

IPO Details	
Opening Date	June 28, 2023
Closing Date	July 03, 2023
Stock Exchange	NSE SME
Lot Size	3000 shares
Issue Price	₹49 per share
Issue Size	27,00,000
	Equity Shares
Application Amount (@upper band for retail investors)	₹ 1,47,000
Amount Raised (Issue Type)	₹13.23 Cr (Fresh Issue- ₹13.23 Cr)

IPO Objective	
1.	Funding Capital Expenditure towards the construction of factory building
2.	General Corporate Purposes

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	70,87,392	100%
Public	16	0%

Promoter of the Company	
1.	Bipin Nanubhai Panchal

Competitive Strengths	
1.	Customer base across geographies and industries.
2.	Product Portfolio.
3.	Quality assurance.
4.	Experienced Promoter and management team.
5.	After Sales Service.

Company Background	
○	Global pet industries Limited was incorporated in the year 2013 headquartered in – Maharashtra, Palghar.
○	The company is engaged in the business of manufacturing of pet machines, pet blow machine, fully automatic pet machines, semi-automatic pet machines, pet blow moulding machine, pet bottle moulds, industrial semi-automatic pet machine.
○	There are two manufacturing facilities, one is in Oswal Industrial Estate and the other one in Karishma Industrial Estate, Maharashtra.
○	As on date of filing of Red Herring Prospectus, company have 89 employees on their payroll.

Market Capitalization (INR In Cr.)	
1.	Pre-Issue 34.73
2.	Post-Issue 47.96

Financial Summary (INR In Lacs.)			
For the Period Ended	Mar-21	Mar-22	Dec-22
Total Assets	1,592.78	1,679.12	2,240.27
Net Assets	588.50	704.46	860.61
Total Borrowings	-	-	-
Total Revenue	2,285.83	2,800.45	2,305.71
Profit After Tax	142.49	115.96	156.16

Tentative Timeline	
Opening Date	June 28, 2023
Closing Date	July 03, 2023
Basis of Allotment	July 06, 2023
Initiation of Refunds	July 07, 2023
Credit of Shares to Demat	July 10, 2023
Listing Date	July 11, 2023

Table of Contents

1.	Company Overview.....
2.	Industry Charts.....
3.	Investment Overview.....
4.	Promoter & Promoters' Profile.....
5.	Financial Analysis.....
6.	Key Risk Factors.....
7.	Track Record of Lead Manager.....
8.	Recommendation.....
9.	Disclaimer.....

Company Overview

Company is engaged in manufacturing of PET Stretch Blow Moulding Machine which is used for manufacturing of PET bottles such as fridge bottles, packaged drinking mineral water bottles, carbonated soft drinks bottles, hot fill juice bottles, edible oil bottles, liquid detergent bottles, cosmetic products bottles, confectionery jars, Pharma bottles, liquor & distilleries bottles, pesticides bottles, etc. Apart from manufacturing of PET Stretch Blow Moulding Machine, company also provides after sales services such as providing spares, components, accessories and providing repairs and maintenance of the machines after delivery. There are two manufacturing facilities one is in Oswal Industrial Estate and the other one in Karishma Industrial Estate, Maharashtra. Company's product includes Electra series- All Electric Servo Controlled Fully Automatic Pet Stretch Blow Moulding Machine, Eco Series - 3 Cavity Automatic Pet Stretch Blow Moulding Machine, Fully Automatic Pet Stretch Blow Moulding Machine and semi-Automatic Pet Stretch Blow Moulding Machine.

Analysis

Company is engaged in the business of manufacturing of pet machines, pet blow machine, fully automatic pet machines, semi-automatic pet machines, pet blow moulding machine, pet bottle moulds, industrial semi-automatic pet machine and spares, components, parts and accessories of such machines and equipment and other mechanical products including their components, parts and accessories.

