

Shankesh Jewellers Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
18 August 2026	20 August 2026	₹88-93	Neutral

Investment Summary

Shankesh Jewellers Limited is a Mumbai-based **B2B handcrafted gold jewellery** company offering primarily 22K and 18K jewellery across bangles, bridal sets, chokers, jhumkas, rings and mangalsutras. The company follows an asset-light manufacturing model, outsourcing production to third-party Jobworkers and Karigars while focusing on designing, sourcing, quality control and customer servicing. Its pan-India customer base includes organised jewellery retailers such as Joyalukkas, Kalyan Jewellers, P. N. Gadgil & Sons and Novel Jewels. Revenue from operations increased from **₹1,061.78 Cr** in FY24 to **₹1,630.79 Cr** in FY26, while EBITDA and PAT reached **₹157.90 Cr and ₹106.68 Cr**, respectively. However, FY26 profitability was accompanied by a significant inventory build-up, with inventory increasing to **₹239.96 Cr**, inventory days rising to **54 days**. The IPO comprises a **Fresh Issue of 2,94,82,000** shares aggregating to **~₹274.18 Cr** and an **OFS of 1,00,00,000** shares aggregating to **₹93.00 Cr** at the upper price band. The company proposes to utilise ₹158 Cr towards repayment/prepayment of borrowings and ₹38 Cr towards working-capital requirements. While deleveraging should strengthen the balance sheet, concerns around cash-flow conversion, margin sustainability, working-capital intensity, supplier concentration and rising product returns warrant caution. Accordingly, we maintain a **Neutral stance**, with FY27 cash conversion and inventory normalisation being key monitorables.

Company Overview

Shankesh Jewellers Limited was originally incorporated as 'H. K. Gold Private Limited' in 2005, renamed 'Shankesh Jewellers Private Limited' in 2006, and subsequently converted into a public limited company as 'Shankesh Jewellers Limited' in April 2025. Headquartered in Mumbai's Zaveri Bazaar, the company is engaged in the B2B business of designing, sourcing and supplying handcrafted gold jewellery to customers across India. Its product portfolio comprises 22-karat and 18-karat gold jewellery, including bangles, bridal sets, chokers, jhumkas, rings, mangalsutras and other traditional jewellery across various designs and finishes. The company also provides customised job-work services, wherein customers provide bullion and design specifications for conversion into finished jewellery. Shankesh follows an asset-light manufacturing model, outsourcing its entire jewellery production to third-party Jobworkers and Karigars while retaining control over designing, sourcing, inventory management and quality assurance. In FY26, it was associated with 72 Jobworkers, of which 66 had formal agreements with the company. Its pan-India customer base includes both corporate and non-corporate jewellers, including Joyalukkas India, Kalyan Jewellers, P. N. Gadgil & Sons, P N Gadgil Jewellers, D.P. Abhushan and Novel Jewels (Aditya Birla Group). The business is managed by promoters Kantilal Kheemraj Jain, Mahavir Kantilal Jain and Manoj Kantilal Jain.

Business Model

Shankesh Jewellers Limited operates a B2B, asset-light gold jewellery business model, wherein it designs, sources and supplies handcrafted gold jewellery to corporate and non-corporate jewellers across India. The company does not undertake manufacturing in-house; instead, it outsources production to third-party Jobworkers and Karigars, enabling it to focus on product designing, customisation, sourcing, inventory management, quality control and customer servicing. In FY26, it was associated with 72 Jobworkers, of which 66 had formal agreements with the company. The company primarily sells 22-karat and 18-karat gold jewellery, with 22-karat jewellery forming the largest revenue contributor. In FY26, revenue comprised ₹1,395.996 Cr from 22K jewellery, ₹220.984 Cr from 18K jewellery and ₹13.807 Cr from job-work services. Under its custom job-work model, customers provide bullion and design requirements, while Shankesh coordinates production through its Jobworkers and delivers the finished jewellery. The model allows Shankesh to offer a wide variety of designs without investing in manufacturing infrastructure, while retaining control over design creation, product sourcing and final quality checks. Going forward, growth is expected to be driven by expanding its pan-India customer base, increasing product variety and strengthening relationships with large organised jewellery retailers, supported by additional working capital for higher inventory and sales volumes.

Investment Rationale

Established B2B Presence with Diversified Customer Base: Shankesh has built a pan-India B2B presence serving large organised jewellers such as Joyalukkas India, Kalyan Jewellers, P. N. Gadgil & Sons, P N Gadgil Jewellers and Novel Jewels. Its largest customer contributed only 6.12% of FY26 revenue, while the top 10 contributed 39.56%, providing reasonable customer diversification.

Asset-Light Manufacturing Model with Wide Product Offering: The company outsources its entire manufacturing to third-party Jobworkers and Karigars, allowing it to focus on designing, customisation, sourcing, inventory management and quality control without significant investment in manufacturing infrastructure. In FY26, it was associated with 72 Jobworkers, including 66 with formal agreements.

