BUY
TP: Rs 464 | ⮝ 70%

SHANTI GOLD

| Retail - Jewellery | 04 November 2026

Entering a growth phase

- **Revenue grew sharply by 73.5% YoY to Rs 746 crore in Q2FY27, aided by volume expansion of 25.4% YoY to 535.5 kg**
- **Q2 EBITDA margin fell to 5.7% (from 8.55% YoY and 9.97% QoQ) on upfront expansion costs, new product launches and mix.**
- **Management targets 75-80% utilisation over the coming years and sees long-term potential of a Rs 10,000-20,000cr business.**

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Result highlights: Revenue grew 73.5% YoY to Rs 746cr in Q2FY27, driven by 25.4% volume growth to 535.5kg. H1FY27 revenue increased 102.3% to Rs 14.62bn, with volumes up 41% to 1,057.6kg. Q2 EBITDA grew 15.6% YoY to Rs 42.5cr, while EBITDA margin declined to 5.7% from 8.55% YoY and 9.97% QoQ. PAT increased 13.5% to Rs 29.6cr. H1 EBITDA grew 29.2% to Rs 114cr, with margins declining to 7.79% from 12.2%; PAT increased 32.5% to Rs 80cr due margin pressure to upfront expansion costs, new product launches and evolving product mix. Growth was supported by deeper penetration of existing retail partners, new customer additions and an expanding product portfolio.

Key concall summary: Q2 witnessed continued business expansion, with the Marol facility ramping up and new product categories gaining traction. However, profitability remained under pressure due to upfront expansion costs, new product launches and an evolving product mix, Management reiterated FY27 revenue guidance of Rs 3,200–3,500cr and volume growth guidance of 25–30%, with a sustainable EBITDA margin expectation of 5–7%. Growth is expected to be supported by the ramp-up of the Marol facility and commissioning of the 1,200kg Jaipur facility by Jan–Feb 2027. The plant capacity utilisation to reach 75–80% over the coming years, alongside expansion into new product categories, including Turkish jewellery, mangalsutras, Cuban bracelets and machine-made plain gold jewellery. International expansion, particularly in the USA and UAE, remains a key growth opportunity, with Dubai operations expected to ramp up. The Rs 99.83cr rights issue proceeds have been fully utilised towards working capital, while management remains comfortable with debt-to-equity of up to 1x.

View: We model revenue/earnings CAGR of 38%/25% during FY26 - 29E respectively. We believe the gap between revenue and earnings growth reflects scale and mix and expect operating leverage to improve as new capacity ramps, which should sustain earnings compounding. We maintain our Buy rating TP of INR 464 on 15x Sept-28 with an upside of 70%.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	SHANTIGO IN/Rs 272
Market cap	US$ 220.3mn
Free float	30%
3M ADV	US$ 11.5mn
52wk high/low	Rs 438/Rs 155
Promoter/FPI/DII	70%/4%/26%

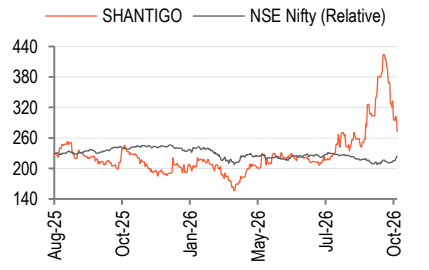
Source: NSE | Price as of 4 Nov 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	20,187	32,140	41,547
EBITDA (Rs mn)	1,990	2,186	3,012
Adj. net profit (Rs mn)	1,402	1,445	2,003
Adj. EPS (Rs)	18.2	18.8	26.1
Adj. ROAE (%)	23.4	19.4	21.2
Adj. P/E (x)	14.9	14.5	10.4
EV/EBITDA (x)	9.4	8.5	6.3
Adj. EPS growth (%)	132.0	3.1	38.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Earnings KTA'S

- **Overall Performance**: Revenue grew 73.5% YoY to Rs 746cr in Q2FY27, driven by 25.4% volume growth to 535.5kg. H1FY27 revenue increased 102.3% to Rs 14.62bn, with volumes up 41% to 1,057.6kg. Domestic markets contributed 93% of Q2 revenue and 94% of H1 revenue. Growth was supported by deeper penetration of existing retail partners, new customer additions and an expanding product portfolio. Management reiterated FY27 revenue guidance of Rs 32–35bn and volume growth guidance of 25–30%. Despite gold-price moderation, management remains confident of achieving the revenue target. It expects medium-term volume growth of 20–30%, supported by capacity expansion, new product categories and international market penetration.

