

**IPO Details**

<b>Opening Date</b>	Feb 23, 2023
<b>Closing Date</b>	Feb 28, 2023
<b>Stock Exchange</b>	NSE SME
<b>Lot Size</b>	3000 Shares
<b>Issue Price</b>	₹ 41 per share
<b>Issue Size</b>	37,80,000 Equity Shares
<b>Application Amount</b>	₹ 1,23,000

**IPO Objective**

Funding Working Capital Requirement of the company  
General Corporate Purpose

**Pre-Issue Shareholding**

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	1,03,77,366	99.84%
Public	16,800	0.16%

**Promoter of the Company**

- Mr. D N Anilkumara
- Mrs. Ashwini DA

**Competitive Strengths**

- Product portfolio.
- Customer base across geographies and industries.
- Leveraging the experience of the promoter.
- Quality assurance.

**Company Background**

- Company was incorporated in the year 2010 in Bangalore, Karnataka.
- Company is engaged in manufacturing/ coating, converting and Die cuts of industrial Specialty self-adhesive tapes.
- Company has presence in 23 states domestically, and internationally they supply products in 13 countries.
- Company has 2 manufacturing facility at Bangalore and Gowribidanur.
- Company is also engaged in manufacturing of products based on customer specification or applications of customers.
- As on September 30, 2022, the company had around 96 Employees on its payroll.

**Financial Summary**

For the Period Ended	(In Lacs)		
	Sept-22	Mar-22	Mar-21
<b>Total Assets</b>	3,051.58	2,763.65	2,263.66
<b>Net Assets</b>	1,224.26	1,043.53	681.41
<b>Total Borrowings</b>	600.60	607.08	395.03
<b>Total Revenue</b>	3,072.61	6,392.20	5,566.61
<b>Profit After Tax</b>	180.73	362.12	187.34

**Tentative Timeline**

<b>Opening Date</b>	Feb 23, 2023
<b>Closing Date</b>	Feb 28, 2023
<b>Basis of Allotment</b>	Mar 03, 2023
<b>Initiation of Refunds</b>	Mar 06, 2023
<b>Credit of Shares to Demat</b>	Mar 08, 2023
<b>Listing Date</b>	Mar 09, 2023

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## Company Overview

Established in 2010, Company is engaged in manufacturing/ coating, converting and Die cuts of industrial Specialty self-adhesive tapes. They do customized die cutes of Films, Foams and allied products catering to various industries such as Automotive, Locomotives, Aerospace etc serves wide range of pressure sensitive adhesive tapes, BOPP tapes, Eco Friendly paper Tapes, Filament tapes, Double Side tapes, Packaging tapes, Specialty Protection tapes, Surface Protection tapes, Masking tapes, Specialty Foams/ Films. Company has two business divisions (i) domestic sales; and (ii) exports. They have presence in 23 states for its domestic market and internationally they supply products in 13 countries. Company has manufacturing facilities situated at Bangalore and Gowribidanur. Srivasavi is an ISO 9001:2015 certified company certified by TUV Nord.

## Analysis

Company was established in 2010, thus company has a good track record of existence and the promoters have extensive experience in the Adhesive industry.

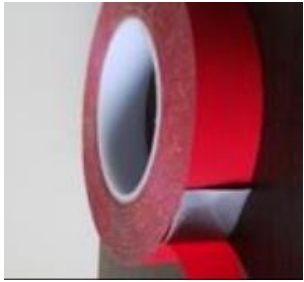







Company has two business divisions: Domestic Sales and Exports. Internationally company supply products in 13 countries such as Egypt, France, Indonesia, Kuwait, Poland, Qatar, Spain, Australia, Italy, South Africa, Sri Lanka, United State of America and UAE. For the period ended September 30, 2022 and for the Fiscals 2022, 2021 and 2020 of revenue from exports was Rs 39.45 lakhs, Rs. 288.58 lakhs, Rs. 341.55 lakhs and Rs. 217.85 lakhs contributing 1.29%, 4.55%, 6.18%, and 4.74% respectively of the revenue from operations.

