



IPO Note

AJC Jewel Manufacturers Limited

Recommendation: **AVOID!**

Company Background –

- **Incorporation:** Pheonix Gold Castings Private Limited was originally incorporated on Mar 23, 2018. The company name was changed to AJC Jewel Manufacturers Limited. The registered office is located at Ernad, Kerala.
- **Business Activity:** The company is engaged in manufacturing and designing of wholesale Gold Jewellerys.
- **Revenue Stream:** The company generates majority of its revenue from Plain Gold and Studded Gold.
- **Human Resource:** The company had 67 permanent employees as of Feb 28, 2025.

Objects of the Issue –

1. Funding of capital expenditure requirements for purchase of new equipment
2. Repayment/prepayment of all or certain of borrowings availed by the company
3. General corporate purposes

Promoters Name –

Mr. Ashraf P, Mr. Kunhimohamed P and Ms. Fathima Jasna Kottekatu

Rationale for recommendation –

AJC Jewel Manufacturers Limited, incorporated in March 2018, has a moderate operating history and exhibits weak managerial depth, with observations over limited experience of key personnel and dual chairmanship. The IPO is highly priced at a post-issue P/E of **23.37x**. Operating in a highly fragmented industry with declining capacity utilization (74% in FY22 to 59% in Dec-24), the company faces scalability and efficiency challenges. Additionally, high supplier concentration and low EBITDA and PAT margins raise concerns on long-term margins improvement. Hence, we recommend to **AVOID** the IPO.

IPO Details

Opening Date	Jun 23, 2025
Closing Date	Jun 26, 2025
Allotment Date	Jun 27, 2025
Listing Date	Jul 01, 2025
Stock Exchange	BSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹90 - ₹95
Issue Size	15.39 Cr.
Fresh Issue	15.39 Cr.
Offer for Sale	-
Application Amt	₹ 2,28,000 (2,400 shares)

INDUSTRY – Gold Jewellery Manufacturing Avg. PE ratio as per RHP – 18.58

	KPIs (In Lakhs)			
KPI's	FY 22	FY 23	FY 24	Dec-24*
Revenue	12,739.10	19,418.14	24,588.99	23,297.24
EBITDA	213.97	394.08	539.65	484.54
Net Profit	126.19	203.89	331.96	246.64
RoCE	40.26%	42.18%	37.38%	14.36%
ROE	24.84%	28.64%	27.56%	8.25%
P/E	21.40	13.25	11.53	23.37

*Annualized

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
76.84%	57.65%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	8.24	4.06
BVPS	27.08	49.27
P/E	11.53	23.37
P/BV	3.51	1.93
Mkt Cap (In Cr)	42.26	57.65

*Annualized

Lead Manager –

Smart Horizon Capital Advisors Private Limited

Registrar –

Bigshare Services Private Limited

Business Overview –

AJC Jewel Manufacturers Limited is primarily engaged in the business of manufacturing and designing the wide range of wholesale Gold Jewellery which includes plain gold, studded and named jewellery available in 22karat and 18karat. The company manufactures finished gold jewellery from the raw gold i.e. bullions and required consumables and sell it to dealers, showrooms, corporates and small jewellery shops in the wholesale quantities. The company has an equipped gold jewellery manufacturing facility situated at Inkel Greens Edu City, Malappuram with each processing machines and equipment having capability to design as well as manufacture gold jewellery under one roof.

Company's products -

Products	Description
Plain Gold	Jewellery made of pure gold with no studded stones or metals mounted on it
Studded Gold Jewellery	Jewellery studded with coloured stones
Named Gold	Jewellery that can be personalized and engraved with a name, such as a name necklace or name bracelet
22 karat Gold	Alloy that contains 91.67% pure gold and 8.33% other metals, such as copper, silver, nickel or zinc
18 karat Gold	Gold alloy that is 75% pure gold and 25% other metals, such as silver, copper or nickel

