Equity Research Report

Kalyan Jewellers India Ltd.

Infusing Growth with Capital-Efficient FOCO Model

Company Profile

Kalyan Jewellers India Ltd. (hereinafter referred to as "Kalyan Jewellers" or "The Company") is one of the largest jewellery companies in India, founded by T.S. Kalyanaraman, headquartered in Thrissur, Kerala. The Company is engaged in designing, manufacturing, and selling of wide range of gold, studded and other jewellery products.

The Company changed its business model to franchise-owned company-operated (FOCO) in 2022 to foster the next leg of growth.

As of March 31, 2025, the total number of showrooms across India, the Middle East and the USA stood at 388 (Kalyan India-278, Kalyan Middle East- 36, Kalyan USA- 1, Candere- 73).

The Company accounts for ~7% of the organised jewellery market, out of which 86.4% of the revenue comes from India, and 13.6% from the Middle East and the USA.

The company acquired a stake in Enovate Lifestyle Private Limited for its online jewellery platform – Candere, now a wholly owned subsidiary. In FY24, Candere launched its first showroom in India, turning it into an omnichannel expansion strategy.

Overall View

The company is currently trading at a P/E multiple of 74x, which is higher than the industry average of 52.9x. EV/EBITDA and EV/Revenue of 33.9x and 2.2x, respectively, also resemble the same story of premium valuation when compared to the industry averages.

It is trading at a premium valuation due to rapidly expanding its network, making it a less risky business by reducing debt levels over the past years and reducing the capital employed, which in turn will increase the capital allocation ratios.

As per the DCF model, the implied share price should be INR 415 per share when compared to the current market price of INR 511 per share. The company is currently overvalued based on the projections made by the analyst.

Key Risks:- Delay in the expansion of showrooms and potentially higher competitive intensity.

Key Highlights

- The company posted a revenue of ~ INR 25000 crores, growing at a rate of 35% YoY on a consolidated basis.
- Despite the volatility in gold prices, during the Q4 FY25, the revenue and PAT growth were around 36% compared to the corresponding quarter in the previous year.
- The company saw a reduction in debt in India by around INR 250 crores. The plan was to reduce the non-GML loan, but due to a temporary disruption around GML in India, the reduction has been done in GML.
- In the financial year, the company launched 76 Kalyan showrooms and 60 Candere showrooms in India, and our first showroom in the US.
- Ingrain of senior-level management under Candere and expects to be profitable at the PAT level by the end of FY26.
- For FY26, the company plans to launch 90 Kalyan and 80 Candere showrooms in India and reduce non-GML by around INR 350 crores.

KALYAN JEWELLERS

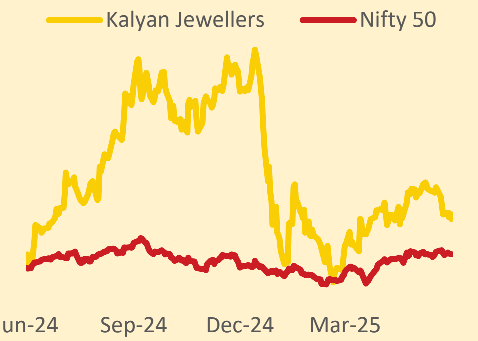
Industry – Gems & Jewellery

Recommendation	**: XXX**
CMP	**: INR 511.05**
Target Price	**: XXX**

Stock Data (as on June 19,2025)

NIFTY	: 24,793.2
52 Week High/Low (INR)	: 795.4/399.4
Market Cap (INR Crs)	: 53,494
O/s Shares (Crs)	: 103.01
Dividend Yield (%)	: 0.23%
NSE Ticker	: KALYANKJIL

Relative Stock Performance – 1Y



Absolute Returns

1 Year	: 20.21%
3 Years	: 828.11%
4 Years	: 568.8%

Shareholding Pattern (March 2025)

Promoters	: 62.85%
FII	: 16.89%
DII	: 11.97%
Public	: 8.29%

Financial Summary

INR Crores	**FY25**	**FY26E**	**FY27E**
Net Revenue	25045	32060	39430
YoY Growth %	***35.0%***	***28.0%***	***23.0%***
EBITDA	1662	2050	2470
EBITDA Margin	**6.6%**	**6.4%**	**6.3%**
PAT	714	1110	1390
YoY Growth %	***19.8%***	***55.4%***	***25.2%***
PAT Margin	2.8%	3.5%	3.5%
ROE	14.9%	22.0%	23.0%
EPS (in INR)	6.9	10.8	13.5

Prepared By: Lakshit Kalra
Guided By: Parth Verma (The Valuation School)

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Economic Outlook

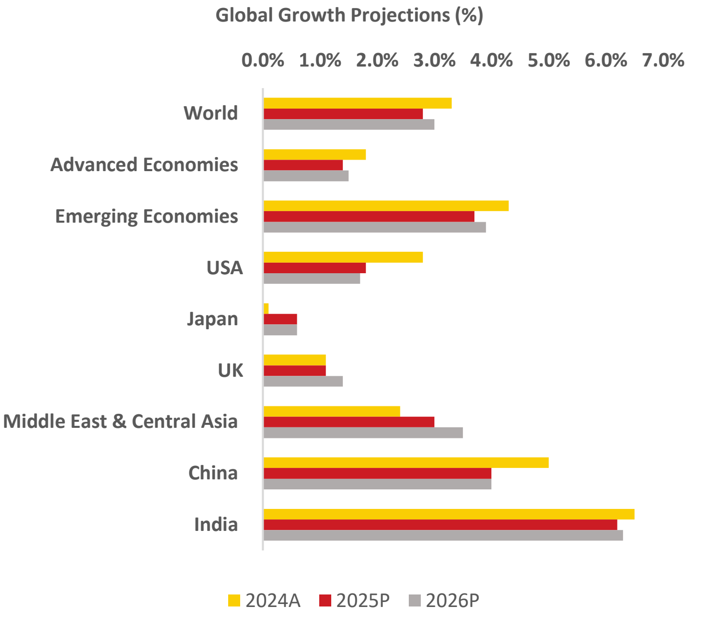
Global Economy

After the series of shocks, the global economy is facing another challenge in reviving and is expected to slow down due to trade tariffs imposed by the U.S and countermeasures taken by their trading partners. Furthermore, the global economy is suppressed by geopolitical tensions, policy uncertainty, and an increased occurrence of extreme climate events.

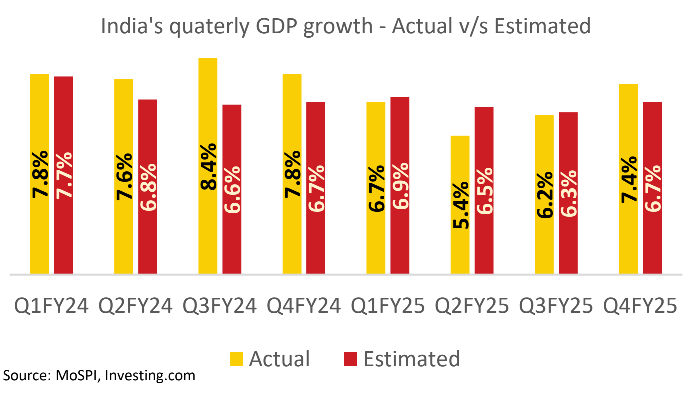
Conversely, trade tensions and policy uncertainty can come to an end if major economies can come up with a lasting agreement. Due to these major events happened, global growth is expected to weaken to 2.8% in CY25 and 3.2% in CY26 as compared to 3.3% for both years. The swift escalation of trade tensions and an extremely high level of policy uncertainty are expected to have a significant impact on global economic activity.

Advanced economies are projected to grow at 1.4% in CY25, 0.5% less compared to the previous projections made. Growth could even deteriorate if trade tensions escalate or policy uncertainty persists. More downside risks include heightened war tensions, lower than expected growth in major economies and adverse weather events.

Source: IMF (WEO), World Bank Global Economic Prospects (June 2025)



Source: IMF (WEO), World Bank Global Economic Prospects (June 2025)



Source: MoSPI, Investing.com

Indian Economy

The Indian economy grew at 6.5% in the 2024-25 period despite geopolitical tensions, inflation, weak consumer demand, etc. India became the 4th-largest and fastest-growing economy in 2025.

CPI headline inflation continued to fall in March-April, with CPI headline inflation reaching nearly a 6-year low of 3.2% (Y-o-Y) in April 2025. This was led primarily by food inflation, which recorded the sixth consecutive monthly decline. On the demand side, private consumption, the backbone of aggregate demand, remains healthy, and with the easing of monetary policy, the demand for discretionary goods will gradually start to pick up.

The agriculture and rural sector is trying to gain momentum, and is further fueled by the expected above-normal southwest monsoon. On the other hand, if the services sector continues to grow, a revival can be seen in urban spending. Furthermore, the government's thrust on capex, healthy balance sheet of banks, and increased capacity utilisation will drive investment activity.

Due to all the above-mentioned factors, the Indian economy is projected to grow at 6.2% and 6.3% in 2025 and 2026, respectively, compared to 6.5% for both years. The difference in projections accounts for a higher level of trade tensions and global uncertainty.

Source: IMF (WEO), RBI, PIB

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Industry Overview

Global gems and jewellery industry

The global gems and jewellery market was estimated at US$353 billion in 2023 and is projected to grow to US$482 billion by 2030, projecting a CAGR of 4.7%. The industry will be dominated by the gold segment, comprising approximately 56%, followed by the diamond segment, comprising approximately 25% of the total market value.

Asia Pacific dominates the gold jewellery market, having a 60% market share as of 2023. This leadership primarily belongs to a strong cultural preference for jewellery, especially in India and China, where it holds significant traditional and investment value.

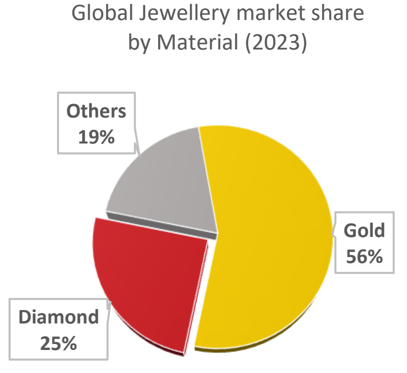
More factors attributed to the industry growth include rising disposable income, increasing middle-class population, growing acceptance of jewellery among men, inclination towards luxurious products and treating gold as a safe haven asset.

For the past few quarters, gold prices have been very volatile due to the supply chain disruption, as the geopolitical tensions between the Middle East and Ukraine persist. Supply chain disruption can cause difficulties for jewellery companies in maintaining inventory and stable prices, and consumers will try to postpone the purchase.

If we categorise jewellery by product types, which includes necklaces, earrings, rings, pendants, and bracelets. Out of these, rings constitute the largest segment with a revenue share of 33.8%. Rings are already famous worldwide due to the wedding occasions. It has now gained popularity among the male consumer segment, attributed to rising fashion awareness among men and improved jewellery designs in the male segment.

Source: Deloitte, company analysis, Grand view research

Source: Deloitte



Source: Deloitte

Global Gold Jewellery Industry

The gold jewellery market size was estimated at US$206.6 billion in 2023 and is projected to reach US$304.2 billion by 2030, growing at a CAGR of 5.7%.

The growth in the global gold jewellery industry is driven by many factors. Firstly, growing disposable income, which plays a crucial role, helps consumers with increased spending on luxury goods. Secondly, the increasing middle-class population in emerging countries like India, China, and Southeast Asia has significantly increased the demand for gold jewellery, especially for the wedding and festive season, which holds a strong cultural preference. And thirdly, an increase in E-commerce platforms to buy jewellery, especially after COVID-19. These platforms provide virtual jewellery try-on technologies and virtual reality tools that make life simpler for consumers to explore different jewellery designs and purchase jewellery online.

