



I P O R E S E A R C H D E S K

RESEARCH REPORT DATED 31 AUGUST 2026

Priority Jewels Limited

Mainboard IPO — Research Note

ISSUE DATES	28 August – 1 September 2026
PRICE BAND	₹190 – ₹200 per share (FV ₹10)
LOT SIZE	75 shares — ₹15,000 at cap
ISSUE SIZE	₹91.50 Cr — 100% Fresh Issue, Nil OFS
LISTING	BSE & NSE — 4 September 2026 (tentative)

SECTOR Consumer Discretionary — Diamond-studded gold and platinum jewellery manufacturing	FINANCIALS Rev ₹539 Cr (FY26) • PAT ₹17.7 Cr • Rev CAGR 15% • EBITDA margin 6.2%
VALUATIONS 20.4x FY26 P/E (post-issue) • 11.4x EV/EBITDA • 1.5x P/B — premium to a 10.7x peer median	DEMAND Anchor ₹27.45 Cr (30% of issue) • Day 2 21.2x • NII 31x • QIB still 0.57x
GMP ₹38–45 over ₹200 cap (~19–23%) • 31 Aug • indicative only	RECOMMENDATION APPLY (listing gains) 10–18% expected • Second priority

I P O R E S E A R C H D E S K

2. Executive Summary

Priority Jewels manufactures light-weight diamond-studded gold and platinum jewellery out of two Mumbai facilities and sells it to independent jewellers and retail chains — over 200 customers across 21 states and 13 export markets. FY26 revenue was ₹538.95 Cr, EBITDA ₹33.62 Cr and PAT ₹17.65 Cr. Revenue has compounded at 14.6% over two years; profit at 57.1%, because a 4.71% EBITDA margin became 6.24%. These are thin margins in absolute terms and always will be — this is a manufacturing and wholesale model where gold passes through the P&L at close to cost and the value-add sits in design, making charges and diamond content.

The issue is ₹91.50 Cr, all of it fresh, with no offer for sale. ₹75 Cr of it repays working capital borrowings, which takes debt-to-equity from 0.74x to roughly 0.15x on a post-money basis. That is the case in one line. The book has responded — 21.2x overall by Day 2 with retail at 28.7x and NII at 31.4x — on an issue small enough that the scarcity itself is part of the demand. Grey market has run from ₹15 on 24 August to ₹45 on 29 August and settled around ₹38–45.

Where we differ from the marketing is on price. The 13.9x P/E being quoted is arrived at by annualising a single June quarter. On audited FY26 earnings the issue comes at 20.4x post-issue — roughly double the listed peer median. The deal still works for the listing window, on a small float and a hot book. It does not work as a value story, and we would not confuse the two.

Recommendation	Listing-Day View	Momentum View (T+2 to T+5)
APPLY (listing gains) Second priority	10–18% listing gain expected. bHNI ticket: 5,025 shares (67 lots) at ₹200 — ₹10,05,000 per PAN. Where capital is constrained, step down to the sHNI ticket of 1,050 shares (14 lots) — ₹2,10,000.	Thin. Exit on the listing print unless the tape is clearly bid

Data as of 31 August 2026 (Day 2 of 3). The issue closes 1 September 2026 — final subscription will differ.

3. Company Overview & Business Model

The product is affordable diamond jewellery — rings, earrings, pendants, neckwear and bracelets in the daily-wear category, plus occasion pieces and lab-grown diamond jewellery on custom order. The positioning word that matters is light-weight: less gold per piece, more design and diamond content per rupee of selling price. That is a deliberate margin choice in a category where the alternative is heavy gold at wafer-thin markups.

Priority Jewels is a business-to-business manufacturer, not a retailer. It sells to 125 independent jewellers and 53 jewellery chains rather than to consumers, which means it carries none of the store rollout capex that dominates the listed jewellery names — and none of the pricing power that comes with a consumer brand either. Revenue is order-driven with no long-term customer contracts, so the book is rebuilt every season. The manufacturing chain runs end to end in-house: design and rapid prototyping, model and mould making, waxing, casting, sprue grinding, filing, polishing, stone setting, rhodium plating and quality control, across two facilities in Mumbai.

