



MSEARCH

INITIAL PUBLIC OFFER (IPO)

12-12-2024

INTERNATIONAL GEMOLOGICAL INSTITUTE (INDIA) LTD

13-12-2024 - 17-12-2024

Industry: Diamond Jewellery Certification

Price Band: ₹397 - 417

Recommendation: Subscribe for Long Term

Post Implied Market Cap: - ₹17,228 - ₹18,021Cr

Key Data

Issue Size (₹ Cr)	4,225
Fresh (₹)	1,475
OFS (₹)	2,750
No. of shares offered	35,371,703 - 37,153,652
Face Value (₹ /share)	2
Bid Lot	35

About the Company

IGI India, a subsidiary of the International Gemological Institute (IGI), specializes in certifying and accrediting natural and lab-grown diamonds, studded jewellery, and coloured stones. It holds a leadership position in India with a ~50% market share in certifications for CY 2023 and serves 9 of the top 10 jewelry chains in the country. IGI India boasts the largest pan-India laboratory network among its global peers for grading lab-grown diamonds, supported by its global presence, providing a significant competitive edge. IGI is one of the three global players offering comprehensive grading services across stone types.

Investment Rationales

- World's 2nd largest independent certification and accreditation services provider among the global peers for diamonds, studded Jewelry and coloured stones and in an industry characterized by barriers to entry:** IGI is the world's second-largest independent certification and accreditation services provider, holding a 33% global market share for diamond, studded jewellery, and coloured stone certifications in CY2023. The company is known for pioneering industry innovations, including being the first to issue jewellery identification reports globally and introducing "Hearts & Arrows" diamond reports in 1998. IGI was also the first to offer certification services in India in 1999 and provides co-branded reports in collaboration with jewellery retailers like Mahendra Brothers.
- 1st mover and global market leader in providing certification services for the fast-growing laboratory grown diamond industry:** IGI India, through IGI USA, began offering certification services for laboratory-grown diamonds in 2005, becoming the first globally to issue such certifications. By CY2023, IGI had established itself as the global leader with a 65% market share in laboratory-grown diamond certifications. Strategically located in key markets like India, the U.S., and the PRC, IGI operates 20 laboratories in India, 3 in the U.S., and 2 in the PRC as of September 30, 2024, positioning the company to capitalize on the growing demand for laboratory-grown diamonds in these regions.
- Extensive range of services for certification and accreditation services provided to a diverse group of customers along the value chain:** The company provides a wide range of services, including certification, co-branded reports, grading, and accreditation for natural diamonds, laboratory-grown diamonds, studded jewelry, and colored stones. Additionally, they offer value-added services like diamond screening, detection, and sorting, along with audit and assurance services for accounting firms and financial institutions. Their comprehensive offerings aim to be a one-stop solution catering to various stages of the value chain for polished diamonds and finished jewelry. Key clients include renowned jewelry firms like Morellato, luxury groups, and retailers.
- Education initiatives that support spreading awareness, building customer partnerships and the brand:** The company offers education programs through its IGI Schools of Gemmology, catering to institutions and individuals in the gems and jewelry industry. These programs provide tailored courses and webinars for wholesalers, manufacturers, and retailers, as well as training for beginners and professionals seeking industry knowledge. With a network of 18 schools across six countries as of September 30, 2024, the initiative promotes certification awareness, builds brand reputation, and nurtures partnerships with potential and existing customers while expanding the pool of qualified gemologists.

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	18-12-2024
Refunds/Unblocking ASBA Fund	19-12-2024
Credit of equity shares to DP A/c	19-12-2024
Trading commences	20-12-2024

Shareholding (No. of shares)

Pre-Issue	396,783,045
Post Issue (Lower price band)	433,942,184
Post Issue (Higher price band)	432,159,696

Shareholding Pattern

Promoter & Promoter Group:

Pre Issue	100.00%
Post Issue	76.55%

Public- Others:

Pre Issue	0.00%
Post Issue	23.45%

Issue Breakup

QIB	75%
NIB	15%
Retail	10%

Other Details

BRLMs: Axis Capital, Kotak Mahindra Capital, Morgan Stanley, SBI Capital Markets.

Registrar: KFin Technologies Ltd.

Listing: BSE & NSE

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Risk

- Regulatory Risks.
- Competition from emerging local and international firms could pose challenges.

MView

We believe International Gemological Institute (India) Ltd IPO gives investors an opportunity to invest in the world's second-largest independent certification and accreditation services provider, with a significant 33% global market share in 2023. We think company demonstrates a strong competitive edge through its pioneering initiatives, such as being the first to provide certification for jewelry identification and laboratory-grown diamonds. As a global leader with a 65% market share in laboratory-grown diamond certifications, IGI is strategically positioned in key markets like India, the U.S., and PRC, supported by 25 laboratories globally. We also believe company's comprehensive offerings, including certification, co-branded reports and value-added services, provide a one-stop solution for a diverse customer base, which includes leading luxury groups and jewellery retailers. Its focus on education, through 18 IGI Schools of Gemmology across six countries, enhances industry knowledge and promotes certification awareness, reinforcing its brand reputation. By looking at the financials, the company demonstrated an impressive growth with revenue from operations rising by 35% in CY 2022 and 30% in CY 2023, and net profit increasing by 41% and 34% during the same period. On valuation parse at the upper price band of ₹ 417/-, the issue is asking for a Market cap of ₹ 18021/- cr. Based on annualised CY 2024 earnings and fully diluted post - IPO paid-up capital, the company is asking for a PE of 41.45x which seems reasonable looking at its financials growth trajectory, brand equity and market leadership. With India accounting for 95% of global diamond cutting and polishing, and IGI holding a dominant ~50% market share in India, we believe the company is well-positioned to capitalize on the rising demand for diamond and jewellery certification services. Hence, with all attributes we recommend investors to invest in International Gemological Institute (India) Ltd IPO for long term perspective.

CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at Sept 30th		As at December' 31		
	2024	2023	2023 (12)	2023 (12)	2022 (12)
	Pre-Acquisition Group				
Equity Share Capital	79.36	0.40	0.40	0.40	0.40
Net Worth	643.41	449.99	509.01	339.07	242.59
Reserves	564.06	449.59	508.61	338.68	242.19
Revenue from Operations	596.36	453.79	638.53	490.99	364.69
Revenue Growth (%)	31.42	-	30.05	34.63	-
EBITDA	429.18	321.32	450.12	335.18	240.65
EBITDA Margin (%) as stated	71.97	70.81	70.49	68.27	65.99
Net Profit for the Year	326.06	238.69	324.74	241.76	171.53
Net Profit Margin (%)	54.67	52.60	50.86	49.24	47.03
EPS	8.22	6.02	8.18	6.09	4.32
RONW (%)	56.59%	60.50%	76.58%	83.13%	74.39%
Net Asset Value (₹) as stated	16.22	11.34	12.83	8.55	6.11%

Source: Company RHP



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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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