Product wise Revenue

(Amount in Lakhs)

Product Wise Machines Sales		December 31, 2022			FY 2021-22			FY 2020-2021		
Sr No	Product	Units	Amount	% of Revenue	Units	Amount	% of Revenue	Units	Amount	% of Revenue
1	Electra Series	12	682.96	46%	9	510.79	28%	3	136	9%
2	Eco Series	12	155.48	10%	21	278.45	16%	30	370.49	23%
3	Fully Automatic Machine	11	245.43	17%	15	453.63	25%	27	607.28	38%
4	Wedge Rotary Auto Machine	-	-	-	-	-	-	-	-	-

Product Wise Machines Sales		December 31, 2022			FY 2021-22			FY 2020-2021		
5	Semi-Automatic Machine	62	403.46	27%	80	551.01	31%	74	470.09	30%
	Total Sales Machines	97	1,487.32	100%	125	1,793.88	100%	134	1583.86	100%

46% of the revenue is generated from Electra series, it has increased from 9% in 2021 to 46% in 2023. Revenue growth is stable when compared to FY-22 march to FY-22 Dec.

Company has two business divisions 1) domestic sales and 2) exports and have presence in 19 states for domestic market based on sales made for the period ended December 31, 2022. Internationally they supply products in 19 countries based on sales made for the period ended December 31, 2022. For the period ended December 31, 2022 and for the Fiscals 2022, 2021 and 2020 revenue from exports was Rs 557.34 lakhs, Rs 1,000.09 lakhs, Rs 461.63 lakhs and Rs 523.29 lakhs, respectively which contributed 24.75%, 36.23%, 20.50% and 26.52% respectively of revenue from operations.

Capacity utilisation

Sr No.	Product	December 31, 2022			FY 2021-22			FY 2020-2021		
		Installed Capacity	Utilised Capacity	Utilization %	Installed Capacity	Utilised Capacity	Utilization %	Installed Capacity	Utilised Capacity	Utilization %
1	Electra Series	15	12	80%	12	9	75%	4	3	75%
2	Eco Series	18	12	67%	35	21	60%	42	34	81%
3	Fully Automatic Machine	22	11	50%	30	15	50%	30	27	90%
4	Wedge Rotary Auto Machine	-	-	-	-	-	-	-	-	-
5	Semi-Automatic Machine	72	62	86%	84	83	99%	96	84	88%
Total		127	97	76%	161	128	80%	172	148	86%

Capacity utilisation is reduced from FY-21 to FY-22 Dec 31st. Only Electra series product utilisation is increased and other products utilisation is decreased.

Industry Charts

Exhibit 1: Growing Exports of Packaging Material

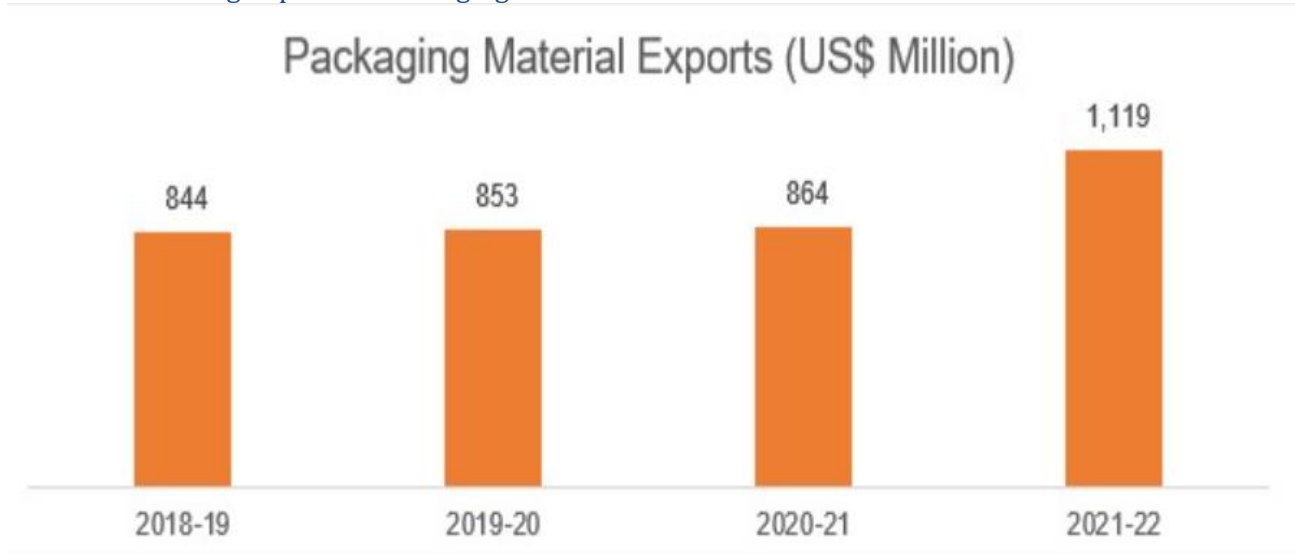
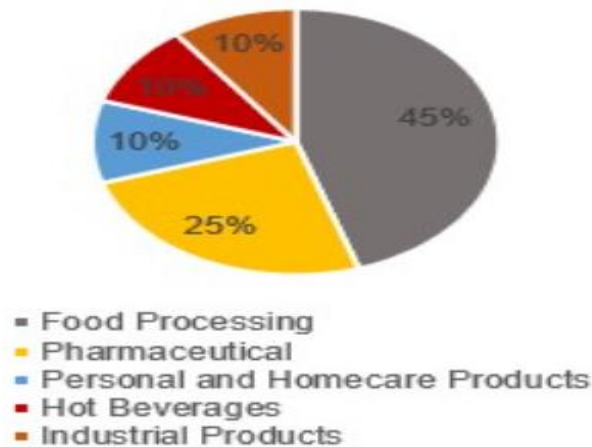


