



IPO Note

Prizor Viztech Limited

Recommendation: **AVOID!**

Company Background -

- Prizor Viztech Limited has originally formed and incorporated on February 10, 2017, and has its registered office in Ahmedabad, Gujarat.
- The Company is engaged in the business of providing security and surveillance solutions by offering comprehensive range of CCTV cameras which serves different verticals like retail, government, educational and infrastructure, among others.
- The company also provide services including video management software which provides surveillance feature to the customers.
- The company is a registered vendor under a government initiative scheme called "Make in India" (GEM).
- The company has 29 employees on its payroll as of July 06, 2024.

Objects of the Issue -

- Funding of capital expenditure requirements of the company towards setting up of Display Centre and Inventory Storage in Ahmedabad, Gujarat.
- Funding Working Capital Requirements of the company
- General Corporate Expenses.

Promoters Name -

Mitali Dasharathbharthi Gauswami, and Gauswami Dasharathbharthi Gopalbharthi

Rationale for recommendation -

- ✓ The company's margins sudden hike raises concerns.
- ✓ The company has had returns of its products from exports which may hamper growth.
- ✓ The company has had negative operating cash flows for all the years.
- ✓ The company has high concentration with its top buyers and suppliers over the years.

IPO Details

Opening Date	July 12, 2024
Closing Date	July 16, 2024
Allotment Date	July 18, 2024
Listing Date	July 22, 2024
Stock Exchange	NSE SME
Lot Size	1,600 Shares
Issue Price Per Share	₹82 to ₹87
Issue Size	25.15 Cr.
Fresh Issue	25.15 Cr.
Offer for Sale	-
Application Amt	₹ 1,39,200 (1,600 shares)

KPI's	KPIs (In Lakhs)		
	FY 22	FY 23	FY 24
Revenue	868.19	1,376.84	3,565.41
EBITDA	18.82	53.06	822.36
Net Profit	3.59	21.07	557.44
RoCE	4.01%	10.53%	69.66%
ROE	4.09%	19.37%	83.67%
P/E	1,740.00	310.71	11.55

Promoter Share Holding Pattern

Pre-Issue	Post Issue
93.59 %	68.28 %

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	7.53	5.21
BVPS	8.54	24.28
P/E	11.55	16.69
P/BV	10.19	3.58
Mkt Cap (In Cr)	67.86	93.01

Lead Managers -

Shreni Shares Limited

Registrar -

Bigshare Services Private Limited

Business Overview -

The company “Prizor Viztech Limited” was originally formed and incorporated on February 10, 2017, and has its registered office in Ahmedabad, Gujarat.

The company is engaged in the business of providing security and surveillance solutions through CCTV cameras which serve different verticals like retail, government, educational and infrastructure, among others. The company expanded its product portfolio by selling different sizes and features of televisions, touch panels and monitors manufactured by third parties under the brand name. The company provides services video management software which provides surveillance features.

The company supplies its products across 17 states and 2 union territories in India i.e., Andhra Pradesh, Assam, Delhi, Goa, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telangana, Uttar Pradesh, West Bengal, as well as the union territories of Andaman and Nicobar Islands and Jammu and Kashmir.

Business Operations -

The company’s product portfolio is mainly segregated into two parts, namely:

- (i) Security and Surveillance Solutions (network cameras & high-definition analog cameras, network video recorders, digital video recorders); and
- (ii) LED televisions, Monitors & Touch Panels

Conclusion -

The company operates in a very highly fragmented market. The company has recently started generating revenue from its products television, touch panels and monitors which has also significantly impacted its revenue increase. The company has seen a return of its products from Export to UAE for FY 2024 which were purchased during FY 2023. The company is generating a majority of its revenue contributing to 64.12% of revenue from Assembling, followed by 29.90% from Trading, and 5.98% from Consulting and other technical services

The Company is a registered vendor under a government initiative scheme called "Make in India" (GEM). the Government Direct Purchase (GDP) scheme has been introduced for CCTV companies to facilitate procurement of Indian made CCTV products by government agencies. As on the financial year ended March 31, 2024, the revenue from operations from GEM (Government e-Marketplace) stands at Rs. 9.45 Lakhs.

