



## IPO Report

18<sup>th</sup> Dec'23

### Snapshot

RBZ Jewellers Ltd is one of the leading organised manufacturers of gold jewellery in India, specializing in Antique Bridal Gold Jewellery and distribute to reputable nation-wide retailers and significant regional players in India. Company hold approximately 1% of total organized wholesale gold jewellery market in India. Company have a history of more than fifteen (15) years in the jewellery industry. Company design and manufacture a wide range of Antique Bridal Gold Jewellery which consists of jadau, Meena and Kundan work and sell it on a wholesale and retail basis. Company also process and supply Antique Bridal Gold Jewellery on job work basis to national retailers. Company's customer base in wholesale business includes reputed national, regional and local family jewellers spread across 20 States and 72 cities within India

### VALUATION

Company is bringing the issue at price band of Rs 95-100 per share at p/e multiple of 17x on post issue annualized H1FY24 PAT basis.

Company has organised manufacturing setup under one roof with client mix and geographical spread enhancing understanding of customer preference and emerging trends. Company has effective operations and internal control to achieve efficiency and reduce risks. Company has experienced promoters with young leadership and a demonstrated track record supported by experienced senior management team and board of directors. Hence, looking after all above we recommend "Long term Subscribe" on issue.

<b>Price Band (Rs./Share)</b>	<b>95-100</b>
<b>Opening date of the issue</b>	<b>19<sup>th</sup> Dec '2023</b>
<b>Closing Date of the issue</b>	<b>21<sup>st</sup> Dec '2023</b>
<b>No of shares pre issue</b>	30,000,000 Eq Shares
<b>Issue Size</b>	Rs 95-100 Cr
<b>Issue Size</b>	10,000,000 Eq Shares
<b>Fresh issue</b>	10,000,000 Eq Shares
<b>Face Value (Rs/ share)</b>	Rs 10/share
<b>Bid Lot</b>	150

### BIDDING DETAILS

<b>QIBs (Including Anchor)</b>	35% of the offer (Approx 3500000 Eq Shares)
<b>Non-Institutional</b>	30% of the offer (Approx 3000000 Eq Shares)
<b>Retail</b>	35 % of the offer ( Approx 3500000 Eq Shares)
<b>Lead managers</b>	Arihant Capital Markets
<b>Registrar to the issue</b>	Bigshare Services Pvt Ltd

## WHAT WE LIKE

### Organised manufacturing setup under one roof

Company have its own manufacturing set up consisting of bench working artisans, technology for laser cutting, laser engraving and state of the art casting units. Company have progressive dyes and hydraulic press dyes and also have inhouse 3D printing machine to convert CAD image in CAM. Company's manufacturing facility is capable of processing and manufacturing everything from nugget to necklace, specifically for gold bridal jewellery which is done under one roof using a mix of latest machines and human skills comprising of jewellery designers, well trained and skilled artisans. The premises at which company's manufacturing facility is situated is owned by company.

### Client Mix and geographical spread

With a customer base in 20 states and 72 cities, company have established a strong foothold in the market and have a deep understanding of the local customer preferences and trends. Company has relationship with national retailers like Titan Company Limited, Malabar Gold Private Limited, Joyalukkas India Limited, Senco Gold Limited and other prominent retailers such as Kalamandir Jewellers Limited, PN Gadgil Jewellers Private Limited, and prestigious family retailers such as Hazoorilal Jewellers Private Limited, Om Jewellers Private Limited, C. Krishniah Chetty Jewellers, Vummidi Bangaru Jewellers and CH Jewellers Private Limited.

### Experienced Promoters with young leadership and a demonstrated track record supported by a highly experienced and accomplished senior management team and board of directors

Company's Promoter, Rajendrakumar Kantilal Zaveri has more than thirty-five (35) years of experience in the jewellery industry. Company's other Promoter, Harit Rajendrakumar Zaveri has an experience of more than seventeen (17) years in the jewellery business.



## COMPANY BACKGROUND

Company also operates its retail showroom under the brand name “Harit Zaveri” and is an established player in Ahmedabad. in Ahmedabad. Company offer jewellery for bridal, occasional and daily wear at various price range in its retail showroom. Company also export its jewellery to Middle East region. Company carry out its manufacturing operations from a well-equipped and modern facility situated at Ahmedabad, Gujarat having advanced technologies in casting, laser and 3-D printing. Company’s retail showroom is situated in the prominent area of Ahmedabad, Gujarat.

History: The Promoters of Company belong to a family of jewellers who have been involved in the same business over decades. Shri Bababhai Hargovandas Zaveri, a renowned goldsmith from Patan, Gujarat, laid the foundation of company’s family gold business several decades ago. Company’s Promoter, Rajendrakumar Kantilal Zaveri, was part of the family partnership arrangement since 1992. Later on, he started jewellery business through a sole proprietorship tilted ‘M/s. Rajubhai Bababhai Zaveri’ in the year 2004. In the year 2006, company’s other Promoter Harit Rajendrakumar Zaveri joined the business at the age of seventeen (17) years.

