

### Issue Highlights

| Industry                       | Jewellery         |
|--------------------------------|-------------------|
| Fresh Issue (Shares)           | 10,000,000        |
| <b>Net Offer to the Public</b> | <b>10,000,000</b> |
| Issue Size (Rs. Cr.)           | 95-100            |
| Price Band (Rs.)               | 95-100            |
| Offer Date                     | 19-Dec-23         |
| Close Date                     | 21-Dec-23         |
| Face Value                     | 10                |
| Lot Size                       | 150               |

### Issue Composition

|                      | In shares  |
|----------------------|------------|
| Total Issue for Sale | 10,000,000 |
| QIB                  | 5,000,000  |
| NIB                  | 1,500,000  |
| Retail               | 3,500,000  |

### Shareholding Pattern (%)

| Particulars                 | Pre-issue      | Post-issue     |
|-----------------------------|----------------|----------------|
| Promoters & promoters group | 100.00%        | 75.00%         |
| QIB                         |                | 12.50%         |
| NIB                         | 0.00%          | 3.75%          |
| Retail                      | 0.00%          | 8.75%          |
| <b>Total</b>                | <b>100.00%</b> | <b>100.00%</b> |

\*calculated on the upper price band

### Objects of the Issue

The Net Proceeds are proposed to be used as under

1. Funding working capital requirements of the Company
2. General Corporate Purposes

#### Book Running Lead Manager

- Arihant Capital Markets Limited

#### Name of the registrar

- Bigshare Services Pvt Limited

### About the company

Incorporated in April 2008, RBZ Jewellers Limited is an India-based gold jewellery manufacturer specialising in the creation of antique designs. The company designs and manufactures a wide range of antique gold jewellery consisting of jadau, meena and kundan work and sells it on wholesale and retail basis. The company's wholesale customer base includes reputed national, regional and local family jewellers across 19 states and 72 cities in India. RBZ Jewellers Limited also operates its retail showroom under the brand name "Harit Zaveri" and is a leading player in Ahmedabad. The manufacturing facility has a permitted capacity of 250 artisans and employs 185 sales personnel. RBZ Jewellers Limited's manufacturing facility in Ahmedabad, Gujarat can design and manufacture gold jewellery under one roof. The manufacturing facility has an area of 23,966 sq. ft and is owned by RBZ Jewellers. The company's major customers by volume in FY23 are Titan Company Limited, Malabar Gold Private Limited, Joyalukkas India Limited, Senco Gold Limited, Hazoorilal Jewellers Private Limited and others.

### Strength

**Organised manufacturing setup under one roof:** RBZ Jewellers has own manufacturing set up consisting of bench working artisans, technology for laser cutting, laser engraving and state of the art casting units. It has progressive dyes and hydraulic press dyes and also have inhouse 3D printing machine to convert CAD image in CAM. Its 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 premise at which it manufactures facility is situated is owned by the company.

**Client Mix and geographical spread:** One of the key strengths of the Company in the jewellery business is its wide reach and presence across India. With a customer base in 20 states and 72 cities, it has established a strong foothold in the market and has a deep understanding of the local customer preferences and trends. Its 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 has further enhanced its credibility and reputation in the industry. It also exports to the Middle East region. The client mix and geographical spread help it in understanding customer preferences across the regions, cultures and socioeconomic strata which is one of its key strengths to roll out designs as per the emerging trend.

**Design and Innovation in product range:** It operates on the idea of creating new, innovative and unique designs in its product offerings. Its offerings include antique, bridal, traditional, contemporary and combination designs across jewellery lines, usages across price points. Based on its research, knowledge and expertise, it believes that it has 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.

**Brand built on the core values of trust, transparency and innovation:** RBZ Jewellers has established itself as a reputed brand in the jewellery market. According to the Care Edge Report, it 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. It holds approximately 1% of total

organized wholesale gold jewellery market in India.

**Established systems and procedure to mitigate risk:** It has 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 its quality control check, it strictly follows the hallmarking process for all its gold jewellery as per prescribed norms. It sends all its retail segment jewellery to government-approved hallmarking centers who performs tests and analyses its jewellery in accordance with BIS norms. Its diamond jewellery is certified by various agencies including IGI and GIA.

