

**BUY**  
 TP: Rs 411 | ▲ 17%

**SENCO GOLD**

| Retail

| 13 February 2026

**Execution Momentum Strengthens; Upgrade to BUY**

- Revenue 50.1% YoY on festive and gold tailwinds; margin expands to 13.2% on SSG (+31%) and mix skewed toward owned stores (~65%)
- Q4 growth guided at 25–30% YoY; FY27 revenue 20%+ with 7.5–7.8% sustainable EBITDA margin and 18-20 store additions
- Upgrade to BUY from HOLD as earnings visibility improves despite margin normalisation; raise TP by 11% to Rs 411 at 20x Dec’27E

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**Strong Q3:** Senco reported a strong Q3FY26 with revenue rising 50.1% YoY (+22% beat), supported by festive demand and elevated gold prices (+63% YoY). EBITDA increased 406% YoY (+100% beat), with margin expanding 927bps YoY to 13.2%, reflecting operating leverage and favourable mix. APAT grew 688% YoY to Rs 2.6bn (+130% beat). Sequentially, revenue and EBITDA nearly doubled from Q2FY26 levels, underscoring sharp improvement in execution and demand traction.

**Highlights:** Performance was supported by 31% SSG in owned stores and favourable channel mix (own stores 65% of revenue; franchise 33%; others 2%), aiding gross margin expansion to 19.9% (vs 10.2% YoY). Margin gains reflect structurally higher profitability in owned stores (18-20% gross margin vs 7-8% franchise) and stable stud ratio (~11%). The company added 4 net stores in Q3, taking the total to 196, reinforcing its calibrated expansion strategy.

**Concall KTAs:** Management highlighted resilient demand despite record-high gold prices (~Rs 1.4-1.5 lakh/10g), supported by higher old-gold exchange (45-50% of sales) and improved ticket size (~Rs 90,000). Mix remained favourable with traction in lightweight and diamond categories (+38% value growth). Q4FY26 revenue growth is guided at 25-30% YoY and FY27 at 20%+, with sustainable EBITDA margins of 7.5-7.8% and 18-20 store additions planned. Hedging stood at ~55-60% (minimum 50% policy), while borrowing costs are expected to decline ~30-40bps post rating upgrade. The Melorra acquisition is intended to deepen presence in younger customer cohorts

**Upgrade from HOLD to BUY; raise TP by 11% to Rs 411:** We revise our FY27E/FY28E revenue estimates upward by 3.4%/2.3%, reflecting improved demand visibility and steady store expansion, while adjusting EBITDA by -8.1%/+1.4% to factor in margin normalization from FY27E onwards. We estimate Revenue/EBITDA CAGR of 12.3%/-5.9% over FY26–FY28E, with EPS projected to grow at a strong 35.2% CAGR over FY25–FY28E, supported by operating leverage, and disciplined cost control. At an unchanged target P/E multiple of 20x Dec’27E, we derive a target of Rs 411 per share and upgrade the rating from HOLD to BUY.

**Key changes**

Target	Rating
▲	▲

Ticker/Price	SENCO IN/Rs 352
Market cap	US\$ 635.7mn
Free float	36%
3M ADV	US\$ 6.5mn
52wk high/low	Rs 406/Rs 227
Promoter/FPI/DII	64%/9%/12%

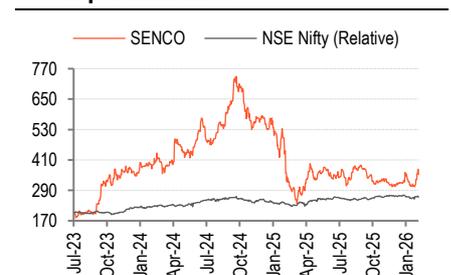
Source: NSE | Price as of 13 Feb 2026

**Key financials**

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	63,281	81,069	91,184
EBITDA (Rs mn)	3,676	7,931	5,523
Adj. net profit (Rs mn)	1,593	4,714	2,848
Adj. EPS (Rs)	9.7	28.8	17.4
Consensus EPS (Rs)	9.7	18.1	19.6
Adj. ROAE (%)	9.6	21.4	11.1
Adj. P/E (x)	36.2	12.2	20.2
EV/EBITDA (x)	18.6	9.2	14.0
Adj. EPS growth (%)	(10.0)	195.9	(39.6)