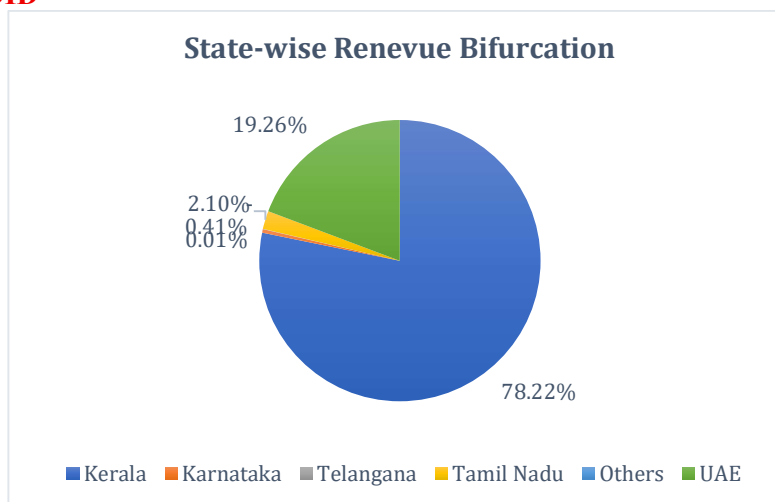
Manufacturing Unit –**Capacity Utilization of the Company -**

Particulars	FY22	FY23	FY24	Dec-24
Installed Capacity in Kilogram per Annum	350 Kg	600 Kg	700 Kg	525 Kg
Actual Capacity in Kilogram per Annum	260 Kg	330 Kg	440 Kg	310 Kg
% of Utilization Rate	74%	55%	63%	59%

Geographic-wise Revenue Bifurcation -

(Amt. in Lakhs)

Particulars	FY22		FY23		FY24		Dec-24	
	Amt	%	Amt	%	Amt	%	Amt	%
Domestic	12,739.10	100.00%	19,418.14	100.00%	15,912.27	64.71%	14,133.02	80.74%
Exports	-	-	-	-	8,676.72	35.29%	3,371.74	19.26%
Total	12,739.10	100%	19,418.14	100%	24,588.99	100%	17,504.76	100%

**B2B and B2C Revenue Bifurcation -**

(Amt. in Lakhs)

Particulars	FY22		FY23		FY24		Dec-24	
	Amt	%	Amt	%	Amt	%	Amt	%
B2B	12,653.24	99.33%	19,244.57	99.11%	24,244.01	98.60%	17,424.59	99.54%
B2C	85.86	0.67%	173.57	0.89%	344.98	1.40%	80.17	0.46%
Total	12,739.10	100%	19,418.14	100%	24,588.99	100%	17,504.76	100%

Product-wise Revenue Bifurcation -

(Amt. in Lakhs)

Particulars	FY22		FY23		FY24		Dec-24	
	Amt	%	Amt	%	Amt	%	Amt	%
Plain Gold	6,718.95	52.74%	11,075.57	57.04%	13,120.87	53.36%	5,856.80	33.46%
Studded Gold	5,869.00	46.07%	6,604.68	34.01%	9,081.40	36.93%	7,372.28	42.12%
Named Jewellery	-	-	1,463.41	7.54%	1,931.28	7.85%	1,109.47	6.34%
Others	151.15	1.19%	274.48	1.41%	455.44	1.85%	3,166.21	18.09%
Total	12,739.10	100%	19,418.14	100%	24,588.99	100%	17,504.76	100%

Sub-product-wise Revenue Bifurcation -

(Amt. in Lakhs)

Particulars	FY22		FY23		FY24		Dec-24	
	Amt	%	Amt	%	Amt	%	Amt	%
Bangle	1,023.72	8.04%	1,148.90	5.92%	1,289.14	5.24%	922.16	5.27%
Bracelet	2,229.95	17.50%	3,017.79	15.54%	5,128.34	20.86%	2,588.76	14.79%
Earrings	1,121.47	8.80%	2,689.43	13.85%	1,933.30	7.86%	1,464.88	8.37%
Pendant	2,290.27	17.98%	3,136.23	16.15%	3,300.82	13.42%	2,057.56	11.75%
Ring	5,189.06	40.73%	6,882.02	35.44%	8,956.56	36.43%	5,408.06	30.89%
Others	884.63	6.94%	2,543.77	13.10%	3,980.83	16.19%	5,063.34	28.93%
Total	12,739.10	100%	19,418.14	100%	24,588.99	100%	17,504.76	100%

Competition -

- Market Competition:** The industry is highly competitive and the key factors of competition are quality, purity, design innovation, pricing etc.
- Geographic Competition:** The company faces competition from domestic and multinational gold jewellery designers and manufacturers in India and outside India.
- Barriers to entry:** Low barriers to entry.
- Threat of Substitutes:** High threat of substitutes.
- Bargaining Power of Buyers:** The bargaining power is high with the customers.
- Bargaining Power of Suppliers:** The bargaining power is low with the suppliers.

