SHANTI GOLD INTERNATIONAL LIMITED

July 23, 2025

SMC Ranking

★★☆☆☆ (2/5)

Issue Highlights

Industry	Gems and Jewellery
Fresh Issue (Shares)	18,096,000
Net Offer to the Public	**18,096,000**
Issue Size (Rs. Cr.)	342.01-360.11
Price Band (Rs.)	189-199
Offer Date	25.7.2025
Close Date	29.7.2025
Face Value	10
Lot Size	75

Issue Composition

	In shares
Total Issue for Sale	18,096,000
QIB	9,048,000
NIB	2,714,400
Retail	6,333,600

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	99.98%	74.89%
QIB	0.00%	12.55%
NIB	0.00%	3.76%
Retail	0.02%	8.80%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

Funding of capital expenditure requirements towards setting up of the Proposed Jaipur Facility

Funding working capital requirements of theCompanye Repayment and/or pre-payment, in full or part, of certain borrowings availed by the Company; and

General corporate purposes.

Book Running Lead Manager

- Choice Capital Advisors Private Limited

Name of the registrar

- Bigshare Services Private Limited

About the company

Shanti Gold International Limited, incorporated in 2003, is engaged in the manufacturing of high-quality 22kt CZ casting gold jewellery. The company offers a diverse portfolio of intricately designed bangles, rings, necklaces, and sets, catering to daily wear as well as festive and bridal occasions across varied price points. With a fully integrated in-house setup for design, production, and packaging, Shanti Gold ensures stringent quality control. Its 13,448.86 sq. ft. manufacturing facility in Andheri East, Mumbai, has an annual capacity of 2,700 kg. The company employs advanced machinery and skilled outsourced labor for precision tasks such as manual stone setting. A dedicated team of 80 CAD designers creates over 400 gemstone-studded CZ designs each month. Shanti Gold has built enduring relationships with leading jewellery brands, including Joyalukkas, Lalitha Jewellery, Alukkas Enterprises, Vysyaraju Jewellers, and Shree Kalptaru Jewellers. As of May 31, 2025, it operates across 15 states and one union territory, with a presence in key cities like Mumbai, Bangalore, Chennai, and Hyderabad.

Strength

Wide Range of Jewellery Designs Driven by Experts: Shanti Gold International Limited designs and manufactures 22kt CZ gold jewellery, offering a broad portfolio of intricately crafted bangles, rings, necklaces, and complete sets across price ranges—from bridal and festive wear to daily use. Its strength lies in delivering diverse, high-quality designs tailored to varying consumer preferences. The company maintains longstanding relationships with leading jewellery brands such as Joyalukkas, Lalithaa Jewellery, Alukkas Enterprises, Vysyaraju Jewellers, and Shree Kalptaru Jewellers. With operations across 15 states, two union territories, and four international markets, Shanti Gold has built customer trust through consistent quality, reliability, and a strong focus on client satisfaction.

CAD-Driven Innovation and Market Reach: Shanti Gold International Limited integrates modern technology in design, employing a team of 79 in-house CAD designers as of May 31, 2025. The team develops over 400 CZ-studded gold jewellery designs monthly, catering to regional and international consumer preferences. This continuous innovation allows the company to stay ahead in a competitive market. Complementing the design team is a 21-member sales and marketing team, which bridges customer insights with product delivery. Together, they ensure that bespoke jewellery collections are effectively marketed and aligned with the aesthetic, cultural, and budgetary expectations of both jewellery businesses and their end consumers.

Complete In-House Manufacturing Ensuring Quality: Shanti Gold International Limited operates a fully integrated in-house manufacturing setup, enabling strict quality control across design, production, and packaging. Its 13,448.86 sq. ft. facility in Andheri East, Mumbai, houses advanced equipment like casting machines, steamers, induction melters, and air compressors. With an installed capacity of 2,700 kg per annum, the company ensures precision and efficiency. While key processes are automated, skilled outsourced labour is engaged for tasks like manual stone setting to ensure artisanal quality. This integration reduces vendor reliance, ensures timely production, supports customization, and enhances the company's ability to meet evolving consumer expectations in design and craftsmanship.

Experienced Promoters with Proven Execution Capabilities: Shanti Gold International Limited's growth is anchored in the industry expertise of its Promoters. Pankajkumar H. Jagawat and Manojkumar N. Jain each bring over 20 years of experience, while Shashank

Bhawarlal Jagawat has 16 years of sectoral knowledge. These Promoters also serve as directors in related entities, including Utssav CZ Gold Jewels, Uzuri Jewels, and Shanti Gold & Diamond Jewellery Private Limited. Their extensive network has helped the company scale operations and strengthen stakeholder ties. As of the Red Herring Prospectus date, they collectively hold 99.96% of the pre-issue equity, positioning the company for sustained growth and strategic leadership in the jewellery market.

