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| **IPO Details**  |
| Opening Date | July 31, 2024 |
| Closing Date | August 2, 2024 |
| Allotment Date | August 5, 2024 |
| Listing Date | August 7, 2024 |
| Stock Exchange | NSE SME |
| Lot Size | 1,200 Shares |
| Issue Price Per Share | ₹104 to ₹110 |
| Issue Size | 69.50 Cr. |
| Fresh Issue | 69.50 Cr. |
| Offer for Sale | - |
| Application Amt | ₹ 1,32,000 (1,000 shares) |
| **KPIs** |
| **(Amt in Lakhs.)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **KPI’s** | **FY 22** | **FY 23** | **FY 24** | **Jan 24** |
| **Revenue** | 12,022.72 | 12,329.86 | 23,818.61 | 27,595.41 |
| **EBITDA** | 354.01 | 649.84 | 1,235.61 | 1,769.90 |
| **Net Profit** | 161.87 | 333.94 | 714.96 | 1,073.77 |
| **RoCE** | 11.74% | 22.11% | 36.37% | 43.39% |
| **ROE** | 13.77% | 22.13% | 31.96% | 32.43% |
| **P/E** | 114.58 | 55.28 | 25.82 | 17.21 |

 |
| **Promoter Share Holding Pattern** |
| Pre-Issue |  | Post Issue |  |
|  **Valuation Parameters** |  |
| **Particulars**  | **Pre-Issue**  |  **Post Issue**  |
| EPS |  8.61  |  6.32  |
| BVPS |  61.10  | 44.90 |
| P/E |  12.78  | 17.39 |
| P/BV |  1.80  | 2.45 |
| Mkt Cap (In Cr) |  192.50  | 262.00 |
|  |  |  |
| **Lead Managers –** **Choice Capital Advisors Pvt. Ltd.****`** |  |  |
|  |  |
|  |  |
| **Registrar –** [**Bigshare Services Pvt. Ltd**](https://www.chittorgarh.com/ipo_registrar/bigshare-services/3/)**.** |  |
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IPO Note

**Utssav Cz Gold Jewels Limited**

Recommendation: **AVOID**

* **Company Background -** Incorporated in November 2007, Utssav Cz Gold Jewels Limited has their registered office in Mumbai, Maharashtra.
* **Business Activities:** The company makes and sells a wide range of products, including rings, earrings, pendants, bracelets, necklaces, watches, and brooches.
* **Revenue Streams:** In the 2023 financial year, the 18K and 22K gold jewellery categories accounted for 73.27% and 24.94% of total sales, and in the ten months ending January 31, 2024, they were 74.22% and 24.67% respectively.

**Customer Base:** The company's customers are in 17 states and 2 union territories in India, as well as 2 countries abroad. However, domestic sales predominantly drive revenue, with Maharashtra and Delhi contributing the most in FY24 (₹5,464.73 lakhs and ₹2,635.82 lakhs, respectively).

* The company had 69 permanent employees as of March 31, 2024.

**Objects of the Issue –**

* Funding the working capital requirement of the company
* General Corporate Purposes.

**Promoters Name –**

Pankajkumar H. Jagawat., Shashank Bhawarlal Jagawat and Rakesh ShantiLal Jagawat

**Rationale for recommendation –**

* Highly fragmented and volatile sector. High risk-low reward.
* Over-priced at post issue P.E. of 17.39.
* Negative Cashflows from FY 21-23.
* Underutilisation of production capacity (54.06% as of period ended Jan 24).
* Private placement of shares in April at 82.5 while issuing to public at 110.

**Business Overview -**

**Production capacity:** 1500 kg per annum. However, their current capacity utilization is only 54.06%, indicating that the company is operating significantly below its full potential. This means they are leaving 689.10 kg of production capacity unused annually.

**Gold Hedging Strategy:** Mitigates price risk by hedging gold prices upon order confirmation.

**Product Development:** The company has a team of 15 CAD designers who develop approximately 400 new designs every month.

