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DIVINE HIRA JEWELLERS LIMITED

Divine Hira Jewellers Limited (the “Company”) was incorporated on July 19, 2022 as ‘Divine Hira Jewellers Limited’, as a public limited company under the Companies Act, 2013, pursuant to a certificate of incorporation issued by Registrar of Companies, Central Registration Centre. Pursuant to a Business Succession Agreement dated September 13, 2022, our Company acquired the entire assets, assumed liabilities, clients and employees and business of Hira Traders (proprietorship firm of Hirachand P Gulecha HUF) with effect from the closing date i.e. September 30, 2022.

Registered Office: 745/A, 1st Floor, Office No.2, Opp. Hotel Bhagat Tarachand, Zaveri Bazar, Mumbai – 400 002, Maharashtra, India, **Telephone:** +91 222 240 2662;
E-mail: info@divinehirajewellers.com; **Website:** www.divinehirajewellers.com; **Contact Person:** Jai Dilip Shrimankar, Company Secretary and Compliance Officer;
CIN: U36999MH2022PLC387009

PROMOTERS OF OUR COMPANY: HIRACHAND PUKHRAJ GULECHA, NIRAJ HIRACHAND GULECHA, KHUSHBU NIRAJ GULECHA AND HIRACHAND P GULECHA (HUF)

ADDENDUM TO THE DRAFT PROSPECTUS DATED NOVEMBER 09, 2024: NOTICE TO THE INVESTORS (“THE ADDENDUM”)

PUBLIC ISSUE OF UP TO 35,40,000 EQUITY SHARES OF FACE VALUE ₹ 10 EACH (“EQUITY SHARES”) OF THE COMPANY FOR CASH AT A PRICE OF ₹ [•]- PER EQUITY SHARE (INCLUDING A SECURITIES PREMIUM OF ₹ [•]- PER EQUITY SHARE) (THE “ISSUE PRICE”), AGGREGATING UPTO ₹ [•] LACS (“ISSUE”) OF THE ISSUE, [•] EQUITY SHARES AGGREGATING TO ₹ [•] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER (“MARKET MAKER RESERVATION PORTION”). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF [•] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH AT AN ISSUE PRICE OF ₹ [•]- PER EQUITY SHARE AGGREGATING TO ₹ [•] LAKHS IS HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [•]% AND [•]%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. FOR FURTHER DETAILS, SEE “TERMS OF THE ISSUE” ON PAGE 255 OF THE DRAFT PROSPECTUS.

Potential Bidders may note the following: “Risk Factors”, “Objects of the Issue”, “Our Business” and “Our Management” have been updated in accordance with the suggestions made by NSE.

The above is to be read in conjunction with the Draft Prospectus and accordingly their references in the Draft Prospectus stand amended pursuant to this Addendum. Please note that the changes pursuant to this Addendum will be appropriately included in the Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchanges. All capitalized terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Prospectus.

Place: Maharashtra, India
Date: February 05, 2025

On behalf of DIVINE HIRA JEWELLERS LIMITED

Sd/-
Niraj Hirachand Gulecha
Whole-time Director

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
Horizon Management Private Limited 19 R N Mukherjee Road, Main Building, 2 nd Floor, Kolkata- 700 001, West Bengal, India. Telephone: +91 33 4600 0607 Facsimile: +91 33 4600 0607 E-mail: smeipo@horizon.net.co Website: www.horizonmanagement.in Investor grievance: investor.relations@horizon.net.co SEBI Registration Number: INM000012926 Contact Person: Manav Goenka	Bigshare Services Private Limited Office No. S6-2, 6th floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, (East). Andheri, Mumbai – 400 093, Maharashtra, India. Telephone: +91 226 263 8200 Facsimile: +91 226 263 8299 E-mail: ipo@bigshareonline.com Website: www.bigshareonline.com Investor grievance: investor@bigshareonline.com SEBI Registration No.: INR000001385 Contact Person: Ganesh Shinde
BID/ISSUE PROGRAMME	
ISSUE OPENS ON: [•]	ISSUE CLOSES ON: [•]

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SECTION III – RISK FACTORS

INTERNAL RISK FACTORS

6. *We do not register our jewellery design under the Designs Act, 2000 and we may suffer a loss of income if our designs are duplicated by our competitors. Moreover, we are susceptible to litigation arising out of infringement of copyright of designs.*

As our industry is fashion oriented, there is a constant need for innovation and trend setting. Jewellery designs change on a frequent basis and therefore we do not register the designs used by us, under the Designs Act, 2000.

