Shanti Gold: Growth Guidance Intact

BUY

August 17, 2026 | CMP: INR 247 | Target Price: INR 350

Expected Share Price Return: 41.6% I Dividend Yield: 0.0% I Potential Upside: 41.6%

Sector View: Positive

Change in Estimates	✔
Change in Target Price	✘
Change in Recommendation	✘

Company Info	
BB Code	SHANTIGOLD
Face Value (INR)	10.0
52-week High/Low (INR)	274 / 155
Mkt Cap (Bn)	INR 18.9 / USD 0.2
Shares o/s (Mn)	72.0
3M Avg. Daily Volume	12,79,943

Change in CIE Estimates

	FY27E			FY28E		
INR Bn	**New**	**Old**	**Dev. (%)**	**New**	**Old**	**Dev. (%)**
Revenue	33.0	34.3	(3.7)	52.4	54	(3.0)
EBITDA	2.4	2.7	(12.9)	3.1	3.3	(5.5)
EBITDAM%	7.1	7.9	(8)Bps	6.0	6.0	(0)bps
PAT	1.7	1.9	(12.8)	2.2	2.2	(0.7)
EPS (INR)*	23.0	28.5	(19.3)	30.4	33.9	(10.5)

** Increase in number of shares*

Actual vs CIE Estimates

INR Mn	Q1FY27A	CIE Est.	Dev.%
Revenue	7,164	6,617	8.3
EBITDA	715	596	20.0
EBITDAM %	10.0	9.0	97 Bps
PAT	505	400	26.1

Key Financials

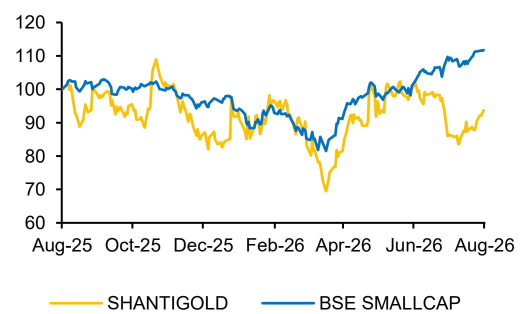
INR Bn	FY26	FY27E	FY28E	FY29E
Revenue	20.2	33.0	52.4	71.8
YoY (%)	82.5	63.7	58.5	37.2
EBITDA	2.0	2.4	3.1	4.3
EBITDAM %	9.9	7.1	6.0	6.0
Adj PAT	1.4	1.7	2.2	3.0
EPS (INR)	21.2	23.0	30.4	41.9
ROE %	38.1	22.6	22.5	24.5
ROCE %	32.8	24.1	24.5	26.3
PE(x)	11.6	10.7	8.1	5.9
EV/EBITDA	9.0	8.1	6.5	4.9

Shareholding Pattern (%)

	Jun-26	Mar-26	Dec-25
Promoters	74.89	74.89	74.89
FIIs	1.92	2.18	2.21
DIIs	1.58	2.13	2.29
Public	21.56	20.80	20.61

Relative Performance (%)

YTD	9M	6M	3M
BSE SMALLCAP	8.9	17.4	11.0
SHANTIGOLD	1.9	6.5	10.9



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[B2B Jewellery Story_Thematic]

Maintain growth guidance; manufacturing scale-up sets stage for accelerated growth: SHANTIGOLD reported a strong Q1FY27 performance, supported by **61.6% YoY volume growth,** driven by new customer additions, increasing wallet share from existing customers and the rollout of new designs. **Q2FY27 demand outlook remains encouraging, with management indicating strong order traction across both, domestic and export markets.**

Management has **maintained its FY27 guidance of 50–60% revenue growth (30–40% volume growth) and EBITDA Margin guidance of 7.5–8.0%,** while indicating that **guidance could be revised upwards** if demand remains strong, particularly in H2FY27.

The INR-1.0 Bn rights issue will primarily support the company's growth trajectory, including **gold inventory and incremental working capital requirements**.

Capacity expansion and geographic diversification create a multi-year growth runway

The newly commissioned 4,000 kg p.a Marol facility commenced operations in June. This takes the **total Mumbai capacity to ~6,700 kg p.a. including Andheri.** The upcoming 1,200 kg p.a Jaipur facility is **expected to commence by mid Nov-Dec,** taking the **total installed capacity to ~7,900 kg p.a.** Simultaneously, SHANTIGOLD is expanding its customer and geographic footprint, with **exports at ~4% of Q1FY27 revenue** and the upcoming Dubai office providing a platform for international growth.

