Retail Research	IPO Note
Sector: Gems and Jewellery	Price Band (Rs): 88 – 93
14th August 2026	Recommendation: NEUTRAL

Shankesh Jewellers Ltd.

Company Overview:

Shankesh Jewellers Ltd. is a Mumbai-based wholesale gold jewellery company with over 3 decades of experience, engaged in designing and supplying handcrafted jewellery and providing customised job-work services to corporate jewellery chains and regional jewellers across India. The company manages the entire jewellery creation process, including design development, procurement of gold, coordination with job-workers, finishing, quality control and delivery, and outsources the manufacturing process to a network of skilled karigars, primarily located in Mumbai. Its portfolio comprises of 22-karat and 18-karat gold jewellery across more than 30 product categories, including bangles, bridal jewellery, chokers, jhumkas, necklaces, mangalsutras, rings and combined jewellery sets in antique, semi-antique, temple, Calcutta, gheru, yellow gold, rose gold and rhodium-finish styles. Shankesh follows an asset-light manufacturing model and caters to corporate and non-corporate customers across more than 20 states in India.

Key Highlights:

1. Asset-Light and Scalable Business Model: Shankesh Jewellers outsources jewellery manufacturing to skilled job-workers and karigars, while focusing on design, gold procurement, inventory management, quality control and marketing. This model limits investment in manufacturing infrastructure, reduces fixed costs and allows the company to adjust production according to customer demand.

2. Wide and Diversified Handcrafted Gold Jewellery Portfolio: The company offers handcrafted 22-karat and 18-karat jewellery across antique, semi-antique, Calcutta, temple, gheru, yellow gold, rose gold and rhodium-finish categories. Its portfolio includes bangles, bridal jewellery, chokers, jhumkas, necklaces, mangalsutras, rings and customised sets, enabling customers to procure multiple product categories under one roof.

3. Established Customer Relationships Supporting Repeat Business: Shankesh Jewellers has developed relationships with corporate jewellery chains and regional jewellers by focusing on quality, customised designs, confidentiality and timely delivery. Its clientele includes Joyalukkas India, Kalyan Jewellers, P. N. Gadgil & Sons, Novel Jewels (Aditya Birla Group), D P Abhushan, etc with established relationships supporting repeat orders and opportunities to expand business with existing customers. The company's repeat customers accounted ~80% of total customers in FY26.

4. Long-Standing Relationships with Skilled Job-workers and Karigars: The company has long-standing relationships with specialised job-workers and karigars, primarily based in Mumbai. Shankesh was associated with 72 job-workers in FY26, of which 66 had entered into prescribed agreements with the company, enabling access to skilled artisans, production flexibility and customised craftsmanship without maintaining a large captive manufacturing facility.

View & Valuation: Shankesh Jewellers is a Mumbai-based wholesaler of handcrafted gold jewellery. The company has high working capital requirement with cash conversion cycle of 81 days in FY26. It has delivered Revenue/EBITDA/PAT CAGR of 23.9%/134.9%/188.4% respectively during FY24-FY26 period. EBITDA margin has expanded ~700 bps between this period to 9.7% which largely seems to be driven by the exponential rise in gold prices. At the upper price band of Rs 93, Shankesh Jewellers is valued at a post-issue FY26 P/E multiple of 12.8x which is largely at par with its industry peers. Since the company does not hedge its inventory currently, all the benefits of high gold prices in terms of inventory gains has contributed to the sharp profitability growth over the last two years. Hence, growth and margins are likely to moderate as the gold prices stabilize while the benefit of interest cost saving (~Rs 14 cr) will likely support FY27 profits. Thus, we assign a NEUTRAL rating to the issue and would like to track the performance of the company for a few quarters post-listing.