In the recent past, when the gold prices were very volatile, consumers changed their preference from gold to studded-mix as it provides better value to them

Source: businesswire

Source: businesswire

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Indian Gems and Jewellery Industry

The Indian jewellery market is valued at US$85 billion in FY24 and is projected to reach around US$245 billion by FY35, growing at a CAGR of 10%. The growth is mainly driven by rising disposable income, urbanisation, and evolving consumer preferences. The Country is the largest consumer of gold in the world. It consumes more than 800 tonnes of gold, which accounts for 21% of the world's gold consumption, out of which nearly 620 tonnes is used in crafting jewellery.

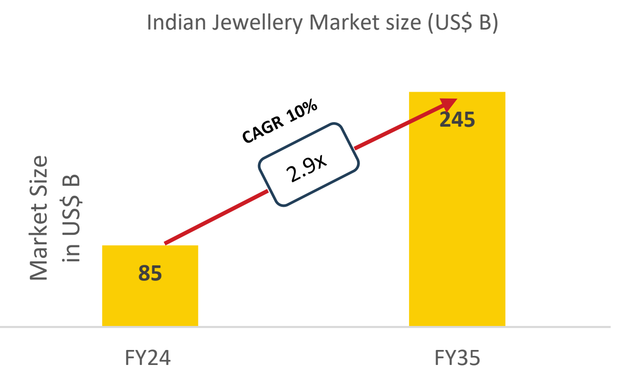
The organised sector is expected to reach around 43% in FY28 from around 38% in FY24, but the unorganised sector still dominates the market with around 62% in FY24, with over 500,000 local jewellers. However, the unorganised sector is losing its market share due to gold purity, increasing consumer preferences for branded jewellery and transparent pricing.

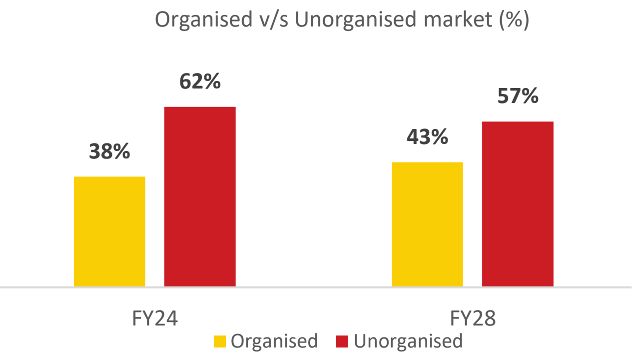
Additionally, unorganised players are converting into organised ones by adopting the best practices to increase trust, transparency and fair pricing. The transformation was bound to happen due to changing consumer preferences, tightened regulatory laws and competition from organised players. Indian jewellers continue to expand their store network in India, and the top organised players increased their store count by approximately 20% in FY23, with an estimated growth of 18-20% year-on-year in FY24.

The organised retail sector is projected to expand significantly through the franchise model. The asset-light business model (FOCO) requires less capital employed in the business and can grow very rapidly across the nation.

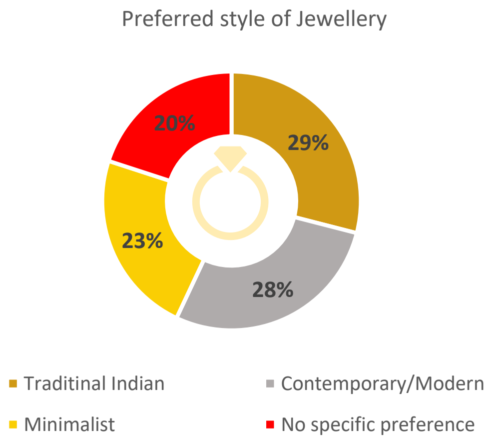
According to the Deloitte research, 51% consumers preferred minimalist and contemporary designs, while a clear preference was observed in Gen Z females, where ~ 75% preferred to have minimalist and contemporary designs. Now, with a young median age of around 27 years, the consumers are gradually changing their preferences and shifting towards lightweight and more modern designs.

Source: Deloitte report, CII, company analysis

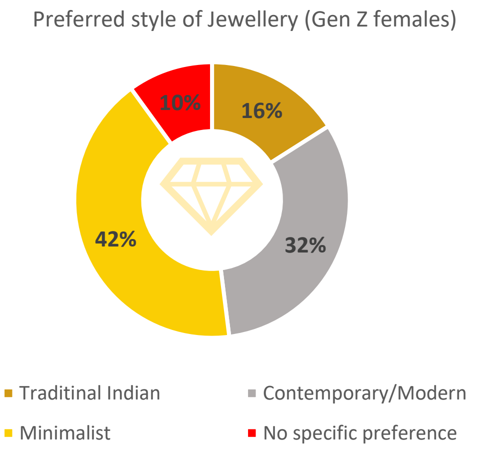




Source: Deloitte report



Source: Deloitte report



Source: Deloitte report

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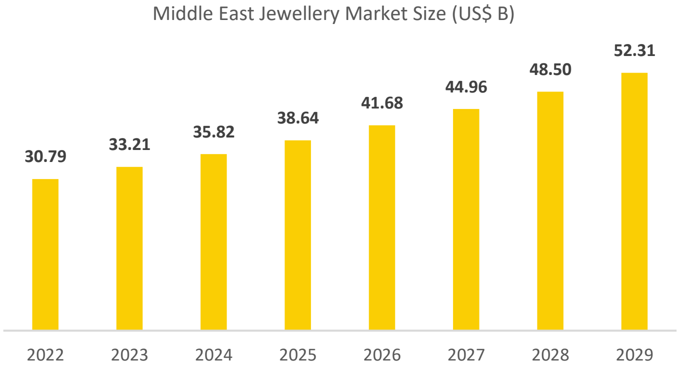
Middle East Jewellery Market

The Middle East jewellery market was estimated at US$30.79 billion in 2022 and is projected to reach US$52.31 billion by 2029, at a CAGR of 7.98%, primarily driven by increasing purchasing power, rising disposable income of individuals and increasing preference for high-end and designer jewellery. The growth in the tourism industry is another key factor in leading to more spending on luxury items by tourists and locals.

The Middle East region is rich in cultural and religious beliefs, which is why there is a strong demand for gold and diamond jewellery. And, gold jewellery is seen as a status symbol, and diamond jewellery is very popular among individuals.

The Middle East jewellery industry is also facing several restraints, such as the volatile nature of gold prices, geopolitical instability and changing consumer preferences.

Source: 6Wresearch



Source: 6Wresearch

U.S Jewellery Market

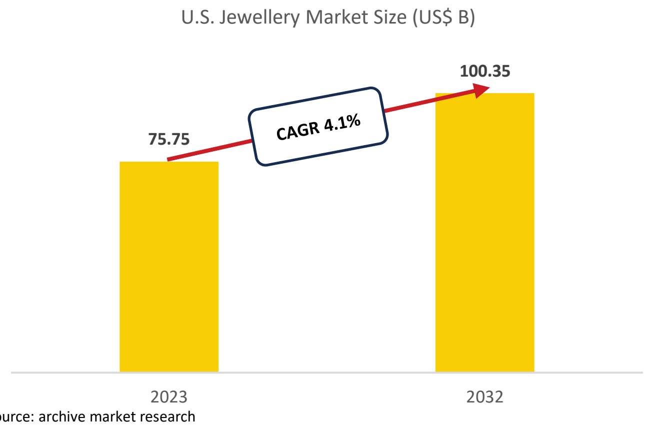
The U.S jewellery market share was valued at US$75.75 billion in 2023 and is forecasted to reach US$100.35 billion by 2032, demonstrating a CAGR of 4.1%. The growth is driven by factors such as rising disposable income and growing consumer spending, increasing demand for personalised and unique jewellery, and growing popularity of online jewellery retailers.

Additionally, emerging trends have been seen around homemade and sustainable jewellery products that are plastic-free, toxin-free and vegan is becoming more popular among consumers.

Synthetic or lab-grown diamonds are gaining share in the market due to their sustainability and less environmental impact compared to mined diamonds.

There are challenges faced by the U.S. jewellery industry, such as fluctuation in gold prices that cuts the demand, competition from imitation jewellery and fast fashion, and especially the limited availability of skilled labour.

Source: archive market research



Source: archive market research

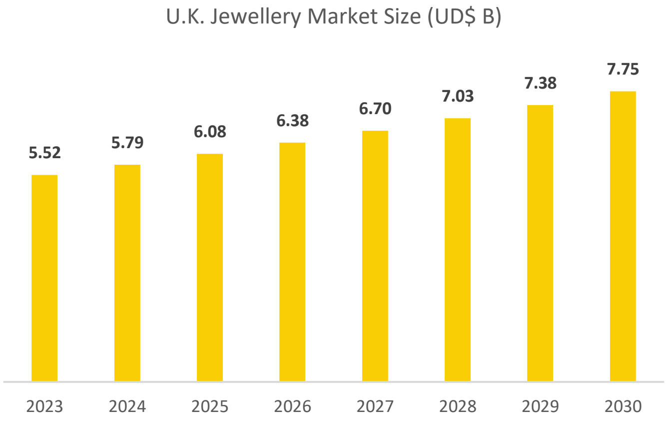
U.K. Jewellery Market

The U.K. is the fastest-growing regional market for jewellery in Europe. It accounts for 1.6% of the global jewellery market in 2023. It was valued at US$5.52 billion in 2023 and is projected to grow at 5% CAGR and reach US$7.75 billion by 2030. The driving forces include rising consumer range, introduction of latest designs, lightweight ornaments, and more demand in the modelling and fashion design industries.

Additionally, the U.K. is the home for a large number of high-net-worth individuals, and the number of millionaires is increasing at a significant rate, which is crucial for the jewellery market. Also presence of more royal families and frequent usage of jewellery by them also plays an important role in the growth of the jewellery sector.

However, major jewellery manufacturers lost their market share compared to the last 5 years as they failed to attract international customers due to a lack of innovation in new jewellery designs and were only dependent on their local customers.

Source: grand view research, precision business insights



Source: grand view research, precision business insights

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Earnings Call Analysis - Q4 FY25

❖ Financials and Performance

- For the full financial year, consolidated revenue was INR25,025 crores, achieving a growth of 35.3% YoY, and PAT was INR714 crores, reflecting a growth of ~20% YoY.
- For the just concluded quarter, i.e Q4 FY25, the company reported consolidated revenue of INR6,182 crores, a growth of 36% YoY. Consolidated EBITDA came in at INR399 crores compared to INR296 crores, and consolidated PAT for the quarter was INR188 crores versus INR137 crores on a year-on-year basis.
- Standalone revenue in India for the concluded quarter was INR5350 crores (38.3% up YoY), EBITDA was INR343 crores (34.5% up YoY), and PAT was INR185 crores (41.2% up YoY).
- Middle East revenue for the concluded quarter was INR784 crores, a growth of 25.8% YoY. EBITDA was INR59 crores (34% up YoY) and PAT was INR12 crores (20% up YoY).
- Our e-commerce business, Candere, posted a revenue of INR28 crores compared to INR36 crores, a degrowth of 22.2% YoY. It recorded a loss of INR12 crores compared to a loss of INR70 lakhs YoY.

❖ Store Expansion and Network Strategy

- At the beginning of the financial year, the company has drawn up some plans to launch 130 showrooms in FY25 (80 Kalyan and 50 Candere). It achieved its target by opening 76 Kalyan and 60 Candere showrooms in India in FY25.
- Additionally, they have entered the U.S., a new geographical location, by opening their first store.

❖ FY26 Expansion Plans

- The company has drawn up plans to launch a total of 170 showrooms, out of which 90 will be Kalyan showrooms and the rest will be of Candere.
- Out of these 90 Kalyan showrooms, 80+ will be launched in India, and the rest will be overseas.
- Candere showrooms will be a mixture of franchise and COCO, maybe evenly split between franchise and COCO.