Exhibit 2: Packaging materials and machinery end users (by share of volume)

Packaging Materials and Machinery End Users (by share of volume)



(Source- IBEF)

Investment Overview

PET BOTTLE MARKET

PET bottles are more durable, transparent, lightweight, non-reactive, cost-effective and thermally stable. Moreover, they are environment-friendly and can be recycled repeatedly which further reduces their manufacturing cost. Primarily used in the packaging of drinking water and beverages, PET bottles are also gaining prominence as a packaging solution for salad dressings, household cleaners, medicines, dish detergents and mouthwashes. Pet Bottles are among the most important and popular packaging types worldwide. Change in consumer preference from glass to plastic bottles is due to the numerous offerings of PET bottles. Lightweight, shatter resistance, and good compatibility with module mode technology are among the factors of PET bottles that draw the attention of various end use industries.

MARKET SIZE

India's gross domestic product (GDP) at current prices stood at Rs. 51.23 lakh crore (US\$ 694.93 billion) in the first quarter of FY22, as per the provisional estimates of gross domestic product for the first quarter of 2021-22. The manufacturing GVA at current prices was estimated at US\$ 77.47 billion in the third quarter of FY22 and has contributed around 16.3% to the nominal GVA of during the past ten years. India has potential to become a global manufacturing hub and by 2030, it can add more than US\$ 500 billion annually to the global economy. As per the economic survey reports, estimated employment in manufacturing sector in India was 5.7 crore in 2017-18, 6.12 crore in 2018-19 which was further increased to 6.24 crore in 2019-20. India's display panel market is estimated to grow from ~US\$ 7 billion in 2021 to US\$ 15 billion in 2025. As per the survey conducted by the Federation of Indian Chambers of Commerce and Industry (FICCI), capacity utilisation in India's manufacturing sector stood at 72.0% in the second quarter of FY22, indicating significant recovery in the sector.

ROAD AHEAD

India is an attractive hub for foreign investments in the manufacturing sector. Several mobile phone, luxury and automobile brands, among others, have set up or are looking to establish their manufacturing bases in the country. The manufacturing sector of India has the potential to reach US\$ 1 trillion by 2025. The implementation of the Goods and Services Tax (GST) will make India a common market with a GDP of US\$ 2.5 trillion along with a population of 1.32 billion people, which will be a big draw for investors. The Indian Cellular and Electronics Association (ICEA) predicts that India has the potential to scale up its cumulative laptop and tablet manufacturing capacity to US\$ 100 billion by 2025 through policy interventions.