Business Strategies -

1. The company is strategically investing in advanced automated equipment such as 3D printer, Wax Injector, Casting Machine, Investment Mixer etc., to enhance operational efficiency and scale up manufacturing capacity. Additionally, the company aims to pursue new ventures, acquisitions, and strategic alliances to drive sustainable growth and value creation.
2. The company continuously plans to expand jewellery portfolio by incorporating innovative in-house and exhibition-sourced designs, aligned with evolving market trends.
3. The company is enhancing operational efficiency through continuous process improvements, technology upgrades, workforce upskilling and investments in value-adding equipment to ensure consistent quality and productivity.

Risk Factors -

1. The company exhibits **high supplier concentration** with top 10 suppliers contributing 95.15%, 89.96%, 89.44% and 88.95% of purchases in FY22, FY23, FY24 and Dec-24 respectively.
2. The company's export is entirely concentrated in United Arab Emirates.
3. The company has geographic concentration, i.e., Kerala alone contributing 99.89%, 99.02%, 63.74% and 78.22% of revenue in FY22, FY23, FY24 and Dec-24 respectively.
4. The company had **negative operating cashflows** of Rs. 397.43 lakhs and Rs. 1,563.98 lakhs in FY22 and FY23 respectively.
5. The company's capacity utilization has been **reducing** from 74% in FY22 to 59% as of Dec-24.
6. The company's comparatively low net profit margins indicate underlying weaknesses in long-term profitability relative to its industry peers.

PEER ANALYSIS

Particulars	AJC Jewel Manufacturers Limited			Sky Gold and Diamonds Limited			Patdiam Jewellery Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	0.99%	1.05%	1.35%	2.13%	1.61%	2.31%	5.79%	7.51%	5.79%
EBITDA Margin	1.68%	2.03%	2.19%	3.87%	3.25%	4.66%	9.19%	12.00%	10.23%
RoCE	40.26%	42.18%	37.38%	30.50%	30.83%	27.39%	20.55%	23.55%	16.80%
ROE	24.84%	28.64%	27.56%	22.07%	18.96%	16.59%	13.78%	15.38%	10.32%
EPS (INR)	4.44	7.17	8.24	1.58	1.73	3.38	14.48	19.09	14.29
P/E	21.40	13.25	11.53	5.85	15.75	28.42	5.18	12.10	15.95

INDUSTRY OVERVIEW -

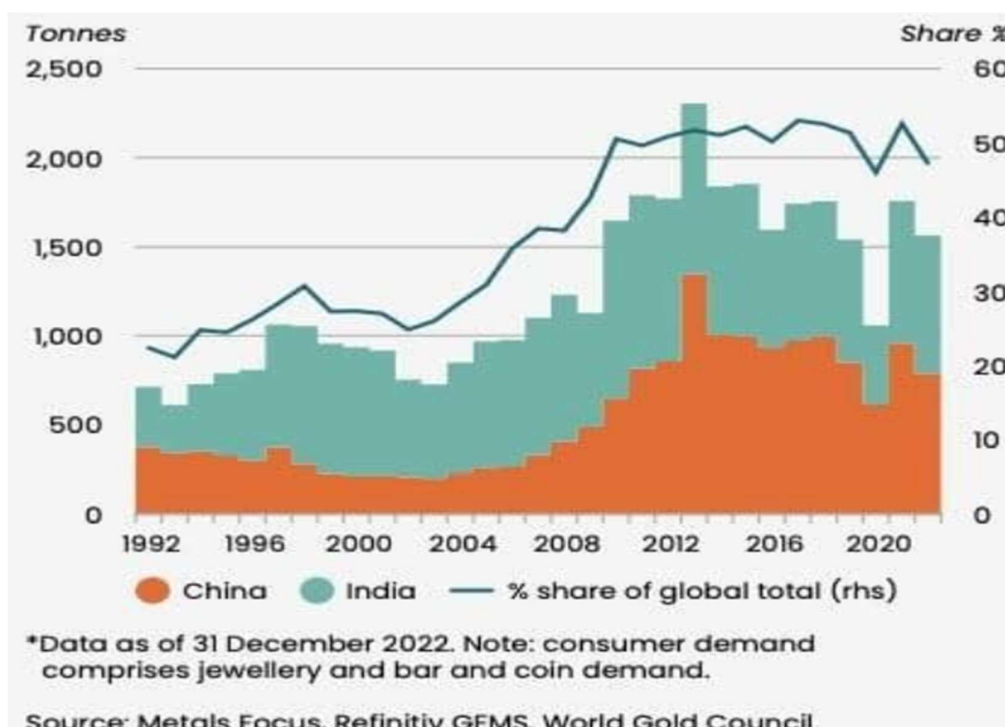
Gold Jewellery Manufacturing Industry in India