Strong Revenue Growth and Improving Profitability: Revenue from operations increased from ₹1,061.78 Cr in FY24 to ₹1,630.79 Cr in FY26, representing a 23.93% CAGR. In FY26, EBITDA stood at approximately ₹157.90 Cr with a 9.7% margin, while PAT reached ₹106.68 Cr with a 6.5% margin, reflecting significant improvement in operating profitability.

Strong Return Ratios and Improving Leverage: Shankesh reported ROCE of 41.6% and ROE of 50.9% in FY26, comparing favourably with several listed B2B jewellery peers. Its debt-to-equity ratio also improved from 1.82x in FY24 to 0.81x in FY26, indicating strengthening of the capital structure despite the working-capital-intensive nature of the business.

Well Positioned to Benefit from Organised Jewellery Growth: The company's relationships with established jewellery chains, wide handcrafted gold jewellery portfolio and pan-India distribution position it to benefit from increasing formalisation of the jewellery supply chain. Additional working capital from the IPO can support higher inventory levels, order volumes and expansion of its customer base.

Key Risk Factors

High Working Capital and Inventory Requirements: Shankesh operates in a working-capital-intensive jewellery business, requiring substantial investment in gold inventory and customer receivables. Inventory increased to ₹239.96 Cr in FY26, with inventory days rising to 54 days from 42 days in FY25. The company also reported negative operating cash flow of ₹23.11 Cr in FY25, indicating potential cash-flow pressure as the business scales.

Dependence on Third-Party Jobworkers and Karigars: The company outsources all manufacturing activities to third-party Jobworkers and Karigars, primarily located in Maharashtra. Any shortage of skilled artisans, production disruption, quality issues or deterioration in relationships with these parties could affect timely order fulfilment, product quality and profitability.

Volatility in Gold Prices: Gold constitutes the principal raw material for Shankesh, making its revenue, inventory value and working-capital requirements sensitive to fluctuations in gold prices. Sharp increases may reduce end-consumer demand and increase funding requirements, while sudden declines could affect realisation of procurement costs and inventory values.

Supplier Concentration and Absence of Long-Term Agreements: The company does not have long-term arrangements with raw-material suppliers. In FY26, its largest supplier accounted for 55.30% of purchases and top five suppliers accounted for 88.43%, creating significant procurement concentration. Any disruption or unfavourable pricing from key suppliers could affect operations and margins.

Product Returns and Quality-Control Risk: Customer product returns increased to ₹117.76 Cr in FY26, equivalent to 7.22% of revenue, compared with 5.23% in FY25 and 4.36% in FY24. Continued increases in returns due to design preferences or quality issues could lead to additional costs, inventory build-up and deterioration in customer relationships.

Customer and Geographic Concentration: The top 10 customers contributed 39.56% of FY26 revenue, while the top five states contributed 67.84%, exposing the company to customer-specific and regional demand risks. Further, Shankesh does not enter into long-term contracts with customers, resulting in limited visibility over future order volumes.

Financial Snapshot

Metric	FY24	FY25	In Cr FY26
Revenue from Operations	1,061.78	1,403.83	1,630.79
EBITDA	28.60	65.35	157.90
EBITDA Margin	2.69%	4.65%	9.68%
Profit After Tax (PAT)	12.82	40.31	106.68
PAT Margin	1.21%	2.87%	6.54%
Basic EPS (₹)	1.09	3.44	9.09

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Shankesh Jewellers Limited
IPO Issue Size	3,94,82,000 shares (agg. up to ₹367.18 Cr) Fresh Issue 2,94,82,000 shares (agg. up to ₹274.18 Cr) Offer for Sale 1,00,00,000 shares (agg. up to ₹93 Cr)
Price Band	₹88 – ₹93 per share
Face Value	₹5 per share
IPO Opening Date	18 August 2026
IPO Closing Date	20 August 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: 95.48% → Post-IPO: ~69.53%
Book Running Lead Managers	Aryaman Financial Services Limited, Smart Horizon Capital Advisors Private Limited
Use of Proceeds	• ₹158.00 Cr towards repayment/prepayment of borrowings, • ₹38.00 Cr towards working-capital requirements

Valuation and Outlook

At the upper price band of ₹93, Shankesh Jewellers is valued at a post-issue FY26 P/E of ~**12.81x**, based on diluted post-issue EPS of approximately **₹7.26**, implying a post-issue market capitalization of ~**₹1,367.39 Cr**. The RHP-listed peers, Shanti Gold International and Sky Gold & Diamonds, trade at approximately 10.04x and 34.86x P/E, respectively. While the valuation appears reasonable and the proposed **₹158 Cr** debt repayment should support lower finance costs and balance-sheet improvement, concerns remain around weak cash conversion, rising inventory and receivable days, supplier concentration and the sustainability of the sharp FY26 EBITDA-margin expansion to **9.68%**. Given the balanced risk-reward profile, we have a **Neutral stance**. Key monitorables include EBITDA-margin sustainability, inventory turnover, receivable days, operating cash-flow conversion, product returns and post-IPO deleveraging.

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