(Source-prospectus)

Addressable market for Global pet industries limited

Company has presence in 19 states in India wherein they still have the scope to expand their branding and strengthen their sales in other states as well. Internationally they supplying products to 19 countries, export contribution as a percentage of total revenue from operations is has increased in FY-22 March and decreased in FY-22 December which shows company should try to build strong relationship with existing customers and increase their export business.

Competition

Company faces competition from both organized and unorganized players in the market. There is no barrier to entry in the current segment which the company is operating in. If a new company or established companies wants to enter the market it might affect their future profit and profit margins. Since its a new emerging company they have very low bargaining power. The markets in which the company operate is characterized by changing technology, evolving industry standards and demands for features, and continual product innovation.

PEER ANALYSIS

As per the offer document the company does not have any listed peers.

Promoters' Profile and Management Analysis

Mr. Bipin Nanubhai Panchal



- Mr. Bipin Nanubhai Panchal, aged 55, is the Promoter, Chairman and Managing Director of the company.
- He has completed his SSC from Maharashtra State Board of Secondary Education. He has completed Industrial Training in Tool and Die making from Industrial Training Institute of Bombay.
- He has more than 30 years of experience in the industry. He looks after the management and operations of the company and is involved in bringing about innovation in the operations and products of the Company.

Analysis on the Company's Promoter and Board of Directors

Mr. Bipin Nanubhai Panchal, aged 55, is the Promoter, Chairman and Managing Director of the company. He has completed his SSC from Maharashtra State Board of Secondary Education. He has completed Industrial Training in Tool and Die making from Industrial Training Institute of Bombay. He has more than 30 years of experience in the industry. He looks after the management and operations of the company and is involved in bringing about innovation in the operations and products of the Company. He is responsible for the entire management and administration of the Company.

Ms. Nisha Bipin Panchal aged 49 years, is the Whole Time Director of Company. She has completed her HSC from Gujarat Education Board, Gandhinagar in the year 1991. She has been associated with company as director since incorporation. She has an experience of around 10 years in industry in which we operate and she is currently responsible for looking after the Human Resource department of Company.

Mr. Paresh Vallabhbai Raiyani, aged 31, is the Non-Executive Independent Director of the company. He has completed Bachelor of Business Administration, Master of Commerce in Business Policy and Corporate Governance, Bachelor of Law, and has passed the professional competence examination conducted by The Institute of Company Secretary of India. He has more than 7 years of experience in the secretarial field secretarial and legal compliance, corporate governance, listing compliance.

Ms. Hiral Jainesh Shah, aged 29, is the Non-Executive Independent Director of the company. She has completed Bachelor of Commerce, Master of Commerce, and passed the professional competence examination conducted by The Institute of Company Secretary of India. She has more than 7 years of experience in Corporate Law and Secretarial Due Diligence.

To conclude, the company has one promoter, and he has vast experience in the industry which the company operates in. The remaining management also have good knowledge and experience in field which helps in the growth of the company.

Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2021	As at 31st March, 2022	As at 31st Dec, 2022
<u>Profit and Loss</u>			
Revenue from operations	2,251.79	2,760.57	2,252.13
Other income	34.04	39.88	53.58
Total Revenue	2,285.83	2,800.45	2,305.71
Expenses	2,057.74	2,621.99	2,127.98
Depreciation and Amortisation Cost	27.21	22.79	15.55
Finance Cost	2.26	1.56	2.27
Total Expenses	2,087.21	2,646.34	2,145.80
PBT	198.62	154.11	159.91
PBT Margin	8.82%	5.58%	7.10%
EBITDA	194.05	138.58	124.15
EBITDA Margin	8.62%	5.02%	5.51%
Net Profit	142.49	115.96	156.16
Net Profit Margin	6.33%	4.20%	6.93%
<u>Balance Sheet</u>			
Total Borrowings	-	-	-
Net Worth	588.50	704.46	860.61
Fixed Assets	159.63	140.38	77.28
Net Working Capital	429.73	566.14	793.84
<u>Financial Measures (Annualised)</u>			
Inventory Turnover Ratio	4.45	5.26	3.27
Receivables Turnover Ratio	14.30	16.88	12.04
Payables Turnover Ratio	3.59	5.49	5.20
Fixed Assets Turnover Ratio	14.11	19.66	53.10
Return on Capital Employed	27.41%	15.87%	6.53%
Return on Equity	24.21%	16.46%	9.31%
Debt-Equity Ratio	-	-	-

