Kalyan Jewellers India

Consumer Staples & Discretionary

Kalyan's House of Regional Brands: Pilot today, potential revenue driver tomorrow

We visited Akshaya Thanga Maligai (ATM) store on launch day and believe the initiative is less about adding another brand and more about addressing a customer segment that the flagship Kalyan brand does not naturally serve. There is a whitespace among value-conscious consumers migrating from unorganised to organised jewellery retail but still preferring regional designs and economical price points. ATM provides Kalyan a way to target this cohort without altering the parent brand's positioning. Tamil Nadu is a logical first market, given its ~15% share of India's jewellery demand and Kalyan's long operating history in the state. ATM brand has been built as a Tamil-first proposition across name, staffing, communication and a fully regional inventory, supported by Sivakarthikeyan as the brand ambassador. Management intends to roll out four additional regional brands, making ATM an important initial proof point for this strategy. We maintain our positive stance on Kalyan, **reiterate BUY.**

Akshaya Thanga Maligai (ATM) launch key takeaways:

- Kalyan launched its first ATM store in T. Nagar, Chennai, which is a key jewellery hub with presence of 15+ prominent players.
- The store spans ~20,000 sq.ft. across 3 levels, with category-wise segmentation:
  - Basement level: Studded and silver jewellery
  - Ground level: Everyday wear jewellery
  - Upper level: Wedding jewellery
- ATM is positioned as a value-focused jewellery brand, targeting consumers transitioning from the unorganised to organised jewellery segment.
- The brand adopts a regionalisation-led proposition, with 100% of its inventory designed to cater to local consumer preferences.
- Inventory is predominantly skewed towards 22-karat gold jewellery, with studded jewellery accounting for ~10% of the overall inventory.
- Making charges range between 1-10%, reinforcing ATM's value-oriented positioning.
- Sivakarthikeyan, popular Tamil actor, has been onboarded as the brand ambassador for ATM, aiding brand visibility and customer engagement.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Revenue	2,50,451	3,57,429	4,23,226	5,06,399
EBITDA	16,412	24,912	27,746	33,242
EBITDA Margin (%)	6.6	7.0	6.6	6.6
Net Profit	8,388	13,919	16,861	21,431
EPS (INR)	8.1	13.5	16.3	20.8
EPS % Chg YoY	40.4	65.9	21.1	27.1
P/E (x)	74.3	44.8	37.0	29.1
EV/EBITDA (x)	38.5	25.8	22.4	17.7
RoCE (%)	12.9	16.9	14.9	15.2
RoE (%)	18.7	25.1	22.8	22.0

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Market Data

Market Cap (INR)	623bn
Market Cap (USD)	6,509mn
Bloomberg Code	KALYANKJ IN
Reuters Code	KALN BO
52-week Range (INR)	649 /327
Free Float (%)	37.0
ADTV-3M (mn) (USD)	126.7

Price Performance (%)	3m	6m	12m
Absolute	71.0	50.4	18.1
Relative to Sensex	67.8	56.8	23.6

ESG Score	2024	2025	Change
ESG score	**65.0**	**62.8**	**(2.2)**
Environment	37.8	41.1	3.3
Social	70.7	66.3	(4.4)
Governance	78.2	73.9	(4.3)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

05-08-2026: Q1FY27 results review
09-05-2026: Q4FY26 results review

- Tamil Nadu marks the starting point of Kalyan's regionalisation strategy, given the size (~15% of India's jewellery market) and understanding of the local consumers.
- Management plans to add four more ATM stores in Tamil Nadu through the FOCO model: one in Chennai and rest across other parts of the state.
- The upcoming stores are expected to have a retail area of ~7,000 sq ft.
- ATM is likely to operate at a lower gross margin than Kalyan stores, although it could have higher inventory velocity, with management targeting inventory turns of ~4-5x.
- Management aims to build five regional jewellery brands (including ATM) organically over the next 7-8 years, positioning ATM as the first step in its broader regional-brand strategy.
- As per management, regional brands require less marketing expenses than national brands, supported by a cost-efficient marketing model.
- ATM could also serve as an entry-point format, enabling Kalyan to acquire value-conscious customers and potentially migrate them to its other brands as their jewellery needs and spending power evolve.