Valuation: We value the company using the DCF approach and maintain our TP of INR 350, with a 41.6% upside and a '**BUY'** rating. **This equates to an implied PE of 11.5x on FY28 EPS** and a **PEG ratio of 0.46.**

Q1FY27 Result: Strong operating performance

- Volume was up 61.6% YoY and down 2.4% QoQ to 522 Kgs
- Revenue was up 145% YoY and up 9% QoQ to INR 7,164 Mn (vs. CIE estimates of INR 6,617 Mn). Volume growth stood at 62% YoY
- EBITDA was up 39% YoY and up 6.6% QoQ to INR 715 Mn (vs. CIE estimates of INR 596 Mn). EBITDA margin was down 758 bps YoY and down 20 bps QoQ to 10.0% (vs. CIE estimates of 9%). EBITDA margin includes 2% to 2.5% inventory gain impact due to a change in inventory method from FIFO to weighted average method
- PAT was up 47% YoY and down 3% QoQ to INR 505 Mn (vs. CIE estimates of INR 400 Mn)

Shanti Gold International Ltd.	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Volume (Kgs)	522	323	61.6	535	(2.4)
Revenues (INR Mn)	7,164	2,928	144.7	6,589	8.7
COGS	6,384	2,379	168.3	5,848	9.2
Gross Profit (INR Mn)	780	549	42.2	741	(0.4)
Gross Margin (%)	10.9%	18.7%	(785)bps	11.2%	(36)bps
Employee Cost	22	16	39.9	21	4.8
Other Expenses	44	19	132.4	50	(12.8)
EBITDA (INR Mn)	715	514	39.0	670	6.6
EBITDA Margin (%)	10.0%	17.6%	(758)bps	10.2%	(20)bps
Depreciation	22	14	54.0	17	29.5
EBIT (INR Mn)	693	500	38.6	653	6.0
EBIT Margin (%)	9.7%	17.1%	(740)bps	9.9%	(24)bps
Other Income	17	12	44.9	34	(50.5)
Interest	57	52	8.3	45	27.6
PBT	653	459	42.2	643	1.6
Tax	148	115	28.0	123	19.9
PAT (INR Mn)	505	344	46.9	519	(2.8)
Basic EPS (INR)	7.0	6.4	10.2	7.9	(10.8)

Source: SHANTIGOLD, Choice Institutional Equities

Management Call – Highlights

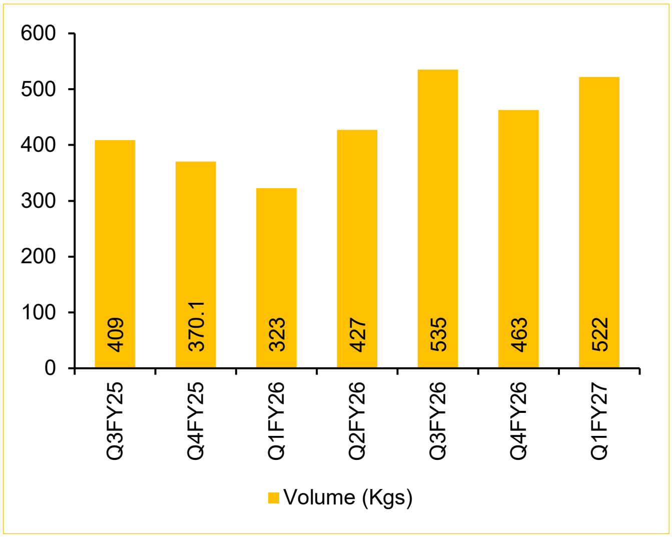
Strong volume led growth with Q1 volumes reaching ~522 kg, up 61.6% YoY (FY26: 1,748 kg, up 15.2%) led by new customer addition, increasing wallet share and new designs

Q2FY27 demand outlook remains encouraging, with management indicating strong order traction across both domestic and export markets and expecting the quarter to be good.

Due to the high volatility in gold prices, the company had earlier reduced its reliance on GML, but with gold prices now relatively stable, it has started using GML again. GML will potentially reduce exposure to outright gold price movements.