**Distribution Network:** The company leverages strong relationships with prominent jewellery retailers like D.P. Abhushan Limited and Kalamandir Jewellers Limited.

|  |  |
| --- | --- |
| **Products** | **Description** |
| Rings | Variety of designs for daily wear and special occasions |
| Earrings | Studs, hoops, dangles, and other styles |
| Pendants | Simple and elaborate designs, often with studded gemstones |
| Bracelets | Delicate chains, bangles, and cuffs |
| Necklaces | Chokers, pendants, and layered styles for various occasions |
| Watches | Limited selection with gold accents |
| Brooches | Decorative pins |

**Business Strategies -**

**Enhance Financial Capabilities to Facilitate the Expansion of Business Operations**

The company’s working capital-intensive business needs more liquid funds to expand and diversify. Gold bullion requires immediate payment. The company maintains 30-45 days of inventory and offers 30-60 days credit to customers. Enhancing financial capabilities is crucial for expansion.

**Expand Geographical Presence in Domestic and Export Markets**

The company aims to strengthen relationships, add new jewellery retailers in India, and resume exports to the USA and UAE. The design team provides unique, trendy products for a competitive edge.

**Focus on Creative Designs**

Innovative designs attract clientele. The company participates in exhibitions to stay updated and develop fresh concepts, continuously expanding the jewellery collection.

**Improve Operating Efficiency**

Investing in customer service, quality checks, process improvement, and technology enhances productivity and quality.

**Improve Company’s Financial Leverage Ratio**

The current debt-to-equity ratio is 2.33. The company aims to improve this by reducing borrowings and deleveraging the balance sheet.

|  |  |
| --- | --- |
| **Stage** | **Description** |
| I. Pre-Manufacturing | 1. Order Booking |
| 2. Order Assessment and Raw Material Purchase |
| 3. Raw Material Procurement (gold, cubic zirconia, alloys) |
| 4. Stock Collection and Quality Check |
| II. Manufacturing | 1. Creation of Rubber Mold and Wax Replica (using CAD or hand sketches) |
| 2. Jewelry Casting (lost-wax casting with molten gold) |
| 3. Finishing (filing, grinding, polishing) |
| 4. Component Assembly (clasps, chains, decorative elements) |
| 5. Quality Check and Hallmarking |
| III. Packaging | 1. Quality Check and Product Code Tagging |
| 2. Packing and Dispatch to retailers/distributors |

**Risk Factors -**

There are 24 outstanding legal proceedings involving the company, directors, and promoters with a total amount in dispute of ₹3,64,34,217 in FY 2023. These could adversely impact the company's reputation and financial performance.

Company has experienced negative Cashflows in FY 21,22,23 and period ended Jan 24.

Company is subject to Gold price fluctuations.

Top 5 customers accounted for 43% of the company’s revenue in period ended Jan FY 24. Loss of any of them would possibly affect the business.

Company derives most of its revenue from two products namely the 18K and 22K gold jewellery categories which accounted for 73.27% and 24.94% of total sales respectively in FY 24 along with being concentrated in Delhi and Maharashtra. Lack of Diversification of revenue streams might affect business adversely.

Company has contingent liabilities worth 334.44 lakhs.

**Competition -**

**Technological Influences:** CAD/CAM, e-commerce platforms

**Social Influences:** Demand for lightweight, branded jewellery

**Macroeconomic Influences:** Fluctuating gold prices, economic cycles, regulations

**Porter's Five Forces:**

* **Rivalry:** Intense, price-focused
* **Threat of New Entrants:** Moderate
* **Threat of Substitutes:** Low
* **Supplier Power:** High (volatile gold prices)
* **Buyer Power:** Moderate to high (price-sensitive)

