ANAND RATHI

ANKIT PANKAJ SHAH

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Shankesh Jewellers Limited

17-08-26

Subscribe- Long Term

Ankit Shah
ankitshah1@rathi.com

Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	3,672
Fresh Issue (No. of Shares in Lakhs)	294.8
Offer for Sale (No. of Shares in Lakhs)	100.0
Bid/Issue opens on	18-August-26
Bid/Issue closes on	20-August-26
Face Value	₹ 5
Price Band	88-93
Minimum Lot	160

Objects of the Issue

- **Fresh Issue: ₹29.5 million**
  - Funding working capital requirements of the company.
  - Pre-Payment, or scheduled repayment, in full or part, of certain borrowings availed by the company.
  - General Corporate purposes.
- **Offer for sale: ₹10 million**

Book Running Lead Managers
Aryaman Financial Services Limited, Smart Horizon Capital Advisors Private Limited
Registrar to the Offer
KFin Technologies Limited

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	750
Subscribed paid up capital (Pre-Offer)	117.5
Paid up capital (Post - Offer)	735.2

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	95.5	69.5
Public	4.5	30.5
Total	**100**	**100**

Financials

Particulars (Rs. In Million)	FY26	FY25	FY24
Revenue from operations	**16,308**	**14,038**	**10,618**
Operating Expenses	14,730	13,385	10,332
EBIDTA	**1,578**	**653**	**286**
Other Income	1	1	1
Depreciation	13	8	8
EBIT	**1,566**	**646**	**279**
Interest	133	106	107
PBT	**1,433**	**540**	**172**
Tax Expense	367	137	44
Consolidated PAT	**1,066**	**403**	**128**
EPS	**7.3**	**2.7**	**0.9**
Ratio	**FY26**	**FY25**	**FY24**
EBITDAM	9.7%	4.7%	2.7%
PATM	6.5%	2.9%	1.2%
Sales growth	16.2%	32.2%	

Company Description

- Shankesh Jewellers Limited is a Mumbai-based B2B jewellery company with over three decades of experience in the hand-crafted gold jewellery business. The company operates from Zaveri Bazaar, Mumbai, and specializes in designing, sourcing and supplying a wide range of handcrafted gold jewellery to jewellers across India. Its product portfolio includes bangles, bridal jewellery, chokers, jhumkas, necklace sets, mangalsutras, rings and jewellery sets across categories such as antique, semi-antique, Calcutta, temple, Gheru polish and yellow, rhodium and rose gold jewellery.
- The company has built its business around an asset-light operating model, wherein manufacturing is outsourced to a network of experienced karigars through jobworkers. As of FY26, the company was associated with 72 jobworkers, with 66 having formal agreements, providing access to multiple skilled karigars. This model enables the company to focus on inventory management, product design, customization, sourcing and customer servicing without significant investment in manufacturing infrastructure.
- It offers both standard jewellery collections and customized jewellery solutions based on specific customer requirements. Under its job-work model, customers provide bullion and design specifications, while Shankesh manages the engagement of relevant karigars and oversees the production and delivery of the finished jewellery. The company's products are primarily offered in 22-karat and 18-karat gold and are BIS hallmarked in accordance with applicable regulatory requirements.
- The company has established relationships with several prominent jewellery retailers and corporate clients across India, including Joyalukkas India, P. N. Gadgil & Sons, Kalyan Jewellers India, P N Gadgil Jewellers, Manoj Vaibhav Gems 'N' Jewellers, Novel Jewels, Bhima Jewellery Madurai and D.P. Abhushan, among others. Its pan-India customer base provides access to a diversified network of jewellery retailers and supports the scalability of its B2B model.
- Shankesh has developed capabilities across the jewellery value chain, with its core strength lying in design, customization, sourcing and coordination of skilled craftsmanship. The company works closely with experienced karigars and in-house designers to develop products in line with evolving customer preferences, lifestyles and market trends. This combination of design capabilities and a network of skilled craftsmen enables it to offer a broad product assortment while maintaining flexibility in production.
- The company has demonstrated strong financial growth over FY24–FY26, supported by higher jewellery sales and a significant improvement in profitability. Revenue from operations increased from ₹1,061.8 crore in FY24 to ₹1,630.8 crore in FY26, implying a CAGR of ~24%. Over the same period, EBITDA increased from ₹28.6 crore to ₹157.8 crore, while PAT increased from ₹12.8 crore to ₹106.7 crore. EBITDA margin improved from 2.7% in FY24 to 9.7% in FY26, while PAT margin expanded from 2.9% to 6.5%.
- Shankesh has a legacy of more than three decades in the hand-crafted jewellery market, with the business originally established by Mr. Kantilal Kheemraj Jain in 1992. The Indian gems and jewellery industry is supported by rising jewellery consumption, evolving consumer preferences and increasing demand for customized and contemporary designs.

Valuation & Outlook

- Shankesh Jewellers Ltd is valued at **12.8x** P/E on FY26 earnings. Given its strong financial growth, improving profitability, asset-light business model and established presence in the B2B handcrafted gold jewellery segment, the valuation is fairly-priced. We believe that the IPO is fairly-priced and recommend a **"Subscribe: Long Term"** rating to the IPO.

➢ **Description of Business**:

- Shankesh Jewellers Limited is engaged in the business of hand-crafted gold jewellery and customization services, operating through an asset-light business model. The company outsources the manufacturing of jewellery to localized karigars through jobworkers, while managing design, material sourcing, inventory and end-to-end delivery. This enables the company to focus on design, customization and customer servicing without significant investment in manufacturing infrastructure. It caters to a pan-India clientele comprising leading jewellery retailers such as Joyalukkas India, P. N. Gadgil & Sons, Kalyan Jewellers India, P N Gadgil Jewellers, Novel Jewels and D.P. Abhushan, among others.
- The company offers a diverse portfolio of 22-karat and 18-karat gold jewellery, including bangles, bridal jewellery, chokers, jhumkas, necklace sets, mangalsutras, rings and jewellery sets across antique, semi-antique, Calcutta, temple and Gheru polish categories, along with yellow, rhodium and rose gold finishes. Its products cater to weddings, festivals and daily wear. In addition, the company undertakes custom job work, wherein clients provide bullion and design specifications, while Shankesh coordinates with karigars for production and delivers the finished jewellery to customers. The breakup of their revenue from sale of jewellery and from job work services is entailed below:

Particulars (₹ in million))	FY24	FY25	FY26
22 Karat Jewellery	10,347	13,457	13,960
18 Karat Jewellery	180	459	2,210
Job Work	91	123	138
Total Sales	**10,618**	**14,038**	**16,308**

- Shankesh Jewellers has a legacy of over three decades in the handcrafted jewellery business, with Mr. Kantilal Kheemraj Jain commencing operations in 1992 under the proprietary firm Shankesh Jewellers. The company was incorporated as H.K. Gold Private Limited in 2005, renamed Shankesh Jewellers Private Limited in 2006 and converted into a public limited company in April 2025. Based in Mumbai's Zaveri Bazaar, it is currently managed by Mr. Kantilal Jain and his sons, Mr. Mahavir Kantilal Jain and Mr. Manoj Kantilal Jain. The company follows an asset-light model, relying on 72 jobworkers in FY26, including 66 under formal agreements, while focusing on design, inventory management and customization. Its experienced karigar network and in-house designers enable quality control, product variety and timely delivery to its pan-India clientele. The number of job workers that have been engaged by the Company and attrition rate in Fiscals 2026, 2025 and 2024, are as under:

