

One Stop Investment Avenue



GEPL
CAPITAL

IPO Note

**INTERNATIONAL
GEMMOLOGICAL
INSTITUTE (INDIA)
LIMITED**

DEC 13, 2024



IGI





Dec 13, 2024

Details of the Issue	
Price Band	₹ 397 - ₹ 417
Issue Size	₹ 4,225 Cr
Face Value	₹ 2
Bid Lot	35
Listing on	BSE, NSE
Post Issue Mcap	₹ 18,021 Cr
Investment Range	₹ 13,895 - ₹ 14,595

Important Indicative Dates (2024)	
Opening	13 - Dec
Closing	17 - Dec
Basis of Allotment	18 - Dec
Refund Initiation	19 - Dec
Credit to Demat	19 - Dec
Listing Date	20 - Dec

Lead Manager	
Axis Capital Limited	
Kotak Mahindra Capital Company Limited	
Morgan Stanley India Company Pvt Limited	
SBI Capital Market Limited	

Offer Details	
Offer Size	₹ 4,225 Cr
Fresh Issue	₹ 1,475 Cr
OFS	₹ 2,750 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	3,167	7.97	7.59	75
NIB	633	1.59	1.51	15
Retail	422	1.06	10.12	10
Em-ploy.	-	-	-	-
Total	4,225	10.6	10.13	100

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Company Profile

Incorporated in February 1999, International Gemmological Institute (India) Limited is a globally recognized organization certifying and grading diamonds, gemstones, and jewellery. IGI provides independent grading reports that analyze and certify the characteristics of stones using internationally recognized standards. These reports include details about the stone's colour, cut, clarity, and carat weight. IGI also offers education courses and degree plans for the gem and jewellery trade and has a research department. IGI operates 31 laboratories worldwide that grade finished jewellery, natural diamonds, lab-grown diamonds, and gemstones. Additionally, it has 18 gemology schools that graduate thousands of students each year.

The services offered by the company are as follows

- 1) Diamond grading includes reports on the 4Cs (cut, colour, clarity, carat weight) for natural and lab-grown diamonds and details on fluorescence and symmetry.
- 2) Evaluating the quality and authenticity of coloured stones like rubies, sapphires, and emeralds and issuing detailed grading reports.
- 3) Evaluating finished jewellery involves assessing diamond and coloured stone quality, craftsmanship, and overall value.
- 4) Offering educational programs and courses in gemology, diamond grading, jewellery design, and related subjects.

As of September 30, 2024, the company has a network of 20 laboratories and 9 schools under the Pre-Acquisition Group, supported by 843 employees, including 316 gemologists and other professionals in research, education, and certification processes.

As of September 30, 2024, IGI's certification business operates through 31 branches and laboratories in 10 countries, including key markets like Surat and Mumbai in India, Antwerp, New York, Bangkok, Dubai, Hong Kong, and Shanghai.

Business Highlights & Services

IGI, the world's second-largest certification provider for diamonds, studded jewelry, and colored stones, holds a 33% global market share and leads India with 50% market share in CY2023. Operating in 11 countries with 31 laboratories, IGI benefits from high entry barriers due to trusted consumer relationships, strategic retailer partnerships, and established education systems. Pioneering innovations, including India's first certification services, co-branded reports, and ISO-accredited labs, reinforce its leadership. IGI's leadership in laboratory-grown diamond certification, with a 65% global market share in CY2023, positions it to capitalize on the growing demand for lab-grown diamond jewelry, projected to drive global consumption from CY2023 to CY2028. As the first global certifier since 2005, IGI has pioneered innovations like identifying post-growth treatments in certifications. Strategically located in key production and consumption markets—India, the PRC (80% of global production), and the U.S. (80% of global demand)—IGI operates 20 labs in India, 3 in the U.S., and 2 in the PRC, supported by the largest pan-India laboratory network. This robust presence, combined with a customer-centric approach and operational efficiencies, provides IGI with a strong competitive edge to leverage favorable industry trends.

