

IPO Details		Company Background												
Opening Date	Nov 24, 2023	<ul style="list-style-type: none"> Swashtik Plascon Limited was originally Incorporated in the year 2006 and has its registered office in Pondicherry, India. The company is engaged in the business of manufacturing of a wide range of PET bottles and PET preforms which includes PET Bottles for Pharmaceutical application, Liquor application, FMCG Packaging, House Hold applications, Dish wash liquid packaging, Repellent dispenser, etc., The company manufactures Bottles and Preforms in Continuous Injection Stretch Moulding Machines with advanced Technology using 100% virgin food grade quality material. As of September 30, 2023, the company has 60 employees on its payroll. 												
Closing Date	Nov 29, 2023													
Stock Exchange	BSE SME													
Lot Size	1600 Shares													
Issue Price	₹80 to ₹86 per share													
Issue Size	Aggregating up to 40.76 Cr.													
Fresh Issue	Aggregating up to 40.76 Cr.													
Offer for Sale Application	-													
Amount	₹ 1,37,600													
IPO Objective														
Funding capital expenditure for developing new manufacturing facilities and installation of Plant and Machinery and set up of solar plant.														
Purchase of Plant and Machinery at the Existing Manufacturing Facility														
Funding the working capital requirements.														
General Corporate Expenses.														
Pre-Issue Shareholding			Market Capitalization (In Cr.)											
Category	No. of Shares	% of Total Shares	Pre-Issue	Post-Issue										
Promoter & Promoter Group	76,94,877	60.00%	₹ 110	₹ 151										
Public	51,29,918	40.00%												
Promoter of the Company			Financial Summary (In Lacs)											
1	2	3	4	5	6	7	8							
Mr. Parasmal Mahendra Kumar	Mr. Parasmal Ravindra Kumar	Mr. Parasmal Dharmendra Kumar	Mr. Misrimal Parasmal	Mrs. P Umrao	Mrs. Mahendrakumar Nirmala	Mrs. R Asha Jain	Mrs. D Anita	For the Period Ended	Mar-21	Mar-22	Mar-23	Sep-23		
								Total Assets	2,820.71	2,737.34	4,908.15	5,414.90		
								Net Assets	618.52	631.53	2,037.09	2,564.07		
								Total Borrowings	1,515.58	1,495.60	5,879.54	6,231.66		
								Total Revenue	3,389.66	4,947.29	4,561.81	6,623.12		
								Profit After Tax	6.90	13.01	302.20	528.48		
Competitive Strengths			Tentative Timeline											
1	Experienced management & work force.		Opening Date		Nov 24, 2023									
2	Focus on Quality and Safety.		Closing Date		Nov 29, 2023									
3	Cost Leadership and time bound execution.		Basis of Allotment		Dec 04, 2023									
4	Existing relationship with the clients.		Initiation of Refunds		Dec 05, 2023									
5	Cordial relationship between management and labour.		Credit of Shares to Demat		Dec 06, 2023									
			Listing Date		Dec 07, 2023									

Company Background and Analysis

The Company was originally incorporated on June 30, 2006. The company is primarily engaged in the business of manufacturing of a wide range of PET bottles and PET preforms which includes PET Bottles for Pharmaceutical application, Liquor application, FMCG Packaging, House Hold applications, Dish wash liquid packaging, Repellent dispenser, etc., and PET Preforms for Soft Drinks bottles, Packaged Drinking Water bottle and Juice bottles. The company has a quality control lab equipped with testing equipment to assess the capacity and quality of the products. The products are packed in CFC trays with POF shrink film & then carefully packed in corrugated boxes. The company has its registered office with a manufacturing facility at Pondicherry, India.

The company's product portfolio is as follows –

1. Pet Bottles for Pharmaceutical application
2. Pet Bottles for Liquor application
3. Pet Bottles for Sanitizer application
4. Pet Bottles for Mosquito repellent
5. Pet Bottles for Shampoo
6. Pet PREFORMS for Hot fill Juices, CSD Beverages and Water

The Company's raw materials is as follows –

The raw material used in manufacturing of PET Bottles and PET Preforms is PET (Polyethylene terephthalate) in Granules form and Master Batch. The company believe that these materials are one of the safest plastics and can be recycled very easily.