Particulars	FY2026	FY2025	FY2024
Total number of job workers	90	87	72
Attrition rate of job workers	1.1%	3.3%	17.2%

- They supply products to a diversified customer base which includes Corporate Clients and Non-Corporate Clients. They have established relationships with their clients and due to their track record and diverse product portfolio, they have also been able to attract new Customers as well as retain old Clients. The table below sets out their repeat and new customers for the last three fiscals:

Particulars	FY2026	FY2025	FY2024
Repeat Customers	334	291	279
New Customers	84	166	169
Total Customers	**418**	**457**	**448**

- **Their Presence:** At present, the business operations are focused exclusively on domestic markets within India. They have established their presence by sale across multiple states in the country. Their revenue from operations on a State wise basis in the Fiscals 2026, 2025 and 2024 is as follows**:**

State	FY2026 Revenue (₹ million)	FY2026 (%)	FY2025 Revenue (₹ million)	FY2025 (%)	FY2024 Revenue (₹ million)	FY2024 (%)
Maharashtra	4,152	25.5%	2,486	17.7%	1,668	15.7%
Bihar	2,783	17.1%	1,939	13.8%	1,333	12.6%
Uttar Pradesh	1,746	10.7%	1,540	11.0%	1,262	11.9%
Tamil Nadu	1,526	9.4%	2,081	14.8%	1,568	14.8%
Odisha	856	5.3%	893	6.4%	752	7.1%
Andhra Pradesh	667	4.1%	723	5.2%	608	5.7%
Madhya Pradesh	683	4.2%	655	4.7%	519	4.9%
Kerala	748	4.6%	420	3.0%	331	3.1%
Karnataka	372	2.3%	508	3.6%	424	4.0%
Gujarat	369	2.3%	437	3.1%	374	3.5%
Rajasthan	419	2.6%	371	2.6%	284	2.7%
West Bengal	486	3.0%	299	2.1%	212	2.0%
Himachal Pradesh	166	1.0%	321	2.3%	273	2.6%
Delhi	321	2.0%	314	2.2%	262	2.5%
Jharkhand	342	2.1%	262	1.9%	194	1.8%
Chandigarh	272	1.7%	242	1.7%	172	1.6%
Telangana	67	0.4%	198	1.4%	164	1.5%
Punjab	124	0.8%	114	0.8%	106	1.0%
Chhattisgarh	65	0.4%	79	0.6%	45	0.4%
Haryana	71	0.4%	77	0.5%	35	0.3%
Assam	36	0.2%	41	0.3%	17	0.2%
Jammu & Kashmir	2	0.0%	21	0.1%	13	0.1%
Uttarakhand	33	0.2%	16	0.1%	1	0.0%
Goa	—	—	0	0.0%	0	0.0%
Dadra & Nagar Haveli and Daman & Diu	1	0.0%	—	—	—	—

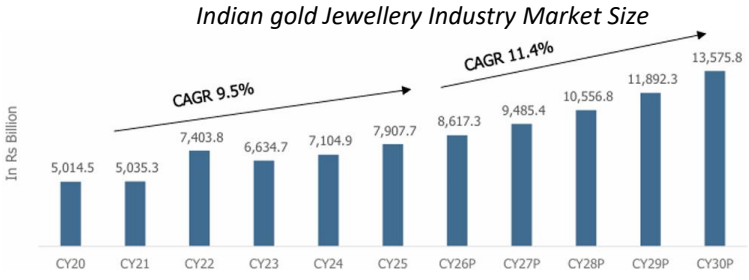
Total	**16,308**	**100.0%**	**14,038**	**100.0%**	**10,618**	**100.0%**

- **Improving Financial Performance:** They have consistently experienced growth in our revenue from operations along with demonstrated profitability in their performance. In the Fiscal Years 2026, 2025 and 2024, they catered to 418, 457 and 448 customers, respectively. Revenue from operations was ₹16,308, ₹ 14,038 million and ₹ 10,618 million. This represents year on year growth in revenue of 16.17% in Fiscal 2026 and 32.21% in Fiscal 2025. 199. Their customer network spans across 21 states and 4 union territories in India. Their revenue from Corporate Clients and Non-Corporate Clients for Fiscals 2026, 2025 and 2024 is as follows:

Particulars	FY2026 Amount (₹ million)	% of Revenue	FY2025 Amount (₹ million)	% of Revenue	FY2024 Amount (₹ million)	% of Revenue
Corporate Clients	10,477	64.3%	7,834	55.8%	4,413	41.6%
Non-Corporate Clients	5,831	35.8%	6,204	44.2%	4,769	44.9%
Total Revenue from Operations	**16,308**	**100.0%**	**14,038**	**100.0%**	**10,618**	**100.0%**

- **Market Opportunity:** The Indian domestic gold jewellery industry was valued at ₹7,908 billion in CY25, registering a 9.5% CAGR between CY20 and CY25. Despite the industry's overall growth, gold jewellery demand declined by approximately 24.0% in volume terms in CY25, primarily due to a sharp increase in gold prices, which rose by around 44.0% YoY. Going forward, the industry is expected to grow at a 11.4% CAGR between CY25 and CY30, reaching approximately ₹13,576 billion by CY30. The growth in India's gold jewellery market is supported by the expanding middle-class population and rising disposable incomes. Increasing income levels have enhanced consumers' ability to spend on discretionary and premium products such as gold jewellery. Gold jewellery continues to be viewed not only as a status symbol reflecting improved lifestyles but also as a long-term investment. This trend is particularly evident in urban markets, where economic development, higher financial independence and increasing purchasing power are driving sustained demand for gold jewellery.
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Indian gold Jewellery Industry Market Size

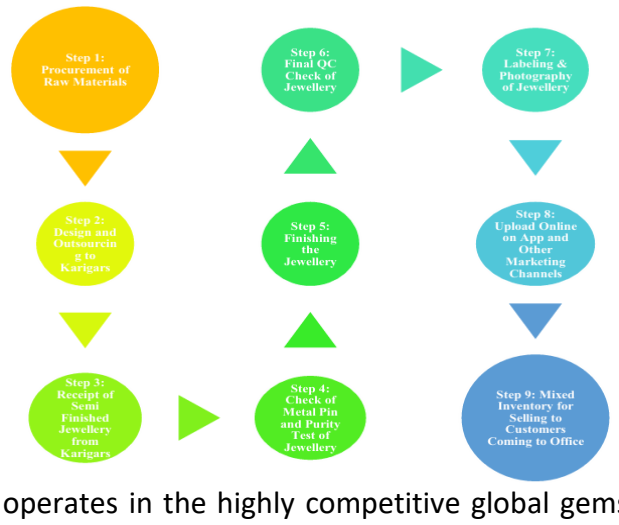


- **Products:** Bangles, Bridal jewellery, Chokers, Jhumkas, Long and Short Necklace sets, Mangal Sutra, Rings and Mang tikkas come under this following Categories of Jewellery.

Few Products of the Company



- **Business Process:** The company follows a structured business process covering procurement, design, manufacturing, quality control and sales. It procures 995/999 purity gold from reputed and compliant bullion dealers, with BIS-marked bars and requisite documentation. In-house designers develop jewellery designs, which are outsourced to established workshop owners and skilled karigars along with the required raw materials. Semi-finished jewellery received from the karigars is inspected for specifications, weight, metal quality and purity, including testing for 18K or 22K gold. The jewellery is then finished as required, followed by a final quality inspection covering design, craftsmanship, purity and stone setting. Approved pieces are labelled, photographed and uploaded on the company's application and other marketing channels. The jewellery is subsequently maintained in inventory for sale to customers visiting the company's office, enabling both online and physical sales.