**Life Cycle:** Mature growth phase

**Experience Curve:** Organized players benefit from scale and brand

**Key Strategies:** Differentiation through design, branding, cost management, supplier relationships

**PEER ANALYSIS**

|  |  |  |
| --- | --- | --- |
| **Particulars**  | **Utssav Cz Gold Jewels Limited** | **Ashapuri Gold Ornaments Limited** |
|  | **FY 21** | **FY 22** | **FY 23** | **FY 21** | **FY 22** | **FY 23** |
| **NP Margin** | 1.3% | 2.71% | 3.00% | 2.18% | 1.86% | 1.13% |
| **EBITDA Margin**  | 2.94% | 5.27% | 5.19% | 3.37% | 3.26% | 2.39% |
| **RoCE** | 11.74% | 22.11% | 36.37% | 4.41% | 5.23% | 3.31% |
| **ROE** | 13.77% | 22.13% | 31.96% | 3.30% | 3.78% | 2.17% |
| **EPS (INR)** | 0.96 | 1.99 | 4.26 | 0.09 | 0.10 | 0.06 |
| **P/E** | 39.58 | 19.10 | 8.92 | 39.58 | 59.90 | 101.17 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars**  | **Sky Gold Limited** | **Swarnsarita Jewels India Limited** | **Uday Jewellery Industries Ltd.** |
| **FY 21** | **FY 22** | **FY 23** | **FY 21** | **FY 22** | **FY 23** | **FY 21** | **FY 22** | **FY 23** |
| **NP Margin** | 2.13% | 2.13% | 1.61% | 0.95% | 0.88% | 0.75% | 6.14% | 4.67% | 5.3% |
| **EBITDA Margin**  | 1.62% | 3.87% | 3.26% | 2.54% | 2.07% | 1.96% | 9.11% | 7.26% | 8.3% |
| **RoCE** | 20.78% | 30.50% | 30.87% | 13.70% | 13.13% | 11.84% | 15.23% | 14.34% | 21.0% |
| **ROE** | 9.20% | 22.07% | 18.97% | 5.27% | 6.71% | 5.34% | 10.98% | 9.77% | 14.0% |
| **EPS (INR)** | 4.48 | 15.77 | 17.33 | 2.62 | 3.58 | 3.01 | 2.54 | 2.51 | 4.16 |
| **P/E** | - | 5.87 | 15.72 | 5.21 | 6.63 | 5.67 | 56.69 | 57.37 | 34.62 |

**Industry Overview – Gems and Jewellery**

**Market Size & Growth:**

* The Indian retail sector is rapidly expanding, driven by a large consumer base and increasing disposable incomes.
* The organized retail market, currently at 18% of the total retail market in FY21, is projected to grow to 30% by FY25.
* The Indian gems and jewellery industry is valued at ₹ 2,387 billion (US$ 32.6 billion) in CY17 and is projected to reach ₹ 4,532 billion (US$ 61.7 billion) in CY23, exhibiting a CAGR of approximately 8.5%.
* The domestic gold jewellery wholesale industry is expected to grow from 378 tonnes (out of 600 tonnes total gold jewellery demand) in 2022 to 402 tonnes by 2025 and 475 tonnes by 2030, at a CAGR of 2.5%. 1 In value terms, the industry size is expected to increase to ₹ 2,340 billion (US$ 31.9 billion) in 2030 from ₹ 1,713 billion (US$ 23.3 billion) in 2022

**Exhibit A: Region-wise breakup of Gold Jewellery Demand**

**Segmentation:**

* The Indian retail sector is segmented into organized and unorganized retail, with the organized segment steadily growing.
* The gems and jewellery industry is divided into gold jewellery, studded jewellery, and other jewellery types.
* The gold jewellery market is further categorized into bridal wear (50-60% market share) and daily/fashion wear (40-50% market share).
* The wholesale gold jewellery market comprises organized and unorganized manufacturers, with the unorganized segment currently dominating at around 85%+.

**Trends:**

* Increasing preference for branded jewellery, particularly in metro and tier-I cities
* Shift towards lightweight and everyday jewellery, especially among younger consumers
* Rising demand for studded jewellery and diamonds
* Growing importance of transparency in pricing and product quality
* Emergence of gold-saving schemes offered by organized jewellers.

**Challenges:**

* Shortage of skilled labour
* Keeping up with rapidly changing fashion and design trends
* Dependence on imports for raw materials; India is a net importer of raw gold, meeting over 90% of its gold requirement through imports.

**Exhibit B: Growth trend of Jewellery Demand vis-à-vis Gold Price**

**Exhibit C: Retail Gold Jewellery Market Landscape in India by Market Share**

**Outlook:**

* Positive outlook for the gems and jewellery industry, driven by domestic demand and increasing exports.
* Growth in the organized retail segment, fuelled by changing consumer preferences.
* Continued dominance of the unorganized wholesale market, with a projected 3.3% CAGR for the CY22-CY30 period, while the organized segment is projected to register a 3.8% CAGR for the same period.