## Strategy

**Deepen and penetrate existing customer relationships and continue to expand geographically:** It intends to strengthen its relationship with its existing customers by achieving recurring sales and also increasing the quantum of these sales. It also intends to add new customers in its portfolio in unpenetrated markets. It intends to achieve this by increasing frequency of its visits and catering to customer's desired preferences. It aims to maintain and develop relationship with national, regional and reputed local family retailers and aim to have greater share of their business including increase in its presence in Tier I and Tier II cities with enhanced visits and building relationships. In Fiscal 2023, it added sixteen (16) new customers and in the six months period ended September 30, 2023, it added 15 new customers to its family.

**Increase production and enhance product portfolio:** It intends to manufacture more designs, showcase the same to customers and generate more orders. It intends to achieve the same by introducing a wider range of gold jewellery based on different parameters such as weight, diverse cultural and regional preferences.

**Continue to invest in marketing and brand building initiatives:** For both wholesale and retail segments of business, it regularly participates in national, regional and local jewellery exhibitions. It participated in 17 exhibitions in FY 2023, which were organised by semi-government bodies like GJEPC, GJC along with other private organisers, out of which some are pan India exhibitions and others being regional and local. It will continue to pursue this and also increase its participation in other prominent exhibitions to showcase new collections / designs and increase brand awareness which is a major source of generating business enquiries and orders.

**Strengthen Inventory Management practices:** In order to ensure the replenishment of inventory in an effective manner, it follows a process of melting the inventories that does not get the desired market response because of the current set of choice and preferences of customers and recreating new unique designs to cater to the ever-changing requirements / choices of the customers. The said process allows it to replenish the old inventory with new set of inventories thereby reduces the cost to be incurred for acquiring raw materials.

**Leverage technology to grow:** In an industry as competitive as jewellery, it is constantly looking for new and innovative ways to leverage technology to its advantage to optimize operations and design processes, and in turn create efficiencies and maximize revenue. Its manufacturing facility allows it to drive agile manufacturing processes using modern technologies such as CAD driven designing and laser cutting. It intends to invest in advanced machinery that will allow it to create intricate designs and high-quality pieces with greater precision and speed, which will not only improve the quality of its products, but also increase its production capacity and reduce costs. By utilizing technology in these ways, it aims to increase market share and improve profitability. The company has invested Rs. 49.97 lakhs on purchase of software and plant & machinery in the last 3 FYs. Further, the Company is also in the process of implementing SAP S/4HANA ERP.

## Risk factor

- The company requires significant amount of working capital for continued growth.
- It does not currently have exclusive or fixed supply arrangements with any of its suppliers of gold, though it is dependent on a few suppliers.

- The strength of its brand “RBZ Jewellers” along with “Harit Zaveri” is crucial to its success and it may not succeed in continuing to maintain and develop its brand
- Its revenue and earnings are dependent on the sales mix consisting of retail and wholesale as well as provision of job work services and working capital requirements of each segment is different.

### Peer comparison

| Co_Name               | Total Income | PAT     | EPS   | P/E    | P/BV  | BV     | FV | Price   | Mcap      |
|-----------------------|--------------|---------|-------|--------|-------|--------|----|---------|-----------|
| Titan Company         | 41941.00     | 3302.00 | 37.19 | 96.56  | 25.69 | 139.77 | 1  | 3591.05 | 318808.45 |
| Senco Gold            | 4611.03      | 166.76  | 21.47 | 35.20  | 4.75  | 159.05 | 10 | 755.85  | 5870.17   |
| Thangamayil Jew.      | 3464.26      | 111.80  | 40.74 | 34.79  | 8.69  | 163.08 | 10 | 1417.20 | 3888.68   |
| Kalyan Jewellers      | 16056.18     | 497.93  | 5.05  | 64.12  | 8.66  | 37.41  | 10 | 323.80  | 33353.12  |
| Sky Gold              | 1309.02      | 30.36   | 28.26 | 41.59  | 11.08 | 106.05 | 10 | 1175.30 | 1262.73   |
| Ashapuri Gold         | 129.10       | 2.40    | 0.10  | 131.70 | 3.88  | 3.39   | 1  | 13.17   | 329.23    |
| D. P. Abhushan        | 2074.19      | 52.99   | 18.21 | 31.21  | 9.16  | 62.04  | 10 | 591.65  | 1316.71   |
| RBZ Jewellers Limited | 287.93       | 22.33   | 5.58  | 17.91  | 2.08  | 48.12  | 10 | 100.00  | 400.00    |

\*Peer Comparisons are based on TTM

\*\*RBZ financials are based on FY23

### Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.100, the stock is priced at pre issue P/E of 13.43x on FY-23 EPS of Rs.7.44. Post issue, the stock is priced at a P/E of 17.91x on its EPS of Rs.5.58. Looking at the P/B ratio at Rs.100, pre issue, book value of Rs. 30.82 of P/Bvx 3.24x. Post issue, book value of Rs. 48.12 of P/Bvx 2.08x.