PRODUCTS:

HD Camera :



Face Detection Camera:



Network ANPR Camera :



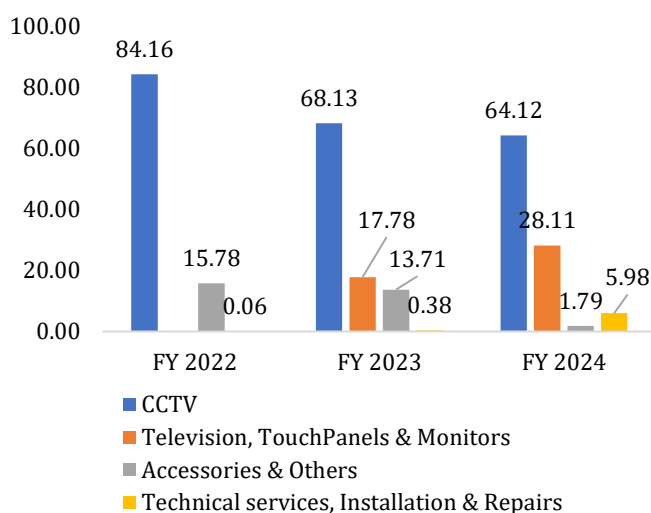
Monitors :



LED Televisions:



Revenue Bifurcation -



Competition -

The company operate in a competitive industry, with participants in the organized and the unorganized sector.

Many segments within the electronics sector have low barriers to entry or exit, leading to a market with a very high degree of fragmentation.

The principal competitive factors include service quality, reliability, price and the ability to understand evolving industry trends

The bargaining power is slightly high with the suppliers.

The bargaining power is also slightly high with customers.

Business Strategies -

Setting up Display Centre: The company plan to expand the operation by funding capital expenditure towards setting up of display centre for brand awareness and creating selling opportunities for the products.

Continuing innovation and strengthening the R&D capacity: The company's strategy is to continually improve the capabilities to pre-empt market dynamics and meet the customers' requirements.

Focus on dealing in quality standard products: The company ensure that the products comply with quality standards. The company intends to strengthen its service effort by leveraging skills of its employees which will help to increase the sales of the Company and retain customers.

Risk Factors -

The company's top five customers accounted for 77.48%, 83.61%, and 77.32%, of the total revenue for the financial year ending March 31, 2024, 2023 and 2022, respectively. Loss of relationship with any of these customers may have a material adverse effect on the profitability and results of operations.

The company has certain outstanding litigations amounting to Rs. 72.42 lakhs an adverse outcome of which may adversely affect the business, reputation and results of operations.

The company's top 10 suppliers for the financial year ended March 31, 2024, 2023 and 2022, respectively were 93.92%, 90.97%, and 92.24% respectively.

The company generates almost 93.18%, 86.58%, and 74.34%, respectively of the total revenue from the state of Gujarat for the financial year ended March 31, 2024, 2023 and 2022, respectively.

The company has had negative operating cash flow for the FY ended 2022, 2023, and 2024.

PEER ANALYSIS

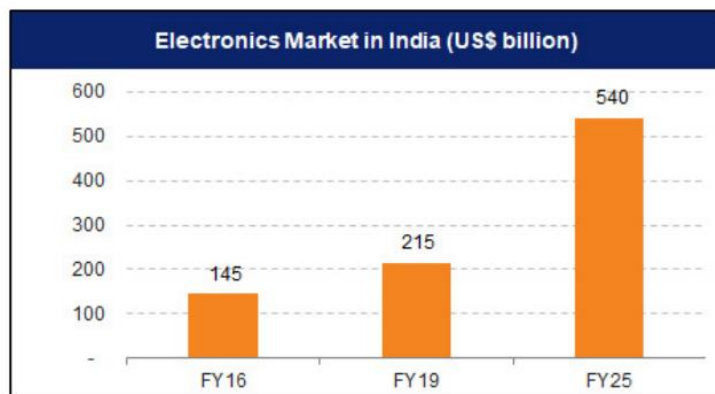
Particulars	Prizor Viztech Limited			Vintron Informatics Limited			D-Link India Limited			Dixon Technologies (India) Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	0.4%	1.5%	15.6%	-10.5%	-5.5%	9.6%	4.6%	7.3%	7.4%	1.8%	2.1%	2.1%
EBITDA Margin	2%	4%	23%	-4%	-3%	10%	7%	10%	11%	3.6%	4.3%	4.1%
RoCE	4%	11%	70%	-211%	49%	118%	19%	30%	29%	19.7%	23.5%	25.2%
ROE	4%	19%	84%	11%	6%	118%	14%	23%	21%	24.9%	25.1%	21.7%
EPS (INR)	0.05	0.28	7.53	-0.23	-0.14	2.12	11.91	24.32	26.09	32.26	42.98	62.84
P/E	1740.00	310.71	11.55	-4.78	-29.14	11.23	11.98	9.59	10.41	135.18	66.57	119.02

