

Advit Jewels – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
23 June 2026	25 June 2026	₹130-138	Subscribe

Investment Summary

Advit Jewels Pvt. Ltd. demonstrates a strong trajectory, with revenue expanding at 38.92% CAGR to ₹124.94 Cr in FY25 and PAT reaching ₹25.37 Cr with a 20.31% margin. The company exhibits robust operational efficiency and capital returns, featuring an EBITDA margin of 29.65% and an ROE of 55.79% in FY25. At the upper price band of ₹138 per share, the company is valued at a post-issue market capitalization of approximately ₹632 Cr, trading at a P/E multiple of ~18.4x. While the valuation appears high relative to listed peers, it is backed by outstanding return metrics and consistent topline acceleration. Successful post-IPO deployment of funds into working capital and debt repayment is expected to optimize cash flows and deleverage the balance sheet.

Company Overview

Incorporated in 2019, Jaipur-based Advit Jewels specializes in premium handcrafted fine jewellery including Kundan, Polki, and Diamond pieces under the legacy heritage brand "Rambhajo." The company operates a fully integrated 6,450 sq. ft. manufacturing facility in Jaipur, leveraging a team of 111 employees and skilled artisans who combine traditional handmade craftsmanship with modern 3D printing technology. Financially, Advit runs a robust, dual-channel model: a dominant B2B segment that supplied nationwide showrooms and dealers for 81.63% of FY25 revenue, alongside an exclusive, made-to-order B2C custom boutique segment making up the remaining 18.37%. Backed by stringent in-house quality control and multi-generational expertise, the firm maintains a diversified portfolio and a strong PAN-India market presence across major states like Maharashtra, Gujarat, and Delhi.

Business Model

Brand Positioning & Core Product Offerings: Advit Jewels Limited operates a premium, artisanal-focused model centered around its heritage brand name, "Rambhajo". The company specializes in creating high-end, handcrafted fine jewellery, maintaining deep design expertise in traditional and contemporary Kundan, Polki, diamond, and studded pieces. Its diverse portfolio features necklaces, earrings, rings, bangles, and customized wedding sets primarily crafted in 14K and 18K gold combined with diamonds and precious coloured stones. The core value proposition relies heavily on its unique design team and skilled artisans (*karigars*) who produce 100% handmade pieces that blend traditional cultural techniques with modern market trends.

Dual Distribution Channels: B2B and B2C: The company's distribution and revenue generation model is structured around two distinct customer segments, with a heavy emphasis on institutional clients. The primary engine of the business is its Business-to-Business (B2B) channel, which supplied a nationwide network of institutional dealers, major showrooms, and independent retailers to generate 81.63% of operational revenue in FY 2025. To diversify its risk profile and improve brand visibility, the company concurrently operates a Business-to-Consumer (B2C) channel. Making up the remaining 18.37% of FY 2025 sales, this high-margin boutique segment caters directly to retail consumers looking for exclusive, high-value, made-to-order custom bridal jewellery. The company also undertakes a marginal amount of contractual job work services.

Integrated Production Architecture & Capital Dynamics: Operationally, Advit Jewels relies on a centralized, vertically integrated manufacturing framework. Rather than outsourcing production, the entire cycle—from gold melting and casting to stone-setting, polishing, and final quality assurance checks—is executed in-house within its 6,450 sq. ft. facility in Jaipur. This setup utilizes skilled personnel alongside advanced machinery like 3D printers to turn around high-value custom client orders inside a strict 25 to 30-day window. Financially, the model is highly intensive, requiring massive working capital reserves to maintain raw material inventory (gold and gemstones) to hedge against volatile commodity spot pricing and to buffer long stock holding periods driven by predictable, seasonal wedding and festive demand cycles.

Investment Rationale

Heritage Brand Equity with PAN-India Footprint

Operating under the legacy heritage brand name "Rambhajo," Advit Jewels specializes in premium handcrafted traditional Kundan, Polki, and diamond-embedded fine jewellery. The company commands a well-established nationwide presence, driving robust wholesale and custom sales across 9 major Indian states including Maharashtra, Gujarat, Delhi, and Rajasthan.

Robust Integrated In-House Manufacturing Value Chain

The company consolidates its entire production architecture under one roof at a 6,450 sq. ft. integrated facility in Jaipur. By managing the complete cycle in-house from gold melting and modern 3D printing to stone setting and final quality checks Advit ensures strict design security, rigorous quality control, and rapid custom delivery timelines.

Strong Financial Growth

Revenue from operations accelerated at a 38.92% CAGR (FY23–FY25), scaling from ₹46.60 Crs to ₹124.93 Crs. Concurrently, Profit After Tax (PAT) expanded from ₹10.38 Crs to ₹25.36 Crs. This consistent financial trajectory highlights the company's capacity for rapid, demand-driven topline scaling and structural volume growth.

Exceptional Returns on Capital

Advit demonstrates superior capital efficiency and profitability compared to several listed peers, recording a Return on Equity (ROE) of 55.79% and a Return on Capital Employed (ROCE) of 27.48% in FY25. This performance is supported by an efficient Return on Net Worth (RoNW) of 43.64% for the same fiscal year, underscoring strong earnings power relative to its equity base.

Premium Niche Design Model & Experienced Leadership

The business thrives on a high-margin product mix that balances a dominant B2B dealer network (81.63% of FY25 revenue) with high-value, made-to-order B2C custom bridal collections (18.37%). This operation is guided by core promoters who bring more than 25 years of deep industry expertise and execution experience to the luxury segment.