- **Financials:** Q2 EBITDA grew 15.6% YoY to Rs 42.5cr, while EBITDA margin declined to 5.7% from 8.55% YoY and 9.97% QoQ. PAT increased 13.5% to Rs 29.6cr. H1 EBITDA grew 29.2% to Rs 114cr, with margins declining to 7.79% from 12.2%; PAT increased 32.5% to Rs 80cr. Management attributed margin pressure to upfront expansion costs, new product launches and evolving product mix. It expects operating leverage and improved capacity utilisation to support margins as facilities mature. Co indicated a sustainable EBITDA margin range of 5–7%. The company is expanding into higher-volume, lower-margin as well as higher-margin product categories to increase customer wallet share and market penetration. Management considers current margin moderation transitional and expects improvement with scale, product maturity and operational efficiencies.

- **Manufacturing Capacity & Expansion**: Current installed capacity stands at approximately 6,700kg annually, including the 4,000kg Marol facility, which commenced operations in June 2026. Marol is currently operating at 10–15% utilisation. The upcoming Jaipur facility will add 1,200kg capacity, taking total capacity to 7,900kg. Commissioning is expected around January–February 2027, delayed due to interior and electrical work. Management expects utilisation to reach 75–80% over the coming years.

- **New Product Categories:** The company has expanded into Turkish jewellery, mangalsutras, Cuban bracelets and handmade chains. Jaipur will focus on machine-made plain gold jewellery, with LOIs already received from prospective buyers. Management is also evaluating advanced gold jewellery. Portfolio expansion aims to increase wallet share, diversify customer requirements and improve blended margins.

- **Domestic Demand & Customer Relationships**: Management remains positive on domestic demand, supported by industry formalisation and increasing preference among organised jewellery retailers for established manufacturers. The company is focused on adding customers, deepening relationships with existing retail partners and expanding its product offerings. Relationships with large jewellery retailers remain an important growth driver.

- **International Expansion**: International operations contributed 7% of Q2 and 6% of H1 revenue. The Dubai subsidiary has received necessary approvals, with operations expected to ramp up. Management is targeting international markets,

particularly the USA and UAE, to diversify revenue and expand its global customer base.

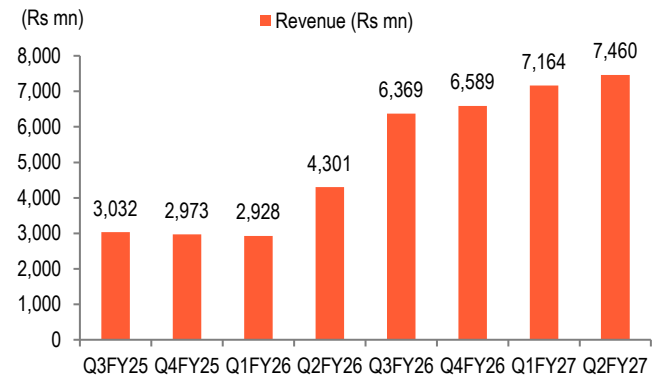
- **Working Capital & Borrowings**: Inventory increased to Rs 531cr from Rs 347cr in March 2026, while receivables increased to Rs 535cr from Rs 363cr. Management attributed the increase to business growth, new product launches and capacity expansion. Total borrowings increased to approximately Rs 412cr from Rs 206cr. Management indicated current debt-to-equity of approximately 0.5x and comfort with leverage up to 1x, depending on business requirements.
- **Rights Issue & Fund Utilisation:** The company raised Rs 99.83cr through a rights issue of 46.43 lakh shares at Rs 215/share during Q2FY27. Management confirmed that the entire proceeds have been utilised towards working capital requirements.
- **Gold Hedging & Price Volatility:** Management follows a natural hedging strategy, with gold prices generally reset over one to two months. GML accounts for approximately 15–20% of the stock profile, with scope to increase to 30%. The company remains open to MCX and EML hedging if required. Management reiterated that profitability is not dependent on inventory gains and indicated an average inventory holding cost of approximately Rs 13,500/gram.
- **Long-Term Growth Strategy**: Management aims to position Shanti Gold among the leading jewellery manufacturers and indicated long-term potential to build a Rs 10,000–20,000cr business, without specifying a timeline. The Jaipur land parcel of three acres provides scope for substantial future capacity expansion. Management encouraged investors to focus on long-term growth rather than quarterly margin fluctuations.

