Deepa Jewellers Ltd.

August 27, 2026

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IPO Note

Deepa Jewellers Limited is a B2B designer, processor and supplier of hallmarked 22-karat gold jewellery, catering to jewellery retail chains and standalone stores across South India. The company specializes in products such as vaddanam, CNC machine-cut bangles and other traditional gold jewellery. It follows an asset-light model with in-house design capabilities and outsourced manufacturing through a network of skilled karigars. Its focus on design, quality and strong retailer relationships has helped establish a strong presence in its key markets.

Investment Rationale:

Strong Presence in South India - India's Largest Jewellery Market:

- Strong presence in South India, India's largest jewellery consumption market.
- Southern region accounts for ~38-43% of national jewellery demand.
- 94.4% of FY26 revenue derived from South Indian states.
- Established network of 373 customers across 13 states and 1 union territory.
- Positioned to benefit from South India's B2B jewellery market growth from ₹2.8 trillion in FY26 to ₹3.2-3.45 trillion by FY30.

Well-Established Customer Base with Long-Standing Relationships:

- Supplier to marquee jewellery chains including Kalyan Jewellers, Joyalukkas, Lalithaa Jewellery & TBZ.
- Diversified customer base of 373 customers, comprising 47 retail chains and 326 standalone jewellery stores.
- High customer retention, with 122 customers associated for over 5 years and 36 for over 7 years.
- Repeat business supported by customized product offerings and deep understanding of regional preferences.

Diverse Product Portfolio with Leadership in Vaddanam and CNC Machine-Cut Bangles:

- Key processor and supplier of vaddanam and CNC machine-cut bangles, contributing over 72% of FY26 revenue.
- Diversified portfolio comprising 16 product categories and 110 SKUs.
- Continuous product innovation with 15 new SKUs and 3 new product categories added over FY25-FY26.
- Product range spans 2.5g to 300g, catering to multiple customer segments and budgets.
- Further growth pipeline with plans to add 2 new product categories and 22 additional SKUs by FY27.

Established Procurement Network and Long-Standing Karigar Relationships:

- Strong manufacturing ecosystem supported by 41 karigars, with 25 associated for over 5 years.
- Asset-light model enables flexible capacity expansion without significant manufacturing capex.
- Diversified sourcing network spanning bullion banks, bullion dealers, IIBX imports and customer exchanges.
- Gemstones sourced from key hubs including Jaipur, Surat, Mumbai, Hyderabad and Thailand.
- Integrated procurement and manufacturing network supports timely delivery and supply chain resilience.

Focus on Brand Building and Technology-Driven Operational Excellence:

- Active participation in major B2B jewellery exhibitions enhances brand visibility.
- Marketing team expansion from 12 to 25 members to support future growth and market penetration.
- Dedicated digital platform enables remote design discovery and customer engagement.
- Technology-led inventory and order management systems expected to improve operational efficiency.
- Investments in advanced gold recovery systems aimed at reducing wastage and enhancing profitability.

Robust Financial Performance with Strong Margin Expansion:

- Revenue grew at ~37% CAGR, from ₹10.3 bn in FY24 to ₹19.3 bn in FY26.
- EBITDA increased 4.1x, from ₹358 mn in FY24 to ₹1,463 mn in FY26, with margin expanding from 3.5% to 7.6%.
- PAT grew 4.3x, from ₹243 mn in FY24 to ₹1,048 mn in FY26, with margin improving from 2.4% to 5.4%.
- ROE improved from 30.3% in FY24 to 56.5% in FY26, while ROCE increased from 22.8% to 52.1%.
- Debt-to-equity ratio reduced from 0.84x in FY24 to 0.47x in FY26, reflecting a stronger balance sheet.

Valuation and Outlook: The South Indian B2B jewellery market presents a significant growth opportunity, with the market expected to expand from ₹2.8 trillion in FY26 to ₹3.45 trillion by FY30. Deepa Jewellers is well positioned to benefit through its strong South Indian presence, diversified customer base of 373 customers, including marquee retailers such as Kalyan Jewellers, Joyalukkas, Lalithaa Jewellery, TBZ, Vaibhav Jewellers and Bhima Jewels, and leadership in specialized categories such as vaddanam and CNC machine-cut bangles. The company is supported by a diversified portfolio of 16 product categories and 110 SKUs, continuous product innovation, an asset-light operating model, long-standing customer and karigar relationships, a robust procurement network, and ongoing investments in brand building and technology-led operational efficiencies. Its strong execution has translated into robust financial performance, with revenue growing at a CAGR of ~37% from ₹10.3 billion in FY24 to ₹19.3 billion in FY26, EBITDA increasing 4.1x from ₹358 million to ₹1,463 million with margins expanding from 3.5% to 7.6%, and PAT rising 4.3x from ₹243 million to ₹1,048 million. The company also reported the highest ROE (56.5%) and ROCE (52.1%) among its defined peer set in FY26, reflecting superior capital efficiency and profitability. Considering its strong market positioning, scalable business model and favourable industry tailwinds, we recommend subscribing to the issue with a long-term investment horizon.