Company has manufacturing facilities situated at:

Address	Unit Name
B-100, KSSIDC Industrial Estate, Bangalore Rural District, Doddaballapura, 561203	Manufacturing Unit-1
Plot No. IP 1, Gowribidanur Industrial Area, Kudumalakunte Village, GowribidanurTalunk, Chikkaballapura, Karnataka-561203	Manufacturing Unit-2

The raw materials used in the manufacturing process are film, foil, paper & foam & adhesives which company either procures from local suppliers or import the same.

Company’s Product Portfolio includes industrial speciality self-adhesive tapes, which are made out of film, foam, foil, fabric and paper, with different kind of adhesive system to suit industrial application and specification oriented adhesive tapes. Some of the products are listed below:

Acrylic Foam Tapes	Green Tape	Polyester	General Purpose Masking Tapes	Heat Seam Sealing Tape
				
Pink Rayon Tape	PUFOAM		PTFE Coated Tape	BOPP Packing Tape
				

**Capacity And Capacity Utilisation:**

**Unit 1**

Financial Year	Installed Capacity (in units)	Used Capacity (in units)	Utilization (%)
2019-20	22,00,000	11,15,000	50.68
2020-21	22,00,000	12,65,000	57.50
2021-22	22,00,000	13,50,000	61.36

**Unit 2**

Financial Year	Installed Capacity (in meters/year)	Used Capacity (in meters/year)	Utilization %
2019-20	5,67,50,400	19,862,640	35.00%
2020-21	5,67,50,400	21,565,152	38.00%
2021-22	5,67,50,400	29,510,208	52.00%

To conclude, although it is a competitive market, there are not enough number of competitors offering services similar to company. Company is also proposing to install a new manufacturing facility at Industrial Shed No 103 & 104, situated at in



**Srivasavi Adhesive Tapes Limited**  
Review Report On IPO



Gowribidanur, 2nd Industrial Area, Sy No Part 213, Kudumalakunte Village,  
Kasabahobli, Gowribidanur Taluk, Chikkallapura District, Karnataka, India.

**Industry Charts**

Exhibit 1: Global Adhesives Market:

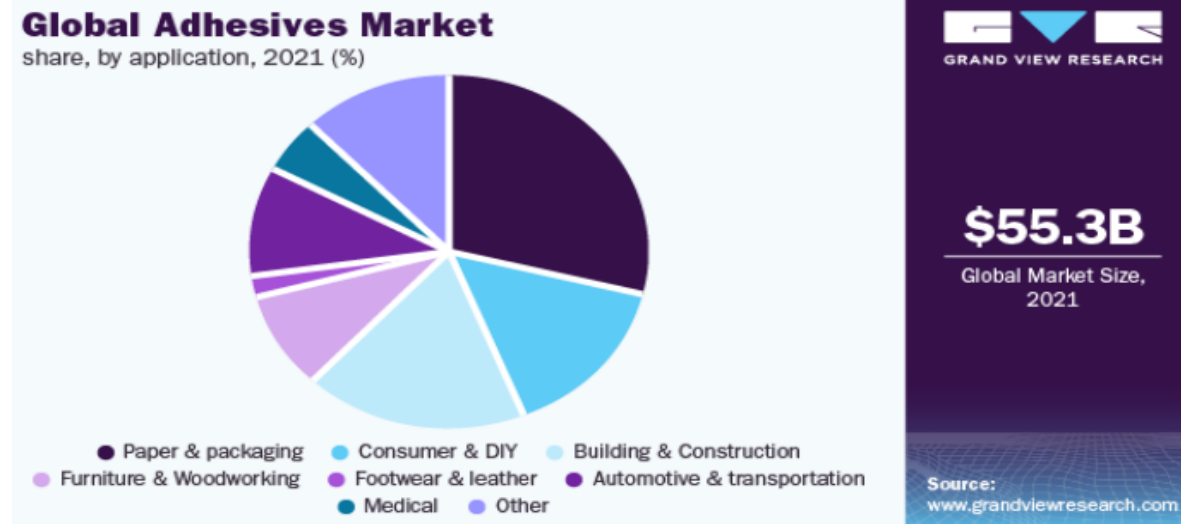


Exhibit 2: India Adhesives & Sealants Industry Overview



Study Period: 2017-2027

CAGR: > 7 %

Major Players



\*Disclaimer: Major Players sorted in no particular order

(Source: Prospectus, Mordor Intelligence)