❖ Dividend Policy

- As the company has shifted to the asset-light business model, the management has decided to reward the shareholders by the means of dividends. The company proposed the dividend policy to be in the range of 15% to 30% of the net profits.
- For the year, the company has decided to pay a dividend of approximately INR150 crores, 22% of the net profit generated during FY25.

❖ Candere: Next Leg of Growth Through Omni-channel

- After making Candere, a wholly owned subsidiary, the company is trying to evolve strategically by infusing talent at the senior level management and working on creating strategies, brand identity, and an omnichannel rollout plan. The company is currently focusing on expanding its Candere showroom network into metro, Tier 1 and Tier 2 locations.
- They have finalised the launch plan for a nationwide campaign, but there is a slight delay due to the recent Pahalgam incident.
- The margins for the Candere business are on the higher side, around 30% to 35% because of higher studded jewellery. At the store level, 70% of the jewellery items will be studded.
- The target is to make Candere profitable at the PAT level by the end of FY26.
- It is an omnichannel, of course, so how can we forget that it is not only dependent on stores, but the online platform will also drive to increase the footfall and therefore revenue.

❖ Margin Analysis and Guidance

- For FY25, our PBT margins were down to 3.8% compared to 4.2% in FY24. This was primarily due to the customs duty cut on gold imports that hit our margins in Q2 and Q3 in FY25. If we nullify the impact of the duty cut of around INR120 crores – INR130 crores, PBT margins would have been 4.3%.
- Even the PBT margin of 4.3% is short of the expectation of around 4.6% to 5% because PBT margins from our own stores and franchise are around 4.6% and 5% respectively.
- The management aims to target the PBT margin in excess of 5% for FY26.

❖ Debt Reduction and Capex Guidance

- This year, the objective was to reduce the non-GML portion, but due to a temporary disruption around GML in India, the reduction was done mainly in the GML of around INR250 crores.
- Next year, i.e. FY26, we aim to reduce our non-GML debt by about INR300 to INR400 crores.
- Capex in the FY26 will be around INR300 crores, which includes the maintenance capex of around INR150 crores, INR50 crores for the south capex, because in the south, the capex is done by the company and inventory is managed by the franchise. Lastly, ~INR100 crores of capex will be incurred in setting up the Candere stores.

Source: Company analysis

Kalyan Jewellers India Ltd.

Management Analysis

Top Management

Below are the details and experience of the Top Management:

S. No.	Name	Designation	Qualification	Comments
1	Mr. T.S. Kalyanaraman	Managing Director	Mr. Kalyanaraman has completed his bachelor's in commerce from the University of Calicut, having over 47 years of retail experience, out of which 31 years are in the jewellery industry.	Mr. Kalyanaraman is well-positioned and equipped, having more than 30 years of experience in the jewellery industry and approximately 50 years of experience in retail. He has the relevant expertise to lead as Managing Director.
2	Mr. T.K. Seetharam	Whole-time Director	Mr. Seetharam has qualified as a master of Business Administration from Bharathiar University, Coimbatore. He has also completed the 'Executive Programme in Leadership: The Effective Use of Power' course from Stanford University. He has experience of approximately 25 years in the jewellery industry.	Mr. Seetharam is well-positioned to handle leadership roles and has completed an executive programme in Leadership, which has honed his skills. He has more than 20 years of experience in the jewellery industry.
3	Mr. T.K. Ramesh	Whole-time Director	Mr. Ramesh has completed his master's degree in Commerce at Karnataka State University and has approximately 23 years of experience in the jewellery industry.	Mr. Ramesh holds more than 2 decades of experience in the jewellery industry. He started his journey with the 2nd showroom of Kalyan Jewellers, and then gradually took on more responsibilities. He then took on key roles in sales and marketing. He is well-equipped to be a whole-time director in the company.
4	Mr. Sanjay Raghuraman	Chief Executive Officer	Mr. Sanjay is a qualified Chartered Accountant (CA) and Cost and Work Accountant (CWA). He has over 12 years of experience with Kalyan. Previously, he worked with HDB Financial Services, Wipro and Clix Capital in the field of retail, financial services and operations with a total experience of 17 years.	Mr. Sanjay joined the company in 2012 as the Head of Operations and was later promoted to Chief Operating Officer before appointing him as Chief Executive Officer. He worked with HDB Financial Services before joining Kalyan. He holds prominent qualifications and expertise to hold the position of CEO.
5	Mr. V. Swaminathan	Chief Financial Officer	Mr. Swaminathan is a Chartered Accountant (CA) and has completed a Bachelor's in Science from the University of Madras. He has over 30 years of experience in finance, corporate planning and control. Before joining Kalyan, he held various financial positions at other companies, including UltraTech Cement Ltd. and Carraro India Ltd. Now, he is currently working with Kalyan with over 7 years of experience.	Mr. Swaminathan held various positions in different companies before joining Kalyan Jewellers as the CFO. He has over 30 years of experience in finance, corporate planning and control. He is very well equipped and positioned to handle his current position in the company.
6	Mr. Jishnu R.G.	Company Secretary and Compliance Officer	Mr. Jishnu is a Company Secretary (CS) and has completed a Bachelor's of Commerce. He has over 11 years of experience in corporate compliance functions related to corporate laws, restructuring, securities laws, etc., and has more than 7 years of experience with Kalyan.	Mr. Jishnu was a Company Secretary at Malabar Gold & Diamonds and Walkaroo International Pvt. Ltd., before joining Kalyan Jewellers. He has over 10 years of experience in corporate compliance, which suits him best for the current role in the company.

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Non-Executive & Non-Independent Directors

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

S. No.	Name	Designation	Qualification	Comments
1	Mr. Salil Nair	Non-Executive Director	Mr. Salil holds a master's degree in science from Meerut University. He was the former CEO of Shoppers Stop, a retail company. He has approximately 27 years of experience in the retail industry.	Mr. Salil has experience of more than 25 years in the retail industry. He brings his expertise in retail to the company. He was the Chief Operating Officer and then the Chief Executive Officer at Shoppers Stop, and currently holds the position of Non-Executive Director in Kalyan Jewellers.
2	Mr. Anish Kumar Saraf	Non-Executive Director	Mr. Anish is currently the Managing Director at Warburg Pincus India Pvt. Ltd. and a member of the Institute of Chartered Accountants of India. He has completed his Master's in Business Administration from IIM, Ahmedabad. Also, he is serving on the Board of various companies such as MedPlus Health Services Ltd., BIBA Fashion Ltd., etc.	Warburg Pincus, a PE firm, has invested INR1200 crores for a minority stake in the company has exited in 2024, but the management wants to retain Mr. Anish as the Director for the next leg of growth in the business. He is currently the Managing Director at Warburg Pincus India Pvt. Ltd. and completed his Master's from IIM, Ahmedabad. Hence, he is best suited for this role in the company.

Independent Directors

Below are the details and experience of the Independent Directors:

S. No.	Name	Designation	Qualification	Comments
1	Mr. Vinod Rai	Chairman and Independent Non-Executive Director	Mr. Vinod Rai holds a master's degree from the University of Delhi and Harvard University. He held various positions in different fields, such as Chairman of the Banks Board Bureau, and served as a director on the boards of various financial institutions, including the SBI, ICICI Bank and LIC. He is also the Ex-Comptroller and Auditor General of India and former chair of the United Nations Panel of External Auditors. Furthermore, he was awarded the Padma Bhushan in recognition of his services to the country.	Mr. Vinod held various positions in the government body and was honoured with the Padma Bhushan award. He helps in aligning the interests of the management and the shareholders and brings trust and transparency to the company.
2	Ms. Kishori Jayendra Udeshi	Independent Director	Ms. Kishori holds a master's degree in arts with specialisation in Economics from the Bombay University. She was the first woman Deputy Governor of the RBI. Additionally, she was appointed by the RBI to become the Chairman of the Banking Codes and Standards Board of India. She also has several years of experience in the policy and banking sectors. Currently, she is a member of the Financial Sector Legislative Reforms Commission.	Ms. Kishori was the former Deputy Governor of the RBI. Additionally, she also sat on the boards of SEBI, NABARD and EXIM Bank and has a high level of expertise in the banking sector. Hence, she is ideal for this role in the company.

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S. No.	Name	Designation	Qualification	Comments
3	Mr. Agnihotra Dakshina Murty Chavali	Independent Director	Mr. Agnihotra has 16 years of experience in Corporate Governance. Currently, he holds a director position in different companies, including Kalyan Jewellers India Ltd. He was the former Executive Director of the Indian Overseas Bank and the former Nominee Director of the Bank of Baroda, among others and has approximately 31 years of experience in the Banking Sector.	Mr. Agnihotra has more than 3 decades of experience in the Banking Sector and currently holds a Director position in different companies, and has 16 years of experience in Corporate Governance, which makes him suitable for the role.
4	Mr. Anil Sadasivan Nair	Independent Director	Mr. Anil has completed his bachelor's degree in Arts at the University of Kerala. He held various positions such as CEO and Managing Partner of Law & Kenneth Saatchi & Saatchi Pvt. Ltd. and Vice President at Quadrant Communications Ltd. He has over 20 Years of experience in the field of Advertising.	Mr. Anil comes with over 20 years of experience in the field of Advertising, business strategy and brand building. He held various positions in different companies and has the relevant skills needed in the company. He played an important role in guiding the company to focus on digital platforms. Hence, he is well-suited for the role.
5	Mr. T.S. Anatharaman	Independent Director	Mr. Anatharaman holds a Bachelor of Commerce degree from the University of Kerala. He became an associate member of the Chartered Management Institute and Qualified as a fellow Chartered Accountant with the ICAI. He was a former Chairman of the Catholic Syrian Bank, having deep banking expertise. He also worked with institutions like Motilal Oswal, the International Labour Office, etc.	Mr. Anatharaman is qualified as a fellow Chartered Accountant with the ICAI with over 40 years, having expertise in accounting, finance and management. He was a former Chairman of the Catholic Syrian Bank with deep insights into the Banking Sector. Hence, he is appropriate for the role.

Source: Company Analysis

Commentary:

Mr. T.S. Kalyanaraman, Managing Director, is very well-suited with vast knowledge and experience in the Retail Industry and specifically over 25 years of experience in the Jewellery Industry. He has built this entire empire of ~INR55,000 crores on his own. Before 2022, he was Chairman & Managing Director, but after appointing Mr. Vinod as Chairman, the company has increased trust and transparency between management and shareholders.

Mr. Seetharam was engaged in the family textile business before venturing into the jewellery business, and now, with over 25 years of experience in the jewellery business. Also, the Leadership programme from Stanford University has made him well-positioned for the current role. Mr. Ramesh also joined the business in his early days. According to the research done, he joined the 2nd showroom of Kalyan Jewellers and then gradually took on more responsibilities. Then, he was promoted to take on key roles related to sales and marketing. Based on our screening of publicly available data, we did not find any prominent political connections of the top management.

The Top Management is very well-equipped to fulfil their respective roles in the company. All of them started with entry-level positions and then gradually reached their current positions. Mr. Kalyanaraman has experience of more than 30 years, and other members of the management have been associated with the company for more than 7 years.

Further, the independent directors come from diversified industries and include dignified professions such as Ex-CAG, Padma Bhushan awardee, former governor of the RBI, etc. We did not find any conflict of interest between the management and the independent directors.

Kalyan Jewellers India Ltd.