Key Financial & Operating Metrics (Consolidated)

In INR mn	Revenue	YoY (%)	EBITDA	EBITDA %	PAT	EPS	ROE	ROCE
FY24	10246	11.20	359	3.5	243	3.0	30.3	22.8
FY25	13970	36.3	561	4.0	406	5.0	36.0	30.6
FY26	19267	37.9	1463	7.6	1048	12.8	56.5	52.1

Issue Snapshot	
Issue Open	01-Sep-26
Issue Close	03-Sep-26
Price Band	INR 168 - 177
Issue Size (Shares)	2,59,72,634
Market Cap (mn)	INR 17014

Particulars	
Fresh Issue (INR mn)	INR 2500
OFS Issue (INR mn)	INR 2097
QIB	50%
Non-institutionals	15%
Retail	35%

Capital Structure	
Pre Issue Equity	8,20,00,000
Post Issue Equity	9,61,24,294
Bid Lot	84 Shares
Minimum Bid amount @ 168	INR 14112
Maximum Bid amount @ 177	INR 14868

Share Holding Pattern	Pre Issue	Post Issue
Promoters	100.00%	72.98%
Public	0.00%	27.02%

Particulars	
Face Value	INR 2
Book Value	INR 50.78
EPS, Diluted	INR 10.9

Objects of the Issue	(Rs mn)
1. Funding long-term Working Capital requirement	2150
2. General Corporate Purposes	

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Deepa Jewellers Limited is an organized B2B designer, processor and supplier of hallmarked gold jewellery, primarily operating across Telangana, Karnataka, Andhra Pradesh, Tamil Nadu and Kerala. The company caters to jewellery retail chains and standalone jewellery stores, focusing on supplying finished jewellery rather than selling directly to end consumers. It has established a strong presence in specialized jewellery categories such as vaddanam (waist belts) and CNC machine-cut bangles. Supported by an in-house design team, the company develops products aligned with customer requirements, prevailing fashion trends and regional preferences, enabling it to offer a diverse and customized jewellery portfolio.

The company follows an asset-light and scalable operating model by outsourcing manufacturing activities to a network of 41 karigars. Under this arrangement, Deepa Jewellers supplies raw materials such as gold, alloys and precious stones to the karigars, who manufacture jewellery according to the company's designs and specifications and return the finished products in exchange for making charges. This model allows the company to expand production capacity without significant investments in manufacturing infrastructure while maintaining operational flexibility. All finished jewellery supplied by the company is hallmarked, providing assurance regarding purity, quality and compliance with regulatory standards.

Deepa Jewellers primarily processes and supplies 22-karat gold jewellery and offers a wide range of hallmarked plain gold and precious stone-studded products, including bangles, necklaces, earrings, rings, bracelets, kadas, armlets and various traditional South Indian ornaments. As of July 31, 2026, the company had a product portfolio comprising 16 product categories and 110 SKUs. In addition to its core jewellery processing business, the company undertakes job-work assignments, wherein customer-supplied raw materials are converted into finished jewellery for a processing fee without assuming ownership of the underlying gold. The company also engages in the trading of silver ornaments, 18- and 20-karat gold jewellery, precious stones and gold bullion, providing an additional revenue stream alongside its core jewellery operations.

Revenue from Processing, Job Work & Trade

(in ₹ million, except percentage)

Particulars	Fiscal 2026		Fiscal 2025		Fiscal 2024	
	Amount	% of total revenue from operations	Amount	% of total revenue from operations	Amount	% of total revenue from operations
Sale of products - processing	19,074.48	99.00	12,953.99	92.73	10,104.00	98.62
Sale of services - job work	172.29	0.89	151.02	1.08	140.02	1.37
Sale of products - trade	19.99	0.11	865.09	6.19	1.66	0.02
Total	**19,266.76**	**100.00**	**13,970.10**	**100.00**	**10,245.68**	**100.00**

Revenue from Sale of Hallmark Jewellery

Year/Period	Revenue from sale of Hallmark Jewellery (in ₹ million)	Total revenue From Operation (in ₹ million)	Contribution from sale of Hallmark Jewellery in total revenue (in %)
Fiscal 2026	17,628.13	19,266.76	91.50
Fiscal 2025	12,949.04	13,970.10	92.69
Fiscal 2024	10,094.51	10,245.68	98.52

Product Wise Revenue

(in ₹ million, except percentage)

Product category	Fiscal 2026		Fiscal 2025		Fiscal 2024	
	Amount	% of total revenue from operations	Amount	% of total revenue from operations	Amount	% of total revenue from operations
Revenue from operations of vaddanam	8,062.41	41.85	4,830.59	34.58	3,755.56	36.66
Revenue from operations of CNC machine cut bangles	5,948.53	30.87	5,842.21	41.82	4,075.94	39.78
Revenue from operations of other products*	5,255.82	27.28	3,297.30	23.60	2,414.18	23.56
Total	**19,266.76**	**100.00**	**13,970.10**	**100.00**	**10,245.68**	**100.00**

** Other products include- 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, precious stones, pearls, flat diamonds, cubic zirconia, gold bullion and precious beeds.*

Operational KPI's

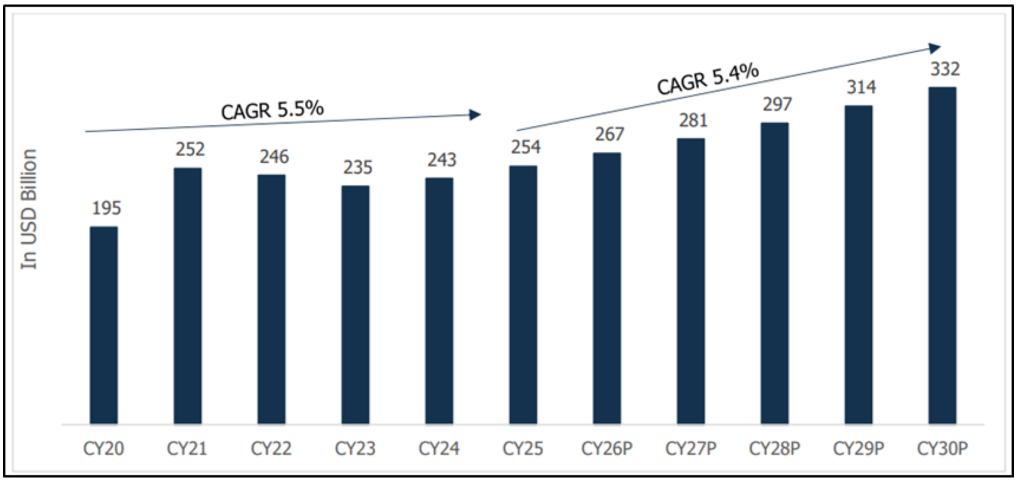
Particulars	Fiscal 2026	Fiscal 2025	Fiscal 2024
Other Operational KPI			
Total quantity sold (in kg)	1,644	1,889	1,739
Total quantity processed through job work process (in kg)	757	485	387
No. of customers	214	206	195
Total employee base (i)	92	31	34
Geographic Sales Coverage (Number of State/Union Territory)	10	9	9
Revenue per Customer (₹ million) (ii)	90.03	67.82	52.54
No. of products (SKUs)	76	70	61
No. of products (Category)	14	13	11