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## Investment Overview

### **India Adhesives and Sealants Market**

The India Adhesives and Sealants Market is segmented by Adhesive by Resin (Polyurethane, Epoxy, Acrylic, Silicone, Cyanoacrylate, VAE/EVA, and Other Resins), by Adhesives by Technology (Solvent-Borne, Reactive, Hot Melt, and UV Cured Adhesives), by Sealants by Resin (Polyurethane, Epoxy, Acrylic, Silicone, and Other Resins) and by EndUser Industry (Aerospace, Automotive, Building and Construction, Footwear and Leather, Healthcare, Packaging, Woodworking and Joinery, and Other End-user Industries). The report offers the market sizes and forecasts in revenue (USD million) and in volume (kilotons) for all the above segments.

The India adhesives and sealants market is expected to be valued at more than USD 2,400 million by the end of the year, and it is expected to register an estimated CAGR of over 7% over the forecast period (2022-2027). The country was negatively affected by the COVID-19 pandemic. The adhesives and sealants market in the country also faced a similar situation. But the market has now reached pre-pandemic levels, and it is expected to grow steadily.

- The major factors driving the market are the increasing demand from the packaging industry and the growing aerospace industry in the country.
- On the flip side, the stringent environmental regulations regarding VOC emissions are hindering the growth of the market.
- Increasing electronic operations in India and increasing demand for bio-based adhesives are expected to offer various opportunities for the growth of the market over the forecast period.

The country was negatively affected by the COVID-19 pandemic. The adhesives and sealants market in the country also faced a similar situation. But the market has now reached pre-pandemic levels, and it is expected to grow steadily. The major factors driving the market are the increasing demand from the packaging industry and the growing construction industry in the country. On the flip side, the

slowdown of the automotive industry is hindering the growth of the market.

(Source: Prospectus)

### **Addressable Market for Srivasavi Adhesive Tapes Limited**

Company has a customer base across industries and geographies both at domestic and overseas market. Currently company has presence in 23 states for domestic market. Internationally company supply products in 13 countries such as Egypt, France, Indonesia, Kuwait, Poland, Qatar, Spain, Australia, Italy, South Africa, Sri Lanka, United State of America and UAE. Company aims to focus on increasing their customer base by exploring domestic and international markets. Company shall appoint, create local presence and explore geographies where they can begin their international operations in new geographies.

### **Competition**

Company operates in a competitive atmosphere. Some of company's competitors may have greater resources than those available to them. While product quality, brand value, distribution network, etc are key factors in client decisions among competitors, however, reliability and competitive pricing is the deciding factor in most cases. Company faces fair competition from both organized and unorganized players in the market.

### **Peer Analysis**

As mentioned in the prospectus, the peers of the company are Hindustan Adhesives Limited and 3M India Limited. The key measures of these companies have been highlighted in the table below –

Company	Srivasavi Adhesive Tapes	Hindustan Adhesives Limited	3M India Limited
Net Profit (INR Cr)	3.62	12.52	271.96
EBITDA (INR Cr)	5.46	37.41	426.35
Return on Capital Employed	42.40%	28.47%	16.53%
Return on Equity	34.70%	22.82%	12.45%
EPS (INR)#	5.56	24.47	241.42
P/E* (Times)	7.37	7.90	90.90

\*PE as on 28/02/2023

#EPS is based on post-IPO



## Promoters' Profile and Management Analysis

### Mr. D N Anilkumara



- D N Anilkumara, aged 45 years, is the Promoter, Chairman & Managing Director of the Company.
- He has been associated with the Company as Director since inception.
- He holds Bachelors of Degree in Commerce, from University of Bangalore.
- He has more than 10 years of experience in the industry.

### Mrs. Ashwini D A



- Ashwini D A, aged around 37 years, is the Executive Director and Chief Finance Officer of the Company.
- She has been associated with the Company as Director since inception.
- She holds Degree in Bachelor of Commerce, from University of Bangalore.
- She has around than 10 years in the industry.

## **Analysis on the Company's Promoter and Board of Directors**

**Mr. D N Anilkumara**, aged around 44 years, is the Promoter, Chairman and Managing Director of the Company. He holds Degree in Bachelor of Commerce, from University of Bangalore in 1999 and has also completed Post-Graduate Diploma in Marketing and Advertising from Bhavan's Rajendra Prasad institution of Communication and Management. He has been associated with the Company as Director since inception. He has more than 10 years of experience in our industry. He has been instrumental in taking major policy decision of the Company.