Shareholding Pattern

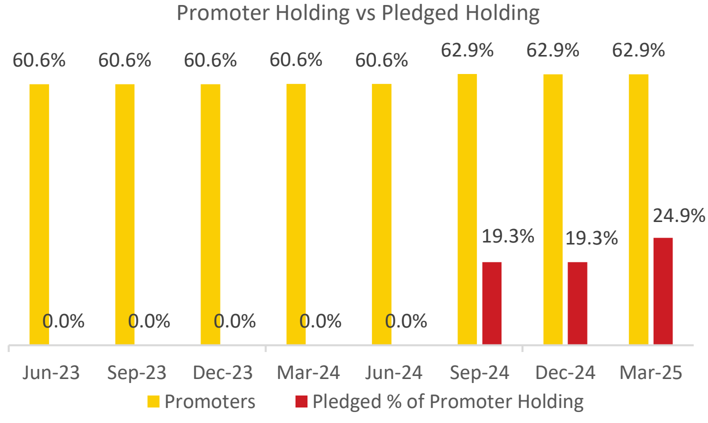
Promoters hold the highest percentage of shareholding, therefore, voting rights with 62.9% as on 31st March, 2025. They have increased their shareholding percentage from 60.5% in March 2021 to 62.9% in March 2025, showing greater confidence and prospects in the business. As of 31st March 2025, Promoters hold 62.9%, FII and DII hold 16.9% and 12.0% respectively, and Public holds around 8.3%. DII's have aggressively increased their stake from 1.7% in March 2021 to 12.0% in March 2025, showing bullish behaviour.
Promoters have pledged 19.3% as of September 2024 to acquire the stake from Warburg Pincus, a PE Firm, which wants to exit the company. In the latest quarter ended 31st March 2025, a 5.6% increase in promoters' pledging has been seen to comply with the maintenance requirement of an existing loan. Now, the pledged percentage is at 24.9% as of 31st March 2025, which is quite high.

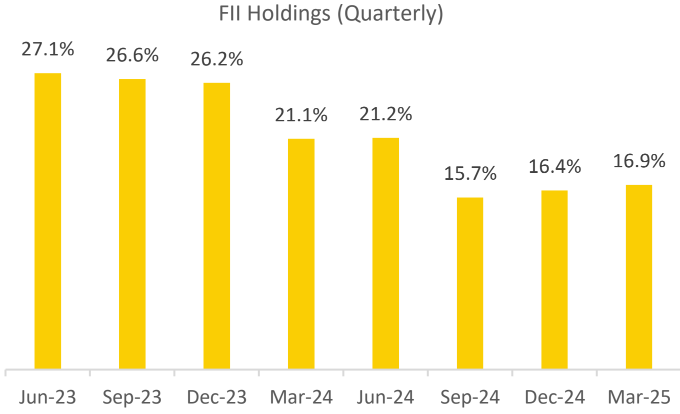
Below is the Yearly Shareholding Pattern:

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

Below is the Quarterly Shareholding Pattern:

	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%
FII	29.7%	27.1%	26.6%	26.2%	21.1%	21.2%	15.7%	16.4%	16.9%
DII	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%





Source: Company Analysis, Trendlyne

Kalyan Jewellers India Ltd.

Management Remuneration:

During FY24, the company has decided to provide remuneration to the Key Managerial Persons (KMP), i.e. Managing and Executive Directors, amounting to a total of INR38.49 crores compared to INR6.19 crores in FY23, a growth of approximately 107%. Further details are provided under:

(In INR Crores)

Name	Designation	Ratio to the median remuneration of the employees	FY24	FY23	% increase in remuneration	Sales Growth YoY%	Net Profit YoY%
T.S. Kalyanaraman	Managing Director	260x	12.83	6.19	107.3%	32.0%	38.1%
T.K. Seetharam	Whole-time Director	260x	12.83	6.19	107.3%	32.0%	38.1%
T.K. Ramesh	Whole-time Director	260x	12.83	6.19	107.3%	32.0%	38.1%
Total			**38.49**	**18.57**	**107.3%**	**32.0%**	**38.1%**

The ratio of the remuneration of the Managing Director and the Executive Director is 260x compared to the median remuneration of the employees in FY24, compared to 118x in FY23, and it is substantially higher when compared to the industry average of 48x.

In FY23, the management voluntarily chose to waive 50% of their approved remuneration, which is why the increase in remuneration is 107.3% while the percentage increase in the median remuneration of employees in FY24 is 5%.

The revenue growth of the company over 3 years is 32.4% CAGR, and the net profit growth for the same period is 47.2% CAGR, while the growth in remuneration of the MD & the Executive Directors for 3 years is approximately 4% CAGR.

Company	Ratio to median remuneration of employees
Kalyan Jewellers India Ltd.	260x
Titan Company Ltd.	48x
Thangamayil Jewellery Ltd	50x
Senco Gold Ltd.	36x
P N Gadgil Jewellers Ltd	-
Median	48x
Average	44x

Particulars	Mar-21	Mar-22	Mar-23	Mar-24
Revenue Growth	-15.3%	26.0%	30.0%	32.0%
Net Profit Growth	-104.3%	3789.0%	92.8%	38.1%
MD & Executive Director's Remuneration (In INR Crores)	11.41	6.18	6.19	12.83
MD & Executive Director's Remuneration Growth		-45.8%	0.2%	107.3%

Source: Company Analysis

Kalyan Jewellers India Ltd.

Board Efficiency:

Based on our research, the Board members, including Independent Directors, are well-experienced and the composition of Independent Directors, a woman director and experts as required by the statute.

Below is the presentation of the Board meetings held and attended by the Board members in FY24:

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

Below is the presentation of various committee meetings held and attended by their members:

Audit Committee	Designation	Member	Meetings Held	Meetings Attended
Mr. A. D. M. Chavali	Independent Director	Chairman	8	8
Mr. TS Anantharaman	Independent Director	Member	8	8
Mr. Anish Saraf	Non-Executive Director	Member	8	8
Nomination and Remuneration Committee				
Mr. Vinod Rai	Independent Director	Member	1	1
Mr. A. D. M. Chavali	Independent Director	Member	1	1
Mr. Anish Saraf	Non-Executive Director	Member	1	1
Risk Management Committee				
Mr. Salil Nair	Non-Executive Director	Chairman	2	2
Mr. Anil Nair	Independent Director	Member	2	2
Mr. TK Seetharam	Executive Director	Member	2	2
Stakeholders Relationship Committee				
Mr. TS Anantharaman	Independent Director	Chairman	1	1
Mr. TK Seetharam	Executive Director	Member	1	1
Mr. TK Ramesh	Executive Director	Member	1	1

During FY24, the company has been supervised by the Board of Directors (BOD) efficiently by achieving a 100% attendance rate in various committee meetings. The BOD have participated in every board meeting to discuss key matters during the year and helped the company in effective decision making.

Source: Company Analysis

Kalyan Jewellers India Ltd.

Financial Statement Analysis

Financial Summary – Quarterly (Consolidated)

	FY2024				FY2025			
(In INR Crores)	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**	**Mar-25**
Revenue	4376	4415	5223	4535	5535	6065	7278	6182
COGS	3715	3784	4462	3874	4742	5300	6387	5332
Gross Profit	**660**	**631**	**761**	**661**	**793**	**765**	**891**	**850**
G.P Margin (%)	*15.1%*	*14.3%*	*14.6%*	*14.6%*	*14.3%*	*12.6%*	*12.2%*	*13.8%*
SG&A Expenses	337	317	392	355	417	438	461	451
EBITDA (Cash Operating profit)	**323**	**314**	**369**	**306**	**376**	**327**	**430**	**399**
EBITDA Margin (%)	*7.4%*	*7.1%*	*7.1%*	*6.8%*	*6.8%*	*5.4%*	*5.9%*	*6.5%*
Depreciation & Amortization	64	67	70	74	75	85	89	93
Interest Expense	82	82	82	78	85	90	88	96
Other Income	12	13	20	29	22	26	40	41
Exceptional Items	-	-	-	-	-	-	-	-
PBT	**189**	**178**	**238**	**184**	**238**	**178**	**294**	**251**
PBT Margin (%)	*4.3%*	*4.0%*	*4.6%*	*4.1%*	*4.3%*	*2.9%*	*4.0%*	*4.1%*
Tax Expense	45	43	58	46	60	48	75	63
Net Profit	**144**	**135**	**180**	**138**	**178**	**130**	**219**	**188**
Net Profit Margin (%)	*3.3%*	*3.1%*	*3.4%*	*3.0%*	*3.2%*	*2.1%*	*3.0%*	*3.0%*

Financial Summary – Yearly (Consolidated)

(In INR Crores)	**Mar-18**	**Mar-19**	**Mar-20**	**Mar-21**	**Mar-22**	**Mar-23**	**Mar-24**	**Mar-25**
Revenue	10548	9771	10101	8573	10818	14071	18548	25045
Revenue Growth YoY (%)		*-7.4%*	*3.4%*	*-15.1%*	*26.2%*	*30.1%*	*31.8%*	*35.0%*
COGS	8824	8198	8392	7114	9126	11872	15835	21761
Gross Profit	**1724**	**1572**	**1709**	**1459**	**1692**	**2199**	**2714**	**3284**
Gross Profit Margin (%)	*16.3%*	*16.1%*	*16.9%*	*17.0%*	*15.6%*	*15.6%*	*14.6%*	*13.1%*
SG&A Expenses	992	992	949	865	877	1085	1401	1767
EBITDA	**732**	**580**	**760**	**594**	**815**	**1114**	**1313**	**1517**
EBITDA Margin (%)	*6.9%*	*5.9%*	*7.5%*	*6.9%*	*7.5%*	*7.9%*	*7.1%*	*6.1%*
Depreciation and Amortisation	202	224	239	225	232	245	274	343
EBIT	**530**	**357**	**521**	**369**	**583**	**869**	**1038**	**1174**
EBIT Margin (%)	*5.0%*	*3.7%*	*5.2%*	*4.3%*	*5.4%*	*6.2%*	*5.6%*	*4.7%*
Interest Expense	349	379	380	375	322	303	323	359
Other Income	32	43	80	45	38	38	74	145
Exceptional Items	-	-	-	-	-	33	-	-
PBT	**213**	**21**	**221**	**39**	**299**	**572**	**789**	**960**
PBT Margin (%)	*2.0%*	*0.2%*	*2.2%*	*0.5%*	*2.8%*	*4.1%*	*4.3%*	*3.8%*
Tax Expense	73	26	79	45	75	140	193	245
Net Profit	**140**	**-5**	**142**	**-6**	**224**	**432**	**596**	**714**
Net Profit Margin (%)	*1.3%*	*0.0%*	*1.4%*	*-0.1%*	*2.1%*	*3.1%*	*3.2%*	*2.9%*

Source: Company Analysis

Kalyan Jewellers India Ltd.

