

# Shanti Gold: Shining Growth Story; Attractive Valuation

February 11, 2026 | CMP: INR 217 | Target Price: INR 350

Expected Share Price Return: 61.1% | Dividend Yield: 0.0% | Potential Upside: 61.1%

**BUY**
**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 / 184
Mkt Cap (Bn)	INR 15.5 / USD 0.2
Shares o/s (Mn)	72.1
3M Avg. Daily Volume	11,41,046

**Change in CIE Estimates**

INR Bn	FY26E			FY27E		
	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	19.6	19.6	-	35.9	35.9	-
EBITDA	2.0	2.0	-	2.5	2.5	-
EBITDAM%	10.4	10.4	-	6.9	6.9	-
PAT	1.4	1.4	-	1.7	1.7	-
EPS (INR)	19.5	19.5	-	23.9	23.9	-

**Actual vs CIE Estimates**

INR Mn	Q3FY26A	CIE Est.	Dev. %
Revenue	6,369	6,368	0.0
EBITDA	602	550	9.3
EBITDAM %	9.4	8.6	81 bps
PAT	401	382	5.2

**Key Financials**

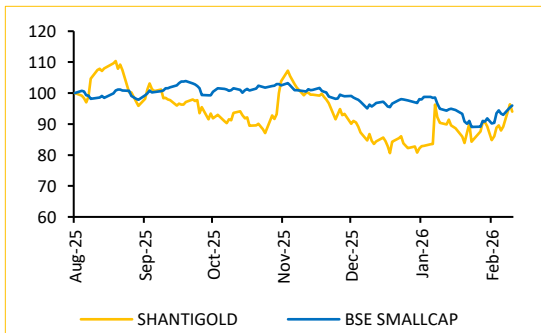
INR Bn	FY24	FY25	FY26E	FY27E	FY28E
Revenue	7.1	11.1	19.6	35.9	53.7
YoY (%)	4.7	55.5	77.5	83.0	49.5
EBITDA	0.5	0.9	2.0	2.5	3.6
EBITDAM %	7.0	8.3	10.4	6.9	6.7
Adj PAT	0.3	0.6	1.4	1.7	2.6
EPS (INR)	5.0	10.3	19.5	23.9	36.2
ROE %	32.3	44.8	36.7	24.6	28.5
ROCE %	17.6	25.3	31.6	24.6	28.4
PE(x)	40.0	19.2	11.0	8.9	5.9
EV/EBITDA	24.7	14.1	8.3	7.2	5.0

**Shareholding Pattern (%)**

	Dec-25	Sep-25	Jun-25
Promoters	74.89	74.89	NA
FIIIs	2.21	2.68	NA
DIIIs	2.29	4.01	NA
Public	20.61	18.42	NA

**Relative Performance (%)**

YTD	6M	3M	1M
BSE SMALLCAP	(2.5)	(4.5)	1.1
SHANTIGOLD	(12.4)	(6.1)	4.0


**Ashutosh Murarka**

Email: ashutosh.murarka@choiceindia.com

Ph: +91 22 6707 9521

**Heet Chheda**

Email: heet.chheda@choiceindia.com

Ph: +91 22 6707 9233

**Manufacturing scale-up sets stage for accelerated growth:** SHANTIGOLD is entering a high-growth trajectory supported by a sharp scale-up in manufacturing capacity. At present, the company operates at ~2,700 kg per annum and is adding 4,000 kg in Mumbai along with 1,200 kg in Jaipur, with both facilities expected to be commissioned by H1FY27. This expansion is aligned with rising outsourcing demand from large, organised jewellery retailers who prefer reliable, scaled manufacturing partners.

The management expects revenue to reach ~INR 20 Bn in the current fiscal year and has guided for 60–70% growth in FY27, supported by capacity ramp-up and better utilisation of gold purchased through IPO proceeds — indicating strong visibility for sustained revenue and earnings expansion.

**Portfolio diversification and hedging drive risk-adjusted growth:** Beyond robust revenue growth, SHANTIGOLD is enhancing the quality and sustainability of earnings through geographic diversification and tighter financial discipline. The company is reducing reliance on the domestic market by scaling up exports, targeting an increase in export contribution from ~2% to 10% supported by its newly established Dubai office.