Indian Electronics System Design and Manufacturing Industry -

The Indian electronics system design and manufacturing (ESDM) sector is one of the fastest growing sectors in the economy and is witnessing a strong expansion in the country. The ESDM market in India is well known internationally for its potential for consumption and has experienced constant growth.

The Electronics System Design & Manufacturing (ESDM) industry includes electronic hardware products and components relating to information technology (IT), office automation, telecom, consumer electronics, aviation, aerospace, defence, solar photovoltaic, nano electronics and medical electronics.

The Electronics System Design & Manufacturing (ESDM) sector plays a vital role in the government's goal of generating US\$ 1 trillion of economic value from the digital economy by 2025.

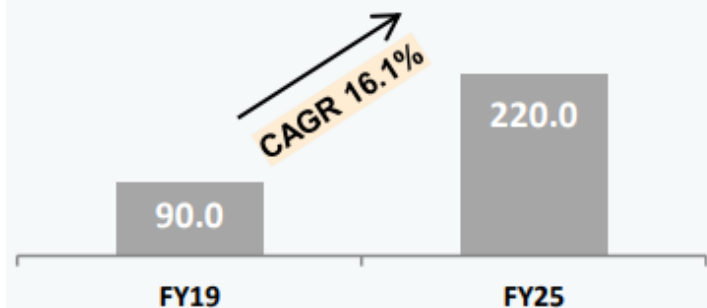


Market Size-

The Indian electronics manufacturing industry is projected to reach US\$ 520 billion by 2025. The demand for electronic products is expected to rise to US\$ 400 billion by 2025 from US\$ 33 billion in FY20. Electronics market has witnessed a growth in demand with market size increasing from US\$ 145 billion in FY16 to US\$ 215 billion in FY19—the market witnessed a growth of 14% CAGR from 2016-19. Electronics system market is expected to witness 2.3x demand of its current size (FY19) to reach US\$ 160 billion by FY25. The top products under the ESDM sector with the highest CAGR include IT/OA at 54%, followed by industrial electronics at 38% and automotive electronics at 10%.

Investments/ Developments -

Electronics System Design & Manufacturing (ESDM) in India (US\$ billion)



- In July 2023, electronics maker Elista announced that it would invest Rs. 100 crore (US\$ 12.1 million) in Andhra Pradesh to set up a manufacturing unit for Smart LED TVs, smartwatches, audio speakers, and large appliances.
- The Index of Industrial Production of manufacturing of computer, electronic, and optical products (weight: 1.57%) was valued at 137, during FY23.
- In FY23, the exports of electronic goods were recorded at US\$ 23.57 billion as compared to US\$ 15.66 billion during FY22, registering a

Government Initiatives-

- The Government attaches high priority to electronics hardware manufacturing, and it is one of the important pillars of both the “Make in India” and “Digital India” programmes of the Government of India.
- In the allocated budget, revenue expenditure allocation is Rs. 13,911.99 crore (US\$ 1.8 billion) and capital expenditure allocation is Rs. 388.01 crore (US\$ 50.4 million).
- In September 2021, the Indian Institute of Technology Indore and the Confederation of Indian MSME in Electronics System Design and Manufacturing (ESDM) and Information Technology (CIMEI), signed a Memorandum of Understanding (MoU) to collaborate and share knowledge and best practices as well as offer technological support for the growth of Indian start-ups and SMEs.

