

IPO Details		Company Background				
Opening Date	Sept 1, 2023	<ul style="list-style-type: none"> ○ Pramara Productions Limited was incorporated in the year 2006 and has its registered office in Mumbai, Maharashtra. ○ The Company is engaged in the business of ideation, conceptualization, designing, manufacturing and marketing of promotional products and gift items for clients across sectors, such as FMCG, QSR, pharma, beverage companies non-alcoholic and alcoholic, cosmetic, telecom, media, and others. ○ As of March 23, the Company has 83 employees on its payroll. 				
Closing Date	Sept 05, 2023					
Stock Exchange	NSE SME					
Lot Size	2000 Shares					
Issue Price	₹ 63 per share					
Issue Size	Aggregating up to 15.27 Cr.					
Fresh Issue	Aggregating up to 15.27 Cr.					
Offer for Sale Application	-					
Amount	₹ 1,26,000					
IPO Objective		Market Capitalization				
Working Capital Requirements		(In Cr.)				
General Corporate Purposes		Pre-Issue		Post-Issue		
		₹ 42		₹ 57		
Pre-Issue Shareholding			Financial Summary			
			(In Lacs)			
Category	No. of Shares	% of Total Shares	For the Period Ended	Mar-21	Mar-22	Mar-23
Promoter & Promoter Group	63,07,375	95.41 %	Total Assets	4,922.68	6,194.55	6,139.23
Public	3,03,625	4.59 %	Net Assets	1,235.43	1,373.96	1,605.29
Promoter of the Company			Total Borrowings	3,033.11	3,134.34	3,330.78
1	Rohit Lamba		Total Revenue	4,096.01	4,942.70	5,119.11
2	Sheetal Lamba		Profit After Tax	33.18	134.56	222.60
Competitive Strengths			Tentative Timeline			
1	Experienced promoters and Management team.		Opening Date	Sept 01, 2023		
2	Strong product designing and development capabilities backed by technical expertise.		Closing Date	Sept 05, 2023		
3	Cost-efficient operating structure.		Basis of Allotment	Sept 08, 2023		
4	High-quality control and production standards.		Initiation of Refunds	Sept 11, 2023		
			Credit of Shares to Demat	Sept 12, 2023		
			Listing Date	Sept 13, 2023		

Company Background and Analysis

The Company was originally incorporated on September 01, 2006. The company is engaged in the business of ideation, conceptualization, designing manufacturing and marketing of promotional products and gift items for the clients across sectors, such as FMCG, QSR, pharma, beverage companies non-alcoholic and alcoholic, cosmetic, telecom, media and others. The company helps clients in promoting their products and services to their customers. The company is one of the few players in the promotional marketing merchandise sector, offering a wide range of innovative promotional products and merchandise to help businesses promote their brand and increase sales.

The company understand the client's need as an agency and works closely with them to understand their branding, target audience, budget, and specific goals for the promotional campaign. Based on these inputs the company conceptualize and develop merchandise or products that helps these brands to connect with their consumers.

The company undertake a part of the manufacturing activities through the third-party manufacturing partner, to whom the company supplies the design and moulds and get the products manufactured as per the specification. The company's manufacturing facility is spread over approx. 24,000 sq. ft area and y is subject to stringent quality control and audits by the clients on a regular basis.

The company have also expanded its product offerings by launching the brand "Toyworks" with an aim to foray into the toy retail space. Further, they have also launched the brand "Tribeyoung", a private label exclusively for e-commerce with product offerings of toys, sporting goods and accessories.

The company's service and product offerings include the manufacturing of plastic promotional products and toys and the designing and manufacturing of non-plastic items from approved vendors across categories. The company believes it offers the largest portfolio of corporate gifting items and promotional products across categories like plastic, steelware, silicon rubber, paper printed, glassware, toys of all kinds, tin products, apparel and accessories, etc.

The company also manufactures the products under an OEM arrangement, where the manufacture products such as water bottles, pens, etc. which are branded with the company's logo or design and used as their promotional merchandise.

Country-wise revenue break up for the fiscal year ended 2021, 2022, and 2023 are given below -

(Amount in Lakhs)

Particulars	Fiscal 2021		Fiscal 2022		Fiscal 2023	
	Amount	%	Amount	%	Amount	%
Domestic	3,972.40	97.40	4,874.60	99.17	5,006.28	100.00
Export	105.90	2.60	40.90	0.83	-	0.00
Total	4,078.30	100.00	4,915.50	100.00	5,006.28	100.00

To conclude, the company was originally incorporated in the year 2006. The company is engaged in the business of manufacturing and marketing of promotional products and gift items. The company is planning to raise Rs. 15.27 Cr of total gross proceeds.