Concurrently, it is broadening its domestic playbook by entering the Mangalsutra segment and introducing a mass-market Turkish jewellery range, expanding its addressable market and targeting higher-volume categories. On the financial front, volatility is being structurally lowered through a calibrated shift towards Gold Metal Loans (GML) and active inventory hedging, thereby mitigating gold price risk and supporting margin stability at ~4%.

**Valuation:** We value the company using the DCF approach, having a target price of INR 350, with a 61.1% upside and a BUY rating. This equates to an implied PE of 9.7x on FY28 EPS (Base case – we have assumed gold price at INR 12.0 Mn/kg for FY26, against the prevailing gold price of 16.0 Mn/kg) and a PEG ratio of 0.14.

**Q3FY26 result: Volume-led growth supported topline acceleration**

- Volume was up 30.8% YoY and up 25.3% QoQ to 535 Kgs
- Revenue was up 110.1% YoY and up 48.1% QoQ to INR 6,369 Mn (vs CIE estimate at INR 6,368 Mn)
- EBITDA was up 113.8% YoY and down 0.7% QoQ to INR 602 Mn (vs CIE estimate at INR 550 Mn). The QoQ decline in EBITDA was mainly because of abnormal gold price gain in Q2FY26. EBITDA margin was up 17 bps YoY and down 464 bps QoQ to 9.4% (vs CIE estimate at 8.6%)
- PAT was up 127.7% YoY and down 8.4% QoQ to INR 4.1 Mn (vs CIE estimate at INR 382 Mn)

Shanti Gold International Ltd.	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Volume (Kgs)	535	409	30.8	427	25.3
Revenues (INR Mn)	6,369	3,032	110.1	4,301	48.1
COGS	5,718	2,704	111.5	3,649	56.7
Gross Profit (INR Mn)	652	329	98.4	651	(8.6)
Gross Margin (%)	10.2%	10.8%	(60) bps	15.1%	(492) bps
Employee Cost	20	16	28.3	17	17.1
Other Expenses	30	32	(4.9)	28	5.4
EBITDA (INR Mn)	602	281	113.8	606	(0.7)
EBITDA Margin (%)	9.4%	9.3%	17 bps	14.1%	(464) bps
Depreciation	15	15	2.9	14	7.2
EBIT (INR Mn)	586	267	120.0	592	(0.9)
EBIT Margin (%)	9.2%	8.8%	42 bps	13.8%	(455) bps
Other Income	26	12	106.4	27	(3.9)
Interest	44	52	(15.7)	42	4.6
PBT	568	227	150.7	576	(1.4)
Tax	167	50	231.0	138	20.7
PAT (INR Mn)	401	176	127.7	438	(8.4)
Basic EPS (INR)	6.3	3.3		7.3	

Source: SHANTIGOLD, Choice Institutional Equities

## Management Call – Highlights

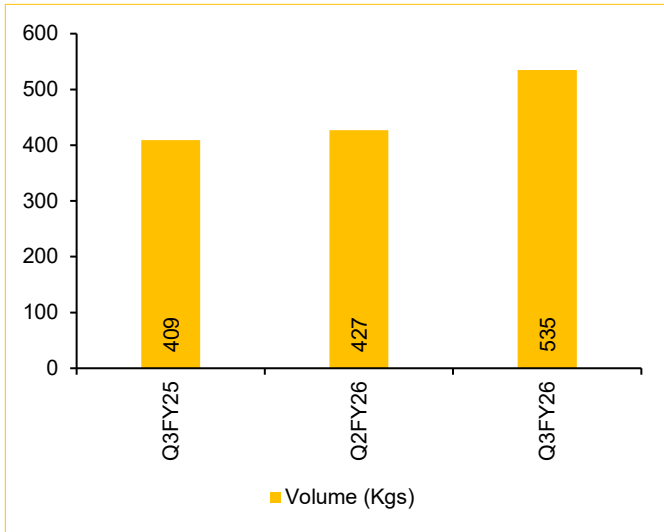
**Strong volume-led growth** with Q3 volumes reaching ~535 kg, indicating healthy demand traction and improving order flow

Management expects to close the current fiscal year with revenues around INR 20,000 Mn and is targeting 60-70% growth for the next year

Going forward, SHANTGOLD expects sustainable PAT margins to stabilise 4–5% as they balance higher-margin products with high-volume and lower-margin mass-market jewellery.

