

Deepa Jewellers IPO

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Reviewed on 29 August 2026

- The company is an organized B2B designer, processor, and supplier of hallmarked gold jewellery catering to southern region.
- The company posted steady growth in its top and bottom lines in line with the general trends.
- The boosted margins for FY26 raise a surprise and concern over its sustainability.
- Based on its recent average financial performance, the issue appears greedily priced.
- Only well-informed/cash surplus investors may park moderate funds for long term.

About the Company

Deepa Jewellers Ltd. (DJL) is an organized B2B designer, processor and supplier of hallmarked gold jewellery, primarily having operations in Telangana, Karnataka, Andhra Pradesh, Tamil Nadu and Kerala. According to CRISIL Report, it is one of the key processors and suppliers of vaddanam and CNC machine cut bangles, distributing to jewellery retail chains and standalone stores. It is an organized business-to-business (B2B) company, engaged in designing, getting jewellery manufactured, and supplying gold jewellery to other businesses such as retail chains and standalone stores, rather than selling directly to end customers.

The company designs its jewellery through a team of in-house designers who develop new products tailored to customer requirements, prevailing market trends and regional preferences enabling it to offer a diverse and customized product portfolio. DJL processes its gold jewellery through an outsourced manufacturing model, supported by a network of 41 karigars, who undertake its manufacturing activities. Under this model, it supplies raw materials including gold, alloys, and precious stones to the karigars, who manufacture jewellery in accordance with its designs and specifications and return the finished ornaments i.e ready to sell jewellery ornaments, to it in consideration for making charges. This approach provides operational flexibility and scalability to meet business demands without requiring significant capital investment.

Further, the finished gold jewellery supplied by the company, is hallmarked, signifying that it has been certified for purity in accordance with applicable regulatory standards, thereby providing assurance as to the quality and authenticity of the gold used. The Company is engaged in the business of processing and supplying 22 karat gold jewellery, job-work services and trading of jewellery and related products. It designs, processes and supplies a wide range of hallmarked plain gold and precious stone studded jewellery. Its products primarily include vaddanam (waist belt), CNC machine cut bangles, gents kada, vanky (armlet), dandpatti (bajuband), gundlamala haaram (traditional neck piece), gundlamala necklace, kangan, earring, mangtika (forehead pendant), maatil

(ear chain), champasaralu (ear to hair chain), jada (braid ornament), rings, bracelet and precious rings.

In addition to its core jewellery processing operations, the company also undertake job work assignments, wherein it receives raw material from customers, process them into finished ornaments. i.e ready to sell jewellery products and return the same for a fee, without taking ownership of such raw materials. Furthermore, DJL also engages in the trading of silver ornaments, 18 and 20 karat gold ornaments, precious stones and gold bullion, wherein it buys and sell such products without any manufacturing involvement.

As on July 31, 2026, it had a product portfolio of 16 products and 110 SKUs across its product categories. As of July 31, 2026, its customer network spans across 13 states and 1 union territory in India with a total customer base of 373 customers, comprising of 47 jewellery retail chains and 326 standalone stores. Further, it doesn't own any standalone stores. Its products span over a wide range of price points, enabling it to cater to customers across diverse segments. Its team of creative designers allows it to manage a large and wide portfolio of designs.