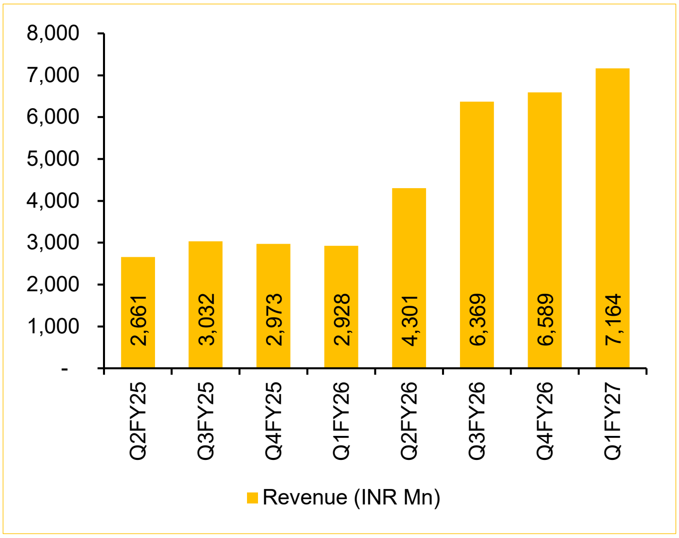
- **Strong volume led growth** with Q1 volumes reaching ~522 kg, up 61.6% YoY (FY26: 1,748 kg, up 15.2%) led by new customer addition, increasing wallet share and new designs
- Rights Issue: SHANTIGOLD will raise **INR 1 Bn through rights issue** at INR 215/share. Management intends to use the proceeds to purchase gold inventory and for incremental working-capital requirements as the company scales up
- GML: Due to the **high volatility in gold prices**, the company had earlier reduced its reliance on GML, but, with gold prices now relatively stable, it has **started using GML again. This will potentially reduce exposure to outright gold price movements.**
- **Working capital will remain elevated:** Higher growth, new facilities and international expansion will require incremental working capital. Management intends to maintain a prudent **debt-equity ratio below 1x**
- **Negative operating cash flow is structural:** Management attributed negative cash flow to its business model of **maintaining ready inventory rather than operating purely on an order-to-order basis**, enabling customers to select and immediately purchase products.
- **Capacity expansion:**
  - **Marol facility commissioned:** The newly commissioned Marol, Mumbai, facility commenced commercial production in June 2026 and added **~4,000 kg p.a.** capacity. This takes Mumbai capacity to **~6,700 kg p.a.** including Andheri. The new Marol facility will support newer categories including **Turkish jewellery, mangalsutras and Cuban bracelets**
  - **Jaipur:** The upcoming Jaipur facility will add another **1,200 kg p.a.**, taking the total installed capacity to **~7,900 kg p.a.** on completion. It is expected to be operational by Nov-Dec 2026. The new Jaipur facility will help expansion plans in North India
  - The expanded capacity should allow the company to **increase wallet share with existing customers while onboarding new organised jewellery retailers**, both, domestically and internationally
  - Current capacity utilisation stands at 75%
- Clients: Entry into North India has added new customers base, while the upcoming Jaipur facility should further accelerate expansion in **underserved northern markets**. Management indicated that **margin in North and South India are nearly similar.**
- **Export Push: Dubai office is awaiting required approvals.** Export contributed 4% of sales in Q1FY27 and, with the Dubai office, it will gradually increase company's international footprint.
- Favourable demand driven by weddings, rising disposable income and shift towards organised jewellery players provides sustainable long term growth opportunities. Moreover, increasing preference for branded and hallmarked jewellery supports organised manufacturers

Volume grew on back of new customer addition and new designs



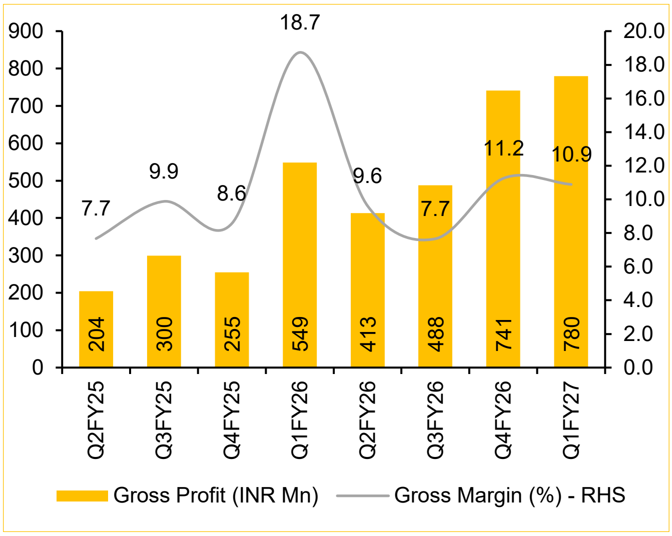
Source: SHANTIGOLD, Choice Institutional Equities