Key Management -

Key Management Persons Name -	Mitali Dasharathbharthi Gauswami
Age	34
Designation and No. of years of experience	Promoter, Chairman and Managing Director, 7+ Years of experience
Qualification	Bachelor's degree in pharmacy (B. Pharma), Master of Business Administration.
Roles and Responsibility	Overseeing the day-to-day activities of the Company
Other Directorships	Prizor Snacks Private Limited

Key Management Persons Name -	Gauswami Dasharathbharthi Gopalbharthi
Age	34
Designation and No. of years of experience	Promoter, Wholetime Director and CFO, 11+ years of experience
Qualification	Bachelor of Commerce (B.Com.) degree, Master of Business Administration.
Roles and Responsibility	Responsible for the overall marketing, accounts, finance and administration
Other Directorships	Prizor Snacks Private Limited

Key Management Persons Name -	Brahma Ghosh Raval
Age	35
Designation and No. of years of experience	Non-Executive Independent Director, 8+ years of experience
Qualification	B.com, P.G.D.M, Doctorate in Philosophy.
Roles and Responsibility	-
Other Directorships	Mudra Institute of Communications, Ahmedabad

Key Management Persons Name -	Dahyalal Prajapati
Age	39
Designation and No. of years of experience	Non-Executive Independent Director, 10+ years of experience
Qualification	B.Com, M.B.A.
Roles and Responsibility	-
Previous Associations	Proprietorship firm, M/s. Adidhan Venture

Key Management Persons Name -	Preety Priya Ghosh
Age	42
Designation and No. of years of experience	Non-Executive Independent Director, 1+ years of experience
Qualification	Bachelor of Science Computer (Hons.) (B.Sc.)
Roles and Responsibility	-
Previous Associations	Partner at Amserve International Inc., a partnership firm

FINANCIAL SNAPSHOT**Statement of Profit and Loss**

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
Revenue from Operations	868.19	1,376.84	3,565.41
Other Income	2.28	17.45	4.21
Total Income	870.47	1,394.29	3,569.62
Expenses			
Cost of Materials and components consumed	757.49	939.77	1,766.07
Purchase if stock-in-trade	12.02	293.29	1,176.70
Changes in Inventories of finished goods, work-in-progress and stock-in-trade	-38.60	-57.26	-412.28
Employee Benefit Expenses	98.40	102.61	122.67
Finance Cost	10.59	31.05	60.38
Depreciation and Amortisation	7.86	9.29	4.97
Other expenses	20.06	45.37	89.89
Total Expenses	867.82	1,364.12	2,808.40
EBITDA	18.82	53.06	822.36
EBITDA Margin	2.17%	3.85%	23.06%
Profit/(Loss) before tax	2.65	30.17	761.22
Tax Expense			
Current tax	-	9.20	193.90
Earlier Year Tax	0.90	-	10.39
Deferred Tax Expenses/(benefit)	-1.84	-0.10	-0.51
Total Tax	-0.94	9.10	203.78
Profit/(Loss) for the year	3.59	21.07	557.44
Net Profit Margin	0.41%	1.53%	15.63%

Statement of Assets and Liabilities

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share Capital	80.00	80.00	80.00
Reserves and surplus	7.70	28.76	586.20
Total Shareholder's Fund	87.70	108.76	666.20
2. Minority Interest	-	-	-
Total Equity	87.70	108.76	666.20
3. Non-current liabilities			
Long-term borrowings	180.71	300.71	498.06
Deferred Tax Liabilities (Net)			
Long-term provisions	4.70	6.17	9.15
Total Non-current liabilities	185.41	306.88	507.21
4. Current liabilities			
Short-term borrowings	132.57	232.13	466.80
Trade Payables			
Total outstanding dues of micro enterprises & small enterprises			
Total outstanding dues of creditors other than micro enterprises & small enterprises	103.94	171.76	592.88
Other Current Liabilities	28.99	33.77	34.18
Short-term provisions	0.26	9.54	194.53
Total Current liabilities	265.76	447.20	1,288.39
Total Liabilities	451.17	754.08	1,795.60
Total Equity and Liabilities	538.87	862.84	2,461.80
ASSETS			
1. Non-current assets			
Property, Plant & Equipment	14.88	21.23	202.46