The economics follow from that. Raw material is the overwhelming cost line — gold, platinum and diamonds — and the company holds no long-term supply agreements, sourcing 59.40% of raw materials from its top ten suppliers with the top three at 34.85%. Between input concentration on one side and no contracted revenue on the other, this is a business that lives on working capital and relationships rather than on locked-in economics.

Promoters are Shailesh Sangani and family, holding 93.85% pre-issue across six entities, diluting to roughly 74%. Weighted average acquisition cost over three years is ₹13.12 per share against a ₹200 issue price — but with nil OFS none of that gap is being realised here, which is the relevant point. Over the last twelve months the weighted average is ₹190, reflecting a pre-IPO placement done at ₹190 against an issue price of ₹200.

What breaks this model: gold. Margins of 6.24% at the EBITDA line leave very little room between a metal price move and an inventory loss, and with no long-term supply agreements or contracted offtake the company absorbs both ends of that swing.

4. Market Position & Client Base

Positioning is mid-market wholesale manufacturing. Priority Jewels is not competing with Kalyan or Senco for the consumer — it supplies the jewellers who do. Its competitive claim is design throughput and turnaround at the affordable end, backed by in-house rapid prototyping, rather than scale or brand. That is a workable position, and the customer count backs it: 200-plus buyers, split between 125 independent jewellers and 53 chains, reaching 21 states and three union territories domestically and 13 countries by export.

Concentration is the part that needs watching, and it moves around.

Revenue Concentration	FY2024	FY2025	FY2026	Q1 (Jun-26)
Top 5 customers	41.66%	39.56%	30.12%	33.36%
Top 10 customers	57.72%	52.95%	47.92%	53.19%

Source: Red Herring Prospectus dated August 2026, as summarised in the abridged prospectus.

The three-year direction is genuinely improving — top ten fell from 57.72% to 47.92% across FY24 to FY26 as the customer base broadened. Then the June quarter took it back to 53.19%. A single quarter is not a trend, and quarterly concentration in a seasonal, order-driven business is noisy by construction. But it is the most recent data point, it sits above the 50% line, and it happens to be the same quarter whose annualised profit is being used to justify the headline valuation. We would not treat FY26's 47.92% as the settled level.

The deeper issue is contractual rather than numerical: there are no long-term customer agreements at all. Every rupee of this revenue is repeat business earned on service and design rather than committed by contract. In a wholesale category with low switching costs and dozens of comparable Mumbai manufacturers, that is a structurally weaker book than the customer count suggests. The moat is relationships and turnaround time, which are real but not defensible in the way a contract is.

5. Geographic Distribution & Revenue Model

Revenue Split	FY2024	FY2025	FY2026	Q1 (Jun-26)
Domestic (₹ Cr)	236.74	276.91	274.15	74.01
Domestic (%)	57.67%	63.59%	50.87%	50.44%
Export (₹ Cr)	173.77	158.58	264.80	72.72
Export (%)	42.33%	36.41%	49.13%	49.56%

Source: Red Herring Prospectus dated August 2026. Converted from ₹ million as filed.

Read the FY26 column carefully. Total revenue grew ₹103 Cr year on year and effectively all of it came from exports, which went from ₹158.58 Cr to ₹264.80 Cr. Domestic revenue actually fell slightly, from ₹276.91 Cr to ₹274.15 Cr. So the growth story that underpins this issue — 24% revenue growth, 68% profit growth — is an export story, and the domestic book was flat.

That matters for two reasons. Exports are 40.65% concentrated in a single jurisdiction, so the growth engine sits on one country's demand and one country's trade policy. And an export mix that swung from 36.41% to 49.13% in twelve months is not a mix that has settled — it is a book that moved sharply toward whoever was buying. Domestically, 58.19% of sales come from Maharashtra, which for a company manufacturing in Mumbai and selling to jewellers nationally reads as a home-market business with a national footprint rather than a national business.

The revenue model itself carries no annuity. Orders are placed seasonally, delivered, and repeated on merit. Payment terms sit in the receivables and inventory cycle that dominates this sector's balance sheets, which is precisely why ₹75 Cr of the issue is going to repay working capital borrowings rather than to build anything.