Balance Sheet Figures – Consolidated

(In INR Crores)	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Equity Share Capital	839	839	839	1030	1030	1030	1030	1031
Reserves	1012	1046	1203	1796	2107	2605	3159	3772
Borrowings	4196	3907	3759	4081	4029	4295	4486	4959
Other Liabilities	2503	2268	2417	1958	1779	2783	4142	5363
Total Liabilities	**8551**	**8060**	**8219**	**8865**	**8945**	**10713**	**12818**	**15126**
Net Block	1879	2152	2167	1899	1921	1903	2299	2846
Capital Work in Progress	18	22	24	53	2	20	49	8
Investments	1	3	0	0	1	4	4	5
Other Assets	6654	5884	6027	6913	7021	8785	10465	12267
Total Assets	**8551**	**8060**	**8219**	**8865**	**8945**	**10713**	**12818**	**15126**
Working Capital	*4150*	*3616*	*3610*	*4955*	*5242*	*6002*	*6323*	*6904*
Debtors	*182*	*147*	*214*	*113*	*119*	*244*	*328*	*400*
Inventory	*5022*	*4501*	*4720*	*5303*	*5794*	*7014*	*8298*	*9681*
Cash & Bank	*1018*	*825*	*750*	*1097*	*777*	*982*	*975*	*1031*

Cash Flow Figures – Consolidated

(In INR Crores)	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Cash flow from Operating Activity (CFO)	1043	389	320	629	264	1013	1322	1209
CFO Growth YOY (%)		*-62.7%*	*-17.8%*	*96.8%*	*-58.0%*	*283.7%*	*30.4%*	*-8.5%*
Cash flow from/used in Investing Activity	-615	-124	34	-217	64	-384	-137	-177
Cash flow used in Financing Activity	-450	-293	-343	-208	-544	-638	-1148	-840
Net Cash Flow	**-22**	**-28**	**11**	**204**	**-216**	**-8**	**37**	**193**
CFO/Sales	9.9%	4.0%	3.2%	7.3%	2.4%	7.2%	7.1%	4.8%
CFO/Net Profit	745.1%	-7995.4%	224.5%	-10355.8%	117.9%	203.3%	221.7%	169.3%
CFO/EBITDA	142.5%	67.0%	42.0%	105.8%	32.4%	91.0%	100.7%	79.7%
Capex	284	293	108	48	91	186	261	382
FCFF	759	96	212	581	173	827	1061	790
FCF growth YOY (%)		*-87.3%*	*120.4%*	*174.1%*	*-70.2%*	*377.2%*	*28.3%*	*-25.6%*
FCF/Sales	7.2%	1.0%	2.1%	6.8%	1.6%	5.9%	5.7%	3.2%
FCF/ Net Profit	542.4%	-1977.7%	149.0%	-9568.7%	77.4%	165.9%	177.9%	110.6%

Source: Company Analysis

Kalyan Jewellers India Ltd.

KALYAN JEWELLERS

Financial Ratio Analysis

Profitability Ratios

Particulars	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Gross Margin	16.3%	16.1%	16.9%	17.0%	15.6%	15.6%	14.6%	13.1%
Gross Profit Growth	*-*	*-8.8%*	*8.7%*	*-14.6%*	*15.9%*	*30.0%*	*23.4%*	*21.0%*
EBITDA Margin	6.9%	5.9%	7.5%	6.9%	7.5%	7.9%	7.1%	6.1%
EBITDA Growth	*-*	*-20.7%*	*31.0%*	*-21.8%*	*37.1%*	*36.8%*	*17.8%*	*15.6%*
PBT Margin	2.0%	0.2%	2.2%	0.5%	2.8%	4.1%	4.3%	3.8%
PBT Growth	*-*	*-90.2%*	*955.5%*	*-82.2%*	*659.3%*	*91.2%*	*38.0%*	*21.6%*
PAT Margin	1.3%	0.0%	1.4%	-0.1%	2.1%	3.1%	3.2%	2.9%
PAT Growth	*-*	*-103.5%*	*-3025.3%*	*-104.3%*	*-3789.0%*	*92.8%*	*38.1%*	*19.8%*

Peer Comparison (FY25)	Kalyan	Titan	Thangamayil	Senco	P N Gadgil
Gross Margin	13.1%	22.0%	9.0%	13.0%	9.0%
EBITDA Margin	6.1%	9.0%	5.0%	6.0%	4.0%
PBT Margin	3.8%	7.5%	3.2%	3.4%	3.8%
PAT Margin	2.9%	5.5%	2.4%	2.5%	2.8%

Efficiency Ratios

Particulars	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Receivables Turnover	58.2x	66.9x	47.7x	76.5x	90.9x	57.8x	56.7x	63.0x
Receivables Days	6	5	8	5	4	6	6	6
Inventory Turnover	1.8x	1.8x	1.8x	1.3x	1.6x	1.7x	1.9x	2.2x
Inventory Days	208	200	205	272	232	216	191	162
Payables Turnover	11.8x	19.2x	15.1x	10.3x	13.9x	10.0x	8.1x	9.3x
Payables Days	31	19	24	35	26	37	45	39

Peer Comparison (FY25)	Kalyan	Titan	Thangamayil	Senco	P N Gadgil
Receivables Turnover	63.0x	60.8x	365.0x	73.0x	182.5x
Receivables Days	6	6	1	5	2
Inventory Turnover	2.2x	1.6x	2.2x	1.6x	3.4x
Inventory Days	162	217	161	220	106
Payables Turnover	9.3x	24.3x	121.7x	36.5x	28.1x
Payables Days	39	15	3	10	13

Source: Company Analysis

Kalyan Jewellers India Ltd.

Leverage Ratios

Particulars	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Debt to Equity	2.1	2.0	1.8	1.1	1.1	1.0	0.8	0.7
Debt to Assets	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.2
Debt to EBITDA	5.2	5.9	4.3	5.0	3.9	3.0	2.4	2.0
Debt to Capital	0.7	0.7	0.6	0.5	0.5	0.5	0.4	0.4
CFO/Debt	0.3	0.1	0.1	0.2	0.1	0.3	0.4	0.4
Interest Coverage (Times)	1.6	1.1	1.6	1.1	1.9	3.0	3.4	3.7
Operating Leverage		4.0	13.5	2.0	1.9	1.5	0.7	0.5
Financial Leverage	4.6	4.3	4.0	3.1	2.9	2.9	3.1	3.1

Capital Allocation Ratios

Particulars	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Return on Equity	7.6%	-0.3%	7.0%	-0.2%	7.1%	11.9%	14.2%	14.9%
Return on Capital Employed	6.4%	-1.7%	6.9%	-1.1%	7.2%	9.6%	11.2%	12.1%
Return on Invested Capital	11.7%	8.4%	12.3%	8.4%	10.9%	15.1%	17.4%	18.7%

Valuation Ratios

Particulars	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Price to Earnings	-1253.3	27.3	25.1	73.8	67.4
Price to Sales	0.9	0.6	0.8	2.4	1.9
Price to Book Value	2.7	2.0	3.0	10.5	10.0
Enterprise Value (EV)	7520	6124	10836	43961	48141
EV to EBITDA	12.1	7.2	9.3	32.1	31.7

The company has seen a massive cut on the gross margins side from its highest of 17% in FY21 to 13.1% in FY25, a drastic fall of 390 bps in the last 4 years, mainly due to the rapid expansion through the franchise model, which significantly affected its margins.
The company has significantly improved its debt-to-equity ratio from 2.0 in FY19 to 0.7 in FY25. The management is focused on reducing the debt levels from the free cash flows and has successfully implemented it. Interest coverage ratio has also improved from 1.1 times in FY21 to 3.7 times in FY25.
Furthermore, the company has increased the shareholders' value by increasing the return ratios and reducing debt to make it a less risky company. ROE of the company has more than doubled in the last 4 years, reaching an all-time high of ~15%.

Source: screener, Company Analysis

Kalyan Jewellers India Ltd.

Commentary on Line Items

Revenue

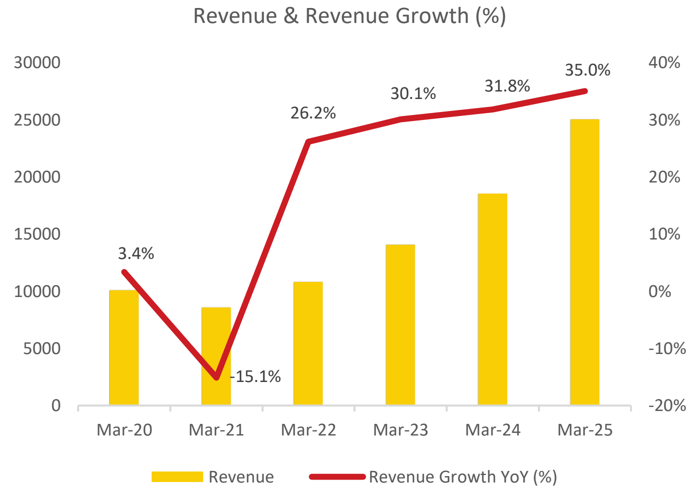
For the latest quarter, i.e. Q4 FY25, the company recorded revenue of INR6,182 crores, achieving a growth rate of 36.6% YoY, and for the full FY, it was over INR25,000 crores, a growth of 35% YoY. In FY25, the majority of the revenue came from Kalyan India (86%), followed by Kalyan Middle East (13%) and Candere (1%).

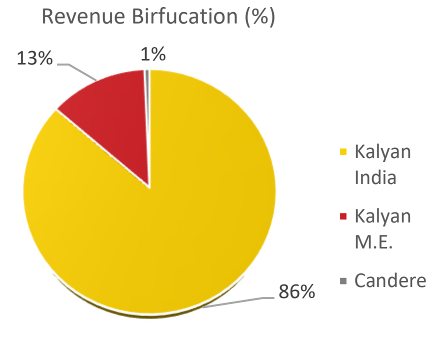
Revenue growth has been stabilised after the COVID pandemic, achieving 3 years and 5 years CAGR of 32% and 20% respectively, driven by the expansion through the asset-light business model. In FY25, the company has opened over 130 showrooms, and the full revenue has not been absorbed in this year.

Despite the volatility in gold prices, major factors contributing to this growth rate are wedding revenue, which cannot be postponed much, non-south expansion, shift from unorganised to organised market, lower karat jewellery (14 and 18 karat), etc. Additionally, the customer comes with a budget instead of a volume purchase, which is why the gold price volatility doesn't have a significant impact on revenue.

The company has aggressive plans to open 170 showrooms in FY26, including Candere, which will further drive to increase revenue.

Infusion of Senior-Level Management under Candere and a launch of a nationwide campaign, focusing on the target of reaching INR1,000 crores in the next 2-3 years, will be the factors for the next leg of growth.





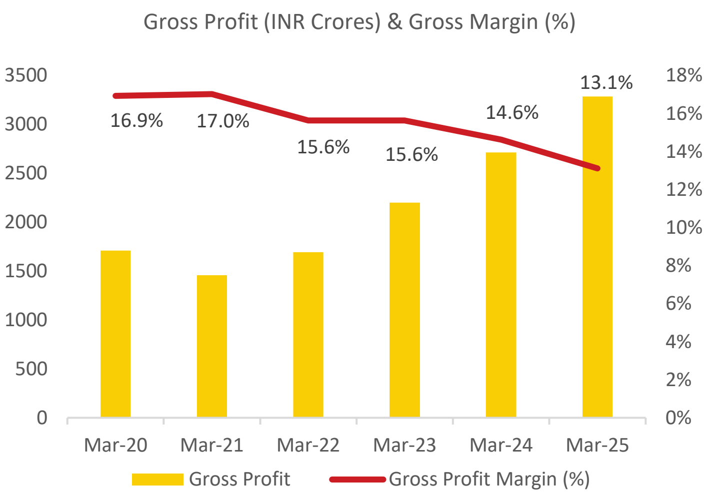
Gross Margins

Gross margin for the latest quarter, i.e. Q4 FY25, is 13.8%, a reduction of 80 bps from the same quarter of the preceding year and for the full FY25, gross margin is 13.1% compared to 14.6% in FY24. The margins have been in a downtrend from FY22 because of a change in the business model. The company has shifted to the asset-light franchise model.

The reason behind the low gross margin in FY25 is the customs duty cut by the government on gold and silver that specifically impacted Q2 and Q3 by around INR120 odd-crores.

The gross margin from our own stores and franchise stores comes at around 16% and 8% respectively. So, the aggressive franchise expansion plan in the non-South region was the major factor in taking a hit on the gross margins.

But, the gross margins at the showroom level improved marginally, driven largely by a higher proportion of studded jewellery in both the south and non-south markets.