**Mrs. Ashwini D A**, aged around 38 years, is the Promoter and Executive Director and Chief Finance Officer of the Company. She holds Degree in Bachelor of Commerce, from University of Bangalore in 2007. She has been associated with the Company as Director since inception. She is having experience of more than 10 years in the industry. She also looks after Finance & Accounts division of the Company.

**Mrs. Rathnamma K N**, aged 70 years is the Non-Executive Director of the Company. She does not hold any formal education degree. She has been appointed as Non-Executive Director of the Company with effect from September 29, 2022.

**Mrs. Prajakta Sangoram**, aged around 35 years is the Non- Executive Independent Director of the Company. She has been appointed as Non-Executive Independent Director of the Company w.e.f. September 29, 2022. She has completed Bachelor of Commerce from the University of Pune in year 2008. She has passed the Professional Competence Examination conducted by The Institute of Company Secretary of India in year 2009 and The Institute of Chartered Accountant of India in year 2012.

To conclude, the company's promoters and board of directors are educated and experienced in the industry that company operates. However, **Mrs. Rathnamma K N** does not hold any formal education and might not be associated with the company for many years. Managing Director handling the Chairman position in the Board of Directors depict a negative outlook on the independence of the Board decisions. Independent directors also seem experienced and could play a major role in the growth of this company.

## Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2021	As at 31st March, 2022	As at 30th Sep, 2022
<b>Profit and Loss</b>			
Revenue from operations	5,525.69	6,343.27	3,057.46
Other income	40.92	48.93	15.15
Total Revenue	5,566.61	6,392.20	3,072.61
Expenses	5,227.80	5,797.57	2,791.36
Depreciation and Amortisation Cost	62.36	73.71	35.59
Finance Cost	21.35	37.03	22.71
Total Expenses	5,311.51	5,908.31	2,849.66
PBT	255.10	483.89	222.95
PBT Margin	4.62%	7.63%	7.29%
EBITDA	297.89	545.70	266.10
EBITDA Margin	5.39%	8.60%	8.70%
Net Profit	187.34	362.12	180.73
Net Profit Margin	3.39%	5.71%	5.91%
<b>Balance Sheet</b>			
Total Borrowings	395.03	607.08	600.60
Net Worth	681.41	1,043.53	1,224.26
Fixed Assets	595.04	649.75	657.62
Net Working Capital	147.01	435.91	477.57
<b>Financial Measures (Annualised)</b>			
Inventory Turnover Ratio	15.24	7.83	6.10
Receivables Turnover Ratio	5.29	6.29	6.02
Payables Turnover Ratio	3.91	5.97	4.56
Fixed Assets Turnover Ratio	9.29	9.76	10.43
Return on Capital Employed	30.79%	42.40%	15.72%
Return on Equity	27.49%	34.70%	12.23%
Debt-Equity Ratio	0.58	0.58	0.19

(The data has been taken and calculated from the financials given in the prospectus)

### **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)**

The EBITDA of the company has grown from Rs 297.89 lacs in 2021 to Rs. 545.70 lacs in 2022 and on 30<sup>th</sup> Sept 2022 it was Rs. 266.10 lacs and if we annualise the same it would be around Rs. 532.20 lacs. The EBITDA on annualised basis has grown at a CAGR of 33.66%. The EBITDA margin in 2021 was 5.39%, 8.60% in 2022 and 8.70% on 30<sup>th</sup> Sept 2022. The EBITDA margin has remained on the same level however, the EBITDA has decreased on the annualised basis due to decrease in sales.

### **Net Profit**

The net profit of the company has grown from Rs 187.34 lacs in 2021 to Rs. 362.12 lacs in 2022 and on 30<sup>th</sup> Sept 2022 it was Rs. 180.73 lacs and if we annualise the same it would be around Rs. 361.46 lacs growing at a CAGR of 38.90%. The net profit margin in 2021 was 3.39%, 5.71% in 2022 and 5.91% in Sept, 2022. The Net profit margin has although remained on the same levels but the net profit has decreased on the annualised basis due to decrease in sales.