Industry Overview:

Global Gems and Jewellery Industry

The global gems and jewellery industry reached approximately USD 254 billion in CY25, registering a CAGR of 5.5% during CY20–CY25, despite temporary headwinds from economic uncertainties, geopolitical tensions and pandemic-related disruptions. The industry is projected to expand to USD 332 billion by CY30, driven by rising disposable incomes in emerging markets, growing demand for gold and diamond jewellery, increasing adoption of e-commerce channels, and evolving consumer preferences towards innovative and ethically sourced jewellery products.

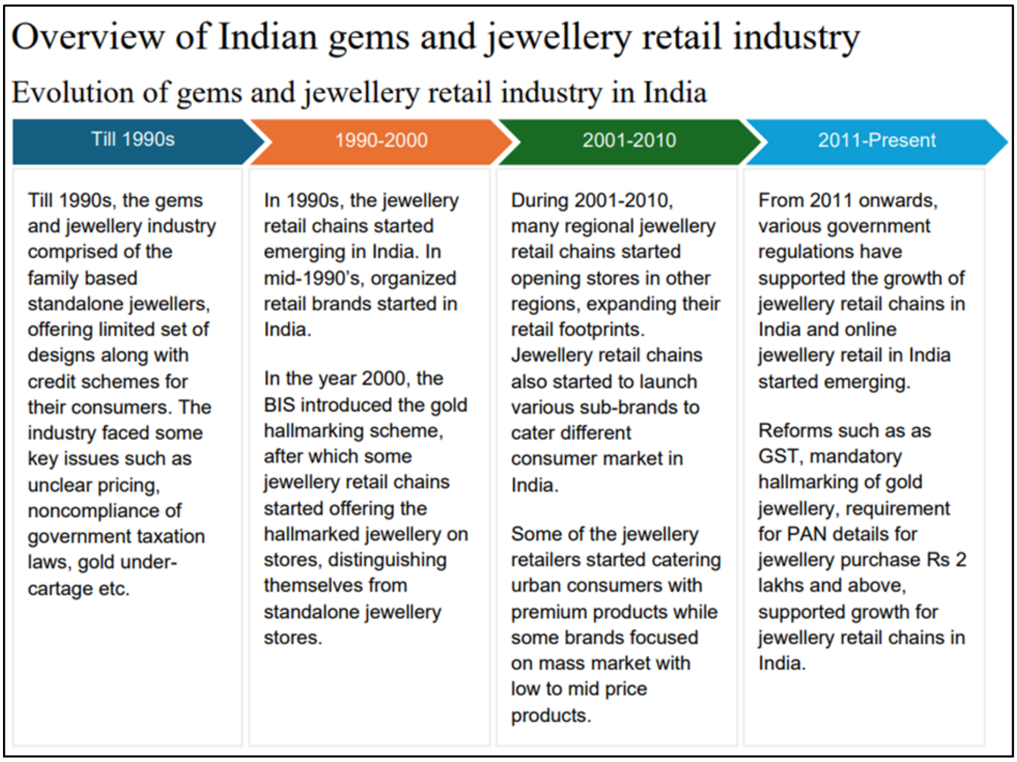
Market Size and Trend of the Global Gems and Jewellery Industry



Factors Impacting Global Gold Prices

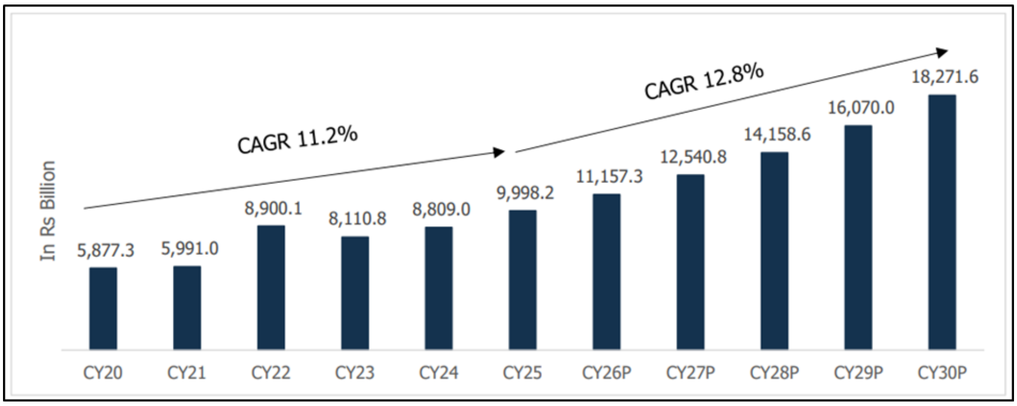
- **US Dollar Movement:** Gold prices generally move inversely to the US dollar. A strengthening dollar, often associated with stronger economic growth and lower risk aversion, can reduce demand for gold as a safe-haven asset.
- **Demand from Key Consuming Nations:** The US, India, and China together account for more than half of global gold demand. Changes in jewellery consumption, investment demand, festivals, weddings, and cultural buying patterns significantly influence gold prices.
- **Geopolitical Events:** Political conflicts, trade wars, tariffs, and global uncertainties increase safe-haven demand for gold, often resulting in higher prices. Recent geopolitical tensions and trade-related uncertainties have supported gold prices globally.
- **Performance of Other Asset Classes:** Volatility in equity markets typically drives investors toward gold as a hedge. Conversely, strong returns from equities and rising interest rates can reduce the attractiveness of gold and weigh on demand.
- **Inflation:** Gold is widely regarded as a hedge against inflation and a store of value. Higher inflation generally boosts investor demand for gold as a means of preserving purchasing power.