Business Strategies

1. Increase in Volume of Sales.

The company intends to increase sales volume through diversification of services offered and spread in geographical outreach. The company believes that growth in the market can fetch the company new business expansion and opportunities.

2. Enhance the performance of existing business.

The company plans to use expertise to get larger orders deploy the resources more efficiently and improve margins. The company believes that cost-effective and innovative ideas are key to the success of the business.

3. Enhance the production processes.

The company plans to invest in more advanced technology to enhance its production processes. The company plans to invest in information technology and management information systems to better manage the manufacturing processes.

4. Penetrate new industries by expanding the sales network and enhancing brand awareness.

The company plans to become an OEM supplier to large toy brands that are looking to source from India as an alternative to China. The company will penetrate the Indian market for supply of the paper sticks and straw range. The company intends to expand its reach through the online marketing space through the association with major e-commerce portals. The company is also in the process of getting empanelled with one of the leading QSR chains to meet their global supply requirements (other than the USA).

5. Geographical expansion.

The company intends to penetrate new geographical markets by expanding its presence in Europe, South America and other geographies by setting up offices close to potential customers in these places.

Competitive Scenario and Peer Mapping

Competition

The company faces competition from domestic and international toy manufacturers. Competition emerges from small as well as big players in the industry. The company have several unorganized competitors offering similar products. The barrier to entry in such an industry sector is low. The bargaining power with the suppliers is greater.

Peer Analysis

The company do not have any listed peers as per the offer document.

Industry Overview

Exhibit 1: Global Gift-Wrapping Industry Market Value (2018-2025)



(Source: Statista.com)

Exhibit 2: India's Toy Export Trend (US\$ million)



(Source: prospectus)

Indian Toy Exports-

India's toy manufacturing industry is quite fragmented, consisting of over 4,000 toy manufacturing units located in states such as Uttar Pradesh, Maharashtra, Karnataka, and Tamil Nadu. MSMEs manufacturing toys are spread all over the country; around 88% of the total manufacturing units are based in the northern and western regions. Toy categories such as dolls; soft toys for pre-schoolers, babies and infants; and board games are growing, driven by the Government of India's push for indigenisation. The toy manufacturing industry is labour-intensive; thus, expanding the manufacturing base by setting up new toy clusters would drive job creation. The Indian toy industry manufactures a wide variety of toys which can be broadly classified into two categories based on their application and purpose – educational and recreational. Educational toys include toys and games made from plastics and cardboard. On the other hand, recreational toys mainly include electronic (remotely control-based, video games), battery-operated, plastic, soft and mechanical pull-back toys. Of these, battery-operated and electronic toys, and video games are only imported and not manufactured locally. All other types of toys are manufactured in India as well as imported.

Toy Exports Market Opportunity –

Globally, the main factors boosting the demand for toys include the growing young population, changing spending habits with rising disposable income and shifting trends from traditional toys to electronic toys, powered by innovative technologies. The global toy trade was valued at US\$ 93 billion in 2020. The Indian toy industry, with a share of just 0.2% in global toy exports, has significant potential to grow. Toy exports from India increased from US\$ 72.5 million in 2016–17 to US\$ 177.0 million in 2021–22. Tricycles, scooters, pedal cars and similar wheeled toys, dolls' carriages, puzzles of all kinds, and recreational toys are among the key toy categories exported from India. The consistent growth in Indian toy exports could be attributed to initiatives such as Make in India and Vocal for Local under the Atmanirbhar Bharat scheme aimed to create a competitive environment for toy manufacturers in India and promote Indian toys globally. India has the potential to become a major export hub for electronic toys, including science, technology, engineering, and math (STEM) toys and video game consoles, which are in high demand in the global toys and games market.

Corporate Gifting Global Market Overview –

Corporate Gifting is a \$242 B dollar industry. The industry has seen a substantial amount of growth in the past couple of years and the growth of this industry is only expected to continue. Let's take a look at what this \$242 B dollar industry consists of what the current market looks like, some interesting trends and statistics, and what the future of the corporate gifting industry holds. The Global Corporate Gift Market As many companies have moved to a virtual format, spending on employee appreciation gifting has skyrocketed. Prior to the COVID-19 pandemic, the global corporate gifting market was estimated to be at \$125 billion. In 2019, the corporate gifting market jumped to \$217 billion. Currently, the market has risen to be a \$242 billion industry, which is expected to swell above \$3 billion within the next two years. The rapid growth of the corporate gifting market is largely due to the remote work trend. Globally, 16% of companies are fully remote as of 2022.

