

Lalithaa Jewellery Mart Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
17 August 2026	19 August 2026	₹190-201	Subscribe

Investment Summary

Lalithaa Jewellery Mart Limited is an organised jewellery retailer engaged in the sale of gold, silver, diamond and other jewellery products under the “Lalithaa Jewellery” brand. The company operates a network of large-format showrooms, primarily across South India, catering to a wide customer base through its established brand presence and retail model. Over the years, the company has strengthened its presence in the organised jewellery market by expanding its showroom network, enhancing customer reach and leveraging its long-standing industry experience. The IPO comprises a fresh issue of up to ₹1,200 crore and an Offer for Sale (OFS) of up to ₹500 crore by the selling shareholder. The proceeds from the fresh issue are proposed to be utilised towards business expansion, working capital requirements and general corporate purposes, while the OFS proceeds will accrue to the selling shareholder. The company aims to capitalise on the growth of the organised jewellery sector, rising consumer preference for branded jewellery and increasing formalisation of the jewellery market. Its key strengths include regional brand recognition, established customer relationships, showroom presence and experience in jewellery retail operations. However, key monitorable risks include gold price volatility, high working capital requirements, inventory management risks, regional concentration, intense competition and dependence on consumer demand trends.

Company Overview

Lalithaa Jewellery Mart Limited was originally incorporated as ‘Lalitha Jewellery Mart Private Limited’ in 1985, renamed ‘Lalithaa Jewellery Mart Private Limited’ in 2013, and subsequently converted into a public limited company as ‘Lalithaa Jewellery Mart Limited’ in 2024. The company operates under the “Lalithaa” brand and is engaged in the retail sale of gold, silver, diamond and other jewellery products, primarily catering to value-conscious consumers across South India. The company opened its first store in T. Nagar, Chennai and has expanded to 61 stores across 51 cities as of March 31, 2026, with presence across Tamil Nadu, Andhra Pradesh, Karnataka, Telangana and Puducherry. A significant portion of its network is located in Tier-II and Tier-III cities, supporting its regional penetration and customer reach. Lalithaa also operates two manufacturing facilities in Tamil Nadu, located at Thirumudivakkam, Chennai and Maraimalai, Kanchipuram, supported by a large network of skilled Karigars for jewellery manufacturing. Gold jewellery remains the company’s primary product category and contributed 92.33% of FY26 revenue from operations, while silver jewellery, silverware and diamond jewellery form the balance. The company is promoted by M. Kiran Kumar Jain and Hema Kiran Kumar Jain, with M. Kiran Kumar Jain serving as Chairman and Managing Director. Leveraging its established regional brand, expanding store network and integrated manufacturing capabilities, Lalithaa is positioned to benefit from the continued shift towards organised jewellery retail in India.

Business Model

Lalithaa Jewellery Mart Limited operates an asset-light, retail-led jewellery business model with backward-integrated manufacturing capabilities, offering gold, silver, diamond and other jewellery products through its network of 61 stores across South India. As of FY26, only three stores were owned while the remaining stores operated on a leave and licence basis, limiting upfront real-estate investment and supporting faster expansion. The company primarily caters to mass-market and value-conscious consumers, with gold jewellery forming the largest revenue contributor at 92.33% of FY26 revenue from operations. The company operates two manufacturing facilities in Tamil Nadu, supported by 816 Karigars under exclusive arrangements and additional non-exclusive Karigars, enabling greater control over jewellery design, quality, manufacturing wastage and making costs. Revenue is generated primarily through jewellery sales across its physical retail network, while customer purchase schemes such as Dhana Vandhanam and Free-yo-Flexi encourage repeat purchases and provide advance collections that support future sales visibility. The company also uses its JILABA ERP and barcode-based inventory management system to monitor inventory across stores. Going forward, Lalithaa intends to expand its store network, deepen penetration in Tier-II and Tier-III cities, strengthen manufacturing capabilities and improve inventory efficiency to capitalize on the growing organised jewellery retail market.

Investment Rationale

Established Brand with Strong South India Presence: Lalithaa Jewellery has built an established regional brand since opening its first store in Chennai in 1985. As of FY26, it operated 61 stores across South India, with 45 stores located in Tier-II and Tier-III cities, which contributed 60.25% of revenue, providing exposure to high-growth regional markets.

High Store Productivity and Efficient Retail Operations: Among key organised jewellery players considered in the RHP, Lalithaa recorded the highest operating revenue per store and Operating EBITDA per store from FY24 to FY26. It also had the highest average store size and ranked second in revenue per square foot in FY26, reflecting strong utilisation of its retail footprint.