Strong volume and higher gold price anchors revenue growth



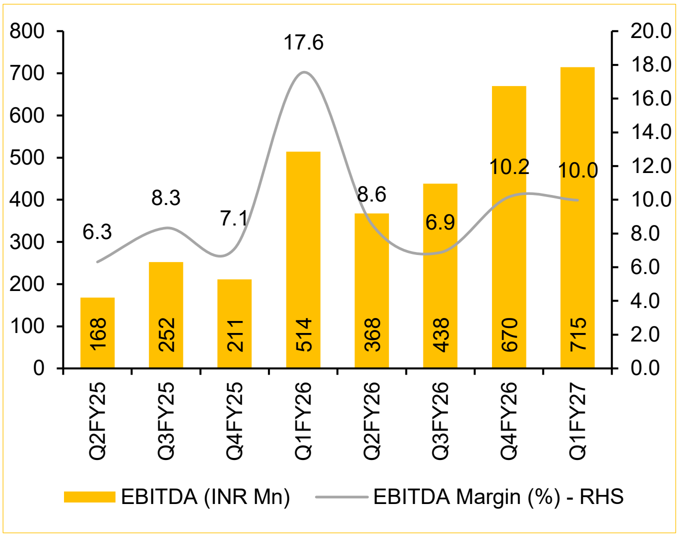
Source: SHANTIGOLD, Choice Institutional Equities

Gross margin declined YoY on account of high base



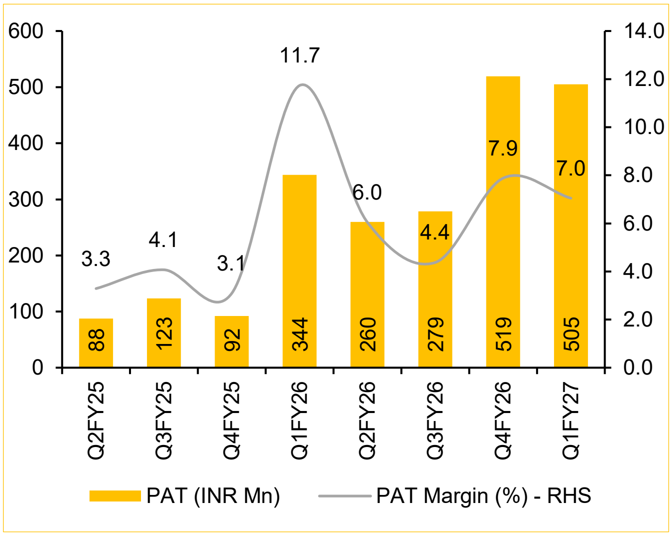
Source: SHANTIGOLD, Choice Institutional Equities

EBITDA remains stable sequentially



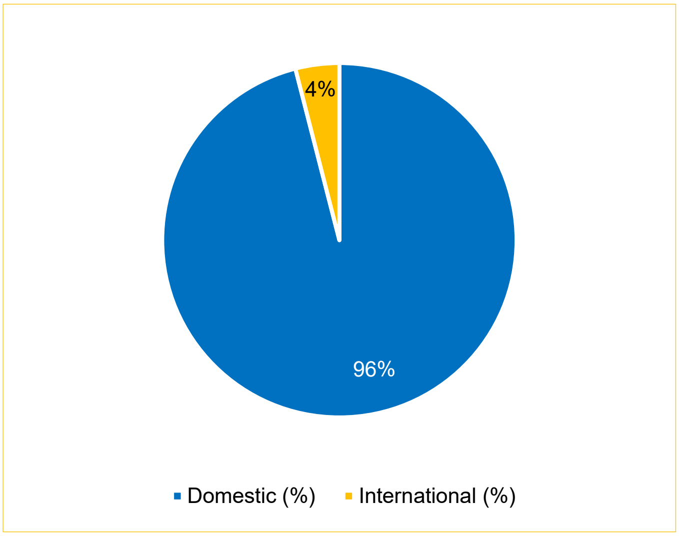
Source: SHANTIGOLD, Choice Institutional Equities