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**Key Management –**

|  |  |
| --- | --- |
| **Key Management Persons Name -** | **Pankajkumar H Jagawat** |
| **Age**  | 50 |
| **Designation and No. of years of experience** | Promoter and Managing Director, 20+ years of experience |
| **Qualification** | Under Matriculation |
| **Roles and Responsibility**  | - |
| **Interest in other entities:** | Uzuri Jewels Private Limited and Shanti Gold International Limited |

|  |  |
| --- | --- |
| **Key Management Persons Name -** | **Shashank Bhawarlal Jagawat** |
| **Age**  | 39 |
| **Designation and No. of years of experience** | Promoter and Whole time Executive Director, 20+ years of experience |
| **Qualification**  | Under Matriculation |
| **Roles and Responsibility**  | - |
| **Interest in other entities:** | Shanti Gold International Limited |

|  |  |
| --- | --- |
| **Key Management Persons Name -** | **Rakesh Shantilal Jagawat** |
| **Age**  | 44 |
| **Designation and No. of years of experience** | Promoter and CFO, 19+ years of experience  |
| **Qualification** | - |
| **Experience**  | - |

|  |  |
| --- | --- |
| **Key Management Persons Name -** | **Hitesh J. Chhajed** |
| **Age**  | 43 |
| **Designation and No. of years of experience** | Non-Executive Director, 20+ years of experience |
| **Qualification** | Bachelor of Commerce from Mumbai University |
| **Roles and Responsibility**  | - |
| **Interest in other entities:** | - |

|  |  |
| --- | --- |
| **Key Management Persons Name -** | **Sunil Agarwal** |
| **Age**  | 33 |
| **Designation and No. of years of experience** | Non-Executive Independent Director, 3+ years of experience |
| **Qualification** | Chartered Accountant |
| **Roles and Responsibility**  | - |
| **Experience** | Ministry of Finance including experience as Commissioner of Income Tax |
|  |  |

|  |  |
| --- | --- |
| **Key Management Persons Name -** | **Ishika Bansal** |
| **Age**  | 27 |
| **Designation and No. of years of experience** | Non-Executive Independent Director, 7+ years of experience |
| **Qualification** | Company Secretary |
| **Roles and Responsibility**  | - |
| **Experience** | Hindustan Laboratories Limited |
|  |  |

**FINANCIAL SNAPSHOT**

**Statement of Profit and Loss Amt in Lakhs.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **FY 22** | **FY 23** | **FY 24** | **Jan-24** |
| Revenue from Operations | 12,022.72 | 12,329.86 | 23,818.61 | 27,595.41 |
| Other Income | 7.94 | 12.66 | 152.91 | 137.79 |
| **Total Income** | **12030.66** | **12342.52** | **23971.52** | **27733.2** |
| **Expenses** |  |  |  |  |
| Manufacturing Cost | 11,961.69 | 11,992.35 | 23,173.53 | 24,576.86 |
| Changes in inventories | -432.31 | -559.14 | -954.97 | 857.16 |
| Employee Benefit Expenses | 72.85 | 85.43 | 122.66 | 161.17 |
| Finance Cost | 110.04 | 198.22 | 372.19 | 421.84 |
| Depreciation and Amortisation | 31.99 | 43.43 | 55.37 | 50.95 |
| Other expenses | 66.48 | 161.38 | 241.78 | 230.32 |
| **Total Expenses** | **11,810.74** | **11,921.67** | **23,010.56** | **26,298.30** |
| **EBITDA**  | **354.01** | **649.84** | **1,235.61** | **1,769.90** |
| **EBITDA Margin**  | **2.94%** | **5.27%** | **5.19%** | **6.41%** |
| **Profit/(Loss) before tax** | **219.92** | **420.85** | **960.96** | **1,434.90** |
| **Tax Expense** |  |  |  |  |
| Current tax | 54.15 | 107.2 | 255.2 | 351.76 |
| Deferred Tax Expenses/(credit)  | 20.69 | -5.24 | -9.2 | 9.37 |
| MAT Credit | -16.79 | -15.05 |  |  |
| **Total Tax** | **58.05** | **86.91** | **246.00** | **361.13** |
| **Profit/(Loss) for the year** | **161.87** | **333.94** | **714.96** | **1,073.77** |
| **Net Profit Margin**  | **1.35%** | **2.71%** | **3.00%** | **3.89%** |