Issue Details	
Date of Opening	18th August 2026
Date of Closing	20th August 2026
Price Band (Rs)	88 – 93
Issue Size (Rs cr)	367 @ upper price band
Fresh Issue (Rs cr)	274 @ upper price band
Offer for Sale (Rs cr)	93 @ upper price band
No. of shares	3,94,82,000
Face Value (Rs)	5
Post Issue Market Cap (Rs cr)	1,367 @ upper price band
BRLMs	Aryaman Financial Services Ltd., Smart Horizon Capital Advisors Pvt. Ltd.
Registrar	KFIN Technologies Ltd.
Bid Lot	160 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NII shares	15%

Objects of Issue

Particulars	Estimated utilization (Rs cr)
Pre-payment or re-payment of borrowings	158.0
Funding working capital requirements	38.0
General corporate purposes*	-
Net proceeds from the issue	-

**To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

Shareholding Pattern

Pre-Issue	No. of Shares	%
Promoter & Promoter Group	11,22,32,400	95.5
Public & Others	53,17,020	4.5
Total	**11,75,49,420**	**100.0**

Post Issue	No. of Shares	%
Promoter & Promoter Group	10,22,32,400	69.5
Public & Others	4,47,99,020	30.5
Total	**14,70,31,420**	**100.0**

Selling Shareholders through OFS	Category	Number of shares
Kantilal Kheemraj Jain	Promoter	48,00,000
Manoj Kantilal Jain	Promoter	52,00,000
Total		**1,00,00,000**

Source: RHP, SBICAP Securities Research

Key Financials

Particulars (Rs cr)	FY24	FY25	FY26
Revenue from operations	1,062	1,404	1,631
EBITDA	29	65	158
EBITDA Margin (%)	2.7	4.7	9.7
PAT	13	40	107
PAT Margin (%)	1.2	2.9	6.5
EPS	1.1	3.4	9.1
RoE (%)	21.3	40.1	50.9
RoCE (%)	16.5	26.3	41.6
P/E (x)*	85.3	27.1	10.2

Note: Pre-issue P/E is based on upper price band
Source: RHP, SBICAP Securities Research

Risk Factors

- **Dependence on Third-Party Job-workers:** The company outsources its entire manufacturing process to third-party job-workers and karigars. Any shortage of skilled artisans, production disruption, quality lapse or delay in delivery could affect operations and customer relationships.
- **Working Capital Intensive:** The business requires substantial funds to maintain gold inventory and finance customer receivables. Inability to secure adequate working capital on acceptable terms could constrain growth and disrupt order fulfilment.
- **Gold-Price Volatility:** Fluctuations in gold prices can affect inventory values, procurement costs, consumer demand and profit margins. A sharp decline may limit recovery of procurement costs, while a steep increase could weaken jewellery demand.
- **Inventory and Transit Security:** The high value of gold exposes the company to theft, fraud, loss or damage at its premises, with job-workers and during transit. Insurance coverage may not fully compensate for financial losses or reputational damage.
- **Customer Concentration:** The company's top 10 customers contributed 39.6% of its revenue in FY26, up from 30.5% in FY25. Further, the company does not enter into long-term or exclusive contracts with customers, leaving order volumes dependent on ongoing requirements. The loss of a major customer, reduction in orders or increased pricing pressure from key clients could adversely affect revenue, profitability and cash flows.

Growth Strategies

- Capture market opportunities in the growing jewellery industry.
- Strengthen fund-based capacity, reduce debt dependence and scale business operations.
- Continue investing in marketing and brand-building initiatives.

