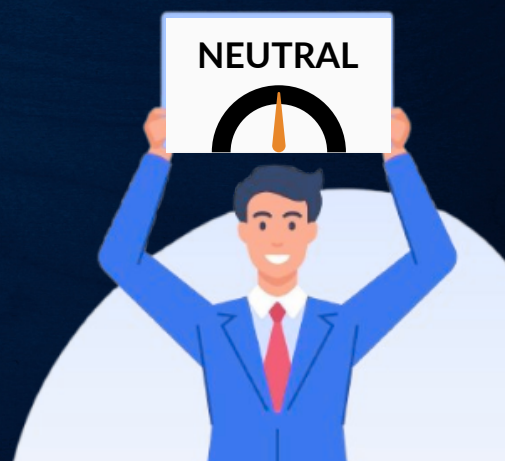




# IPO NOTE

## 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    | <div><div></div></div> 50% |
| NII Portion    | <div><div></div></div> 15% |
| Retail Portion | <div><div></div></div> 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.

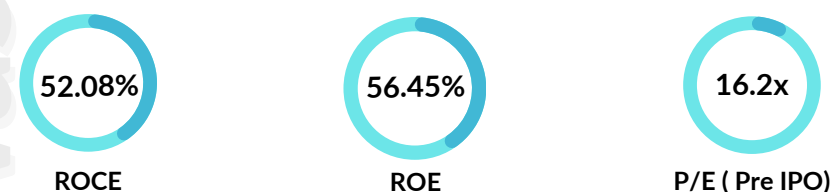
### OBJECTS OF THE ISSUE

- 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



### 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%        |
|-----------------------------------|---------------|-------------|--------------|-----------------|--------------|
| <b>Deepa Jewellers Ltd.</b>       | <b>12.78</b>  | <b>16.2</b> | <b>29.03</b> | <b>1,926.67</b> | <b>56.45</b> |
| <b>Peer Group</b>                 |               |             |              |                 |              |
| 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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For additional information & risk factors please refer to the Red Herring Prospectus