

IPO Details		Company Background					
Opening Date	Jan 31, 2024	<ul style="list-style-type: none"> Gabriel Pet Straps Limited was originally incorporated as a Limited Liability Partnership Firm in the year 2020 and had its registered office in Rajkot, Gujarat, India. The company is engaged in the manufacturing and selling of Pet Straps under the brand name "Gabriel" widely used in the packaging of heavy materials. The company produces Pet Straps from 9mm to 32mm in width and thickness ranging from 0.70mm to 1.30mm The company has a PAN India presence with the distributor's network in 10 states for the domestic market. As of 31st October 2023, the Company had 26 employees on its payroll. 					
Closing Date	Feb 02, 2024						
Stock Exchange	BSE SME						
Lot Size	1,200 Shares						
Issue Price	₹ 101 per share						
Issue Size	Aggregating up to 8.06 Cr.						
Fresh Issue	Aggregating up to 8.06 Cr.						
Offer for Sale	-						
Application Amount	₹ 1,21,200						
IPO Objective		Market Capitalization (In Cr.)					
Repayment or prepayment, in full or in part, of borrowings availed by the company from banks, financial institutions and non-banking financial companies.		Pre-Issue		Post-Issue			
Acquisition of land.		₹ 19		₹ 27			
Funding of capital requirements of the company towards set up of Solar Power Plant.		Financial Summary (In Lacs)					
General corporate purposes.		For the Period Ended	Mar-21	Mar-22	Mar-23	15th OCT-23	
		Total Assets	106.65	491.97	742.16	2,053.01	
		Net Assets	98.19	183.74	249.41	466.04	
		Total Borrowings	-	273.06	297.48	1,129.75	
		Total Revenue	7.70	968.57	1,500.60	931.13	
		Profit After Tax	-	-3.67	51.96	30.63	
Pre-Issue Shareholding		Tentative Timeline					
Category	No. of Shares	% of Total Shares		Opening Date		Jan 31, 2024	
Promoter & Promoter Group	18,48,840	100.00 %		Closing Date		Feb 02, 2024	
Public	-	-		Basis of Allotment		Feb 05, 2024	
Promoter of the Company				Initiation of Refunds		Feb 06, 2024	
1	Shah Jay Pareshbhai				Credit of Shares to Demat		Feb 06, 2024
2	Varasada Vimal Dayabhai				Listing Date		Feb 07, 2024
3	Kavathiya Vivek Dharmendrabhai						
Competitive Strengths							
1	Management Experience.						
2	Quality Assurance.						
3	Existing relationship with suppliers.						
4	Customer base across geographies and industries.						
5	Location of the manufacturing unit, in-house manufacturing facility with equipped machines and processes.						
6	Optimal Utilization of Resources.						
7	Scalable Business Model.						

Company Background and Analysis

Gabriel Pet Straps Limited was originally formed as a Limited Liability Partnership Firm on November 12, 2020, and as of August 03, 2023, was converted into a public limited company. The Company is engaged in the manufacturing and selling of Pet Straps under the brand name of “Gabriel” widely used in the packaging of heavy materials. The company produces Pet Straps from 9mm to 32mm in width and thickness ranging from 0.70mm to 1.30mm.

The company offer customised bulk packaging solutions to different industries such as Cotton Bales, Fiber, Packaging, Paper, Waste Cloth etc. Over the years the company have developed expertise and upgraded the technology by adding several automatic machineries and equipment to the plan.

Company’s Product Portfolio –

The company is the manufacturer of Pet Strap from 9mm to 32mm width and thickness ranging from 0.5mm to 1.27mm. specialized in Pet Strap cutting used in the cotton ginning industry with a Pan India presence. The company also offer other value-added products such as tools for attaching Straps, PP straps, clips, cotton bales etc.

Pet Straps - Pet straps are the major products, replacing steel straps and are widely used by most steel, aluminium, chemical fibre, cotton, bricks, paper, timber, construction, and metal industries for medium and heavy load strapping.