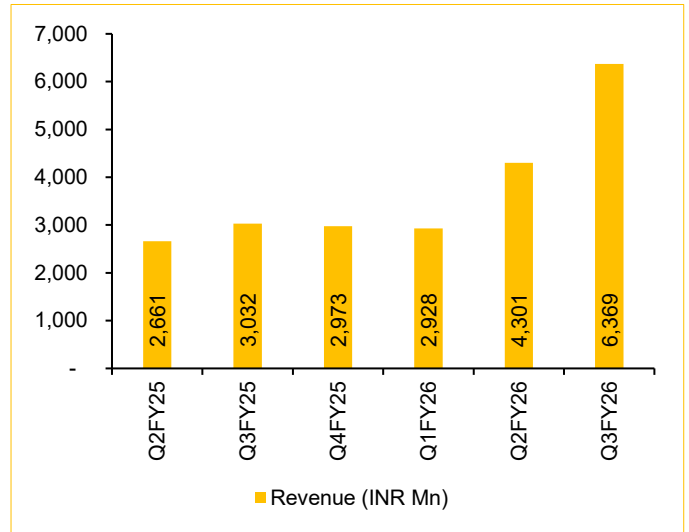
- **Export Push:** SHANTIGOLD is aggressively targeting the export market, aiming to increase export revenue contribution from the existing 2% to 10%. A new office in Dubai (the UAE) is expected to be operational by May to serve markets, such as Singapore, Qatar and Malaysia
- **Jaipur:** A new facility is being set up with an investment of roughly INR 468 Mn, expected to be operational by July
- **Mumbai:** A new affordable Turkish jewellery line was launched to cater to mass-market demand. An investment of INR 85 Mn is being made in the Mumbai facility
- **Mangalsutra:** SHANTIGOLD plans to enter the Mangalsutra category so as to broaden its portfolio
- **Gold Hedging:** To mitigate the risk of gold price volatility, the company is moving towards hedging its gold inventory and utilising Gold Metal Loans (GML) rather than taking price risk
- Management expects to close the current fiscal year with revenues around INR 20,000 Mn and is targeting 60–70% growth for the next year
- Going forward, SHANTGOLD expects sustainable PAT margin to stabilise 4–5% as they balance higher-margin products with high-volume and lower-margin mass-market jewellery
- **Strong volume-led growth** with Q3 volumes reaching ~535 kg, indicating healthy demand traction and improving order flow
- Entry into machine-made plain gold jewellery opens up a **higher-volume, scalable segment**
- Fully-integrated manufacturing (design → casting → hallmarking) supports quality control and margin stability
- Strong in-house design engine (400+ new designs/month) enhances client stickiness and repeat orders
- B2B-focussed model reduces branding spends while benefiting from industry formalisation.
- North India expansion diversifies geographic revenue base
- Export push (UAE, USA, etc.) adds incremental growth lever beyond domestic demand. Participation in global trade exhibitions supports distributor network expansion
- Favourable industry backdrop driven by weddings, rising disposable income and shift towards organised jewellery players
- Increasing preference for branded and hallmarked jewellery supports organised manufacturers
- Easy gold loan availability continues to support consumer liquidity

**Volume growth outpaces expectations**



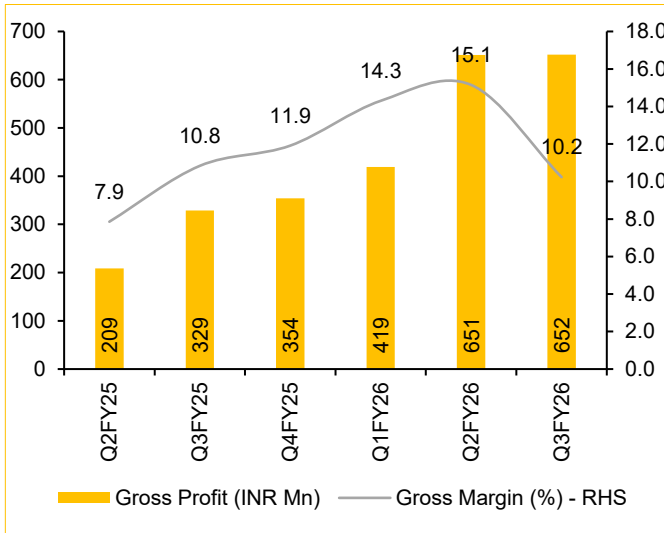
Source: SHANTIGOLD, Choice Institutional Equities