Fig 1 – Quarterly Table

Particulars (Rs mn)	Q2FY27	Q1FY27	%q0q/bps	Q2FY26	% yoy/bps
Sales	7,460	7,164	4.1	4,301	73.4
COGS	6,975	6,384	9.3	3,888	79.4
GP	484	780	(37.9)	413	17.4
Gross Margin (%)	6.5	10.9	(440bps)	9.6	(310bps)
Employee	23	22	2.9	17	32.7
Other expenses	37	44	(15.3)	28	29.8
EBITDA	425	714	(40.5)	367	15.7
EBITDA margin (%)	5.7	10.0	(428bps)	8.5	(284bps)
Interest	85	57	49.3	42	101.0
Depreciation	20	22	(10.5)	14	37.4
Other income	60	17	257.2	27	124.6
PBT	380	652	(41.7)	337	12.7
Tax	85	148	(42.4)	78	9.0
PAT	296	505	(41.4)	260	13.7
PAT margin (%)	4.0	7.0	(308bps)	6.0	(208bps)

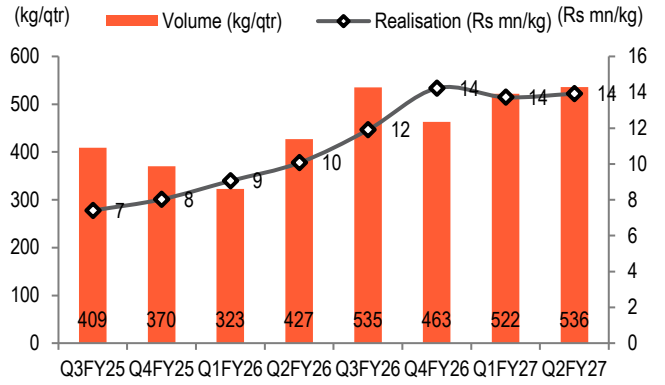
Source: Company, BOBCAPS Research

Fig 2 – Revenue Trend (Rs mn)