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**



Source: NSE



**Fig 1 – Quarterly performance – Consolidated**

Particulars	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)	BOBCAPS Q3FY26E	Variance (%)
Total operating income	30,710	20,460	50.1	15,361	99.9	64,334	49,504	30.0	25,178	22.0
Raw-Material expense	24,603	18,363	34.0	12,745	93.0	52,122	43,141	20.8		
Gross Profit	6,107	2,097	191.3	2,616	133.4	12,212	6,363	91.9		
Employee expense	534	361	47.8	419	27.5	1,371	1,034	32.6		
Advertisement expense	460	215	114.4	403	14.2	1,290	876	47.3		
Other expense	1,067	721	48.0	729	46.3	2,605	2,047	27.3		
EBITDA	4,046	800	406.0	1,065	279.8	6,947	2,406	188.7	2,018	100.5
D&A	211	131	61.2	190	10.9	588	490	20.0		
EBIT	3,835	669	473.5	875	338.3	6,359	1,916	231.8		
Interest cost	590	339	73.8	462	27.8	1,481	987	50.0		
Non-operating expense/(income)	(301)	(127)	137.5	(178)	69.7	(665)	(399)	66.8		
PBT	3,546	456	677.2	591	500.4	5,543	1,328	317.4		
Tax	906	121	646.4	103	781.1	1,368	359	281.1		
Adjusted PAT	2,640	335	688.4	488	441.2	4,174	969	330.9	1,148	130.1
<b>As % of net revenues</b>			<b>chg (bps)</b>		<b>chg (bps)</b>			<b>chg (bps)</b>		
Gross margin	19.9	10.2	964	17.0	285	19.0	12.9	613		
Employee cost	1.7	1.8	(3)	2.7	(99)	2.1	2.1	4		
Other cost	3.5	3.5	(5)	4.7	(127)	4.0	4.1	(9)		
EBITDA margin	13.2	3.9	927	6.9	624	10.8	4.9	594		
Tax rate	25.6	26.6	(106)	17.4	814	24.7	27.0	(235)		
APAT margin	8.6	1.6	696	3.2	542	6.5	2.0	453		

Source: Company, BOBCAPS Research

**Fig 2 – Key operating metrics**

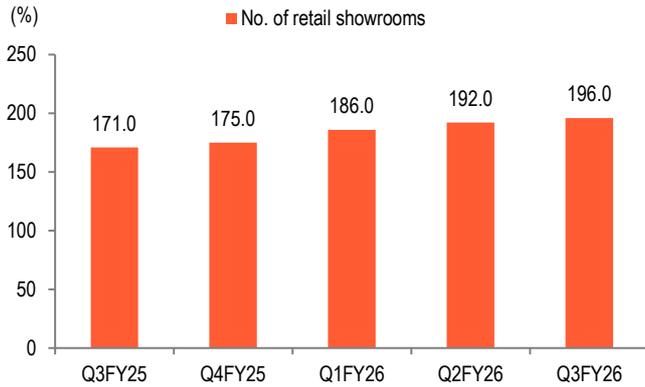
Operating metrics	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
<b>No. of stores (excluding Sennes)</b>								
COCO	105	97	8.2	105	-	313	286	9.4
Franchise	83	70	18.6	79	5.1	238	205	16.1
Total	188	167	12.6	184	2.2	551	491	12.2
<b>Average revenue per store (Rs mn)</b>								
COCO	190	140	36.2	102	87.2	-	-	-
Franchise	125	87	43.6	74	69.7	-	-	-
<b>Revenue</b>								
COCO	19,961	13,471	48.2	10,562	89.0	41,481	31,187	33.0
Franchise	10,134	5,966	69.9	5,713	77.4	22,239	15,841	40.4