Focused Debt Reduction Strategy Though the company's debt-to-equity ratio rose to 1.29 in FY25 to fund strategic inventory accumulation and land acquisition, the upcoming IPO is structured as a 100% fresh issue. A significant portion of these proceeds ~₹65 Crore is explicitly earmarked for the full or partial repayment of outstanding bank facilities, positioning the company for a deleveraged balance sheet and improved net margins post-listing.

Key Risk Factors

High Product Category Concentration

The company remains heavily dependent on its traditional Kundan and Polki jewellery segments, resulting in a limited level of product diversification. The concentration is particularly evident from the fact that the top five product lines contributed 85.17% of total revenue in FY25. Such dependence increases business risk because any decline in demand, changes in consumer preferences, increased competition, or adverse market trends affecting these categories can have a disproportionate impact on overall revenue and profitability. A diversified product portfolio generally provides stability by reducing dependence on a few categories; however, the company's revenue remains significantly concentrated in a limited number of product lines.

Vulnerability to Raw Material Pricing

The company's profitability is highly sensitive to fluctuations in the prices of gold and precious stones, which together account for more than 99% of total material consumption costs. Among these inputs, gold alone constitutes approximately 85% of raw material costs. Since gold and gemstone prices are influenced by global economic conditions, currency movements, geopolitical events, and supply-demand dynamics, any sharp increase in prices can substantially raise procurement costs. Although the company may attempt to pass on higher costs to customers, there can be a time lag or resistance from the market, potentially affecting margins

and profitability.

Working Capital Intensity and Negative Cash Flows

The business operates under a highly working-capital-intensive model, primarily due to the need to maintain substantial inventory levels. Inventory stood at ₹10,723.91 lakhs in FY25, reflecting a significant amount of capital tied up in stock. As a result, despite generating revenue, the company reported negative operating cash flows of ₹3,697.69 lakhs in FY25. Large inventory holdings can lead to delayed cash conversion cycles and increase funding requirements. Although a recovery was observed during 9M FY25, the underlying business model continues to require considerable investment in inventory, which can put pressure on liquidity and cash flow management.

Escalating Leverage and Financial Risk

The company's financial leverage has increased considerably over the years, as reflected in the rise in its debt-to-equity ratio from 0.32 in FY23 to 1.29 in FY25. This sharp increase indicates greater dependence on borrowed funds for financing business operations and growth. Higher leverage results in increased fixed financial obligations in the form of interest and principal repayments. During periods of lower profitability or cash flow stress, these obligations may place additional pressure on the company's financial position. Elevated debt levels also reduce financial flexibility and may limit the company's ability to raise further funds on favorable terms.

Institutional Client Concentration

The company derives a substantial portion of its revenue from a relatively small group of wholesale customers. In FY25, the top 10 wholesale buyers contributed 54.17% of total operational revenue. Such concentration creates customer dependency risk, as the loss of one or more major clients, reduction in order volumes, delayed payments, or changes in purchasing patterns could significantly impact revenue and cash flows. A concentrated customer base also reduces bargaining power and increases exposure to the financial health and business decisions of a limited number of buyers.

Involvement in Legal Proceedings

Certain Promoters and Directors of the company are involved in ongoing criminal, material civil, and tax-related litigations. Such proceedings create legal and regulatory uncertainties and may potentially result in financial liabilities, penalties, or adverse judgments. In addition to the possible monetary impact, these matters may require significant management attention and resources, potentially diverting focus from business operations and strategic initiatives. The outcome of such proceedings remains uncertain, and any unfavorable resolution could affect the company's reputation, financial condition, and overall business performance.

Financial Snapshot

Metric	IN CR		
	FY23	FY24	FY25
Revenue from Operations	46.6	69.44	124.94
EBITDA	12.77	18.96	37.14
EBITDA Margin	27.36%	27.30%	29.72%
Profit After Tax (PAT)	10.38	14.71	25.36
PAT Margin	22.27%	21.18%	20.29%
Basic EPS (₹)	3.25	4.60	7.92

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Advit Jewels Limited
IPO Structure	Fresh issue
IPO Issue Size	Total Issue Size: ₹165.16 Cr Fresh Issue of ₹165.16 Cr
Price Band	₹130 – ₹138 per share
Face Value	₹10 per share
Post-Issue Market Cap	₹632 Cr
IPO Opening Date	23 June 2026
IPO Closing Date	25 June 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: 94.59% Post-IPO: 69.88%
Book Running Lead Managers	Holani Consultants Pvt. Ltd.
Use of Proceeds	• Debt Repayment: ~65 Cr • Funding WC requirements: ~65 Cr

Valuation and Outlook

At the **upper price band of ₹138 per share**, Advit Jewels is valued at **P/E of 17.42×**, implying market capitalization of **₹632 Crores**. However, the company's strong return metrics (ROE ~55%), robust revenue CAGR of 38.92% (FY23–FY25) support the valuation currently. Looking ahead, if the company successfully executes its post-IPO plans particularly around funding its working capital requirements it could translate into stronger positive cash flows. Overall, we believe Advit Jewels remains a strong play where short terms outcomes look majorly positive; accordingly, we assign a **"Subscribe"** rating for **listing gains** with the key monitorables being cash flow realization, working capital management and balance sheet deleveraging.

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