Bifurcation of Revenue from Operations for the Financial Year ended 2021, 2022, 2023, and the Period ended September 2023 are as follows –

(Amt. in Lacs)

Particulars	March-21		March-22		March-23		September 2023	
	Amount	%	Amount	%	Amount	%	Amount	%
PET Bottles	2,934.55	86.56%	3,815.29	77.12%	3,558.52	79.30%	1,633.63	75.53%
PET Preforms Kgs	407.29	12.02%	1,111.47	22.47%	996.78	20.55%	521.21	24.10%
Pilfer Proof Caps	2.84	0.08%	2.25	0.05%	1.63	0.04%	0.02	-
Trading Products	44.98	1.34%	18.28	0.37%	4.88	0.11%	8.06	0.37%
Total	3,389.66	100.00	4,947.29	100.00	4,561.81	100.00	2,162.92	100.00

To conclude, the company was incorporated in the year 2006. The company proposes to utilize this revenue towards funding of capital expenditure requirements of the Company, Purchase of Plant and Machinery at existing Manufacturing facility, Funding Working Capital Requirements of Company, and for General corporate purposes.

Business Strategies

1. Invest in infrastructure and technology-

The Company believes in making investments for continuously achieving higher levels of excellence in products to cater to the diverse specifications of its clients. They had invested in upgrading their machinery and equipment's with modern technology. Therefore, it seeks to continue to work towards the upgradation and modernization of its infrastructure and technology in future as well for sustaining its growth in the subsequent periods.

2. Expanding customer base-

Company's present customer base comprises of Indian companies who are operating in plastic industry. Further it intends to grow its business continuously by adding new customers. Since the opportunities for growth in plastic industries has increased overtime, the company aims to tap these markets for further marketing & supply.

3. Improving functional efficiency-

The Company intends to improve operating efficiencies to achieve cost reductions to have a competitive edge over the peers. It believes that this can be done through continuous process improvement and technology development. Further it continues to invest in operational excellence throughout the organization. It also ensures a strong quality commitment by its employees.

4. Enhancing existing products base and product quality -

The company believes that high quality and safety complying products are of much importance for customer retention and repeat order flow. It also intends to have close interaction with its customers to strengthen its relationships with them which enables to understand the market perception and demand for its products.

5. Expansion of Geographical Markets-

The company's focus is to utilize its core strengths for expanding its operations in existing as well as new markets. Company meticulously engineered with a cutting-edge technology and aptly supported by an efficient team of trained personnel who marketed the product in unexplored markets, had soon positioned itself as one of the popular brands in Indian market and paved the way for acquiring bigger share of this competitive market which hitherto was not captivated & was dominated by unorganized companies. The increase in demand of good quality pet bottle caps and closures of varied shapes and sizes and customized as per the demands of the customers compelled it to explore the market and create demand.

Competitive Scenario and Peer Mapping

Competition

The company faces significant competition in this Industry. The company operates in a highly competitive sector, coupled with a large number of organized and unorganized players. The company has low entry barriers. The company faces intense competition among local manufacturers. The bargaining power with the customers is low in the sector in which the company operates.

Peer Analysis

The comparison of the key performance indicators of the listed peers as of Mar-21 is given below -

Particulars	Swashtik Plascon Limited	Technopack Polymers Limited
	31st Mar 2021	31st Mar 2021
Net Profit Margin	0%	0%
EBITDA Margin	4%	10%
Return on Capital Employed	3%	-1%
Return on Equity	1%	2%
EPS (INR)	0.12	0.20

The comparison of the key performance indicators of the listed peers as of Mar-22 is given below -

Particulars	Swashtik Plascon Limited	Technopack Polymers Limited
	31st Mar 2022	31st Mar 2022
Net Profit Margin	0%	21%
EBITDA Margin	5%	37%
Return on Capital Employed	11%	34%
Return on Equity	2%	70%
EPS (INR)	0.22	21.10

The comparison of the key performance indicators of the listed peers as of Mar-23 is given below -

Particulars	Swashtik Plascon Limited	Technopack Polymers Limited
	31st Mar 2023	31st Mar 2023
Net Profit Margin	7%	21%
EBITDA Margin	13%	32%
Return on Capital Employed	10%	18%
Return on Equity	15%	14%
EPS (INR)	4.99	4.39

Based on the above analysis, the company has performed lower in terms of Profitability margins when compared to Technopack Polymers Limited for FY 2023. The company has performed lower than its peer company in terms of RoCE, ROE, and EPS for the Financial Year 2023.