As of July 31, 2026, it had an inhouse team of 15 designers focused on developing new products and designs tailored to customer needs and regional preferences. The designers analyze market trends and develop innovative jewellery designs that are different from its competitors. With this diverse product portfolio and team of creative designers, it has established a long-standing relationship with jewellery retail chains and standalone stores including, Joyalukkas India Limited, Kalyan Jewellers India Limited, Lalithaa Jewellery Mart Limited, Chandana Brothers Textiles & Jewellers Private Limited, Manoj Vaibhav Gems 'N' Jewellers Limited, Tribhovandas Bhimji Zaveri Limited ,CMR Textiles & Jewellers Private Limited, Bhima Jewels Private Limited, Mukunda Jewellery (Bathi Manufacturing and Retail Private Limited, R.S. Brothers Jewellers Private Limited, Marri Retail Private Limited, DP Gold Private Limited, Bapireddy Nagireddy Gold and Diamonds Private Limited, JVR Retails Private Limited, M. Bajranglal Sons Jewellers , Premraj Shantilal Jain Jewellers Private Limited, Makam Radhakrishna Jewellers Private Limited, Sri Mahalaxmi Gems and Jewellers, P. Satyanarayan Sons Private Limited, Sri Mahalaxmi Jewellers & Pearls and Krishna Jewellers Pearls and Gems Private Limited. As of July 31, 2026, it had 133 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of approx. 25972634 equity shares (worth Rs. 459.72 cr.at the upper cap). The IPO consists of fresh equity shares worth Rs. 250.00 cr. (approx. 14124294 equity shares at the upper cap) and an Offer for Sale (OFS) of 11848340 equity shares (worth Rs. 209.72 cr. at the upper cap). The company has announced a price band of Rs. 168 – Rs. 177 per equity shares of Rs. 2 each. The issue opens for subscription on September 01, 2026, and will close on September 03, 2026. The minimum application to be made is for 84 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 27.02% of the post-IPO paid-up equity capital. From the net proceeds of

the fresh equity issue, the company will utilize Rs. 215.00 cr. for working capital, and the rest for general corporate purposes.

The joint Book Running Lead Managers (BRLMs) to this issue are Emkay Global Financial Services Ltd., and Valmiki Leela Capital Pvt. Ltd., while Bigshare Services Pvt. Ltd. is the registrar to the issue. Emkay Global Financial is also a syndicate member.

After issuing entire initial equity shares at par value, the company has issued bonus shares in the ratio of 3 for 1 in November 2025. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.00, and Rs. 0.50 per share.

Post-IPO, its current paid-up equity capital of Rs. 16.40 cr. (82000000 equity shares) will stand enhanced to Rs. 19.22 cr. (96124294 equity shares). Based on the upper cap of the price band, the company is looking for a market cap of Rs. 1701.40 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 1025.73 cr. / Rs. 24.42 cr. (FY24), Rs. 1400.10 cr. / Rs. 40.58 cr. (FY25), and Rs. 1927.73 cr. / Rs. 104.79 cr. (FY26). The company posted steady growth in its top and bottom lines for the reported periods, in line with the general trends in the sector.

For the last three fiscals, the company has posted an average EPS of Rs. 8.54 and an average RoNW of 45.26 %. The issue is priced at a P/BV of 6.10 based on its NAV of Rs. 29.03 as of March 31, 2026, and at a P/BV of 3.49 based on its post-IPO NAV of Rs. 50.77 per share at the upper cap.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 16.24. Based on FY25 earnings, the P/E stands at 41.94. The issue appears greedily priced based on its recent average performance.

For the reported periods, the company has reported PAT Margins of 2.37% (FY24), 2.90% (FY25), 5.44% (FY26), and RoCE margins of 22.76%, 30.60%, 52.08%, respectively, for the referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in November 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Sky Gold, Shanti Gold, Shringar House of Mangalsutra, RBZ Jewellers, Khazanchi Jewellers, as its listed peers. They are currently trading at a P/E of 37.5, 9.98, 17.6, 10.3, and 19.2 (as of Aug. 28, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash. This comparison appears to

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Merchant Banker's Track Record

The two BRLMs associated with this issue has handled 4 IPOs in the last three fiscals and out of which 2 IPOs closed below the issue price on listing date.

Conclusion / Investment Strategy

DJL is an organized B2B designer, processor, and supplier of hallmarked gold jewellery catering to southern region. It posted steady growth in its top and bottom lines in line with the general trends. The boosted margins for FY26 raise a surprise and concern over its sustainability. Based on its recent average financial performance, the issue appears greedily priced. Only well-informed/cash surplus investors may park moderate funds for long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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