Company Name: Senco Gold Ltd.

Quarter under review: Q1-FY27

Senco Gold Ltd.- Q1-FY27 Concall Highlights:

Senco Gold Ltd. (Consolidated)					
INR In Mn	**Q1-FY27**	**Q1-FY26**	**Y-o-Y**	**Q4-FY26**	**Q-o-Q**
Operational Income	30,560	18,263	67%	19,967	53%
EBITDA	2,131	1,836	16%	2,744	-22%
EBITDA M (%)	7.00%	10.10%	(310bps)	13.70%	(680bps)
PAT	1,011	1,047	-3%	1,569	-36%
PAT M (%)	3.30%	5.70%	(240bps)	7.90%	(450bps)
Diluted EPS	6.17	6.38	-3.3%	9.58	-35.6%

Operational Highlights:

- Same-store sales growth (SSSG) came in at ~39%, with growth broad-based across zones, including newer regions such as the Central region (7 new stores) and Delhi/Kerala.
- Average Selling Price (ASP) was up ~40% YoY and Average Purchase Bill (APB) was up ~38% YoY; gold prices rose ~61% YoY but only ~1% QoQ, so value growth was significantly aided by the higher gold price base.
- ~65–70% of the business comes from Eastern India/West Bengal; the quarter faced state elections and a heat wave, which management had planned around in advance.
- April was very strong (~INR 1,500–1,600 crore of sales, ~55% of Q1 sales); May and June were softer (~INR 500–600 crore/month average) due to seasonal lull and heat, partly offset by summer wedding demand and gold-exchange/discount schemes.
- July–August showed a clear recovery in footfalls and sentiment, with growth of roughly 25% YoY and ~8–10% sequential improvement over May–June.
- Diamond jewellery value sales were up ~43% and volume up ~18%; rising gold prices are shifting consumers toward lightweight, design-led, daily-wear jewellery and lower-carat options (9-carat, 14-carat).
- Old gold exchange accounted for ~43% of total sales quantity, supported by lower net gold imports, aligned with the government's import-reduction stance.
- Launched a new men's jewellery line under the Aham brand (titanium + gold + diamond), priced roughly INR 20,000 to INR 1 lakh.
- Company continues to launch 150,000+ new designs per year, with ~100 designs/day developed via its captive design/manufacturing subsidiary.
- Added 3 company-operated stores, 4 franchisee stores, and 1 large lab-grown-diamond-focused Senco showroom in Q1; plans to add 12–15 more stores during the rest of FY27, mostly franchise-led and focused on East and North India.
- Reported EBITDA margin for the quarter was ~7%; consolidated PAT margin is lower than standalone due to drag from newer subsidiaries, as the lab-grown diamond/perfume/leather-goods venture remains in a start-up/investment phase.
- Full-year guidance reiterated at 7.5–7.8% EBITDA margin (sustainable, operational basis) and 20–25% revenue growth.

- Inventory days improved to 152 days, aided by a newly implemented AI/data-driven store performance and inventory system.
- Long-term vision: grow from INR 8,400 crore (FY26 revenue) to a INR 20,000+ crore company over the next 4–5 years, and from ~200 stores currently to 300+ stores, with EBITDA margin aspiration toward ~8% and PAT margin toward ~4.5–5%.

Key Questions & Answers discussed during the Concall:

- **Q1 growth was exceptionally strong (~50–67%); why does full-year revenue guidance remain at just ~20–25%?** We called this a historically conservative approach followed by outperformance, and reiterated confidence in crossing INR 10,000 crore in FY27 revenue (vs. INR 8,400 crore in FY26); guidance will only be revisited after Q3.

- **Adjusting for inventory gains in last year's Q1 margin, is this quarter's ~7% EBITDA margin a cleaner, more operational number?** Last year's ~10% margin included an inventory-gain benefit, making this year's ~7% a cleaner operational figure. We continue to guide to 7.5–7.8% EBITDA margin as the full-year run-rate, excluding hedging gains/losses.

- **What was the specific gain from the custom duty rate change in this quarter?** The estimated gain from the customs duty change in this quarter is approximately INR 12 to INR 15 crores.

- **What would margin look like excluding one-offs like the customs duty impact, and can that benefit be quantified?** The 7% is net of the gold price fall on the hedged position, customs-duty-led discounting, and old-gold exchange costs, partly offset by a customs duty gain estimated at roughly INR 12–15 crore for the quarter. Investors were asked to judge margins over 3–4 quarters rather than one.

- **"Other expenses" jumped to ~INR 229 crore even as marketing spend declined — what drove this?** Attributed to store renovation costs, new brand ambassador/campaign spend, and footfall-driving customer offers — largely one-off and expected to normalize in coming quarters.

- **Why did finance costs rise due to lower Gold Metal Loan (GML) availability?** Banks turned cautious on gold lending in March–April amid duty-change uncertainty, so we sourced gold from bullion markets instead, raising financing cost. The situation has since stabilized and the GML book will be rebuilt.

- **What is the current hedging ratio, and how will it evolve?** Hedging is currently ~50%, per board policy balancing price risk against liquidity. We intend to move toward 75–80% over time as conditions normalize, versus a historical high of 75–85%.

- **Can the improvement in inventory days (to 152) be sustained, and how does Senco compare with peers?** ROE/ROCE, not inventory days, is the primary metric it optimizes for, given the current growth phase. It declined to comment on specific peers, citing its own AI-based inventory analytics system instead.

- **Why did reported sales growth diverge from the earlier business update (62% vs. 67%), and does this imply lower gold volumes sold?** Business updates are provisional; final numbers reflect adjustments like sales returns. Gramage volumes actually rose in mixed-purity terms (only ~1% down on a 24-carat-equivalent basis) — the business is value-driven, not volume-driven.

- **What is the target inventory and revenue per store on a steady-state basis?** Inventory per store is dynamic, ranging from 15-18 kgs to 35-40 kgs, depending on market potential, with a focus on optimizing stock while growing revenue.

Key Participants:

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