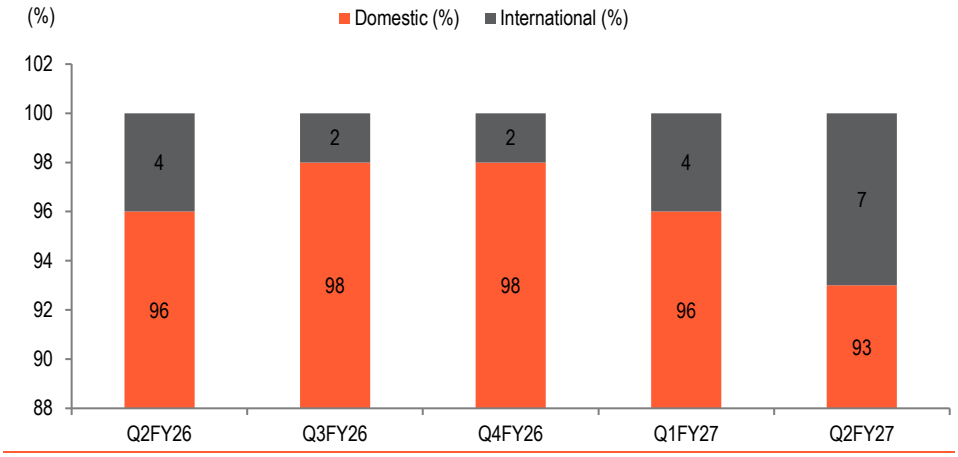
Source: Company, BOBCAPS Research

Fig 3 – Volume & Realisation Trend



Source: Company, BOBCAPS Research

Fig 4 – Domestic & International Contribution



Source: Company, BOBCAPS Research

Valuation methodology

We model revenue/earnings CAGR of 38%/25% during FY26 - 29E respectively. We believe the gap between revenue and earnings growth reflects scale and mix and expect operating leverage to improve as new capacity ramps, which should sustain earnings compounding. We maintain our Buy rating TP of INR 464 on 15x Sept-28 with an upside of 70%.

Fig 5 – Actual vs Estimates

Rs mn	Q2FY27	Q2FY27E	Deviation (%)
Revenue	7,460	7,258	2.78
EBITDA	425	483	-12.04
EBITDA Margin (%)	5.7	6.7	-96 bps
PAT	296	293	1.04

Source: Company, BOBCAPS Research

Fig 6 – Revised estimates

(Rs xxxx)	New			Old			Change (%)		
	FY27E	FY28E	FY30E	FY27E	FY28E	FY30E	FY27E	FY28E	FY30E
Sales	32,140	41,547	53,492	32,294	41,675	54,073	(0.48)	(0.31)	(1.07)
EBITDA	2,186	3,012	3,985	2,358	3,001	3,899	(7.28)	0.37	2.21
EBITDA Margin	6.8	7.3	7.5	7.3	7.2	7.2	(50bps)	5bps	24bps
Adjusted PAT	1,445	2,003	2,744	1,499	1,977	2,663	(3.62)	1.30	3.03
Adjusted EPS	18.81	26.08	35.73	21.1	27.8	37.50	(10.84)	(6.20)	(4.73)

Source: BOBCAPS Research

Key risks

Key upside/downside risks to our estimates are:

- Sharp increase in gold prices
- Slower demand growth
- Higher working capital requirements

Sector recommendation snapshot

Company	Ticker	Market Cap (US$ bn)	Price (Rs)	Target (Rs)	Rating
Bluestone Jewellery & Lifestyle	BLUESTON IN	1.1	691	923	BUY
Kalyan Jewellers	KALYANKJ IN	5.7	529	600	HOLD
Senco Gold	SENCO IN	0.5	311	422	BUY
Shanti Gold	SHANTIGO IN	0.2	272	464	BUY
SKY GOLD	SKYGOLD IN	1.5	927	1,371	BUY
Thangamayil Jewellery	TJL IN	1.4	4,286	6,314	BUY
Titan Company	TTAN IN	44.6	4,754	5,085	HOLD