Source: Company, BOBCAPS Research

## Earnings Call Highlights

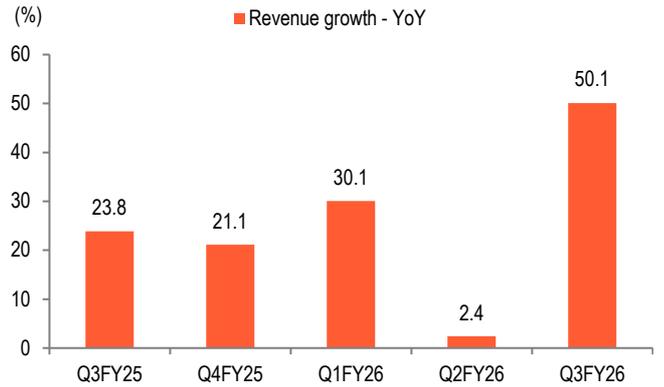
- **Demand scenario:** Management indicated that demand remained resilient despite record-high gold prices (~Rs 1.4-1.5 lakh levels). Customers continued to purchase, although behaviour adjusted toward budget-appropriate formats. Old gold exchange contribution increased meaningfully to 45-50% of sales vs 25-30% historically, helping mitigate the impact of elevated prices. Management noted that volatility primarily affected liquidity and hedging decisions rather than demand itself.
- **Jewellery:** Jewellery revenue grew 50.1% YoY in Q3FY26, supported by festive demand and higher gold realisations, even as gold volumes declined by 10% YoY in 9MFY26 and 3% QoQ during the quarter. Footfalls were 10-15% lower YoY, but value growth was driven by improved ticket size (Rs 90,000) and mix shift toward lightweight jewellery. Diamond jewellery recorded 38% value growth in Q3, while stud ratio remained stable at 11-12% of sales. Management indicated continued traction in 14K/18K products and design-led categories such as Antique and Polki.
- **Product mix:** Management highlighted favourable channel and product mix as the key to margin expansion. Own stores contributed 65% of revenue, 33% franchise and 2% other channels, supporting blended gross margins, given higher profitability in company-owned stores (18-20% gross margin, 7-8% franchise and 5% exports/e-commerce). Making charges range between 6-25%, depending on the category, with Antique, Polki, Lightweight Gold, Diamond and Gemstone jewellery carrying higher margins. Senco's focus remains on design-led and lightweight formats, where effective making charges are structurally superior. Diamond and everyday-wear segments saw traction during the Valentine's campaign.
- **Guidance:** For Q4FY26, management guided revenue growth of 25-30% YoY. For FY27, revenue growth targeted at 20%+, sustainable EBITDA margin at 7.5-7.8%.
- **Store expansion:** Store network currently stands at 196, with plans to cross 200 stores shortly. FY27 guidance includes 18-20 new store additions, including 8-10 franchise stores. Management noted that ~156 stores are classified as mature. Non-East markets are growing faster (~25-30%), relative to the East region (~18-20%).
- **Gold Metal Loan:** Working capital limits stand at Rs 24bn. Due to elevated gold prices and volatility, the proportion of GML in the borrowing mix reduced, with greater reliance on cash credit and CDL facilities. Management expects 30-40bps reduction in borrowing cost, following the credit rating upgrade.
- **Hedging:** Hedging levels were maintained at 55-60% during the quarter vs historical levels of 80-90%. Management cited volatility and margin-call risk considerations for the lower hedge ratio. A minimum 50% hedge policy remains in place, with flexibility to increase hedging if volatility stabilises.
- **Melorra Acquisition:** The Melorra acquisition has received Board approval, with final completion still pending and stated that the Melorra acquisition is aimed at strengthening presence among Gen-Z and millennial consumers, complementing the existing core business. Further details are expected post the completion of transaction formalities.