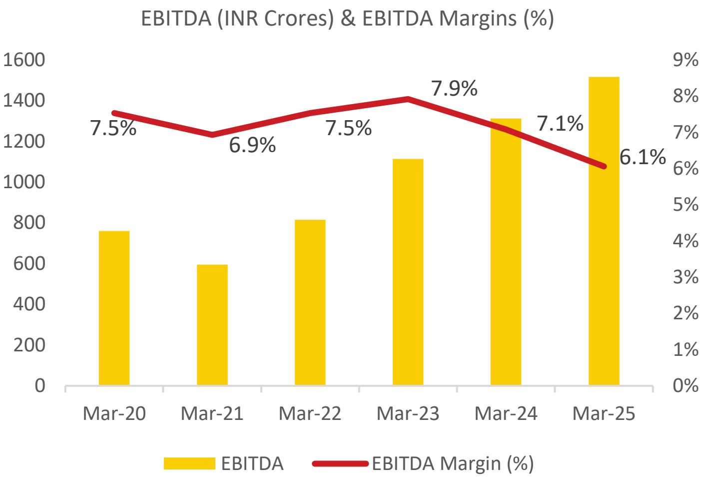


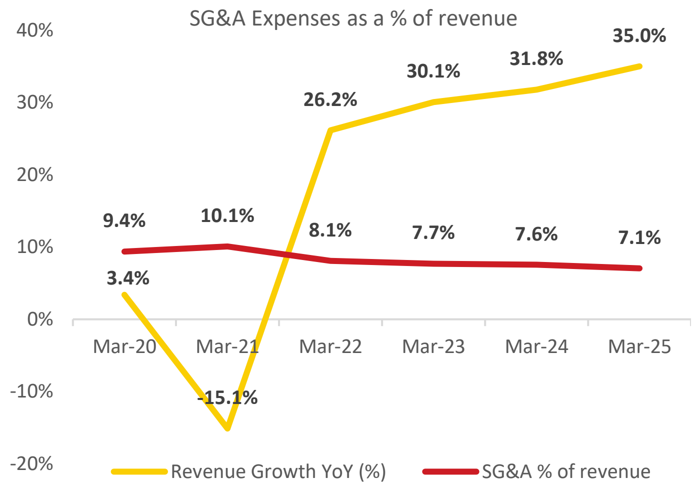
Source: Company Analysis

Kalyan Jewellers India Ltd.

EBITDA Margin

EBTIDA Margin for Q4 FY25 is 6.5%, a decline of 30 bps compared to the same quarter last year and for a full year, EBITDA margins are 6.1% compared to 7.1% in FY24. Margins have been in a downward trend for a couple of years due to the increase in revenue from franchise-operated showrooms and the customs duty cut in FY25.
Interestingly, SG&A expense as a % of revenue is consistently decreasing from 10.1% in FY21 to 7.1% in FY25, due to operating leverage coming into play.
EBITDA will be around 6.5% if the share of revenue from COCO and FOCO is at 50%-50%.
As per our research, EBITDA margin will keep on degrowing till the company starts to reopen the Company Owned Company Operated (COCO) model. As per the management, once the debt repayment is done, around FY27, the company will again start opening COCO showrooms, which will help in EBITDA margin expansion.

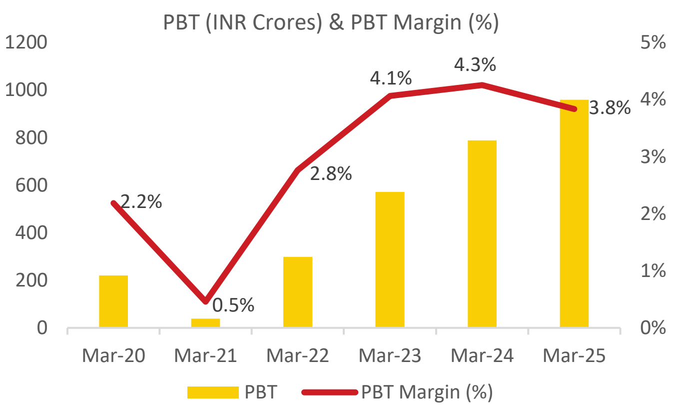


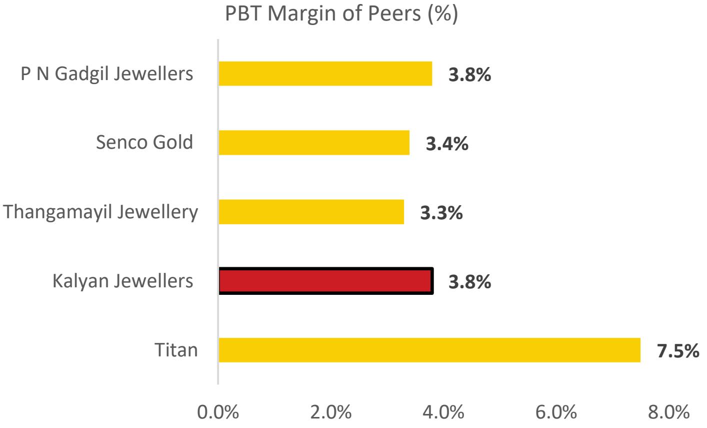


Source: Company Analysis

PBT Margin

PBT Margin for Q4 FY25 is 4.1%, recorded a flat growth compared to the same quarter last year, and for the full year, it was 3.8% compared to 4.3% in FY24. PBT margins are growing except in FY25; if we negate the impact of the customs duty cut of around INR120 crores, it would have been 4.3%, the same as last year.
As per the management, PBT margins for FY26 would be more than 5% due to operating leverage, as the interest saving will come because of debt reduction, and PBT margins of franchise stores are higher than our own stores. Also, the growth in PBT should be higher than the revenue growth.



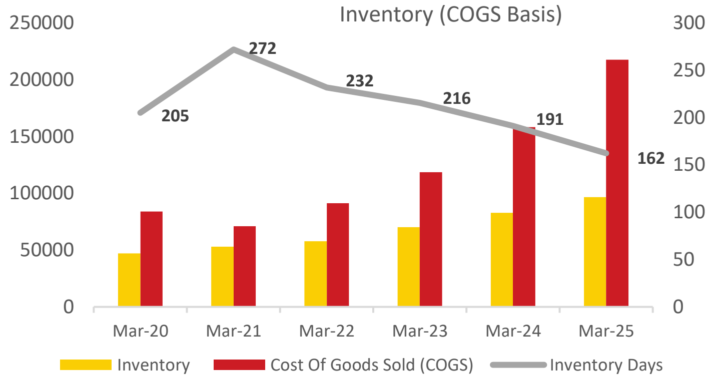


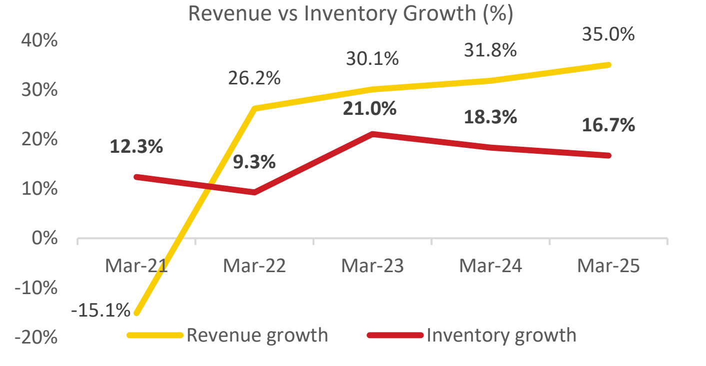
Source: Company Analysis

Kalyan Jewellers India Ltd.

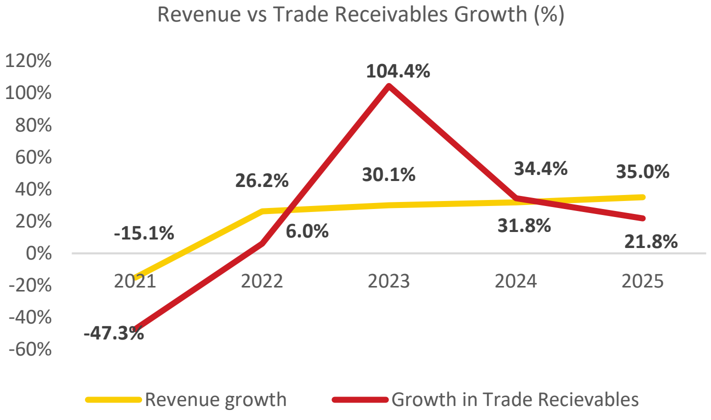
Inventory

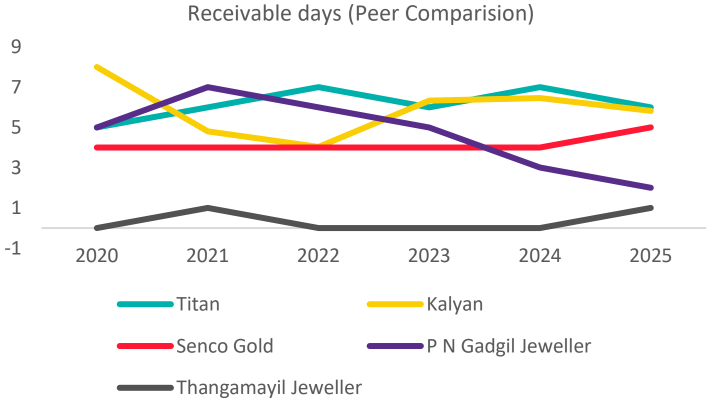
The company has increased its revenue by over 32% CAGR in the last 3 years, while its inventory has only grown by over 18% in the same period. The main reason behind it was to change the business model to an asset-light franchise model. Inventory days have consistently reduced from 272 days in FY21 to 162 days in FY25. The company has reduced inventory days substantially, and the company is able to do so because the franchise showrooms come with fewer days of inventory (20 days) as compared to owned stores (160 days). Now, as the number of franchise stores keeps rising, the number of inventory days will keep decreasing.
In FY25, the inventory days of the company were 162 days, which is comparatively less than the industry average of 189 days. The inventory turnover has also improved from 1.3x in FY21 and reaching to 2.2x in FY25.
The absolute increase in inventory level is attributed to the increase in gold price, pipeline inventory for new stores, and the addition of more inventory in certain stores due to higher footfall. The management is efficiently managing its inventory.





Source: Company Analysis





Source: Company Analysis

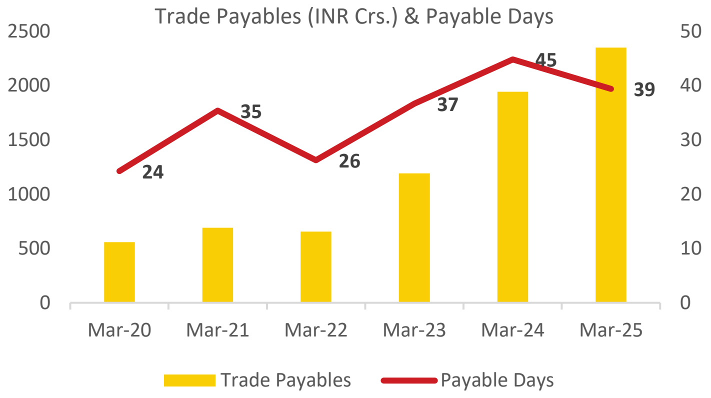
Trade Receivables

The revenue has grown at a CAGR of 32% in the last 3 years, while the trade receivables have gone up by ~50% for the same period. Especially, in FY23, growth in trade receivable (104%) surpassed the revenue growth (30%). Approximately 2% of the total revenue is sold on credit.
The receivable days for the company have been 6 days for the last couple of years. The company's receivable days of 6 is slightly above the industry benchmark of 4 days, but the company is not exposed to any significant credit risk.
The business works on a cash and carry model (cash comes first and obligation is performed later), except for the franchisee partners, where there are adequate controls in place, which significantly reduce credit risk in the business. Also, the company has a very limited history of customer default, and in FY24, 99% of the debtors are considered good with negligible default probability.