India's manufacturing sector, contributing ~17% to GDP and employing over 6 crore people, is rapidly evolving with increased automation and digital transformation. With manufacturing exports hitting a record US\$ 447.46 billion in FY23 and smartphone exports alone reaching US\$ 15.6 billion in FY24, the sector is poised for strong growth. These advancements and government initiatives like PLI create a favorable ecosystem for gold manufacturers to scale operations, adopt technology and tap into rising export demand.

Global gold demand hit a record 4,974 tonnes in 2024, driven by strong central bank purchases (1,000t+) and a 25% surge in investment demand to 1,180t. Gold jewellery consumption dropped 11% by volume but spending rose 9% to US\$144 billion, reflecting high prices. The average gold price reached a record US\$2,386/oz, with total annual demand value touching US\$382 billion. For 2025, central banks and ETF investors are expected to continue driving demand amid global economic uncertainty.

Current trends in the Indian gold jewellery industry:

1. **Record-breaking gold prices** have surged over 30 % year-to-date to around US\$3,300/oz (~₹99,500/10 g), prompting consumers to shift toward lightweight, lower-carat pieces while jewellery purchases remain largely need-based.
2. **Investment demand continues to outpace jewellery**, with gold ETF AUM in Gujarat jumping 27 % Jan–Apr and national ETF inflows rebounding—Q1 saw ETF demand jump ~170 % year-on-year—reflecting a clear pivot to paper gold.
3. **Consumer behavior is diversifying**, with a surge in scrap sales, gold-backed loans up ~120 % year-on-year and retailers offering exchanges of old jewellery as high prices strain budgets.



Dominance of India and China's Gold Market

Overall Outlook - India's gold industry in 2025 remains robust with record-high prices (~₹99,000/10g) driving investment demand, even as jewellery consumption moderates due to affordability concerns. Strong ETF inflows, rising gold loans and steady central bank reserves underscore gold's continued role as a strategic asset and economic hedge.

Key Management -

Key Management Persons Name -	Mr. Ashraf P
Age	37
Designation and No. of experience	Promoter, Chairman and Managing Director, 13+ years of experience in gold jewellery industry
Qualification	Bachelor's degree in commerce

Key Management Persons Name -	Mr. Mohamedali Cheruparambil
Age	38
Designation and No. of experience	Whole-time director, 11 years of experience in sales and marketing
Qualification	Intermediate Education

Key Management Persons Name -	Ms. Fathima Jasna Kottekattu
Age	29
Designation and No. of experience	Executive Director and Promoter
Qualification	Intermediate Education

Key Management Persons Name -	Mr. Mahesh K V
Age	33
Designation and No. of experience	Chief Financial Officer, 4years of experience in Accounts and finance
Qualification	Bachelor's degree in commerce and Master of Business Administration

- The overall rating for management of the company is **unsatisfactory**.
- The limited professional experience of the Chief Financial Officer and certain key management personnel raises observations about the overall depth and capability of the company's management.
- There is evidence of **dual chairmanship** within the company, which raises concerns regarding governance best practices and effective oversight.
- **Ms. Reshmi N K** is the **Company Secretary and Compliance Officer**. She holds Bachelor's degree in Commerce and Master of Commerce degree. She is an associate member of Institute of Company Secretaries of India. She has 9years of experience in the field of secretarial and corporate law compliances.
- Mr. Afnas, Mr. Anoop V, Mr. Ganesh Ramani and Mr. Thajudheen Valakkundil are Non-Executive and Independent Directors of the Company. They have considerable experience and education in their respective fields.
- The appointment of some key management over the last year is a matter of concern.