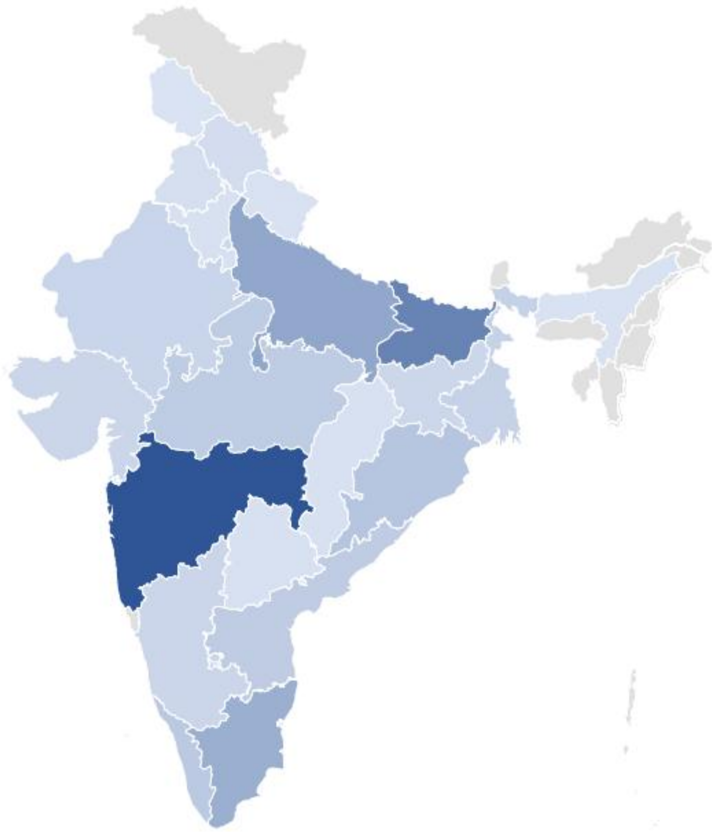
Top Client Revenue Concentration

Particulars	FY24		FY25		FY26	
	Revenue (Rs cr)	% of revenue	Revenue (Rs cr)	% of revenue	Revenue (Rs cr)	% of revenue
Top 1	56.8	5.4	90.6	6.5	99.8	6.1
Top 5	209.9	19.8	279.6	19.9	379.4	23.3
Top 10	325.1	30.6	427.8	30.5	645.1	39.6

Client-wise Revenue Mix Distribution

Particulars	FY24		FY25		FY26	
	Amount (Rs cr)	% of revenue	Amount (Rs cr)	% of revenue	Amount (Rs cr)	% of revenue
Corporate Clients	584.9	55.1	783.4	55.8	1,047.7	64.2
Non-Corporate Clients	476.9	44.9	620.4	44.2	583.1	35.8
Total Revenue from operations	**1,061.8**	**100.0**	**1,403.8**	**100.0**	**1630.8**	**100.0**