6. IPO Structure & Use of Proceeds

Issue Structure

Particulars	Amount (₹ Cr)	% of Total
Fresh Issue	91.50	100.0%
Offer for Sale (OFS)	Nil	0.0%
Total Issue Size	91.50	100.0%

45,75,000 equity shares of face value ₹10 each at the ₹200 cap price. Post-issue market capitalisation ₹360 Cr.

Use of Proceeds

Objective	Amount (₹ Cr)	% of Fresh Issue
Repayment / pre-payment of working capital borrowings	75.00	82.0%
General corporate purposes and issue expenses	16.50	18.0%
Total	91.50	100.0%

General corporate purposes capped at 25% of gross proceeds per SEBI ICDR.

OFS is nil — the promoters, at a three-year weighted average cost of ₹13.12 per share against a ₹200 issue price, are selling nothing. On our OFS screen that is the strongest reading available.

On the use of proceeds we are more measured than the deleveraging headline suggests. ₹75 Cr repays a working capital line, not term debt against an asset — and inventory and receivables will still need funding after 1 September. Equity is being substituted for a credit line in a business whose growth consumes that line. Gearing falls to roughly 0.15x on allotment day; whether it stays there depends on how fast the book grows. A balance sheet reset, not a permanent deleveraging.

Allocation and Book Structure

Category	Shares	% of Issue	Notes
QIB (incl. anchor)	22,87,500	50%	Anchor 13,72,500 shares — 60% of the QIB book
Non-Institutional (NII)	6,86,250	15%	bHNI 2/3 (>₹10L) · sHNI 1/3 (₹2–10L)
Retail (RII)	16,01,250	35%	21,350 lots — minimum bid 75 shares, ₹15,000
Total	45,75,000	100%	₹91.50 Cr at cap

Anchor allocation was ₹27.45 Cr — 30% of the issue and 60% of the QIB portion, leaving about ₹18 Cr of residual institutional paper. Mefcom Capital Markets is sole BRLM; registrar MUFG Intime India. Both are backtested in Section 9.

7. Financial Performance Analysis

Profit & Loss

Particulars (₹ Cr)	FY2024	FY2025	FY2026	Q1 (Jun-26)	CAGR / Δ
Revenue from Operations	410.51	435.50	538.95	146.73	14.6%
EBITDA	19.35	24.28	33.62	10.29	31.8%
EBITDA Margin (%)	4.71%	5.58%	6.24%	7.01%	+153 bps
Profit After Tax	7.15	10.51	17.65	6.48	57.1%
PAT Margin (%)	1.74%	2.41%	3.27%	4.42%	+153 bps

Restated figures per the RHP, converted from ₹ million. CAGR computed FY24–FY26. Reported EPS is not comparable across years because of pre-issue capital restructuring, and is therefore excluded.

Balance Sheet & Cash Flow

Particulars (₹ Cr)	FY2024	FY2025	FY2026	Q1 (Jun-26)
Net Worth	94.78	104.89	138.61	145.66
Total Borrowings	124.96	145.85	102.59	110.49
Debt / Equity	1.32x	1.39x	0.74x	0.76x
Cash Flow from Operations	(1.82)	2.51	17.69	(6.10)
CFO / PAT	n.m.	0.24x	1.00x	n.m.
Return on Equity	—	—	14.49%	4.55%
Return on Capital Employed	—	—	25.36%	6.92%

Q1 figures are for the three months ended 30 June 2026 and are not annualised. Q1 return ratios are quarterly, not comparable to full-year figures.

Two things have gone right. Margins have widened every year — 4.71% to 5.58% to 6.24% at the EBITDA line — which on a ₹539 Cr revenue base is what turned ₹7.15 Cr of profit into ₹17.65 Cr. And the balance sheet has genuinely improved ahead of the issue: borrowings came down from ₹145.85 Cr to ₹102.59 Cr in FY26 while net worth rose from ₹104.89 Cr to ₹138.61 Cr, taking gearing from 1.39x to 0.74x.