Financially Stable Business Model: Shanti Gold International Limited has demonstrated consistent growth through operational excellence and a focus on design, quality, and customer satisfaction. The company has scaled its operations organically and shown rising revenues and profitability over the past three fiscals. Its revenue from operations rose from Rs. 679.40 crore in FY23 to Rs. 1,106.41 crore in FY25. EBITDA increased from Rs. 45.57 crore to Rs. 97.71 crore, with EBITDA margin improving to 8.83% in FY25. Net profit grew from Rs. 19.82 crore to Rs. 55.84 crore, with margins rising from 2.92% to 5.05%. Return on Net Worth stood at 44.85% in FY25, and Return on Capital Employed at 25.70%. With a manageable debt-equity ratio of 1.60 and working capital cycle of 109 days, the company maintains a robust financial model.

Established Relations with Corporate Jewellery Clients: Shanti Gold International Limited has built enduring relationships with leading corporate jewellery brands such as Joyalukkas, Lalithaa Jewellery, Alukkas Enterprises, Vysyaraju Jewellers, and Shree Kalptaru Jewellers. By offering a wide range of custom designs tailored to evolving market trends and regional preferences, the company effectively meets the unique demands of each client segment. Its emphasis on quality control ensures that products align with the expectations of both luxury brands and wholesale jewellers. These partnerships, supported by strong product delivery and pricing strategy, have been instrumental in building trust and sustaining long-term business across India's rapidly growing retail sector.

Strategy

Capturing Market Opportunities in the Growing Jewellery Industry: Shanti Gold International Limited operates within India's thriving jewellery market, valued at Rs. 4,115 billion in CY23, growing at a 31.5% CAGR from CY20–CY23. Despite a 2% volume dip in CY23, rising gold prices and disposable incomes among India's expanding middle class drive demand. The market is projected to reach Rs. 7,162 billion by CY29 at a 9.7% CAGR. With current production at 1,566.05 kg out of a 2,700 kg capacity, the company plans to add 1,200 kg via a Proposed Jaipur Facility. Approvals are in process, and LOIs for machine-made plain gold jewellery have been secured to support product diversification and growth.

Geographical Expansion in North India: Shanti Gold International Limited sees strong potential for growth in North India, where evolving consumer preferences favour lightweight, modern gold jewellery. The company recorded revenues of Rs. 36.33 crore in FY25, Rs. 32.49 crore in FY24, and Rs. 48.15 crore in FY23 from Punjab, representing 3.28%, 4.57%, and 7.09% of total operational revenue, respectively. This regional foothold in Punjab offers a strategic launchpad to expand across Haryana and Rajasthan. While the company's current dominance lies in Southern India, Shanti Gold International Limited aims to grow its North Indian market share by leveraging regional preferences and expanding its presence in high-potential states.

Penetrate New Clients Within the Existing Export Countries: Shanti Gold International Limited plans to deepen its global footprint by targeting clients in current export markets like the USA and UAE. The global gold jewellery market, valued between USD 235–245 billion in CY23, is expected to reach USD 247–257 billion by 2028 at a 5% CAGR. Gold's investment appeal and rising incomes fuel international demand. By actively participating in trade exhibitions in these regions, Shanti Gold seeks to enhance visibility, form distributor partnerships, and tailor offerings to regional preferences. These efforts aim to strengthen its brand, increase sales, and refine its product line based on global trends and insights.

Augmenting Working Capital for Scalable Business Operations: In H1CY24, India's gold

demand rose to 289 tonnes from 281 tonnes in H1CY23. To support this growth, Shanti Gold International Limited is strengthening its working capital. As of May 31, 2025, it held Rs. 203.46 crore in fund-based and Rs. 10.17 crore in non-fund-based working capital facilities. To meet raw material needs and maintain stock levels, the company plans to utilize Rs. 200 crore from the public issue proceeds for working capital. With demand rising and new production lines, like the Jaipur Facility, being developed, enhanced capital will improve flexibility, manage risks, and enable long-term scalability in operations and market expansion.

Risk Factor

- **Customer Concentration Risk:** The top 10 customers accounted for 34.49%, 36.43%, and 33.17% of revenue in Fiscals 2025, 2024, and 2023, respectively. The loss of any key customer, deterioration in their financial health, or a decline in their demand could materially impact the Company's business, financial results, and cash flows.
- **Geographic Concentration Risk:** A substantial portion of the Company's operations and revenue—72.76% in Fiscal 2025—is concentrated in Southern India, exposing it to region-specific economic, cultural, geopolitical, and market risks.
- **Product Concentration and Expansion Risk:** The business is heavily reliant on sales of 22kt CZ jewellery. While plans are in place to diversify into machine-made plain gold jewellery at the upcoming Jaipur facility, this expansion is subject to risks such as fluctuating consumer preferences, project delays, and potential cost overruns.

Peer Comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Sky Gold Limited	3956.23	155.01	9.04	37.84	7.34	46.61	10.00	342.05	5017.83
RBZ Jewellers Limited	530.15	38.81	9.70	14.60	2.31	61.26	10.00	141.60	566.40
Shanti Gold International Ltd.	1106.41	55.84	10.34	25.69	3.13	63.59	10	199.00	1434.71

***Peer companies financials are TTM based**
****Shanti Gold International Ltd. financials are based on FY2025**

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.199, the stock is priced at pre issue P/E of 19.24 x on an FY25 EPS of Rs.10.34. Post issue, the stock is priced at a P/E of 25.69x on its EPS of Rs. 7.75. Looking at the P/B ratio at Rs. 199 pre issue, book value of Rs. 18.22 of P/Bvx 10.92x. Post issue, book value of Rs.63.59 of P/Bvx 3.13x.