The company will expand its market share by launching targeted marketing campaigns and strengthening customer relationships in laboratory-grown diamond certifications. Its in-factory setups enhance supply chain efficiency and deepen customer ties. By collaborating with key stakeholders, the company secures premium-quality materials and meets rising demand in diamonds and studded jewelry. The company is setting new certification standards with advanced technologies like light performance assessments. With a 42% global market share in studded jewelry certifications, it plans to expand its global network, including a new Surat facility in 2025. This strategy positions the company for long-term growth in the expanding laboratory-grown diamond market.

The company is focused on both Business-to-Consumer (B2C) and Business-to-Business (B2B) initiatives to drive growth.



By enhancing brand awareness among end-customers, it aims to increase demand for jewelry certification services and attract more partnerships with jewelry manufacturers and retailers. Building the “IGI” brand through diverse channels, including social media, is a priority. The company has established key B2B relationships with laboratory-grown diamond growers, jewelry brands, and retailers, creating opportunities for co-branded reports and sustainable certification initiatives. Marketing events, such as jewelry shows and trade exhibitions, reinforce the company’s thought leadership and visibility. Signature events like “D Show” and the “IGI Trusted Jeweler” initiative help strengthen brand recognition and loyalty. Advertising and exhibition expenses, accounting for a significant portion of total expenses, are strategically allocated to boost brand presence and consumer confidence.

Revenue Mix

₹ in millions, except percentages

	Nine-months period ended September,				Calendar Year ended December 31,						CAGR (CY2021 to CY2023)
	2024		2023		2023		2022		2021		
Certification Services	5,856.58	98.21 %	4,410.59	97.20 %	6,206.82	97.21 %	4,777.44	97.30 %	3,574.30	98.01 %	31.78%
Natural diamonds	1,157.49	19.41 %	930.31	20.50 %	1,224.16	19.45 %	1,221.39	25.23 %	1,183.51	32.45 %	1.70%
Laboratory-grown diamonds	3,515.52	58.95 %	2,337.91	51.52 %	3,338.66	53.03 %	2,049.88	42.35 %	1,286.73	35.28 %	61.08%
Studded jewelry and colored stones	1,183.57	19.85 %	1,142.37	25.17 %	1,644.00	25.75 %	1,506.17	31.12 %	1,104.06	30.27 %	22.03%
Education	36.99	0.62 %	45.42	1.00%	53.59	0.84%	38.73	0.79%	24.71	0.68%	47.28%
Others ⁽¹⁾	70.00	1.17 %	81.87	1.80%	124.87	1.96%	93.77	1.91%	47.90	1.31%	61.46%
Total Revenue from Operations	5,963.57	100.00 %	4,537.88	100.00 %	6,385.28	100.00 %	4,909.94	100.00 %	3,646.91	100.00 %	32.32%

Geographical Mix

Revenue from contracts with customers	Nine-months period ended September 30,				Calendar Year ended December 31,					
	2024		2023		2023		2022		2021	
Within India	5,825.15	98.57%	4,366.16	97.23%	6,158.08	97.82%	4,523.03	93.44%	3,361.54	92.77%
Outside India	84.52	1.43%	124.18	2.77%	137.38	2.18%	317.38	6.56%	262.16	7.23%
Total Revenue from Contracts with Customers	5,909.67	100.00%	4,490.34	100.00%	6,295.46	100.00%	4,840.41	100.00%	3,623.70	100.00%

