Lalithaa Jewellery Mart Ltd.

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IPO Note **14th Aug 2026**

Company Overview

Lalithaa Jewellery Mart (LJM) operates a mass-market, value-conscious jewellery retail model, positioned as a trusted, accessible brand for customers seeking quality jewellery at affordable prices, differentiated from premium and metro-centric chains. The core business centres on gold, silver and diamond jewellery, with gold forming the dominant category at 92% of FY26 revenue, designed around traditional South Indian aesthetics and regional preferences. To build customer loyalty, the company operates structured jewellery purchase schemes, 'Dhana Vandhanam' and 'Free-yo-Flexi', under which customers commit to monthly instalments over a defined tenure, with the accumulated amount redeemable exclusively towards a jewellery purchase along with a discount on value addition charges; Dhana Vandhanam additionally credits a bonus to the corpus on completion of the full tenure. These schemes function as a purchase-linked savings mechanism rather than a conventional investment, with the benefit accruing only as a discount on jewellery bought from the company. LJM operates 61 stores across 51 cities in South India, with 23 stores in Andhra Pradesh and 20 in Tamil Nadu forming the core of the network, followed by 10 in Telangana, 7 in Karnataka and 1 in Puducherry. The company has also built meaningful penetration in Tier II and Tier III cities and towns, reflecting a deliberate strategy to extend its reach beyond the region's largest urban centres. This footprint is backed by in-house manufacturing facilities in Chennai and Kanchipuram, spanning an aggregate 63,862 sq. ft. and supported by 816 exclusive karigars as of FY26, enabling greater control over design, quality and cost. Revenue and profitability have grown at a pace well ahead of the broader organised jewellery retail industry, aided by continued store additions, deeper market penetration and repeat-purchase behaviour from customer schemes, with FY26 revenue at Rs. 25,024 crores.

Objects of the issue

The Offer comprises a fresh issue of Rs. 1,200 crores and an offer for sale of Rs. 500 crores. The company proposes to utilise the net proceeds from the fresh issue towards:

- ⇒ Funding of expenditure towards setting up of 10 new stores in India;
- ⇒ Capital expenditure for fit-outs in the nature of furniture and fixtures, equipment, IT hardware, software;
- ⇒ Expenditure towards inventory costs for setting up of new stores and;
- ⇒ General corporate purposes

Investment Rationale

Deep regional penetration backed by superior store level productivity.

LJM's strong regional positioning and store level productivity provide a compelling foundation for growth. The company operates primarily in South India, which accounts for approximately 40% of India's gems and jewellery demand, while its focus on value-conscious consumers and BIS-hallmarked jewellery enables it to compete effectively across organised and unorganised markets. Its deep penetration into Tier-II and Tier-III cities is a key differentiator, with 45 of 61 stores located in these markets and contributing 60.25% of FY26 revenue. The company also reported the highest operating revenue per store among key organised jewellery players, reaching Rs.410.2 crore in FY26, highlighting strong store productivity. Its large and medium-format stores provide a broad product assortment and support higher sales volumes, while the asset-light model, with 58 of 61 stores operating on a leave-and-license basis, provides flexibility to scale with relatively lower capital intensity. Going forward, the company also plans to expand its silverware offering, providing lower-value products that can partially mitigate exposure to gold price fluctuations, while exploring new branded jewellery lines and sub brands targeting specific customer segments. These initiatives, alongside its established regional franchise, provide multiple avenues for growth.

Backward integration and scheme led customer retention, supported by new growth.

LJM'S vertically integrated manufacturing model and strong customer engagement provide important competitive advantages. Lalithaa operates two in-house manufacturing facilities, supported by exclusive karigars, enabling greater control over production, wastage and value-addition costs. This backward integration allows the company to offer jewellery at competitive prices while protecting margins, which is particularly important given its focus on mass-market and value-conscious consumers. The manufacturing capabilities also provide greater flexibility in product design and inventory management, supporting the company's large and medium-format store strategy. On the customer side,

Issue Details

Offer Period	17th Aug 2026 - 19th Aug 2026
Price Band	Rs. 190 - Rs. 201
Bid Lot	74
Listing	BSE & NSE
Issue Size (no. of shares in crores)	8.4
Issue Size (Rs. in crores)	1,700
Face Value (Rs.)	5

Issue Structure

QIB	50%
NII	15%
Retail	35%
BRLM	Anand Rathi Advisors Limited, Equirus Capital Limited
Registrar	MUFG Intime India Pvt. Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	98%	83%
Public	2%	17%
Total	**100%**	**100%**

(Assuming issue subscribed at higher band)

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“Dhana Vandhanam” and “Free-yo-Flexi” purchase schemes help build a recurring customer base by encouraging customers to make regular monthly contributions towards future jewellery purchases. The schemes had over 473,000 active customers in FY26, while customer advances stood at Rs.504.3 crore, the highest among the key peers. This sizeable advance base provides greater visibility into potential future purchases and strengthens customer engagement and retention. The company is also looking to diversify its growth avenues through new branded jewellery lines and sub-brands aimed at specific customer segments, while increasing its focus on silverware, which can provide lower-ticket offerings and partially reduce dependence on gold jewellery. In addition, the Board has approved an investment of Rs.17 crore for a 91% stake in Lalithaa Jewellery in Malaysia, providing a potential platform for international expansion. Together, backward integration, customer loyalty initiatives, product diversification and overseas expansion create multiple avenues for sustained growth.