FINANCIAL SNAPSHOT

Statement of Profit and Loss				Amt in Lakhs
Particulars	FY 22	FY 23	FY 24	Dec-24
Revenue from Operations	12,739.10	19,418.14	24,588.99	17,504.76
Other Income	0.58	6.64	95.15	47.97
Total Income	12,739.68	19,424.78	24,684.14	17,552.73
Expenses				
Cost of Material Consumed	12,303.56	20,044.59	23,536.54	16,716.08
Change in Inventories of finished goods and WIP	-17.50	-1,472.90	-23.94	40.04
Employee Benefit Expenses	181.31	385.02	436.93	305.63
Finance Cost	32.60	90.94	160.45	136.28
Depreciation and Amortization Expense	7.06	24.10	31.94	26.09
Other expenses	57.76	67.35	99.81	78.94
Total Expenses	12,564.79	19,139.10	24,241.73	17,303.06
EBITDA	213.97	394.08	539.65	364.07
EBITDA Margin	1.68%	2.03%	2.19%	2.08%
Profit/(Loss) before tax	174.89	285.68	442.41	249.67
Tax Expense				
Current tax	48.62	77.90	107.02	62.93
Deferred Tax	0.08	3.89	3.43	1.42
Total Tax	48.70	81.79	110.45	64.35
Profit/(Loss) for the year	126.19	203.89	331.96	185.32
Net Profit Margin	0.99%	1.05%	1.35%	1.06%

Statement of Assets and Liabilities				Amt in Lakhs
Particulars	FY 22	FY 23	FY 24	Dec-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Equity Share Capital	284.32	284.32	444.84	444.84
Reserves and Surplus	223.75	427.64	759.58	944.90
Total Equity	508.07	711.96	1,204.42	1,389.74
2. NON-CURRENT LIABILITIES				
Long-term Borrowings	-	141.43	121.03	160.26
Deferred tax liabilities	1.26	5.15	8.58	10.00
Other long term liabilities	-	8.22	8.22	8.22
Long-term provisions	4.63	10.30	16.03	3.04
Total Non-current liabilities	5.89	165.10	153.86	181.52
3. Current liabilities				
Short-term Borrowings	660.61	2,481.96	2,127.27	1,681.14
Trade Payables				
(a) Total outstanding dues of MSME	110.61	1.23	12.07	9.76
(b) Total outstanding dues of creditors other than MSME	177.58	138.96	38.41	13.14
Other Current Liabilities	140.67	68.97	85.50	116.43
Short-term Provisions	38.90	31.74	51.18	36.62
Total Current liabilities	1,128.37	2,722.86	2,314.43	1,857.09
Total Liabilities	1,134.26	2,887.96	2,468.29	2,038.61
Total Equity and Liabilities	1,642.33	3,599.92	3,672.71	3,428.35
ASSETS				
1. Non-current assets				
Property, Plant and Equipment	117.64	277.53	382.30	360.11
Intangible Assets	2.66	11.54	10.83	9.85
Capital Work in Progress	-	59.66	-	-
Other Non-current Assets	2.97	3.92	1.64	0.41
Total Non-Current assets	123.27	352.65	394.77	370.37

Particulars	FY 22	FY 23	FY 24	Dec-24
2. Current assets				
Inventories	17.50	1,652.79	1,685.53	1,588.91
Trade Receivables	1,447.50	1,458.40	1,307.88	1,099.95
Cash & Cash equivalents	10.86	65.70	178.02	238.18
Short Term Loans and Advances	38.66	64.47	93.34	114.36
Other Current Assets	4.54	5.91	13.17	16.58
Total Current assets	1,519.06	3,247.27	3,277.94	3,057.98
Total Assets	1,642.33	3,599.92	3,672.71	3,428.35

Cash Flow Statement				Amt in Lakhs
Particulars	FY 22	FY 23	FY 24	Dec-24
Net Cash Flow from Operating Activities	-397.43	-1,563.98	552.03	603.92
Net Cash Flow from Investing Activities	-12.91	-252.08	-66.94	-1.83
Net Cash Flow from Financing Activities	386.48	1,870.90	-372.76	-541.95

Key Ratios									
Per Share Data	FY 22	FY 23	FY 24	FY 25*	Valuation Ratios (x)	FY 22	FY 23	FY 24	FY 25*
Diluted EPS	4.44	7.17	8.24	4.06	EV/EBITDA	5.41	8.30	6.07	3.52
BV per share	178.70	250.41	27.08	49.27	Market Cap / Sales	0.02	0.01	0.17	0.25
Operating Ratios					P/E	21.40	13.25	11.53	23.37
EBITDA Margins	1.68%	2.03%	2.19%	2.08%	Price to Book Value	0.53	0.38	3.51	1.93
PAT Margins	0.99%	1.05%	1.35%	1.06%					
Inventory days	0.50	31.15	25.09	20.43	Solvency Ratios				
Debtor days	41.59	27.49	19.47	26.46	Debt / Equity	1.30	3.68	1.87	0.61
Creditors days	9.08	2.54	0.78	3.20	Current Ratio	1.35	1.19	1.42	1.42
Return Ratios					Quick Ratio	1.33	0.59	0.69	0.69
RoCE	40.26%	42.18%	37.38%	14.36%	Asset Turnover	7.76	5.39	6.70	6.34
RoE	24.84%	28.64%	27.56%	8.25%	Interest Coverage Ratio	6.35	4.07	3.16	2.48