**Strong volume momentum anchors revenue growth**



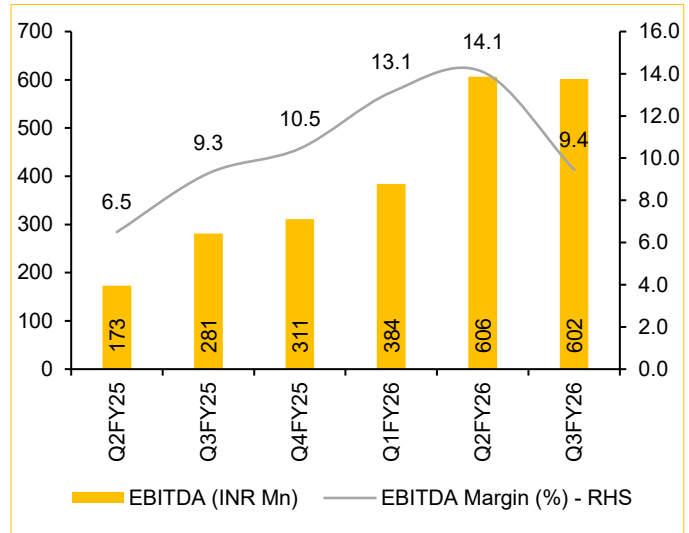
Source: SHANTIGOLD, Choice Institutional Equities

**Gross margin declined 60 bps on a YoY basis**



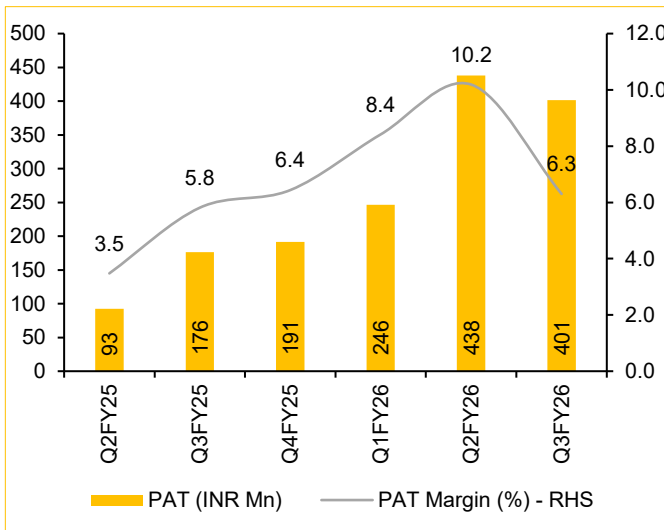
Source: SHANTIGOLD, Choice Institutional Equities

**EBITDA margin remains flat on a YoY basis**



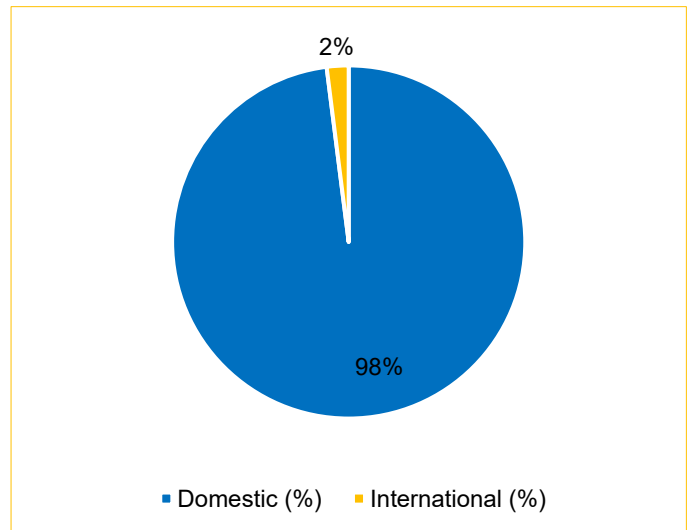
Source: SHANTIGOLD, Choice Institutional Equities