Industry Overview

Exhibit 1: Annual Growth Rates of IIP (%) at Sectoral level

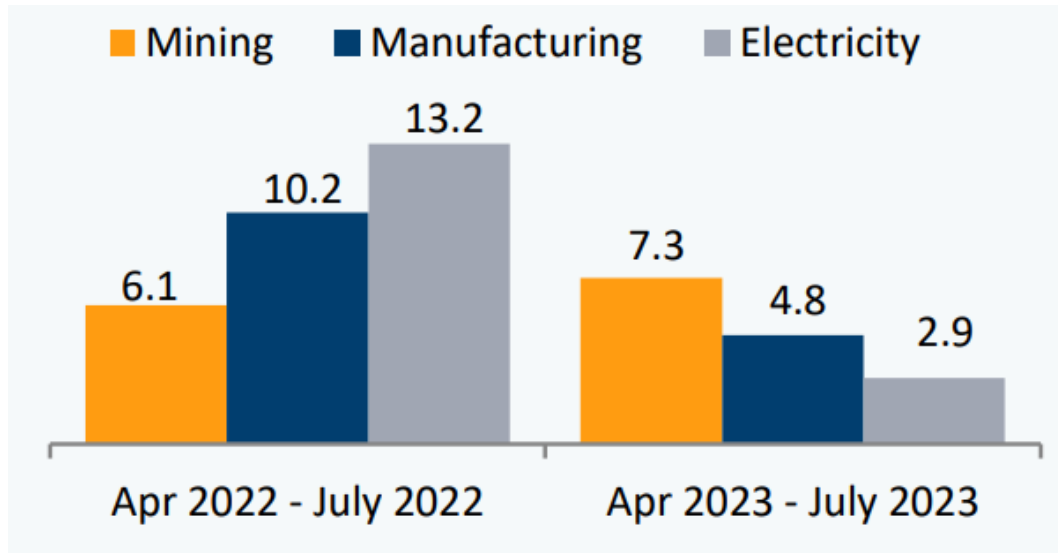
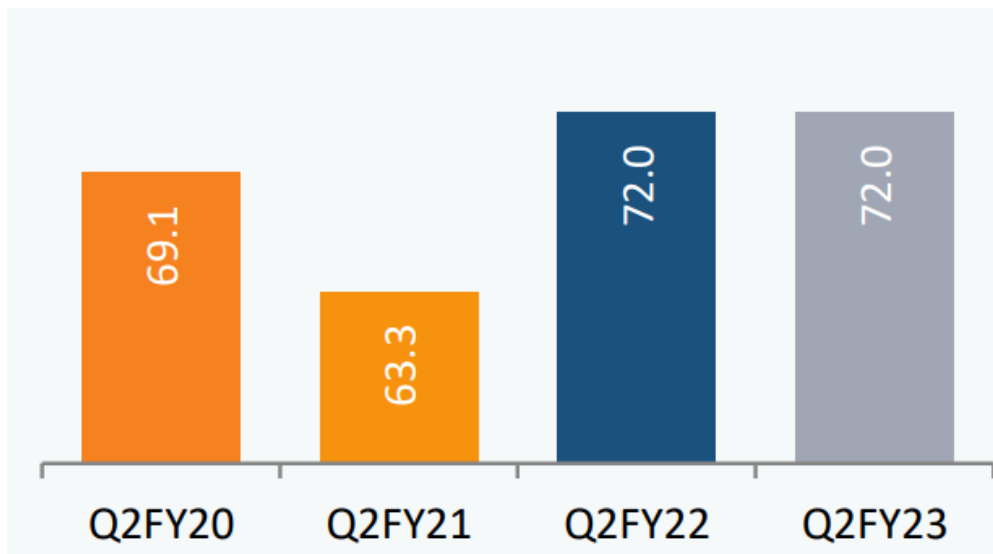