State-wise revenue distribution

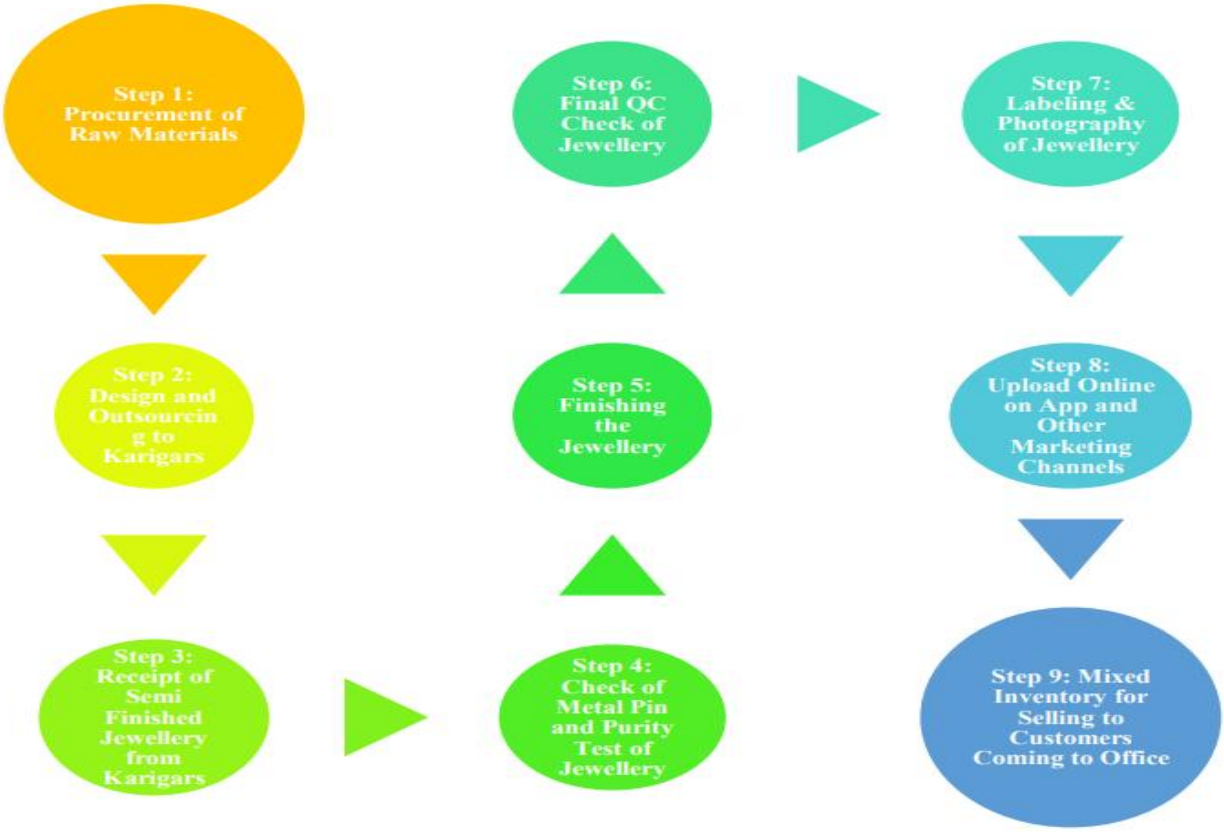


Top 5 States

States	FY26	
	Revenue from Operations	% of revenue
Maharashtra	415.2	25.5
Bihar	278.3	17.1
Uttar Pradesh	174.6	10.7
Tamil Nadu	152.6	9.4
Odisha	85.6	5.3

Source: RHP, SBICAP Securities Research

Business Process



Source: RHP, SBICAP Securities Research

Job Workers & Attrition rate

Particulars	FY24	FY25	FY26
Total number of job workers	90.0	87.0	72.0
Attrition rate of job workers (in %)	1.1	3.3	17.2

