kotak Securities

Dated: 6 Nov 2025

International Gemmological Institute (IGIL) - ADD

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.335	**Rs.405**

Rationale:

- 3QCY25: Strong volume growth in LGD certification drives topline beat.
- GIL reported ~21%/20%/18% yoy growth in revenues/EBITDA/PAT, about 3-5% above our estimates.
- Management gave positive near-term outlook, despite US tariff-related uncertainty.
- We maintain estimates, roll over and revise FV to Rs405 (from Rs400) valuing IGIL at 27X CY27E PE (unchanged).
- Given the sharp correction in the stock price, we upgrade to ADD from REDUCE.

Positives:

- Standalone revenues/EBITDA grew by 27%/24% yoy.
- The company has delivered a strong performance across business segments.
- India certification revenues grew 28% (26%/2% volume/ASP growth), led by 58%/33%/30% growth in LGD jewelry/ND/LGD certifications.
- Management noted a strong outlook for certification of both loose stones and studded jewelry.
- IGIL remains confident in achieving its 15%/20% sales/EBITDA growth guidance.

Negatives:

- Consolidated EBITDA margin contracted 86 bps yoy (up 34 bps qoq) to 58%.
- Subsidiary performance was below our estimates.
- Belgium subsidiary continued to see subdued demand.

(EBITDA: Earnings before interest, tax, depreciation and amortization LGD: Lab grown diamond, PAT: Profit after tax, PE: Price to earnings, ND: Natural Diamond)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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