*Annualized

FINANCIAL ANALYSIS –

- **Revenue from Operations -**
 - The company's **top line increase by 52.43%** in FY23 was driven by increase in demand as economy had reopened post covid-19.
 - The company's topline grew by **26.63%** in FY24, primarily through additional revenue generated from export operations.
- **EBITDA and PAT Margins** – The company's EBITDA and PAT margins are significantly low, with EBITDA margins improving from 1.68% in FY22 to 2.08% as of Dec-24 and PAT margins slightly improving from 0.99% to 1.06% over the same period.
- **RoCE and ROE** – The company has demonstrated stable capital efficiency, maintaining RoCE in the range of 37%–43% and ROE between 24%–29% over FY22 to FY24, reflecting effective utilization of capital and consistent return generation.
- **Operating cashflow** – The company has negative operating cash flows of Rs. 397.43 Lakhs and Rs. 1,563.98 Lakhs in FY22 and FY23 respectively, primarily due to significant increase in trade receivables and inventories in FY22 and FY23 respectively.
- **Current Ratio and Quick Ratio** – The company's current ratio has increased from 1.35 in FY22 to 1.65 as of Dec-24 while quick ratio has decreased from 1.33 to 0.79 in the same period indicating potential increase in inventory, which raises concerns about the company's inventory management efficiency.
- **Finance cost** – The company's finance cost has increased from 0.26% of revenue in FY22 to 0.78% of revenue as of Dec-24 due to increase in bank charges and interest expense on borrowings.
- **Debtor days** – The reduction in the company's debtor days from 42 in FY22 to 18 as of Dec-24 reflects improved receivables management and a stronger collection efficiency from customers.

LEAD MANAGER TRACK RECORD -

The lead manager to the issue is **Smart Horizon Capital Advisors Private 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–

Sl. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Blue Water Logistics Limited	40.50	135	Jun 03, 2025	183.70
2.	Virtual Galaxy Infotech Limited	88.52	142	May 19, 2025	177.00
3.	Desco Infratech Limited	30.75	150	Apr 01, 2025	230.75
4.	Beezaasan Explotech Limited	59.93	175	Mar 03, 2025	237.75
5.	Maxvolt Energy Industries Limited	54.00	180	Feb 19, 2025	216.50
6.	Rikhav Securities Limited	88.82	86	Jan 22, 2025	59.48

The company has handled 7 mandates in the past three years (including the current year).

*CMP for the above-mentioned companies is taken as of 18th Jun 2025.

As per the offer document, on their respective listing days, Beezaasan Explotech Limited has opened at discount, Maxvolt Energy Industries Limited has opened at par and all other above mandates have opened at a premium to their issue prices.

Recommendation -

- AJC Jewel Manufacturers Limited has **moderate history** since it was originally incorporated on Mar 23, 2018.
- The P/E on a post-IPO annualized basis is **23.37** times which makes it **highly priced**.
- The company operates in a highly fragmented industry, which limits its ability to achieve meaningful scale and poses challenges to long-term growth.
- The overall management of the company is **unsatisfactory**. The **limited professional experience** of Chief Financial Officer and Executive Director, dual chairmanship and appointment of some of the key managerial personnel within last year are some of the observations regarding management.
- The company's capacity utilization has declined from 74% in FY22 to 59% as of Dec-24, indicating underutilization of existing production capacity and potential inefficiencies in operational scaling.
- The company has high supplier concentration, which exposes it to significant supply chain risks and potential cost volatility.
- The company's EBITDA and PAT margins are significantly low, raising concerns about long-term margins improvement.

Thus, we recommend to **AVOID** this IPO.

Disclaimer

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The analysis and recommendations are based on the current market and company-specific scenario, along with the data available in the prospectus. Market and company-specific conditions may change after the company's listing, potentially impacting its performance and outlook. We will not be providing any follow-up reports or updates on this analysis post-listing.

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