Revenue bifurcation as per geography and type of sales for the FY 2021, 2022, 2023, and Period ended October 2023 -

(Amount in Lacs)

Particulars	Mar-21		Mar-22		Mar-23		Sep-23	
	Amt	%	Amt	%	Amt	%	Amt	%
Gujarat	7.70	100.00	550.93	57.01	848.37	56.55	568.05	62.90
Haryana	-	-	16.56	1.71	18.81	1.25	10.14	1.12
Himachal Pradesh	-	-	0.02	0.00	0.02	0.00	-	-
Karnataka	-	-	22.95	2.37	30.72	2.05	8.51	0.94
Madhya Pradesh	-	-	117.03	12.11	153.91	10.26	90.10	9.98
Maharashtra	-	-	235.80	24.40	358.36	23.89	132.89	14.72
Rajasthan	-	-	7.90	0.82	47.30	3.15	19.85	2.20
Tamil Nadu	-	-	1.48	0.15	10.72	0.71	-	-
Telangana	-	-	12.52	1.30	31.87	2.12	73.54	
Uttar Pradesh	-	-	1.25	0.13	-	-	-	-
Total	7.70	100.00	966.44	100.00	1,500.08	100.00	903.08	91.86

(Amount in Lacs)

Particulars	Mar-21		Mar-22		Mar-23		Sep-23	
	Amt	%	Amt	%	Amt	%	Amt	%
Manufacturing	-	-	872.65	90.30	1,436.71	95.78	856.08	94.79
Trading	7.70	100.00	93.79	9.70	63.36	4.22	47.01	5.21
Total	7.70	100.00	966.44	100.00	1,500.07	100.00	903.09	100.00

To conclude, the company has decent experience in the industry in which it operates. The company does not generate much revenue from the trading business. The company generates the majority of its revenue from the state of Gujarat. The company is raising total gross proceeds of Rs. 806 lakhs.

Business Strategies

1. Expanding the clientele Network by Geographic Expansion –

The company believes that the growth in other states in the country can fetch them new business expansion and opportunities. Going forward the company intends to establish a presence in a few other locations in the country.

2. Reduction of operational costs and achieving functional efficiency –

The company intends to install a solar power plant to further decrease the power and fuel costs and dependence on the state electric supply. The company intends to implement process improvements across the organization, streamlining internal operations, optimizing inventory management, and enhancing logistics and distribution networks.

3. Focus on cordial relationship –

The company believes that developing and maintaining long-term sustainable relationships with the suppliers, customers and employees will help them achieve the organizational goals, increasing sales and entering into new markets.

4. Focus on dealing in quality standard products –

The company is focused on dealing with the products which meet the requisite quality standards as per the applicable regulatory norms.

5. Technology enhancements –

The company plans to continue investing in in-house technology capabilities to create customized systems and processes that ensure effective management control. The company's priority is to strengthen the operational and fiscal controls further.

6. Enhancing the Brand Image –

The company would continue to associate itself with quality customers and supply products to their utmost satisfaction. The company is highly conscious of its brand image and seeks to further strengthen its brand by increasing its visibility through marketing initiatives and supplying qualitative products at competitive prices.

Competitive Scenario and Peer Mapping

Competition

The industry is fragmented consisting of large established players and small niche players. There are no entry barriers in this industry and expansion in capacity of the existing manufacturers would further intensify competition. The company face competition in the business based on pricing, relationships with customers, product quality, customization, and innovation. The industry is highly competitive. The bargaining power with the customers is high in the sector in which the company operates.

Peer Analysis

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

Particulars	Gabriel Pet Straps Limited	Vera Synthetic Limited
	31st Mar 2023	31st Mar 2023
Net Profit Margin	3%	4%
EBITDA Margin	12%	7%
Return on Capital Employed	28%	12%
Return on Equity	21%	10%
EPS (INR)	14.84	3.69

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

Particulars	Gabriel Pet Straps Limited	Vera Synthetic Limited
	31st Mar 2022	31st Mar 2022
Net Profit Margin	-0.38%	5.63%
EBITDA Margin	7%	9%
Return on Capital Employed	4%	14%
Return on Equity	-	11%
EPS (INR)	-1.05	3.99

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

Particulars	Gabriel Pet Straps Limited	Vera Synthetic Limited
	31st Mar 2021	31st Mar 2021
Net Profit Margin	-	6.7%
EBITDA Margin	-	8.4%
Return on Capital Employed	-	9.8%
Return on Equity	-	12.1%
EPS (INR)	-	3.77

Industry Overview

Exhibit 1: Quarterly estimates of GVA at current prices (US\$ billion)