Absolute PAT remains stable



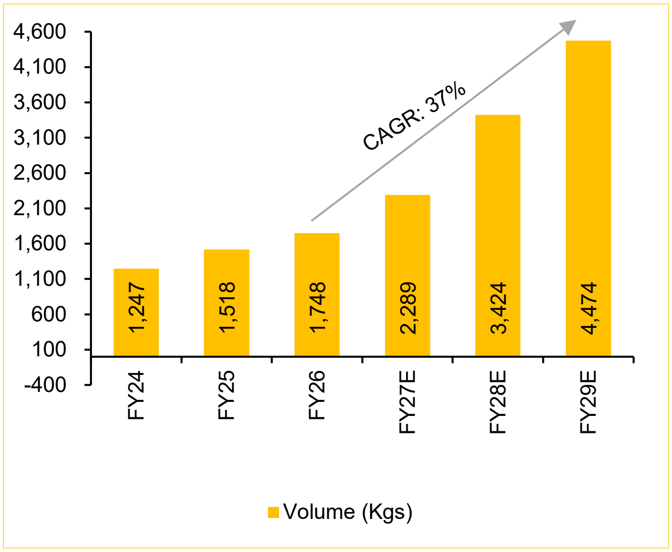
Source: SHANTIGOLD, Choice Institutional Equities

Q1FY27 region-wise revenue mix (%)0



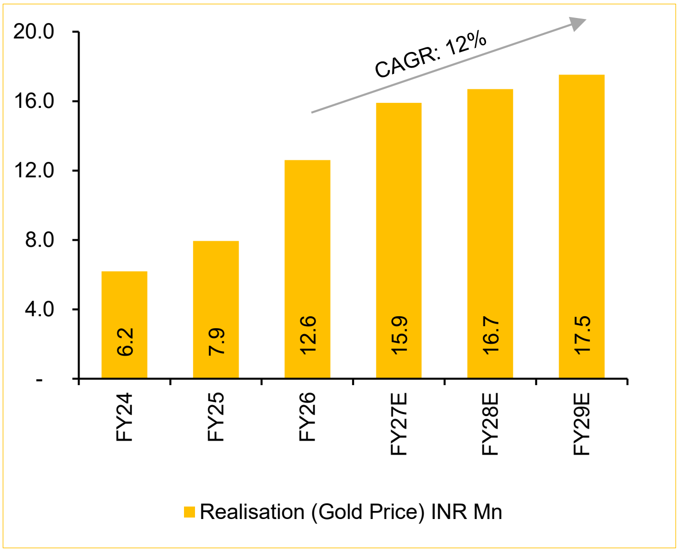
Source: SHANTIGOLD, Choice Institutional Equities

Capacity-led volume acceleration



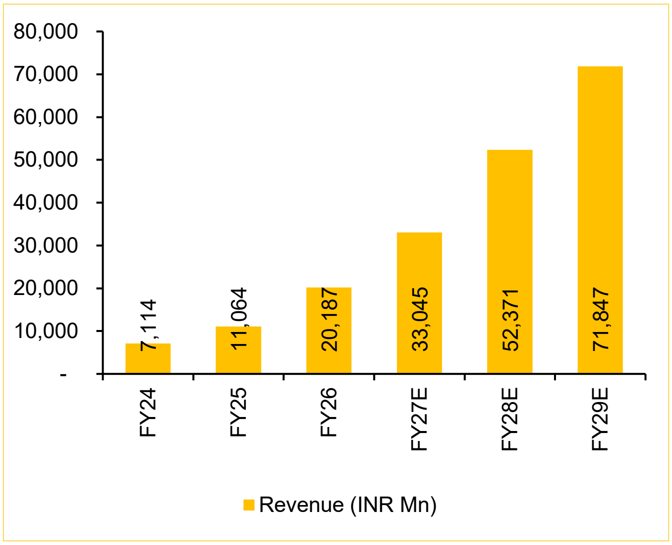
Source: SHANTIGOLD, Choice Institutional Equities