**Robust PAT growth on a YoY basis**



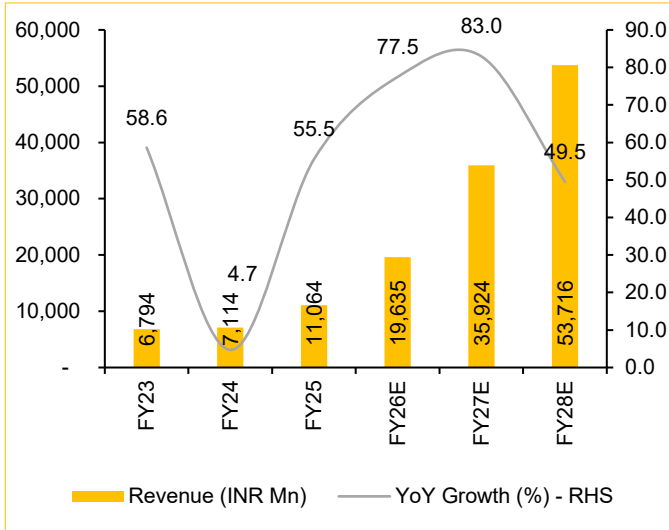
Source: SHANTIGOLD, Choice Institutional Equities

**Q3FY26 region-wise revenue mix (%)**



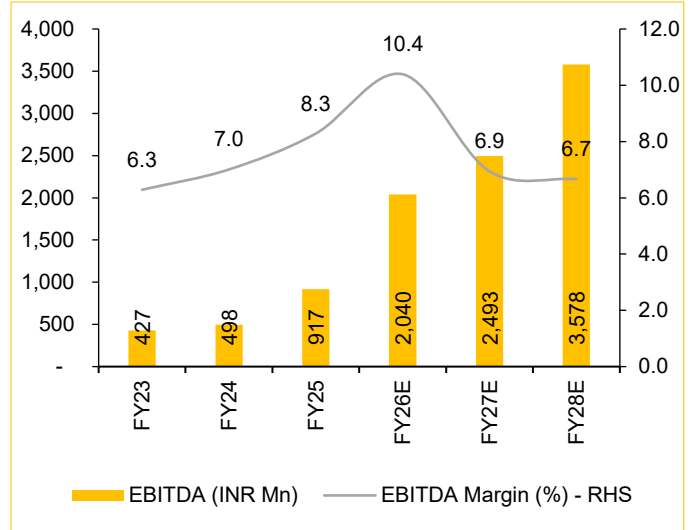
Source: SHANTIGOLD, Choice Institutional Equities

**Revenue momentum to continue on new gold purchase**



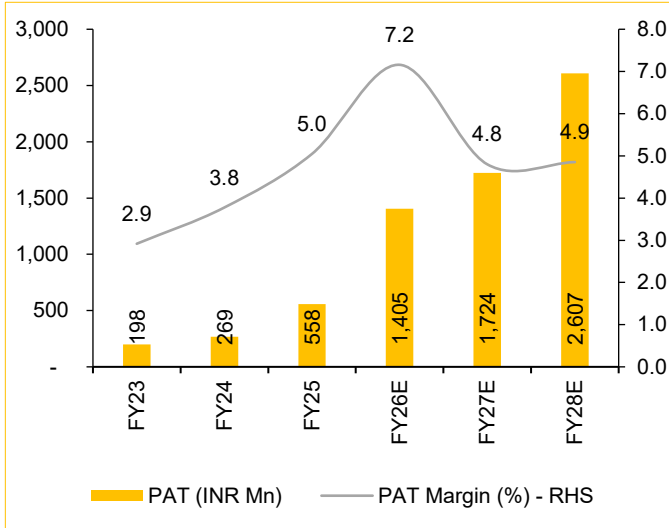
Source: SHANTIGOLD, Choice Institutional Equities

**Margin to soften due to venturing in plain gold jewellery**



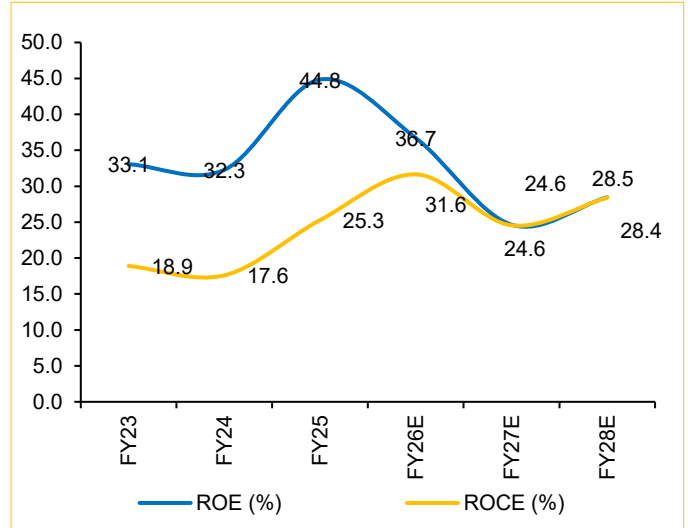
Source: SHANTIGOLD, Choice Institutional Equities