### **Finance Cost.**

The company's finance cost mainly i from secured short and long-term borrowings from bank.

### **Financial Measures/Ratios**

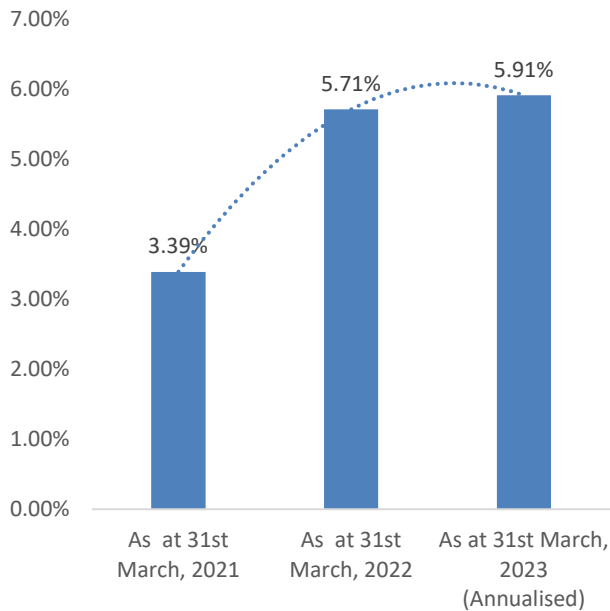
RoCE of the company up to 30<sup>th</sup> Sept 2022 is 18.07% vs 42.40% in 2022 and 30.79% in 2021. If we annualise the ROCE of FY 2022-2023, the ROCE is expected to be around 15.72%. The estimated decrease in RoCE is due to increase in equity base of the company by way of issue of equity shares through IPO.

ROE of the company in 2021 was 27.49%, 34.70% in 2022 and 14.76% in Sept 2022, if annualised, ROE would be around 12.23%. The ROE is estimated to fall due to new capital being brought in by the company through IPO.

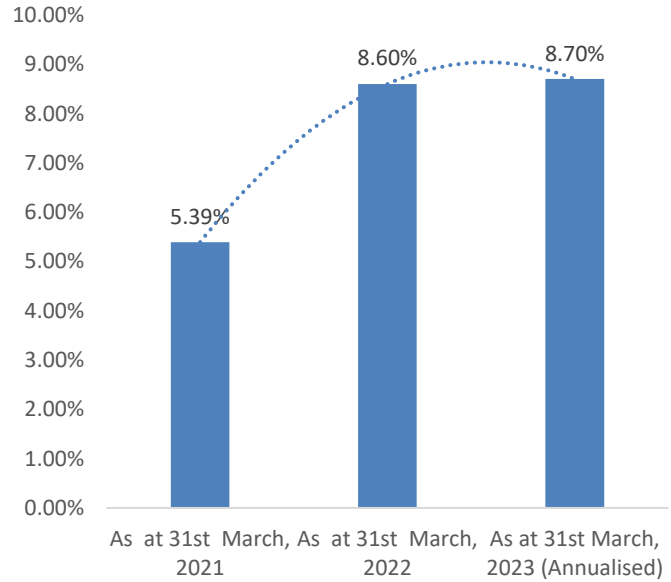
The company has a debt-equity ratio of 0.49 times which shows the company is less leveraged but could better utilise debts in their favour. The debt-equity ratio is going to go further down to around 0.19 post IPO.