₹ in millions, except percentages

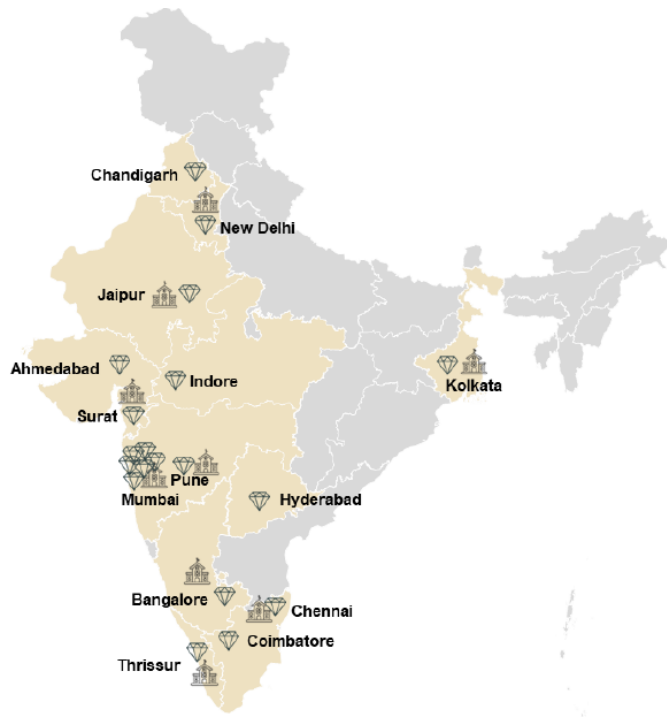
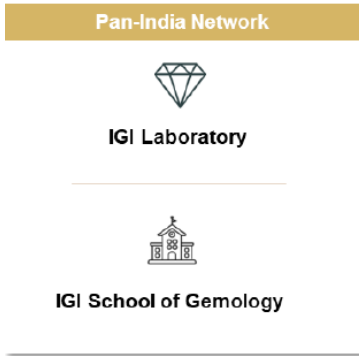
Revenue of certification business	Nine-months period ended September 30,				Calendar Year ended December 31,					
	2024		2023		2023		2022		2021	
India	5,844.23	99.79%	4,394.29	99.63%	6,183.56	99.63%	4,776.20	99.97%	3,574.30	100.00%
Türkiye	12.35	0.21%	16.30	0.37%	23.26	0.37%	1.24	0.03%	-	-
Total Certification Revenue	5,856.58	100.00%	4,410.59	100.00 %	6,206.82	100.00%	4,777.44	100.00%	3,574.30	100.00%

Customer Details

Revenue from Top Customers	Nine-months period ended September 30,				Calendar Year ended December 31,					
	2024		2023		2023		2022		2021	
Top 10 customers	2,633.94	44.17%	1,981.89	43.67%	2,597.92	40.69%	1,666.23	33.94%	861.88	23.63%
Top 15 customers	3,068.54	51.45%	2,209.83	48.70%	2,966.52	46.46%	1,914.06	38.98%	1,058.01	29.01%