(Source: prospectus)

Key Managerial Personnel

Rohit Lamba, aged 51, is one of the Promoters, Chairman, and Managing Director of the company. He holds a bachelor's degree in commerce. He has over 15 years of experience in the line of the business in which the company operates.

Sheetal Lamba, aged 50, is one of the Promoters, and Whole-Time Director of the company. She holds a bachelor's degree in commerce. She has over 15 years of experience in the line of the business in which the company operates.

Sanket Lamba, aged 57, is the Non-Executive Director of the Company. He holds a bachelor's degree in commerce. He has been employed as a co-pilot in a well-known airline company.

Dalpat Mehta, aged 64, is the Non-Executive Director of the Company. He holds a bachelor's degree in commerce. He is a Chartered Accountant and possesses more than 30 years of post-qualification experience.

Suhail Motlekar, aged 49, is the Non-Executive Independent Director of the company. He holds a bachelor's degree in pharmacy and a master's degree in business administration. He is associated as senior general manager in KOYE Pharmaceutical Private Limited.

To conclude, the company has 2 promoters, and have good experience in the industry in which the company operates. The remaining directors have decent experience in the fields which help in the growth of the business.

Financial Snapshot

Profit and Loss Statement			(In Lacs)
Particulars	FY 21	FY 22	FY 23
Revenue from Operations	4,078.31	4,915.58	5,006.28
Other Income	17.70	27.11	112.83
Total Income	4,096.01	4,942.69	5,119.11
Expenses			
Cost of Material Consumed	3,287.33	3,725.13	3,675.55
Employee benefits expense	250.63	240.90	304.94
Finance costs	255.67	358.54	397.83
Depreciation and Amortization expense	86.43	92.89	103.41
Other expenses	158.32	330.57	379.08
Total Expenses	4,038.38	4,748.03	4,860.81
Earnings Before Interest, Taxes, Depreciation & Amortization	369.17	618.98	646.71
EBITDA Margin	9%	13%	13%
Profit before exceptional and extraordinary items and tax	57.63	194.66	258.30
Exceptional items	12.86	0	0
Profit/(Loss) before tax	44.77	194.66	258.30
Tax Expense			
Current Tax	13.00	52.32	45.00
Mat Credit Entitlement	-	-2.54	-12.50
Deferred tax (net)	-1.41	10.32	3.20
Total Tax Expense	11.59	60.10	35.70
Profit/(Loss) for the year	33.18	134.56	222.60
Net Profit Margin	0.81%	2.72%	4.35%

