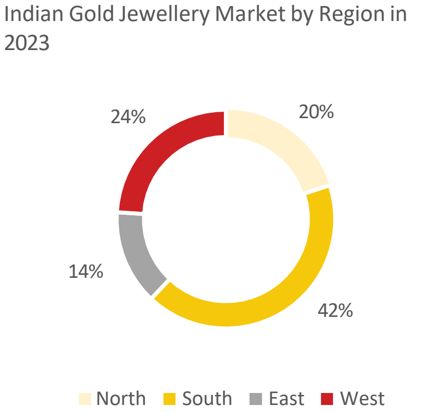
Jewellery retailers are betting big on the omnichannel strategy for the next leg of growth, in which they are allocating resources to establish a brand by leveraging their pedigree in which they are focusing on mixing the digital or online sales of jewellery and small format stores, which are more cost-efficient than the flagship showrooms. In 2020, the online jewellery market in India was valued at around Rs. 90 billion and is expected to reach Rs. 330 billion at a CAGR of 29.7%. Further, the market is estimated to be valued at Rs. 743 billion in 2029, registering a CAGR of 22.5% between 2025-29. The lure of the significant growth prospects in this dynamic environment has caused jewellery companies to quickly build an online presence, as well as several new brands to enter the field as digital-only players in the beginning, and then expand with physical stores to gain market share.
This omnichannel strategy has led to a wider reach and network penetration for both the established brands and the new players. Because of its fixed cost efficiency and operating competence, this strategy also aids in the margins.
Factors such as digitalization and innovation, the popularity of lightweight ornaments, preferences of Gen-Z and working women towards minimalist designs, mainstreaming of the gifting category, etc., are the growth drivers for this business segment.

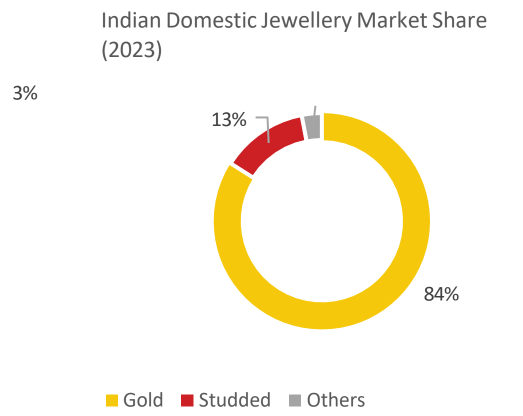


Demand Outlook & the uncertainty regarding Tariffs

A steep rise in gold prices reaching an all-time high of around USD 3500 per ounce has dented demand for the jewellery industry, cushioned only by the wedding demand, which can't be postponed much. Also, statutory payments and tax-saving investments near the end of the financial year have reduced discretionary spending on jewellery. This surge in gold prices has prompted sales of old gold jewellery. Jewellery retailers have reported a significant uptick in scrap or old gold sales, with some attributing up to a third of their sales to the exchange of old jewellery for newer, lighter pieces. With the increasing cost of raw material and the declining trend of the luxury segment, jewellers are aggressively coming up with lower-karat jewellery options (18 and 14 karats) to capitalize on the opportunity in the rise of the affordable and accessible jewellery market.
The tariffs enacted by US President Donald Trump are on hold for a while, and both nations are actively working on the bilateral trade agreement. But the global trade doesn't like uncertainty, and this is precisely what these tariff policies have caused, which can result in supply chain disruptions for the global gems & jewellery industry also. In 2024, India supplied 13% (USD 11.58 Billion) of America's total gem and jewellery imports worth USD 89.12 billion, as per the US International Trade Commission (USITC), and this all can fall in jeopardy if the tariffs are re-enacted or the negotiations on the BTA fail. If re-enacted, those tariffs could raise the existing US import duty of 6% to 34%, which will make the Indian gems & jewellery exports uncompetitive in the US market.

However, the long-term prospects for growth are still relevant in this dynamic world trade scenario. The key factor is that most of the demand for gold jewellery comes from the domestic market in India. The demand for gold jewellery in India is still primarily driven by weddings and festivals, with bridal jewellery alone accounting for at least half of the market. Long-term trends in economic growth, wage growth, rising GNDI at a CAGR of 8.88%, and urbanization rate will all positively influence the demand for gold jewellery in India.
The continued momentum in demand for gold jewellery, coupled with an increased footprint of organized jewellery retailers, is expected to result in healthy growth of the industry in the medium and long term.





Source: CareEdge Research, World Gold Council, Deloitte Research, Company Analysis, Moneycontrol

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Earnings Call Analysis

❖ Business Performance (latest quarter - Q4FY25)

- For the full financial year 2024-25, the Consolidated Revenue was INR 25,045 cr (up 35% YoY), and PAT at INR 714 cr (up 20% YoY).
- For the latest quarter, i.e., Q4FY25, the Consolidated Revenue was INR 6,182 cr (up 36% YoY), EBITDA was INR 399 cr (up 35% YoY), and PAT was INR 188 cr (up 37% YoY).
- Standalone India Revenue for the quarter was INR 5,350 cr (up 38% YoY), EBITDA was INR 343 cr (up 35% YoY), and PAT was at INR 185 cr (up 41% YoY).
- Middle East Revenue for the quarter was INR 784 cr (up 26% YoY), EBITDA at INR 59 cr (up 34% YoY), and PAT at INR 12 cr (up 20% YoY).
- Revenue from Candere in this quarter was INR 28 cr (down 22% YoY), and its net loss widened to INR 12 cr from the net loss of INR 70 lakhs in the same quarter of last year.

❖ Store Expansion

- During FY25, the company opened 76 Kalyan showrooms and 60 Candere showrooms in India and 1st Kalyan showroom in India.
- The management plans to open 170 showrooms overall during FY26, which include 90 Kalyan showrooms and 80 Candere showrooms.

❖ Revenue

- The revenue from around 80 stores that were opened in FY25 is not fully absorbed in this year itself because some of them are not mature yet, and it takes time to gain traction. Hence, in FY26, this revenue will give a push, and the guided 90 showrooms will also push the revenue, and if supported by the strong SSSG, which is currently persisting, then the revenue growth can be maintained at the same pace. As per the management, despite the volatile gold prices, the demand scenario for the ongoing Q1FY26 is robust, and SSSG is strong due to wedding purchases and the Akshaya Tritiya season.

❖ Studded Ratio

- The trend of inclination towards studded jewellery is already there because of the younger generation, which prefers lightweight and gemstone-studded jewellery, and higher gold prices make it easier to push the customer for studded jewellery rather than plain gold jewellery, which aids the overall margins.
- Gold volume growth is not a feasible metric to look at because over the last 2.5 years, the company has actively promoted and pushed for the studded jewellery, especially in the Non-south market, which decreases the gold volume and continues to follow the same strategy.
- The studded ratio will be maintained around the current range of 30-32%, because the major expansion planned for FY26 will be in tier-2 and tier-3 cities of the Non-south market, where studded sells less as compared to tier-1 or metro cities.

❖ Debt Reduction

- During FY25, the company repaid the INR 250 cr of GML debt in India, but no major change is reflected on the consolidated level because the debt value has increased in the Middle East business. The management's initial guidance was to reduce the Non-GML debt, but due to the volatility in the gold prices and the uncertainty regarding Gold Metal Loan (GML) interest rates, the company strategically reduced GML debt.
- Due to the spike in gold prices, the GML gets revalued at a higher level that puts strain on the company; hence, to tackle this, the management decided to reduce the GML worth INR 250 cr in India, which settled off the increased debt level. In the Middle East operations, the company didn't reduce any debt, hence the revalued higher level GML is reflected there.
- The GML interest rate spiked from 3-3.5% to 5-5.5% in India due to higher tariffs on gold imports by the USA, but has started to come down moderately. Once things get back to normalcy or more certainty occurs, then the company will shift back its focus on repaying the Non-GML debt. For FY26, the debt reduction target is INR 300-400 cr.

❖ Margins

- For FY25, the PBT margins came at 3.8%, but if the one-time customs duty loss of INR 120 cr is adjusted, then the PBT margin would be 4.4%. The target for FY26 is to achieve the PBT margins of above 5%, aided by reduced interest burden going ahead due to debt reduction.
- EBITDA margins for the FY25 were 6.1%, and are continuously on a downtrend from 7.9% recorded in FY23. It is expected to get strained further because the major expansion will be franchise-based, which eats into EBITDA margins.

❖ Candere's Odyssey

- The nationwide campaign will be launched for the Candere in this financial year. As of now, there are 73 active Candere showrooms in India, and the company plans to open 80 more during FY26 with a mix of COCO and FOCO models. The management now expects Candere to be PAT positive during FY26; earlier, earlier they guided for EBITDA positive at the store level. The average invoice value for Candere products is INR 25,000 and INR 30,000.
- A mature Candere store has a stock churn of about 2% and margins of 30-35%. For expansion, the primary focus will be on metro cities. At the store level, 70% of revenue comes from studded jewellery in Candere.

❖ CapEx

- CapEx of INR 350 was incurred during FY25.
- The management guided for the INR 250-300 cr of CapEx during FY26, bifurcated as INR 150 cr for maintenance CapEx, INR 50 cr for opening 7-8 stores in South India under the old franchise model, and INR 80-100 cr for 40 COCO Candere stores.

Source: Company Analysis

Kalyan Jewellers India Ltd.

Management Analysis

Key Managerial Personnel

Below are the details and experience of the Key Managerial Personnel:

S. No.	Name	Designation	Qualification	Comments
1	Mr. T. S. Kalyanaraman	Managing Director	Mr. Kalyanaraman has a Bachelor's degree in Commerce from the University of Calicut. He possesses 48 years of experience in various retail businesses and 31 years of experience in building a jewellery brand from scratch. He has been conferred with several national honors and awards, such as the Padma Shri in 2016 by the Government of India, the Ernst & Young Entrepreneur of the Year Award in 2023, and the Lifetime Achievement Award by the All-India Gems & Jewellery Domestic Council in 2014.	Mr. Kalyanaraman has vast entrepreneurship experience of 3 decades in running the jewellery business and 5 decades of retail experience. He has no explicit relations with any political party or leader. There have been some legal cases and false accusations in the past, but they are immaterial. Hence, he is well-equipped to lead as Managing Director.
2	Mr. T. K. Rajesh Seetharam	Whole-time Executive Director	Mr. Seetharam has an MBA degree from Bharathiar University, Coimbatore, and has also completed the 'Executive Program in Leadership' course from Stanford University. He has 25 years of experience in the jewellery retailing business.	With more than 20 years of experience in the industry, Mr. Seetharam holds an MBA degree and has further honed his leadership skills through executive education at Stanford University, and is well-suited for his role in the Company.
3	Mr. T.K. Ramesh	Whole-time Executive Director	Mr. Ramesh has a Master's degree in Commerce from the Karnataka State University and has 23 years of experience in the jewellery business.	Mr. Ramesh holds 2 decades of experience in this business and also acts as a spokesperson for the company. Not much professional information was found about him, but he claims that his appointment as a Whole-time Director is not arbitrary, as, in the initial stages of the business, he and his brother were trained as salesmen first and businessmen later.
4	Mr. Sanjay Raghuraman	Chief Executive Officer	Mr. Raghuraman is a qualified Chartered Accountant and Certified Management Accountant. He had previously worked with HDB Financial Services, Wipro, and Clix Capital as Head of Operations for 17 years. He had been the Chief Operations Officer in this company for 8 years between 2012 and 2020, and then promoted to the designation of CEO.	Mr. Raghuraman held major positions in his previous roles in the Operations department. Also, before assuming the role of CEO, he had worked for this company for 8 years as Head of Operations and understands the pulse of this business. He holds prestigious qualifications like CA and CMA. Hence, he is highly qualified for his position within the company.
5	Mr. V. Swaminathan	Chief Financial Officer	Mr. Swaminathan is a qualified Chartered Accountant and holds a bachelor's degree in science from the University of Madras. He previously worked as the Executive President (Finance) at UltraTech Cement Ltd, Country Financial Controller at Carraro India Ltd., and Chief Financial Officer at REVA Electric Car Co. Pvt Ltd. and has 30+ years of experience in the relevant field.	Considering his 3 decades of experience in finance, corporate planning, and control in various established organisations like Ultratech, and being an Associate at the Institute of Chartered Accountants of India, Mr. Swaminathan is well qualified for the role of Chief Financial Officer.
6	Mr. Jishnu R. G.	Company Secretary & Compliance Officer	Mr. Jishnu is a qualified Company Secretary and holds a bachelor's degree in commerce. He had worked for Malabar Gold & Diamonds and Walkaroo International Pvt. Ltd. as a Company Secretary and has 10+ years of experience in corporate compliance.	Being a qualified Company Secretary and a B COM graduate, having over a decade's experience in corporate compliance, Mr. Jishnu is suitable for the role of Company Secretary.