Indian Gems and Jewellery Industry

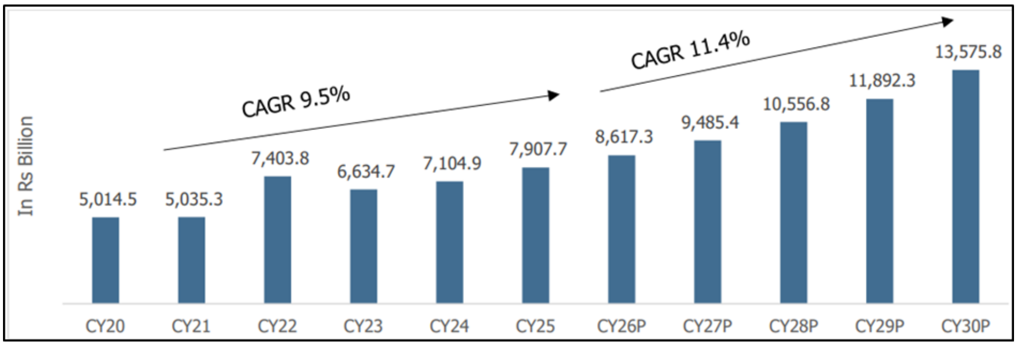


The Indian gems and jewellery industry is a significant contributor to the economy, accounting for approximately 7% of GDP and 15% of merchandise exports. Driven by strong cultural affinity towards gold, rising disposable incomes and increasing formalisation through branded jewellery and hallmarking norms, the industry is well-positioned for sustained growth in both domestic and export markets.

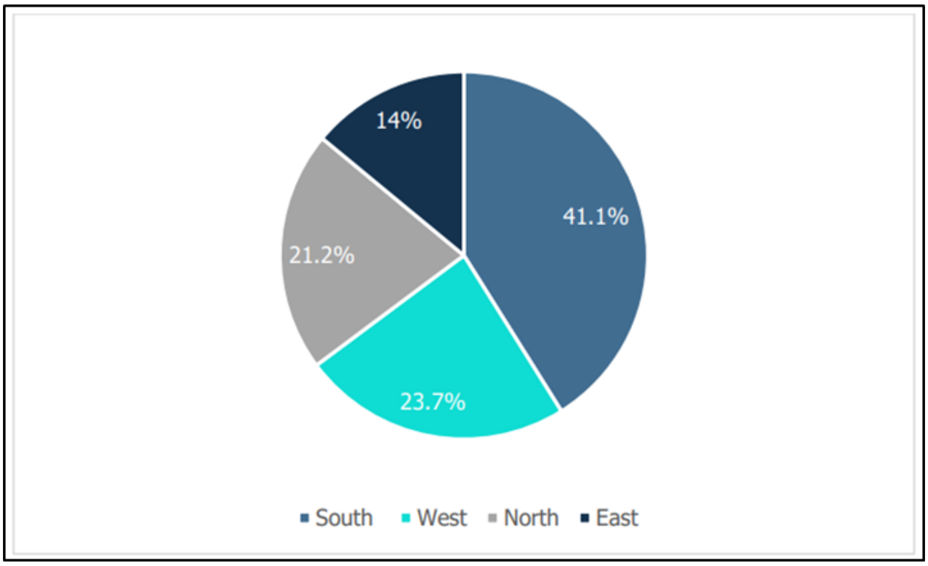
Market Size and Trend of the Indian Gems and Jewellery Industry



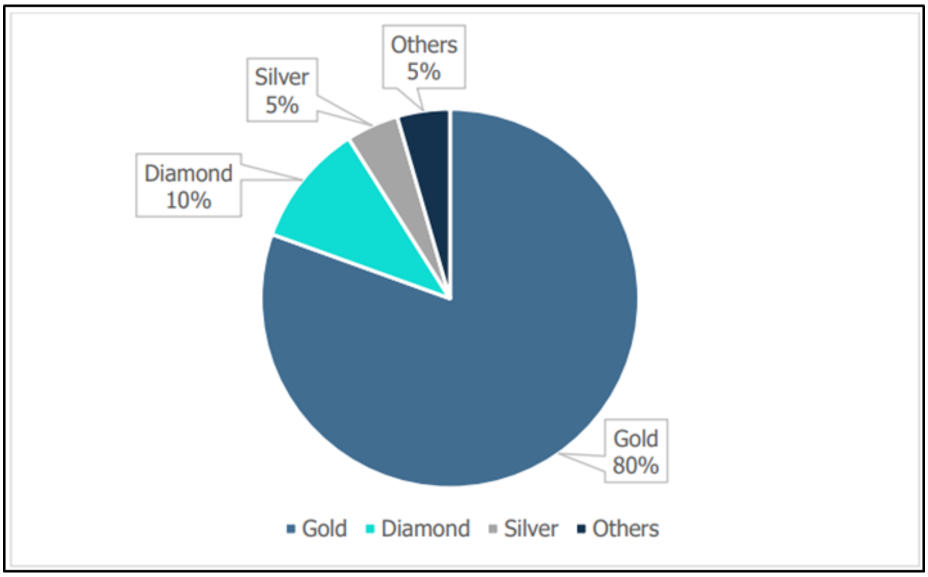
Indian Gold Jewellery Industry Market Size (CY20-CY30P)