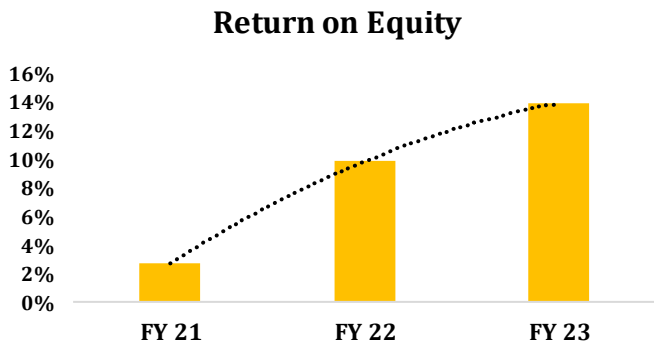
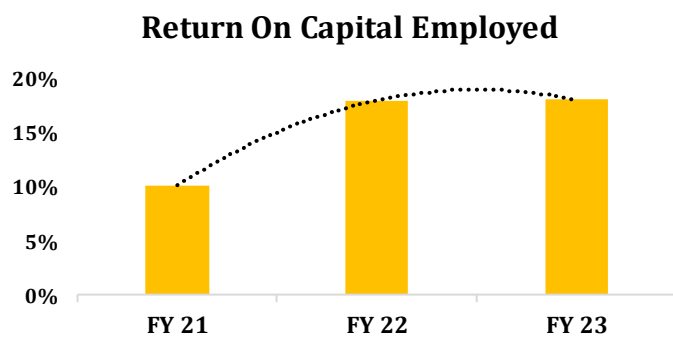
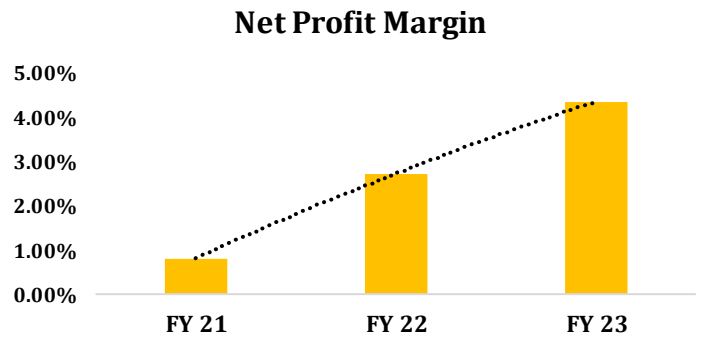
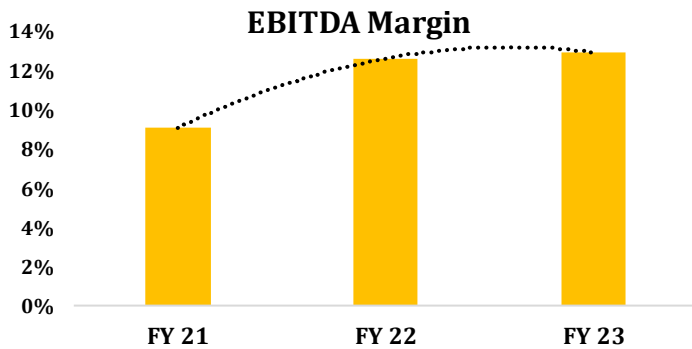
Balance Sheet			(In Lacs)
Particulars	FY 21	FY 22	FY 23
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	495.98	755.40	648.24
Capital Work-in-progress	126.27	126.27	126.27
Non-Current Investments	56.01	56.01	56.01
Long-term loans and advances	-	-	-
Total Non-Current assets	678.26	937.68	830.52
Current Assets			
Inventories	2,044.17	2,266.29	2,618.05
Trade Receivables	1,149.64	1,970.55	1,632.74
Cash and Cash Equivalents	300.75	385.35	431.73
Short-Term Loans and Advances	431.25	430.65	386.38
Other current assets	318.61	204.03	239.81
Total Current assets	4,244.42	5,256.87	5,308.71
Total Assets	4,922.68	6,194.55	6,139.23
EQUITY AND LIABILITIES			
Equity			
Share Capital	120.20	120.20	661.10
Reserves and Surplus	1,115.23	1,253.76	944.19
Total Equity	1,235.43	1,373.96	1,605.29
Liabilities			
Non-current liabilities			
Borrowings	1,562.39	1,558.88	1,417.68
Long term provisions	-	-	-
Total Non-current liabilities	1,562.39	1,558.88	1,417.68

Balance Sheet			(In Lacs)
Current liabilities			
(i) Short Term Borrowings	1,470.72	1,575.46	1,913.10
(ii) Trade Payables	402.82	1,212.13	912.06
i) Due to micro and small enterprises	-	-	-
ii) Due to other than micro and small enterprises	-	-	-
Other Current Liabilities	227.74	434.50	260.04
Short-Term Provisions	23.55	39.62	31.05
Total Current liabilities	2,124.83	3,261.71	3,116.25
Total Liabilities	3,687.22	4,820.59	4,533.93
Total Equity and Liabilities	4,922.65	6,194.55	6,139.22

Cash Flow Statement			(In Lacs)
Particulars	FY 21	FY 22	FY 23
Net Cash Flow from Operating Activities	-691.47	783.42	564.55
Net Cash Flow from Investing Activities	-5.97	-336.76	20.85
Net Cash Flow from Financing Activities	322.06	-362.06	-539.03

Ratio Sheet			
Particulars	FY 21	FY 22	FY 23
Per Share Data			
Diluted EPS	0.5	2.04	3.37
BV per share	13.67	15.21	17.77
Operating Ratios (%)			
EBITDA Margins	9%	13%	13%
PAT Margins	1%	3%	4%
Inventory days	182.95	168.28	190.88
Debtor days	102.89	146.32	119.04
Creditor days	45.40	112.08	82.66
Return Ratios (%)			
RoCE	10%	18%	18%
RoE	3%	10%	14%
Valuation Ratios (x)			
EV/EBITDA	10.75	6.66	6.97
Market Cap / Sales	1.40	1.16	1.14
P/E	126.00	30.88	18.69
Price to Book Value	4.61	4.14	3.55
Solvency Ratios			
Debt / Equity	2.46	2.28	2.07
Current Ratio	2.00	1.61	1.70
Quick Ratio	1.04	0.92	0.86
Asset Turnover	0.83	0.79	0.82
Interest Coverage Ratio	1.11	1.47	1.37