Kalyan Jewellers India Ltd.

Non-Executive & Non-Independent Directors

Below are the details and experience of the Non-Executive Directors:

S. No	Name	Designation	Qualification	Comments
1	Mr. Salil Nair	Non-Executive & Non-Independent Director	Mr. Nair holds a Master's degree in Science from Meerut University and has 27 years of experience in the retail industry. He is the former Chief Executive Officer and Chief of Operations of Shoppers' Stop.	Mr. Nair possesses nearly 3 decades of experience in the retail industry. At Shoppers Stop, he assumed the roles of Chief of Operations and Chief Executive Officer, and seems suitable to chair the Risk Management Committee. He held 12,500 shares of Kalyan Jewellers as on 31 Mar 2024, hence, has vested interests in the company, and is fairly designated as a Non-Independent Director.
2	Mr. Anish Kumar Saraf	Non-Executive & Nominee Director	Mr. Saraf holds a Chartered Accountancy degree from the Institute of Chartered Accountants of India and has done PGDM from the IIM, Ahmedabad. He has been associated with the private equity firm, Warburg Pincus, for 19 years and is a Managing Director of India operations, currently.	Mr. Saraf was nominated by Warburg Pincus in this company, as being a private equity firm, Warburg Pincus had a substantial stake in the company. Currently, Warburg doesn't hold any stake in the company, but the board has decided to keep him in the management due to long-standing relationship and his contribution in the company's growth. He is the MD of Warburg in India and is a CA and PGDM holder from IIM Ahmedabad, hence suited for the role.

Independent Directors

Below are the details and experience of the Independent Directors:

S. No	Name	Designation	Qualification	Comments
1	Mr. Vinod Rai	Chairman & Independent Non-Executive Director	Mr. Rai holds a Master's degree in Economics from the University of Delhi and an MPA from Harvard University. He was the 11th Comptroller and Auditor General (CAG) of India and was awarded the Padma Bhushan Award in 2016 by the Government of India. He is the current chairman of the UN Panel of External Auditors and Honorary Advisor to the Indian Railways.	He has a very prestigious background, being a former CAG of India and a Padma Bhushan Awardee. He has served as a director on the boards of a range of distinguished institutions like LIC, SBI, and ICICI Bank, and governed major statutory bodies. By assuming the role of Chairman, he brings authenticity and trust to the business.
2	Mr. Agnihotra D.M. Chavali	Non-Executive & Independent Director	Mr. Chavali holds a Master of Science degree in Mathematics from Andhra University and has served as the Executive Director of Indian Overseas Bank and as General Manager of Bank of Baroda. In January 2020, he was appointed as a member of the advisory board for Banking and Financial Frauds by the Central Vigilance Commission.	Mr. Chavali has served in various capacities in prestigious financial institutions such as CDSL, Bank of Baroda, and Indian Overseas Bank. He has over 3 decades of experience in the banking sector, and is a member of the advisory board of Banking and Financial Frauds appointed by the Central Vigilance Commission. Hence, Mr. Chavali is highly qualified to chair the Audit Committee and the Nomination & Remuneration Committee of the company.
3	Mr. T.S. Anantharaman	Non-Executive & Independent Director	Mr. Anantharaman holds a Bachelor of Commerce degree from the University of Kerala and has several years of experience in banking, teaching management, and accounting is a former chairman of The Catholic Syrian Bank. He was admitted as an associate member of the Chartered Management Institute, formerly known as the British Institute of Management, in 1976, and as a fellow member of the Institute of Chartered Accountants of India in 1974.	Being a fellow member of the Institute of Chartered Accountants of India and an associate member of the Chartered Management Institute, and former Chairman of The Catholic Syrian Bank, and with his extensive experience in accounting, banking, and management, Mr. Anantharaman is suitable for this role. He has also been appointed as a director of the material subsidiaries operating in the UAE.

Kalyan Jewellers India Ltd.

S. No.	Name	Designation	Qualification	Comments
4	Mr. Anil Sadasivan Nair	Non- Executive & Independent Director	Mr. Sadasivan has a Bachelor's degree in Arts from the University of Kerala and is a marketing professional with 20+ years of experience in the field of advertising. He is a former CEO and the Managing Partner of Law & Kenneth Saatchi Pvt. Ltd. He has worked on advertising and marketing campaigns of many renowned brands.	Mr. Sadasivan has previously led 2 advertising agencies and has 2 decades of experience in the advertising industry. He is the brain behind the successful marketing of many established brands like Hero, Dettol, Sprite, etc. His first assignment was to build a corporate campaign for Reliance in 1993-94, and also build the campaign to get Renault into the Indian market. Hence, he is highly qualified for his role in the company regarding his distinguished profile.
5	Ms. Kishori Jayendra Udeshi	Non-Executive & Independent Director	Ms. Udeshi has a Master's degree in Economics from Bombay University. She became the first woman to be appointed as Deputy Governor of the Reserve Bank of India. She was also the first Executive Director of the RBI to be nominated on the Board of the State Bank of India. Presently, she serves as a member of the Financial Sector Legislative Reforms Commission. She was also appointed by the RBI to act as the Chairman of the Banking Codes and Standards Board of India.	Ms. Udeshi has been a former deputy governor of the RBI and a board member of SBI. Her profile is filled with exceptional roles she has assumed in the past. Also, as a Deputy Governor of the RBI, she was on the board of SEBI, NABARD, and EXIM Bank. Regarding her comprehensive experience and high qualification, she is well-suited for her role in the company.

Source: Company Analysis

Commentary

The decision-making power in the company is mainly held by the promoters, who have a significant stake in the ownership and holds the designations of Managing Director and Whole-time Executive Directors, and are indeed not professionally qualified, but qualification is not a prerequisite to running a jewellery retailing business, and they have built this business from scratch, which showcases their entrepreneurial zeal. There have been some issues in the past, like a legal case in India, and some false accusations in Dubai, but they are immaterial in nature. Other members of the management, like the CEO, CFO, and CS, have the relevant expertise and experience to hold the respective roles.

The Non-Executive Directors of the company are highly qualified and have an outstanding track record of serving in various esteemed institutions of the country in their relevant field or industry. They bring with them the required expertise in diversified spaces like advertising, investment, law, auditing, banking, accounting, operations, and retailing, which guides the company in decision-making.

No explicit political connection was found between the key managerial personnel, non-executive, independent directors of the company, and any political party or leader. Additionally, no conflicts of interest were identified between the independent directors and the company. Two Non-Executive directors on the board have vested interests in the company and have unambiguously been reported in the publicly available documents.

Shareholding Pattern

The promoters hold the majority stake in the ownership of the company, as on 31 Mar 2025, they hold 62.9%. The institutional holding stood at 28.9%, in which FIIs own 16.9% and DIIs own 12%. And, the public holding stood at 8.3%. The promoters have pledged 1/4th of their holdings with multiple institutions to get into a promoter financing agreement to acquire the shares from Warburg Pincus, a private equity firm, which has taken an exit from the ownership in the company. Pledged percentage was already considerably high in Q3FY25 at 19.3%, and it has only risen in Q4FY25 to 24.9% now.

The promoters have increased their stake, which shows their confidence in the prospects of the business, and DIIs have also raised their holdings quite aggressively in the last couple of years. The downtrend shown in the holdings of FIIs is mainly attributable to the exit of a private equity firm.

Presented below is the company's annual shareholding pattern:

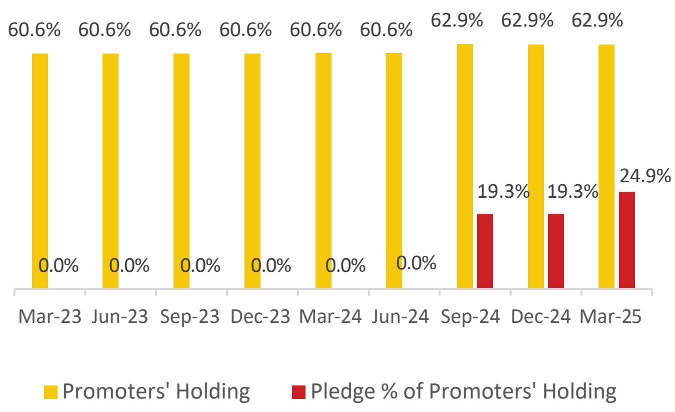
Particulars	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Promoters	60.5%	60.5%	60.6%	60.6%	62.9%
FIIs	4.8%	3.1%	29.7%	21.1%	16.9%
DIIs	1.7%	1.7%	2.6%	11.0%	12.0%
Public	33.0%	34.7%	7.2%	7.3%	8.3%

Kalyan Jewellers India Ltd.

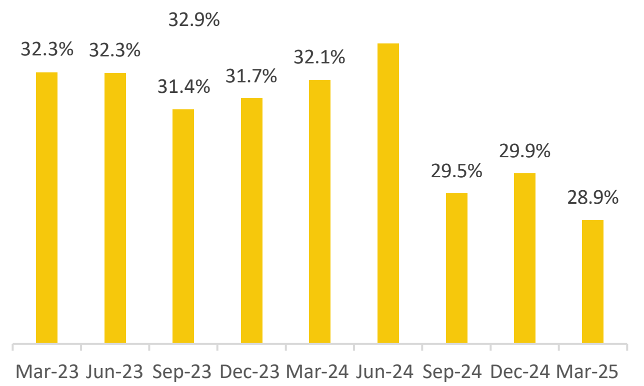
Presented below is the company's quarterly shareholding pattern:

Particulars	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Promoters	60.6%	60.6%	60.6%	60.6%	60.6%	60.6%	62.9%	62.9%	62.9%
FIIs	29.7%	27.1%	26.6%	26.2%	21.1%	21.2%	15.7%	16.4%	16.9%
DIIs	2.6%	5.2%	4.9%	5.5%	11.0%	11.8%	13.7%	13.6%	12.0%
Public	7.2%	7.2%	8.0%	7.8%	7.3%	6.5%	7.6%	7.2%	8.3%

Promoters' Total Holding vs Pledged Holding



Institutional Holding



Source: Company Analysis, Trendlyne

Management Remuneration

During FY24, the board agreed to pay remuneration of INR 36.36 cr to the Executive Directors, which is double that of the INR 6.06 cr paid in FY23. The further elaboration is presented below:

Name	Designation	Ratio to the median remuneration of the employees	FY24	FY23	% increase in remuneration	Sales Growth YoY%	Net Profit YoY%
TS Kalyanaraman	Managing Director	260x	12.12	6.06	100%	32%	38%
TK Seetharam	Whole Time Director	260x	12.12	6.06	100%	32%	38%
TK Ramesh	Whole Time Director	260x	12.12	6.06	100%	32%	38%
Total			36.36	18.18	100%	32%	38%

The ratio of the remuneration of the Executive Directors to the median compensation of the employees of the Company for the FY24 was 260x, which was considerably higher than the peers and the industry average.
The upside of 100% in the remuneration of the Executive Directors is attributed to the fact that they had voluntarily waived 50% of their approved remuneration for the FY23 and have taken full remuneration for FY24. And, the percentage increase in the median remuneration of employees in the financial year 2023-24 was a meagre 5%.
The revenue in the last 3 years has grown with a CAGR of 29%, while the remuneration of the Executive Directors for the same period has grown with a CAGR of 2% only.