**Fig 3 – Senco opened 4 stores in Q3FY26**



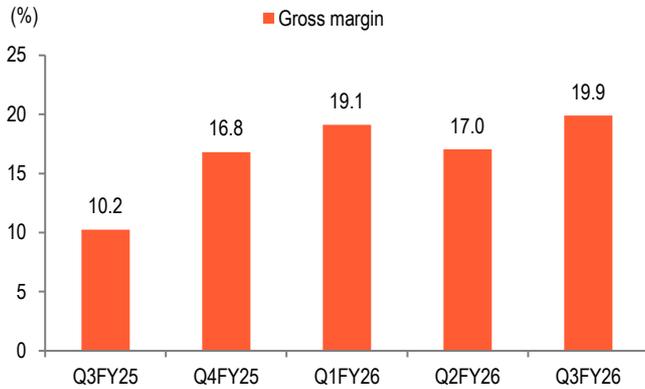
Source: Company, BOBCAPS Research

**Fig 4 – Revenue spiked by 50.1% YoY in Q3FY26**



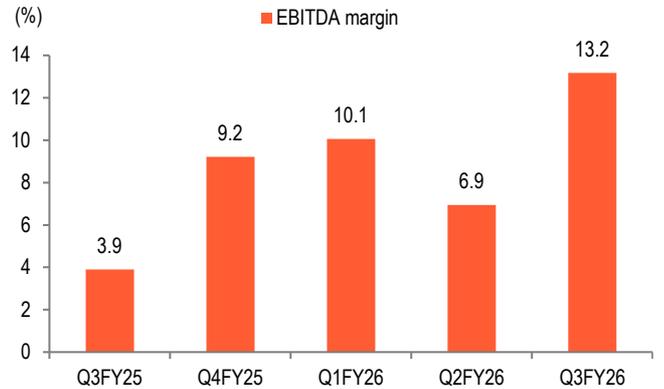
Source: Company, BOBCAPS Research

**Fig 5 – Gross margin improved to a record high level (since IPO) for December quarter period in Q3FY26**



Source: Company, BOBCAPS Research

**Fig 6 – Adjusted EBITDA margin improved by 927bps to 13.2% in Q3FY26**



Source: Company, BOBCAPS Research

### Valuation Methodology

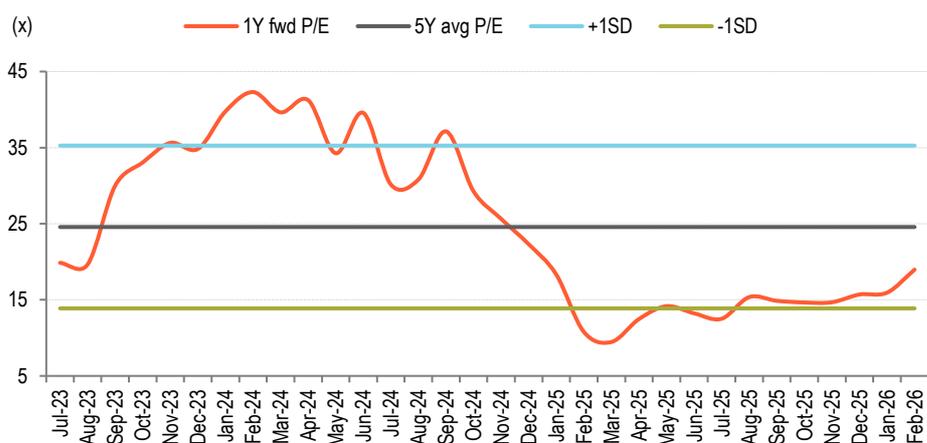
We revise our FY27E/FY28E revenue estimates upward by 3.4%/2.3%, reflecting improved demand visibility and steady store expansion, while adjusting EBITDA by -8.1%/+1.4% to factor in margin normalization from FY27E onwards. We estimate Revenue/EBITDA CAGR of 12.3%/-5.9% over FY26–FY28E, with EPS projected to grow at a strong 35.2% CAGR over FY25–FY28E, supported by operating leverage, and disciplined cost control. At an unchanged target P/E multiple of 20x Dec’27E, we derive a target of Rs 411 per share and upgrade the rating from HOLD to BUY.