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

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

The EBITDA has decreased from Rs. 194.05 lacs in 2021 to Rs. 138.58 lacs in 2022, and as on 31 st Dec 2022 it was at Rs. 124.15 lacs. On an annualized basis it is expected to be around Rs. 165.53 lacs. The EBITDA margin in 2021 was at 8.62%, 5.02% in 2022 and as on 31 st Dec 2022 it was at 5.51%. The decrease in EBITDA in FY-22 is due to a percentage increase in the Other Expenses when compared to the percentage increase in revenue is more. The increase in EBITDA margin from Mar-22 to Dec-22 is due to a decrease in other expenses (Advertisement expenses, Freight & Transport etc.,).

Net Profit

The Net Profit of the company has decreased from Rs. 142.49 lacs in 2021 to Rs. 115.96 lacs in 2022, and as on 31 st Dec 2022 it was at Rs. 156.16 lacs. On an annualized basis it is expected to be at around Rs. 208.21 lacs growing at a CAGR of 20.88%. The Net Profit margin in 2021 was at 6.33%, 4.20% in 2022 and as on 31 st Dec 2022 it was at 6.93%. The decrease in the net profit in FY-22 is due to the same reason as to the decrease in EBITDA of the company. The increase in net profit margin during Mar-22 to Dec-22 is due to an percentage decrease in the depreciation & Amortization expenses.

Finance Cost

The company's finance cost mainly comprises of Bank Charges and Commission.

Financial Measures/Ratios

The RoCE of the company as on 31st Dec 2022 was 12.22% vs 15.87% in 2022, 27.41% in 2021. The decrease in the RoCE during the FY-22 is due to the increase in capital employed of the company. With the increase in the equity base of the company through IPO, the ROCE on Post-IPO basis is expected to fall.

The ROE of the company in 2021 was at 24.21%, 16.46% in 2022, and as on 31st Dec 2022 it was at 18.15%. The ROE has decreased in the FY-22 due to the increase in the net worth of the company (reserves and surplus). The ROE on post IPO basis is expected to come further down.

The Inventory turnover ratio has increased from 4.45 times in 2021 to 5.26 times in 2022, and as on 31st Dec 2022 it was at 2.45 times, when annualized is expected to increase to 3.27 times. The increase in the turnover ratio in FY-22 indicates effective management of the company and has decreased as on 31st Dec 2022 but is expected to increase on an annualized basis.

The Receivables turnover ratio has increased from 14.30 times in 2021 to 16.88 times in 2022, and as on 31st Dec 2022 it was at 9.03 times, is expected to increase to 12.04 times on an annualized basis. The decrease in the turnover ratio of the receivables indicates that the company receiving its cash has reduced to 9.03 times as on 31 st Dec 2022.

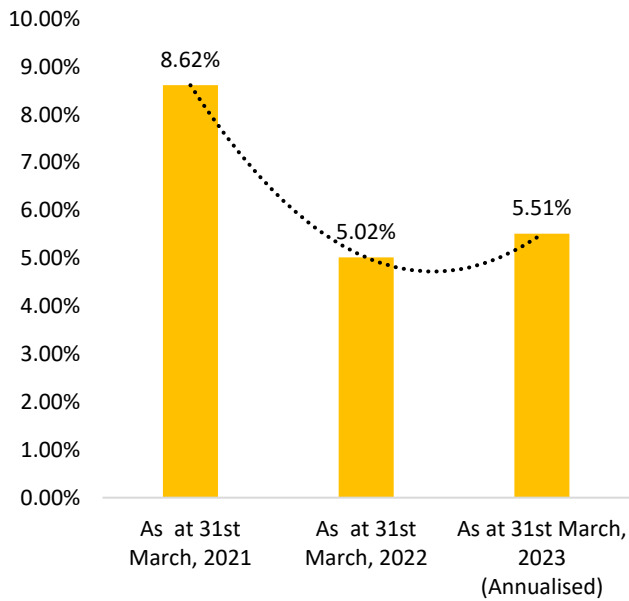
The Payables turnover ratio has increased from 3.59 times in 2021 to 5.49 times in 2022, and as on 31st Dec 2022 it was at 3.90 times, and is expected to increase to 5.20 times, indicating that the company is expected to pay more to its creditors on an annualized basis.