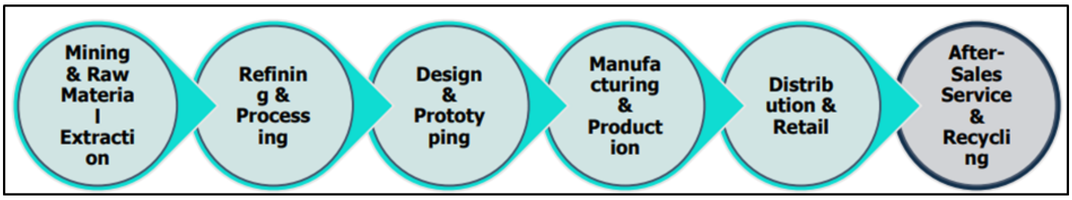
Indian Gold Jewellery Industry Breakup by Region (% Share) in CY25



Gems and Jewellery Market Breakup- By Material Type (CY25)



Gems and Jewellery Value Chain



The Indian gems and jewellery industry is expected to witness a gradual recovery over the medium term, supported by improving domestic consumption, easing inflationary pressures and continued expansion of organised jewellery retailers. While elevated gold prices and weak global demand for cut and polished diamonds may pose near-term challenges, strong demand from the wedding and festive segments which account for a significant portion of jewellery purchases in India—should support industry growth. Additionally, increasing formalisation, favourable government policies, rising adoption of branded jewellery and growing acceptance of lab-grown diamonds are expected to strengthen the industry's long-term growth prospects.

Key Entry Barriers in the Indian Gems & Jewellery Retail Industry

- **High Working Capital Requirement:** The gems and jewellery industry requires substantial investment in gold, diamonds and other precious materials, resulting in significant capital being tied up in inventory and working capital.
- **Limited Availability of Skilled Labour:** Jewellery manufacturing relies on highly skilled artisans whose expertise is developed through years of training and experience, making talent acquisition and scalability challenging for new entrants.
- **Brand Establishment and Consumer Trust:** Building a reputed jewellery brand requires considerable investment, time and consistent effort, as customers prefer established brands that are associated with quality, purity and craftsmanship.

- **Access to Precious Metals and Raw Materials:** Long-standing relationships with bullion suppliers and precious metal traders are critical for ensuring a reliable supply of raw materials at competitive prices, creating an advantage for established players.
- **Operational Scale and Execution Capabilities:** Managing procurement, manufacturing, inventory and retail operations efficiently across multiple locations requires significant industry experience and operational expertise.
- **Regulatory and Compliance Requirements:** Adherence to hallmarking standards, taxation norms and various regulatory requirements necessitates robust systems and processes, adding to the complexity of operating in the industry.

The Indian gems and jewellery industry is one of the largest and most structurally attractive retail segments globally, supported by strong cultural affinity for gold, rising disposable incomes, favourable demographics and increasing formalization of the market. While near-term demand may be influenced by fluctuations in gold prices, the long-term outlook remains positive, driven by wedding-related purchases, growing brand consciousness and a gradual shift from unorganized to organized retailers. Furthermore, high entry barriers in the form of significant working capital requirements, established brand trust, skilled labour availability and sourcing networks strengthen the competitive positioning of large, organized players, enabling them to capture a greater share of the industry's future growth.

Investment Rationale:

Strong Presence in South India - India's Largest Jewellery Market: Deepa Jewellers has established a strong presence across South India, which is the largest jewellery consumption region in the country. According to the CRISIL Report, the southern region accounts for approximately 38-43% of India's jewellery consumption, significantly ahead of western, northern and eastern regions. The South Indian gems and jewellery retail market was valued at approximately ₹5.0 trillion in FY26 and is expected to grow at a CAGR of 6-7% between FY26-FY30, providing a large and steadily expanding addressable market for the company. Operating in the country's most jewellery-intensive region positions Deepa Jewellers favourably to benefit from sustained demand for traditional gold ornaments and rising organized sector penetration.

The company's business is deeply entrenched across key South Indian states including Telangana, Andhra Pradesh, Tamil Nadu, Karnataka and Kerala, which collectively contributed 94.4% of FY26 revenue, demonstrating a strong alignment with the region's consumption dynamics. Telangana alone accounted for 41.6% of FY26 revenue, while Tamil Nadu and Andhra Pradesh contributed 23.5% and 19.3%, respectively. The company has built longstanding relationships with jewellery retail chains and standalone stores across these markets, enabling recurring business and deep customer engagement.

Deepa's strong regional positioning is further supported by its understanding of local preferences and expertise in traditional South Indian jewellery categories such as vaddanam, CNC machine-cut bangles and other culturally significant ornaments. Its in-house design capabilities allow it to develop products tailored to regional tastes, creating a competitive advantage that can be difficult for new entrants to replicate. As of July 31, 2026, the company served 373 customers across 13 states and one union territory, reflecting a broad distribution network built around its core South Indian markets.

The B2B gems and jewellery industry in the South Indian region is a significant contributor to the country's overall market, with a value of ₹2,847 billion in FY26. This region, known for its rich cultural heritage and traditional affinity for gold, is expected to drive growth in industry. Looking ahead, the South Indian B2B gems and jewellery market is poised for substantial expansion, with projected growth to ₹3,200- ₹3,450 billion by FY30.

The company has also demonstrated consistent revenue growth across its key operating states over the last three fiscals. As organized jewellery retailers continue to gain market share and consumer demand for hallmarked jewellery increases, Deepa Jewellers is well positioned to leverage its established customer base, strong regional franchise and deep market understanding to drive future growth.