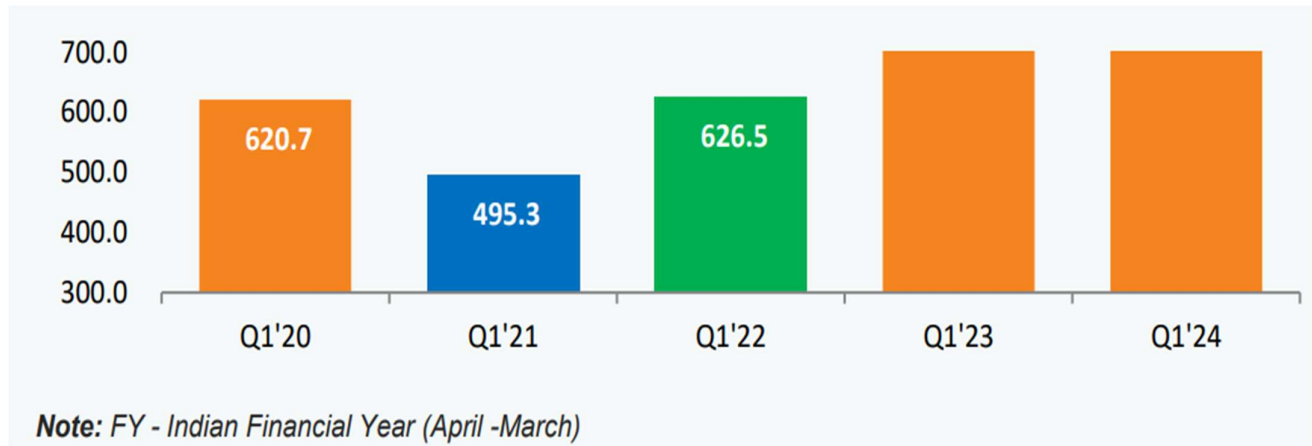
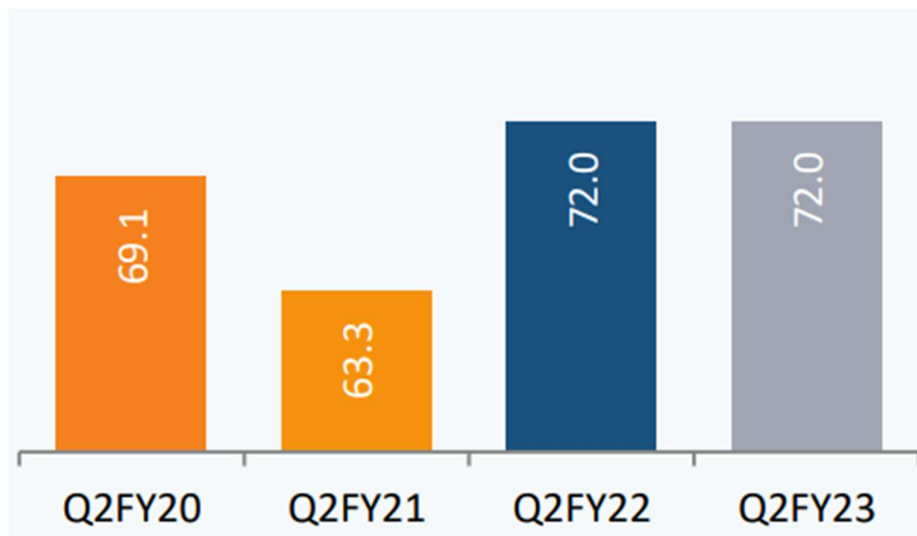


Exhibit 2: Capacity Utilization in Manufacturing Sector (%)



(Source: ibef.org)

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.

Technology has today encouraged creativity, with digital transformation being a critical element in gaining an advantage in this increasingly competitive industry. The Indian manufacturing sector is steadily moving toward more automated and process-driven manufacturing, which is projected to improve efficiency and enhance productivity. 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.

Pet Strap Industry -

Pet Straps is known for its impact resistant and thus is widely used in different industries for packaging purposes. These Pet Strap are anti-slit & do not break in between. Used with the right tools these Straps provide unmatched strength to replace steel strap. Pet strap is the commonly used thermoplastic polymer resin in the family of polyester strapping. It is primarily used for transportation of packaging materials, clothing, liquids & foods, building materials, and containers.

Pet strap is formed by the method, wherein a strap or polyester sheet is put through stretching steps with a specific stretch ratio. Characteristics of Pet strap include corrosion-resistance, high shock absorption ability, recyclability, high tensile strength, tear resistance, and elasticity. In terms of long term usage, this strap is highly vigorous and UV light resistant. Pet strap is a less expensive alternative to steel strap as it has lower strength packaging requirements.

Indian Packaging Industry -

The fastest growing packaging segments are laminates and flexible packaging, especially PET and woven sacks. The Indian packaging industry has made a mark with its exports that comprise flattened cans, printed sheets and components, crown cork, lug caps, plastic film laminates, craft paper, paper board and packaging machinery, while the imports include tinplate, coating and lining compounds and others.