- **Collaboration & Competition:** The company operates in the highly competitive global gems and jewellery industry, where it faces competition from a wide range of domestic manufacturers and traders across both organized and unorganized segments. Organized players compete through product quality, consistency, timely delivery and value-added services, while the fragmented nature of the industry results in numerous players offering similar products. As a wholesale gold jewellery manufacturer, the company differentiates itself by offering a wide range of handcrafted gold jewellery across multiple categories under the Shankesh brand, supported by a focus on quality and optimized delivery timelines. Its

established relationships with skilled karigars, along with a diversified network of corporate and non-corporate customers, support its ability to compete effectively across market segments. The company has not entered into any financial or technical collaboration agreements.

- **Customers:** The company is engaged in hand crafted gold jewellery wholesale business and providing customisation services to their clients, leveraging over 3 decades of experience in the jewellery industry, operating as a B2B supplier to both corporate and non-corporate clients. Their Clientele includes both corporate entities such as Joyalukkas India Limited, P. N. Gadgil & Sons Limited, Kalyan Jewellers India Limited, P N Gadgil Jewellers Limited, Manoj Vaibhav Gems 'N' Jewellers Limited, Novel Jewels Limited (Aditya Birla Group), Bhima Enterprises Madurai, Hari Prasad Gopi Krishna Saraf Private Limited, D.P Abhushan Limited, Vysyaraju Jewellers Private Limited, Gajaananda Jewellery Mart India Private Limited, Arundhati Jewellers Pvt. Ltd. amongst others and other Individual retail clients such as Verma Jewellers and Sham Jewellers amongst others. The table set forth below are revenue contribution from their top one (1), top five (5) and top ten (10) clients in the periods indicated therein.

Client Concentration	FY2026 Revenue (₹ million)	FY2026 (% of Revenue)	FY2025 Revenue (₹ million)	FY2025 (% of Revenue)	FY2024 Revenue (₹ million)	FY2024 (% of Revenue)
Top 1	998	6.1%	906	6.5%	568	5.4%
Top 5	3,794	23.3%	2,796	19.9%	2,099	19.8%
Top 10	6,451	39.6%	4,278	30.5%	3,251	30.6%

- **Jobworkers:** The company offers a wide range of jewellery designs under one roof, supported by established associations with jobworkers and skilled karigars. It provides bullion and designs to jobworkers, who manufacture the handcrafted jewellery and subsequently deliver the finished products to the company. During FY2026, the company was associated with 72 jobworkers, of which 66 had entered into formal agreements with the company, providing access to a broader network of skilled karigars. This network enables the company to meet customer requirements efficiently while maintaining quality standards through close supervision of the manufacturing process. Its ability to offer diverse designs, handcrafted products and timely delivery has supported strong customer relationships and provides a platform to further enhance its design capabilities and craftsmanship in line with evolving customer preferences.

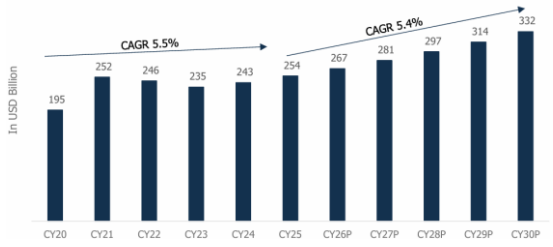
- **Designers:** The company's design capabilities play an important role in developing handcrafted gold jewellery aligned with prevailing trends and customer preferences. It has three designers with around 20 years of cumulative experience, who create designs that are subsequently shared with skilled karigars for production. The karigars combine traditional craftsmanship with attention to detail to translate these designs into finished jewellery. The company then procures the handcrafted jewellery from jobworkers and undertakes quality checks and other relevant processes before supplying it to customers. The company's designers also collaborate with customers' in-house design teams when designs are provided by clients, enabling greater customization and flexibility. This design-driven approach supports the company's ability to offer diverse products and cater to evolving customer requirements.

- **Capacity:** The company operates as a wholesale supplier of handcrafted gold jewellery, offering customization services to its clients. It acts as the principal contractor and manages the overall process, including design, sourcing of raw materials and production of finished jewellery. Manufacturing activities are predominantly outsourced to experienced jobworkers, commonly referred to as karigars, who specialize in carving and processing plain and studded gold jewellery. This model enables the company to leverage skilled craftsmanship while maintaining control over design specifications, material sourcing and quality standards. The company does not have any in-house manufacturing facilities or production capacity, allowing it to operate an asset-light business model.

➢ Industry Snapshot:

- **Overview of the Global Gems and Jewellery Industry:** The global gems and jewellery industry has witnessed steady growth, supported by changing consumer preferences, rising disposable incomes and increasing acceptance of jewellery as both a fashion accessory and a store of value. Jewellery consumption is gradually shifting beyond weddings and special occasions, with gold, platinum and gemstone jewellery increasingly being worn as everyday accessories. Demand for contemporary designs, coloured gemstones and innovative product offerings is also expanding the addressable market. The global gems and jewellery market grew at a 5.5% CAGR during CY20-CY25, reaching approximately USD 254 billion in CY25, and is projected to reach around USD 332 billion by CY30, supported by economic recovery, rising disposable incomes in emerging economies and increasing demand for innovative and ethically sourced jewellery. Gold and diamond jewellery are expected to remain key segments, while e-commerce adoption, technological advancements in jewellery design and rising preference for branded and certified jewellery are expected to further support industry growth.

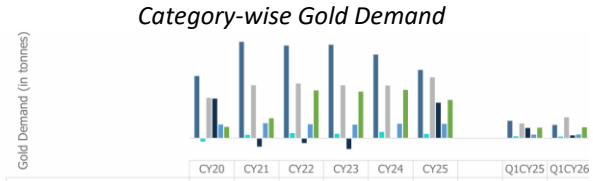
Global Gems and Jewellery Market Size (CY20-CY30P)



- *Overview of the Global Gold Demand and Industry Trends:* Global gold demand is influenced by economic conditions, geopolitical developments, investor sentiment, cultural practices and expanding industrial applications. Gold is widely used in **jewellery**, while its high conductivity and corrosion resistance make it valuable in electronics, semiconductors and medical devices. Central banks also hold gold as part of their reserve strategies, while investors view it as a safe-haven asset and a store of value during periods of economic or financial uncertainty. The relative contribution of these segments varies across economic cycles, with investment demand typically strengthening during periods of market volatility and jewellery demand remaining closely linked to cultural and seasonal occasions. The diversified sources of demand across jewellery, investment, central bank reserves and industrial applications contribute to the resilience of the gold market and reinforce its role as both a wealth-preservation asset and an important industrial commodity.

- *Category-wise Gold Demand:* In Q1CY26, global gold demand declined by ~ 9% year-on-year to 1,195.9 tonnes. The majority share of global gold demand consists of gold jewellery, which is 35% for CY25 and around 28% for Q1CY26, followed by bars and coins, which account for 30% of total gold demand for CY25 and 40% in Q1CY26. In CY25, the total demand for gold jewellery by global consumers was 1,542.2 tonnes as compared to 1,886.9 tonnes in CY24. The demand declined by 18.3% in CY25 as compared to the previous year. This fall was primarily due to record-high gold prices and weaker consumer sentiment in key markets like China, which impacted affordability and led consumers to either defer purchases or shift towards lighter jewellery and gold bars/coins. The overall demand in the gold market is largely in the form of gold jewellery fabrication and gold coins/bars. Whereas gold jewellery held a major share of 40.8% in the overall gold demand.