Company	Ratio to median remuneration of employees
Kalyan Jew.	260x
Titan Company	104x
Senco Gold	71x
Thangamayil Jew.	50x
PN Gadgil Jew.	-
Median	71x
Average	75x

Particulars	Mar-21	Mar-22	Mar-23	Mar-24
Revenue Growth	-15.1%	26.2%	30.1%	31.8%
Net Profit Growth	-104%	3800%	93%	38%
Executive Directors' Remuneration	11.55	6.06	6.06	12.12
Executive Directors' Remuneration Growth	_	-47.0%	0.0%	100.0%

Source: Company Analysis

Kalyan Jewellers India Ltd.

Board Efficiency

The Board of Directors consists of the required number of Independent directors, a woman director as mandated by the statute, and experts from various fields or industry to guide the Company in efficient decision-making.

Presented below is the attendance of Directors in the board meetings held during the financial year 2023-24 and the AGM:

Name	Designation & Directorship Category	No. of Board Meetings Attended	Last AGM attendance
Mr. T.S. Kalyanaraman	Promoter & Executive Director	5	Yes
Mr. T.K. Seetharam	Promoter & Executive Director	5	Yes
Mr. T.K. Ramesh	Promoter & Executive Director	5	Yes
Mr. Vinod Rai	Chairman & Independent Director	5	Yes
Mr. Salil Nair	Non-Executive Non-Independent Director	5	Yes
Mr. Anish Saraf	Non-Executive Non-Independent Director	5	Yes
Mr. A.D.M. Chavali	Non-Executive Independent Director	5	Yes
Mr. T.S. Ananthararaman	Non-Executive Independent Director	5	Yes
Ms. Kishori Udeshi	Non-Executive Independent Director	5	Yes
Mr. Anil S. Nair	Non-Executive Independent Director	5	No

*No. of Board Meetings held during the financial year 2023-24: **5**

Presented below is the attendance of the members of various committees of the company:

Name of the Member	Directorship	Category	Meetings held	Meetings attended
Audit Committee				
Mr. A.D.M. Chavali	Non-Executive Independent Director	Chairman	8	8
Mr. T.S. Anantharaman	Non-Executive Independent Director	Member	8	8
Mr. Anish Saraf	Non-Executive Non-Independent Director	Member	8	8
Nomination & Remuneration Committee				
Mr. Vinod Rai	Non-Executive Independent Director	Member	1	1
Mr. A.D.M. Chavali	Non-Executive Independent Director	Member	1	1
Mr. Anish Saraf	Non-Executive Non-Independent Director	Member	1	1
Stakeholders' Relationship Committee				
Mr. T.S. Anantharaman	Non-Executive Independent Director	Chairman	1	1
Mr. T.K. Seetharam	Executive Director	Member	1	1
Mr. T.K. Ramesh	Executive Director	Member	1	1
Risk Management Committee				
Mr. Salil Nair	Non-Executive Non-Independent Director	Chairman	2	2
Mr. Anil Nair	Non-Executive Independent Director	Member	2	2
Mr. T.K. Seetharam	Executive Director	Member	2	2

During FY24, the Board of Directors efficiently supervised the company, as evidenced by the 100% attendance of all the directors at the board meetings and 90% attendance in the Annual General Meeting, which shows a superior participation by the board in key matters discussed during these meetings and helped the company in effective decision-making.
Also, the 100% attendance in the committee meetings depicts the proficiency of the directors in crucial matters like audit, risk management, nomination, remuneration, and relationship with various stakeholders at large. The board members have been associated with the company for a long time, which shows their confidence in the company and its management. And, the board has decided to reappoint 4 directors in Q2FY25, regarding the crucial role they have played in the past, and their importance in the next phase of expansion.

Source: Company Analysis

Kalyan Jewellers India Ltd.

Financial Statements Analysis

Quarterly Financial Performance - Consolidated

(figures in INR Crores)

	FY24				FY25			
Particulars	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Revenue	4,376	4,415	5,223	4,525	5,535	6,065	7,278	6,182
COGS	3,716	3784	4462	3874	4742	5231	6,387	5,332
Gross Profit	**660**	**631**	**761**	**651**	**793**	**834**	**891**	**850**
Gross Margin (%)	*15.1%*	*14.3%*	*14.6%*	*14.4%*	*14.3%*	*13.8%*	*12.2%*	*13.7%*
SG&A Expenses	337	317	392	355	417	438	461	451
EBITDA	**323**	**314**	**369**	**296**	**376**	**396**	**430**	**399**
EBITDA Margin (%)	*7.4%*	*7.1%*	*7.1%*	*6.5%*	*6.8%*	*6.5%*	*5.9%*	*6.5%*
Depreciation	64	67	70	74	76	85	89	93
EBIT	**259**	**247**	**299**	**222**	**300**	**311**	**341**	**306**
EBIT Margin (%)	*5.9%*	*5.6%*	*5.7%*	*4.9%*	*5.4%*	*5.1%*	*4.7%*	*4.9%*
Interest/Finance cost	82	82	82	79	85	90	88	96
Other Income	12	13	20	39	22	26	40	41
Profit before tax	**189**	**178**	**237**	**182**	**237**	**247**	**293**	**251**
Tax (%)	23.8%	24.2%	24.1%	24.2%	24.9%	26.3%	25.3%	25.1%
Net Profit	**144**	**135**	**180**	**138**	**178**	**182**	**219**	**188**
Net Profit Margin (%)	*3.3%*	*3.1%*	*3.4%*	*3.0%*	*3.2%*	*3.0%*	*3.0%*	*3.0%*

Source: Company Analysis

Annual Financial Performance - Consolidated

Particulars	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
Revenue	10,505	9,771	10,100	8,573	10,818	14,071	18,516	25,045
Revenue Growth YoY (%)	_	*-7%*	*3%*	*-15%*	*26%*	*30%*	*32%*	*35%*
COGS	8,780	8,198	8,391	7,117	9,126	11,872	15,835	21,761
Gross Profit	**1725**	**1573**	**1,709**	**1,456**	**1,692**	**2,199**	**2,681**	**3284**
Gross Margin (%)	*16.4%*	*16.1%*	*16.9%*	*17.0%*	*15.6%*	*15.6%*	*14.5%*	*13.1%*
SG&A Expenses	992	991	949	862	878	1,085	1401	1767
EBITDA	**733**	**582**	**760**	**594**	**814**	**1114**	**1280**	**1517**
EBITDA Margin (%)	*7.0%*	*6.0%*	*7.5%*	*6.9%*	*7.5%*	*7.9%*	*6.9%*	*6.1%*
Depreciation	202	224	239	225	232	245	274	343
EBIT	**531**	**358**	**521**	**369**	**582**	**869**	**1006**	**1174**
EBIT Margin (%)	*5.1%*	*3.7%*	*5.2%*	*4.3%*	*5.4%*	*6.2%*	*5.4%*	*4.7%*
Interest/Finance cost	349	379	380	375	322	303	323	356
Other Income	32	42	80	45	38	38	106	145
Profit before tax	**214**	**21**	**221**	**39**	**298**	**604**	**789**	**963**
Tax (%)	34.1%	123.8%	35.3%	115.4%	24.8%	24.5%	24.5%	25.9%
Net Profit	**141**	**-5**	**143**	**-6**	**224**	**456**	**596**	**714**
Net Profit Margin (%)	*1.3%*	*-0.1%*	*1.4%*	*-0.1%*	*2.1%*	*3.2%*	*3.2%*	*2.9%*

Source: Company Analysis

Kalyan Jewellers India Ltd.

Financial Statements Analysis

Balance Sheet figures - Consolidated

Particulars	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Equity Share Capital	839	839	839	1,030	1,030	1,030	1,030	1,031
Reserves	1,012	1,046	1,203	1,796	2,107	2,605	3,159	3,772
Borrowings	4,196	3,907	3,759	4,081	4,029	4,295	4,486	4,959
Other Liabilities	2,503	2,268	2,417	1,958	1,779	2,783	4,142	5,363
Total Liabilities	**8,551**	**8,060**	**8,219**	**8,865**	**8,945**	**10,713**	**12,818**	**15,126**
Net Block	1,879	2,152	2,167	1,899	1,921	1,903	2,299	2,846
Capital Work in Progress	18	22	24	53	2	20	49	8
Investments	1	3	-	-	1	4	4	5
Other Assets	6,654	5,884	6,027	6,913	7,021	8,785	10,465	12,267
Total Assets	**8,551**	**8,060**	**8,219**	**8,865**	**8,945**	**10,713**	**12,818**	**15,126**
Working Capital	*4,150*	*3,616*	*3,610*	*4,955*	*5,242*	*6,002*	*6,323*	*6,904*
Debtors	*182*	*147*	*214*	*113*	*119*	*244*	*328*	*400*
Inventory	*5,022*	*4,501*	*4,720*	*5,303*	*5,794*	*7,014*	*8,298*	*9,681*
Cash & Bank	*1,018*	*825*	*750*	*1,097*	*777*	*982*	*975*	*1,031*

Source: Company Analysis

Cash Flow figures - Consolidated

Particulars	Mar-20	Mar-21	Mar-22	Mar-23	Mar-25
Cash from Operating Activity (CFO)	**629**	**264**	**1,013**	**1,322**	**1,209**
CFO Growth YoY		*-58%*	*284%*	*30%*	*-9%*
Cash from Investing Activity	-217	64	-384	-137	-177
Cash from Financing Activity	-208	-544	-638	-1,148	-840
Net Cash Flow	**204**	**-216**	**-8**	**37**	**193**
CFO/Sales	7.3%	2.4%	7.2%	7.1%	4.8%
CFO/Net Profit	-10361.0%	117.9%	234.6%	221.7%	169.3%
CFO/EBITDA	100.7%	31.0%	87.0%	96.6%	79.7%
Capex	107	48	91	186	260
FCFF	522	216	922	1,136	949
FCF Growth YoY		*-58.6%*	*326.8%*	*23.1%*	*-16.4%*
FCF/Sales	6.1%	2.0%	6.6%	6.1%	3.8%
FCF/Net Profit	-8284.3%	96.4%	213.0%	190.1%	132.8%

Source: Company Analysis

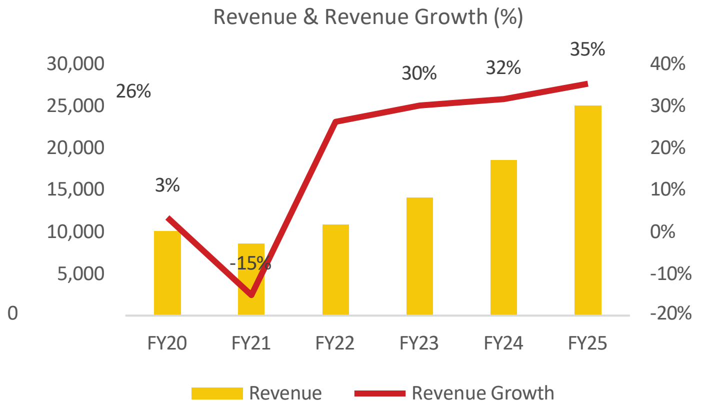
Kalyan Jewellers India Ltd.