**Statement of Equity, Assets and Liabilities Amt in Lakhs.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **FY 22** | **FY 23** | **FY 24** | **Jan-24** |
| **EQUITY AND LIABILITIES** |  |  |  |  |
| **1. Shareholders’ funds** |  |  |  |  |
| Share Capital  | 420.00 | 420.00 | 420.00 | 420.00 |
| Reserves and Surplus | 755.38 | 1,089.33 | 1,817.24 | 2,891.00 |
| **Total Equity** | **1,175.38** | **1,509.33** | **2,237.24** | **3,311.00** |
| **3. Non-current liabilities** |  |  |  |  |
| Long-term borrowings | 1,552.81 | 1,214.57 | 985.45 | 623.61 |
| Long term Provisions | 15.12 | 18.47 | 22.27 | 27.38 |
| **Total non-current liabilities** | **1,567.93** | **1,233.04** | **1,007.72** | **650.99** |
| **4. Current liabilities** |  |  |  |  |
| Short -term borrowings | 1,463.27 | 2,387.40 | 3,980.57 | 7,079.55 |
| Trade Payables |  |  |  |  |
| Total outstanding dues of micro enterprises & small enterprises | 14.09 | 15.45 | 1.83 |  |
| Total outstanding dues of creditors other than micro enterprises & small enterprises | 17.28 | 7.67 | 21.64 | 14.88 |
| Other Current Liabilities | 86.76 | 317.73 | 658.05 | 904.57 |
| Short term provisions | 98.68 | 145.85 | 308.78 | 372.31 |
| **Total Current liabilities** | **1,680.08** | **2,874.10** | **4,970.87** | **8,371.31** |
| **Total Liabilities** | **3,248.01** | **4,107.14** | **5,978.59** | **9,022.30** |
| **Total Equity and Liabilities** | **4,423.39** | **5,616.47** | **8,215.83** | **12,333.30** |
| **ASSETS** |  |  |  |  |
| **1. Non-current assets** |  |  |  |  |
| Property, Plant & Equipment | 880.48 | 1,017.01 | 927.06 | 1,042.11 |
| Intangible Assets | 0.1 | 0.09 | 49.26 | 111.04 |
| Non-current investments | 10.25 | 10.25 | 10.25 | 10.25 |
| Deferred tax assets (net) | 9.54 | 14.78 | 23.98 | 14.61 |
| Other non-current assets | 19.59 | 41.65 | 48.14 | 55.08 |
| **Total non-current assets** | **919.96** | **1,083.78** | **1,058.69** | **1,233.09** |
| **2. Current assets** |  |  |  |  |
| Inventories | 1,015.66 | 1,928.19 | 2,404.31 | 3,049.64 |
| Trade Receivables | 2,148.35 | 2,270.11 | 3,155.65 | 5,637.41 |
| Cash & Cash equivalents | 2.89 | 8.97 | 27.18 | 3.28 |
| Short-term loans and advances | 138.05 | 93.23 | 12.01 | 153.27 |
| Other Current Assets | 198.48 | 232.19 | 1,557.99 | 2,256.61 |
| **Total Current assets** | **3,503.43** | **4,532.69** | **7,157.14** | **11,100.21** |
| **Total Assets** | **4,423.39** | **5,616.47** | **8,215.83** | **12,333.30** |

**Cash Flow Statement Amt in Lakhs.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **FY 22** | **FY 23** | **FY 24** | **Jan-24** |
| Net Cash Flow from Operating Activities | -1,444.66 | -207.39 | -1,153.37 | -2,271.35 |
| Net Cash Flow from Investing Activities | 3.15 | -190.56 | 128.52 | -112.44 |
| Net Cash Flow from Financing Activities | 1,421.64 | 404.05 | 1,043.02 | 2,359.92 |