**Strong PAT growth with margin stabilising in recent years**



Source: SHANTIGOLD, Choice Institutional Equities

**Return ratio on a steady uptrend**



Source: SHANTIGOLD, Choice Institutional Equities

## Income Statement (INR Mn)

Particular	FY24	FY25	FY26E	FY27E	FY28E
Revenue	7,114	11,064	19,635	35,924	53,716
Gross Profit	617	1,072	2,254	2,876	4,150
EBITDA	498	917	2,040	2,493	3,578
Depreciation	34	57	115	144	167
EBIT	465	860	1,925	2,349	3,411
Other Income	36	61	116	179	267
Interest Expense	143	192	180	244	226
PBT	358	728	1,862	2,284	3,453
PAT	269	558	1,405	1,724	2,607
EPS (INR)	5.0	10.3	19.5	23.9	36.2

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
<b>Growth Ratios (%)</b>					
Revenue	4.7	55.5	77.5	83.0	49.5
EBITDA	16.7	83.9	122.6	22.2	43.5
PAT	35.6	107.8	151.7	22.7	51.2
<b>Margins (%)</b>					
EBITDA	7.0	8.3	10.4	6.9	6.7
PAT	3.8	5.0	7.2	4.8	4.9
<b>Profitability (%)</b>					
ROE	32.3	44.8	36.7	24.6	28.5
ROCE	17.6	25.3	31.6	24.6	28.4
ROIC	26.2	39.7	35.7	24.8	27.7
<b>Working Capital</b>					
Inventory Days	55	46	58	53	41
Debtor Days	46	43	40	40	40
Payable Days	3	2	2	2	2
Cash Conversion Cycle	98	87	96	91	79
<b>Valuation Metrics</b>					
PE(x)	40.0	19.2	11.0	8.9	5.9
EV/EBITDA (x)	24.7	14.1	8.3	7.2	5.0
P/BVPS (x)	11.1	7.1	2.5	2.0	1.5
EV/Sales (x)	1.7	1.2	0.9	0.5	0.3

Source: SHANTIGOLD, Choice Institutional Equities

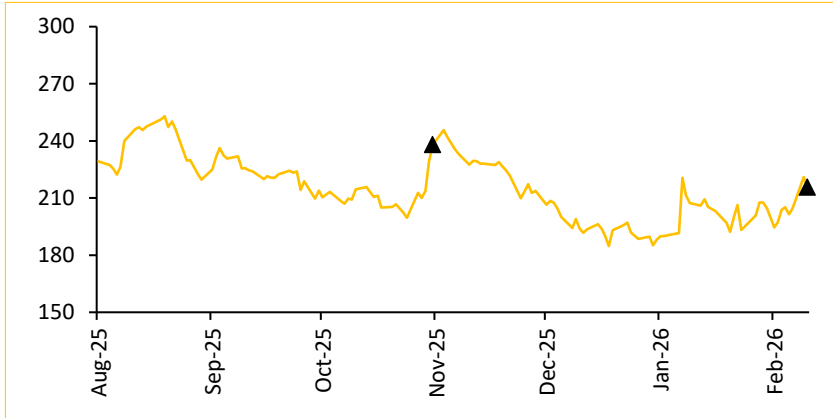
## Balance Sheet (INR Mn)

Particular	FY24	FY25	FY26E	FY27E	FY28E
Net Worth	967	1,524	6,134	7,859	10,465
Deferred Tax	72	59	59	59	59
Total Debt	1,984	2,330	2,180	2,958	2,736
Trade Payables	45	61	92	174	261
Other Liabilities & Provisions	187	225	225	225	225
<b>Total Net Worth &amp; Liabilities</b>	<b>3,254</b>	<b>4,198</b>	<b>8,690</b>	<b>11,275</b>	<b>13,746</b>
Net Fixed Assets	185	162	547	572	505
Capital Work in Progress	78	89	89	-	-
Investments	-	-	-	-	-
Cash & Bank Balance	429	142	600	435	109
Loans & Advances & Other Assets	493	503	549	644	747
Inventories	1,286	1,486	4,753	5,688	6,500
Debtors	782	1,816	2,152	3,937	5,887
<b>Total Assets</b>	<b>3,254</b>	<b>4,198</b>	<b>8,690</b>	<b>11,275</b>	<b>13,746</b>