The Fixed Asset Turnover ratio in 2021 was at 14.11 times, 19.66 times in 2022, and as on 31st Dec 2022 it was at 29.14 times and is expected to increase to 53.10 times on an annualized basis. The increase in the turnover ratio in FY-22 is due to an increase in the revenue from operations. The Fixed asset turnover ratio on an annualized basis is as well expected to increase to 53.10 with an expected increase in the revenue from operations.

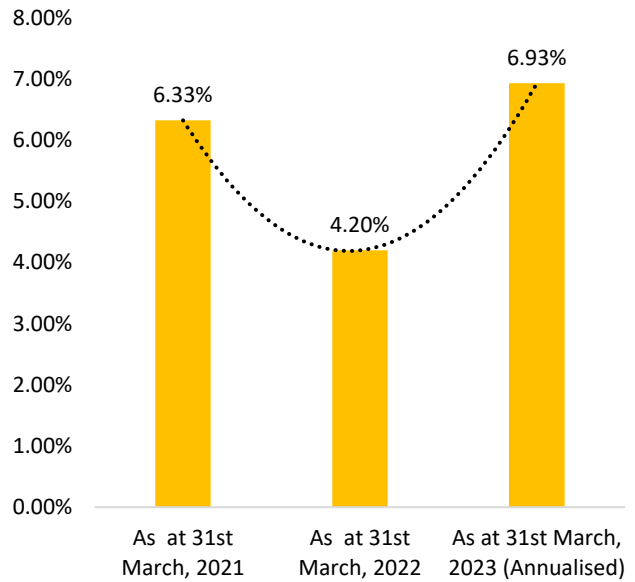
The Debt – equity is nil, indicating the company is not leveraged.