Note how the net worth got there. Profit for the year was ₹17.65 Cr; net worth rose ₹33.72 Cr. The difference is the pre-IPO placement done at ₹190 per share, which is also why 6.15% of the company already sits with non-promoters going into the listing. The RHP flags in its own risk factors that these shares were issued below the eventual issue price. At ₹190 against ₹200 the gap is 5% — not a governance problem, but it does mean a block of stock exists at a cost basis just under the IPO price.

Cash conversion is the line to sit with. Operating cash flow was negative ₹1.82 Cr in FY24, ₹2.51 Cr in FY25 against ₹10.51 Cr of profit — 0.24x — and ₹17.69 Cr in FY26 against ₹17.65 Cr, a clean 1.0x. The June quarter then went back to negative ₹6.10 Cr. Normal for the sector, where growth is funded by inventory and receivables before it is collected — and the reason the ₹75 Cr is maintenance, not a windfall.

The forward question is whether 6.24% is a margin that holds. It has been built on export mix, which carries better realisations than domestic wholesale, and export mix moved thirteen points in a single year. If it moves back, so does the margin — and at these absolute levels a 100 basis point swing is a third of the profit.

8. Valuation

Company	P/E	P/B	RoE %	OPM %	Rev Growth
Priority Jewels (at ₹200, FY26)	20.4x	1.5x	14.5%	6.2%	14.6% (2Y)
Priority Jewels (annualised Q1)	13.9x	1.5x	—	7.0%	—
Khazanchi Jewellers	22.2x	—	—	—	—
RBZ Jewellers	10.7x	2.0x	20.1%	14.0%	30% (3Y)
Ashapuri Gold Ornament	7.0x	—	—	—	—
Peer median	10.7x	2.0x	20.1%	14.0%	30%

Priority Jewels on post-issue share count of 1,80,00,000 and post-money book value; market cap ₹360 Cr at the ₹200 cap. Peer P/E as cited in the RHP comparison; RBZ metrics from market data as of 31 August 2026. Dashes indicate figures not uniformly available across the peer set.

This is the section where the marketing and the arithmetic part company, so it is worth being precise. On audited FY26 profit of ₹17.65 Cr and a post-issue count of 1.80 crore shares, earnings per share are ₹9.81 and the issue is priced at 20.4x. Anand Rathi, publishing on the same issue, puts it at 20.5x. The 13.9x number circulating in the summary tables is arrived at by taking the June quarter's ₹6.48 Cr, multiplying by four, and dividing into ₹200. One quarter, annualised, in a seasonal business.

A 13.9x multiple built by annualising a single June quarter is not a valuation — it is an extrapolation. The audited number is 20.4x, which is roughly double the listed peer median. Investors should know which of the two they are underwriting.

Against the peer set, 20.4x is expensive. RBZ Jewellers trades at 10.7x with a 20.1% return on equity, a 14% operating margin and 30% three-year revenue growth — better on every operating measure than Priority Jewels, at half the multiple. Ashapuri is at 7.0x. Only Khazanchi, at 22.2x, sits above. The issue is being priced at the top of a category that the market has consistently declined to re-rate, and the operating metrics do not support the premium: 6.24% operating margin against RBZ's 14%, 14.49% return on equity against 20.1%.

On EV/EBITDA the picture is more forgiving — roughly 11.4x on FY26, falling toward 9x if the June quarter run-rate holds, helped by the debt repayment taking net debt down to about ₹35 Cr post-issue. Price to book at 1.5x post-money is undemanding in absolute terms and below RBZ's 2.0x. So there is a defensible frame here — it just is not the earnings multiple.

Our read: this is priced for the listing, not for value. There is no multiple re-rating argument to make at 20.4x in a category trading at 10.7x, and we are not making one. The reason to be in this is a ₹92 Cr float, a 21x book and a live grey market — all of which are Section 9 arguments, not Section 8 arguments.