**Key Ratios**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Particulars** | **FY 21** | **FY 22** | **FY 23** | **FY24\***  |
| **Per Share Data** |  |  |  |  |
| Diluted EPS | 0.96 | 1.99 | 4.26 | 6.39 |
| BV per share | 6.72 | 8.62 | 12.78 | 18.92 |
| **Operating Ratios**  |  |  |  |  |
| EBITDA Margins | 2.94% | 5.27% | 5.19% | 6.41% |
| PAT Margins | 1.35% | 2.71% | 2.98% | 3.87% |
| Inventory Days | 30.83 | 57.08 | 36.84 | 33.71 |
| Debtor days | 65.22 | 67.20 | 48.36 | 62.31 |
| Creditor Days | 0.96 | 0.70 | 0.39 | 0.16 |
| **Return Ratios**  |  |  |  |  |
| RoCE | 11.74% | 22.11% | 36.37% | 43.39% |
| RoE | 13.77% | 22.13% | 31.96% | 32.43% |
| **Valuation Ratios (x)** |  |  |  |  |
| EV/EBITDA | 11.83 | 7.85 | 5.81 | 6.22 |
| Market Cap / Sales | 2.18 | 2.12 | 1.10 | 0.95 |
| P/E | 114.58 | 55.28 | 25.82 | 17.21 |
| Price to Book Value | 16.38 | 12.75 | 8.60 | 5.81 |
| **Solvency Ratios** |  |  |  |  |  |
| Debt / Equity | 2.57 | 2.39 | 2.22 | 2.33 |
| Current Ratio | 2.09 | 1.58 | 1.44 | 1.33 |
| Quick Ratio | 1.48 | 0.91 | 0.96 | 0.96 |
| Asset Turnover | 2.72 | 2.20 | 2.90 | 2.24 |
| Interest Coverage Ratio | 2.93 | 3.06 | 3.17 | 4.07 |

*\*Annualised*

**LEAD MANAGER TRACK RECORD -**

The lead manager to the issue is Choice Capital Advisors Pvt Ltd. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

**Choice Capital Advisors Pvt Ltd –**

The company has handled 2 mandates in the past three years (including the current year).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sr. No.** | **Company Name** | **Issue Size in Cr.** | **Issue Price/Share (In INR)** | **Listing Date** | **CMP\*****(INR)** |
| 1. | RNFI Services Limited | 70.81 | 105.00 | July 29, 2024 | 171.10 |
| 1. | Ramdevbaba Solvent Limited | 50.27 | 85.00 | April 23, 2024 | 90.35 |
| 2. | Vishnu Prakash R Punglia Limited | 308.88 | 99.00 | September 05, 2023 | 265.00 |

\*CMP for the above-mentioned companies is taken as of 1st August 2024.

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

**Recommendation -**

The company has been in the industry since 2007 and has a decent amount of experience in the industry.

**Strengths:**

* **Revenue Growth:** Company demonstrates consistent revenue growth, from 120 Cr. in FY21 to 275 Cr. In period ended Jan 24 growing at a CAGR of 41%.
* **Consistent increase in all ratios from FY 21 to period ended Jan 24:** EBITDA (from 2.94% to 6.41%), PAT Margins (1.35% to 3.87%), RoCE (11.74% to 43.39%), RoE (13.77% to 32.43%) along with reduced Inventory days and Creditor Days.
* Strong Product Portfolio & Design Focus and Established Distribution.
* Fall in gold prices due to Budget 2024 presents an opportunity in the form of increased Demand.

 **Weaknesses:**

* **Negative Cash Flows:** Experienced negative cash flows in FY21-23 and the period ending Jan 2024, raising financial sustainability concerns.
* **Customer & Product Concentration:** 43% of revenue in Jan 2024 came from top 5 customers; 73.27% of FY24 sales from 18K gold jewellery, increasing vulnerability to market shifts.
* **High Debt-to-Equity Ratio:** At 2.33, indicates relatively high financial leverage, potentially increasing risk although company has good interest coverage ratio of 4.07 times.
* **Increasing Debtor Days:** From 65 to 74 days presents concerns over cashflow management
* The significant difference between the private placement price (₹82.50) and the IPO upper cap price (₹110) raises concerns about potential overvaluation for public investors. (The issuance of new shares through the IPO and private placement will dilute the ownership of existing shareholders, potentially impacting their earnings per share)
* Sudden increase in revenue from FY23 raises questions about sustainability.
* Company operates in highly fragmented market.

**Peer Performance:**

Utssav Cz's outpaces its peers across almost all metrics.

The P/E on a post-IPO is around 17.21 times which makes it slightly over-priced by looking at the performance of the company and sector.

For the above stated reasons and because of lack of clarity regarding certain P&L figures, investors should wait till half year and **AVOID** this IPO for the time being.

**Disclaimer**

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