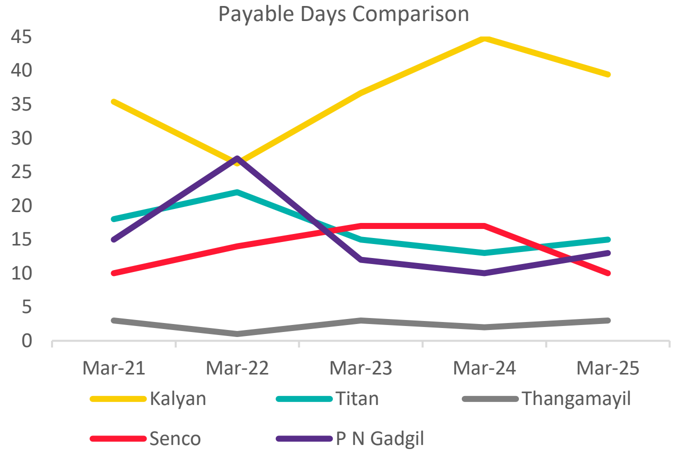
Kalyan Jewellers India Ltd.

Trade Payables

In FY25, trade payables of the company was INR2350 crores, a growth of 21% YoY. The growth in trade payables (CAGR of 53.0%) surpassed the growth in revenue over the last 3 years (CAGR of 32.3%). The company has managed to increase its payable days from 26 days in FY22 to 39 days in FY25. The company commands the highest payable days in the industry, even Titan has only 15 days of payables as of FY25. The company is able to do so because of a higher-studded mix in the inventory and premium products of gold, which provide better margin and better credit space.



Source: Company Analysis



Capital Expenditure

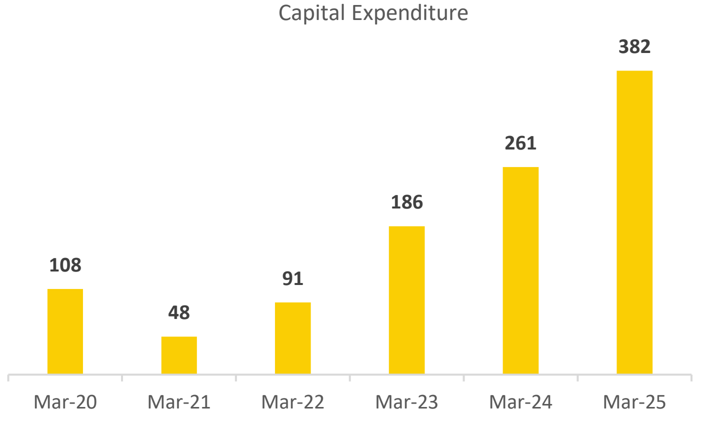
In FY25, the capex done by the company was INR382 crores, a jump of 46% from the last year and has grown at a CAGR of 61% from the past 3 years. In the early FY25, the company opted for the old model wherein the inventory was put by the franchisee and capex was done by the company, whereas in the second half of the FY25, both the inventory and capex were done by the franchisee. But, in the south region, the company follows the old model, i.e capex is done by the company.

The Capex was primarily driven by the expansion in the South and Non-South region, maintenance capex in which certain showrooms were revamped and Candere expansion.

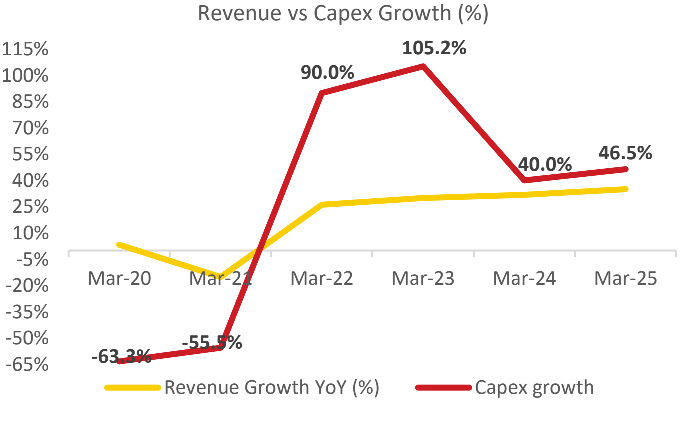
The company has tweaked their FOCO business model in the last 2 years, where the franchisee can choose between the old and the new model. The only difference between the two is who will bear the capex, either the company or the franchisee.

The company has also added 2 new procurement centres in Bihar and UP, where they have heavily expanded, reaching a total of 15 procurement centres at the end of FY25. This will help the company in networking with local artisans and expanding its vendor ecosystem.

For FY26, the company expects to incur around INR300 crores for the capex, which includes south expansion, maintenance capex and Candere expansion. The company plans to open 80 new showrooms of Candere, out of which ~50% will be FOCO.



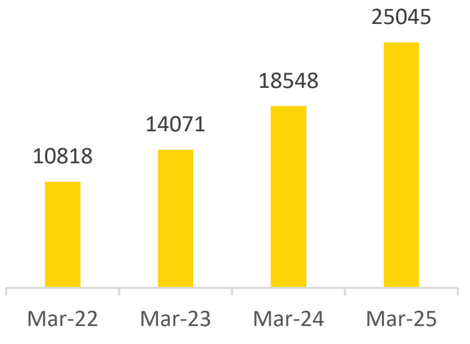
Source: Company Analysis



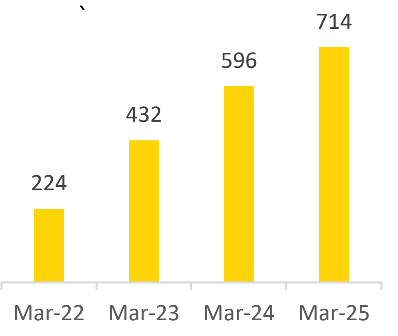
Kalyan Jewellers India Ltd.

Financial Summary in Charts

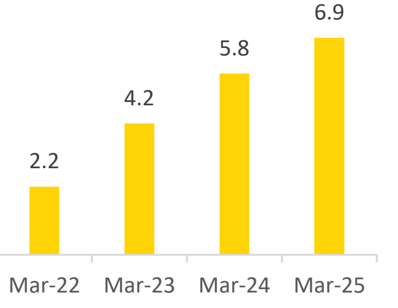
Revenue from operations (INR Crs.)



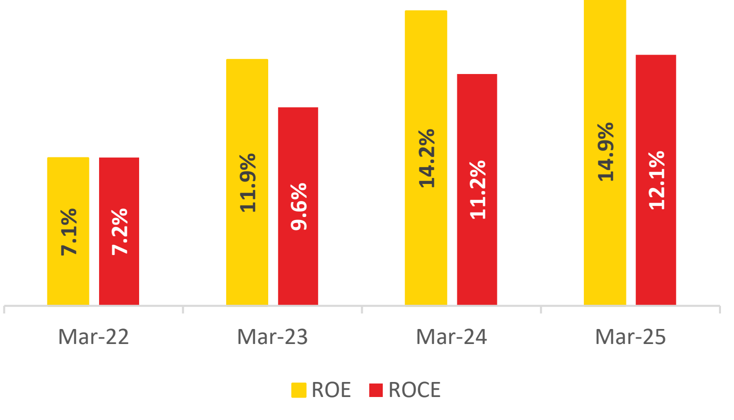
Net Profit (INR Crs.)



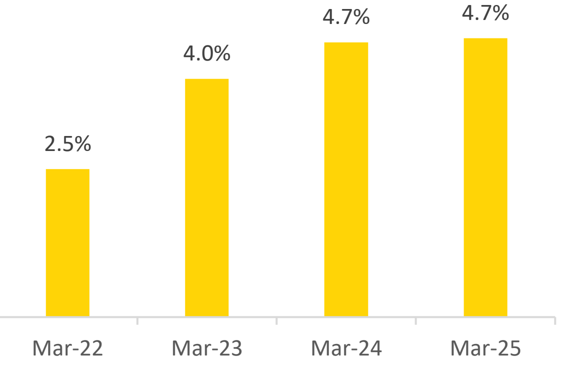
Earnings Per Share (EPS)



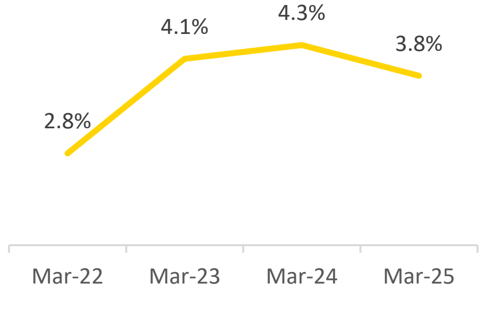
Return Ratios



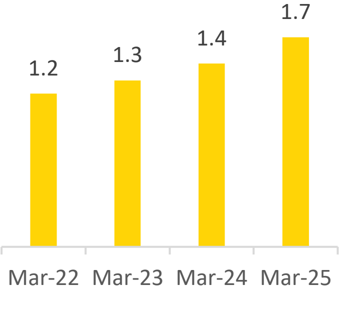
Return on Assets (ROA)



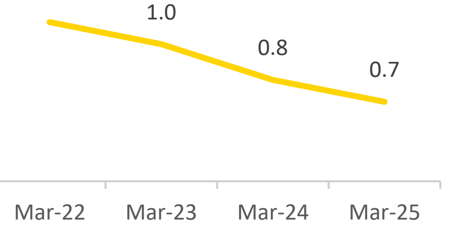
PBT Margins



Asset Turnover Ratio



Debt to Equity



Source: Company Analysis

Kalyan Jewellers India Ltd.

DuPont Analysis

Return on Equity (ROE)				
	Mar-22	**Mar-23**	**Mar-24**	**Mar-25**
NET PROFIT	224	432	596	714
SHAREHOLDER'S EQUITY	3137	3635	4189	4804
RETURN ON EQUITY	**7.1%**	**11.9%**	**14.2%**	**14.9%**

ROE - DuPont Equation				
	Mar-22	**Mar-23**	**Mar-24**	**Mar-25**
Net Profit	224	432	596	714
Revenue	10818	14071	18548	25045
Net Profit Margin (A)	2.1%	3.1%	3.2%	2.9%
Revenue	10818	14071	18548	25045
Total Assets	8945	10713	12818	15126
Asset turnover ratio (B)	1.2	1.3	1.4	1.7
Total Assets	8945	10713	12818	15126
Equity	3137	3635	4189	4804
Financial Leverage (C)	2.9	2.9	3.1	3.1
Return on Equity (A*B*C)	**7.1%**	**11.9%**	**14.2%**	**14.9%**

Return on Assets (ROA)				
	Mar-22	**Mar-23**	**Mar-24**	**Mar-25**
Net Profit	224	432	596	714
Total Assets	8945	10713	12818	15126
Return on assets	**2.5%**	**4.0%**	**4.7%**	**4.7%**

Return on Capital Employed (ROCE)				
	Mar-22	**Mar-23**	**Mar-24**	**Mar-25**
NOPAT	466	686	841	982
Capital Employed	6500	7143	7506	8097
Return on capital employed	**7.2%**	**9.6%**	**11.2%**	**12.1%**

ROCE - DuPont Equation				
	Mar-22	**Mar-23**	**Mar-24**	**Mar-25**
NOPAT	466	686	841	982
Revenue	10818	14071	18548	25045
NOPAT Margin (A)	4.3%	4.9%	4.5%	3.9%
Revenue	10818	14071	18548	25045
Capital Employed	6500	7143	7506	8097
Capital turnover ratio (B)	1.7	2.0	2.5	3.1
Return on Capital Employed (A*B)	**7.2%**	**9.6%**	**11.2%**	**12.1%**

Source: Company Analysis

Kalyan Jewellers India Ltd.