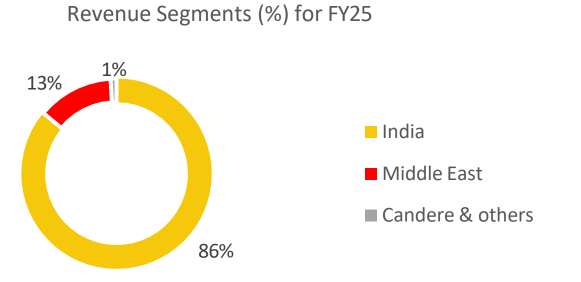
Commentary on various line items:

Revenue

The consolidated revenue of the company for the latest quarter, i.e., Q4FY25, was INR 6,182 cr and for the FY25 was INR 25,045 cr, growing at 35% YoY. The company has achieved stability in revenue growth since FY22, and has consistently grown its revenue with a CAGR of 32% during the last 3 financial years and at a CAGR of 20% during the 5-year period. During FY25, 86% of the revenue was recorded from the India business, 13% from the Middle East operations, and 1% from Candere and other countries. For the last 2-3 years, the franchise model expansion in the non-South market has been a major revenue growth driver for the company, and the company is doubling the store expansion to 170 in FY26 to aggressively build upon this phase.
Despite the steep rise in gold prices and hyper competition at a regional level, the revenue growth is cushioned by the wedding purchases, studded jewellery, and lower karat jewellery (18 and 14 karat) in the near term.
The shift from unorganized to organized jewellery retailers in India, a hyperlocal strategy to cater to the needs of regional customers, inclination towards studded jewellery, reaching the total store count to the same as industry leader (Titan), and the ambition to reach INR 1000 cr revenue from the omni-channel segment (Candere) in 2-3 years are going to be the revenue growth drivers for this decade.

Source: Company Analysis

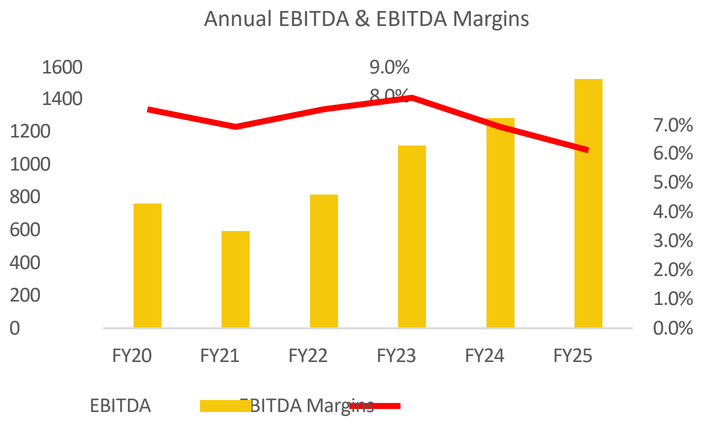


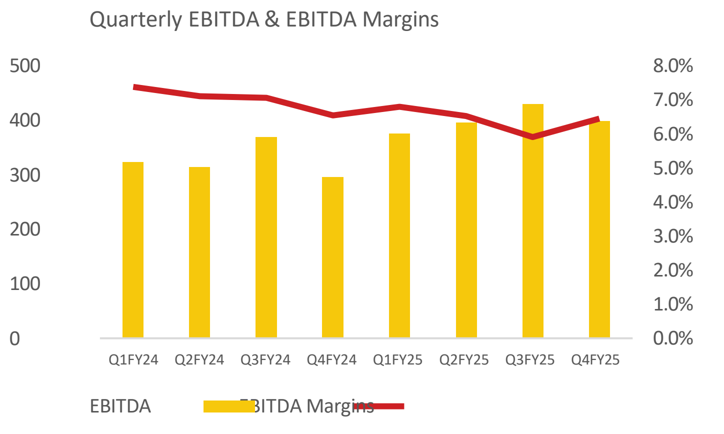


EBITDA and EBITDA margins

Consolidated EBITDA for FY25 was INR 1,517 cr with margins at 6.1%, and for the latest quarter (Q4FY25), the EBITDA was INR 399 cr with margins at 6.5%. The Standalone India business of the company recorded EBITDA of INR 1,297 cr with margins of 6%, and the Middle East operations posted EBITDA of INR 247 cr with margins of 7.6% during the financial year 2024-25.
The higher share of revenue from franchised showrooms (~42%) during the quarter led to lower overall gross margin and EBITDA margins in India operations, but in the Middle East business, there was EBITDA and PBT margin improvement, driven largely by operating leverage.
On a sequential basis, the EBITDA margins showed a slight recovery, rising from 5.9% in Q3FY25 to 6.5% in Q4.
However, the overall trajectory of the EBITDA margins is sloping downwards, peaking at 7.9% in FY23 and now at 6.1%.
This deterioration of the EBITDA margins is attributed to the franchise-model expansion. As the company is prioritizing the FOCO model, showrooms to quickly expanding their presence across the country, its capital expenditure requirements have reduced due to the asset-light nature of FOCO showrooms, but the EBITDA margins suffer as they have to give more margins to the franchise owners than they themselves retain for their own stores (COCO-model).
The operating leverage due to a higher base of stores and the utilisation of free cash flow to open COCO showrooms will cushion the EBITDA margins in the long run, but in the near term, margins are expected to be strained.

Source: Company Analysis





Kalyan Jewellers India Ltd.

Commentary on various line items:

Margins:

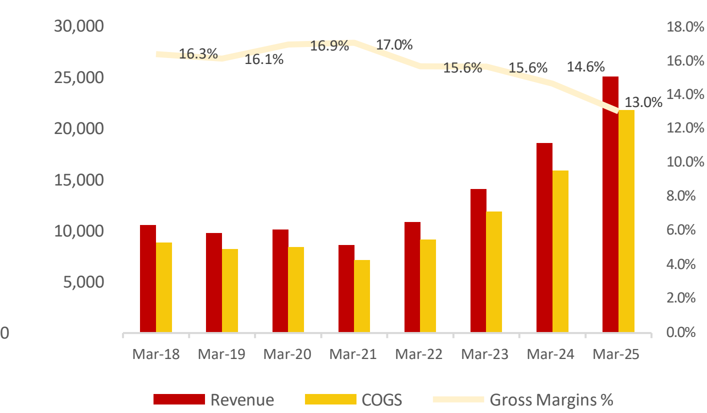
Despite the consistent revenue growth, the margins of the company are not at a comfortable level. The gross margin is on a downtrend since FY21, due to increasing raw material prices, i.e., gold. The gross margin for FY25 stood at 13.1%, down from 17% in FY21 because during the same time period, the COGS increased from 83% to 87%.

The EBITDA margin for FY25 was 6.1%, down from 7.9% achieved in FY23, despite the continuous decrease in Selling, General & Administration (SG&A) expenses as a percentage of total revenue from 10% in FY21 to 7% in FY25. On a percentage basis, the other cost is decreasing because of higher base and operational efficiency, but the employee cost is increasing because of heavy expansion. Advertisement expenses have been increasing since FY21 to tackle the intense competition from local, regional, and national players. The downward trajectory of the EBITDA margin is owed to the franchise-model expansion as the FOCO showrooms' margin is lower than the COCO showrooms, and is expected to remain in the range of 6%-6.5% in the medium term.

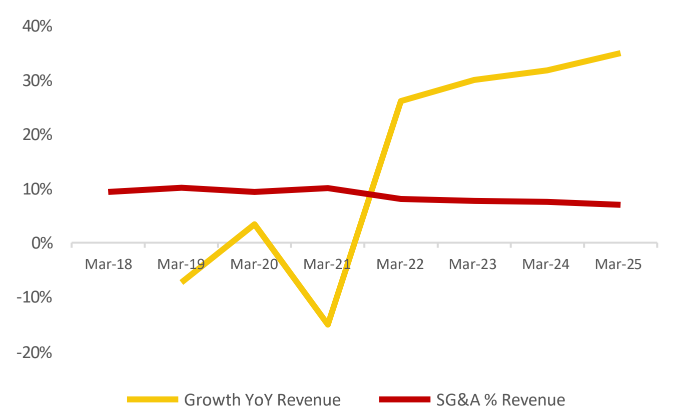
The EBIT margin of the company for FY25 came at 4.7%, as against 6.2% in FY23, on the back of increasing depreciation costs due to the expansion of the store network. It is expected to show some improvement in the medium term, as going forward, the depreciation cost will be lowered due to decreasing CapEx under the new franchise agreement, in which the investment in both inventory and fixed assets is done by the franchise partner, not the company.

The PBT and PAT margins for the FY25 stood at 3.8% and 2.9% respectively, which were consistently showing improvement since FY21, dropped this year due to a one-off regarding customs duty cut by the government and other factors. These margins are likely to show the upward trend due to the FOCO expansion, as in the franchise showrooms, PBT and PAT margins maintained by the company are higher. Also, the debt reduction is on the cards, which will reduce the interest expenses, eventually aiding the margins.
At the industry level, the gross margin of the company is consistent with the industry average, but the EBITDA and EBIT margins are lower despite being the 2nd largest player in the market. Certainly, the industry averages are tweaked because of the industry leader (Titan), which enjoys highly superior margins, but still being the 2nd largest player, the company's performance is not satisfactory on the margins front and according to the plans laid by the management regarding the aggressive expansion, the margins are expected to remain under pressure in the medium term.

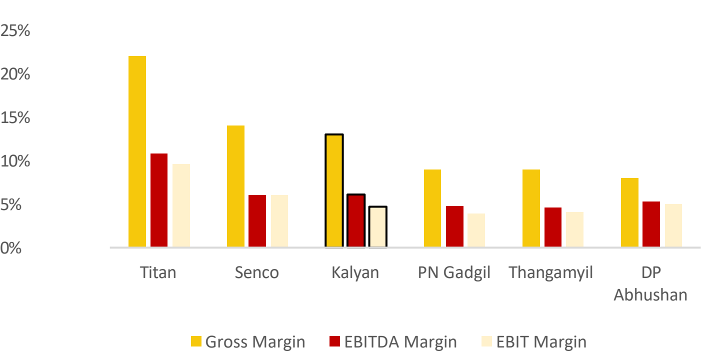
Gross Margin Trajectory



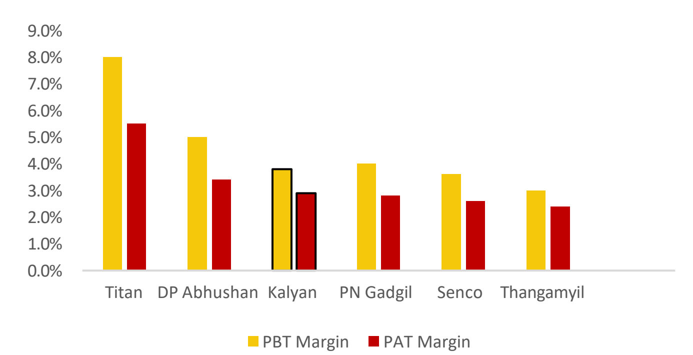
SG&A Expenses as % of Revenue



Peers' Performance on Margins front



Peers' PBT & PAT Margins (FY25)



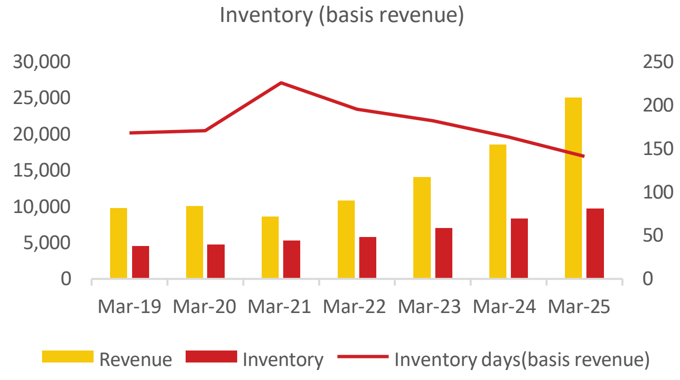
Source: Company Analysis

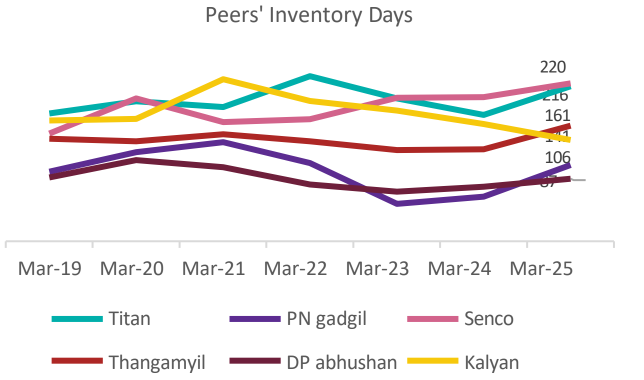
Kalyan Jewellers India Ltd.