Realisation growth backed by gold price upswing



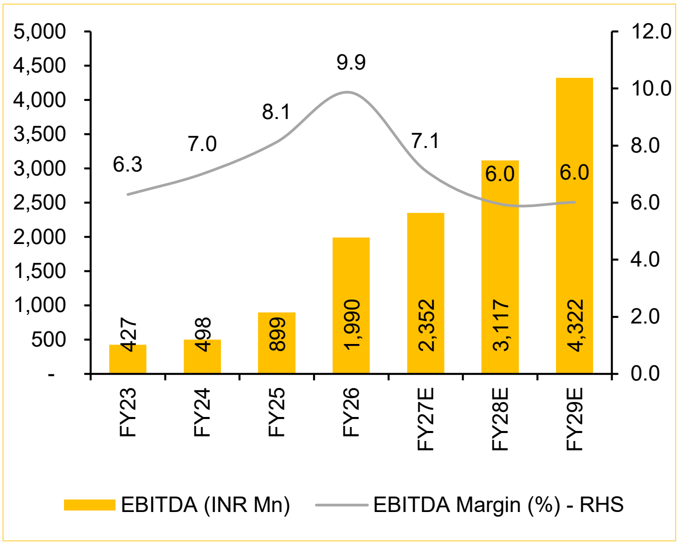
Source: SHANTIGOLD, Choice Institutional Equities

Revenue momentum to continue on back of new clients additions, increased capacity and new products



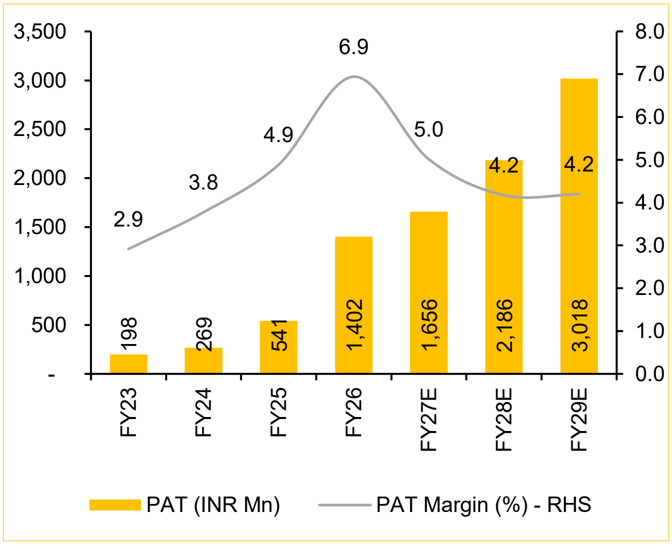
Source: SHANTIGOLD, Choice Institutional Equities

Margin forecast to soften due to venturing in plain gold jewellery



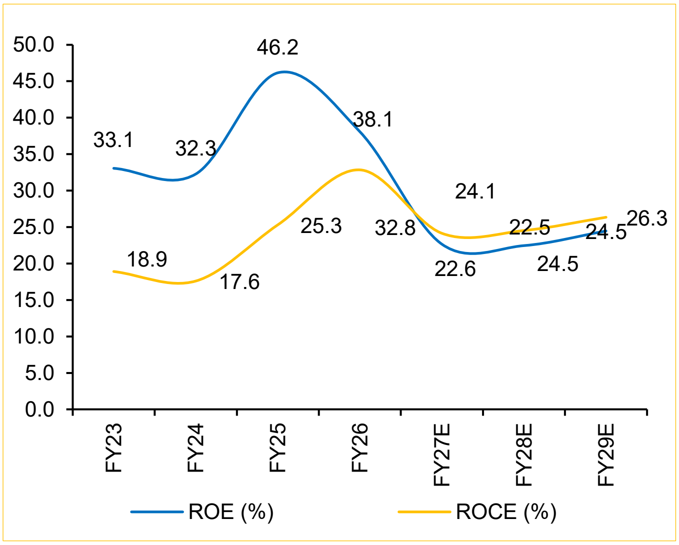
Source: SHANTIGOLD, Choice Institutional Equities

Strong PAT growth with margin normalisation



Source: SHANTIGOLD, Choice Institutional Equities

Return ratio on a steady uptrend



Source: SHANTIGOLD, Choice Institutional Equities

Income Statement (Consolidated INR Mn)

Particular	FY26	FY27E	FY28E	FY29E
Revenue	20,187	33,045	52,371	71,847
Gross Profit	2,191	2,692	3,657	5,004
EBITDA	1,990	2,352	3,117	4,322
Depreciation	61	93	111	147
EBIT	1,929	2,259	3,006	4,175
Other Income	98	116	157	180
Interest Expense	183	181	269	358
PBT	1,844	2,193	2,895	3,997
PAT	1,402	1,656	2,186	3,018
EPS (INR)	21.2	23.0	30.4	41.9