Exhibit 2: Capacity Utilization in Manufacturing Sector (%)



(Source: ibef.org)

Global Manufacturing Industry-

Manufacturing is the use of labour, goods and machines to produce goods for use or for sale. Manufacturing sector cover work performed in electronics industry, mechanical industry, energy industries, food and beverage industries, plastic industry, metalworking industries, transport and telecommunications industries, chemical or physical transformation of materials, substances, or components into new products.

Indian Manufacturing Industry-

Manufacturing is emerging as an integral pillar in the country's economic growth, thanks to the performance of key sectors like automotive, engineering, chemicals, pharmaceuticals, and consumer durables. The Indian manufacturing industry generated 16-17% of India's GDP pre-pandemic and is projected to be one of the fastest growing sectors. The machine tool industry was literally the nuts and bolts of the manufacturing industry in India. Today, technology has stimulated innovation with digital transformation a key aspect in gaining an edge in this highly competitive market.

India has the capacity to export goods worth US\$ 1 trillion by 2030 and is on the road to becoming a major global manufacturing hub. With 17% of the nation's GDP and over 27.3 million workers, the manufacturing sector plays a significant role in the Indian economy. Through the implementation of different programmes and policies, the Indian government hopes to have 25% of the economy's output come from manufacturing by 2025.

Indian Packaging Industry-

The paper and packaging sector in India is growing rapidly and has significant potential for future expansion. The industry was valued at \$50.5 billion in 2019 and is anticipated to reach \$204.81 billion by 2025, registering a CAGR of 26.7% from 2020 to 2025. The growth in the sector is being driven by a surge in e-commerce, food processing, pharmaceuticals, FMCG, manufacturing industry and healthcare sector. Additionally, numerous government initiatives including 'Make in India' had positive impact on the packaging industry. The paper and packaging industry is currently the fifth largest sector in the Indian economy and has the potential to achieve pricing levels that are about 40% cheaper compared to European regions.

The Indian packaging sector has distinguished itself with its exports of flattened cans, printed sheets and components, crown cork, lug caps, plastic film laminates, craft paper, paper board and packaging machinery. The packaging segment with the fastest growth include laminates and flexible packaging, particularly PET and weaved sacks.

Pet Bottle Industry-

PET is made when ethylene glycol and terephthalic acid are polymerized, and it is widely regarded as a material that is 100% recyclable, non-toxic, safe, lightweight, strong, and flexible. It is utilized in many different applications, including automotive, construction, consumer goods, sheets and films, food packaging, and beverage packaging. One of the key factors propelling the expansion of the global market is the rise in demand for PET containers, particularly from the food and beverage industry, and the increase in demand for frozen and processed foods.

(Source: prospectus)

Key Managerial Personnel

Mahendrakumar Gautam, aged 29, is the Managing Director of the company. He holds Bachelor Degree in commerce and also passed the CA inter. He has four years of experience in pet packaging industry. He is currently responsible for the expansion and overall management of the business of the Company.

Parasmal Mahendra Kumar, aged 57, is one of the Promoters and Chairman cum Non-Executive Director of the Company. He is qualified Chartered Accountant from institute of Chartered Accountant of India. He has eleven years of experience in pet packaging industry.

Parasmal Ravindra Kumar, aged 54, is the Non-Executive Director of the Company. He is qualified Cost and works Accountant from the Institute of Cost and works accountant of India having experience of 11 Years.

Nirmala Mahendrakumar, aged 55, is the Non-Executive Director of the Company. She holds Higher Secondary Certificates and having experience of 11 years.

Sujathaa Mehta, aged 50, is Non-Executive Director of the Company. She holds Bachelor Degree in Arts.

Sheetal Shah, aged 47, is the Independent Director of the Company. He holds Certificate of Practice issued by was appointed on the Board on September 15, 2023 as the Independent Director of the Company. He has experience in the field Accountancy.