Our view

We see Kalyan's move to build regional brands across key Indian markets as a calibrated attempt to tap the emerging cohort of value-conscious consumers shifting from family/unorganised jewellers toward organised players. In our opinion, the "House of Regional Brands" initiative provides incremental reach without impacting the core Kalyan brand or altering its positioning.

ATM also creates a funnel that channels customers from the organised regional basket into Kalyan's ecosystem. Importantly, ATM-to-Kalyan progression could be more effective than the traditional "Outside regional brands to Kalyan" migration, reinforcing company's strategic merit of launching regional formats rather than relying only on external brand conversions.

The Tamil Nadu launch of ATM also serves as a controlled pilot. If the format demonstrates traction – both in terms of customer acquisition and unit economics – we think the company has a replicable template for other large regional markets. Conversely, if the concept underperforms, the downside appears largely contained: store assets like fixtures and furniture can be written down (nominal), and unsold inventory (finished jewellery) can be reallocated to existing Kalyan stores, limiting financial impact.

Lastly, the risk-reward skews favourable. We believe a successful regional-brand strategy could become a meaningful medium-term revenue contributor – one that, in our view, is not yet fully reflected in consensus expectations.

Valuation and risks

We model revenue/EBITDA/PAT CAGR of 19/16/26 (%), respectively, over FY26-28E. We reiterate **BUY** with a DCF-based unchanged target price of **INR 680**.

Key risks: Weaker discretionary demand, delays in FOCO store additions, and higher competitive intensity in core South Indian markets.

Exhibit 1: ATM store building

Source: Company data, I-Sec research

Exhibit 2: Wedding-focused jewellery

Source: Company data, I-Sec research

Exhibit 3: Wedding-focused jewellery

Source: Company data, I-Sec research

Exhibit 4: Everyday-focused jewellery

Source: Company data, I-Sec research

Exhibit 5: Shareholding pattern

%	Dec'25	Mar'26	Jun'26
Promoters	62.8	62.9	62.9
Institutional investors	29.4	28.7	26.7
MFs and others	15.1	14.0	15.8
FIs/Banks	0.0	0.0	0.0
Insurance	0.2	0.1	0.1
FIIs	14.1	14.6	10.8
Others	7.9	8.5	10.5

Source: Bloomberg, I-Sec research

Exhibit 6: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 7: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Net Sales	**2,50,451**	**3,57,429**	**4,23,226**	**5,06,399**
Operating Expenses	2,34,039	3,32,517	3,95,479	4,73,157
EBITDA	**16,412**	**24,912**	**27,746**	**33,242**
EBITDA Margin (%)	6.6	7.0	6.6	6.6
Depreciation & Amortization	3,427	4,229	4,377	4,923
EBIT	12,985	20,683	23,369	28,319
Interest expenditure	3,595	4,329	3,247	3,182
Other Non-operating Income	-	-	-	-
Recurring PBT	**10,836**	**18,435**	**23,194**	**28,811**
Profit / (Loss) from Associates	**-**	**-**	**-**	**-**
Less: Taxes	2,454	4,516	6,340	7,388
PAT	8,382	13,919	16,854	21,423
Less: Minority Interest	(6)	-	(7)	(7)
Extraordinaries (Net)	(1,240)	(415)	-	-
Net Income (Reported)	**7,142**	**13,504**	**16,854**	**21,423**
Net Income (Adjusted)	**8,388**	**13,919**	**16,861**	**21,431**