Considering the P/E valuation, on the lower end of the price band of Rs.189, the stock is priced at pre issue P/E of 18.28 x on an FY25 EPS of Rs. 10.34. Post issue, the stock is priced at a P/E of 24.40x on its EPS of Rs. 7.75. Looking at the P/B ratio at Rs. 189 pre issue, book value of Rs. 18.22 of P/Bvx 10.37x. Post issue, book value of Rs.63.59 of P/Bvx 2.97x.

Industry Outlook

In CY24 the Indian jewellery market is expected to grow by 13.1% y-o-y to Rs. 4,653 billion. Furthermore, the market is expected to grow at a compounded annual growth rate (CAGR) of 9.7% between CY23 and CY29 to Rs 7,162 billion. In India, the surge in demand for gold jewellery can be attributed to the growing middle-class population and their increasing disposable income levels. As more individuals experience higher income levels, they are more capable of affording luxury items like gold jewellery. These growing middle-class views gold jewellery as a status symbol, a reflection of their improved lifestyle, and a worthwhile investment.

Outlook

Shanti Gold International Limited is well-positioned for growth, leveraging design innovation, in-house manufacturing, and strong client relationships. Strategic capacity expansion and market penetration in North India and global regions like the USA and UAE support long-term scalability. However, reliance on key customers, regional concentration in Southern India, and execution risks from new product diversification present challenges. With experienced promoters and a sound financial base, the company is poised for sustainable growth.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	25-July-25
BID/ISSUE CLOSES ON	29-July-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	30-July-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	31-July-25
Credit of Equity Shares to Demat Accounts of Allottees	31-July-25
Commencement of trading of the Equity Shares on the Stock Exchanges	01-August-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from Operations	1106.41	711.43	679.4
Operating Expenses	1014.76	661.58	636.7
Operating Profit	**91.65**	**49.85**	**42.7**
OPM%	12.07	14.27	15.91
Other Income	6.06	3.6	2.87
Total Net Income	**97.71**	**53.45**	**45.57**
Finance Costs	19.22	14.28	12.13
PBDT	**78.49**	**39.17**	**33.44**
Depreciation and Amortization Expenses	5.66	3.35	2.49
Profit before Depreciation and Exceptional items	**72.83**	**35.82**	**30.95**
Exceptional Items	0	0	0
PBT	**72.83**	**35.82**	**30.95**
Tax Expenses	16.99	8.96	11.14
PAT	**55.84**	**26.86**	**19.81**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-25	As on 31-Mar-24	As on 31-Mar-23
ASSETS			
Non -Current Assets			
(a) Property, Plant and Equipment	16.16	18.52	11.72
(b) Capital Work-in-progress	8.92	7.85	5.95
(c) Investment Property	23.75	21.47	21.89
(d) Intangible Assets	0.00	0.01	0.01
(e) Right-of-use asset	17.29	20.20	8.88
(f) Financial Assets	0.00	0.00	0.00
(i) Investments	0.00	0.00	0.00
(ii) Other Financial Assets	2.30	1.82	4.89
Total non current asets	**68.43**	**69.87**	**53.35**
Current Assets			
(a) Inventories	148.58	128.60	85.39
(b) Financial Assets	0.00	0.00	0.00
(i) Trade receivables	181.65	78.23	102.33
(ii) Cash and cash equivalents	3.37	3.46	1.41
(iii) Bank balances other than cash and cash equivalents	10.82	39.43	9.80
(iv) Other financial assets	0.21	0.88	0.13
(d) Other current Assets	6.77	4.94	4.48
Total current assets	**351.40**	**255.53**	**203.54**
Total Assets	**419.83**	**325.40**	**256.88**
Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowing	19.43	34.62	43.07
(ii) Lease Liabilities	6.79	10.57	1.14
(iii) Other Financial Liabilities	1.08	1.08	0.59
(b) Deferred Tax Liability	5.90	7.21	8.05
(c) Provisions	0.37	0.17	0.18
Total non current liabilities	**33.56**	**53.65**	**53.03**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowing	213.57	163.74	120.50
(ii) Lease Liabilities	3.62	1.75	0.63
(iii) Trade Payables	0.00	0.00	0.00
(a) Dues of micro enterprises and small enterprises	1.75	1.97	1.57
(b) Dues of creditors other than micro enterprises and small	0.00	0.00	0.00
enterprises	4.32	2.49	4.72
(iv) Other Financial Liabilities	1.69	1.94	1.95
(b) Other Current Liabilities	2.36	1.30	2.20
(c) Short Term Provisions	6.59	1.89	2.49
Total current liabilities	**233.89**	**175.08**	**134.05**
TOTAL	**267.45**	**228.73**	**187.08**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	54.00	9.00	9.00
(b) Other Equity	98.37	87.67	60.81
TOTAL	152.37	96.67	69.81

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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