A major criterion of our product differentiation from jewellery products is the designs we use in our gold jewellery. These designs are made and finalized by a combination of our in-house designers and the freelance designers we engage. Since these designs are not registered under the Designs Act, 2000, we face the risk of our designs being copied, partially or entirely, by our competitors, resulting in us losing one of our important strengths. In the absence of registration under the Designs Act, 2000, we cannot protect our designs by invoking any law on our competitors for duplicating our designs, resulting in a loss of income, thus affecting our results of operation and financial condition. Further, we believe that efforts to protect our intellectual property may not be adequate and we may not be able to detect unauthorized use or take appropriate and timely steps to enforce intellectual property rights either owned by us or those that we have right to use. We may also be subject to litigation by one of our competitor or other industry players for copying their designs and in absence registration of our designs, we may not be able to protect or defend our case. While, the aforementioned instances have not occurred in the past, however occurrence of any such instances in the future may have an adverse impact on our business, results of operations and financial condition.

We may inadvertently develop a design already registered by a third party, which may require us to either stop the manufacture & sale of such jewellery or be a part of lengthy litigation to defend the same. In both scenarios, we may be subject to losses due to legal costs, stay on sale of certain products and / or both. Further, if any litigation is proved against us, we may be subject to penalty and / or compensation which may adversely affect our cash flows. While we take care to ensure that we comply with the intellectual property rights of third parties and that there are no pending claims against us for infringement of third party intellectual property rights, we cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights. Any claims of infringement, regardless of merit or resolution of such claims, could force us to incur significant costs in responding to, defending and resolving such claims, and may divert the efforts and attention of our management and technical personnel away from our business. As a result of such infringement claims, we could be required to pay third party infringement claims, alter our technologies, change the brands under which we distribute our products, obtain licenses or cease some portions of our operations. While, the aforementioned instances have not occurred in the past, however the occurrence of any of the foregoing could result in unexpected expenses and thus adversely affect our financial condition.

10. *We operate in limited geographies for a significant portion of our revenue and also depends on limited number of customers for our revenue from operations. Projects in new geographies may not be as profitable as in existing geographies.*

Our operations are based out of limited region like Maharashtra, Karnataka, Gujrat and Chhattisgarh. Exposure to projects in new geographies may not be as profitable as our current geographies.

The table below sets forth a break-up of the revenue earned by our Company across various domestic states during the period ended September 30, 2024 and the preceding three Fiscals ended 2024, 2023 and 2022:

(₹ in lakhs)

State	September 30, 2024		FY2024		FY2023		FY2022	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
Maharashtra	13,597.69	100.00%	18,323.92	99.99%	24,642.95	99.99%	14,208.21	99.78%
Karataka	-	-	-	-	-	-	14.70	0.10%
Gujrat	-	-	-	-	-	-	12.61	0.09%
Chhattisgarh	-	-	1.69	0.01%	1.64	0.01%	4.65	0.03%
Total	13,597.69	100.00%	18,325.61	100.00%	24,644.59	100.00%	14,240.17	100.00%

Our geographic concentration may have a material adverse effect on our business, results of operations and financial condition. Further, we derive a significant portion of our revenue from a limited number of customers. As our business is currently concentrated to a selected number of geographies, any adverse development with such customer, including as a result of a dispute with such major customers, may result in us experiencing significant reduction in our cash flows and liquidity. If our customers are able to fulfil their requirements through any of our existing or new competitors, with better services and / or

cheaper cost, we may lose significant portion of our business.

16. If we are unable to establish and maintain an effective system of internal controls and compliances, our business and reputation could be adversely affected.

We manage our internal compliance by monitoring and evaluating internal controls and ensuring all relevant statutory and regulatory compliances. The Audit Committee along with the Chief Financial Officer and the company secretary reviews the internal controls and compliances of our Company.

However, there can be no assurance that deficiencies in our internal controls will not arise or that we will be able to implement and continue to maintain adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. If we are unable to establish and maintain an effective system of internal controls and compliances, our business and reputation could be adversely affected.

20. We are dependent on job workers for manufacturing some of our inventory. Any deterioration in the quality of products procured from our suppliers, may adversely impact our business operations.

Our Company is mainly engaged in the manufacture and sale of gold jewellery in various designs and styles. We also collaborate with job workers for manufacturing of its inventory. We collaborated with 22 job workers over the past three years for manufacturing of its inventory. We have not entered into any contractual agreements with such job workers governing the supply of products to our Company, and there can be no assurance that these job workers will continue to be associated with us on reasonable terms, or at all. Although, we work closely with these job workers, we do not exercise control over them, and our arrangements with these job workers could involve various risks, including potential interruptions to their operations for factor beyond their or our control, any significant adverse changes in their financial or business conditions, as well as low levels of output or efficiency.

These job workers have accorded their trust and service based on our long operating history in the industry, our credit worthiness, and our goodwill. We have very frequent transactions, long history and goodwill with some of our job workers. However, in the absence of written agreements, our job workers are not bound to supply goods to us and can withdraw their commitments from us at any time. There can be no assurance that there will not be a significant disruption in the supply of products from current sources, or, in the event of a disruption, that we would be able to locate alternative suppliers of comparable quality on terms acceptable to us, or at all. Identifying a suitable job worker involves a process that requires us to become satisfied with their quality control, consistency, responsiveness and service, financial stability and other ethical practices. In case any of our job workers discontinue their relationship with us, we may have to procure the products from other locations leading to additional costs on transportation. If we are unable to maintain our relationship with our current job workers it may prove difficult to obtain the same from other players.

