

Rating: Subscribe for long Term

Issue Offer

Fresh Issue of 31,25,000 equity shares up to INR 400 Mn

Issue Summary

Price Band (INR)	121-128
Face Value (INR)	10
Implied Market Cap (INR mn.)	1,342.1
Market Lot	1000
Issue Opens on	Jan,15,2025
Issue Close on	Jan,17,2025
No. of share pre-issue	73,60,000
No. of share pre-issue Listing	1,04,85, 000 NSE,SME

Issue Break-up (%)

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

Registrar

Cameo Corporate Services Limited

Book Running Lead Managers

Marwadi Chandarana Intermediaries Brokers Pvt. Ltd.

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	89.12%	62.56%
Public & Others	10.88%	37.44%

Objects of the issue

- Repayment of certain borrowings availed by the Company
- To meet Working Capital requirements
- General Corporate Purpose

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Founded in 2010 as Kabra & Malpani Jewels Private Limited and later rebranded as Kabra Jewels Limited, the company has established itself as a prominent player in the Indian jewelry sector. Headquartered in Ahmedabad, Gujarat, it operates in the heart of India's jewelry market, leveraging the region's rich legacy of craftsmanship. Kabra Jewels specializes in designing, manufacturing, and retailing high-quality gold, diamond, and gemstone jewelry, offering a diverse portfolio that caters to both luxury buyers and budget-conscious customers. By combining traditional artistry with modern innovation, the company creates appealing designs for a wide audience. Strong supplier partnerships and a robust in-house manufacturing system ensure high standards and competitive pricing, while its retail network and growing digital presence enhance customer reach and brand recognition.

Investment Rationale

Strong Market Position with Diversified Offerings: Company has carved a niche in the competitive Indian jewelry market by offering a diverse product portfolio that caters to a wide spectrum of customers. The company's offerings range from traditional gold and diamond jewelry to contemporary, design-focused collections, making it appealing to both conservative and modern buyers. Its unique approach to blending traditional craftsmanship with modern aesthetics ensures that company caters to key demographic groups, including cultural buyers and millennial consumers. The company's strategic location in Gujarat—India's jewelry hub—provides access to highly skilled artisans, lowering production costs and enhancing design capabilities.

Scalable Business Model Supported by Operational Efficiency: Company vertical integration allows it to control various aspects of the supply chain, from raw material sourcing to in-house manufacturing and retailing. By reducing dependence on third-party vendors, the company ensures higher margins, consistent product quality, and greater flexibility to adapt to market trends. Company also maintains strong partnerships with a select group of suppliers to optimize procurement costs. This cost-efficient structure enhances the company's competitive pricing advantage in a price-sensitive market. Its ongoing investments in technology and process optimization further streamline operations, resulting in lower wastage and improved productivity. Coupled with its expanding retail footprint in high-growth markets across India, the company is well-positioned to achieve significant economies of scale and drive sustainable growth.

Favorable Industry Tailwinds: India's jewelry industry, valued at approximately \$60 billion, is forecasted to grow at a CAGR of 8-10% over the next decade, supported by favorable demographic and economic factors. Rising disposable incomes, a growing middle class, and cultural traditions that tie jewelry purchases to major life events continue to drive demand. Additionally, government mandates for hallmarking are increasing trust in organized players like Kabra Jewels, making them more attractive to quality-conscious consumers. Emerging markets for online jewelry retail are providing unprecedented opportunities, particularly among younger, tech-savvy demographics seeking convenience and customization. Company is well-positioned to capture these opportunities through its robust digital sales channels and focus on offering certified, bespoke designs. The potential for expansion into global markets further augments the company's growth prospects, especially given the enduring appeal of Indian jewelry styles abroad.

Consistent Financial Performance and Strategic Growth Plans: Company financial metrics reflect a track record of stable growth and prudent cost management, despite operating in a fragmented and highly competitive sector. Over the past three years, the company has consistently grown its revenues and profitability, demonstrating resilience against market fluctuations. The efficient allocation of resources towards marketing, technology upgrades, and inventory management has boosted both operating and net margins. These investments are expected to bolster the company's ability to capture market share, attract new customer segments, and deliver long-term shareholder value.

Valuation and View : Kabra Jewels Limited has established itself as a key player in the Indian jewelry market with a diverse product portfolio blending traditional and modern designs. Its vertically integrated model ensures cost efficiency, quality, and scalability, supported by a strategic Gujarat location. The company leverages favorable industry trends, expanding digital and retail channels, and steady financial performance to capture significant growth opportunities. Strategic investments and a focus on operational efficiency enhance its potential in domestic and international markets. With strong earnings potential and robust demand in the jewelry sector, company offers a compelling opportunity, though market response will depend on broader economic conditions. **At the upper band of INR 128, the issue is valued at a P/E ratio of 14.28x based on a FY24 EPS Of INR 8.96 , And based on Nov 25 annualized PAT the issue is valued at P/E ratio of 10.16x. We are recommending a "Subscribe for long Term" rating for this issue.**

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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