9. Demand, Application Breakup, Anchor Quality & BRLM Track Record

9.1 Subscription Trajectory

Category	Day 1 — 28 Aug	Day 2 — 31 Aug	Day 3 — 1 Sep
QIB (ex-anchor)	0.44x	0.57x	Open
NII — bHNI (>₹10L)	—	18.63x	Open
NII — sHNI (₹2-10L)	—	32.43x	Open
NII — total	1.24x	31.37x	Open
Retail (RII)	3.07x	28.68x	Open
Overall	1.93x	21.23x	Open

Day 1 as at 17:50 on 28 August. Day 2 overall, QIB, NII and retail figures as reported on the afternoon of 31 August (6,79,75,050 shares bid against 32,02,500 on offer); the bHNI and sHNI split is the 12:42 snapshot the same day, when the overall book stood at 16.92x. The issue closes 1 September — these are not final numbers.

Retail at 28.68x is the standout. On a ₹92 Cr issue with only 21,350 retail lots available, that is a very heavy retail book relative to the paper on offer, and it is the clearest signal in this issue: the small-ticket bid has decided it wants the stock. NII followed hard, from 1.24x to 31.37x in one session. QIB at 0.57x is unresolved, though with anchors holding 60% of the QIB portion there is only about ₹18 Cr left to fill.

9.2 Application-Wise Breakup and Allotment Math

Category	Shares on Offer	Lots on Offer	Subscription (Day 2)	Minimum Application
QIB (ex-anchor)	9,15,000	—	0.57x	—
Retail (RII)	16,01,250	21,350	28.68x	75 sh — ₹15,000
NII — sHNI (₹2-10L)	2,28,750	3,050	32.43x	1,050 sh — ₹2,10,000
NII — bHNI (>₹10L)	4,57,500	6,100	18.63x	5,025 sh — ₹10,05,000
Overall	32,02,500	—	21.23x	—

Subscription multiples as at 31 August 2026; the bHNI and sHNI split is the 12:42 snapshot. Approximate and indicative — exact application counts are confirmed only at the basis of allotment.

The bHNI reservation is 4,57,500 shares — 6,100 lots. The qualifying application is 67 lots: 5,025 shares, ₹10,05,000 at the ₹200 cap. The sHNI ticket is 14 lots: 1,050 shares, ₹2,10,000.

The practical point for this desk is capital sequencing rather than allotment mechanics. This issue closes on the same day as a larger one, and the desk's first call on capital sits there. Where a client's funds are fully committed, the sHNI ticket at ₹2,10,000 keeps them in this book at a fifth of the bHNI commitment. That is the intended use of the smaller bucket here — a way to participate without displacing the primary allocation, not a view that sHNI allotment is superior. It is not: sHNI is running at 32.43x against bHNI's 18.63x.

9.3 Grey Market Premium

Date	GMP (₹)	Implied Premium	Implied Listing
24 August	15	7.5%	₹215
25 August	28	14.0%	₹228
26 August	30	15.0%	₹230
27 August	20	10.0%	₹220
28 August	37	18.5%	₹237
29 August	45	22.5%	₹245
31 August	38–45	19–22.5%	₹238–245

Grey market quotes as reported by public trackers. Premium computed against the ₹200 cap price.

The trajectory is the useful part: ₹15 to ₹45 in five sessions, with a dip to ₹20 on 27 August before the book opened. A premium that triples in a week on an issue this small is being set on very little volume, and the ₹38–45 spread quoted on 31 August tells you the same thing — there is no tight two-way market here, only a range. Treat it as a temperature reading on a thin market, not a price. It is unregulated, quote-driven, carries no settlement obligation, and nobody is bound to trade at it.

9.4 Anchor Quality — 7-Year Backtest

Anchor Investor	₹ Cr	% Book	Prior Issues	Avg Listing Gain	Avg P/E Bought	Last Active
WhiteOak Capital MF	8.65	31.5%	64	18.8%	62.5x	2024
Sanshi Fund-I	8.65	31.5%	14	3.5%	33.1x	2021
Plutus Investment Trust	5.07	18.5%	1	12.1%	19.5x	2021
Khandelwal Finance	5.07	18.5%	2	–3.5%	43.9x	2021
Allocation-weighted	27.45	100%	81	8.6%	41.8x	—

Backtested against the desk's proprietary base of 688 mainboard anchor investors across 2020–2026. Weighted averages computed on rupee allocation.