Category-wise Gold Demand



	CY20	CY21	CY22	CY23	CY24	CY25		Q1CY25	Q1CY26
Jewellery Consumption	1,405.3	2,177.0	2,094.7	2,109.2	1,886.9	1,542.3		391.2	299.7
Jewellery Inventory	-73.5	75.4	113.6	99.0	139.6	95.7		43.5	35.3
Investment-Bars and Coins	912.8	1,195.4	1,234.9	1,195.1	1,188.3	1,374.1		333.6	473.6
Investment-ETFs	892.5	-188.6	-109.1	-243.3	-2.9	801.2		229.9	62.0
Technology-Electronics, Dentistry, industrial,etc	309.0	337.2	314.8	305.2	326.2	322.8		80.4	81.6
Central Banks	254.9	450.1	1,080.0	1,050.8	1,092.4	863.3		237.0	243.7

- *Region-wise Share of Gold Consumption in Volume Terms for Jewellery, Bars, and Coins:* India is the largest consumer of gold jewellery globally, accounting for 31.6% of global jewellery demand in CY25, with consumption of approximately 430.5 tonnes, surpassing Greater China at 386.1 tonnes. In contrast, Greater China accounted for the largest share of global demand for gold bars and coins at 32.9%, followed by India. On a combined basis, including jewellery, bars and coins, Greater China consumed approximately 830.3 tonnes of gold in CY25, followed by India at around 710.9 tonnes. Other major consuming regions included the Middle East at 271.3 tonnes, the Americas at 229.5 tonnes and Europe at 184.7 tonnes. India's leading position in jewellery consumption highlights the country's strong cultural affinity towards gold and its significance as both a consumption and investment asset. The sustained demand for gold jewellery provides a favourable backdrop for manufacturers and wholesalers operating in the Indian market.

- *Region-Wise Trend in Jewellery Demand - Volume Terms & Value Terms:* India remained the leading global market for gold jewellery, with demand increasing from 315.9 tonnes in CY20 to 430.5 tonnes in CY25, despite volatility in gold prices and economic conditions. In value terms, India's jewellery demand increased from USD 19.7 billion in CY20 to USD 52.1 billion in CY25, reflecting the impact of higher gold prices alongside sustained consumer demand. Greater China remained the second-largest market, with jewellery demand of 386.1 tonnes in CY25, valued at USD 46.7 billion. The Middle East, Americas and Europe ex-CIS also recorded growth in value terms over the period, supported by higher gold prices and evolving consumer preferences. In Q1CY26, India's jewellery demand stood at 81.6 tonnes, compared with 66.1 tonnes in Q1CY25, while value increased to USD 11.4 billion from USD 8.2 billion. The sustained growth in Indian jewellery demand reinforces the country's importance in the global gold jewellery market.

- **Overview of Trend in Export Market for Precious Stones and the Jewellery Industry:** The global gems and jewellery trade remains concentrated among a limited number of major exporting and importing markets, with established manufacturing hubs benefiting from strong craftsmanship, supply-chain capabilities and access to international markets. In CY25, Switzerland was the largest exporter of articles of jewellery, accounting for 11.2% of global exports, followed by India at 10.0%, Italy at 9.7% and China at 9.3%. India has maintained a significant position in global jewellery exports, with its share increasing from 9.9% in CY22 to 10.0% in CY25, reflecting its growing importance as a jewellery manufacturing hub. In the precious stones segment, the United States was the largest exporter with a 20.7% share, followed by China at 12.0%, Thailand at 9.6% and Belgium at 9.5%.On the import side, the United States remained the largest importer of articles of jewellery in CY25, accounting for 19.8% of global imports, followed by Switzerland at 11.9%, China at 10.9%, Germany at 5.7% and Austria at 4.8%. The US also remained the dominant importer of precious stones, with a 37.4% share, followed by Switzerland at 5.8%, while China and Germany each accounted for 4.0%. The strong position of India among global jewellery exporters highlights its competitive manufacturing capabilities and provides opportunities for domestic manufacturers to participate in the growing international jewellery trade.

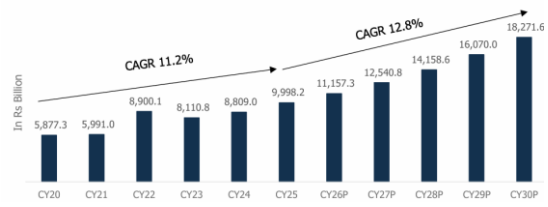
- **Overview of Factors for gold price movement:** Gold prices are influenced by a combination of macroeconomic, financial and demand-supply factors. Currency movements, particularly fluctuations in the US dollar, play an important role, as a weaker dollar generally makes gold more attractive to investors and can increase demand. Currency depreciation may also raise inflationary pressures, strengthening gold's appeal as a store of value and a hedge against inflation and currency risk. During periods of economic or financial instability, investors often increase allocations to gold as a safe-haven asset, potentially supporting prices. Central banks and countries with significant foreign exchange reserves also influence the market through changes in their gold holdings, as purchases or sales can affect global demand. Demand from major consuming nations is another important determinant of gold prices, with countries such as India and China accounting for a significant share of global jewellery and investment demand. Changes in consumption patterns in these markets can therefore materially influence global demand. In addition, gold prices are affected by global interest rates, inflation expectations, geopolitical developments, investor sentiment, mining supply and changes in industrial demand. A combination of strong investment demand, central bank purchases and constrained supply can provide upward support to gold prices, while weaker economic activity or reduced consumer and investment demand may exert downward pressure.

- **Overview of Indian Gems & Jewellery Industry:** The Indian gems and jewellery industry is a significant contributor to the economy, accounting for approximately 7.0% of GDP and 15.0% of merchandise exports. India is also the world's largest diamond-cutting and polishing hub, processing over 90.0% of the world's polished diamonds. Gold jewellery remains the dominant segment, supported by its deep cultural and religious significance and its role in weddings, festivals and other occasions. The industry's manufacturing base is concentrated across key states such as Maharashtra, Gujarat and Tamil Nadu. The sector is undergoing gradual formalisation, with organised players gaining traction amid rising consumer preference for branded jewellery, quality assurance and contemporary designs. Mandatory gold hallmarking, the Gold Monetisation Scheme and supportive government policies are further encouraging formalisation. Domestic demand is supported by rising disposable incomes, urbanisation and increasing preference for lightweight and modern designs, particularly among younger consumers. Export demand remains driven by markets such as the US, UAE and Hong Kong. While gold price volatility, import dependence, regulatory requirements and competition

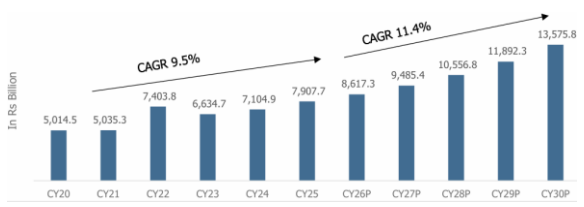
from synthetic diamonds remain key challenges, India's skilled workforce, established manufacturing ecosystem and strong cultural affinity towards jewellery continue to support the industry's long-term growth.