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	(125)	(146)	(1,917)	(619)	222
Cash Flows from Investing	(51)	13	(500)	(80)	(100)
Cash Flows from Financing	196	133	2,875	534	(448)

DuPont Analysis	FY24	FY25	FY26E	FY27E	FY28E
Tax Burden (%)	75.0	76.7	75.5	75.5	75.5
Interest Burden (%)	77.0	84.7	96.7	97.2	101.2
EBIT Margin (%)	6.5	7.8	9.8	6.5	6.4
Asset Turnover (x)	2.4	3.0	3.0	3.6	4.3
Equity Multiplier (x)	3.5	3.0	1.7	1.4	1.4
<b>ROE (%)</b>	<b>32.3</b>	<b>44.8</b>	<b>36.7</b>	<b>24.6</b>	<b>28.5</b>

## Historical Price Chart: SHANTIGOLD



Date	Rating	Target Price
November 04, 2025	BUY	350
February 11, 2026	BUY	350

## Institutional Research Team

Utsav Verma, CFA	Head of Institutional Research	utsav.verma@choiceindia.com	+91 22 6707 9440
Ashutosh Murarka	Analyst – Building Materials	ashutosh.murarka@choiceindia.com	+91 22 6707 9521
Deepika Murarka	Analyst – Healthcare	deepika.murarka@choiceindia.com	+91 22 6707 9513
Dhanshree Jadhav	Analyst – Technology	dhanshree.jadhav@choiceindia.com	+91 22 6707 9535
Dhaval Popat	Analyst – Energy	dhaval.popat@choiceindia.com	+91 22 6707 9949
Fenil Brahmhatt	Analyst – Realty & Building Materials	fenil.brahmhatt@choiceindia.com	+91 22 6707 9930
Ishank Gupta	Analyst – NBFCs	ishank.gupta@choiceindia.com	+91 22 6707 9867
Karan Kamdar	Analyst – Consumer Discretionary, Small and Midcaps	karan.kamdar@choiceindia.com	+91 22 6707 9451
Kunal Bajaj	Analyst – Technology	kunal.bajaj@choiceindia.com	+91 22 6707 9901
Maitri Sheth	Analyst – Pharmaceuticals	maitri.sheth@choiceindia.com	+91 22 6707 9511
Putta Ravi Kumar	Analyst – Defence	ravi.putta@choiceindia.com	+91 22 6707 9908
Aayush Saboo	Sr. Associate– Realty	aayush.saboo@choiceindia.com	+91 22 6707 9930
Abhinav Kapadia	Sr. Associate – Capital Goods	abhinav.kapadia@choiceindia.com	+91 22 6707 9987
Avi Jhaveri	Sr. Associate – Technology	avi.jhaveri@choiceindia.com	+91 22 6707 9901
Bharat Kumar Kudikyala	Sr. Associate – Building Materials	bharat.kudikyala@choiceindia.com	+91 22 6707 9521
Samarth Goel	Sr. Associate– Small and Midcaps	samarth.goel@choiceindia.com	+91 22 6707 9451
Subhash Gate	Sr. Associate – Autos	subhash.gate@choiceindia.com	+91 22 6707 9233
Heer Gogri	Associate – Small and Midcaps	heer.gogri@choiceindia.com	+91 22 6707 9433
Heet Chheda	Associate – Autos	heet.chheda@choiceindia.com	+91 22 6707 9233
Komal Jain	Associate – Healthcare	komal.jain@choiceindia.com	+91 22 6707 9513
Rushil Katiyar	Associate – Technology	rushil.katiyar@choiceindia.com	+91 22 6707 9901
Shreya Mehra	Associate – Technology	shreya.mehra@choiceindia.com	+91 22 6707 9535
Stuti Bagadia	Associate – Pharmaceuticals	stuti.bagadia@choiceindia.com	+91 22 6707 9511
Vinay Rawal	Associate – Small and Midcaps	vinay.rawal@choiceindia.com	+91 22 6707 9433

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<b>Large Cap*</b>	
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
<b>Mid &amp; Small Cap*</b>	
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
<b>Other Ratings</b>	
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
<b>Sector View</b>	
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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