Four anchors, ₹27.45 Cr. This is a small book on a small issue, and one name carries it.

WhiteOak Capital Mutual Fund is the credible participant: 64 prior mainboard anchor positions in our base, ₹1,368.8 Cr deployed, an 18.8% average listing gain, and still active — five participations in 2024 averaging 26.1%. A live institutional name taking 31.5% of a ₹27 Cr book is a genuine tick, and it is the strongest single fact in this section.

The other three do not carry the same weight. Sanshi Fund-I has 14 prior issues at a 3.5% average listing gain and has not anchored a mainboard issue since 2021. Plutus has exactly one prior participation, in 2021. Khandelwal Finance has two, both in 2021, averaging –3.5% on listing. That is 68.5% of the anchor book held by names that have been absent from the mainboard for roughly five years. Allocation-weighted across all four, this book's historical listing gain is 8.6% — well under the 19–23% the grey market is quoting.

One live institutional name and three dormant ones is not an institutional endorsement — it is an anchor book that got filled. On a ₹92 Cr issue that is unremarkable and not disqualifying, but it should not be read as the same signal a marquee book on a large issue would send.

One point in the issue's favour: allocation-weighted, these anchors have historically bought at an average 41.8x P/E. This issue is at 20.4x on FY26 earnings. Cheap relative to their habit, if not relative to its peers.

9.5 BRLM Track Record — 7-Year Backtest

Book Running Lead Manager	IPOs (7Y)	Positive Listings	Hit Rate	Avg Listing Gain	Activity Since 2021
Mefcom Capital Markets (sole BRLM)	1	1	100%	33.0%	None

Backtested against the desk's proprietary base of 77 book running lead managers across 2020–2026.

There is no track record here to speak of, and the 100% hit rate is the least informative number in this report. Mefcom Capital Markets appears once in our seven-year base — a single mainboard issue in 2020, which listed up 33.0%. Nothing since. One data point is not a hit rate; it is an anecdote with a percentage sign attached, and we would not weight it in either direction.

What does carry weight is the structure: a sole book running lead manager with no recent mainboard activity, on an issue where 30% of the paper was placed with four anchors of whom three have been dormant since 2021. Read together, that is a book assembled with limited institutional reach. It is also, to be fair, a ₹91.5 Cr issue — the distribution requirement is modest, and the retail bid at 28.68x says the paper found buyers regardless. The banker's profile is a reason to size this as a second-priority position, not a reason to skip it.

Strong anchor participation and a good BRLM track record reduce listing risk; they do not eliminate it.

10. Risk Factors

⚠️ [PRIMARY CONCERN] The 13.9x P/E is annualised off a single quarter.

The valuation being circulated on this issue — 13.9x — takes the ₹6.48 Cr profit of the June 2026 quarter, multiplies it by four, and divides it into ₹200. On audited FY26 earnings of ₹17.65 Cr and a post-issue count of 1.80 crore shares, the multiple is 20.4x, which independent sell-side coverage on the same issue corroborates at 20.5x. The listed peer median is 10.7x, and the closest comparable, RBZ Jewellers, trades at 10.7x with a higher return on equity, a wider operating margin and faster growth. Jewellery is a seasonal business and a June quarter is not a proxy for a year. Anyone underwriting this as a cheap issue is underwriting the extrapolation, not the accounts.