Integrated Manufacturing and Value-Focused Positioning: The company caters primarily to mass-market and value-conscious consumers, offering competitively priced jewellery with a focus on purity and quality. Its two manufacturing facilities, supported by exclusive and non-exclusive Karigars, provide greater control over design, quality, making costs and product availability.

Strong Financial Performance and Return Ratios: Lalithaa reported a significant improvement in profitability in FY26, with PAT increasing substantially alongside revenue growth. The company recorded ROCE of 42.60%, the highest among peers that reported FY26 financials, reflecting efficient capital deployment and improving operating performance.

Favorable Organised Jewellery Market Opportunity: South India accounted for approximately 40% of India's gems and jewellery market in FY26, providing a large addressable market for Lalithaa's regionally focused network. Its established brand, jewellery purchase schemes and proposed store expansion position the company to benefit from increasing consumer preference for organised and branded jewellery retailers.

Key Risk Factors

High Dependence on Gold Jewellery: Gold jewellery contributed 92.33% of FY26 revenue from operations, making the company highly dependent on demand for gold jewellery. Sharp movements in gold prices, changes in import duties, weaker discretionary spending or shifts in consumer preferences could adversely affect sales and profitability.

Working Capital Intensive Operations and Negative Cash Flows: Jewellery retail requires substantial investment in inventory. The company reported negative operating cash flow of ₹397.76 Cr in FY26, primarily due to higher working capital requirements and increased inventory carrying values amid rising gold prices. Prolonged negative cash flows could constrain liquidity and expansion plans.

Dependence on Customer Jewellery Schemes: Advances received through jewellery purchase schemes represented 20.15% of FY26 revenue, with 473,412 active customers enrolled as of March 31, 2026. Any inability to appropriately manage or convert these advances into jewellery sales may adversely affect cash flows and profitability.

High Borrowings and Capital Requirements: The company had ₹1,238.10 Cr of outstanding borrowings as of June 30, 2026. Its continued store expansion and inventory requirements may require additional financing, increasing exposure to interest-rate movements and restrictive debt covenants.

Supplier Concentration Risk: The company relies significantly on a limited number of gold suppliers, with its top three suppliers accounting for 58.03% of FY26 raw material costs. Any disruption in supply or unfavorable commercial terms could impact inventory availability and margins.

Dependence on Leased Retail Locations: As of FY26, 58 out of 61 stores, along with its offices and manufacturing facilities, operated on leased or licensed premises. Failure to renew leases on favourable terms or significant increases in rental costs could affect store profitability and operations.

Financial Snapshot

Metric	In Cr		
	FY24	FY25	FY26
Revenue from Operations	16,788.05	16,897.32	25,023.93
EBITDA	680.17	740.36	1,673.50
EBITDA Margin	4.05%	4.38%	6.69%
Profit After Tax (PAT)	359.83	364.73	1,009.82
PAT Margin	2.14%	2.16%	4.04%
Basic EPS (₹)	7.20	7.29	20.20

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Lalithaa Jewellery Mart Limited
IPO Issue Size	8,46,08,276 shares (agg. up to ₹1,700 Cr) Fresh Issue 5,97,32,655 shares (agg. up to ₹1,200 Cr) Offer for sale 2,48,75,621 shares of ₹5 (agg. up to ₹500 Cr)
Price Band	₹190 – ₹201 per share
Face Value	₹5 per share
IPO Opening Date	17 August 2026
IPO Closing Date	19 August 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: ~97.72% → Post-IPO: ~82.85%
Book Running Lead Managers	Anand Rathi Advisors Limited, Equirus Capital Limited
Use of Proceeds	• ₹34.55 Cr towards capital expenditure for fit-outs, furniture & fixtures, equipment, IT hardware and software for 10 new stores • ₹998.68 Cr towards inventory requirements for these new stores

Valuation and Outlook

At the upper price band of **₹201**, Lalithaa Jewellery Mart Ltd is valued at a **P/E of ~11.14x** on its **FY26 EPS of ₹18.04** based on a post-issue market capitalization of approximately **₹11,250 Cr**. The valuation is at a substantial discount to leading listed peers such as Titan Company (85.25x), Kalyan Jewellers (46.85x) and Thangamayil Jewellery (46.26x). Considering its strong South India presence, high store productivity, improving profitability, robust return ratios and planned store expansion, the valuation appears attractive relative to peers. We recommend a **Subscribe stance** with a **medium- to long-term investment horizon**, while monitoring gold-price volatility, high working-capital requirements, leverage and negative operating cash flows.

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