Shanti Gold International Limited

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IPO Note **24th July 2025**

Company Overview

Shanti Gold International Ltd. (SGIL), incorporated in 2003, is one of the leading manufacturers of high-quality 22kt CZ casting gold jewellery in India, in terms of installed production capacity. The company specializes in designing and producing a wide range of gold jewellery, offering intricately crafted pieces such as bangles, rings, necklaces, and complete jewellery sets across various price points, ranging from jewellery for special occasions, such as weddings, to festive and daily-wear jewellery. SGIL operates a fully integrated in-house manufacturing facility, spanning 13,448.86 square feet in Andheri East, Mumbai, equipped to produce a variety of jewellery with precision and efficiency. The company has an installed manufacturing capacity of 2,700 kg per annum. Many of its pieces feature intricately studded gemstones in CZ casting gold, crafted by a team of designers using computer-aided design (CAD) technology. SGIL has received various accolades for its brand, and all its products are hallmarked by the Bureau of Indian Standards (BIS) and the company. The company is a member of the Gem & Jewellery Export Promotion Council and holds a lifetime membership with the All India Gems and Jewellery Trade Federation. The company's customer base spans 15 states and 2 union territories in India, and four international markets. A significant portion of its current presence is in South India, where the tradition of investing heavily in gold jewellery is deeply ingrained, with families often prioritizing substantial, intricate designs that reflect both wealth and cultural heritage. The emphasis on gold as an investment also drives higher expenditure in this region. The company further plans to expand its presence in North India by setting up a new manufacturing facility in Jaipur. Over the years, SGIL has built a reputation for delivering high-quality products and services, earning the trust and loyalty of its customers.

Objects of the issue

The company proposes to utilise the net proceeds towards funding of the following objects:

- ⇒ Funding of capital expenditure requirements towards setting up of the Proposed Jaipur Facility
- ⇒ Funding working capital requirements of the company;
- ⇒ Repayment and/or pre-payment, in full or part, of certain borrowings availed by the company; and
- ⇒ General corporate purposes.

Investment Rationale

Diverse product range supports client retention and global expansion

SGIL primarily focuses on its ability to develop and manufacture a wide variety of jewellery designs that cater to the diverse preferences of its clients. The company's in-house design team plays a crucial role in driving innovation, consistently creating new collections that reflect regional preferences across both domestic and international markets. Over the years, SGIL has built and maintained sustained relationships with its clients, including corporate clients, enabling it to effectively address the specific requirements of different customer segments. Its extensive product offerings support this capability, helping the company foster long-standing relationships with jewellery businesses such as Joyalukkas India Limited, Lalithaa Jewellery Mart Limited, Alukkas Enterprises Private Limited, Vysyaraju Jewellers Private Limited, and Shree Kalptaru Jewellers (I) Private Limited. Consistent product quality remains a key priority for SGIL, allowing it to meet client expectations and support their brand positioning. For wholesale jewellers, the company focuses on providing jewellery that offers a balance between quality and affordability. To enhance its presence among international jewellery businesses, distributors, and consumers, SGIL plans to expand into global markets, including the USA and the UAE, through participation in trade exhibitions. These exhibitions will provide the company with an opportunity to engage with potential buyers from across these regions, including wholesalers and jewellery distributors, establish partnerships, and collaborate with international distributors and brands. Participation in such events will also allow the company to gain insights into the preferences and trends of international markets, enabling it to refine its product offerings and adapt to the demands of such regions.

Integrated manufacturing facility ensures quality control

SGIL operates a fully integrated in-house manufacturing facility, which enables the company to maintain greater control over the product quality and consistently meet customer expectations. All key

Issue Details	
Offer Period	25th July 2025 - 29th July 2025
Price Band	Rs. 189 to Rs. 199
Bid Lot	75
Listing	BSE & NSE
Issue Size (no. of shares in mn)	18
Issue Size (Rs. in bn)	3.6
Face Value (Rs.)	10

Issue Structure	
QIB	50%
NIB	15%
Retail	35%

BRLM	Choice Capital Advisors Pvt. Ltd.
Registrar	Bigshare Services Pvt. Ltd.

Particulars	Pre Issue %	Post Issue %
Promoters and promoter group	99.98	74.89
Public	0.02	25.11
Total	**100.00**	**100.00**

(Assuming issue subscribed at higher band)

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functions, including design, manufacturing, and packaging, are carried out internally, allowing the company to create jewellery tailored to diverse customer preferences. SGIL is widely recognized for its craftsmanship, innovative designs, and strong manufacturing capabilities. The company utilizes advanced machinery such as casting machines, steamers, induction melters, and air compressors for manufacturing and processing operations. Additionally, a portion of its production process relies on outsourced labour, particularly the manual setting of stones that require high precision and craftsmanship. The company's Andheri East facility spans 13,448.86 square feet and is equipped to produce a wide range of jewellery. It has an installed manufacturing capacity of 2,700 kg per annum, allowing it to produce a wide range of jewellery efficiently. This integrated setup not only streamlines production but also enhances flexibility for customization and ensures consistent quality throughout the entire process. By keeping the entire manufacturing process under one roof, SGIL reduces dependence on external vendors, minimizes operational risks, and maintains product quality and timelines as per customer standards. This comprehensive control positions the company to adapt to market demands, introduce new and innovative designs, and deliver products that align with evolving customer demands in terms of both design and finish.