Commentary on various line items:

Inventory

While the company has grown its revenue by north of 30% for the last 3 years, it is continuously curbing its inventory growth and inventory days, which results in higher inventory turnover (2.6x in FY25 from 2x in FY23). The inventory days for FY25 stand at 141 days as against 163 days in FY24. The median inventory days of the peers are 128 days for FY24 (highest at 201 days and lowest at 62 days). Inventory as a % of COGS for FY25 stands at 47%, down from 56% last year.
Reasons for high inventory levels as compared to the industry average, are maintaining pipeline inventory for new stores (due to aggressive expansion), increase in volume of inventory for existing showrooms in proportion to price rise in gold, refurbishment of existing showrooms, stock turn being lower in flagship showrooms because of maintaining higher SKUs and maintain inventory in advance in march for the next year (and that last month increase shows a spike for full financial year).

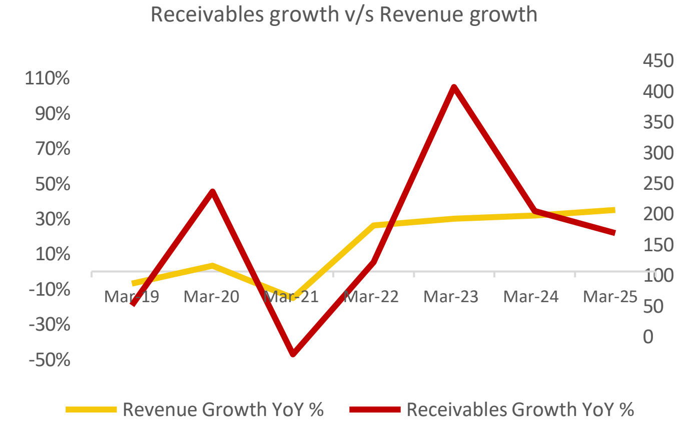


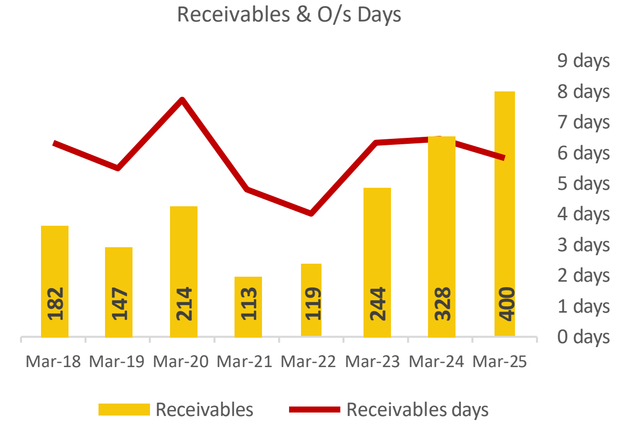


Source: Company Analysis

Receivables

Receivables as on 31 Mar 2025 stood at INR 400 cr, grew 22% YoY and as a percentage of revenue are consistent at 2% for a couple of years. Receivables growth has been on a higher side than the revenue growth for last couple of years but has reduced comparatively in FY25. Also, the receivables days stood at 6 days for the financial year and receivables turnover ratio at 63x.
As the nature of the business is cash and carry, the receivables amount is expected to be recovered. The major portion of the receivables is owed to the franchise partners, where the management claims that they have adequate controls in place, and 99% of the receivables were due under 6 months, with negligible default possibility.
The median receivables days of peers for FY25 stood at 2 days, but on the comparables' basis at 4 days and the company's at 6 days which were higher than the industry average due to higher base and large number of franchisees.
Interestingly, the company operates on the model where it acquires the ownership of the showrooms on lease, then sub-leases them to the franchise partners. This model implicitly helps in keeping a check on receivables, as in the franchise-based businesses, there is over-reliance on the franchise partners because they can demand more credit limit from the franchisor on their terms, and the brand will have to yield to maintain its presence and competitiveness in the market. In the case of Kalyan Jewellers, if any disagreement occurs between the company and the franchise partner, then the company can refuse further credit limit and the showroom will also remain with the company because it sub-leased it to the franchisee.





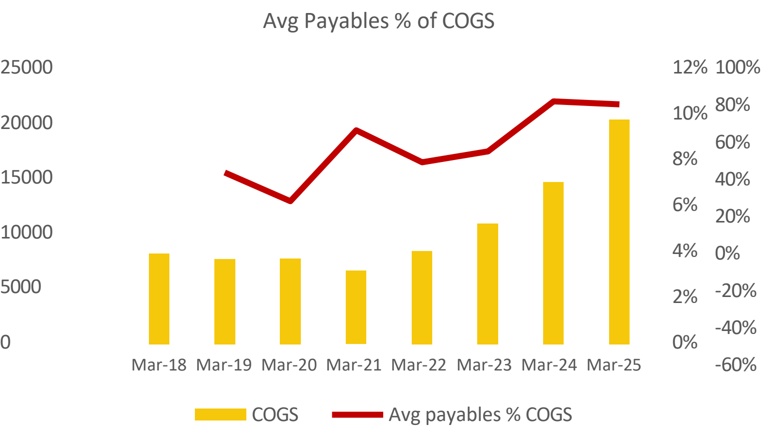
Source: Company Analysis

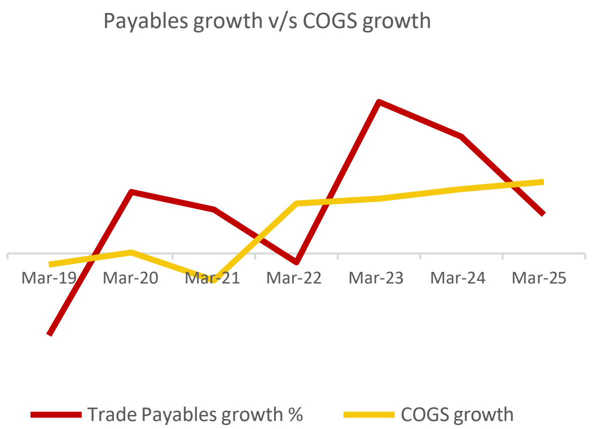
Kalyan Jewellers India Ltd.

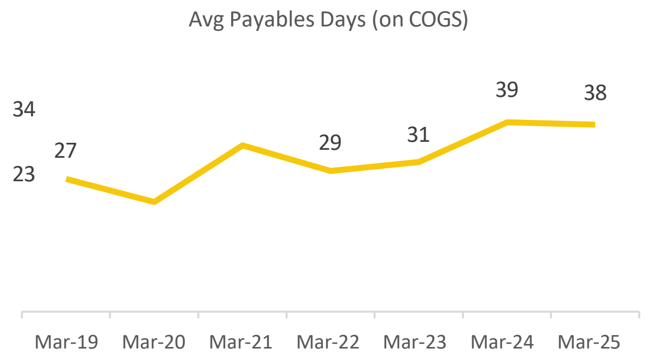
Commentary on various line items:

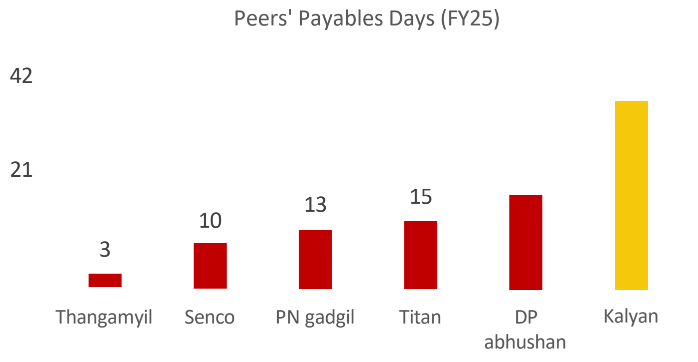
Payables

The trade payables as of 31 Mar 2025 accounted for INR 2350, which grew by 21% YoY, and average payables were INR 2147 cr. Average payables as a percentage of revenue are consistently increasing from 6% in FY22 to 9% in FY25. Average payables as a percentage of COGS stood at 10% for FY25, while COGS grew by 39% YoY due to a steep rise in gold prices. Average payables days on the basis of COGS were reported to be 38 days, and payables turnover at 9x for FY25.
Almost all the trade payables are scheduled for less than a year, as the average credit period on purchases (except from MSMEs) is normally 90 days.
The company commands the highest payables days in the industry, triple of the market leader and industry average, because it maintains the premium or non-staple jewellery products and higher studded jewellery products which in itself provides better margin and higher credit limit, while the peers predominantly rely on the staple products for which credit space is lower. The management has guided for the improvement in working days, considering the growth in revenue.









Source: Company Analysis

Fixed Assets and CapEx

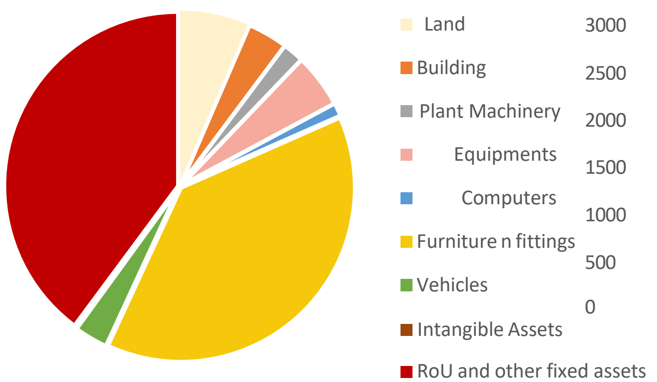
The gross block reported on 31 Mar 2024 was INR 3102 cr, which grew 20% YoY, and the net fixed assets stood at INR 2846 cr, growing the asset base by 24% YoY, owing to the significant increase in RoU assets and Furniture & fittings due to franchise expansion.
The Fixed Assets Turnover Ratio stood at 8.8x, doubling from 4.5x in FY19, indicating that the company is effectively using its long-term assets to generate revenue and maximize returns.
The Right of Use Asset (RoU) forms a significant part of gross block, around 40% for many years, and the furniture & fittings accounted for 38% as on 31 Mar 2024, continuously increasing from being 25% in 2018. The RoU assets are high because of the franchise model, and the furniture & fittings are high because the company operated on the franchise agreement in which inventory was funded by the franchise partner, and CapEx for the showrooms was funded by the company. The allocation to furniture & fittings is expected to come down in the coming years as the company has instituted a new franchise agreement, under which the franchise partners will fund both inventory and CapEx.
The company held vehicles such as aeroplanes, helicopters, etc., on the balance sheet, which accounted for 12% of the gross block, a couple of years ago. The management decided to sell those aeroplanes to lighten the balance sheet, probably after the implicit pressure put by the analysts' questioning in earnings calls of the company.

Kalyan Jewellers India Ltd.