Source: BOBCAPS Research, NSE | Price as of 4 Nov 2026

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**11,064**	**20,187**	**32,140**	**41,547**	**53,492**
EBITDA	917	1,990	2,186	3,012	3,985
Depreciation	57	61	88	114	128
EBIT	860	1,929	2,099	2,898	3,858
Net interest inc./(exp.)	192	183	315	352	360
Other inc./(exp.)	61	98	109	125	160
Exceptional items	0	0	0	0	0
EBT	728	1,844	1,893	2,670	3,658
Income taxes	170	442	448	668	915
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	**558**	**1,402**	**1,445**	**2,003**	**2,744**
Adjustments	0	0	0	0	0
Adjusted net profit	**558**	**1,402**	**1,445**	**2,003**	**2,744**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	61	101	264	341	440
Other current liabilities	158	139	139	139	139
Provisions	70	89	89	89	89
Debt funds	2,249	2,162	4,482	4,682	4,782
Other liabilities	138	89	89	89	89
Equity capital	540	721	721	721	721
Reserves & surplus	984	5,263	6,708	8,710	11,454
Shareholders' fund	1,524	5,984	7,429	9,431	12,175
Total liab. and equities	**4,198**	**8,565**	**12,492**	**14,772**	**17,714**
Cash and cash eq.	142	16	1,756	3,242	3,279
Accounts receivables	1,816	3,629	4,403	4,895	6,302
Inventories	1,486	3,475	4,843	5,122	6,595
Other current assets	70	210	210	210	210
Investments	0	476	476	476	476
Net fixed assets	335	184	230	253	278
CWIP	89	100	100	100	100
Intangible assets	0	7	7	7	7
Deferred tax assets, net	0	0	0	0	0
Other assets	261	467	467	467	467
Total assets	**4,198**	**8,565**	**12,492**	**14,772**	**17,714**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**(146)**	**(2,606)**	**(123)**	**1,776**	**449**
Capital expenditures	(36)	(63)	(142)	(137)	(153)
Change in investments	(3)	(44)	0	0	0
Other investing cash flows	52	(59)	0	0	0
Cash flow from investing	**13**	**(166)**	**(142)**	**(137)**	**(153)**
Equities issued/Others	0	3,203	0	0	0
Debt raised/repaid	346	(274)	2,320	200	100
Interest expenses	(178)	(171)	(315)	(352)	(360)
Dividends paid	0	0	0	0	0
Other financing cash flows	(35)	(38)	0	0	0
Cash flow from financing	**133**	**2,721**	**2,005**	**(152)**	**(260)**
Chg in cash & cash eq.	**36**	**142**	**16**	**1,756**	**3,242**
Closing cash & cash eq.	**35**	**90**	**1,756**	**3,242**	**3,279**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	7.9	18.2	18.8	26.1	35.7
Adjusted EPS	7.9	18.2	18.8	26.1	35.7
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	21.5	77.9	96.7	122.8	158.5

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	1.7	0.9	0.6	0.5	0.4
EV/EBITDA	20.6	9.4	8.5	6.3	4.9
Adjusted P/E	34.6	14.9	14.5	10.4	7.6
P/BV	12.7	3.5	2.8	2.2	1.7

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	76.7	76.0	76.3	75.0	75.0
Interest burden (PBT/EBIT)	84.7	95.6	90.2	92.1	94.8
EBIT margin (EBIT/Revenue)	7.8	9.6	6.5	7.0	7.2
Asset turnover (Rev./Avg TA)	296.9	316.3	305.3	304.8	329.3
Leverage (Avg TA/Avg Equity)	3.0	1.7	1.6	1.6	1.5
Adjusted ROAE	44.8	37.3	21.5	23.8	25.4

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	55.5	82.5	59.2	29.3	28.8
EBITDA	83.9	117.1	9.9	37.8	32.3
Adjusted EPS	58.1	132.0	3.1	38.6	37.0
Profitability & Return ratios (%)					
EBITDA margin	8.3	9.9	6.8	7.3	7.5
EBIT margin	7.8	9.6	6.5	7.0	7.2
Adjusted profit margin	5.0	6.9	4.5	4.8	5.1
Adjusted ROAE	36.6	23.4	19.4	21.2	22.5
ROCE	17.5	18.0	13.2	15.4	17.1
Working capital days (days)					
Receivables	43	49	50	43	43
Inventory	51	50	55	45	45
Payables	2	2	3	3	3
Ratios (x)					
Gross asset turnover	28.3	82.6	98.6	113.3	131.9
Current ratio	1.5	3.3	2.6	2.9	3.4
Net interest coverage ratio	4.5	10.5	6.7	8.2	10.7
Adjusted debt/equity	1.5	0.4	0.6	0.5	0.4

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): SHANTI GOLD (SHANTIGO IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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