In order to carry on the business in a corporate form, Company was incorporated as a private limited Company in the year 2008 under the name of ‘RBZ Jewellers Private Limited’ with Rajendrakumar Kantilal Zaveri, Kiranben Rajendrakumar Zaveri and Harit Rajendrakumar Zaveri as its founding members. Company also operates its retail showroom under the brand name “Harit Zaveri” and is an established player in Ahmedabad. in Ahmedabad. Company offer jewellery for bridal, occasional and daily wear at various price range in its retail showroom. Company also export its jewellery to Middle East region. Company carry out its manufacturing operations from a well-equipped and modern facility situated at Ahmedabad, Gujarat having advanced technologies in casting, laser and 3-D printing. Company’s retail showroom is situated in the prominent area of Ahmedabad, Gujarat.

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### Company’s Business Model

Company’s experience of more than fifteen years supplemented by its Promoter’s experience in the jewellery industry has enabled company to build an effective business model. The unique proposition of company’s business model is complete control over the entire value chain.

On the demand side, company sell its products on a wholesale and retail basis. Through the wholesale business, company cater to a variety of reputed national retailers, regional and local family jewellers spread across 20 States and 72 cities within India. Through company’s retail showroom under the brand “Harit Zaveri” located in Ahmedabad, company directly cater to the end consumers in Gujarat. Company also process and supply Antique Bridal Gold Jewellery on job work basis to national retailers.

On the supply side, company have an in-house design and manufacturing process, which is highly flexible and customisable. Company follow a strong design process to make jewellery that flows from right market research to develop theme, building up forms layouts and developing each and every element of the jewellery to produce right kind of finish and desired designs. Company’s constant innovation and approach towards offering unique designs has been its strongest pillar of growing its brand. Company’s end-to-end manufacturing setup under one roof is a mix of latest machines and human skills. Company’s well trained and skilled artisans help it in manufacturing quality gold jewellery. While majority of company’s products are manufactured in-house, company have also established a network of external skilled artisans to whom it outsource as per the requirements of the Company. Company’s certain offerings for its retail showroom are also acquired directly from other vendors on a trading basis.

Company’s business model allows it to monitor and control the quality of company’s products on the supply side, and provides company the ability to respond quickly to its customers’ needs and preferences on the demand side.



## INVESTMENT RATIONALE

<i><b>Design and Innovation in company's product range</b></i>	Company operate on the idea of creating new, innovative and unique designs in its product offerings. Company's offerings include antique, bridal, traditional, contemporary and combination designs across jewellery lines, usages across price points. Based on company's research, knowledge and expertise, company have been able to create a unique and diversified range of designs and product range to cater to all age and genre of customers keeping in mind the taste and preference of different regions. Company's team of jewellery experts and its long-trusted relationships with company's job workers and artisans have allowed it to create a diversified and a wide range of varied and unique designs of different weightage to cater to large variety of customers. Company's Promoters' experience in the gold jewellery business helps it to know about the expectation of the customers, which in turn helps to design the products accordingly.
<i><b>Brand built on the core values of trust, transparency and innovation</b></i>	Company have established itself as a reputed brand in the jewellery market. Company is one of the leading organized manufacturers of gold jewels in India, specializing in Antique Bridal Gold Jewellery and distribute to reputable nationwide retailers and significant regional players in India. Company hold approximately 1% of total organized wholesale gold jewellery market in India. The trust imposed on company by its customers is evident from the volume growth company achieved in the Fiscal 2023. Company have also been granted various awards by reputable agencies for its quality and innovative designs.
<i><b>Established systems and procedure to mitigate risk</b></i>	Company have established systems and procedures for various facets of its business and operations including order management, human resource management, finance and controls, management processes and risk management. As part of company's quality control check, company strictly follow the hallmarking process for all its gold jewellery as per prescribed norms. Company send all its retail segment jewellery to government-approved hallmarking centers who performs tests and analyses company's jewellery in accordance with BIS norms. Company's diamond jewellery is certified by various agencies including IGI and GIA. Majority of the gold used as raw material by company is sourced from authorised bullion suppliers. The raw gold procured through the various routes is checked for purity using an XRF machine as well as through fire assay process. Company's diamond jewellery is mostly procured from reputed diamond wholesalers and manufacturers.
<i><b>Experienced Promoters with young leadership and a demonstrated track record supported by a highly experienced and accomplished senior management team and board of directors</b></i>	Company's Promoter, Rajendrakumar Kantilal Zaveri has more than thirty-five (35) years of experience in the jewellery industry. He has been a guide and mentor to Company by sharing his wealth of knowledge and expertise with its team; which has led to significant growth of Company. He is known for his humanitarian approach, positive outlook and strong negotiation skills, which in turn have helped company to build strong relationships with both customers and suppliers. Given his key understanding and involvement in personal relationship management, he has always been at the forefront in the helm of affairs in company to build trust, which is essential and key factor to company's success, and has been working to cultivate and maintain these relationships over the years. Company's other Promoter, Harit Rajendrakumar Zaveri has an experience of more than seventeen (17) years in the jewellery business. He started his journey in the year 2006 by joining the sole proprietorship business at the age of seventeen (17) years.