Ratio Analysis	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)				
Revenue	82.5	63.7	58.5	37.2
EBITDA	121.3	18.2	32.5	38.6
PAT	159.0	18.2	32.0	38.1
Margins (%)				
EBITDA	9.9	7.1%	6.0	6.0
PAT	6.9	5.0%	4.2	4.2
Profitability (%)				
ROE	38.1	22.6	22.5	24.5
ROCE	32.8	24.1	24.5	26.3
ROIC	37.4	22.9	23.0	25.3
Working Capital				
Inventory Days	44	49	41	36
Debtor Days	49	45	45	45
Payable Days	2	2	2	2
Cash Conversion Cycle	91	92	84	80
Valuation Metrics				
PE(x)	11.6	10.7	8.1	5.9
EV/EBITDA (x)	9.0	8.1	6.5	4.9
P/BVPS (x)	2.7	2.1	1.6	1.3
EV/Sales (x)	0.9	0.6	0.4	0.3

Source: SHANTIGOLD, Choice Institutional Equities

Balance Sheet (Consolidated INR Mn)

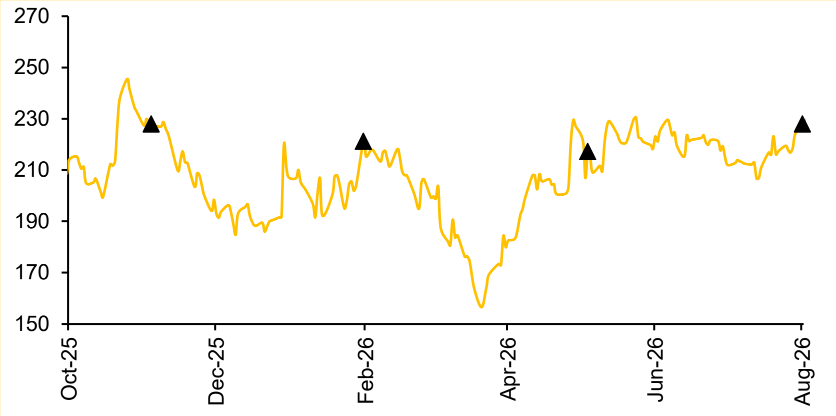
Particular	FY26	FY27E	FY28E	FY29E
Net Worth	5,984	8,640	10,826	13,843
Deferred Tax	79	79	79	79
Total Debt	2,056	2,034	3,012	4,012
Trade Payables	101	137	219	301
Other Liabilities & Provisions	345	345	345	345
Total Net Worth & Liabilities	**8,565**	**11,234**	**14,480**	**18,579**
Net Fixed Assets	184	271	260	313
Capital Work in Progress	100	-	-	-
Cash & Bank Balance	492	831	536	555
Loans & Advances & Other Assets	684	710	844	979
Inventories	3,475	5,348	6,384	7,875
Debtors	3,629	4,074	6,457	8,858
Total Assets	**8,565**	**11,234**	**14,480**	**18,579**

Cash Flows (INR Mn)	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	(2,606)	(377)	(904)	(424)
Cash Flows from Investing	(166)	(80)	(100)	(200)
Cash Flows from Financing	2,721	797	709	642

DuPont Analysis	FY26	FY27E	FY28E	FY29E
Tax Burden (%)	76.0	75.5	75.5	75.5
Interest Burden (%)	95.6	97.1	96.3%	95.7
EBIT Margin (%)	9.6	6.8	5.7	5.8
Asset Turnover (x)	3.2	3.3	4.1	4.3
Equity Multiplier (x)	1.7	1.4	1.3	1.3
ROE (%)	**38.1**	**22.6**	**22.5**	**24.5**

Source: SHANTIGOLD, Choice Institutional Equities

Historical Price Chart: SHANTIGOLD



Date	Rating	Target Price
November 04, 2025	BUY	350
February 11, 2026	BUY	350
May 25, 2026	BUY	350
Aug 17, 2026	BUY	350

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CHOICE RATING DISTRIBUTION & METHODOLOGY	
Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

***Large Cap: More Than INR 20,000 Cr Market Cap**
***Mid & Small Cap: Less Than INR 20,000 Cr Market Cap**

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