Geographical Revenue

(in ₹ million, except percentage)

Particulars	Fiscal 2026		Fiscal 2025		Fiscal 2024	
	Amount	% of total revenue from operations	Amount	% of total revenue from operations	Amount	% of total revenue from operations
South Indian states						
Andhra Pradesh	3,715.16	19.28	2,770.80	19.83	2,196.24	21.44
Telangana	8,010.62	41.58	6,779.81	48.53	4,507.44	43.99
Tamil Nadu	4,532.21	23.52	2,811.35	20.12	2,553.73	24.92
Karnataka	1,138.76	5.91	882.58	6.32	574.03	5.60
Kerala	785.12	4.08	493.53	3.53	368.41	3.60

Particulars	Fiscal 2026		Fiscal 2025		Fiscal 2024	
	Amount	% of total revenue from operations	Amount	% of total revenue from operations	Amount	% of total revenue from operations
Total of south Indian states (A)	**18,181.87**	**94.37**	**13,738.07**	**98.33**	**10,199.85**	**99.55**
Other Indian states/union territory						
Maharashtra	1,072.95	5.57	221.15	1.58	39.93	0.39
Delhi	-	-	-	-	3.04	0.03
Assam	-	-	0.85	0.01	-	-
Bihar	-	-	-	-	1.07	0.01
Uttar Pradesh	7.40	0.04	9.83	0.07	1.79	0.02
West Bengal	0.36	0.00	-	-	-	-
Odisha	-	-	0.20	0.00	-	-
Rajasthan	0.58	0.00	-	-	-	-
Tripura	3.59	0.02	-	-	-	-
Total of other Indian states/union territory (B)	**1,084.88**	**5.63**	**232.03**	**1.67**	**45.83**	**0.45**
Total (A+B)	**19,266.76**	**100.00**	**13,970.10**	**100.00**	**10,245.68**	**100.00**

Well-Established Customer Base with Long-Standing Relationships: Deepa Jewellers has developed a strong and diversified customer franchise over the years, serving both organized jewellery retail chains and standalone jewellery stores across South India. As of July 31, 2026, the company catered to 373 customers, comprising 47 jewellery retail chains and 326 standalone stores. Its customer roster includes several prominent jewellery retailers such as Kalyan Jewellers, Joyalukkas, Lalithaa Jewellery, TBZ, Vaibhav Jewellers, Bhima Jewels and CMR Jewellers, reflecting the company's credibility and acceptance among leading players in the jewellery industry.

The jewellery industry is largely relationship-driven, where trust, product quality, design capability and timely delivery play a critical role in customer retention. Over the years, Deepa Jewellers has built long-standing relationships with its customers through consistent product quality, hallmark-certified jewellery, customized designs and reliable execution. The company's deep understanding of regional preferences and ability to continuously introduce new designs have helped it become a preferred supplier for several large retailers and independent jewellers.

The strength of these relationships is evident from the customer tenure profile. As of July 31, 2026, 122 customers had been associated with the company for more than five years, including 36 customers with relationships exceeding seven years, while 18 customers have remained associated since inception. Such long-standing customer relationships not only provide revenue visibility and repeat business but also create meaningful entry barriers for competitors in a trust-driven industry.
Further, the company has successfully increased penetration within organized retail chains, which contributed approximately 75% of FY26 revenue, while standalone stores accounted for the balance. The increasing contribution from organized retailers positions the company to benefit from the ongoing shift toward organized jewellery retail, while maintaining a diversified customer base across multiple geographies and retail formats.

Revenue from Retail & Standalone Stores

(in ₹ million)

Particulars	Fiscal 2026			Fiscal 2025			Fiscal 2024		
	Retail Chains	Standalone stores	Total	Retail Chains	Standalone stores	Total	Retail Chains	Standalone stores	Total
South Indian states									
Andhra Pradesh	2,193.47	1,521.69	3,715.16	1,729.63	1,041.17	2,770.80	1,102.97	1,093.27	2,196.24
Telangana	6,086.70	1,923.92	8,010.62	4,879.96	1,899.85	6,779.81	3,348.05	1,159.39	4,507.44
Tamil Nadu	4,459.99	72.23	4,532.21	2,735.77	75.58	2,811.35	2,488.68	65.05	2,553.73
Karnataka	1,010.30	128.46	1,138.76	878.24	4.34	882.58	572.65	1.38	574.03
Kerala	781.48	3.65	785.12	493.53	-	493.53	367.10	1.31	368.41
Total of South Indian states (A)	**14,531.93**	**3,649.94**	**18,181.87**	**10,717.13**	**3,020.94**	**13,738.07**	**7,879.45**	**2,320.40**	**10,199.85**
Other Indian states/union territory									
Maharashtra	124.37	948.58	1,072.95	178.70	42.45	221.15	39.93	-	39.93
Delhi	-	-	-	-	-	-	-	3.04	3.04
Assam	-	-	-	-	0.85	0.85	-	-	-
Bihar	-	-	-	-	-	-	-	1.07	1.07
Uttar Pradesh	6.91	0.48	7.40	-	9.83	9.83	-	1.79	1.79
West Bengal	-	0.36	0.36	-	-	-	-	-	-
Odisha	-	-	-	-	0.20	0.20	-	-	-
Rajasthan	-	0.58	0.58	-	-	-	-	-	-
Tripura	-	3.59	3.59	-	-	-	-	-	-
Total of other Indian	**131.28**	**953.60**	**1,084.88**	**178.70**	**53.33**	**232.03**	**39.93**	**5.90**	**45.83**

No. of Customers & Association

No. of years of association with our Company	No. of customers
2-4 years	168
5-7 years	86
Above 7 years	36

Diverse Product Portfolio with Leadership in Vaddanam and CNC Machine-Cut Bangles: Deepa Jewellers has built a differentiated position in the gold jewellery market through its specialization in vaddanam (waist belts) and CNC machine-cut bangles, two categories in which it is recognized as a key processor and supplier. These product segments collectively contributed over 72% of FY26 revenue, highlighting the company's strong positioning in niche yet high-demand jewellery categories. Such specialization has enabled the company to establish deep relationships with jewellery retailers while creating product expertise that can be difficult for competitors to replicate.

Beyond its core categories, the company offers a diversified portfolio comprising 16 product categories and 110 SKUs as of July 31, 2026. Its product range includes traditional South Indian ornaments such as vanky, dandpatti, gundlamala haaram, necklaces, earrings, rings, bracelets and other precious stone-studded jewellery. This broad offering allows the company to cater to varying customer preferences, occasions and price points, thereby reducing dependence on any single product design or customer requirement.