Mohanraj Perumal, aged 44, is the Independent Director of the Company. He is a qualified Chartered Accountant.

Kavitha Gulacha, aged 46, is the Independent Director of the company. She is a qualified Chartered Accountant.

To conclude, the company has 8 promoters, and 2 promoters are included in the management, they have decent experience in which company operates. The Remaining Directors of the company have good knowledge and experience in their respective fields which helps in the overall growth of the company.

Financial Snapshot

Profit and Loss Statement				(In Lacs.)
Particulars	FY 21	FY 22	FY 23	Sep-23
Revenue from Operations	3,389.66	4,947.29	4,561.81	6,623.12
Other Income	144.30	39.22	27.30	350.52
Total Income	3,533.96	4,986.51	4,589.11	6,973.64
Expenses				
Cost of Materials Consumed	2,589.67	3,935.48	1,626.57	2,423.51
Purchases of stock-in-trade	-	-	2,016.54	3,218.21
Changes in inventories	-149.65	-9.37	-475.10	-868.02
Employee benefits expense	300.59	325.49	361.59	411.01
Finance costs	161.56	155.83	176.95	178.42
Depreciation and Amortization expense	112.88	110.30	96.08	161.98
Other expenses	499.03	445.64	439.67	762.02
Total Expenses	3,514.08	4,963.37	4,242.30	6,287.13
Earnings Before Interest, Taxes, Depreciation & Amortization	150.02	250.05	592.54	676.39
EBITDA Margin	4%	5%	13%	10%
Profit/(Loss) before exceptional items and tax	19.88	23.14	346.81	686.51
Less: Exceptional Items	-	-	-	-
Profit/(Loss) before tax	19.88	23.14	346.81	686.51
Tax Expense	12.98	10.13	44.61	158.03
Total Tax Expense	12.98	10.13	44.61	158.03
Profit/(Loss) for the year	6.90	13.01	302.20	528.48
Net Profit Margin	0.20%	0.26%	6.59%	7.58%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
(a) Share Capital	600.00	600.00	1,282.48	1,282.48
(b) Reserves and surplus	18.52	31.53	754.61	1,281.59
Total Equity	618.52	631.53	2,037.09	2,564.07
Minority Interest	-	-	3.04	4.55
2. Non- Current liabilities				
(a) Long Term Borrowings	688.25	675.43	3,013.31	2,963.07
(b) Long Term Provisions	19.27	20.61	23.76	24.75
(c) Deferred Tax Liabilities (Net)	-	-	-	-
Total Non-current liabilities	707.52	696.04	3,037.07	2,987.82
3. Current liabilities				
(a) Financial Liabilities				
(i) Short-term borrowings	827.33	820.17	2,866.23	3,268.59
(ii) Trade payables				
Due to MSME	526.52	290.57	250.29	274.37
Due to Others	5.76	136.86	1,588.34	1,611.58
(b) Other Current Liabilities	133.17	160.11	1,232.38	531.82
(c) Short-term provisions	1.89	2.04	61.82	173.30
Total Current liabilities	1,494.67	1,409.75	5,999.06	5,859.66
Total Liabilities	2,202.19	2,105.79	9,036.13	8,847.48
Total Equity and Liabilities	2,820.71	2,737.32	11,076.26	11,416.10
ASSETS				
1. Non- Current assets				
(a) Property, Plant and Equipment	865.51	807.77	2,611.00	2,677.63