- *Indian Gems & Jewellery Industry Market Size:* The Indian gems and jewellery industry is undergoing gradual formalisation, having historically been dominated by small, family-owned and unorganised jewellers. The organised segment has gained share, supported by GST implementation, mandatory hallmarking, greater consumer awareness, pricing transparency and expansion of organised retail chains. The domestic gems and jewellery market reached approximately ₹9,998 billion in CY25, registering an 11.2% CAGR during CY20-CY25, and is projected to grow at a 12.8% CAGR between CY25 and CY30. The Indian gold jewellery market, the dominant segment, was valued at approximately ₹7,908 billion in CY25, growing at a 9.5% CAGR during CY20-CY25, and is expected to reach approximately ₹13,576 billion by CY30, implying an 11.4% CAGR. Although gold jewellery demand declined by around 24.0% in volume terms in CY25 amid a 44.0% increase in gold prices, long-term demand remains supported by rising disposable incomes, a growing working population, urbanisation and gold's traditional role as a savings and investment asset. Increasing preference for branded and customised jewellery, particularly in metro and Tier-I cities, is expected to further support industry growth and organised sector penetration.

Indian Gems & Jewellery Industry Market Size (CY20-CY30P)



Indian Gold Jewellery Industry Market Size (CY20-CY30P)

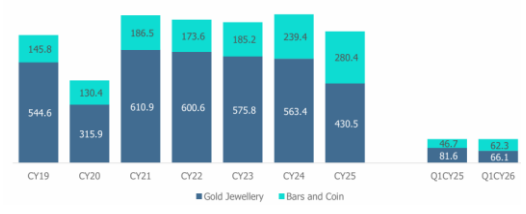


- *Indian Gold Jewellery Industry Breakup by Region (% Share) in CY25:* The Indian gold jewellery market exhibits significant regional variations, influenced by cultural traditions, purchasing power and consumer preferences. South India accounts for the largest share at 41.1%, followed by West India at 23.7%, North India at 21.2% and East India at 14.0%. South India continues to witness strong demand for high-weight and intricate gold jewellery, supported by cultural affinity, higher purchasing power, steady income growth and remittance inflows. North India is increasingly witnessing demand for lightweight, contemporary and diamond-studded jewellery, particularly in urban markets. Maharashtra benefits from consistent replacement demand, with consumers upgrading existing jewellery and purchasing designs aligned with evolving fashion trends. Across regions, demand for lightweight daily-wear jewellery has increased, with products such as 5–8 gram chains and mangalsutras gaining popularity. Rising per-capita incomes, higher jewellery expenditure, increasing weddings and social media influence are supporting this shift. Meanwhile, regional preferences continue to shape product designs, with traditional motifs remaining prominent in eastern India and modern, versatile designs gaining acceptance among younger consumers.

- *Gems and Jewellery Market Breakup- By Material Type (CY25):* Gold remains the dominant material in India's gems and jewellery market, accounting for 80.0% of the market in CY25, followed by diamonds at 10.0%, silver at 5.0% and other materials at 5.0%. Gold continues to hold a strong position due to its cultural significance, particularly across weddings and festivals, as well as its role as a store of wealth and investment asset. Demand is also evolving, with younger consumers increasingly preferring lightweight and contemporary gold jewellery. Diamond jewellery, supported by its association with luxury, exclusivity and special occasions, has gained traction through stronger retail presence, branding and innovations in cutting and customised designs. Silver jewellery benefits from its affordability and versatility, catering to a broader consumer base across traditional and modern designs. Meanwhile, the other materials segment includes gemstones, synthetic materials and alternative metals, supported by rising demand for fashionable, affordable and distinctive jewellery among younger and price-conscious consumers.

- *Domestic Gold Demand from Various Segments:* In CY25, India's total domestic demand for gold, including jewellery, bars, and coins, stood at 710.9 tonnes. The jewellery segment continued to be the largest contributor and accounted for ~51.5% of the gold demand in India in Q1CY26, while bars and coins accounted for the balance. The gold jewellery demand declined by 18.9% y-o-y in Q1CY26. The demand was impacted mainly due to increasing gold prices.

Trend in Domestic Gold Demand- in Volume Terms

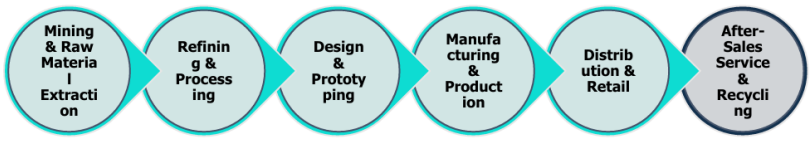


- **<u>Overview of Franchisee-Owned, Company-Operated (FOCO) Model</u>**: The jewellery retail industry follows multiple store ownership and operating models, with FOFO (Franchisee-Owned, Franchisee-Operated) and FOCO (Franchisee-Owned, Company-Operated) being prominent formats. Under the FOFO model, the franchisee funds and operates the store, while the franchisor provides branding, training, marketing and operational systems. This model offers lower capital requirements for the franchisor, greater local market expertise and faster scalability. Under the FOCO model, the franchisee provides the investment and owns the store, while the franchisor manages day-to-day operations, enabling greater control over service quality, customer experience and brand standards. Jewellery stores can also be classified by size. Small-format stores, typically measuring 100–500 sq. ft., cater to high-street and convenience locations with focused assortments. Medium-format stores of 500–1,000 sq. ft. are commonly located in malls and commercial areas, offering a broader assortment. Large-format stores, generally exceeding 2,500 sq. ft., function as flagship outlets with extensive product ranges, premium offerings and enhanced customer experiences, particularly in metropolitan and destination locations.

- **Overview of Shop-in-Shop (SIS) Model**: The Shop-in-Shop (SIS) model involves a jewellery brand establishing a dedicated branded section within a larger multi-brand retail store, such as a department store, hypermarket or retail chain. The brand typically controls the branding, fixtures and trained personnel, while the host retailer provides the broader store infrastructure and billing support. The model enables capital-efficient expansion, as brands can access premium retail locations without bearing the full cost of rentals and store fit-outs. It also enhances brand visibility and customer accessibility by leveraging established retail locations and existing customer footfall. The SIS format is particularly beneficial for brands seeking to enter new markets, test locations or showcase premium product ranges while limiting upfront investment.

- **Overview of Value Chain of Gems and Jewellery:** The gems and jewellery value chain comprises mining and raw material extraction, refining and processing, design and prototyping, manufacturing, distribution and retail, followed by after-sales service and recycling. The process begins with the extraction of precious metals and gemstones, which are subsequently refined and processed to achieve the required purity, quality and appearance. The design and prototyping stage combines creativity and technical expertise to develop products aligned with consumer preferences and current trends. During manufacturing, skilled artisans and modern technologies are used to shape metals, set gemstones and assemble jewellery, with quality control being critical to maintaining product standards. Finished jewellery is then distributed through wholesalers and retailers, including physical stores and online platforms, before reaching consumers. Secure logistics and effective inventory management are particularly important given the high value of jewellery. After-sales services, including cleaning, repairs, resizing and stone replacement, help strengthen customer relationships and extend product life. Recycling and buy-back programmes are also gaining importance, enabling the recovery and reuse of precious metals and gemstones while supporting sustainability and resource efficiency.