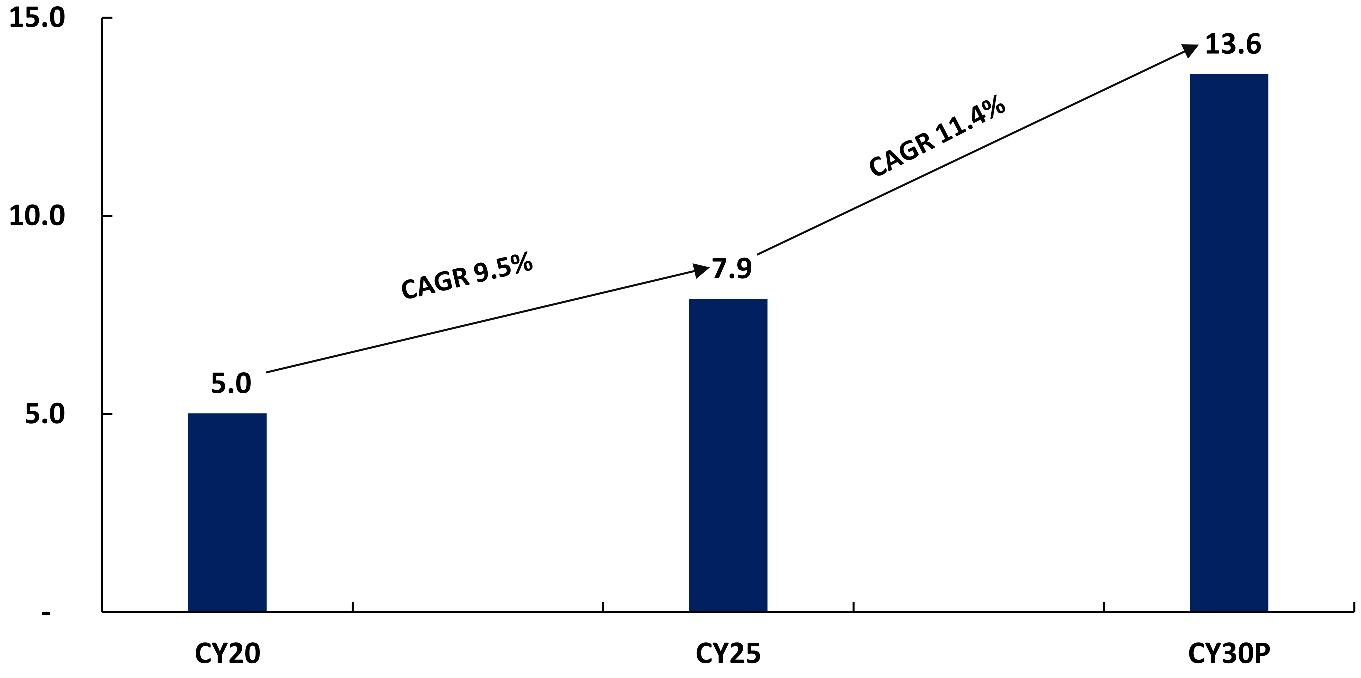
Revenue breakup between jewellery

Particulars (Rs cr)	FY24	FY25	FY26
Sales:			
22 Karat	1,396.0	1,345.7	1,034.7
18 Karat	221.0	45.9	18.0
Job Work	13.8	12.3	9.1
Total Sales	**1,630.8**	**1,403.8**	**1,061.8**

Source: RHP, SBICAP Securities Research

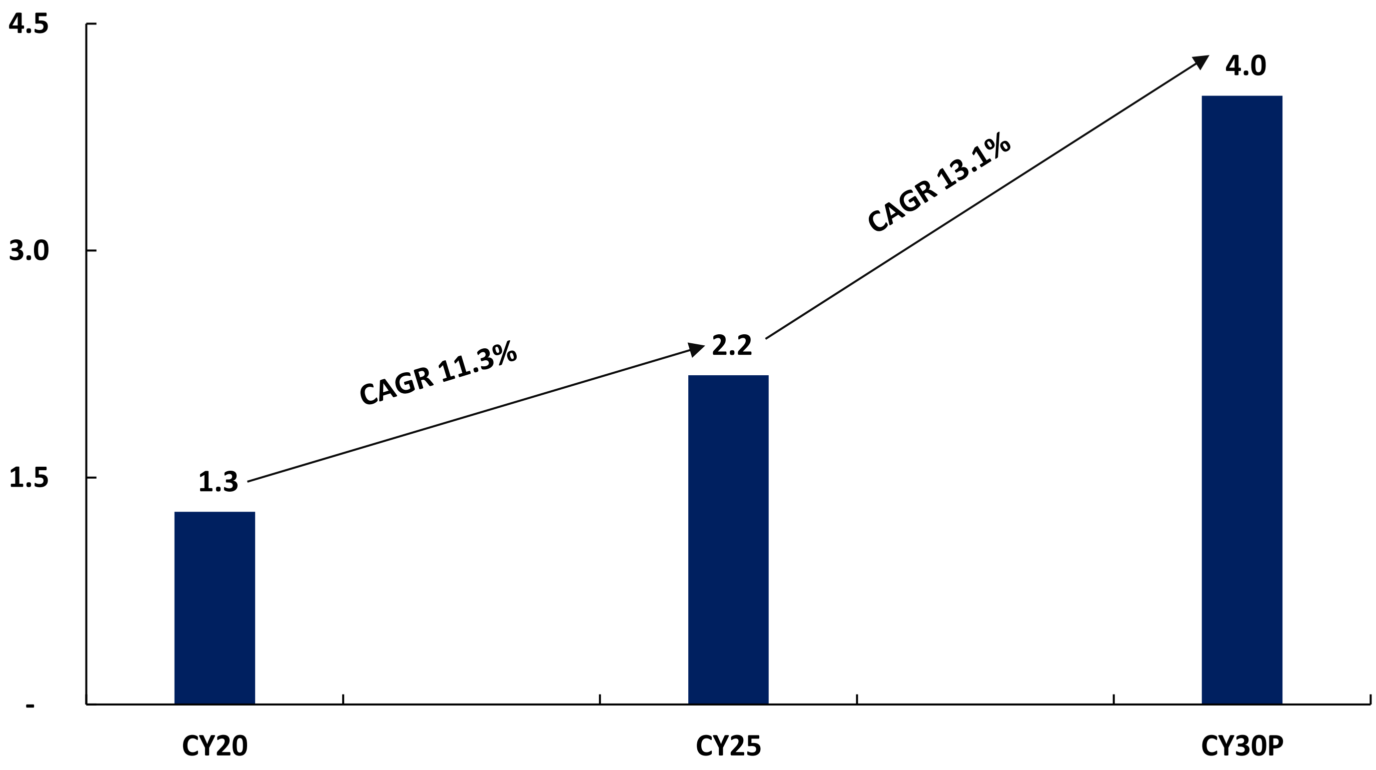
Industry Overview

Indian Gold Jewellery Industry Market Size (Rs Tn)