## Financial Charts

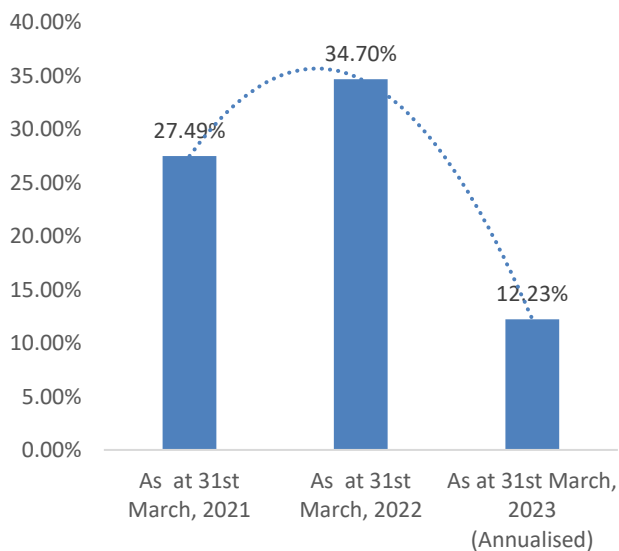
### Net Profit Margin



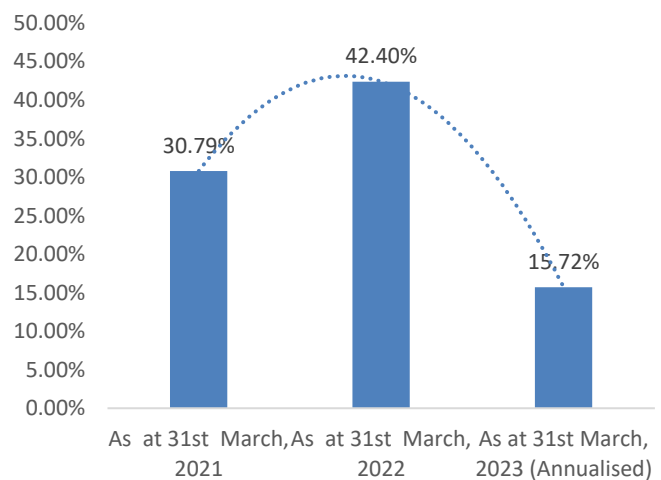
### EBITDA Margin



### Return on Equity



### Return on Capital Employed



## Key Risk Factors

1. Company, Promoters, Directors and group Companies are involved in certain litigations including tax related litigations amounting to Rs. 20.6 lakhs, which if determined against the company, can affect financial conditions of the company
2. Company's manufacturing activities are subject to certain hazards, which can cause injury to people or property in certain circumstances.
3. Company had negative cash flows in the past years.
4. Company requires significant amounts of working capital for a continued growth.

## Track Record of Lead Manager

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

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share	Listing date	CMP#
1.	Alkosign Limited	12.15	45.00	February 01, 2022	75.00
2.	Quality RO Industries Limited	2.70	51.00	February 09, 2022	88.00
3.	Ekennis Software Service Limited	2.88	72.00	March 07, 2022	131.50
4.	Fidel Softech Limited	13.50	37.00	June 10, 2022	63.45
5.	SKP Bearings Limited	30.80	70.00	July 13, 2022	166.90
6.	Olatech Solutions Limited	1.89	27.00	August 29, 2022	77.10
7.	Ameya Precision Engineers Ltd	7.14	34.00	September 08, 2022	39.00
8.	DAPS Advertising Limited	5.10	30.00	November 14, 2022	29.00
9.	Amiable Logistics (India) Limited	4.37	81.00	November 16, 2022	86.00
10.	Arihant Academy Limited	14.72	90.00	December 16, 2022	116.10

### #CMP is taken as on 28<sup>th</sup> February 2023

This is the 18th mandate from Shreni Shares in the last three fiscals (including the ongoing one). Out of the last 10 listings, all were listed at premiums ranging from 2.45% to 101.18% on the listing date.

## Recommendation

Being incorporated in the year 2010, the track record of the company is good. The industry in which the company is operating has a good prospect and also there are not enough number of competitors offering services similar to company.

The company's management has a decent outlook as they have relevant experience in their respective field of business. However, Obligatory recruitment can be seen.

The sector PE is around 20.12 times and the company is getting listed at a PE of around 11.30 times which makes it a fairly priced issue.

Debt-equity ratio of the company is 0.49 pre-IPO and estimated to be 0.19 post IPO indicating poor leveraging techniques used by the company. Since the company plans to open a new manufacturing unit, it would have been a good choice to raise money for expansion which will not only improve their debt-equity ratio but will also help the company expand.

To conclude, the company is operating in a good environment. The company is also planning for expansion. So, it seems to be a good bet and therefore **one should Apply in the IPO.**



## Disclaimer

We are not SEBI registered and not a certified Research Analyst. The information provided here is for education purposes only. We will not be responsible for any of your profit/loss with these suggestions. Consult your financial advisor before taking any decisions.

**We believe an SME company needs 2-3 years to show its true potential and therefore our recommendations are for Long-term investment and not for listing gains.**