Considering the P/E valuation, on the lower end of the price band of Rs.95, the stock is priced at pre issue P/E of 12.76x on FY-23 EPS of Rs. 7.44. Post issue, the stock is priced at a P/E of 17.02x on its EPS of Rs. 5.58. Looking at the P/B ratio at Rs.95, pre issue, book value of Rs. 30.82 of P/Bvx 3.08x. Post issue, book value of Rs. 48.12 of P/Bvx 1.97x.

### Industry Outlook

The company operates in the gems and jewellery industry on a wholesale, retail and job work basis. In calendar year 2022, the market size of organized wholesale market in India was of Rs. 216 billion (~84 tonnes) and of the organized retail jewellery market in India was Rs. 1,500 to 1,600 billion. The said industry mainly consists of gold jewellery along with silver, studded and other jewellery, offering multiple products such as bangles, chains, necklaces, rings, earring etc. Gold jewellery is further segmented into bridal wear and daily and fashion wear. The industry, though has been highly fragmented and dominated by unorganised firms, is gradually witnessing a transformation to an organized industry. The long-term demand prospects for the sector are supported by growing working population, higher disposable income, easier access to credit and improving standard of living.

### Outlook

RBZ Jewellers is one of the leading organised manufacturers of gold jewellery in India, specialising in antique bridal gold jewellery and distributing it to reputable nationwide retailers and significant regional players in India. RBZ Jewellers excels in Antique Gold bridal jewelry, fusing traditional Indian art with contemporary design. RBZ Jewellers displayed substantial revenue growth, improved operational efficiency, and consistent profitability, with a positive trend in Return on Net Worth and Earnings Per Share. Moreover, the company maintained manageable debt levels and exhibited healthy financial ratios. A long term investor may opt the issue.

An Indicative timetable in respect of the Issue is set out below:

| EVENT  | INDICATIVE DATE<br>(On or about) |
|--|----------------------------------|
| BID/ISSUE OPENS ON   | 19-December-23                   |
| BID/ISSUE CLOSSES ON   | 21-December-23                   |
| Finalisation of Basis of Allotment with the Designated Stock Exchange                      | 22-December-23                   |
| Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account | 26-December-23                   |
| Credit of Equity Shares to demat accounts of Allottees                                     | 26-December-23                   |
| Commencement of trading of the Equity Shares on the Stock Exchanges                        | 27-December-23                   |

## Annexure

### Consolidated Financials

#### Profit & Loss

Rs. in Cr.

| Particulars              | Period ended<br>30-Sep-23 (6 Months) | Period ended<br>31-Mar-23 (12 Months) | Period ended<br>31-Mar-22 (12 Months) |
|--------------------------|--------------------------------------|---------------------------------------|---------------------------------------|
| Revenue from operations  | 125.46                               | 287.93                                | 252.11                                |
| Total expenditure        | 103.69                               | 250.16                                | 225.33                                |
| <b>Operating Profit</b>  | <b>21.77</b>                         | <b>37.76</b>                          | <b>26.77</b>                          |
| OPM%                     | 17.35                                | 13.12                                 | 10.62                                 |
| Other Income             | 0.06                                 | 1.70                                  | 0.42                                  |
| <b>PBDIT</b>             | <b>21.83</b>                         | <b>39.46</b>                          | <b>27.19</b>                          |
| Depreciation             | 0.66                                 | 1.37                                  | 1.40                                  |
| <b>PBIT</b>              | <b>21.17</b>                         | <b>38.09</b>                          | <b>25.79</b>                          |
| Interest                 | 4.93                                 | 8.33                                  | 6.18                                  |
| <b>Profit before tax</b> | <b>16.24</b>                         | <b>29.77</b>                          | <b>19.61</b>                          |
| Tax                      | 4.15                                 | 7.43                                  | 5.21                                  |
| <b>PAT</b>               | <b>12.09</b>                         | <b>22.33</b>                          | <b>14.41</b>                          |