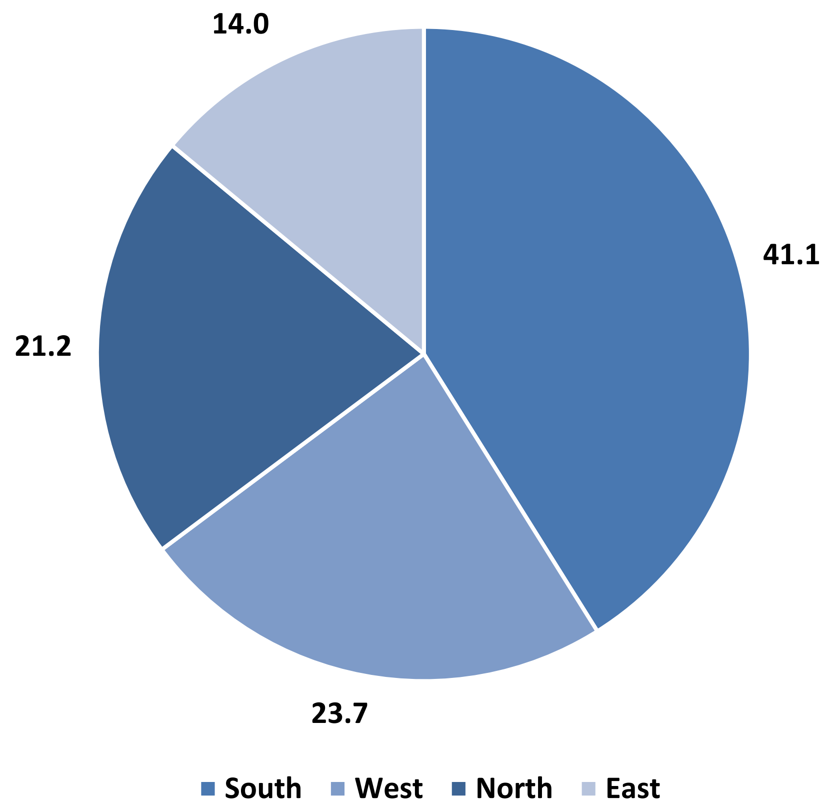
Source: RHP, SBICAP Securities Research

Indian Gold Jewellery Wholesale Market Size (Rs Tn)



