

## Company Business

- Divine Hira Jewellers Limited is engaged in the business of **designing and marketing of gold jewellery**. They mainly deal in **22 Karat gold jewellery**, offering a wide variety of designs to suit customer preferences. The company has the ability to create localised product design mixes for various regional tastes and caters to customers' unique preferences through an understanding of the local and regional market. They provide an extensive range of designs and are engaged in the **wholesale of gold jewellery, silver articles, bullions, and coins in Mumbai, Maharashtra**. Recently, they have also started curating and offering antique gold jewellery. Currently, they cater to a large number of wholesalers, showrooms, and retailers who buy their products in bulk.
- Divine Hira Jewellers procures gold from bullion dealers and importers and is in the process of starting direct imports. They do not have their own manufacturing facility and outsource the work of making jewellery and ornaments to various artisans. They offer a large variety of handcrafted jewellery designed by their in-house designers in collaboration with skilled local craftsmen. Their product range includes machine-made, handmade & plain gold jewellery like necklaces, mangalsutras, chains, malas, rings, pendants, bracelets, bangles, kadas, coins, and other wedding jewellery. The company's primary focus is on purity and commitment.

## Industry Analysis

- The prospectus notes that growth in the gems and jewellery sector in the coming years is expected to be largely contributed by the development of large retailers/brands.
- India has 450 organised jewellery manufacturers, importers & exporters and is a hub for jewellery manufacturing.
- India's gems and jewellery industry is expected to reach US\$ 100 billion by 2027.
- In the fiscal year 2023-24, India experienced a significant decline in its gems and jewellery exports by 14.94%, amounting to US\$32.02 billion compared to US\$37.6 billion in the previous year. Reason for Export Decline:
  - Weak demand from USA and West Asia due to geopolitical tensions and economic conditions.
  - Supply Disruption: Sanctions on Russia impacted the supply of raw diamonds, affecting the export of cut and polished diamonds from India.

## Promoter details

The promoters of Divine Hira Jewellers Limited are:

- HIRACHAND PUKHRAJ GULECHA
- NIRAJ HIRACHAND GULECHA
- KHUSHBU NIRAJ GULECHA
- HIRACHAND P GULECHA (HUF)

## IPO Details

- Type of Issue** : Fresh Issue
- Size of Fresh Issue** : 35,37,600 Equity Shares of ₹ 10/- each aggregating to (₹ 31.84 Crores).
- Offer for Sale (OFS)** : Nil, the entire issue is a fresh issue of equity shares.
- Issue Price** : ₹ 90/- per Equity Share (including a securities premium of ₹ 80/- per Equity Share).
- Face Value** : ₹ 10/- per Equity Share.
- Market Maker Reservation Portion**: 1,77,600 Equity Shares aggregating to ₹ 159.84 Lakhs.
- Net Issue Size**: 33,60,000 Equity Shares aggregating to (₹ 30.24 Crores).
- Listing** : Proposed on the Emerge Platform of National Stock Exchange of India Limited (NSE).
- Pre-IPO Promoters Holding** : As of the date of the Prospectus, the promoters held **94,84,800 Equity Shares**, representing **99.74%** of the pre-issue paid-up equity share capital of 95,09,500 Equity Shares.
- Post-IPO Promoters Holding**: After the issuance of 35,37,600 new Equity Shares, the total outstanding Equity Shares will be 1,30,47,100. The post-issue shareholding of the promoters will be **94,84,800 Equity Shares**, representing **72.69%** of the post-issue paid-up equity share capital.

## Objects of the Issue

- Prepayment or repayment of all or a portion of certain loans availed by the Company** : ₹ 3 Cr.
- Funding of working capital requirements of the Company** : ₹ 19 Cr.
- General corporate purposes**: ₹ 6.19 Cr.

Hirachand Pukhraj Gulecha is also the Managing Director. Niraj Hirachand Gulecha is the Whole-time Director. Hirachand P Gulecha (HUF) came into existence on April 22, 1984, and Hirachand Pukhraj Gulecha is the Karta.

Details of the average cost of acquisition of shares for the promoters are provided:

- ✦ Hirachand P Gulecha (HUF): ₹ 8.10 per share for 37,05,000 shares
- ✦ Niraj Hirachand Gulecha: ₹ 7.99 per share for 28,28,150 shares
- ✦ Khusbhu Niraj Gulecha: ₹ 7.79 per share for 9,75,650 shares
- ✦ Hirachand Pukhraj Gulecha: ₹ 7.86 per share for 12,84,400 shares
- ✦ Meena Hirachand Gulecha: 6,42,200 shares

## Financials of the company

(Fig. in Cr)

Particulars	Sep 30, 2024	March 31, 2024	March 31, 2023	March 31, 2022
Revenue from Operations	135.97	183.25	246.44	142.40
EBITDA	4.02	3.31	2.59	1.62
EBITDA Margins	2.96%	1.81%	1.05%	1.14%
PAT	2.49	1.48	0.91	0.28
PAT Margins	1.84%	0.81%	0.37%	0.20%
D/E Ratio	1.05	1.89	1.68	5.53
ROCE		13.54%	10.83%	8.18%
CFOA	7.19	-3.07	0.87	1.33

## Comparison with Peers

Companies	Revenue	EBITDA Margin	PAT Margin	D/E Ratio	MCap	P/E
Divine Hira Jewellers (FY 2024)	183.25 Cr.	1.81%	0.81%	1.89	117.42 Cr.	79.34*
Sky Gold (TTM)	3,003 Cr.	5%	3.59%	1.35	4,919 Cr.	45.50

\*Forward PE is 23.58 on the basis of FY 25 PAT.

## Pros and Cons

### Potential Pros

- ✦ **Experienced Management** : The prospectus highlights "Experienced management and well-trained and trustworthy employee base" as a qualitative factor for the issue price. The Founder has been in the silver business since 1984 and gradually entered the gold jewellery segment in 1997.
- ✦ **Wide Range of Products** : The company offers a "Wide Range of Products" including various types of gold and silver items and caters to different customer segments.
- ✦ **Innovative Designs** : "Innovative designs" and "Design Innovation for Customers" are mentioned as strengths.

### Potential Cons and Risks

- ✦ **Profit margins are not very impressive.**
- ✦ **Reliance on Outsourced Manufacturing** : The company does not have its own manufacturing facility and relies on third-party artisans. This could pose risks related to quality control, production delays, and dependence on these artisans.
- ✦ **Customer concentration** as 95.51 % revenue is from top 10 customers.
- ✦ **The company's business operations are limited to the state of Maharashtra.**



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