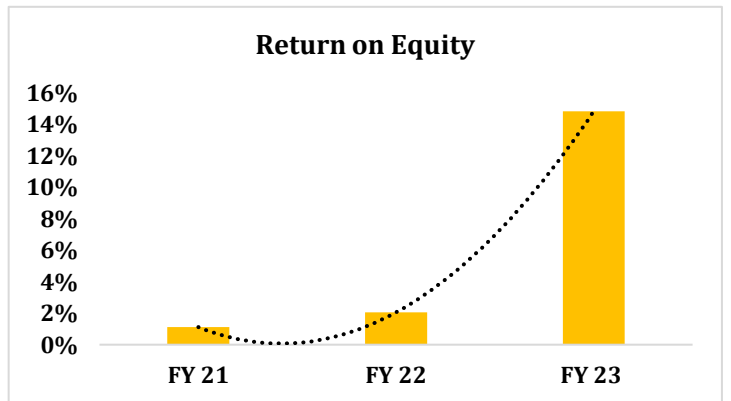
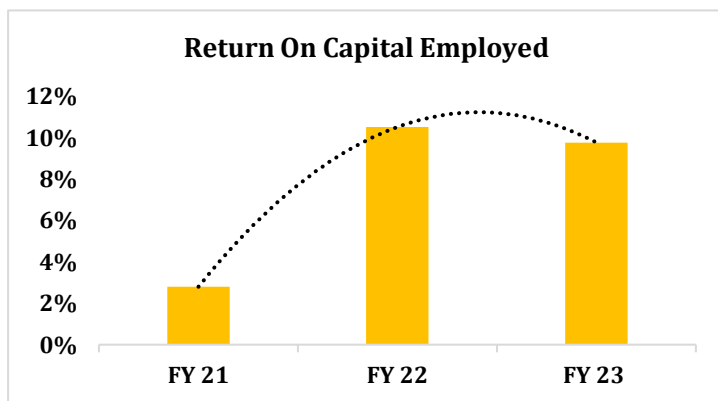
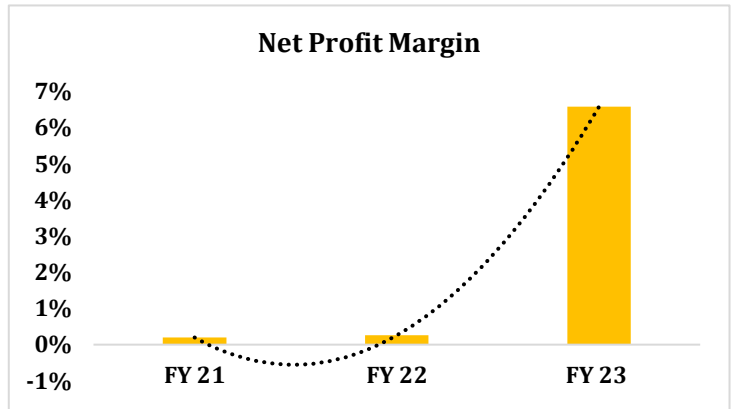
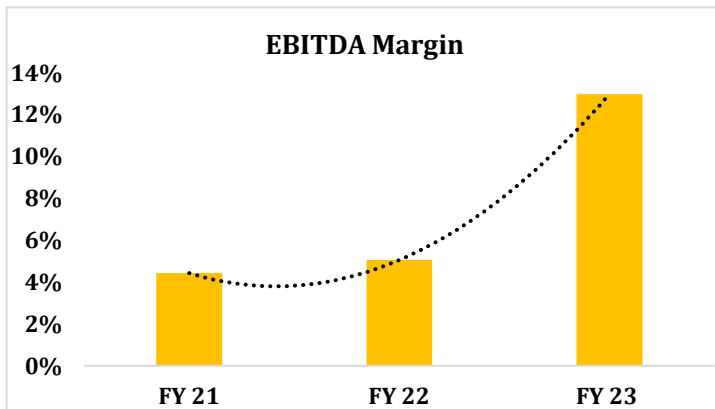
Balance Sheet				(In Lacs)
(i) Tangible Assets	-	-	-	-
(ii) Intangible assets	-	-	-	-
(iii) Goodwill			125.80	125.80
(iv) Capital Work-In-Progress	-	-	-	-
(b) Financial Assets				
(i) Non-Current Investments	92.50	92.50	92.50	92.50
(c) Deferred tax assets (net)	22.00	11.87	16.53	6.52
(c) Long-term loans and advances	65.38	13.28	239.25	206.44
(d) Other Non-Current Assets	52.67	44.70	110.53	110.53
Total Non-Current assets	1,098.06	970.12	3,195.61	3,219.42
2. Current assets				
(a) Inventories	732.30	786.25	3,788.23	4,593.03
(a) Trade receivables	962.95	893.68	3,730.46	3,282.32
(b) Cash and cash equivalents	0.93	2.37	14.18	18.93
(d) Short-term loans and advances	6.24	63.15	172.72	250.45
(e) Other Current Assets	20.23	21.76	175.06	51.94
Total Current assets	1,722.65	1,767.21	7,880.65	8,196.67
Total Assets	2,820.71	2,737.33	11,076.26	11,416.09

