Deepa Jewellers Ltd.

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IPO Note

31st Aug 2026

Company Overview

Deepa Jewellers Limited (DJL) is an organized B2B jewellery company engaged in the designing, processing, and supply of hallmarked gold jewellery. Incorporated in 2016 and headquartered in Hyderabad, Telangana, the company operates primarily across South India and does not operate consumer-facing retail showrooms, with its business focused on supplying organized retail chains and standalone jewellery stores. DJL's product portfolio comprises 16 products and 110 SKUs, with product weights ranging from 2.50 grams to 300 grams. Vaddanams (traditional waist belts) represent the largest product category, contributing 42% of FY26 revenue, followed by CNC machine-cut bangles at 31%. The remaining 27% consists of gents kadas, armlets (vanky), traditional neck pieces, earrings, and precious rings. DJL supplies its products to 47 jewellery retail chains and 326 standalone stores across 13 states and one union territory. In FY26, Telangana was the largest market, contributing 41% of revenue, followed by Tamil Nadu (23%) and Andhra Pradesh (19%). Karnataka and Maharashtra each contributed 6%, Kerala contributed 4%, and other states, including Uttar Pradesh, West Bengal, and Tripura, contributed less than 1% each. Key retail chain customers include Joyalukkas, Malabar, Lalithaa Jewellery Mart, and Kalyan Jewellers, among others. The company generates revenue mainly through the sale of processed jewellery, which accounts for 99% of revenue, followed by job-work services involving customer-provided raw materials, and trading of silver ornaments, gold bullion, and precious stones, which together contribute less than 1%. Operations are supported by 15 in-house designers and 41 external karigars, with finished jewellery undergoing quality checks and BIS hallmarking. The company established a sales office in Vijayawada in November 2025 and plans to establish another in Bengaluru during FY27, alongside a proposed 6,696-square-foot in-house manufacturing facility in Hyderabad.

Objects of the issue

The Offer comprises a fresh issue of Rs. 250 crores and an offer for sale of Rs. 210 crores. The company proposes to utilise the net proceeds from the fresh issue towards:

⇒ Funding long-term working capital requirements towards procurement, maintenance and scaling up of inventory by the company; and

⇒ General corporate purposes.

Investment Rationale

Strong southern india position with a scalable product and manufacturing model

DJL's strong presence in Southern India provides it with exposure to one of the largest and most established jewellery markets in the country. The company derives 94% of its revenue from South India, which holds the highest regional share of the Indian jewellery market and is projected to reach a value of Rs. 3.20 to 3.45 crores by FY30. Its positioning is further supported by a focused product portfolio comprising high-demand categories such as Vaddanams (traditional waist belts) and CNC machine-cut bangles, which contributed 42% and 31% of FY26 revenue, respectively. These products have established demand across South Indian bridal and daily-wear segments, providing the company with specialization in categories closely aligned with regional consumption patterns. DJL complements this product focus with an in-house team of 15 designers that undertakes market research and trend analysis to develop designs suited to customer requirements and regional preferences. Its manufacturing structure also provides operational flexibility, as the company relies on a network of 41 external karigars rather than maintaining a fully integrated large-scale manufacturing setup.

Established B2B network supported by quality assurance and digital ordering

DJL has established a diversified B2B customer network comprising 47 jewellery retail chains and 326 standalone stores across 13 states, providing the company with multiple distribution points without requiring a consumer-facing showroom network. Its customer base includes established jewellery retailers such as Malabar Gold and Diamonds, Kalyan Jewellers, and Joyalukkas, indicating access to organized retail channels. The company's B2B-focused model is further supported by a dedicated mobile application through which customers can remotely browse its design catalogue and place orders, potentially improving accessibility and facilitating order-based sales across its geographically dispersed network. Product quality and purity assurance constitute another important component of the operating model. The company subjects finished jewellery to multi-stage quality checks, including fire assaying and ferrous particle detection, before sending products for BIS hallmarking. Its stated 100% hallmarking approach provides standardized purity certification and may support customer confidence in transactions involving high-value gold products. These capabilities complement its in-house design function, enabling the company to respond to retailer requirements while maintaining control

Issue Details

Offer Period	1st Sept 2026 - 3rd Sept 2026
Price Band	Rs. 168 - Rs. 177
Bid Lot	84
Listing	BSE & NSE
Issue Size (no. of shares in million)	25.9
Issue Size (Rs. in billion)	4.6
Face Value (Rs.)	2

Issue Structure

QIB	50%
NII	15%
Retail	35%
BRLM	Emkay Global Financial Services Ltd., Valmiki Leela Capital Pvt. Ltd.
Registrar	KFin Tech. Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	100.00%	72.98%
Public	0.00%	27.02%
Total	**100.00%**	**100.00%**

(Assuming issue subscribed at higher band)

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over product specifications and quality. In addition, its network of 41 external karigars allows production to be aligned with order requirements without requiring equivalent investments in owned manufacturing infrastructure.