Valuation

Shanti Gold International Ltd., one of the leading manufacturers of high-quality 22kt CZ casting gold jewellery, specializes in the design and production of all types of gold jewellery. The company offers a wide range of intricately designed, high-quality pieces and has a presence in both domestic and international markets. Its fully integrated in-house manufacturing facility enables the company to manage key functions and maintain product quality in line with customer standards. SGIL has long-standing relationships with its clients and is actively working to expand its global footprint, particularly in the USA and the UAE. The Indian jewellery market is expected to grow at a CAGR of 9.7% between CY23 and CY29. This surge in demand can be attributed to the growing middle-class population and rising disposable income levels. As more individuals experience higher income, they become more capable of affording luxury items like gold jewellery. For this segment, gold jewellery is seen not only as a status symbol and a reflection of an improved lifestyle but also as a valuable investment. SGIL focuses on designing and manufacturing a wide variety of jewellery to cater to diverse regional and international preferences. This strategy is expected to help the company build partnerships, expand its distribution network, and adapt its offerings to evolving market trends. Financially, the company has demonstrated robust growth, with revenue growing at a CAGR of 27.6% between FY23 and FY25. EBITDA and net profit grew at CAGRs of 46.5% and 67.9%, respectively, during the same period. **On the upper band, the issue is priced at a P/E of 19.2x based on FY25 earnings, which aligns well with its peers. Given SGIL's strategic international expansion and established domestic client base, we recommend a "SUBSCRIBE" rating for the issue with a medium to long-term investment perspective.**

Key Risks

⇒ The company's significant portion of business operations and revenue generation is concentrated in Southern India, which accounted for 72.76% of its revenue from operations in FY25. This regional concentration exposes the company to various risks, including the economic vulnerability of these regions, shifts in consumer behavior, geopolitical, regulatory and local market risks such as natural disasters, infrastructure issues, or political instability, which could disrupt supply chains, operations, and sales in these regions.

⇒ The company's dependence on gold may expose it to market and demand fluctuations. Furthermore, the non-availability or high cost of quality gold could affect its ability to meet customer demand in a timely manner or lead to a decline in the quality of the jewellery produced, which may have an adverse effect on its business, results of operations, financial condition and prospects.

⇒ The company's business is dependent on its manufacturing capabilities at the Andheri Manufacturing Facility. Unplanned slowdowns, unscheduled shutdowns, or prolonged disruptions in its manufacturing operations, as well as an inability to effectively utilize its production capacity, could have an adverse effect on its business, results of operations, cash flows, and financial condition.

Shanti Gold International Limited

Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Revenue			
Revenue from Operations	6,794	7,114	11,064
Total revenue	**6,794**	**7,114**	**11,064**
Expenses			
Cost of materials consumed	6,248	6,939	10,170
Changes in inventories of Finished Goods, Work-in-progress and Stock-in-Trade	18	-442	-178
Employee benefits expenses	45	50	59
Other Expenses	56	69	97
Total operating expenses	**6,367**	**6,616**	**10,148**
EBITDA	**427**	**499**	**917**
Depreciation & amortisation expense	25	34	57
EBIT	**402**	**465**	**860**
Finance costs	121	143	192
Other Income	29	36	61
PBT	**310**	**358**	**728**
Tax expense			
Current Tax	110	97	182
Earlier year Tax	0	1	1
Deferred Tax	2	-8	-13
Total tax	**111**	**90**	**170**
Net Profit	**198**	**269**	**558**
Diluted EPS	**3.7**	**5.0**	**10.3**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Cash Flow from operating activities	-48	-130	-153
Cash flow from investing activities	-45	-51	13
Cash flow from financing activities	92	196	133
Net increase/(decrease) in cash and cash equivalents	**12**	**20**	**-1**
Cash and cash equivalents at the beginning of the period	**3**	**14**	**35**
Cash and cash equivalents at the end of the period	**14**	**35**	**34**

Source: RHP, BP Equities Research

Shanti Gold International Limited

Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	117	185	162
Capital Work-in-progress	60	78	89
Investment Property	219	215	238
Intangible Assets	0	0	0
Right-of-use asset	89	202	173
Financial assets			
(i) Investments	0	0	0
(ii) Other Financial Assets	49	18	23
Total Non Current assets	**533**	**699**	**684**
Current Assets			
Inventories	854	1,286	1,486
Financial Assets			
(i) Trade receivables	1,023	782	1,816
(ii) Cash and cash equivalents	14	35	34
(iii) Bank balances other than cash and cash equivalents	98	394	108
(iv) Other financial assets	1	9	2
Other current assets	45	49	68
Total Current Assets	**2,035**	**2,555**	**3,514**
Total Assets	**2,569**	**3,254**	**4,198**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	90	90	540
Other Equity	608	877	984
Total equity	**698**	**967**	**1,524**
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
(i) Borrowing	431	346	194
(ii) Lease Liabilities	11	106	68
(iii) Other Financial Liabilities	6	11	11
Deferred Tax Liability	81	72	59
Provisions	2	2	4
Total Non-Current Liabilities	**530**	**536**	**336**
Current Liabilities			
Financial Liabilities			
(i) Borrowing	1,205	1,637	2,136
(ii) Lease Liabilities	6	17	36
(iii) Trade Payables	63	45	61
(iv) Other Financial Liabilities	19	19	17
Other Current Liabilities	22	13	24
Short Term Provisions	25	19	66
Total Current Liabilities	**1,341**	**1,751**	**2,339**
Total Liabilities	**1,871**	**2,287**	**2,675**
Total Equity and Liabilities	**2,569**	**3,254**	**4,198**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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