Peer Comparison (DuPont Equation)					
	Kalyan	Titan	Thangamayil	Senco	P N Gadgil
Net Profit Margin (A)	2.9%	5.5%	2.4%	2.6%	2.8%
Asset Turnover ratio (B)	1.7	1.49	1.92	1.32	2.44
Financial Leverage (C)	3.1	3.5	2.32	2.39	1.99
Return on Equity (A*B*C)	**14.9%**	**28.7%**	**10.8%**	**8.3%**	**13.7%**

Peer Comparison			
	Kalyan	Median	Average
Net Profit Margin (A)	2.9%	2.7%	3.3%
Asset Turnover ratio (B)	1.7	1.7	1.8
Financial Leverage (C)	3.1	2.4	2.6
Return on Equity (A*B*C)	**14.9%**	**11.0%**	**15.3%**

MOAT Assessment				
	Mar-22	**Mar-23**	**Mar-24**	**Mar-25**
Gross profit margin	15.9%	15.9%	15.0%	13.6%
EBITDA Margin	7.9%	8.2%	7.4%	6.6%
PBT Margin	2.8%	4.1%	4.2%	3.8%
Net profit margin	2.1%	3.1%	3.2%	2.8%
ROIC	10.9%	15.1%	17.4%	18.7%
ROCE	7.2%	9.6%	11.2%	12.1%
ROE	7.1%	11.9%	14.2%	14.9%
EPS	2.2	4.2	5.8	6.9
ROA	2.5%	4.0%	4.7%	4.7%

DuPont Summary

- The Return on Equity (ROE) of the company has more than doubled in the past 3 years from 7.1% in FY22 to 14.9% in FY25. The company has managed to increase the Net profit margin to 2.9% in FY25, an increase of 80 bps from FY22. Additionally, the company has increased its asset efficiency, reaching an asset turnover ratio of 1.7x from 1.2x in the last 3 years.
- As of FY25, the company's ROE is 14.9% which is higher than the industry average of 11% due to higher net profit margin and financial leverage.
- Gross Margin and EBITDA Margin are constantly decreasing from FY22 due to a change in the business model to franchise-operated and the customs duty cut in FY25.
- Return on Capital Employed (ROCE) has also increased significantly from 7.2% in FY22 to 12.1% in FY25, driven by a higher capital turnover ratio. Despite the decrease in NOPAT levels, the company has managed to reduce the capital employed in the business relative to the increase in revenue.
- Return on Assets (ROA) of the company has increased from 2.5% in FY22 to 4.7% in FY25 due to an increase in both the Net Profit margin and Asset Turnover ratio.

Source: Company Analysis

Kalyan Jewellers India Ltd.

DCF Valuation

	Historical				Explicit Growth				
Particulars (In INR Crs.)	**2022A**	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**
Revenue from Operations	10818	14071	18548	25045	34246	45239	57938	71863	86235
Sales Growth		30.1%	31.8%	35.0%	36.7%	32.1%	28.1%	24.0%	20.0%
EBIT Margin	5.72%	6.43%	5.97%	5.24%	5.81%	5.81%	5.81%	5.81%	5.81%
EBIT	619	905	1108	1311	1991	2630	3368	4178	5013
Less: Actual Tax Payment	(153)	(129)	(226)	(238)	(498)	(658)	(842)	(1044)	(1253)
NOPAT	**466**	**776**	**881**	**1074**	**1493**	**1973**	**2526**	**3133**	**3760**
Less: Capex					305	285	285	285	285
Less: Change in WC					2229	1758	1302	545	(486)
Less: Depreciation					664	877	1124	1394	1672
Free Cash Flow to Firm (FCFF)					**(1705)**	**(948)**	**(184)**	**910**	**2289**
Cost of Capital (WACC)	11.42%								
Discounting Periods (years)					1	2	3	4	5
Present Value Factor					0.8975	0.8055	0.7229	0.6488	0.5822
PV of Free cash Flow to Firm					**(1531)**	**(764)**	**(133)**	**590**	**1332**

DCF Valuation	**(INR Crs.)**
Terminal Year FCFF	2289
Terminal Year Growth rate	8.20%
Value of Terminal Cash Flow at 5th year	76797
PV of Terminal Cash Flow	44714
PV of Forecasted Cash flows	(505)
Firm Value/Enterprise Value	**44209**
Less: Value of Debt	3293
Add: Cash & other Non-op Investments	1832
Equity Value	**42748**
No. of Shares	103.01
Equity Value/Share	**415.0**
Market price/share	511.05
Verdict	**Overvalued**

Commentary on Valuation

Based on my research and assumptions, the equity value per share came out to be INR415 according to the DCF methodology, which is currently overvalued against the market price of INR511.05 per share.

The company has witnessed a continuous decline in gross and EBITDA margins, while the PBT margin has increased over time, but is still short of the management guidance of above 4.6%. In FY25, the PBT margin of the company was 3.8%.

Due to the recent volatility in gold prices and intense competition, the company was not able to achieve its desired estimates, thereby limiting the impact of operating leverage in the business.

WACC Calculation

Particulars		**Source**
Risk Free Rate (RFR)	6.26%	10-year Govt Bond yield - Investing.com
Equity Risk Premium (ERP)	7.84%	RM-RFR (Nifty 50 - RFR)
Beta (3 years - daily)	1.02	Regression based Beta
Cost Of Equity (ke)	**14.24%**	Calculated using CAPM Approach
Corporate Credit Rating	A+	ICRA credit rating report - Dec 2024
Corporate Default Spread	4.23%	Excess return over RFR - Golden Pi
Cost of Debt (Pre-Tax)	**10.49%**	RFR + Corporate default spread
Marginal Tax Rate	25%	Notified Tax Rate
Cost of Debt (Post-Tax)	**7.86%**	Cost of debt post tax shield
Debt to Equity ratio	0.79	Latest financials
Debt to Capital ratio	0.44	Latest financials
Weighted Average Cost of Capital (WACC)	**11.42%**	

Source: Company Analysis

Kalyan Jewellers India Ltd.

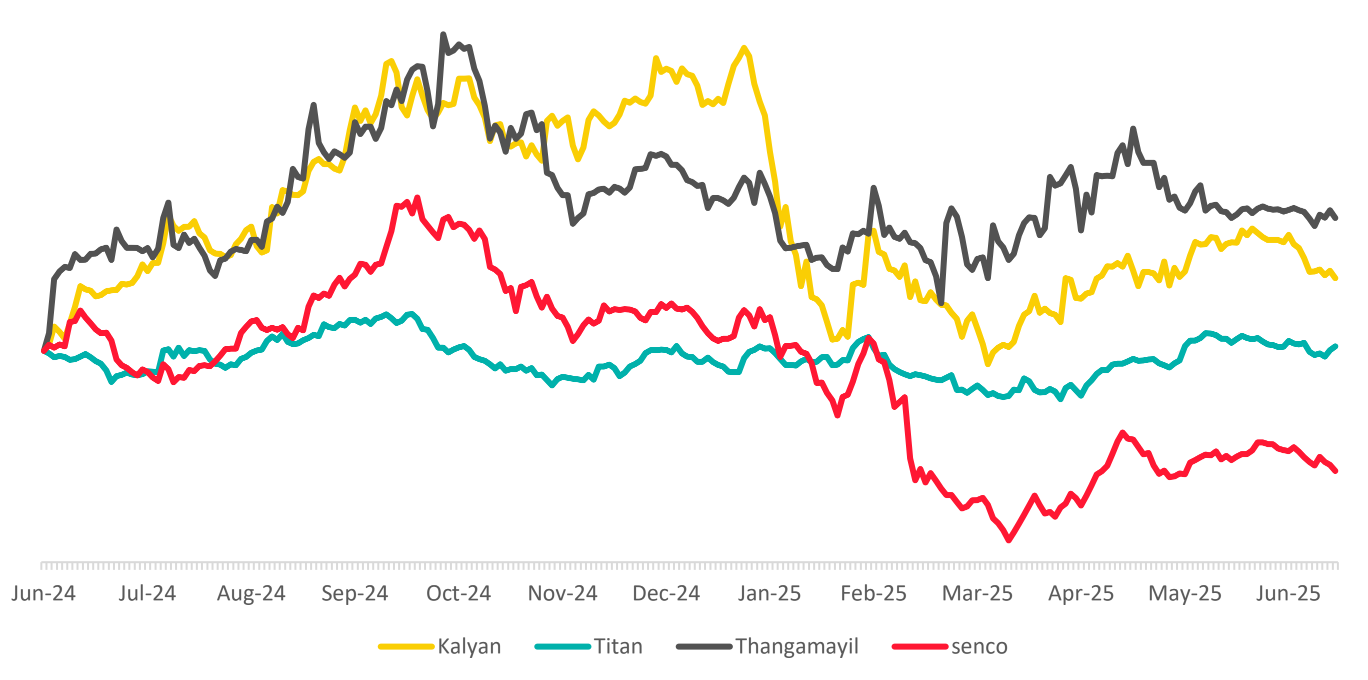
Relative Pricing

(In INR Crs.)		Market Data				Financials				Valuations		
Company	**Ticker**	**Share Price**	**Shares O/S**	**Equity Value**	**Net Debt**	**Enterprise Value**	**Revenue**	**EBITDA**	**Net Income**	**EV/Revenue**	**EV/EBITDA**	**P/E**
Kalyan Jewellers India Ltd.	KALYANKJIL	511.1	103.0	52801	3293	54650	25045	1661	714	2.2x	32.9x	74.0x
Titan Company Ltd.	TITAN	3498.5	88.8	310131	12967	321514	60456	5694	3337	5.3x	56.5x	92.9x
P N Gadgil Jewellers Ltd.	PNGJL	566.4	11.8	7703	930	8104	7693	334	215	1.1x	24.3x	35.8x
Thangamayil Jewellery Ltd	THANGAMAYL	1880.0	3.1	5843	797	6398	4916	225	119	1.3x	28.4x	49.1x
Senco Gold Ltd.	SENCO	339.8	15.5	5567	2046	7029	6259	370	165	1.1x	19.0x	33.7x
High										5.3x	56.5x	92.9x
75th Percentile										2.3x	35.4x	60.1x
Average										**2.2x**	**32.0x**	**52.9x**
Median										**1.2x**	**26.3x**	**42.5x**
25th Percentile										1.1x	22.9x	35.3x
Low										1.1x	19.0x	33.7x

Kalyan Relative Pricing	**EV/Revenue**	**EV/EBITDA**	**P/E**
Implied Enterprise Value	30360	43767	30318
Net Debt	3293	3293	3293
Implied Market Value	27067	40474	27025
Shares Outstanding	103	103	103
Implied Value per share	**262.8**	**392.9**	**262.3**
	Overvalued	**Overvalued**	**Overvalued**

Source: Screener, company analysis

Kalyan and Peer's stock Performance – 1Y (Indexed)



Source: Investing.com

Kalyan Jewellers India Ltd.

Analyst Coverage Universe

S. No.	Date	Research House	Rating	Price at Recommendation	Target
1	20-Mar-25	ICICI Securities Limited	Buy	454	520
2	12-Dec-24	Ventura	Sell	747	692
3	14-Nov-24	Motilal Oswal	Buy	654	800
4	2-Aug-24	Motilal Oswal	Buy	560	650
5	10-Aug-23	ICICI Securities Limited	Buy	182	220
6	16-May-23	ICICI Securities Limited	Buy	108	160
7	8-Feb-23	ICICI Securities Limited	Buy	108	160
8	11-Nov-22	ICICI Securities Limited	Buy	103	150
9	17-Oct-22	ICICI Securities Limited	Buy	103	140
10	5-Aug-22	ICICI Securities Limited	Buy	70	100
11	12-May-22	ICICI Securities Limited	Buy	61	100

Source: Trendlyne