Gems and Jewellery Value Chain



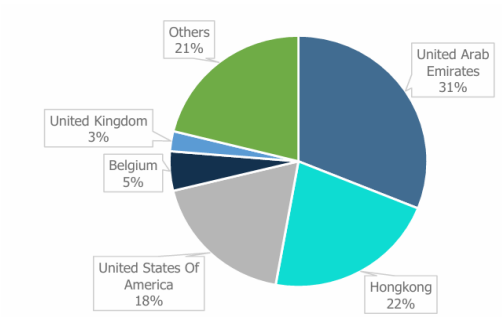
- **Overview of Gold Processing in India vs China:** China has a significantly larger gold mining base than India, while India has rapidly expanded its refining capacity. China produced 384 tonnes of gold in CY25, compared with only 0.8 tonnes in India in CY23, reflecting India's limited domestic mining activity due to low investment, regulatory challenges, mine closures and infrastructure constraints. China's gold mining value increased substantially from USD 16,458 million in CY19 to USD 45,522 million in CY25. India's gold ore concentrate ecosystem has expanded, supported by production from the Hutti Gold Mine in Karnataka and gold recovered as a by-product of copper processing. In refining, however, India has made significant progress, with gold refining volumes increasing at a 28.0% CAGR from 337 tonnes in CY19 to 900 tonnes in CY23, compared with China's increase from 935 tonnes to 1,129 tonnes during the same period. This highlights India's growing role in the downstream gold value chain despite its limited domestic mining resources. Rising gold prices, geopolitical uncertainty, inflation concerns and expectations of monetary easing have further supported investment demand, although elevated prices can negatively impact jewellery demand in volume terms.

- **Overview of Trends in Imports and Exports of Gems and Jewellery in India:** India's gems and jewellery exports stood at ₹2,439.1 billion in FY26, declining 5.3% YoY, primarily due to subdued demand in key markets such as the US and China, lower diamond prices and increasing competition from lab-grown diamonds. In contrast, gross imports increased 32.1% YoY to ₹2,025.5 billion, supported by inventory restocking, expectations of demand recovery and relatively softer prices of rough diamonds and precious metals. The UAE emerged as the largest export destination, accounting for 31.0% of India's gems and jewellery exports in FY26, followed by Hong Kong at 22.0% and the US at 18.0%. The US share declined significantly from 32.0% in FY25 to 18.0% in FY26, impacted by higher tariffs, weaker discretionary spending and exporters' efforts to diversify into alternative markets. The Middle East has gained importance, with India's exports to the region reaching ₹884.7 billion in FY26, growing 16.8% YoY and registering a 4.3% CAGR during FY20-FY26. Continued government support, trade agreements and market diversification are expected to support India's global jewellery trade.

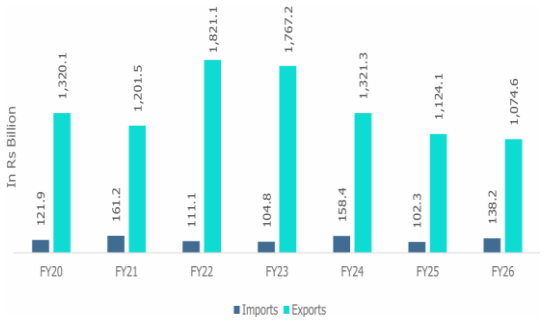
Yearly Import Export Trends - Overall Gems and Jewellery



Country-wise Export Share in FY26 - Overall Indian Gems and Jewellery

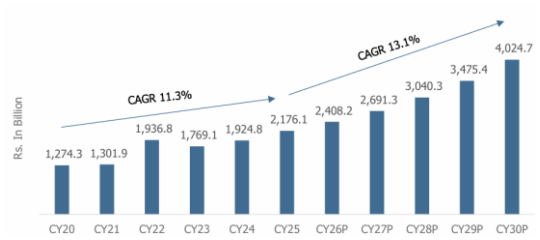


Import and Export Trend for Cut & Polished Diamonds

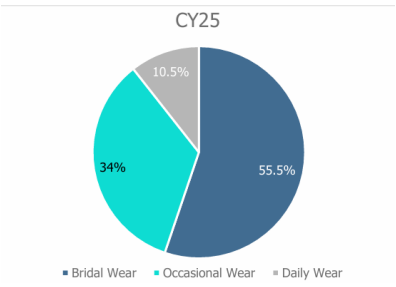


- **Overview of Gold Jewellery Wholesale Market in India:** India has one of the world's largest wholesale gold jewellery markets, comprising a mix of SMEs and large players concentrated in key hubs such as Mumbai, Surat and Chennai. The market is closely linked to the expansion of organised retail, particularly in Tier-II and Tier-III cities, while wholesalers also benefit from customised and bulk orders from retailers. The Indian wholesale gold jewellery market reached ₹2,176.1 billion in CY25, registering an 11.3% CAGR during CY20-CY25, and is projected to reach ₹4,024.7 billion by CY30, implying a 13.1% CAGR during CY25-CY30. Growth is supported by recurring demand during weddings and festivals, retailer inventory replenishment, exports and economies of scale. India exported over ₹993.7 billion of gold jewellery in FY26, further highlighting the importance of international demand. Wholesalers also benefit from offering diverse product ranges spanning bridal, occasional and daily wear jewellery. In CY25, bridal wear accounted for 55.5% of the wholesale market, followed by occasional wear at 34.0% and daily wear at 10.5%. While bridal jewellery remains the largest segment, demand for lightweight, contemporary and affordable daily-wear products is gaining traction, particularly among younger and working consumers.

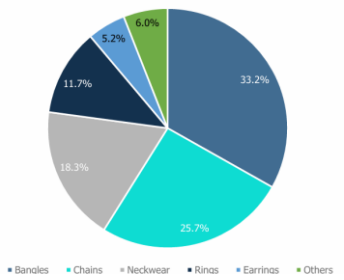
Indian Gold Jewellery Wholesale Market Size, CY20–CY30P



Market Breakup by Wearing (in %), CY25



Market Breakup by Wearing (in %), CY24



- **Overview of the Organised and Unorganised Segments:** India's organized jewellery segment is gaining market share, supported by rising consumer awareness of quality, certification and pricing transparency, along with mandatory hallmarking and GST compliance. Major players are expanding into Tier-II and Tier-III cities, while digital platforms, omnichannel retail and personalised customer experiences are further strengthening organised retail. In contrast, the unorganized segment continues to retain a significant presence due to strong local relationships, customer trust, flexible pricing and payment options, extensive product variety and deeper penetration in rural markets. However, increasing competition from branded players and regulatory formalisation are gradually narrowing its traditional cost advantage. Overall, the industry is witnessing a gradual shift from unorganised to organised jewellery retail, driven by formalisation, branding and evolving consumer preferences.

- **Overview of Regulatory Process and framework for the Gems & Jewellery Industry in India:** The Indian gems and jewellery industry operates within a regulatory framework focused on formalisation, transparency, import management and export promotion. Key measures include mandatory BIS hallmarking with HUID, GST compliance and FDI of up to 100% under the automatic route, supporting organised-sector growth. Import duties on gold and silver have undergone multiple revisions, with the latest increase from 6% to 15% in May 2026, aimed at curbing precious-metal imports and supporting the current account. The government also supports the sector through the Gold Monetisation Scheme, export-promotion initiatives, skill-development programmes and jewellery parks. GST has streamlined interstate trade and improved transparency, while hallmarking has enhanced consumer confidence by ensuring purity and traceability. Industry bodies such as GJEPC, GJC and GJSCI further support exports, skill development, technology adoption and regulatory compliance. Overall, regulatory formalisation is expected to favour organised manufacturers and retailers with stronger compliance capabilities.