30. The average cost of acquisition of Equity Shares held by our Promoters is lower than the Issue Price.

Our Promoters' average cost of acquisition of Equity Shares in our Company is lower than the Issue Price which is proposed to be determined on a fixed price basis. The average cost of acquisition of Shares for the Promoters is as follows:

Name of Promoters	No. of shares held	Average Cost of Acquisition (in ₹)
Hirachand P Gulecha (HUF)	37,05,000	8.10
Niraj Hirachand Gulecha	28,28,150	7.99
Khusbhu Niraj Gulecha	12,84,400	7.86
Hirachand Pukhraj Gulecha	9,75,650	7.79

For further details regarding average cost of acquisition of Equity Shares by our Promoters in our Company and build-up of Equity Shares by our Promoters in our Company, please refer to the chapter titled “*Capital Structure*” on page 59 of the Draft Prospectus.

32. We have in past entered into related party transactions and we may continue to do so in the future.

As of March 31, 2024, we have entered into several related party transactions with our Promoters, individuals and entities forming a part of our promoter group relating to our operations. In addition, we have in the past also entered into transactions with other related parties. For further details, please refer to the chapter titled — “*Restated Financial Information*” at page 161.

While all such transactions have been conducted on an arm's length basis, in accordance with the Companies Act and other

applicable regulations pertaining to the evaluation and approval of such transactions and all related party transactions that we may enter into post-listing, will be subject to Board or Shareholder approval, as necessary under the Companies Act, the SEBI Listing Regulations and other application laws. Further, it is likely that we may enter into additional related party transactions in the future. Such future related party transactions may potentially involve conflicts of interest.

While we believe that all our related party transactions have been conducted on an arm's length basis, we cannot assure you that we may not have achieved more favorable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or taken together, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. In addition, our business and growth prospects may decline if we cannot benefit from our relationships with them in the future.

39. Increased losses due to fraud, employee negligence, theft or similar incidents may have an adverse impact on us.

Our business and the industry in which we operate are vulnerable to the problem of pilferage by employees, damage, misappropriation of cash and inventory management and logistical errors. An increase in product losses due to such factors at our place of operation may require us to install additional security and surveillance equipment and incur additional expenses towards inventory management and handling. We cannot assure you whether these measures will successfully prevent such losses. Further, there are inherent risks in cash management as part of our operations, which include theft and robbery, employee fraud and the risks involved in transferring cash to banks. Additionally, in case of losses due to theft, financial misappropriation, fire, breakage or damage caused by other casualties, we cannot assure you that we will be able to recover from our insurers the full amount of any such loss in a timely manner, or at all. In addition, if we file claims under an insurance policy it could lead to increases in the insurance premiums payable by us or the termination of coverage under the relevant policy. While, the aforementioned instances have not occurred in the past, however occurrence of any such instances in the future may have an adverse impact on our business, results of operations and financial condition.

OBJECTS OF THE ISSUE

During FY2024, the total working capital requirement was ₹ 2,636.08 Lakhs. However, this is estimated to increase to ₹ 4,287.65 Lakhs during FY2025 and ₹ 5,700.40 Lakhs during FY2026. The reasons for increase in future working capital requirements of our company are as under:

Recently we have also started curating and offering exquisite antique gold jewelry that transcends time, bringing the charm of historical artistry into the modern era. We intend to expand the antique gold jewellery segment by targeting new retail showrooms and wholesalers. This would help us in expanding our customer base thus leading to higher revenues and better margins. We feel that there is a lot of potential in this segment. To expand this product line, we would require additional working capital. The Company has started marketing and selling antique jewellery to retail showrooms and wholesalers in Delhi, Punjab, Hyderabad, Bangalore and Nagpur. This would help the company in expanding customer base thus leading to higher revenues and better margins.

OUR BUSINESS

FINANCIAL HIGHLIGHTS

The break-up of the revenue earned by our Company across various domestic states during the period ended September 30, 2024 and the preceding three Fiscals ended 2024, 2023 and 2022 is as under:

(₹ in lakhs)

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Gujarat	-	-	-	-	-	-	12.61	0.09%
Chhattisgarh	-	-	1.69	0.01%	1.64	0.01%	4.65	0.03%
Total	13,597.69	100.00%	18,325.61	100.00%	24,644.59	100.00%	14,240.17	100.00%

HUMAN RESOURCE

The Company does not employ any contract labour

OUR MANAGEMENT

Brief Biographies of our Directors

Hirachand Pukhraj Gulecha, aged 63 years, is the Promoter and the Managing Director of our Company. He attended Board of Secondary Education, Rajasthan to pursue secondary school examination. He has been associated with our Company since incorporation. He has more than 30 years of experience in the gems and jewellery industry. As the Managing Director, he is responsible for the overall growth and strategy formulation & implementation for our Company.