IPO Note

The company further differentiates itself through its strong design capabilities. Supported by an in-house team of 15 designers, Deepa continuously develops new designs based on customer feedback, regional preferences and evolving fashion trends. Its jewellery portfolio spans weight categories ranging from 2.5 grams to 300 grams, enabling it to serve a wide spectrum of customers across budget segments. The ability to offer customized designs tailored to retailer requirements strengthens customer relationships and enhances repeat business opportunities.

The combination of category leadership, design-driven product development and a diversified SKU portfolio provides Deepa Jewellers with a strong competitive advantage. It not only enables the company to address changing consumer preferences but also supports cross-selling opportunities, higher customer retention and sustainable long-term growth.

No. of SKU's & Products added FY24-FY26

Particulars	Fiscal 2026	Fiscal 2025	Fiscal 2024
SKUs	6	9	3
Product category	1	2	1

Established Procurement Network and Long-Standing Karigar Relationships: Deepa Jewellers has developed a well-established network of skilled karigars and raw material suppliers, forming the backbone of its asset-light operating model. As of July 31, 2026, the company worked with 41 karigars, of which 25 have been associated with the company for over five years, reflecting strong and enduring relationships. These karigars undertake critical manufacturing activities such as crafting, polishing and finishing jewellery, enabling the company to maintain production flexibility without investing heavily in manufacturing infrastructure.

The long-standing engagement with karigars provides significant operational advantages in an industry where skilled craftsmanship remains a key differentiator. The company's network supports the development of new jewellery collections, facilitates timely execution of orders and helps maintain consistent product quality. In a business characterized by seasonal demand spikes during weddings, festivals and other occasions, access to a reliable artisan network enhances Deepa's ability to scale production and meet retailer requirements without disruption.

Complementing its manufacturing ecosystem is a diversified procurement network for sourcing gold, silver and gemstones. The company procures precious metals from multiple channels including RBI-registered bullion banks, independent bullion dealers, imports through the India International Bullion Exchange and customer exchanges. It also sources gemstones such as rubies, pearls, diamonds and emeralds from key trading hubs including Jaipur, Surat, Mumbai, Hyderabad and Thailand. This diversified sourcing framework reduces procurement risk, supports uninterrupted production and helps ensure consistent access to quality raw materials.

The combination of a trusted karigar network and a structured procurement ecosystem strengthens Deepa Jewellers' supply chain resilience, enabling timely order fulfillment, product quality consistency and operational scalability. These capabilities are particularly important in the B2B jewellery industry, where reliability, delivery timelines and manufacturing excellence are critical factors in retaining customer relationships and winning repeat business.

Focus on Brand Building and Technology-Driven Operational Excellence: Deepa Jewellers is actively investing in both brand-building initiatives and technology adoption to strengthen its competitive positioning and support future growth. The company participates in leading B2B jewellery exhibitions and trade shows across key jewellery markets such as Mumbai, Hyderabad, Bengaluru, Chennai and Vijayawada, enabling it to showcase new collections, engage with existing customers and expand relationships with prospective retail jewellers. Supported by a dedicated marketing team of 12 members, which the company plans to expand to 25 members, these initiatives are expected to enhance brand visibility, improve customer acquisition and deepen market penetration across existing and new geographies.

The company's participation in trade exhibitions also provides valuable insights into evolving customer preferences, regional demand trends and emerging design requirements. This feedback loop supports product development efforts and enables the company to continuously refine its jewellery portfolio in line with market demand. As the company expands its product offerings and customer base, sustained investments in marketing and brand-building are expected to strengthen its positioning within the organized B2B jewellery ecosystem.

Alongside brand investments, Deepa Jewellers is leveraging technology to improve operational efficiency and customer engagement. The company has developed a dedicated digital platform that enables B2B customers to browse jewellery designs remotely, facilitating faster design discovery and order discussions. It also plans to implement technology-enabled inventory management and order processing systems to improve stock optimization, procurement planning, order tracking and coordination across production and dispatch functions.

Further, the company is investing in advanced systems and imported machinery aimed at improving gold recovery and reducing wastage during manufacturing. These initiatives are expected to enhance operational efficiency, optimize working capital utilization, improve inventory management and support margin sustainability over the long term.

Robust Financial Performance with Strong Margin Expansion: Deepa Jewellers has demonstrated strong financial growth over the last three fiscals, driven by increasing scale, expanding customer relationships and improved operating efficiency. Total income grew from ₹10.3 billion in FY24 to ₹19.3 billion in FY26, representing a CAGR of approximately 37%, reflecting the company's ability to consistently expand its business across key markets and customers. The growth has been accompanied by significant improvement in profitability, highlighting the operating leverage inherent in its business model.

The company has delivered substantial margin expansion over the period. Gross margin improved from 3.9% in FY24 to 8.0% in FY26, while EBITDA margin expanded from 3.5% to 7.6% during the same period. EBITDA increased more than fourfold from ₹358 million in FY24 to ₹1,463 million in FY26, reflecting better product mix, operating efficiencies and benefits of scale. The company's asset-light business model and strong supply chain network have further contributed to improved profitability.

Profit after tax grew from ₹243 million in FY24 to ₹1,048 million in FY26, translating into a PAT CAGR of over 100% during the period. PAT margins also improved significantly from 2.4% to 5.4%, demonstrating the company's ability to convert revenue growth into earnings growth. The strong earnings trajectory has translated into superior return ratios, with ROE improving from 30.3% in FY24 to 56.5% in FY26 and ROCE increasing from 22.8% to 52.1%, reflecting efficient capital deployment and strong profitability.

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The balance sheet has also strengthened over the period, with the debt-to-equity ratio declining from 0.84x in FY24 to 0.47x in FY26. The combination of strong revenue growth, margin expansion, improving return ratios and declining leverage positions the company favourably for future growth.