**Fig 7 – Revised estimates**

Consolidated (Rs bn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	81.1	91.2	102.2	75.5	88.2	99.9	7.3	3.4	2.3
EBITDA	7.9	5.5	7.0	6.0	6.0	6.9	31.3	(8.1)	1.4
EBITDA Margin (%)	9.8	6.1	6.9	8.0	6.8	6.9	178bps	(76bps)	(6bps)
Adjusted PAT	4.7	2.8	3.9	3.1	2.9	3.3	49.8	(1.2)	20.9
EPS (Rs)	28.8	17.4	24.0	19.2	17.6	19.9	49.8	(1.2)	20.9

Source: BOBCAPS Research

**Fig 8 – Senco stock trades at 19.0x on 1YF P/E vs average of 26.4x since IPO**



Source: Bloomberg, BOBCAPS Research

**Fig 9 – Key assumptions**

Particulars	FY24	FY25	FY26E	FY27E	FY28E
<b>No. of stores</b>					
COCO	93	98	104	111	119
Franchise	66	72	83	87	93
International	0	1	1	1	1
Total (excl Sennes)	159	171	188	199	213
<b>Revenue per store (Rs mn)</b>					
COCO	361	407	487	494	519
Franchise	246	281	345	366	380
Franchise revenue share (%)	31.0	32.0	35.3	34.9	34.6
Revenue (Rs bn)	40.8	52.4	63.3	81.1	91.2
EBITDA margin (%)	7.2	5.8	9.8	6.1	6.9
PAT margin (%)	3.2	2.5	5.8	3.1	3.8
Inventory (days)	171	190	200	200	200
Net debt/EBITDA (x)	2.5	3.2	2.3	3.8	3.2
ROCE (%)	12.5	9.5	18.6	12.1	13.3

Source: Company, BOBCAPS Research

## Key Risks

Key upside/downside risks to our estimates:

- Loss of market share due to steep rise in competitive intensity in its core West Bengal market, steep increase in gold-price volatility and regulatory risks - are key downside risks.
- Faster-than-expected pace of new store addition and ramp-up, along with sharp increase in franchise revenue share, are key upside risks.

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Total revenue</b>	<b>52,414</b>	<b>63,281</b>	<b>81,069</b>	<b>91,184</b>	<b>1,02,208</b>
EBITDA	3,755	3,676	7,931	5,523	7,022
Depreciation	601	681	782	826	936
EBIT	3,154	2,995	7,150	4,697	6,085
Net interest inc./(exp.)	(1,211)	(1,362)	(1,851)	(2,054)	(2,306)
Other inc./(exp.)	422	546	966	1,201	1,201
Exceptional items	0	0	0	0	0
EBT	2,365	2,179	6,264	3,844	4,980
Income taxes	685	586	1,550	996	1,046
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>1,680</b>	<b>1,593</b>	<b>4,714</b>	<b>2,848</b>	<b>3,934</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>1,680</b>	<b>1,593</b>	<b>4,714</b>	<b>2,848</b>	<b>3,934</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	2,069	1,516	1,943	2,185	2,449
Other current liabilities	3,909	5,865	5,865	5,865	5,865
Provisions	2,532	49	49	49	49
Debt funds	14,956	17,690	19,338	21,749	24,377
Other liabilities	4,701	2,640	2,640	2,640	2,640
Equity capital	777	818	818	818	818
Reserves & surplus	12,878	18,885	23,476	25,997	29,522
Shareholders' fund	13,655	19,703	24,294	26,815	30,340
<b>Total liab. and equities</b>	<b>41,821</b>	<b>47,464</b>	<b>54,129</b>	<b>59,303</b>	<b>65,721</b>
Cash and cash eq.	5,514	5,909	1,199	1,028	1,700
Accounts receivables	529	810	1,038	1,168	1,309
Inventories	24,570	32,993	44,421	49,964	56,004
Other current assets	4,560	2,780	2,780	2,780	2,780
Investments	0	0	0	0	0
Net fixed assets	1,158	1,376	1,095	768	332
CWIP	15	20	20	20	20
Intangible assets	2,462	2,670	2,670	2,670	2,670
Deferred tax assets, net	228	418	418	418	418
Other assets	2,785	487	487	487	487
<b>Total assets</b>	<b>41,821</b>	<b>47,463</b>	<b>54,128</b>	<b>59,303</b>	<b>65,720</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Cash flow from operations</b>	<b>(2,472)</b>	<b>(4,864)</b>	<b>(4,849)</b>	<b>(902)</b>	<b>59</b>
Capital expenditures	(1,309)	(1,113)	(500)	(500)	(500)
Change in investments	0	0	0	0	0
Other investing cash flows	422	546	966	1,201	1,201
<b>Cash flow from investing</b>	<b>(886)</b>	<b>(567)</b>	<b>466</b>	<b>701</b>	<b>701</b>
Equities issued/Others	92	31	0	0	0
Debt raised/repaid	3,188	2,734	1,648	2,411	2,628
Interest expenses	(1,211)	(1,362)	(1,851)	(2,054)	(2,306)
Dividends paid	(311)	(164)	(123)	(327)	(409)
Other financing cash flows	2,739	4,587	0	0	0
<b>Cash flow from financing</b>	<b>4,497</b>	<b>5,827</b>	<b>(327)</b>	<b>30</b>	<b>(88)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>1,138</b>	<b>395</b>	<b>(4,710)</b>	<b>(171)</b>	<b>672</b>
<b>Closing cash &amp; cash eq.</b>	<b>5,514</b>	<b>5,909</b>	<b>1,199</b>	<b>1,028</b>	<b>1,700</b>

### Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	10.8	9.7	28.8	17.4	24.0
Adjusted EPS	10.8	9.7	28.8	17.4	24.0
Dividend per share	2.0	1.0	0.8	2.0	2.5
Book value per share	87.9	120.4	148.4	163.8	185.4

### Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	1.3	1.1	0.9	0.8	0.8
EV/EBITDA	17.6	18.6	9.2	14.0	11.3
Adjusted P/E	32.6	36.2	12.2	20.2	14.6
P/BV	4.0	2.9	2.4	2.1	1.9

### DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	71.0	73.1	75.3	74.1	79.0
Interest burden (PBT/EBIT)	75.0	72.7	87.6	81.8	81.8
EBIT margin (EBIT/Revenue)	6.0	4.7	8.8	5.2	6.0
Asset turnover (Rev./Avg TA)	125.3	133.3	149.8	153.8	155.5
Leverage (Avg TA/Avg Equity)	3.1	2.4	2.2	2.2	2.2
Adjusted ROAE	12.3	8.1	19.4	10.6	13.0

### Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
<b>YoY growth (%)</b>					
Revenue	28.5	20.7	28.1	12.5	12.1
EBITDA	45.7	(2.1)	115.7	(30.4)	27.1
Adjusted EPS	70.9	(10.0)	195.9	(39.6)	38.1
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	7.2	5.8	9.8	6.1	6.9
EBIT margin	6.0	4.7	8.8	5.2	6.0
Adjusted profit margin	3.2	2.5	5.8	3.1	3.8
Adjusted ROAE	14.5	9.6	21.4	11.1	13.8
ROCE	12.5	9.5	18.6	12.1	13.3
<b>Working capital days (days)</b>					
Receivables	4	5	5	5	5
Inventory	171	190	200	200	200
Payables	14	9	9	9	9
<b>Ratios (x)</b>					
Gross asset turnover	14.1	22.7	24.9	24.3	24.0
Current ratio	1.5	1.7	1.8	1.8	1.9
Net interest coverage ratio	2.6	2.2	3.9	2.3	2.6
Adjusted debt/equity	0.7	0.6	0.7	0.8	0.7

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

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**BUY** – Expected return >+15%

**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

### Ratings and Target Price (3-year history): SENCO GOLD (SENCO IN)



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

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