Particulars	FY 22	FY 23	FY 24
Intangible Assets	0.02	0.01	-
Capital work in progress			
Deferred Tax Assets	2.85	2.95	3.46
Long-term loans and advances	-	3.93	3.53
Total Non-Current assets	17.75	28.12	209.45
2. Current assets			
Inventories	452.96	277.12	1,427.22
Trade Receivables	29.67	549.34	796.34
Cash & Cash equivalents	12.12	7.80	1.59
Short term loans and advances	0.12	-	20.67
Other Current Assets	26.25	0.46	6.53
Total Current assets	521.12	834.72	2,252.35
Total Assets	538.87	862.84	2,461.80

Cash Flow Statement Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
Net Cash Flow from Operating Activities	-104.04	-176.19	-192.05
Net Cash Flow from Investing Activities	-2.86	-18.74	-185.80
Net Cash Flow from Financing Activities	117.89	190.61	371.64

Key Ratios

Per Share Data	FY 22	FY 23	FY 24	Valuation Ratios (x)	FY 22	FY 23	FY 24
Diluted EPS	0.05	0.28	7.53	EV/EBITDA	20.66	11.94	1.98
BV per share	1.12	1.39	8.54	Market Cap / Sales	10.71	6.76	2.61
Operating Ratios				P/E	1,740.00	310.71	11.55
EBITDA Margins	2.17%	3.85%	23.06%	Price to Book Value	77.38	62.39	10.19
PAT Margins	0.41%	1.53%	15.63%	Solvency Ratios			
Inventory days	190.43	73.46	146.11	Debt / Equity	3.57	4.90	1.45
Debtor days	12.47	145.63	81.52	Current Ratio	1.96	1.87	1.75
Creditor days	40.11	64.78	59.41	Quick Ratio	0.26	1.25	0.64
Return Ratios				Asset Turnover	1.61	1.60	1.45
RoCE	4.01%	10.53%	69.66%	Interest Coverage Ratio	1.03	1.41	13.54
RoE	4.09%	19.37%	83.67%				

LEAD MANAGER TRACK RECORD -

The lead manager to the issue is Shreni Shares Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

Shreni Shares Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Visaman Global Sales Limited	16.05	43.00	July 01, 2024	42.08
2.	GSM Foils Limited	11.01	32.00	May 31, 2024	46.03
3.	Quest Laboratories Limited	43.16	97.00	May 23, 2024	139.00
4.	Silkflex Polymers (India) Limited	18.11	52.00	May 15, 2024	61.00
5.	Refractory Shapes Limited	18.60	31.00	May 14, 2024	252.00
6.	Yash Optics & Lens Limited	53.15	81.00	April 08, 2024	105.00
7.	Gabriel Pet Straps Limited	8.06	101.00	Feb 07, 2024	152.00
8.	DelaPlex Limited	46.08	192.00	Feb 02, 2024	282.00
9.	AIK Pipes and Polymers Limited	15.02	89.00	Jan 02, 2024	139.00
10.	Net Avenue Technologies Limited	10.25	18.00	Dec 08, 2023	16.00

The company has handled 28 mandates in the past three years (including the current year).

*CMP for the above-mentioned companies is taken as of 12th July 2024.

As per the offer document, from the above-mentioned mandates all have opened at a premium on the listing day.

Recommendation -

The company has been in the industry since 2017 and has decent experience in the industry. The management overview of the company is satisfactory.

The P/E on a post-IPO and annualised basis is around 11.5 times which makes it fairly priced by looking at the performance of the company and sector. The Sector P/E 37.02 is times.

The company operates in the assembling and trading business of CCTV cameras, Televisions, and Accessories. The industry in which the company operates is highly fragmented. The company has also had a return of its products for FY 2024. The company has seen an exponential increase in its margins for FY 2024 which may not sustain going forward. The company has a high concentration towards buyers and suppliers. The company has also had negative operating cash flows. All the factors may impact the growth of the company in the future, and we believe one can **AVOID** applying to this IPO for the reasons mentioned above.

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