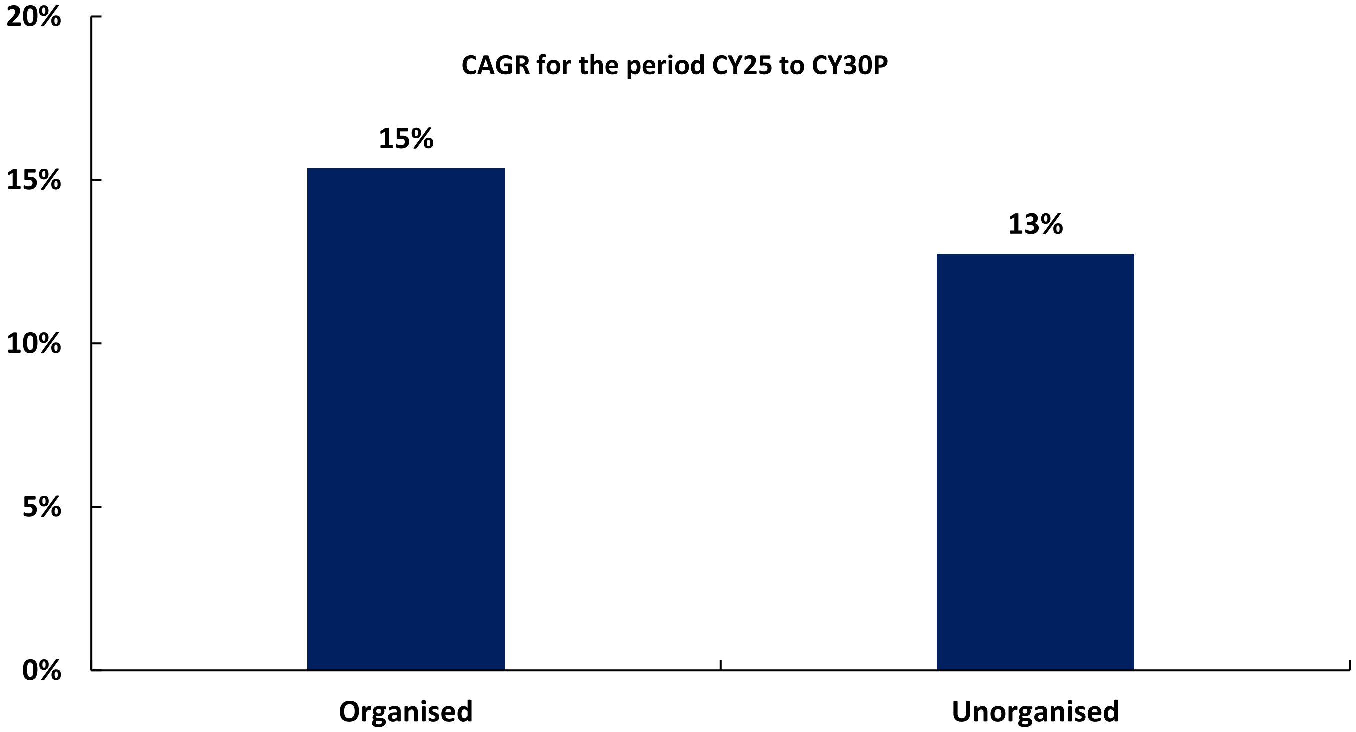
Source: RHP, SBICAP Securities Research

Indian Gold Jewellery Industry Breakup by Region (% Share) - CY25



Source: RHP, SBICAP Securities Research

Indian Wholesale Gold Jewellery Market Growth Rate



Source: RHP, SBICAP Securities Research

SWOT Analysis of Organised Jewellers in India

Source: RHP, SBICAP Securities Research

Peer Comparison – FY26

Particulars (Rs cr)	Shankesh Jewellers	Shanti Gold International	Sky Gold & Diamonds
CMP (Rs)	93	248	770
Mkt Cap.	1,367	1,899	11,925
Enterprise Value	1,260	2,055	12,568
Revenue from Operations	1,631	2,019	6,295
EBITDA	158	199	434
Net Profit	107	140	275
EBITDA Margin (%)	9.7	9.9	6.9
Net Profit Margin (%)	6.5	6.9	4.4
RoE (%)	50.9	23.4	22.9
RoCE (%)	41.6	25.3	22.0
P/E (x)	12.8	13.6	43.4
EV/EBITDA (x)	8.1	10.3	29.0
EV/Sales (x)	0.8	1.0	2.0

For Shankesh Jewellers Limited the Market cap, P/E(x), EV/EBITDA (x) & EV/Sales (x) are calculated on post-issue equity share capital based on the upper price band.

CMP for peer company is closing price on 14th August, 2026.

Financial Snapshot

INCOME STATEMENT			
Particulars (Rs cr)	**FY24**	**FY25**	**FY26**
Revenue from Operations	**1,061.8**	**1,403.8**	**1,630.7**
YoY growth (%)	-	*32.2%*	*16.2%*
COGS (incl Stock Adj)	1,016.4	1,325.8	1,450.4
Gross Profit	**45.4**	**78.1**	**180.3**
Gross margin (%)	***4.3%***	***5.6%***	***11.1%***
Employee Cost	14.5	9.7	15.1
Other Operating Expenses	2.3	3.1	7.4
EBITDA	**28.6**	**65.3**	**157.8**
EBITDA margins (%)	***2.7%***	***4.7%***	***9.7%***
Other Income	0.1	0.1	0.1
Interest Exp.	10.7	10.6	13.3
Depreciation	0.8	0.8	1.3
PBT	**17.2**	**54.0**	**143.3**
Exceptional item	-	-	-
Tax	4.4	13.7	36.7
Share of profit of associates and JVs	-	-	-
Minority Interest	-	-	-
Profit/(Loss) from discontinued operations	-	-	-
PAT	**12.8**	**40.3**	**106.6**
PAT margin (%)	***1.2%***	***2.9%***	***6.5%***
EPS (Rs)	**1.1**	**3.4**	**9.1**

