

Utkal Speciality Industries India IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127

Reviewed on 9 June 2026

- The company is engaged in the paper based products/packaging materials, and trading activities in B2B and B2C segment.
- The company posted almost static top lines for FY23 – FY24, but boosted margins from FY24 onwards raise eyebrows and concern over its sustainability.
- It operates in a highly competitive and fragmented segment, that may curtail its margins going forward.
- Based on its recent financial data, the issue appears fully priced with inflated earnings.
- There is no harm in missing this dicey offer.

About the Company

Utkal Speciality Industries India Ltd. (USIL) is engaged in the manufacturing of paper-based products and packaging materials, offering a broad range of items that serve both functional and aesthetic needs across various consumer segments. Its product portfolio includes thoughtfully designed paper-based alternatives intended for everyday use as well as special occasions, aligning with evolving consumer preferences for sustainable and convenient options. The company has built its operations with an emphasis on maintaining consistent quality, efficiency in production, and attention to design detail. Through steady growth and a commitment to meeting industry standards, it has developed a stable presence in the market. USIL's experience in the sector has enabled it to cater to the needs of a diverse clientele while maintaining a reliable supply chain and adhering to environmentally conscious practices.

Although a relatively recent entrant in the industry, it has built a track record of providing reliable paper-based products and adapting its offerings in response to evolving market preferences. Company's focus has been on developing practical solutions that align with consumer needs, allowing it to establish a presence within the sector and maintain consistent engagement with customer base.

The company derives over 98% revenues from Paper products, and the rest from other activities. Its trading revenue comes from Polyethylene products and Corrugated boxes. The company operates in B2B (around 95%), and B2C (around 5%) segments. As of December 31, 2025, it had 50 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 5234000 equity shares of Rs. 10 each to mobilize Rs. 34.54 cr. at the upper cap. The company has announced a price band of Rs.

62 - Rs. 66 per share. The minimum application to be made is for 4000 shares and in multiples of 2000 shares thereon, thereafter. The IPO opens for subscription on June 10, 2026, and will close on June 12, 2026. The IPO constitute 26.79% of the post-IPO paid-up capital of the company. The shares will be listed on NSE SME Emerge. From the net proceeds of the IPO, it will utilize Rs. 5.31 cr. for working capital, Rs. 11.00 cr. for repayment/prepayment of certain borrowings, Rs. 9.60 cr. for capex on new manufacturing unit, and the rest for general corporate purposes.

The IPO is solely lead managed by Affinity Global Capital Market Pvt. Ltd., and Cameo Corporate Services Ltd., is the registrar to the issue. Giriraj Stock Broking Pvt. Ltd., is the market maker. The issue is underwritten to the tune of 15.01% by Affinity Global Capital and 84.99% by Prabhat Financial Services.

After issuing entire equity capital at par value, the company issued bonus shares in the ratio of 1 for 1 in December 2024. The average cost of acquisition of shares by the promoters is Rs. 5.00, Rs. 6.77, and Rs. 10.00 per share.

Post-IPO, company's current paid-up equity capital of Rs. 14.30 cr. will stand enhanced to Rs. 19.53 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 128.92 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/net profit, of Rs. 46.23 cr. / Rs. 2.21 cr. (FY23), Rs. 44.15 cr. / Rs. 3.24 cr. (FY24), Rs. 50.28 cr. / Rs. 6.68 cr. (FY25). For 9M of FY26 ended on December 31, 2025, it earned a net profit of Rs. 5.48 cr. on a total income of Rs. 40.90 cr. The sudden boost in its bottom lines from FY25, and sharp jump for 9M-FY26 is really a surprising one. It appears to be an inflated data to pave the way for fancy valuations for the IPO.

For the last three fiscals, the company has reported an average EPS of Rs. 4.74, and an average RoNW of 32.35%. The issue is priced at a P/BV of 3.48 based on its NAV of Rs. 18.97 per share as of December 31, 2025, and at a P/BV of 2.02 based on its post-IPO NAV of Rs. 32.64 per share at the upper cap.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 17.65, and based on FY25 earnings, the P/E stands at 19.30. The issue appears fully priced, based on its recent bumper earnings, which may not be sustained. On other parameters it is aggressively priced issue. It is operating in a highly competitive and fragmented segment.

For the reported periods, the company has posted PAT margins of 4.81% (FY23), 7.37% (FY24), 13.74% (FY25), 13.79% (9M-FY26), and RoCE margins of 9.38%, 11.670%, 23.03%, 16.78%, respectively, for referred periods.

Dividend Policy

The company has not paid any dividends since incorporation. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Spinaroo Commercial, and Aaradhya Disposal, as its listed peers. They are currently trading at a P/E of 77.7 and 18.6 (as of June 08, 2026). They are not truly comparable on an apple-to-apple basis. This compare appears as an eyewash.

Merchant Banker's Track Record

This is the 9th mandate from Affinity Global Capital in the last four fiscals (including the ongoing one). Out of the last 8 listings, 2 opened at discount, 2 at par, and the rest listed with a premium ranging from 5.88% to 51.79% on the listing date.

Conclusion / Investment Strategy

USIL is engaged in the paper based products/packaging materials, and trading activities in B2B and B2C segment. The company posted almost static top lines for FY23 – FY24, but boosted margins from FY24 onwards raise eyebrows and concern over its sustainability. It operates in a highly competitive and fragmented segment, that may curtail its margins going forward. Based on its recent financial data, the issue appears fully priced with inflated earnings. There is no harm in missing this dicey offer.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

SEBI Registered Research Analyst – Mumbai · Registration No.: INH000003127 (Perpetual)

Disclaimer: The information provided herein is solely for educational and informational purposes and does not constitute an offer, solicitation, or recommendation to buy or sell any securities. Readers are advised to consult a qualified financial advisor before making any investment decisions. Investments in the securities market are subject to market risks. The author does not intend to invest in the securities discussed.