Company Name: Senco Gold Ltd.

Quarter under review: Q4-FY26

Senco Gold Ltd. – Q4-FY26/FY26 Concall Highlights:

Senco Gold Ltd (Consolidated)								
INR In Mn	**Q4-FY26**	**Q4-FY25**	**Y-o-Y**	**Q3-FY26**	**Q-o-Q**	**FY26**	**FY25**	**Y-o-Y**
Operational Income	19,967	13,777	44.9%	30,710	-35.0%	84,300	63,281	33.2%
EBITDA	2,744	1,270	NA	4,046	-32.2%	9,690	3,676	NA
EBITDA M (%)	13.74%	9.22%	452 bps	13.17%	57 bps	11.49%	5.81%	568 bps
PAT	1,569	624	NA	2,640	-40.6%	5,743	1,593	NA
PAT M (%)	7.86%	4.53%	333 bps	8.60%	-74 bps	6.81%	2.52%	429 bps
Diluted EPS	9.58	3.81	NA	16.10	-40.5%	35.06	10.08	NA

Operational Highlights:

- The company crossed the 200+ showroom milestone during FY26, continuing its expansion beyond eastern India.
- Expansion remained geographically diversified, with new store additions across Rajasthan, Central Maharashtra, and Western Uttar Pradesh.
- Non-East India revenues crossed INR 1,600 crore during FY26, reflecting improving geographic diversification beyond the core eastern India market.
- The company achieved ~9% diamond volume growth and ~32% diamond value growth during FY26, indicating improving traction in the studded jewellery segment despite elevated gold prices.
- Franchise stores contributed 33% of revenues, while over 90% of franchise stores continued to operate under the FOFO model, supporting asset-light expansion.
- The studded jewellery ratio was at 11%, with management reiterating improving studded mix as a key strategic priority for margin expansion.
- Hedging levels were maintained at 40–50% during periods of elevated gold-price volatility to protect inventory value and margins.
- Management indicated that increasing studded contribution over time will be supported through natural diamonds, lab-grown diamonds, and gemstone jewellery categories.
- The company continued to focus on affordability-led demand through lightweight jewellery and increased penetration of 9-carat, 14-carat, and 18-carat collections.
- Sub-22-carat jewellery (9-carat, 14-carat, and 18-carat) contributed approximately 15% of FY26 revenues, reflecting increasing consumer preference for affordable formats amid elevated gold prices.
- Wedding demand remained a major growth driver during January–March, while occasions such as Valentine’s Day and Mother’s Day supported diamond jewellery sales.
- Same-showroom sales growth remained strong at 35% in Q4 and 24% for FY26, contributing nearly 70% of the overall ~33% revenue growth and indicating healthy demand traction across existing showrooms.
- Average ticket value (ATV) increased ~30% YoY to ~INR 95,100, while average selling price (ASP) rose ~29% YoY to ~INR 62,200, reflecting the impact of elevated gold prices and higher realization trends.
- Sennes is being positioned as a long-term platform to attract younger consumers through lab-grown diamonds, lifestyle products, fragrances, and accessories.

- CARE Ratings upgraded the company's credit rating to CARE A+ / A1 from the earlier ICRA rating of [ICRA]A / A2+, reflecting continued improvement in business performance, financial profile, and balance sheet strength.
- Old-gold exchange contributed 50% of Q4 revenues and 44% of FY26 revenues, with management expecting the trend to strengthen further in FY27 amid higher import duties and increasing consumer preference for exchange-led purchases.
- Coin and bullion sales remained relatively controlled at ~6% of total revenues during FY26, limiting margin dilution from investment-led demand.
- Management highlighted that sustainable EBITDA margins remain in the ~7.5–7.8% range, with incremental gains during FY26 supported by elevated gold and silver prices along with improved product mix.

Key Questions & Answers discussed during the Concall:

- **How is consumer demand behaving amid elevated gold prices and affordability pressures?** Demand remained resilient in value terms despite sharp price increases, although our customers increasingly shifted toward lower grammage purchases and affordable jewellery formats. We saw strong traction in lightweight jewellery as well as 9-carat, 14-carat, and 18-carat collections, particularly among younger and value-conscious consumers.

- **What is driving the company's strong growth despite elevated gold prices?** We attribute our growth to a combination of wedding demand, strong showroom productivity, lightweight jewellery traction, exchange-led purchases, and expansion into newer geographies. Our existing showrooms continued to perform healthily, with same-store sales growth contributing meaningfully to overall revenue growth.

- **How should investors think about the sustainability of margins going forward?** We believe our sustainable EBITDA margin range remains around 7.5–7.8%. FY26 margins were additionally supported by gains arising from elevated gold, silver, and platinum prices. An improved product mix and higher making charges on elevated gold prices also supported our profitability during the year.

- **How are we planning to improve studded jewellery contribution?** We intend to drive studded contribution through natural diamonds, lab-grown diamonds, gemstone jewellery, and expansion into newer markets where studded acceptance is relatively stronger. We also saw encouraging growth in diamond volumes and values during FY26.

- **What trends are visible in the lab-grown diamond business under Sennes?** Sennes achieved beta-level profitability within its second year of operations, reflecting improving consumer traction in the LGD segment. We are positioning the format as a youth-focused lifestyle platform combining lab-grown diamonds with categories such as gifting, fragrances, and accessories.

- **How are we managing gold-price volatility?** We maintained a hedging ratio of around 40–50% during periods of elevated volatility to protect inventory value and liquidity. Our focus has been on maintaining a balanced hedging strategy rather than taking aggressive directional positions on gold prices.

- **What role is old-gold exchange playing in the business currently?** Old-gold exchange contributed approximately 50% of Q4 revenues and around 44% of FY26 revenues, making it an increasingly important demand driver amid elevated gold prices. We expect exchange-led purchases to strengthen further in FY27 following the increase in import duties and rising consumer preference for gold recycling.

- **What are our key priorities for FY27?** Our priorities include expansion into newer geographies, accelerating franchise-led growth, improving studded contribution, inventory optimization, lightweight jewellery penetration, and strengthening return ratios. We plan to add approximately 18–20 new showrooms while targeting 20–25% revenue growth and sustainable EBITDA margins of 7.5–7.8%.

- **How are newly opened stores outside eastern India performing?** Our newer stores are witnessing encouraging customer response, although store productivity and throughput typically require time to stabilize relative to our mature eastern India stores. Regional merchandising and localized product assortment remain important as we scale nationally.

- **Why are we continuing to focus aggressively on franchise-led expansion?** Our FOFO franchise model enables faster geographic expansion with lower capital intensity and better return ratios. Franchise stores already contribute around one-third of our revenues and remain an important part of our long-term growth strategy.

Key Participants:

- *Viraj Mehta – Enigma Investment Partners.*
- *Amish Kanani – Knowise Investment Managers*
- *Pallavi Deshpande – Sameeksha Capital*
- *Anushka Vora – Vimana Capital*