Valuation

Deepa Jewellers Limited is an organized B2B designer, processor and supplier of hallmarked gold jewellery, headquartered in Hyderabad, Telangana. Its operations are concentrated in South India, which contributed 94% of FY26 revenue. The company offers 16 product categories and 110 SKUs, covering wedding, daily-wear and other gold jewellery. Vaddanam is the largest revenue contributor at 42%, followed by CNC machine-cut bangles at 31%, while other products account for 27% of revenue. The company plans to expand its operating capacity through a 6,696 sq. ft. in-house manufacturing facility in Hyderabad and establish a sales office in Bengaluru during FY27. It also plans to add 2 product categories and 22 SKUs, while expanding its design team from 15 to 20 members. The company has demonstrated strong financial growth, with Revenue from Operations, EBITDA and PAT recording CAGRs of 37%, 102% and 107%, respectively, between FY24 to FY26. EBITDA margin also improved from 3% to 8% over the same period. The planned capacity addition, product expansion, increased working-capital availability and deeper penetration of South Indian markets could support future revenue growth, although the business remains exposed to concentration in its key products and domestic geography. **At the upper price band of Rs. 177, Deepa Jewellers is valued at 13.9x its diluted FY26 EPS of Rs. 12.7, compared with the peer average of 24x. The lower than peer valuation, coupled with the company's strong earnings growth profile, provides room for valuation re-rating, we assign a "SUBSCRIBE" rating to the issue.**

Key Risks

⇒ The company's top 10 customers contributed 65% of FY26 revenue. As it does not have long-term contracts with these customers, any reduction in orders or termination of relationships could adversely affect revenue and profitability.

⇒ Vaddanam and CNC machine-cut bangles accounted for 73% of FY26 revenue. Any change in consumer preferences or decline in demand for these products could materially impact sales and financial performance.

⇒ 94% of FY26 revenue came from Southern India, exposing the company to regional economic conditions and consumer trends. Economic slowdowns, regulatory changes, political disruptions or natural disasters in key Southern markets could adversely affect operations and financial performance.

Deepa Jewellers Ltd.

Income Statement (Rs. in millions)

Particular	FY24	FY25	FY26
Revenue			
Revenue from operations	10,246	13,970	19,267
Total revenue	**10,246**	**13,970**	**19,267**
Expenses			
Cost of materials consumed	10,094	12,506	17,777
Purchase of stock in trade	2	861	15
Changes in inventories	-250	-7	-65
Employee benefits expense	21	19	41
Other expenses	22	32	36
Total operating expenses	**9,888**	**13,410**	**17,803**
EBITDA	**358**	**560**	**1,463**
Depreciation & amortization expenses	3	3	7
EBIT	**355**	**557**	**1,456**
Other Income	12	31	10
Finance costs	40	44	63
PBT	**327**	**545**	**1,403**
Tax Expense	83	139	355
Total comprehensive profit	**243**	**406**	**1,048**
Diluted EPS	**2.9**	**4.9**	**12.7**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particulars	FY24	FY25	FY26
Cash Flow from operating activities	48	-99	-147
Cash flow from/(used in) investing activities	58	103	-44
Net cash flows (used in) / from financing activities	-95	-15	191
Net increase/(decrease) in cash and cash equivalents	**12**	**-11**	**0**
Cash and cash equivalents at the beginning of the period	**0**	**12**	**1**
Cash and cash equivalents at the end of the period	**12**	**1**	**1**

Source: RHP, BP Equities Research

Balance Sheet (Rs. in millions)

Particular	FY24	FY25	FY26
Non-current assets			
Property, plant and equipment	8	6	23
Capital work in progress	0	0	22
Intangible assets	0	0	1
Right-of-use assets	0	0	55
Other financial assets	0	0	0
Deferred tax assets	2	2	3
Total non-current assets	**10**	**8**	**104**
Current assets			
Inventories	723	828	874
Contract assets	1	8	1
Trade receivables	885	1,317	2,524
Cash and cash equivalents	12	1	1
Bank balances	102	0	0
Other financial assets	3	0	0
Other current assets	12	14	52
Current tax assets	0	0	17
Total current assets	**1,736**	**2,168**	**3,468**
Total assets	**1,746**	**2,177**	**3,572**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	41	41	164
Other equity	885	1,291	2,217
Total equity	**926**	**1,332**	**2,381**
Liabilities			
Non-current liabilities			
Borrowings	411	382	437
Lease liabilities	0	0	49
Provisions	4	3	4
Total non-current liabilities	**414**	**386**	**489**
Current liabilities			
Contract liabilities	35	12	7
Borrowings	368	426	675
Lease liabilities	0	0	7
Trade payables	0	6	1
Other financial liabilities	0	2	8
Other current liabilities	2	2	4
Provisions	0	0	0
Current tax liabilities	0	11	0
Total current liabilities	**406**	**459**	**702**
Total liabilities	**821**	**845**	**1,191**
Total equity and liabilities	**1,746**	**2,177**	**3,572**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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