- **Overview of the Key Demand Drivers & Opportunities:** India's jewellery demand is supported by rising disposable incomes, favourable demographics, urbanisation and evolving consumer preferences. Per capita GNDI grew at a 8.9% CAGR during FY14–FY24, strengthening household purchasing power, while India's large working-age population and rising female workforce participation are supporting discretionary consumption. Rapid urbanisation and increasing penetration of Tier-II and Tier-III cities are driving demand for lightweight, daily-wear and contemporary jewellery, while also accelerating the shift towards organised retailers. Gold continues to serve the dual purpose of adornment and wealth preservation, particularly during weddings, festivals and periods of economic uncertainty. Rising consumer awareness and preference for branded jewellery, transparent pricing, certified quality and innovative designs are further benefiting organised players. Persistently high gold prices are also encouraging adoption of 18K and 14K jewellery, alongside lightweight products that offer greater affordability and everyday usability. The lightweight jewellery segment is expected to grow at around 15.4% CAGR during CY25–CY30, creating opportunities for broader customer acquisition and product diversification. Social media, global fashion trends, digital retail and gold-linked savings/loan products are additional avenues supporting industry growth.

➢ **Key Strengths:**

- **Long Term Relation with local Jobworkers for handling custom hand-crafted gold jewellery making process**: The company has established long-term and stable relationships with local jobworkers, enabling it to efficiently manage the production of handcrafted gold jewellery while maintaining an asset-light operating model. The company collaborates with skilled karigars, predominantly located in Mumbai, Maharashtra, a key hub for jewellery craftsmanship and design. These artisans possess specialized expertise in carving and processing plain and studded gold jewellery, allowing the company to offer intricate designs tailored to diverse customer preferences. The company's in-house designers, managed by the promoters, work closely with the sales and marketing team to develop designs aligned with evolving trends, customer lifestyles and preferences. These designs are shared with jobworkers for manufacturing, with the company undertaking multiple rounds of verification to ensure adherence to design and quality specifications. The company has maintained a consistent network of jobworkers, engaging 90, 87 and 72 jobworkers in FY2024, FY2025 and FY2026, respectively, with low attrition rates. As of FY2026, 66 jobworkers had executed formal agreements with the company. This established network provides flexibility, skilled craftsmanship and timely execution while enabling the company to respond effectively to changing market trends.
- **Asset Light Model**: The company operates primarily through an **asset-light business model**, leveraging the expertise of skilled karigars engaged through jobworkers to manufacture handcrafted gold jewellery as per customer requirements. This model provides flexibility in managing production in line with demand, while supporting efficient inventory management across the supply chain. The company's established relationships with jobworkers enable it to cater to diverse customer requirements without maintaining in-house manufacturing facilities. The asset-light approach also reduces the company's capital expenditure requirements and limits operational costs associated with maintenance and depreciation, enabling more efficient deployment of capital. It further provides flexibility to adapt production to changing market conditions and customer preferences. The company supplies handcrafted jewellery to both corporate and non-corporate customers, who subsequently retail the products through physical stores and online channels. In addition, the company undertakes job work where customers provide bullion and specific design requirements, with the company coordinating production through karigars and delivering the finished jewellery to the customers.
- **Wide product range in hand crafted gold jewellery**: The company offers a comprehensive range of **handcrafted gold jewellery across multiple categories under one roof**, enabling customers to address diverse requirements through a single supplier. Its product portfolio includes Antique, Calcutta, Gheru, Semi-Antique and Temple jewellery, along with Yellow, Rhodium and Rose Gold jewellery. The product range comprises bangles,

bridal jewellery, chokers, jhumkas, long and short necklace sets, mangalsutras, rings, mang tikkas and combination jewellery sets. The company also provides customized jewellery based on customer specifications and designs, enabling it to cater to varied tastes, preferences and occasions. Its broad product portfolio differentiates it from players focused on specific jewellery categories or product lines. This one-stop offering simplifies customers' procurement processes while supporting consistency in quality, craftsmanship and design across its diverse product range.

- **Commitment to Quality and Customer Satisfaction:** The company places strong emphasis on quality control and customer satisfaction, with a focus on delivering handcrafted gold jewellery that meets specified quality and design requirements. It deals exclusively in jewellery bearing the BIS Hallmark, providing assurance regarding the purity of its gold jewellery. The company prioritizes customer specifications and works towards offering distinctive designs with the desired finish and quality. Regular quality checks and adherence to hallmarking requirements help ensure consistency across its products. This customer-centric approach has enabled the company to build long-term relationships with clients and establish itself as a trusted jewellery partner. The company's focus on quality and customer satisfaction is also reflected in the limited product returns recorded over the years, supporting customer confidence and repeat business. The table below sets forth the details of the product returns in Fiscal 2026, 2025 and 2024:

Particulars	FY2026	FY2025	FY2024
Product Returns (₹ million)	1,178	734	463
Product Returns as % of Revenue from Operations	7.2%	5.2%	4.4%

- **Established relations with corporate and non- corporate jewellery clients**: The company has established long-standing relationships with customers across both corporate and non-corporate segments, supported by its focus on quality, timely delivery and adherence to customer requirements. Its corporate clientele includes established jewellery brands such as Joyalukkas India Limited, P. N. Gadgil & Sons Ltd., Kalyan Jewellers India Limited and Bhima Jewellers Madurai. Revenue from non-corporate customers stood at ₹5,831 million in FY2026, contributing 35.8% of revenue from operations, compared with ₹6,204 million (44.2%) in FY2025 and ₹4,769 million (44.9%) in FY2024. The company also maintains a diversified customer base, with its top 1, top 5 and top 10 customers contributing 6.1%, 23.3% and 39.6%, respectively, to FY2026 revenue from operations. This customer mix supports recurring business while limiting dependence on any single customer.
- **Established Marketing Setup:** The company has developed a strong and established customer base, supported by an experienced sales and marketing team operating under the direct supervision of its directors, Mahavir Kantilal Jain and Manoj Kantilal Jain. Their industry experience and strong relationships with clients contribute to customer acquisition, retention and expansion. The company's reputation for timely delivery, quality and design capabilities in 22K and 18K gold jewellery has supported long-term customer relationships and helped expand its client base. Its sales and marketing team focuses on developing and maintaining customer relationships while identifying evolving market trends and incorporating customer feedback into new designs. The company also emphasizes product quality, timely delivery, design confidentiality and value-added offerings, enabling it to address customer requirements effectively and strengthen its market presence.