Financial Charts

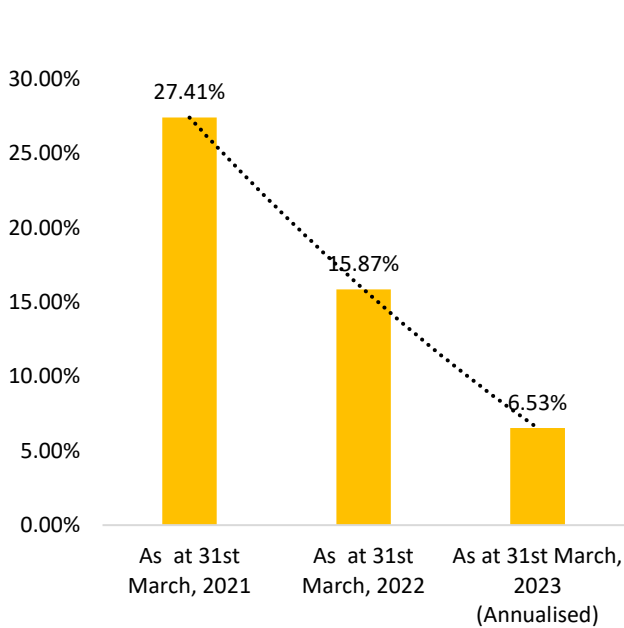
EBITDA Margin



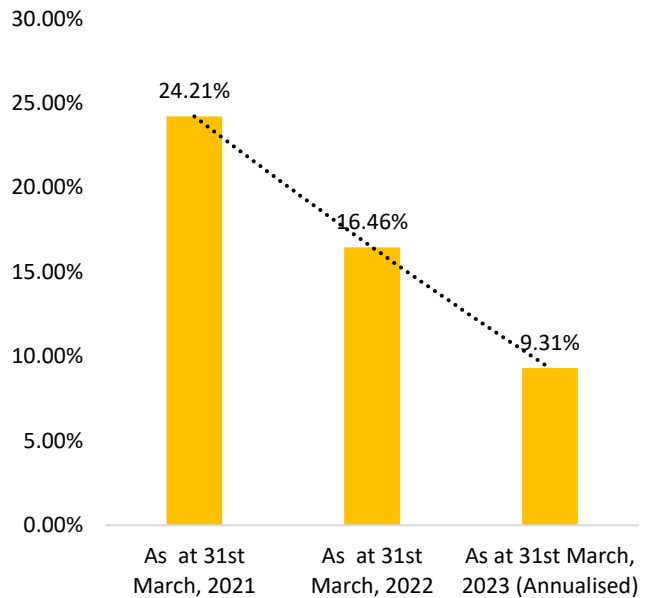
Net Profit Margin



Return on Capital Employed



Return on Equity



Key Risk Factors

1. The company has two Litigation–Taxation cases on directors and promoters and the amount involved is 6.62 lakhs. An adverse outcome of which may adversely affect business, reputation and results of operations.
2. As on Dec 21st 2022 amount of ₹ 249.42 Lakhs exposed to counterparty credit risk and any delay in receiving payments or non-receipt of payments may adversely impact results of operations.
3. Company has recently commissioned manufacturing facility at Manufacturing Unit - 2. Under-utilization of manufacturing capacities would have an adverse effect on business, future prospects and future financial performance.
4. Company is yet to receive development permission from the Deputy Director of Town Planning for the proposed manufacturing facility.
5. Company had negative cash flows in the past years, sustained negative cash flow could impact growth and business.

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 the last 10 companies handled by the Lead Manager in recent times –

Shreni shares private Limited

Sr. No	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP* (INR)
1	Sancode Technologies Limited	5.15	47	April 18, 2023	56.5
2	Bright Outdoor Media Limited	55.48	146	March 24, 2023	229
3	Srivasavi Adhesive Tapes Limited	15.5	41	March 09, 2023	78.75
4	Arihant Academy Limited	14.72	90	December 29,2022	102
5	PNGS Gargi Fashion Jewellery Limited	7.8	30	December 20,2022	162.15
6	Amiable Logistics (India) Limited	4.37	81	November 16, 2022	77.10**
7	DAPS Advertising Limited	5.1	30	November 14, 2022	31
8	Ameya Precision Engineers Limited	7.14	34	September 08, 2022	36.7
9	Olatech Solutions Limited	1.89	27	August 29, 2022	114.00***
10	SKP Bearing Industries Limited	30.8	70	July 13, 2022	156.35

***CMP is taken as on 23rd June 2023.**

**** Amiable Logistics Limited CMP is taken as on 20th June 2023.**

***** Olatech Solutions Limited CMP is taken as on 22nd June 2023.**

As per the offer document Shreni Shares Private Limited have had 15 mandates in the last two fiscal years. For Shreni Shares Private Limited out of the last 10 that are mentioned above, 1 opened at discount and rest all opened at premiums ranging from 4.28% to 60.39%. Thus, has a good track record.

Recommendation

The company has been into this industry since 2013 and has been able to generate healthy revenue and profitability margin over the year. Company do not have any 'like-for-like' competitors in India and globally that is engaged in developing a similar line of product solution.

The management outlook of the company is also good with the main personnel for decision making being Mr. Bipin Nanubhai Panchal who has more than 30 years of experience in the relevant field.

The stock is coming at a PE of around 23.03 times in Post IPO basis which seems to be fairly priced. Company plans to increase the manufacturing capacity through the funds generated for IPO and is planning to have both units in one place to reduce the manufacturing cost. However, out of all the products they have, the increased in revenue is only from Electra Series. Considering the company is in to unique business of making PET machines and parts globally, **Risk averse investors should stay away, wait and watch the performance and risk seekers investors may apply after understanding the risk and their investment philosophy and strategy.**

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.