Commentary on various line items:

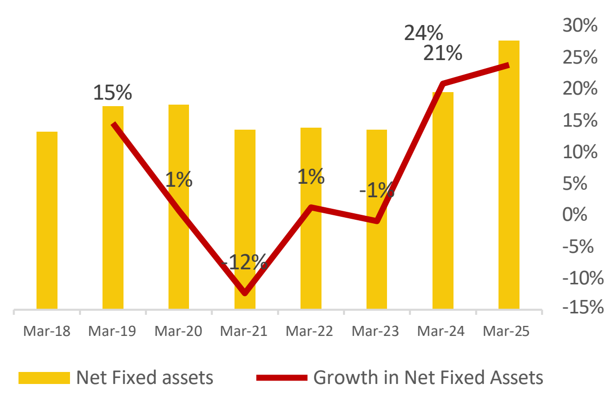
The depreciation cost for the FY25 was INR 343 cr, grown by 25% YoY, and as a percentage of revenue and fixed assets stood at 1.4% and 12% respectively, in line with the industry average. The average life of assets came to be around 11 years, and the average age of assets around 3 years, with asset consumption at 4%.
The company aggressively funded the growth CapEx during FY24 of approximately INR 235 cr, almost double the maintenance CapEx, which came after 4 years of negligible growth CapEx allocation after FY19 and was majorly driven by the arrangements for the franchise showrooms and RoU assets.
During FY25, the company incurred the CapEx of INR 350 cr and the management guided for the INR 250-300 cr of CapEx during FY26, bifurcated as INR 150 cr for maintenance CapEx, INR 50 cr for opening 7-8 stores in South India under the old franchise model, and INR 80-100 cr for 40 COCO Candere stores.

Gross Fixed Assets (FY24)



Source: Company Analysis

Net Fixed Assets Growth



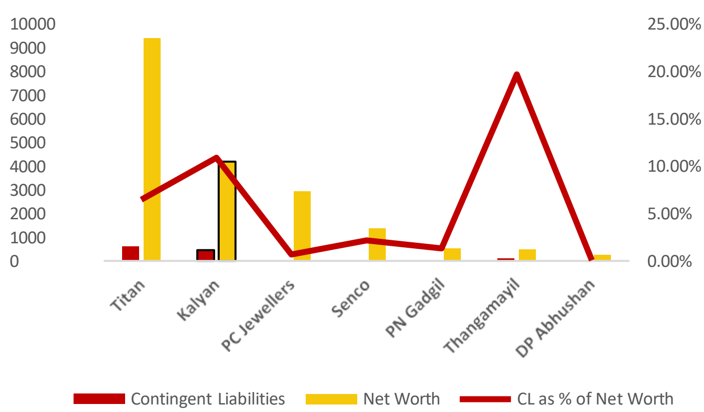
Contingent Liabilities

The contingent liabilities regarding the disputes over sales tax and income tax demands, the obligations of which could probably occur in the unforeseen future, were on a consistent rise from INR 196 cr in FY21 to INR 456 cr in FY24. As a percentage of total net worth, the contingent liabilities significantly rose from 6.94% in FY21 to 10.89% in FY24, which raises concerns that could adversely affect confidence in the profitability prospects of the business and the investor sentiment.
According to the management, most of the demands disclosed as contingent liabilities might not materialize, as reported by India Ratings & Research (Ind-Ra) in its March 2024 Ratings upgrade of the company. Financial results for the FY25 are out, but the annual report and detailed financial statements with the notes to accounts are awaited; hence, the latest development on the contingent liabilities front is yet to be analyzed.
Following the numbers from FY24 financial filings, the company's contingent liabilities % of Net worth is on the riskier side than the peers' average and median of 5.90% and 2.18%, respectively.

Particulars	Contingent Liab.	Net Worth	CL % Net Worth
Mar-21	196	2826	*6.94%*
Mar-22	220	3137	*7.01%*
Mar-23	230	3635	*6.33%*
Mar-24	456	4189	*10.89%*

Source: Company Analysis

Contingent Liabilities v/s Net Worth (FY24)



Particulars	Contingent Liab.	Net Worth	CL % Net Worth
Titan	608	9393	*6.47%*
Kalyan	456	4189	*10.89%*
PC Jewellers	20	2931	*0.68%*
Senco	30	1377	*2.18%*
PN Gadgil	7	534	*1.31%*
Thangamayil	97	493	*19.68%*
DP Abhushan	0.16	238	*0.07%*
Median			*2.18%*
Average			*5.90%*

Kalyan Jewellers India Ltd.

Financial Ratios Analysis:

Profitability Ratios

Historical Margins	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Gross Profit Growth	_	135%	-28%	-33%	2%	-13%	53%	71%
Gross Margin	16%	16%	17%	17%	16%	16%	15%	13%
EBITDA Growth	_	-20%	29%	22%	37%	37%	17%	11%
EBITDA Margin	7%	6%	8%	7%	8%	8%	7%	6%
EBIT Growth	_	-31%	41%	-29%	55%	48%	19%	7%
EBIT Margin	6%	4%	6%	5%	6%	7%	6%	5%
PAT Growth	_	-103%	3027%	-104%	3791%	93%	38%	20%
PAT Margin	1.3%	-0.1%	1.4%	-0.1%	2.1%	3.1%	3.2%	2.9%

Peers' Comparison (FY25)	Kalyan	Titan	Senco	PN Gadgil	Thangamyil	DP Abhushan
Gross Margin	13%	22%	14%	9%	9%	8%
EBITDA Margin	6%	9%	6%	4%	5%	5%
EBIT Margin	5%	9%	6%	4%	4%	5%
PAT Margin	2.9%	5.5%	2.6%	2.8%	2.4%	3.4%

Efficiency Ratios

Historical	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Inventory Turnover	1.75x	1.82x	1.78x	1.34x	1.57x	1.69x	1.91x	2.25x
Inventory Days	208	200	205	272	232	216	191	162
Receivables Turnover	61x	73x	46x	73x	91x	61x	61x	61x
Receivables Days	6	5	8	5	4	6	6	6
Payables Turnover	14x	23x	18x	12x	16x	12x	10x	11x
Payables Days	31	19	24	35	26	37	45	39
Working Capital Days	121	123	122	157	146	124	96	74
Cash Conversion Cycle	184	187	189	241	210	185	153	129
Total Asset Turnover	1.2x	1.2x	1.2x	1.0x	1.2x	1.3x	1.5x	1.7x
Net Fixed Asset Turnover	5.6x	4.5x	4.7x	4.5x	5.6x	7.4x	8.1x	8.8x
Sales/Capital Employed	1.7x	1.7x	1.7x	1.2x	1.5x	1.8x	2.1x	2.6x

Peers' Comparison (FY25)	Kalyan	Titan	Senco	PN Gadgil	Thangamyil	DP Abhushan
Inventory Turnover	2.3x	1.7x	1.7x	3.4x	2.3x	4.2x
Inventory Days	162	217	220	106	161	87
Receivables Turnover	61x	61x	61x	182.5x	NA	NA
Receivables Days	6	6	6	2	1	0
Payables Days	39	15	10	13	3	21
Total Asset Turnover	1.7x	1.5x	1.3x	2.5x	2x	4x
Net Fixed Assets Turnover	8.8x	15x	16x	24x	24.5x	51x
Working Capital Days	74	103	172	71	105	54
Cash Conversion Cycle	129	208	217	95	159	66

On the profitability ratios front, the gross profit and EBITDA margins are on a downtrend due to increasing gold prices, and the revenue share of franchisee showrooms. While the Net Profit margin was subdued for FY25 due to a one-time loss of customs duty cut, it is expected to improve going forward due to better PBT & PAT margins in franchisee showrooms. As compared to the market leader, the margins are significantly lower, but are in line with the industry standards.

Performance on the efficiency side is also commendable regarding the size of operations, as the company has consistently improved the inventory turn and has significantly reduced the inventory days since FY21. The receivables have been under check, and the company enjoys the highest in the industry payables days, which helps in limiting the working capital requirements. Efficiency in the usage of assets has also been improved over the years, but remains lower than compared of the peers.

Kalyan Jewellers India Ltd.

Financial Ratios Analysis:

Solvency Ratios

Historical	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Debt to Equity	2.27x	2.07x	1.84x	1.44x	1.28x	1.18x	1.07x	1.03x
Debt to Capital	69%	67%	65%	59%	56%	54%	52%	51%
Debt to EBITDA	5.4x	6.3x	4.7x	6.5x	4.7x	3.7x	3.3x	3.3x
Debt to Assets	0.49	0.48	0.46	0.46	0.45	0.40	0.35	0.33
CFO to Debt	0.00	0.00	0.09	0.15	0.07	0.24	0.29	0.24
Interest Coverage	1.55x	1.05x	1.53x	1.10x	1.83x	2.62x	3.08x	3.67x
Operating Leverage	_	3.86x	13.61x	2.05x	1.83x	1.33x	0.82x	0.37x
Financial Leverage	4.62x	4.28x	4.02x	3.14x	2.85x	2.95x	3.06x	3.15x

Peers' Comparison (FY25)	Kalyan	Titan	Senco	PN Gadgil	Thangamyil	DP Abhushan
Debt to Equity	1.03x	1.12x	1.03x	0.60x	0.72x	0.42x
Interest Coverage	3.67x	5.76x	2.66x	7.81x	4.90x	11.86x
Financial Leverage	3.15x	3.50x	2.39x	2.02x	2.32x	2.07x

Cash Flow Ratios

Historical	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Free Cash Flow	_	_	213	581	173	827	1062	764
Free Cash Flow growth	_	_	_	173%	-70%	378%	28%	-28%
Cash Flow from Operations	_	_	320	629	264	1013	1322	1209
CFO growth	_	_	_	97%	-58%	284%	31%	-9%
Free Cash Flow to Sales	_	_	2%	7%	2%	6%	6%	3%
CFO to EBITDA	_	_	40%	101%	31%	87%	97%	80%

Peers' Comparison (FY25)	Kalyan		Titan		Senco		PN Gadgil		Thangamyil		DP Abhushan	
Particulars	Mar-24	Mar-25	Mar-24	Mar-25	Mar-24	Mar-25	Mar-24	Mar-25	Mar-24	Mar-25	Mar-24	Mar-25
Free Cash Flow	1322	1209	1024	-1011	-324	-238	-24	-728	330	-424	0	-19
Cash Flow from Operations	1,322	1,209	1,695	-541	-290	-206	6	-675	330	-424	0	-19
CFO to EBITDA	97%	80%	54.2%	-9.62%	-55.8%	-36%	16%	-176%	175%	-166%	0%	-11%

Valuation Ratios

Historical	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Price to Earnings	_	_	_	-1,253	27	25	74	67
Price to Book value	_	_	_	3	2	3	10	10
Price to CFO	_	_	_	12	23	10	32	39
Enterprise Value	_	_	_	7,520	6,124	10,836	43,961	48,141
EV to EBITDA	_	_	_	12	7	9	32	32

Peers' Comparison (FY25)	Kalyan	Titan	Senco	PN Gadgil	Thangamyil	DP Abhushan
Price to Earnings	67	82	27	31	53	27
Price to Book value	10	23	2	4	6	8
EV to EBITDA	32	48	12	20	28	18

The company's solvency parameters, such as interest coverage and debt-to-equity ratio, have improved due to professional management of the debt and the capital structure with the help of Warburg Pincus, a private equity firm, which had a significant stake in the ownership.
The cash flows of the company grew dramatically, but almost all the peers reported negative cash flows for FY25 due to the inventory loss that occurred because of the customs duty reduction.
The company enjoys a premium valuation as compared to its listed comparable peers, second only to the market leader, because of the high revenue growth posted in recent years, owing to the expansion through an asset-light franchise model in the higher margin yielding, non-South India market, leading to significant re-rating in the last couple of years.

Source: Company Analysis

Kalyan Jewellers India Ltd.