➢ **<u>Key Strategies:</u>**

- **Capturing market opportunities in the growing jewellery industry:** The Indian gold jewellery market was valued at approximately ₹7,908 billion in CY25 and is expected to grow at a 11.4% CAGR between CY25 and CY30, reaching around ₹13,576 billion. Despite near-term demand pressures from elevated gold prices, rising disposable incomes, an expanding middle class and increasing consumer preference for certified jewellery are expected to support long-term industry growth. The jewellery industry is also witnessing a gradual shift towards organized players, driven by regulatory formalization, including BIS hallmarking and GST compliance, along with increasing demand for standardized and traceable products. The expansion of organized jewellery retailers is expected to create additional opportunities for organized wholesale manufacturers and suppliers. The company intends to capitalize on these trends by leveraging its established client relationships, supplier network and operational capabilities. As several established jewellery brands form part of its corporate clientele, their expansion across retail and online channels could support incremental demand for the company's handcrafted gold jewellery. The company plans to deepen relationships with existing customers, acquire new clients and tailor its product offerings to evolving market trends and customer requirements. It also intends to participate in jewellery exhibitions to expand its client base, strengthen industry relationships and identify emerging trends, with a focus on increasing recurring sales and transaction volumes.
- **Augment their fund-based capacities and reduce dependence on debt in order to create long term shareholder value and be able scale up business operations:** The company intends to strengthen its financial flexibility by augmenting its fund-based capacities and reducing dependence on debt, thereby supporting long-term business growth and shareholder value creation. As the company scales its operations, adequate working capital will remain critical for procuring raw materials, maintaining optimal inventory levels and managing trade receivables from its growing customer base. To support these requirements, the company proposes to utilize ₹1,580 million from the Issue proceeds towards repayment of working capital debt and ₹380 million towards funding its working capital requirements. The proposed debt repayment is expected to reduce the company's reliance on working capital borrowings, while the additional working capital will provide greater flexibility to support day-to-day operations and cater to increasing customer demand. The company believes that a stronger capital structure and improved liquidity position will enhance its ability to manage market fluctuations, pursue growth opportunities and scale operations efficiently, while supporting sustainable long-term growth.
- **Continue to invest in marketing and brand building initiatives:** The company plans to strengthen its market presence by participating in key jewellery exhibitions and industry trade shows to showcase its diverse product portfolio and build relationships with existing and prospective customers. It has participated in prominent events such as IIJS Signature, IIJS Premiere, IIJS Tritiya, Preferred Manufacturer of India (PMI) and the Indian Gem and Jewellery Show (GJS), supported by industry organizations including GJEPC and GJC. These events provide opportunities to enhance brand visibility, generate customer interest and expand the company's B2B network. The company also leverages social media platforms, targeted advertisements in local and regional jewellery publications and personalized store visits to promote its products. Its sales and marketing team regularly visits customers to showcase new designs through the company's mobile application, which enables customers to browse its jewellery portfolio. Expenditure on exhibitions and events stood at ₹9 million in FY2026, compared with ₹8 million in FY2025 and ₹9 million in

FY2024. Going forward, the company intends to continue using exhibitions and targeted marketing initiatives to expand its customer base and strengthen existing relationships.

➢ **Financial & Operational Performance Indicators**

Details of the KPIs for the Financial Years ended March 31, 2026, March 31, 2025, and March 31, 2024, are set out below:

Key Performance Indicators (KPIs)	Unit of Measurement	FY2026	FY2025	FY2024
Operational Indiactors				
Quantity of Gold Processed	Kg	1,397	1,936	1,796
Financial Indiactors				
Revenue from Operations	₹ million	16,308	14,038	10,618
Gross Profit	₹ million	1,804	781	454
Gross Profit Margin	%	11.1%	5.6%	4.3%
EBITDA	₹ million	1,579	653	286
EBITDA Margin	%	9.7%	4.7%	2.7%
PAT	₹ million	1,067	403	128
PAT Margin	%	6.5%	2.9%	1.2%
ROE	%	50.9%	40.1%	21.3%
ROCE	%	41.6%	26.3%	16.5%
Core NWC Days	No. of days	81.3	62.4	58.9
Net Debt to Equity Ratio	No. of times	0.8x	1.4x	1.8x
Net Debt to EBITDA Ratio	No. of times	1.1x	2.2x	3.8x

➢ **Peer Comparison**

Name of Company	Face Value (₹ per share)	Revenue FY2026 (₹ million)	Diluted NAV (₹ per share)	P/E	RONW (%)
Shankesh Jewellers Limited	5.00	16,308	9.09	**12.8**	51.0%
Peer Group					
Shanti Gold International Limited	10.00	20,187	21.22	10.04	23.4%
Sky Gold & Diamonds Limited	10.00	62,949	18.07	34.86	23.4%

Note: All financial information for listed industry peers mentioned above is sourced from the annual reports of the respective companies for the period ended March 31, 2026 as available on the websites of the NSE.

➢ **Key Risks**:

- The company's demand is dependent on the performance of customers' jewellery products and end-consumer demand. Any slowdown in jewellery consumption could adversely impact revenue, profitability and cash flows.
- Jewellery purchases are discretionary and often perceived as luxury purchases. Any factor negatively impacting discretionary spending by consumers may adversely affect the business, results of operations, financial condition and prospects.
- The company relies entirely on third-party jobworkers for production and manufacturing. Any disruption, shortage of skilled karigars in Maharashtra, or quality issues could adversely affect production, reputation, revenues and profitability.
- The company's demand is dependent on the success of customers' end-products; any slowdown in consumer demand, adverse product trends, or customer performance could materially impact revenues, cash flows and profitability.
- The company has significant geographic concentration, with its top five states, Tamil Nadu, Maharashtra, Uttar Pradesh, Bihar and Odisha—contributing 67.84% of revenue in FY26, 63.67% in FY25 and 62.00% in FY24. Regional economic or market disruptions could adversely impact operations.
- The company faces stringent quality requirements, with product returns of ₹1,177.56 million in FY26, ₹733.98 million in FY25 and ₹462.72 million in FY24. Further quality failures could lead to order cancellations, reputational damage and weaker profitability.
- The company has experienced negative cash flows, including ₹231.05 million operating cash outflow in FY25, investing cash outflows of ₹126.99 million, ₹28.95 million and ₹10.12 million over the past three fiscals, which could strain liquidity.
- The company's inventory value and profitability are exposed to gold price and raw materials volatility; sharp price movements can increase inventory valuation risk, affect margins and working capital requirements, and constrain the scale of operations.
- The company's manufacturing is concentrated among jobworkers in Mumbai, Maharashtra, exposing operations to regional economic downturns, natural disasters, civil disruptions, riots or strikes, which could materially affect production, sales and profitability.
- The company has moderate customer concentration, with its top 10 customers contributing 39.56% of revenue in FY26, 30.48% in FY25 and 30.62% in FY24. Loss of key customers or lower demand could adversely impact revenues and cash flows.
- The company has high supplier concentration, with its top 10 suppliers accounting for 91.22% of raw material purchases in FY26, including 55.30% from the top supplier. Supply disruptions, price increases or quality issues could adversely impact operations and margins.
- The company has high inventory exposure, with inventory at ₹2,399.58 million in FY26, representing 62.06% of current assets, while inventory days increased to 54 days from 42 days in FY25. Misjudging demand or consumer preferences could increase carrying costs and impact profitability.
- The company operates in the discretionary jewellery market; any economic slowdown, particularly in its principal markets, could weaken consumer spending on discretionary purchases and adversely affect revenue, profitability and cash flows.
- The company operates in a business environment where orders are fulfilled based on customer and seasonal demand.
- The company issued equity shares during the preceding year at a price that may be lower than the Offer Price.
- The company's asset-light model relies on third parties for operations and inventory handling; any disruption, loss or delay at third-party locations could adversely impact business operations and financial performance.

➢ **Valuation:**

Shankesh Jewellers Limited

17-08-26

Subscribe- Long Term

Shankesh Jewellers Ltd is valued at **12.8x** P/E on FY26 earnings. Given its strong financial growth, improving profitability, asset-light business model and established presence in the B2B handcrafted gold jewellery segment, the valuation is fairly priced. We believe that the IPO is fairly priced and recommend a **"Subscribe: Long Term"** rating to the IPO.

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- ❑

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Mid Caps (101st-250th company)	>20%	0%-20%	Below 0%
Small caps (251st company onwards)	>25%	0%-25%	Below 0%

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Compliance officer-Deepak Kedia, email id - deepakkedia@rathi.com, Contact no. +91 22 6281 7000.

Grievance officer-Madhu Jain-email id- grievance@rathi.com, Contact no. +91 22 6281 7191

ARSSBL registered address: Express Zone, A Wing, 10th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.

Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.