Financial Charts



Key Risk Factors

1. The company is highly dependent on the suppliers for an uninterrupted supply of raw materials. The company have not entered into any long-term supply agreement for the major raw materials required for the manufacturing of the products. Also, volatility in the prices and non-availability of these raw materials may have an adverse impact on the business prospects, results of operations and financial condition. For Financial Year ended March 31, 2023, 2022, and 2021 the top 10 suppliers contributed to 72.16%, 60.69% and 59.31% of the total purchases respectively.
2. The company is dependent on a limited number of customers for a significant portion of the revenue from operations. The loss of any of the major customers due to any adverse development or significant reduction in business from the major customer may adversely affect the business, financial condition, results of operations, cash flow and prospects. The top ten customers contributed 73.30%, 87.96% and 83.58% respectively portion of the revenues from operation for the Financial Year ended March 31, 2023, 2022, and 2021 respectively.
3. There are outstanding legal proceedings involving the Company, its Promoters, and its directors. These proceedings are pending at different levels of adjudication. 2 criminal, 8 civil, and 22 tax proceedings involving the company amounted to Rs. 6.38 lakhs, Rs. 224.36 lakhs, and Rs. 144.24 lakhs respectively. 1 criminal case, 2 civil, and 5 tax proceedings involving the directors amounting to Rs. 1.76 lakhs, Rs. 147.09 lakhs, and Rs. 6.22 lakhs respectively. 1 criminal case, 1 civil, and 3 tax proceedings involving the promoters amounting to Rs. 1.76 lakhs, Rs. 128.00 lakhs, and Rs. 2.37 lakhs respectively.

4. The company have experienced negative cash flows in previous years. Any operating losses or negative cash flows in the future could adversely affect the results of operations and financial conditions. The company had negative operating cash flow for the year ended 2021.

Track Record of Lead Manager

The lead manager to the issue is Fedex Securities Private Limited. A table has been set below highlighting the details of the IPO of the last 10 companies handled by the Lead Managers in recent times –

Fedex Securities Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Yasons Chemex Care Limited	20.57	40.00	August 03, 2023	36.8
2.	Pattech Fitwell Tube Components Limited	12.00	5.00	April 21, 2023	65.9
3.	Lead Reclaim and Rubber Products Limited	4.88	25.00	February 21, 2023	52.0
4.	Moxsh Overseas Educon Limited	10.42	153.00	December 30, 2022	128.0
5.	Tapi Fruit Processing Limited	5.21	48.00	September 22, 2022	173.0
6.	Virtuoso Optoelectronics Limited	30.24	56.00	September 15, 2022	235.0
7.	Kesar India Limited	15.82	170.00	July 12, 2022	215.0
8.	Le Merite Exports Limited	48.00	75.00	May 09, 2022	57.0
9.	Sunrise Efficient Marketing Limited	16.70	121.00	April 12, 2022	230.0
10.	Wherelz IT Solutions Limited	2.01	171.00	December 29, 2021	146.0

*CMP for all the above-mentioned companies is taken as of 30th August 2023.

As per the offer document, Fedex Securities Private Limited has had 6 mandates in the last three fiscal years. For Fedex Securities Private Limited out of the 10 mentioned above, 1 opened at par, 1 opened at a discount and the rest all opened at premiums on the listing day.

Recommendation

The company has been in the industry since 2006 and has good experience in the industry. The company has seen consistent growth in its financials. The top-line financials have seen a slight increase. The overall performance of the company looks decent. The management outlook of the company is decent as well.

The PE on an annualised and post-IPO basis is around 25.57 times which seems to be fairly priced by looking at the performance of the company and its peers.

The company operates in a competitive segment. The company has no listed peers. The management of the company is good and with the financials looking good the company can have decent revenues. However, as per the growth perspective, the company/industry might not have the expected growing demand in the future. The recommendation is for a long-term perspective. Thus, we have a **NEUTRAL** opinion on this IPO.

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