

International Gemological Institute (India) (IGIL) – Investment BUY Call – 6 Months Horizon

Dear Bajaj Capital Investors,

New Stock Recommendations for BUY on 20 May 2026

CMP -> 352

Upside Potential-> 15%

Investment Horizon -> 6 Months

Target price -> 405

International Gemological Institute India Ltd. is one of the leading global players in the certification and accreditation of diamonds, colored gemstones and jewelry, backed by the financial strength and global expertise of Blackstone Inc.. With more than five decades of industry experience, IGI has established itself as a trusted global benchmark for grading accuracy, transparency and reliability across natural diamonds, laboratory-grown diamonds (LGDs), colored stones and jewelry appraisal services. The company operates an extensive global network comprising 36 laboratories and 21 Schools of Gemology across 10 countries, enabling it to serve a diversified customer base across manufacturers, retailers, traders and end consumers. Given the increasing importance of independent certification in the global gems and jewelry ecosystem, IGI continues to strengthen its strategic positioning as a preferred certification partner worldwide.

The global diamond and jewelry industry is witnessing a structural transformation driven by changing consumer preferences, increasing awareness regarding authenticity and rising adoption of certified jewelry products. The rapid acceptance of Lab-Grown Diamonds globally, supported by affordability, sustainability and evolving fashion preferences, is creating a significant long-term growth opportunity for certification companies such as IGI. Additionally, rising disposable incomes, increasing luxury consumption and expanding middle-class demographics, particularly in India and emerging economies, are expected to support healthy demand growth for diamonds and jewelry over the medium term. IGI's differentiated business model, which includes IGI Labs, In-factory Labs and Mobile Labs, strengthens customer engagement and enhances operational flexibility, thereby creating high entry barriers and reinforcing its leadership position in the certification ecosystem.

Operationally, the company delivered a strong performance for the 15-month period ended March 2026, despite the transition in its financial reporting structure from a calendar year to an April–March financial year. Consolidated revenue from operations stood at INR 15,976 Mn, registering a healthy 18% YoY growth, while certification volumes increased by 20% YoY to 16.45 Mn reports, reflecting sustained demand momentum across business segments. EBITDA for the period grew 22% YoY to INR 9,728 Mn, with EBITDA margins expanding by 230 bps to an industry-leading 61%, highlighting the company's highly scalable and asset-light operating model. Profit after tax increased 25% YoY to INR 7,112 Mn, with PAT margins improving to 45%, demonstrating strong operating leverage and efficient cost management. Further, the company maintained a robust balance sheet position with cash and cash equivalents of INR 8,005 Mn as of March 2026, reflecting a 28% increase over the corresponding 15-month period.

Quarterly performance for Jan–Mar 2026 also remained encouraging, supported by strong traction in the LGD certification segment. Total certification volumes increased 16% YoY to 3.64 Mn reports, while certification revenues grew 21% YoY to INR 3,587 Mn. Growth was primarily driven by robust expansion in the LGD loose stone segment, which recorded 35% YoY growth, alongside 29% growth in LGD jewelry certification and 10% growth in natural diamond loose stone certification. Average realized price per report improved 4% YoY to INR 987, supported by a

favourable product mix and increasing contribution from higher-value certifications. EBITDA and PAT for the quarter registered strong growth of 21% YoY and 28% YoY respectively, indicating sustained profitability momentum. Additionally, operating cash flow generation improved significantly, with net operating cash flow increasing from INR 393 Cr in CY2024 to INR 624 Cr during the 15-month FY2026 period, reinforcing the company's strong cash-generating capabilities.

Going forward, IGI appears well-positioned to benefit from the rising global penetration of certified diamonds and jewelry, increasing adoption of LGDs and growing consumer preference for transparency and authenticity in the gems and jewelry industry. The company's strong brand recognition, dominant global positioning, scalable business model, high-margin profile, debt-free balance sheet and strong cash generation provide healthy visibility for medium-term growth. Moreover, the continued promoter backing from Blackstone, with a 76.55% stake as of March 2026, further enhances investor confidence regarding governance standards and long-term strategic direction. Considering the company's strong financial performance, leadership in a structurally growing industry and favourable industry tailwinds, we maintain a "Buy" recommendation on the stock for the medium term with an investment horizon of 6 months.

Financial Performance in Q4FY26:

		YoY	QoQ	Mar 2026	Dec 2025	Mar 2025
Revenue Cr		20.9%	15.3%	369	320	305
Operating Profit Cr	^	20.6%	23.3%	236	191	196
OPM %				64.0	59.9	64.2
PAT Cr	^	27.6%	33.5%	180	135	141
NPM %				48.7	42.1	46.2
EPS ₹		27.6%	33.8%	4.2	3.1	3.3

Happy investing!

Thank you and best regards,

On behalf of Bajaj Capital's Research Team