Cash Flow Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23
Net Cash Flow from Operating Activities	245.29	229.80	367.95	59.64
Net Cash Flow from Investing Activities	-150.45	-52.57	-285.74	-228.60
Net Cash Flow from Financing Activities	-95.27	-175.80	-82.97	173.70

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Sep-23
Per Share Data				
Diluted EPS	0.12	0.22	4.99	4.12
BV per share	3.52	3.60	11.60	41.42
Operating Ratios				
EBITDA Margins	4.43%	5.05%	12.99%	10.21%
PAT Margins	0.20%	0.26%	6.59%	7.58%
Inventory days	78.85	58.01	303.10	126.91
Debtor days	103.69	65.93	298.48	90.69
Creditor days	0.81	12.55	100.02	33.53
Return Ratios				
RoCE	3%	11%	10%	8%
RoE	1%	2%	15%	16%
Valuation Ratios (x)				
EV/EBITDA	14.22	8.50	13.34	9.77
Market Cap / Sales	4.46	3.05	3.31	1.14
P/E	716.67	390.91	17.23	20.87
Price to Book Value	24.42	23.92	7.42	2.08
Solvency Ratios				
Debt / Equity	2.45	2.37	2.89	2.43
Current Ratio	1.15	1.25	1.31	1.40
Quick Ratio	0.66	0.70	0.68	0.61
Asset Turnover	1.20	1.81	0.41	1.16
Interest Coverage Ratio	0.23	0.90	2.81	5.77

*Ratio sheet for Sep-23 is annualized.

Financial Charts



Key Risk Factors

1. The company has certain legal proceedings against the Company, Promoters, Directors and Group companies amounting to Rs. 141.29 Lakhs. Any adverse decision in such proceedings may have a material adverse effect on the business, result of operations and financial conditions.
2. The company's top ten suppliers contributed approximately 46.50%, 64.69%, 55.19% and 47.68% of the total purchases for the period ended September 30, 2023 and for FY ended 2023, 2022 and 2021. Any loss of business with one or more of them may adversely affect the business operations and profitability.

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 recent 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.	KK Shah Hospitals Limited	8.78	45.00	Nov 06, 2023	76.00
2.	Marco Cables & Conductors Limited	18.73	36.00	Sep 28, 2023	60.20
3.	Meson Valves India Limited	31.09	102.00	Sep 21, 2023	320.00
4.	C P S Shapers Limited	11.10	185.00	Sep 07, 2023	428.00
5.	AccelerateBS India Limited	5.69	90.00	Jul 19, 2023	237.00
6.	Global Pet Industries Limited	13.23	49.00	Jul 10, 2023	98.0
7.	Veefin Solutions Limited	46.73	82.00	Jul 05, 2023	219.00
8.	Sancode Technologies Limited	5.15	47.00	Apr 18, 2023	85.50
9.	Bright Outdoor Media Limited	55.48	146.00	Mar 24, 2023	420.00
10.	Srivasavi Adhesive Tapes Limited	15.50	41.00	Mar 09, 2023	130.00

The company has had 23 mandates in the past three years including the current year.

*CMP for the above-mentioned companies is taken as of 22nd November 2023.

As per the offer document, from the above-mentioned mandates all have opened at premiums on the listing date.

Recommendation

The company has been in the industry since 2006 and has good experience in the industry. The company has seen exponential growth in the top line of its financials. The company faces competition from various companies. The company's management overview is not satisfactory.

The P/E on an annualized post-IPO basis is 28.58 times which seems to be highly priced by looking at the performance of the company. The Sector P/E is 38.00 times.

The company operates in a competitive segment and has no unique products to offer. The company has seen exponential growth in its revenues which will not be sustained going forward. The management overview is also not good. Thus, we recommend **AVOID** to this IPO.

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