IPO REVIEW

PNGS Reva Diamond Jewellery IPO

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- The company is engaged in diamond studded jewellery business with its 34 stores.
- It is expanding its store counts by 15 with IPO funds.
- It marked inconsistency in its top and bottom lines for the reported periods.
- Based on its recent financial data, the issue appears aggressively priced.
- Only well-informed/cash surplus investors may park moderate funds for medium term.

About the Company

PNGS Reva Diamond Jewellery Ltd. (PRDJL) is a retail focused jewellery brand involved in the business of sale of a wide range of jewellery made using diamond and precious and semi-precious stones which are studded into precious metals such as gold and platinum. The company also retails plain platinum jewellery including rings, bracelets and chains. Its products are sold under flagship brand, “Reva”. The Reva brand aims to blend traditional elegance with modern aesthetics, offering customizable diamond jewellery that appeals to a broad customer base (Source: CARE Report)

Its Corporate Promoter, P. N. Gadgil & Sons Limited was originally involved in the business of gold jewellery, silver jewellery, idols and other silverware, diamonds and diamond jewellery and other gemstones jewellery and related gift items. Pursuant to a business transfer agreement dated January 31, 2025, Corporate Promoter, P. N. Gadgil & Sons Limited undertook a strategic move with a disinvestment via a slump sale of their diamond business in favor of the Company (“Business Transfer Agreement”). This restructuring led to the establishment of the Company as an independent business entity, allowing it to carve out its distinct identity in the market while continuing to operate in the diamond jewellery industry. Pursuant to the Business Transfer Agreement, the Company stands as a separate player in the diamond jewellery segment, committed to offering high-quality jewellery pieces made using diamond and precious and semi-precious stones which are studded in precious metals such as gold and platinum.

Its flagship brand “Reva” continues to uphold the legacy of more than 190 years of its Corporate Promoter, P.N Gadgil & Sons Limited (Source: CARE Report). The Business Transfer Agreement was structured as a comprehensive arrangement to set forth the terms and conditions agreed between the parties for the slump sale of the transfer of the business undertaking, including its relevant assets, liabilities, rights, and obligations (excluding the excluded assets and liabilities), without assigning individual values to the assets and liabilities, thereby constituting a slump sale within the meaning of Section 2(42C) of the Income-tax Act, 1961. Pursuant to the Business Transfer Agreement dated January 31, 2025, inventory and gratuity liability related to diamond business were transferred

from P. N. Gadgil & Sons Limited to PNGS Reva Diamond Jewellery Limited.

Its retail network comprises of brand-exclusive store owned and operated by the Company and shops-in-shop where it sets up its brand in a dedicated space within the premises of the retail stores operated by the Corporate Promoter, P. N. Gadgil & Sons Limited (“Stores”), allowing it to leverage their established infrastructure and customer footfall while maintaining brand identity.

As on the date of this Red Herring Prospectus, it has 34 Stores across 25 cities in the states of Maharashtra, Gujarat and Karnataka aggregating to an area of 647.15 Running Feet. These 34 stores are divided into three categories, namely, franchise owned and company operated (“FOCO”), franchise owned and franchise operated (“FOFO”), and company owned and company operated (“COCO”). The Stores under the FOCO model, consist of the physical retail space being owned or leased by its Corporate Promoter, P. N. Gadgil & Sons Limited, while the company manages inventory, operations and customer experience, ensuring brand exclusivity and control over the sales process. This asset-light model enables it to minimize capital expenditure on standalone stores while maximizing visibility in high-traffic retail environments. Its in-store presence allows to enhance customer engagement, drive brand awareness, and deliver a personalized shopping experience. In certain locations, the company functions under the FOFO model. The Company has established one brand-exclusive store under company owned and company operated (“COCO”) model. All 34 Stores are full-fledged stores, i.e., the products of the Company that are displayed, are available for sale. As of September 30, 2025, it had 69 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of equity shares of Rs. 10 each worth Rs. 380 cr. (approx. 9844560 equity shares at the upper cap). The company has announced a price band of Rs. 367 – Rs. 386 per equity shares of Rs. 10 each. The issue opens for subscription on February 24, 2026, and will close on February 26, 2026. The minimum application to be made is for 32 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 31.04% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 286.56cr. for capex on setting up of 15 new stores, Rs. 35.40 cr. for marketing and promotional expenses for new stores and visibility of its flagship brand “Reva”, and the rest for general corporate purposes.

The company has reserved equity shares worth Rs. 0.386 cr. (approx. 10000 equity shares based on upper cap). From the rest, it has allocated not less than75% for QIBs, not more than 15% for HNIs and not more than 10% for Retail Investors.

The sole Book Running Lead Manager (BRLM) to this issue is Smart Horizon Capital Advisors Pvt. Ltd., while Bigshare Services Pvt. Ltd., is the registrar to the issue. Phillips Capital (India) Pvt. Ltd. is a syndicate member.

After issuing initial equity shares at par, the company has issued further equity shares at a fixed price of Rs. 750 per share in March 2025. It has also issued bonus shares in the ratio of 350 for 100 in May 2025. The average cost of acquisition of shares by the promoters is Rs. 2.22, and Rs. 166.67 per share.

Post-IPO, its current paid-up equity capital of Rs. 21.87 cr. will stand enhanced to Rs. 31.71 cr. Based on the upper cap of the IPO price band; the company is looking for a market cap of Rs. 1224.04 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 199.35 cr. / Rs. 51.75 cr. (FY23), Rs. 196.24 cr. / Rs. 42.41 cr. (FY24), and Rs. 259.11 cr. / Rs. 59.47 cr. (FY25). For H1 of FY26 ended on September 30, 2025, it earned a net profit of Rs. 20.13 cr. on a total income of Rs. 157.12 cr.

For the last three fiscals, the company has posted an average EPS of Rs. NA and an average RoNW of – (36.51) % (including capital reserve and partner's capital). The issue is priced at a P/BV of 7.02 based on its NAV of Rs. 55.02 as of September 30, 2025 (including capital reserve), and at a P/BV of 2.60 based on its post-IPO NAV of Rs. 148.21 per share (at the upper cap).

If we attribute FY26 annualized earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 30.39. Based on FY25 earnings, the P/E stands at 20.58. Thus, the issue appears aggressively priced.

For the reported periods, the company has posted PAT margins of 26.02% (FY23), 21.68% (FY24), 23.04% (FY25), 12.85% (H1-FY26), but its RoCE margin data is missing from offer documents. Outperforming industry average in PAT margins raise eyebrows and concern over its sustainability as it is operating in a highly competitive and fragmented segment.

Dividend Policy

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

Comparison with Listed Peers

As per the offer document, the company has shown Tribhovandas Bhimji Zaveri, Thangmayil Jewellery, Senco Gold, as its listed peers. They are currently trading at a P/E of 37.4, 45.6, and 11.0 (as of February 20, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

This is the 20th mandate from its BRLM in the last two fiscals. From the lats 10 listings, 2 opened at discount, 1 at par, and the rest with premium ranging from 2.14% to 6.36% on the date of listing. The BRLM has an average track record so far.

Conclusion / Investment Strategy

PRDJL is engaged in diamond studded jewellery business with its 34 stores. It is expanding its store counts by 15 with IPO funds. It marked inconsistency in its top and bottom lines for the reported periods. Based on its recent financial data, the issue appears aggressively priced. Only well-informed/cash surplus investors may park moderate funds for medium 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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