Source Company data, I-Sec research

Exhibit 8: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Total Current Assets	1,13,993	1,63,307	1,99,517	2,46,807
of which cash & cash eqv.	10,311	8,609	29,621	65,763
Total Current Liabilities & Provisions	52,821	81,615	1,02,227	1,23,039
Net Current Assets	**61,172**	**81,692**	**97,290**	**1,23,768**
Investments	611	611	611	611
Net Fixed Assets	13,056	14,979	13,558	13,131
ROU Assets	14,723	17,461	16,302	16,502
Capital Work-in-Progress	77	177	153	153
Total Intangible Assets	72	63	15	15
Long Term Loans & Advances	6,250	7,449	12,608	15,510
Deferred Tax assets	-	-	-	-
Total Assets	**97,313**	**1,23,614**	**1,42,153**	**1,71,601**
Liabilities				
Borrowings	**32,933**	**41,114**	**39,019**	**42,887**
Deferred Tax Liability	**(1,125)**	**(1,938)**	**(1,830)**	**(1,830)**
Provisions	501	806	962	1,147
Other Liabilities	308	485	159	159
Equity Share Capital	10,314	10,327	10,327	10,327
Reserves & Surplus	37,721	52,760	74,561	99,956
Total Net Worth	**48,036**	**63,087**	**84,888**	**1,10,284**
Minority Interest	-	-	-	-
Total Liabilities	**97,313**	**1,23,614**	**1,42,153**	**1,71,601**

Source Company data, I-Sec research

Exhibit 9: Quarterly trend

(INR mn, year ending March)

	Sep 25	Dec 25	Mar 26	Jun 26
Net Sales	78,560	103,434	102,749	105,889
% growth (YOY)	29.5	42.1	66.2	45.7
EBITDA	4,970	7,505	7,357	6,325
Margin %	6.3	7.3	7.2	6.0
Other Income	514	642	462	557
Extraordinaries	-	(415)	-	-
Adjusted Net Profit	2,605	4,578	4,095	3,487

Source Company data, I-Sec research

Exhibit 10: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Operating Cashflow	**12,094**	**13,175**	**18,741**	**37,136**
Working Capital Changes	(1,708)	(8,965)	(7,790)	6,650
Capital Commitments	(2,544)	(2,732)	(1,070)	(822)
Free Cashflow	**9,550**	**10,443**	**17,671**	**36,314**
Other investing cashflow	**779**	**1,557**	**1,872**	**-**
Cashflow from Investing Activities	(1,765)	(1,175)	801	(822)
Issue of Share Capital	145	147	-	-
Interest Cost	(2,234)	(2,634)	(3,993)	(4,041)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	(1,236)	(1,525)	-	-
Others	(1,684)	(4,234)	4,468	3,869
Cash flow from Financing Activities	(8,402)	(12,637)	475	(173)
Chg. in Cash & Bank balance	**1,926**	**(637)**	**20,018**	**36,141**
Closing cash & balance	12,237	7,972	49,639	1,01,904

Source Company data, I-Sec research

Exhibit 11: Key ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	8.1	13.5	16.3	20.7
Adjusted EPS (Diluted)	8.1	13.5	16.3	20.8
Cash EPS	11.5	17.6	20.6	25.5
Dividend per share (DPS)	1.5	1.5	2.5	3.7
Book Value per share (BV)	46.6	61.1	82.2	106.8
Dividend Payout (%)	5.4	9.0	6.5	5.6
Growth (%)				
Net Sales	35.3	42.7	18.4	19.7
EBITDA	28.2	51.8	11.4	19.8
EPS (INR)	40.4	65.9	21.1	27.1
Valuation Ratios (x)				
P/E	74.3	44.8	37.0	29.1
P/CEPS	52.7	34.3	29.3	23.7
P/BV	13.0	9.9	7.3	5.7
EV / EBITDA	38.5	25.8	22.4	17.7
P / Sales	2.4	1.7	1.4	1.2
Dividend Yield (%)	0.2	0.2	0.4	0.6
Operating Ratios				
Gross Profit Margins (%)	13.6	13.2	12.6	12.5
EBITDA Margins (%)	6.6	7.0	6.6	6.6
Effective Tax Rate (%)	22.6	24.5	27.3	25.6
Net Profit Margins (%)	3.3	3.9	4.0	4.2
Net Debt / Equity (x)	2.5	2.5	3.2	3.6
Net Debt / EBITDA (x)	4.9	4.2	4.5	4.6
Fixed Asset Turnover (x)	12.2	14.3	14.7	15.8
Working Capital Days	160	168	144	127
Inventory Turnover Days	162	170	145	128
Receivables Days	7	10	9	9
Payables Days	39	40	41	42
Profitability Ratios				
RoCE (%)	12.9	16.9	14.9	15.2
RoE (%)	18.7	25.1	22.8	22.0
RoIC (%)	12.9	16.9	14.9	15.2

Source Company data, I-Sec research

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