DuPont Analysis

RETURN ON EQUITY (ROE)					
	Mar-21	**Mar-22**	**Mar-23**	**Mar-24**	**Mar-25**
NET PROFIT	₹ -6.07	₹ 224.03	₹ 431.94	₹ 596.29	₹ 714.17
AVERAGE SHAREHOLDERS EQUITY	₹ 2,434.05	₹ 2,981.53	₹ 3,385.87	₹ 3,911.88	₹ 4,496.32
RETURN ON EQUITY	**-0.25%**	**7.51%**	**12.76%**	**15.24%**	**15.88%**

ROE - DUPONT EQUATION					
	Mar-21	**Mar-22**	**Mar-23**	**Mar-24**	**Mar-25**
NET PROFIT	₹ -6.07	₹ 224.03	₹ 431.94	₹ 596.29	₹ 714.17
REVENUE	₹ 8,573.31	₹ 10,817.93	₹ 14,071.45	₹ 18,548.29	₹ 25,045.07
NET PROFIT MARGIN (A)	-0.07%	2.07%	3.07%	3.21%	2.85%
REVENUE	₹ 8,573.31	₹ 10,817.93	₹ 14,071.45	₹ 18,548.29	₹ 25,045.07
AVERAGE TOTAL ASSETS	₹ 8,541.91	₹ 8,905.14	₹ 9,829.05	₹ 11,765.35	₹ 13,971.85
ASSET TURNOVER RATIO (B)	1.00x	1.21x	1.43x	1.58x	1.79x
AVERAGE TOTAL ASSETS	₹ 8,541.91	₹ 8,905.14	₹ 9,829.05	₹ 11,765.35	₹ 13,971.85
AVERAGE SHAREHOLDERS EQUITY	₹ 2,434.05	₹ 2,981.53	₹ 3,385.87	₹ 3,911.88	₹ 4,496.32
EQUITY MULTIPLIER (C)	3.51x	2.99x	2.90x	3.01x	3.11x
RETURN ON EQUITY (A*B*C)	**-0.25%**	**7.51%**	**12.76%**	**15.24%**	**15.88%**

RETURN ON ASSETS (ROA)					
	Mar-21	**Mar-22**	**Mar-23**	**Mar-24**	**Mar-25**
NET PROFIT	₹ -6.07	₹ 224.03	₹ 431.94	₹ 596.29	₹ 714.17
AVERAGE TOTAL ASSETS	₹ 8,541.91	₹ 8,905.14	₹ 9,829.05	₹ 11,765.35	₹ 13,971.85
RETURN ON ASSETS (ROA)	**-0.07%**	**2.52%**	**4.39%**	**5.07%**	**5.11%**

ROA - DUPONT EQUATION					
	Mar-21	**Mar-22**	**Mar-23**	**Mar-24**	**Mar-25**
NET PROFIT	₹ -6.07	₹ 224.03	₹ 431.94	₹ 596.29	₹ 714.17
REVENUE	₹ 8,573.31	₹ 10,817.93	₹ 14,071.45	₹ 18,548.29	₹ 25,045.07
NET PROFIT MARGIN (A)	-0.07%	2.07%	3.07%	3.21%	2.85%
REVENUE	₹ 8,573.31	₹ 10,817.93	₹ 14,071.45	₹ 18,548.29	₹ 25,045.07
AVERAGE TOTAL ASSETS	₹ 8,541.91	₹ 8,905.14	₹ 9,829.05	₹ 11,765.35	₹ 13,971.85
ASSET TURNOVER RATIO (B)	1.00x	1.21x	1.43x	1.58x	1.79x
RETURN ON ASSETS (A*B*C)	**-0.07%**	**2.52%**	**4.39%**	**5.07%**	**5.11%**

RETURN ON CAPITAL EMPLOYED (ROCE)					
	Mar-21	**Mar-22**	**Mar-23**	**Mar-24**	**Mar-25**
NOPAT	₹ -61.61	₹ 465.47	₹ 695.58	₹ 826.75	₹ 874.08
AVERAGE CAPITAL EMPLOYED	₹ 5,806.00	₹ 6,647.87	₹ 7,055.16	₹ 7,813.06	₹ 8,701.00
RETURN ON CAPITAL EMPLOYED	**-1.06%**	**7.00%**	**9.86%**	**10.58%**	**10.05%**

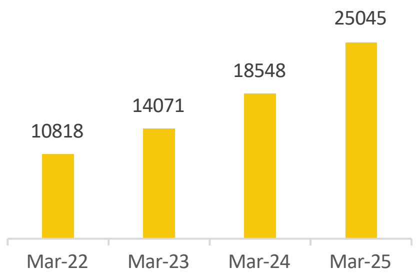
ROCE - DUPONT EQUATION					
	Mar-21	**Mar-22**	**Mar-23**	**Mar-24**	**Mar-25**
NOPAT	₹ -61.61	₹ 465.47	₹ 695.58	₹ 826.75	₹ 874.08
REVENUE	₹ 8,573.31	₹ 10,817.93	₹ 14,071.45	₹ 18,548.29	₹ 25,045.07
NOPAT MARGIN (A)	-0.72%	4.30%	4.94%	4.46%	3.49%
REVENUE	₹ 8,573.31	₹ 10,817.93	₹ 14,071.45	₹ 18,548.29	₹ 25,045.07
AVERAGE CAPITAL EMPLOYED	₹ 5,806.00	₹ 6,647.87	₹ 7,055.16	₹ 7,813.06	₹ 8,701.00
CAPITAL TURNOVER RATIO (B)	1.48x	1.63x	1.99x	2.37x	2.88x
RETURN ON CAPITAL EMPLOYED (A*B*C)	**-1.06%**	**7.00%**	**9.86%**	**10.58%**	**10.05%**

Source: Company Analysis

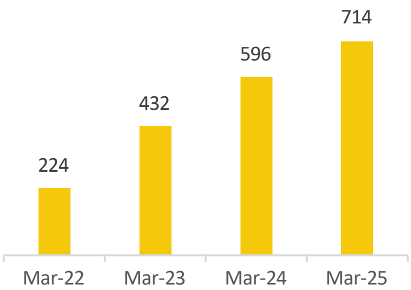
Kalyan Jewellers India Ltd.

DuPont Analysis

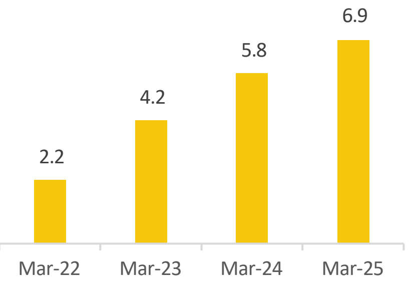
Revenue (in Crs.)



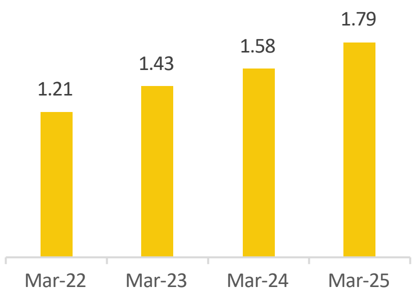
Net Profit (in Crs.)



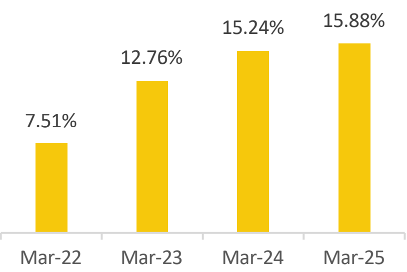
Earnings Per Share (in Rs.)



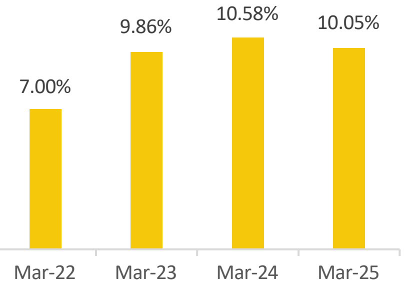
Asset Turnover Ratio



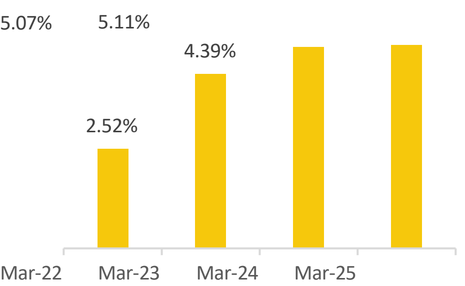
Return on Equity



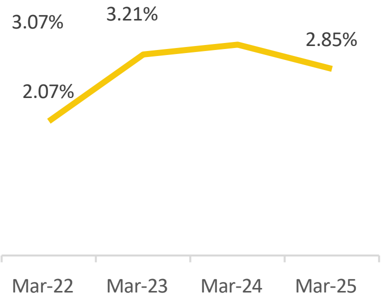
Return on Capital



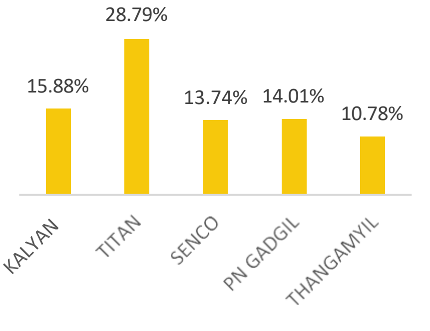
Return on Assets



Net Margins



Peers Comparison (ROE)



Source: Company Analysis

MOAT ASSESSMENT	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Gross Profit Margin	12.72%	10.25%	6.87%	7.97%	10.12%
EBITDA Margin	7.28%	7.88%	8.28%	7.38%	6.06%
Net Profit Margin	-0.07%	2.07%	3.07%	3.21%	2.85%
ROIC	-0.10%	3.51%	6.22%	7.74%	8.18%
ROCE	-1.06%	7.00%	9.86%	10.58%	10.05%
ROE	-0.25%	7.51%	12.76%	15.24%	15.88%
EPS	₹ -0.06	₹ 2.17	₹ 4.19	₹ 5.79	₹ 6.92
ROA	-0.07%	2.52%	4.39%	5.07%	5.11%

Kalyan Jewellers India Ltd.

DuPont Analysis

PEER COMPARISON (DUPONT EQUATION)	KALYAN	TITAN	SENCO	PN GADGIL	THANGAMYIL
NET PROFIT MARGIN (A)	2.85%	5.52%	2.64%	2.83%	2.42%
ASSET TURNOVER RATIO (B)	1.79	1.49	1.32	2.45	1.92
EQUITY MULTIPLIER (C)	3.11	3.50	2.39	2.02	2.32
RETURN ON EQUITY (A*B*C)	**15.88%**	**28.79%**	**8.33%**	**14.01%**	**10.78%**

PEER COMPARISON	KALYAN	AVERAGE	MEDIAN
NET PROFIT MARGIN (A)	2.85%	3.35%	2.74%
ASSET TURNOVER RATIO (B)	1.79	1.80	1.71
EQUITY MULTIPLIER (C)	3.11	2.56	2.36
RETURN ON EQUITY (A*B*C)	**15.88%**	**15.39%**	**10.98%**

Source: Company Analysis

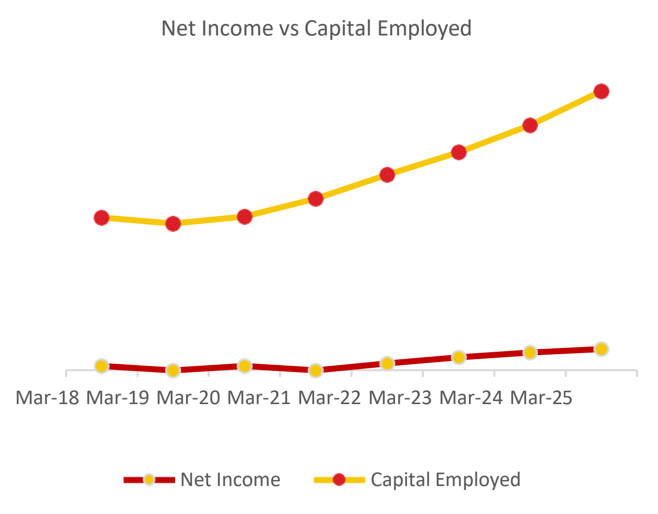
DuPont Summary:

- The company's ROE has been consistently rising from -0.25% in FY21 to 15.88% in FY25, owing to its expanding net profit margins from -0.07% in FY21 to 2.85% in FY25 and improving asset turnover ratio from 1x in FY21 to 1.79x in FY25, which depicts efficiency in asset deployment resulting higher profitability.
- The financial leverage was getting reduced till FY23, but it's again on an uptrend since then, and stands at 3.11x in FY25.
- The ROA of the company is improving from -0.07% in FY21 to 5.11% in FY25, because of the increasing asset efficiency and net profit margin.
- The ROCE has reached 10.05% in FY25 from -1.06% in FY21, due to the efficient capital employment and rising profitability.
- In terms of ROE, the company fared better than most of its peers, except the market leader. While the market leader enjoys the superior margins and operates in higher financial leverage, resulting in industry-leading Return on Equity, Kalyan Jeweller's industry-par ROE is mainly attributed to the higher financial leverage, not the superior net profit margin, which shows a tweaked picture, if judged on the surface.