## OBJECTS OF OFFER

The Net Proceeds from the Issue are proposed to be utilized towards the following objects:

- (A) Funding working capital requirements of the Company; and
- (B) General corporate purposes

## RISKS

Company requires significant amount of working capital for continued growth. Company's inability to meet its working capital requirements, on commercially acceptable terms, may have an adverse impact on company's business, financial condition and results of operations

Source:RHP

## INDUSTRY OVERVIEW

### Growth Drivers for the Jewellery Industry

#### Favorable demographics to drive bridal jewellery demand

India has more than half the population below the age of 25. The average age of marriage for women in India is 22. Therefore, the number of weddings per year is expected to increase in the upcoming years. This, in turn, is anticipated to augment demand for bridal jewellery.

#### Importance of Gold Jewellery in Indian weddings and festivals

Wedding and festival demand is one of the key drivers for gold jewellery in India as it forms part of the traditions, beliefs and customs and is considered to be an auspicious purchase. The significance of bridal jewellery is evident from the 50%+ share of this variant in the overall domestic demand. In the societies across the social strata, parents start investing in gold and gold jewellery when the girl child is of a very young age with an objective to purchase the required quantity over the years till the child is of marriageable age. Further, gold jewellery is also purchased during festivals like Diwali and Akshaya Tritiya. The significance of gold jewellery is deep-rooted in the Indian culture and is expected to continue to drive the demand for gold jewellery, especially in the bridal segment, in the coming years.

#### Preference towards gold jewellery as an investment in rural India

Rural India accounts for 60% of the domestic gold jewellery consumption. Gold was the main investment product across rural areas in the past due to low penetration of the banking and financial services. However, while the penetration of banking system has increased, gold jewellery has remained the major form of investment due to continuation of the preference based on past experience and higher amount of tangibility attached to gold jewellery. This preference for gold jewellery as an investment is expected to continue in the medium-long term.

#### Rising awareness and aspirational value:

Rapid expansions by large retail chains even in tier II and tier III cities has increased the exposure of buyers in such locations to different designs and large variety of jewellery. The awareness of product types, designs etc. has also increased significantly driven by the sharp rise in penetration of the internet and smart phones. The advent of e-commerce in the jewellery industry has given buyers located in the interiors, access of the urban market suppliers and designs as well. The various marketing campaigns run by the large jewellery retailers has further created demand and increased aspirational value attached to the jewellery. These factors will continue to augment domestic jewellery demand.

#### Increasing number of working women:

Gold jewellery is primarily consumed by women. An increase in number of working and financially independent women especially in the urban areas is likely to boost the demand for gold jewellery in India. Driven by this trend, the gold jewellery industry has witnessed an increase in consumption of daily and fashion wear jewellery. Further, the jewellers have also started focusing on lighter jewellery and jewellery which can be worn with western and office attires.


**Consolidated Financials**

(Rs in lakhs)

Financials	FY21	FY22	FY23	H1FY24
Total Revenue (A)	10699.13	25210.67	28792.78	12545.68
Total Expenditure (B)	8654.47	22533.48	25016.42	10368.81
EBIDTA	2044.66	2677.19	3776.36	2176.87
EBIDTA Margin	19.11	10.62	13.12	17.35
Other Income	71.52	41.99	169.84	6.23
Depreciation	152.16	140.18	136.94	66.18
EBIT	1964.02	2579.00	3809.26	2116.92
Interest	626.18	617.61	832.56	492.79
PBT	1337.84	1961.39	2976.70	1624.13
Extraordinary Items	0.00	0.00	0.00	0.00
PBT	1337.84	1961.39	2976.70	1624.13
Share of profit in associate	0.00	0.00	0.00	0.00
PBT	1337.84	1961.39	2976.70	1624.13
Tax	363.02	520.82	743.39	414.74
PAT	974.82	1440.57	2233.31	1209.39
NPM	9.11	5.71	7.76	9.64
ROE%	17.55	20.57	24.15	11.57
EPS	3.12	4.80	7.44	4.03
Eq Cap	400.00	400.00	3,000.00	3,000.00
Net Worth	5,555.27	7,003.25	9,246.77	10,456.89

(Source: RHP)

**Peer Comparison**

Company Name	Face value	P/E	Revenue from operations (Rs in lakhs)	EPS	NAV	ROE %
<b>RBZ Jewellers Limited</b>	<b>10</b>	<b>N.A</b>	<b>28962.62</b>	<b>7.44</b>	<b>30.82</b>	<b>24.15</b>
<b>Peers</b>						
Kalyan Jewellers Limited	10	78.33	1410933.80	4.20	35.28	11.88
Senco Gold Ltd*	10	32.50	410854.00	22.87	156.51	13.04
Thangamayil Jewellery Ltd	10	24.78	315590.0	58.13	283.38	20.50
D P Abhushan Limited	10	28.46	197535	20.33	81.36	25.02
Titan Company Limited	1	93.06	4088300	36.61	134.09	27.50
Ashapuri Gold Ornament	10	14.96	15813.69	0.71	33.01	2.16
Sky Gold Limited	10	49.46	115475.63	17.32	91.34	18.96

(Source: RHP)





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