1. **⚠️ Listing volatility.** Small-float mainboard issues with heavy retail books are among the most volatile on listing day, in both directions. The float here is ₹91.5 Cr, retail is subscribed 28.68x, and the grey market has moved from ₹15 to ₹45 in five sessions on thin volume. A weak open, a broad-market gap-down on 4 September, or a modest institutional close on the final day can undo the setup regardless of how the book looked. We do not consider this a risk-free recommendation.
2. **⚠️ Thin margins against a volatile input.** EBITDA margin is 6.24% and PAT margin 3.27%. Raw material — gold, platinum, diamonds — is the dominant cost line, there are no long-term supply agreements, and the top three suppliers account for 34.85% of sourcing. At these margin levels an adverse metal price move between order and delivery translates directly into an inventory loss. A 100 basis point margin swing is roughly a third of net profit.
3. **⚠️ All FY26 growth came from exports, concentrated in one country.** Revenue grew ₹103 Cr in FY26; export revenue grew ₹106 Cr while domestic revenue fell marginally. Export mix moved from 36.41% to 49.13% in a single year, and 40.65% of export revenue comes from one jurisdiction. The growth that justifies this issue's multiple rests on a single overseas market's demand and trade policy, and the domestic book — half the business — was flat.
4. **No long-term customer contracts.** Revenue is entirely order-driven with no committed offtake. Top ten customers were 47.92% of FY26 revenue but 53.19% in the June quarter — back above the 50% line, and in the same quarter whose annualised profit anchors the headline valuation. In a wholesale category with low switching costs and many comparable Mumbai manufacturers, a 200-customer count describes reach, not security.
5. **Proceeds repay a working capital line, not a permanent liability.** ₹75 Cr of ₹91.5 Cr repays working capital borrowings. Gearing falls from 0.74x to roughly 0.15x on allotment day. But inventory and receivables in a growing jewellery manufacturing book still need funding, so the line will rebuild as the business grows. This is a balance sheet reset rather than structural deleveraging, and it should not be modelled as a permanent interest cost saving.
6. **Cash conversion has been weak outside FY26.** Operating cash flow was negative ₹1.82 Cr in FY24, ₹2.51 Cr in FY25 against ₹10.51 Cr of profit, and negative ₹6.10 Cr in the June 2026 quarter.

FY26's clean 1.0x conversion is the exception in the series, not the rule. Reported profit in this business precedes cash by several quarters.

7. **Sole lead manager with effectively no recent mainboard record.** Mefcom Capital Markets appears once in our seven-year base of 77 book running lead managers — a single 2020 issue — with nothing since. There is no co-lead. On distribution reach and price discovery this is the thinnest banking line-up we have backtested on a mainboard issue this year.
8. **The anchor book is one live name and three dormant ones.** WhiteOak Capital Mutual Fund is a credible participant at 31.5% of the book. Sanshi, Plutus and Khandelwal Finance — 68.5% between them — have not anchored a mainboard issue since 2021, and Khandelwal's two prior participations averaged -3.5% on listing. Allocation-weighted, this book's own history implies an 8.6% listing gain.
9. **Pre-IPO placement at ₹190 and geographic concentration.** A pre-IPO placement was completed at ₹190 against a ₹200 issue price, leaving 6.15% of the company with non-promoters at a cost basis 5% below the issue — the RHP flags this in its own risk factors. Separately, 58.19% of domestic revenue comes from Maharashtra and both manufacturing facilities are in Mumbai, so operations and the home market share a single regional exposure.
10. **QIB demand unresolved at the time of writing.** The QIB book stood at 0.57x through Day 2. Only about ₹18 Cr of residual institutional paper remains after the anchor allocation, so it will likely fill — but as of writing, the entire demand case is retail and HNI. On a small float those are also the listing-day sellers.

11. Investment Strengths & Positive Indicators

1. **Nil offer for sale.** The entire ₹91.5 Cr is fresh. Promoters holding 93.85% at a three-year weighted average cost of ₹13.12 per share are selling nothing into a ₹200 issue. On our OFS screen that is the strongest possible reading, and on an issue with this many other question marks it is the fact that carries the most weight.
2. **Real, if reversible, deleveraging.** ₹75 Cr of proceeds takes borrowings from ₹110.49 Cr to roughly ₹35 Cr and gearing from 0.76x to about 0.15x. Interest cost falls immediately, which on a 3.27% net margin is a meaningful contribution to FY27 profit even before any operating improvement.
3. **Margin expansion has been consistent.** EBITDA margin widened in each of the last three years — 4.71%, 5.58%, 6.24% — and the June quarter came in at 7.01%. In a category where margins are usually flat and thin, three consecutive years of expansion is the most convincing operating fact in the accounts.
4. **Capital efficiency is good for the sector.** Return on capital employed of 25.36% in FY26 on a working-capital-heavy manufacturing model is a strong number, and it improves further once the debt is repaid and the capital base is reset.
5. **Customer base has broadened over three years.** Top ten customer dependence fell from 57.72% in FY24 to 47.92% in FY26 as the book widened to 200-plus buyers across 21 states and 13 export markets. The June quarter reversed some of that, but the multi-year direction is the right one.
6. **Small float and a heavy retail bid.** ₹91.5 Cr is a small issue, and retail was subscribed 28.68x against only 21,350 lots by Day 2. Scarcity of paper against a demonstrated small-ticket bid is the single most reliable driver of a listing-day premium, and it is the principal reason we are applying.
7. **A live institutional anchor.** WhiteOak Capital Mutual Fund — 64 prior mainboard anchor positions, ₹1,368.8 Cr deployed, 18.8% average listing gain and still active in 2024 — took 31.5% of the anchor book. On a book this small, one genuine institutional name is worth more than the headline rupee number.
8. **Priced below its own anchors' habitual band.** Allocation-weighted, this anchor group has historically bought mainboard issues at 41.8x P/E. At 20.4x on FY26 earnings, they are not stretching for this one — a different signal from the peer comparison, and a more favourable one.