Valuation & Outlook: The South Indian B2B jewellery market presents a significant growth opportunity, with the market expected to expand from ₹2.8 trillion in FY26 to ₹3.45 trillion by FY30. Deepa Jewellers is well positioned to benefit through its strong South Indian presence, diversified customer base of 373 customers, including marquee retailers such as Kalyan Jewellers, Joyalukkas, Lalithaa Jewellery, TBZ, Vaibhav Jewellers and Bhima Jewels, and leadership in specialized categories such as vaddanam and CNC machine-cut bangles. The company is supported by a diversified portfolio of 16 product categories and 110 SKUs, continuous product innovation, an asset-light operating model, long-standing customer and karigar relationships, a robust procurement network, and ongoing investments in brand building and technology-led operational efficiencies. Its strong execution has translated into robust financial performance, with revenue growing at a CAGR of ~37% from ₹10.3 billion in FY24 to ₹19.3 billion in FY26, EBITDA increasing 4.1x from ₹358 million to ₹1,463 million with margins expanding from 3.5% to 7.6%, and PAT rising 4.3x from ₹243 million to ₹1,048 million. The company also reported the highest ROE (56.5%) and ROCE (52.1%) among its defined peer set in FY26, reflecting superior capital efficiency and profitability. Considering its strong market positioning, scalable business model and favourable industry tailwinds, we recommend subscribing to the issue with a long-term investment horizon.

Peer Comparison

Name of the company	Diluted EPS 2026 (₹)	Price	P/E (x)
Deepa Jewellers Limited	12.8	177	13.8
RBZ Jewellers Limited	13.7	147	10.7
Sky Gold and Diamonds	14.0	851	61.0
Shanti Gold International Limited	21.2	272	12.8
Khazanchi Jewellers	36.1	800	22.2
Shringar House of Mangalsutra	13.6	225	16.6

Particulars	Deepa Jewellers Limited	RBZ Jewellers Limited	Sky Gold and Diamonds	Shanti Gold International Limited	Khazanchi Jewellers	Shringar House of Mangalsutra
Revenue from operations (₹ million)	19,267	6,365	47,084	20,187	20,492	22,458
EBITDA (₹ million)	1,463	919	3,228	1,990	1,252	1,587
EBITDA margin (%)	7.6%	14.4%	6.9%	9.9%	6.1%	7.1%
Profit after tax (PAT) (₹ million)	1,048	548	2,128	1,402	894	1,155
PAT Margin (%)	5.4%	8.6%	4.5%	6.9%	4.4%	5.1%
Return on Equity (%)	56.5%	20.1%	23.9%	37.3%	32.5%	26.3%
Return on Capital Employed (%)	52.1%	22.8%	23.5%	34.1%	34.8%	27.1%
Debt to equity ratio	0.47	0.47	0.57	0.34	0.35	0.26
Inventory holding period (days)	18	235	34	51	63	60
Debtors holding period (days)	36	21	32	50	4	26
Creditors holding period (days)	1	5	5	2	3	5
Net operating cycle (days)	53	251	61	99	64	81

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Income Statement

Y/E (INR mn)	FY24	FY25	FY26
Revenue	10,246	13,970	19,267
Expenses:			
Cost of Materials Consumed	10,094	12,506	17,777
Employee Cost	21	19	41
Total Expenses	9,887	13,409	17,804
EBITDA	359	561	1,463
EBITDA Margin %	3.5	4.0	7.6
Interest	40	44	63
Depreciation	3	3	7
Other Income	12	31	10
PBT	327	545	1,403
PAT	243	406	1,048
EPS	3.0	5.0	12.8

Balance Sheet

Y/E (INR mn)	FY24	FY25	FY26
Source of funds			
Equity Share Capital	41	41	164
Reserves	885	1291	2217
Total Share holders funds	926	1332	2381
Total Debt	779	808	1111
Curent Liabilities	406	459	702
Trade Payables	0	6	1
Total Non-Current Liabilities	414	386	489
Total Liabilities	1746	2177	3572
Application of funds			
Fixed Assets	8	6	23
CWIP	-	-	22
Cash and Bank	114	1	1
Current Assets	1736	2168	3468
Trade Receivables	885	1317	2524
Other current assets	12	14	52
Total Assets	1746	2177	3572

Cash Flow

Y/E (INR mn)	FY24	FY25	FY26
Profit Before Tax	327	545	1403
Adjustment	31	15	70
Operating profits before WC Changes	358	560	1473
Cash Flow after changes in Working Capital	137	30	237
Tax Paid	-89	-128	-385
Cash From Operating Activities	48	-98	-148
Cash Flow from Investing Activities	58	103	-44
Cash from Financing Activities	-95	-15	191
Net Cash Inflow / Outflow	12	-11	0
Opening Cash & Cash Equivalents	0	12	1
Closing Cash & Cash Equivalent	12	1	1

Key Ratios

Y/E (INR mln)	FY24	FY25	FY26
Growth Ratio			
Net Sales Growth(%)	11.2	36.3	37.9
EBITDA Growth(%)	10.1	56.3	160.8
PAT Growth(%)	10.6	67.1	158.1
Margin Ratios			
EBITDA	3.5	4.0	7.6
PBT	3.2	3.9	7.3
PAT	2.4	2.9	5.4
Return Ratios			
ROE	30.3	36.0	56.5
ROCE	22.8	30.6	52.1
Turnover Ratios			
Asset Turnover(x)	5.9	6.4	5.4
Solvency Ratios			
Debt/Equity(x)	0.8	0.6	0.5
Debt/Ebitda(x)	2.2	1.4	0.8
Current Ratio(x)	4.3	4.7	4.9
Interest Cover(x)	9.2	13.4	23.3
Valuation Ratios			
P/E	-	-	13.8
P/B	-	-	3.5
EV/EBITDA	-	-	12.4
EV/Sales	-	-	0.9

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