Balance sheet is on next page

## Balance Sheet

Rs. in Cr.

| Particulars   | As on 30-Sep-23 | As on 31-Mar-23 | As on 31-Mar-22 |
|---|-----------------|-----------------|-----------------|
| <b>Non-current assets</b>                                   |                 |                 |                 |
| Property, plant and equipment                               | 26.41           | 25.21           | 12.32           |
| Capital work-in-progress                                    | 0.00            | 0.89            | 0.74            |
| Intangible assets   | 0.11            | 0.00            | 0.01            |
| Intangible assets under development                         | 0.01            | 0.01            | 0.05            |
| Right to use assets   | 0.29            | 0.00            | 3.31            |
| <b>Financial Assets</b>                                     |                 |                 |                 |
| Other Financial Assets                                      | 0.10            | 0.07            | 0.19            |
| Other Non-Current Assets                                    | 0.30            | 0.00            | 0.10            |
| <b>Total non-current assets</b>                             | <b>27.24</b>    | <b>26.18</b>    | <b>16.72</b>    |
| <b>Current assets</b>                                       |                 |                 |                 |
| Inventories   | 178.21          | 149.24          | 119.06          |
| <b>Financial Assets</b>                                     |                 |                 |                 |
| Trade Receivables   | 23.86           | 21.99           | 14.00           |
| Cash and Cash Equivalents                                   | 0.29            | 5.89            | 0.05            |
| Bank Balances other than cash and cash equivalents as above | 1.69            | 1.69            | 1.61            |
| Loans   | 0.11            | 0.07            | 0.14            |
| Other financial assets                                      | 0.07            | 0.02            | 0.00            |
| Current tax assets  | 0.00            | 0.28            | 0.00            |
| Other Current Assets  | 3.30            | 1.48            | 2.46            |
| <b>Total current assets</b>                                 | <b>207.53</b>   | <b>180.66</b>   | <b>137.32</b>   |
| <b>Total Assets</b>   | <b>234.76</b>   | <b>206.84</b>   | <b>154.03</b>   |
| <b>Non-current liabilities</b>                              |                 |                 |                 |
| Financial liabilities                                       |                 |                 |                 |
| Borrowings  | 20.87           | 23.12           | 8.55            |
| Lease Liabilities   | 0.28            | 0.00            | 4.06            |
| Provisions  | 0.35            | 0.35            | 0.35            |
| Deferred tax liabilities (net)                              | 1.61            | 1.43            | 0.88            |
| <b>Total non-current liabilities</b>                        | <b>23.11</b>    | <b>24.90</b>    | <b>13.83</b>    |
| <b>Current liabilities</b>                                  |                 |                 |                 |
| <b>Financial Liabilities</b>                                |                 |                 |                 |
| Borrowings  | 80.97           | 72.67           | 51.16           |
| Lease Liabilities   | 0.02            | 0.00            | 0.60            |
| Trades Payable - MSME                                       | 11.41           | 3.80            | 2.29            |
| Trade Payables - other than MSME                            | 4.89            | 11.01           | 12.95           |
| Other financial liabilities                                 | 0.41            | 0.43            | 0.29            |
| Other current liabilities                                   | 7.47            | 1.56            | 1.86            |
| Provision   | 0.27            | 0.01            | 0.01            |
| Liabilities for current tax (net)                           | 1.64            | 0.00            | 1.00            |
| <b>Total current liabilities</b>                            | <b>107.08</b>   | <b>89.47</b>    | <b>70.17</b>    |
| <b>Total</b>  | <b>130.19</b>   | <b>114.37</b>   | <b>84.00</b>    |
| Net worth represented by:                                   |                 |                 |                 |
| Equity Share Capital  | 30.00           | 30.00           | 4.00            |
| Other equity  | 74.57           | 62.47           | 66.03           |
| <b>Net Worth</b>  | <b>104.57</b>   | <b>92.47</b>    | <b>70.03</b>    |

## RANKING METHODOLOGY

|                  |       |
|------------------|-------|
| <b>WEAK</b>      | ★     |
| <b>NEUTRAL</b>   | ★★    |
| <b>FAIR</b>      | ★★★   |
| <b>GOOD</b>      | ★★★★★ |
| <b>EXCELLENT</b> | ★★★★★ |

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