12. Final Recommendation & Conclusion

R E C O M M E N D A T I O N

APPLY (listing gains)

Second priority · 10–18% expected on listing

Take the five pillars in order. Financial quality: revenue compounding at 14.6% and profit at 57.1%, margins widening three years running, gearing down to 0.74x before the issue and about 0.15x after — with cash conversion that only worked properly in FY26 and turned negative again in the June quarter. Valuation: 20.4x on audited FY26 earnings against a 10.7x peer median, which is expensive, and not the 13.9x being quoted. OFS: nil, the best possible reading. Demand: 21.2x overall by Day 2, retail at 28.68x on 21,350 lots, QIB still to arrive. GMP: ₹38–45, roughly 19–23%, having tripled in five sessions on a thin market.

Our listing-day view is 10–18%. That sits below the grey market deliberately. This issue's own anchor book carries an allocation-weighted history of 8.6%, the sole banker has one mainboard issue in seven years, and the valuation gives the stock nothing to lean on if the listing print is soft. What it does have is a ₹91.5 Cr float, an emphatic retail bid, and no selling shareholder — and on small issues that combination has been the reliable driver of a listing premium, not the anchor pedigree or the multiple.

Execution. This is the second priority call for the closing window; the desk's first claim on capital sits elsewhere on the same date. Where funds allow, apply the bHNI ticket — 5,025 shares, 67 lots, ₹10,05,000 per PAN at the ₹200 cap. Where capital is already committed to the primary allocation, step down to the sHNI ticket of 1,050 shares, 14 lots, ₹2,10,000 rather than skipping the issue. Take the listing print on 4 September. The momentum case here is thin — a small float that has run 21x cuts both ways once the lock on retail allotment releases — so hold beyond the listing day only on a clearly bid tape, and to T+5 at the outside. There is no long-term view here and this desk does not carry one.

Apply for the float and the book, not for the price. At 20.4x against a 10.7x peer set, this issue has no valuation cushion underneath it — the listing print has to do all the work.

Category-Wise Guidance

Investor Category	Guidance	Allocation Approach	Exit Window
BHNI	APPLY (listing gains) 10–18% expected Second priority	bHNI ticket 5,025 shares (67 lots) at ₹200 — ₹10,05,000 per PAN. Where capital is committed to the primary allocation closing the same day, step down to the sHNI ticket of 1,050 shares (14 lots) — ₹2,10,000 — rather than skipping the issue.	Listing day. T+5 at the outside, only on a clearly bid tape

IPO Research Desk operates a BHNI-only mandate covering the listing print and the immediate momentum window. No long-term or post-listing accumulation view is issued.

13. Standard Disclaimer

The analysis presented herein is based on publicly available information and data as of the date of publication. Investors should conduct their own due diligence before making investment decisions. Past performance is not indicative of future results. The author does not guarantee the accuracy, completeness, or timeliness of the information provided. Investment in IPOs and equity markets involves substantial risk, including the risk of loss of principal. Market conditions, company performance, regulatory changes, and macroeconomic factors can significantly impact investment outcomes.

Past performance is not indicative of future returns.