Valuation

Lalithaa Jewellery Mart is a mass-market jewellery retailer focused primarily on gold, along with silver and diamond jewellery. Its “Dhana Vandhanam” and “Free-yo-Flexi” schemes support customer retention and repeat purchases through jewellery linked monthly savings programmes which has contributed sharply to the working capital of the company. The advances as a percent of revenue have also increased to 9% from FY24-26. LJM operates 61 stores across 51 cities, supported by in-house manufacturing facilities in Chennai and Kanchipuram. Tamil Nadu contributed 54% of FY26 revenue, followed by Andhra Pradesh at 18%, Telangana at 15%, Karnataka at 11% and Puducherry at 2%. The company has a strong Tier-II/III presence, with 45 of its 61 stores contributing around 60% of revenue. Revenue from operations, EBITDA and PAT grew at CAGRs of 22%, 57% and 68%, respectively, between FY24-26. EBITDA margin also improved from 4% to 7%, reflecting operating leverage and benefits from scale and backward integration. Gold jewellery remains the key revenue driver, accounting for 92% of FY26 revenue. The company aims to primarily expand by setting up 10 new stores, enabling it to extend its footprint beyond its existing South Indian markets. Increasing organised jewellery penetration, strong Tier-II/III traction, customer purchase schemes and in-house manufacturing provide a favourable growth outlook. **At the upper price band of Rs. 201, the issue is valued at 11.1x FY26 diluted EPS of Rs.18.0, compared with the listed peer average P/E of 29.7x. The valuation represents a meaningful discount to peers, this combined with the company's return ratios, regional franchise and store expansion opportunities we recommend a "SUBSCRIBE" rating for the issue.**

Key Risks

⇒ **High dependence on gold jewellery sales:** Gold jewellery accounted for the overwhelming majority of revenue from operations across the last three fiscals (92% in FY26, 94% in FY25, and 93% in FY24), leaving the Company's financial performance highly exposed to any disruption in gold procurement or demand for gold jewellery.

⇒ **Negative operating cash flows in certain periods:** The Company reported negative cash flows from operating activities of Rs. 398 crores in FY26 and Rs. 18 crores in FY24, driven by lower customer enrolment in its jewellery schemes and higher settlement of trade payables, with no assurance that such negative cash flows will not recur in future periods.

⇒ **Reliance on customer advances under jewellery schemes:** Advances received from customers under the Company's jewellery purchase schemes have consistently exceeded 10% of revenue from operations, and any inability to appropriate these advances could adversely affect revenue, results of operations and future profitability.

Income Statement (Rs. in crores)

Particulars	FY24	FY25	FY26
Revenue			
Revenue from operations	16,788	16,897	25,024
Total revenue	**16,788**	**16,897**	**25,024**
Expenses			
Cost of raw materials consumed	16,308	16,898	26,024
Changes in inventories of stock-in-trade	-794	-1,440	-3,503
Employee benefit expenses	208	258	290
Other expenses	386	441	540
Total operating expenses	**16,108**	**16,157**	**23,350**
EBITDA	**680**	**740**	**1,674**
Depreciation & amortization expenses	72	87	131
EBIT	**608**	**653**	**1,543**
Other Income	13	11	16
Finance costs	136	160	198
PBT	**485**	**503**	**1,360**
Tax Expense	125	139	350
Profit for the year (PAT)	**360**	**365**	**1,010**
Diluted EPS	**7.2**	**7.3**	**20.2**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in crores)

Particulars	FY24	FY25	FY26
Cash Flow from operating activities	-18	289	-398
Cash flow from/(used in) investing activities	-112	-215	-66
Net cash flows (used in) / from financing activities	135	-44	428
Net increase/(decrease) in cash and cash equivalents	**5**	**30**	**-36**
Cash and cash equivalents at the beginning of the period	**18**	**23**	**52**
Cash and cash equivalents at the end of the period	**23**	**52**	**16**

Source: RHP, BP Equities Research

Lalithaa Jewellery Mart Ltd.

Balance Sheet (Rs. in crores)

Particulars	FY24	FY25	FY26
Assets			
Non-current assets			
Property, plant and equipment	197	294	285
Capital work-in-progress	47	15	24
Intangible assets	1	1	1
Right-of-use assets	364	350	349
Financial assets	0	0	0
Other financial assets	60	56	67
Deferred tax assets, net	32	41	51
Other non-current assets	45	57	30
Total non-current assets	**746**	**813**	**806**
Current assets			
Inventories	4,292	5,873	9,816
Financial assets	0	0	0
i) Trade receivables	59	116	215
ii) Cash and cash equivalents	23	52	16
iii) Bank balances other than cash and cash equivalents	23	22	22
iv) Other financial assets	0	8	13
Other current assets	40	45	57
Total current assets	**4,437**	**6,116**	**10,139**
Total assets	**5,182**	**6,930**	**10,945**
Equity and liabilities			
Equity			
Equity share capital	12	250	250
Other equity	1,552	1,675	2,680
Total equity	**1,564**	**1,925**	**2,930**
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Borrowings	9	32	27
ii) Lease liabilities	407	404	391
Provisions	11	12	19
Total non-current liabilities	**428**	**448**	**437**
Current liabilities			
Financial liabilities			
i) Borrowings	815	918	1,577
ii) Lease liabilities	23	30	50
Trade payables	124	267	522
Other financial liabilities	115	26	30
Other current liabilities	1,980	3,198	5,124
Provisions	9	13	6
Current tax liabilities (net)	124	104	269
Total current liabilities	**3,190**	**4,556**	**7,578**
Total liabilities	**3,618**	**5,004**	**8,015**
Total equity and liabilities	**5,182**	**6,930**	**10,945**

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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