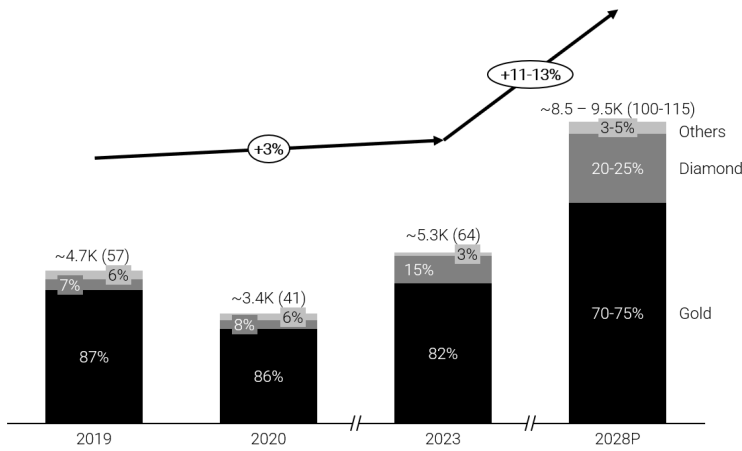


Geographical Footprint

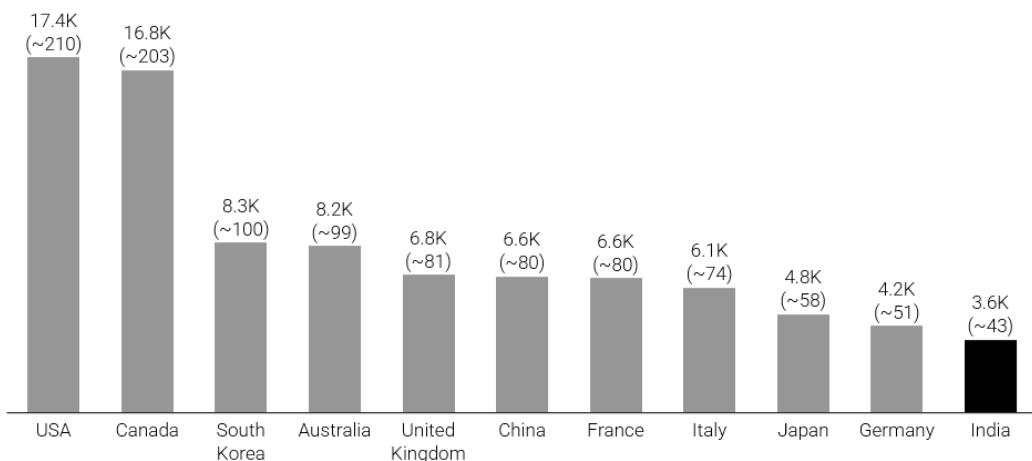


Industry outlook

Indian Jewelry Market Size - by Value In INR Billion (USD Billion), CY 2019 - CY 2020, CY 2023, CY 2028P



Jewelry Consumption per capita- by Country In INR (USD), CY 2023



**Companies Competitive Strength :**

- Company is the world’s second largest independent certification and accreditation services provider among the global peers for diamonds, studded jewelry and colored stones and in an industry characterized by barriers to entry.
- First mover and global market leader in providing certification services for the fast-growing laboratory grown diamond industry.
- Extensive range of services for certification and accreditation services provided to a diverse group of customers along the value chain.
- Education initiatives that support spreading awareness, building customer partnerships and the brand.
- Demonstrated track record of delivering growth in revenue, margins and returns.
- Experienced professional management team backed by the largest alternate asset manager globally.

Key Strategies Implemented by Company

- Maintain the leadership position in certification of laboratory-grown diamonds.
- Expand the presence in the natural diamond and studded jewelry and colored stone vertical.
- Expand the global laboratory network.
- Continue to invest in building brand salience.
- Leverage the strength in education to increase awareness as well as build trust and transparency.
- Continue to invest in technology including AI to improve processes.
- Certification and Accreditation Services

Particular (INR in Cr)	Q2FY25	FY24	FY23	FY22
Equity Capital	79	0.40	0.40	0.40
Reserves and Surplus	564	509	339	242
Net Worth	643	509	339	243
Revenue	596	639	491	365
Growth (%)		30%	35%	
EBITDA	429	450	335	241
EBITDAM (%)	72.0%	70.5%	68.3%	66.0%
PAT	326	325	242	172
PATM (%)	54.7%	1.6%	49.2%	47.0%
ROE (%)	56.6%	76.6%	83.1%	74.4%

Valuations and Recommendation:

- Based on annualized FY24 earnings to pre-IPO paid-up equity capital of the company, The issue is priced at a PE of 55.4X. Thus the issue appears to slightly overvalued compared to its peers and PAT growth of the business.
- IGI, the world’s second-largest independent certification provider with a 33% global market share (CY2023), is poised for significant growth, driven by rising demand for certification services. The company has strong relationships with top Indian laboratory-grown diamond growers and leading jewelry chains, generating over ₹100 crore revenue in FY2023 and consistent financial growth (FY22-FY24 CAGR: Revenue 32%, EBITDA 37%, PAT 38%). Its proximity-based laboratories ensure efficient service, enhancing customer satisfaction. IGI is uniquely positioned with a comprehensive range of services across the value chain, supported by Blackstone’s expertise and resources. Key growth drivers include the increasing popularity of laboratory-grown diamonds, rising consumer awareness about certification, and the expansion of organized jewelry retail. With a global jewelry market worth ₹26,600 billion (CY2023) expected to grow at 3%-6% CAGR until CY2028, IGI is well-placed to capitalize on the increasing penetration of certification services and expanding markets.. Hence, we recommend an “Subscribe” rating for the issue.



Notes

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