ROIIC Profiling

Rs Cr	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Net Income	141.0	-4.9	142.3	-6.1	224.0	431.9	596.3	714.2
Capital Employed	5,029.9	4,966.8	5,051.3	5,810.6	6,389.1	6,948.3	7,700.3	8,731.9

ROIIC Profiling	
Cumulative Net Income	2,238.8
Incremental Capital Deployed	3,702.0
Reinvestment Rate	***165%***
Incremental Net Income	573.2
ROIIC	15%
Intrinsic Compounding Rate	***26%***
Stock Price (5 Year CAGR)	47%



Source: Company Analysis

Kalyan Jewellers India Ltd.

DCF Valuation

Historical					Explicit Growth Period				
Particulars	**2022A**	**2023A**	**2024A**	**2025A**	**2026F**	**2027F**	**2028F**	**2029F**	**2030F**
Total Sales	10,818	14,071	18,548	25,045	32559	40698	48838	58605	70327
Sales Growth		30%	32%	35%	30%	25%	20%	20%	20%
EBIT Margin	5.7%	6.5%	5.9%	4.7%	6.0%	6.0%	6.0%	6.0%	6.0%
EBIT	**621**	**920**	**1094**	**1174**	**1954**	**2442**	**2930**	**3516**	**4220**
Less: Actual Tax Payment	75	140	193	245	332	415	498	598	717
NOPAT	**546**	**780**	**901**	**929**	**1621**	**2027**	**2432**	**2919**	**3502**
Less: Capex	91	186	260	350	300	200	200	200	200
Less/Add: Change in Working Capital		789	589	1069	1196	1164	913	1045	1191
Add: Depreciation	232	245	274	343	150	150	150	150	150
Free Cash Flow To Firm		**50**	**327**	**-148**	**275**	**812**	**1469**	**1823**	**2261**
Cost of Capital	14.56%								
Discounting Period (Yrs)					1	2	3	4	5
Present Value Factor					0.873	0.762	0.665	0.581	0.507
Present Value of Free Cash Flow to Firms					-129	210	540	853	924

WACC Calculation

Particulars		**Source**
Risk Free Rate	6.61%	*10Y Govt Bond Yield rate - investing.com*
Equity Risk Premium	14.37%	*Rm-Rf 4Y period*
Beta (4Y - Daily)	1.02	*Regression based beta*
Cost of Equity	**21.34%**	*Calculated using CAPM approach*
Corporate Credit Rating	A+	*ICRA Credit Rating Report - 31 Dec 2024*
Corporate Default Spread	4.37%	*Excess returns over Rf rate - GoldenPi.com*
Cost of Debt (Pre - Tax)	**10.98%**	*Rf rate + Corporate Default Spread*
Marginal Tax Rate	22.88%	*Notified Tax rate in Finance Bill,2025*
Cost of Debt (Post - Tax)	**8.47%**	*Cost of Debt post Tax shield*
Debt to Equity Ratio	1.04	*Latest financials*
Debt to Capital Ratio	0.51	*Latest financials*
Weighted Average Cost of Capital	**14.56%**	

Commentary on Valuation

The DCF-based equity value/share of the company came out to be INR 136, significantly lower than the premium valuation that the market has given to the stock price, considering the exceptional past performance on the growth and returns front, and factoring in the huge expansion planned for the coming years.

While the company’s performance on various financial metrics has been exceptional but the persisting premium valuation is not justified considering the margins are getting strained continually, and the current free cash flow generation ability of the business.

Key considerations regarding the business are:

- Intense competition at the store level, resulting in loss or saturation of market share, price wars in the already lower product differentiation business, and increasing spend on advertisement and promotion, hence lower EBITDA margin.
- Steep rise in the gold prices, causing the postponement or cancellation of the discretionary spending on jewellery and affecting the revenue and profitability growth.
- Delay in scaling the omnichannel business (Candere), eventually leading to the loss of the kickstart in the emerging digital and lightweight jewellery business in the domestic market.

DCF Valuation	
Terminal Year FCFF	2261
Terminal Year Growth Rate	6%
Value of Terminal Cash Flow at 5th Year	27994
Present Value of Terminal Cash Flow	14185
Present Value of Forecasted Cash Flow	2398
Firm value/ Enterprise Value	**16583**
Less: Value of Debt	4550
Add: Cash & Non-Operating Investments	2018
Less: Value of Stock Options/Warrants	11
Equity Value	**14040**
Number of Shares(in crore)	103
Equity Value/Share	136
Market Price/Share	561
Verdict	**Overvalued**

Source: Company Analysis

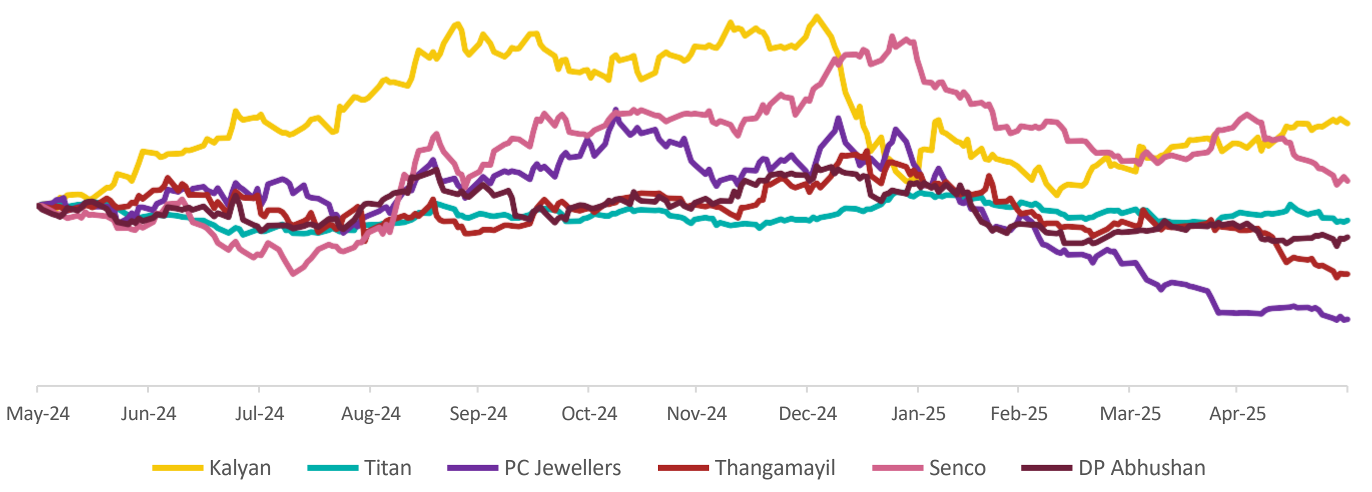
Kalyan Jewellers India Ltd.

Comparable Valuation

		Market Data					Financials			Valuation		
Company	Ticker	Share Price	Shares Outstanding	Equity Value	Net Debt	Enterprise Value	Revenue	EBITDA	Net Income	EV/Revenue	EV/EBITDA	P/E
Kalyan Jewellers	KALYANKJIL	561	103.1	57810	3928	61738	25045	1653	714	2.5x	37.3x	80.9x
Titan Company	TITAN	3558	88.8	315839	11383	327222	60456	6167	3337	5.4x	53.1x	94.6x
P N Gadgil Jewe.	PNGJL	549	13.6	7451	402	7853	7693	369	218	1.0x	21.3x	34.1x
Senco Gold	SENCO	379	16.4	6201	1334	7535	6027	392	140	1.3x	19.2x	44.2x
Thangamayil Jew.	THANGAMAYL	1931	3.1	6006	555	6561	4916	226	119	1.3x	29.0x	50.6x
D.P. Abhushan	DPABHUSHAN	1505	2.3	3415	146	3561	3311	175	113	1.1x	20.3x	30.3x
High										5.4x	53.1x	94.6x
75th Percentile										2.2x	35.3x	73.4x
Average										**2.1x**	**30.0x**	**55.8x**
Median										**1.3x**	**25.1x**	**47.4x**
25th Percentile										1.1x	20.5x	36.7x
Low										1.0x	19.2x	30.3x
Kalyan Comparable Valuation										**EV/Revenue**	**EV/EBITDA**	**P/E**
Implied Enterprise Value										32368	41554	37783
Net Debt										3928	3928	3928
Implied Market Value										28440	37626	33855
Shares Outstanding										103.1	103.1	103.1
Implied Value Per Share										**275.7**	**364.8**	**328.2**
										Overvalued	Overvalued	Overvalued

Source: Company Analysis

Peers' Stock Performance – 1Y (Indexed)



Source: Company Analysis

S.No.	Name	CMP	Mar Cap	PEG	P/E	Debt	Interest coverage	EBITDA Margin	ROCE	ROE	CFO/EBITDA
1	Kalyan Jewellers	561	57,807	2.1	81	4,959	3.7	6.6%	14.3%	15.9%	0.92
2	Titan Company	3,555	3,15,608	5.4	95	12,967	5.8	10.2%	22.1%	31.8%	0.29
3	PC Jeweller	12.5	7,957	0.3	14	2,151	9.8	23.3%	6.5%	12.7%	-0.60
4	P N Gadgil Jewe.	548	7,444	0.7	34	930	7.8	4.8%	19.3%	20.9%	0.02
5	Thangamayil Jew.	1,928	5,992	2.4	50	797	4.9	4.6%	13.7%	14.9%	1.52
6	Senco Gold	381	6,237	2.9	38	2,046	2.6	6.8%	10.0%	9.8%	-0.66
7	DP Abhushan	1520	3,443	0.7	31	169	11.5	5.3%	33.6%	35.0%	0.00

Source: Screener.in

Kalyan Jewellers India Ltd.

KALYAN JEWELLERS

Analysts' Coverage

S.No.	Date	Research House	Rating	Price at Recommendation	Target
1	13-05-2025	ICICI Securities Limited	Buy	535	550
2	25-03-2025	ICICI Securities Limited	Buy	475	520
3	09-01-2025	Motilal Oswal	Buy	683	875
4	12-12-2024	Ventura	Sell	747	692
5	14-11-2024	Motilal Oswal	Buy	654	800
6	02-08-2024	Motilal Oswal	Buy	560	650
7	10-08-2023	ICICI Securities Limited	Buy	182	220
8	16-05-2023	ICICI Securities Limited	Buy	108	160
9	08-02-2023	ICICI Securities Limited	Buy	108	160
10	11-11-2022	ICICI Securities Limited	Buy	103	150
11	17-10-2022	ICICI Securities Limited	Buy	103	140
12	05-08-2022	ICICI Securities Limited	Buy	70	100
13	12-05-2022	ICICI Securities Limited	Buy	61	100