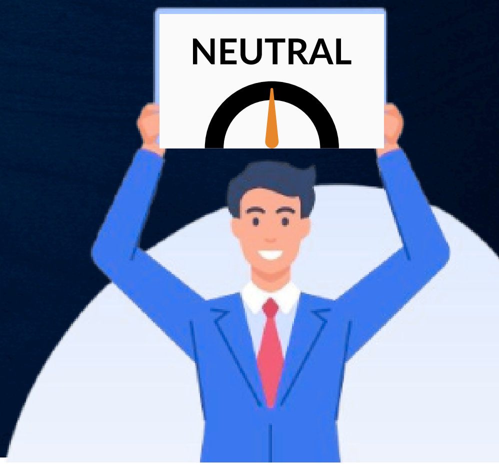
॥ सर्वे भवन्तु धनिनः ॥

swastika



IPO NOTE

DEEPA JEWELLERS LIMITED

Rating:

NEUTRAL

ISSUE OFFER

Issue Opens on	SEP 01, 2026
Issue Close on	SEP 03, 2026
Total IPO size (cr)	₹460 CR
Fresh issue (cr)	₹250 CR
Offer For Sale (cr)	₹210 CR
Price Band (INR)	₹168-177
Market Lot	84 SHARES
Face Value (INR)	₹2
Listing At	BSE, NSE
Market Cap (Pre IPO)	₹1,701.40 CR.

MINIMUM INVESTMENT DETAILS

Number of Shares	2,59,72,633
Minimum Investment Amount	₹14,868
Small-HNI (Min)/ 1,176 Shares	₹2,08,152
Big-HNI (Min)/ 5,712 Shares	₹10,11,024

INDICATIVE TIMETABLE

Basis of Allotment	04-09-2026
Refunds/Unblocking ASBA Fund	07-09-2026
Credit of Share to Demat A/c	07-09-2026
Listing Date	08-09-2026

ISSUE BREAK-UP (%)

QIB Portion	50%
NII Portion	15%
Retail Portion	35%

Deepa Jewellers Ltd. is engaged in the retail and wholesale trading of gold and diamond jewellery, offering a wide range of traditional and contemporary designs catering to diverse customer preferences.

OBJECTS OF THE ISSUE

- Funding long-term working capital requirements towards procurement, maintenance and scaling up of inventory by the Company
- General corporate purposes

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (IN CRORE)	FY 2026	FY 2025	FY 2024
Equity Share Capital	16.40	4.10	4.10
Net Worth	238.07	133.21	92.55
Revenue from operations	**1,926.67**	**1,397.01**	**1,024.56**
EBITDA Margin%	7.60%	4.01%	3.49%
Net Profit/Loss of the year	**104.79**	**40.58**	**24.35**

FINANCIAL RATIOS OF FY26

ROCE	ROE	P/E (Pre IPO)
52.08%	56.45%	16.2x

OUTLOOK & VALUATION

- The issue is priced at a meaningful discount to peer average P/E (~16x vs ~24x average), despite posting the highest RoNW (56.45%) among all listed peers
- Top 10 customers contribute 64.67% of FY26 revenue; no long-term contracts.
- Vaddanam + CNC bangles together drive the bulk of revenue — exposure to shifts in regional jewellery design preferences.
- Customer payments are taking longer, with receivables rising sharply and the operating cycle reaching 53 days, increasing the company's need for cash.
- Investors may consider the issue for listing gains considering Strong growth, improving profitability and attractive peer valuation, however, high customer concentration and thin margins warrant caution.

COMPANY PROFILE

- Deepa Jewellers operates in the business-to-business gems and jewellery sector, focusing on the sale of products like vaddanam and CNC machine-cut bangles to retail chains and standalone stores.
- The company generates the majority of its revenue from operations in Southern India, specifically within Telangana, Andhra Pradesh, and Tamil Nadu.
- Along with its primary offerings, the product portfolio includes traditional neck pieces, armlets, earrings, rings, precious stones, pearls, and gold bullion.
- Currently, production is fully outsourced to third-party karigars who craft the ornaments according to company specifications.
- To scale capacity and improve operational efficiencies, the company is in the process of transitioning to a new in-house manufacturing facility located in Hyderabad.
- Revenue is derived directly from wholesale transactions with jewellery retailers, supported by targeted marketing and flexible take-back arrangements for unsold inventory.

COMPETITIVE STRATEGIES

- Setting up in-house manufacturing facility (Proposed Facility)
- Further strengthening presence in Southern India through new sales offices.
- Expanding product portfolio by adding new product categories, designs and SKUs.
- Invest in brand building and marketing initiatives by participating in various trade exhibitions and trade shows
- Leveraging Technology for operational efficiency

KEY CONCERNS

- High customer concentration, with the top 10 contributing 64.67% of revenue.
- Heavy regional reliance on Southern India exposes the business to local risks.
- Complete dependence on third-party karigars creates supply and quality risks.
- Significant supplier concentration, with the top 10 providing 91.81% of purchases.
- History of negative operating cash flows in Fiscal 2025 and 2026.

KEY STRENGTHS

- Strong B2B focus with diverse products like vaddanam and bangles.
- Asset-light model with 100% manufacturing outsourced to third-party karigars.
- Established and significant market presence across Southern India.
- Strong financial performance with PAT CAGR of 107.46% (FY24-FY26).
- Stringent quality controls, including BIS hallmarking and fire assaying

COMPARISON WITH LISTED INDUSTRY PEERS

Name of the Company	EPS (₹ Basic)	P/E	NAV	Revenue (cr.)	RoNW%
Deepa Jewellers Ltd.	**12.78**	**16.2**	**29.03**	**1,926.67**	**56.45**
Peer Group					
Sky Gold And Diamonds Ltd	13.97	57.56	72.02	4,708.37	23.88
Shanti Gold International Ltd	21.22	12.72	83.00	2,018.70	37.34
Shringar House Of Mangalsutra Ltd	13.55	17.02	70.29	2,245.81	26.29
Rbz Jewellers Ltd	13.70	10.08	74.96	636.48	20.11
Khazanchi Jewellers Ltd	36.10	22.22	129.14	2,049.21	32.45

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CDSL/NSDL: IN-DP-115-2015 RBI Reg. No.: B-03-00174 IRDA Reg. No.: 713.