BALANCE SHEET			
Particulars (Rs cr)	**FY24**	**FY25**	**FY26**
Assets			
Net Block	1.2	3.4	2.5
Right of use assets	1.2	0.7	0.5
Capital WIP	-	-	12.5
Goodwill	-	-	-
Other Non-current Assets	0.6	1.7	1.6
Current Assets			
Current Investment	-	0.4	0.5
Inventories	131.4	161.6	240.0
Trade receivables	39.9	78.9	126.4
Cash and Bank Balances	0.2	0.0	0.0
Short-term loans and advances	0.1	0.0	0.0
Other Current Assets	2.6	2.9	19.7
Total Current Assets	**174.1**	**243.8**	**386.7**
Current Liabilities & Provisions			
Trade payables	0.1	0.7	3.0
Other current liabilities	6.5	2.2	23.0
Short-term provisions	0.1	0.1	0.2
Total Current Liabilities	**6.7**	**3.0**	**26.2**
Net Current Assets	**167.4**	**240.8**	**360.5**
Assets Classified as held for sale	-	-	-
Total Assets	**170.3**	**246.5**	**377.6**
Liabilities			
Share Capital	2.8	9.8	58.8
Reserves and Surplus	57.5	90.8	150.7
Total Shareholders' Funds	**60.3**	**100.6**	**209.4**
Minority Interest	-	-	-
Total Debt	**108.6**	**144.8**	**167.3**
Long Term Provisions	0.2	0.3	0.3
Lease Liabilities	1.2	0.8	0.5
Other Long-Term Liabilities	-	-	-
Net Deferred Tax Liability	-	-	-
Total Liabilities	**170.3**	**246.5**	**377.6**

Particulars (Rs cr)	FY24	FY25	FY26
Cash flow from Operating Activities	1.5	(23.1)	0.3
Cash flow from Investing Activities	(1.0)	(2.9)	(12.7)
Cash flow from Financing Activities	(0.5)	25.8	12.4
Capex	(1.2)	(2.8)	(12.7)
Free Cash Flow	0.3	(25.9)	(12.4)

RATIOS			
Particulars	**FY24**	**FY25**	**FY26**
Profitability			
Return on Capital Employed	16.5%	26.3%	41.6%
Return on Equity	21.3%	40.1%	50.9%
Margin Analysis			
Gross Margin	4.3%	5.6%	11.1%
EBITDA Margin	2.7%	4.7%	9.7%
Net Profit Margin	1.2%	2.9%	6.5%
Short-Term Liquidity			
Current Ratio (x)	1.5	1.6	2.0
Quick Ratio (x)	0.4	0.6	0.8
Avg. Days Sales Outstanding	14	21	28
Avg. Days Inventory Outstanding	45	42	54
Avg. Days Payables	0	0	1
Fixed asset turnover (x)	916.9	417.9	644.3
Debt-service coverage (x)	0.2	0.4	0.9
Long-Term Solvency			
Total Debt / Equity (x)	1.8	1.4	0.8
Interest Coverage Ratio (x)	2.6	6.1	11.7
Valuation Ratios*			
EV/EBITDA (x)	42.0	18.9	8.0
P/E (x)	85.3	27.1	10.2
P/B (x)	18.1	10.9	5.2
EV/Sales (x)	1.1	0.9	0.8
Market Cap/Sales (x)	1.0	0.8	0.7

***Valuation ratios are based on pre-issue capital at the upper price band**

Source: RHP, SBICAP Securities Research

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