Over the last few years Packaging Industry is an important sector driving technology and innovation growth in the country and adding value to the various manufacturing sectors including agriculture and FMCG segments. Growth in this sector is primarily driven by factors like growing pharmaceutical, food processing, manufacturing industry, FMCG, healthcare sector and ancillary in the emerging economies like China, India, Brazil, Russia and few other East European countries.

(Source: prospectus)

Key Managerial Personnel

Shah Jay Pareshbhai, aged 36 years, is one of the Promoters, Chairman, Managing Director, and Chief Financial Officer of the Company. He holds a degree of Bachelor of Commerce. He possesses work experience of around 8 years in the pet straps industry. He is actively involved in the day-to-day operations of the Company and looks after the overall accounts & finance, marketing and administration of the Company.

Kavathiya Vivek Dharmendrabhai, aged 31 years, is one of the Promoters and Whole-Time Director of the Company. He was one of the partners in the erstwhile limited liability partnership firm. He does not have a formal graduation degree, however, he has around 8 years of experience in the pet strap industry. He oversees the operational aspects of the Company.

Varasada Vimal Dayabhai, aged 38 years, is one of the Promoters and Whole-Time Director of the Company. He was one of the partners in the erstwhile limited liability partnership firm. He does not have a formal graduation degree, however, he has around 7 years of experience in the field of manufacturing of box dyeing in his own sole proprietorship firm. He is responsible for the on-field operations production and human resource management of the Company.

Aarti Jaybhai Shah, aged 34 years, is the Non-Executive and Non-Independent Director of the Company. She holds the degree of Bachelor of Computer Application.

Darshan Bhaveshbhai Vora, aged 29 years, is the Non-Executive Independent Director of the Company. He holds the degree of Bachelor of Commerce, degree of Bachelor of Law. He is associated with M/s. Shrenik Jewellers is looking after the business management and financials of M/s. Shrenik Jewellers.

Sandeep Patidar, aged 30 years, is the Non-Executive Independent Director of the Company. He holds the degree of Bachelor of Commerce, is a Chartered Accountant by profession and is an Associate Member of the Institute of Chartered Accountants of India. He has been a practising Chartered Accountant since 2018.

To conclude, the company has 3 promoters, and they have decent experience in the industry in which the company operates. The Directors of the company have good experience in fields which help in the growth of the company.

Financial Snapshot

Profit and Loss Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Oct-23
Revenue from Operations	7.70	966.43	1,500.08	903.08
Other Income	-	2.14	0.52	28.05
Total Income	7.70	968.57	1,500.60	931.13
Expenses				
Cost of materials consumed	-	677.34	1,147.32	712.16
Purchase of Stock in Trade	6.95	75.95	0.93	19.25
Change in inventories	-0.35	0.35	-	-
Employee benefits expense	-	55.98	50.45	10.49
Finance costs	-	23.40	36.62	32.66
Depreciation and Amortization expense	-	50.76	57.64	23.23
Other expenses	1.10	90.04	127.32	82.37
Total Expenses	7.70	973.82	1,420.28	880.16
Earnings Before Interest, Taxes, Depreciation & Amortization	-	66.77	174.06	78.81
EBITDA Margin	-	7%	12%	9%
Profit/(Loss) before tax	-	-5.25	80.32	50.97
Tax Expense				
Current Tax	-	0.23	32.98	15.91
Deferred Tax	-	-1.81	-4.62	4.43
MAT Credit Entitlement				
Total Tax Expense	-	-1.58	28.36	20.34
Profit/(Loss) for the year	-	-3.67	51.96	30.63
Net Profit Margin	-	-0.38%	3.46%	3.29%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Oct-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	98.19	183.74	249.41	447.62
Reserve and Surplus	-	-	-	18.42
Total Equity	98.19	183.74	249.41	466.04
Minority Interest				
Total Equity	98.19	183.74	249.41	466.04
2. non-current liabilities				
Long Term Borrowings	-	219.13	168.58	584.54
Total non-current liabilities	-	219.13	168.58	584.54
3. Current liabilities				
Financial Liabilities				
Short-term borrowings	-	53.93	128.90	545.21
Trade payables				
Due to MSME				
Due to Others	8.45	34.76	160.19	355.14
Other Current Liabilities	0.00	0.18	2.09	12.83
Short-term Provisions	0.00	0.24	32.98	89.25
Total Current liabilities	8.45	89.11	324.16	1,002.43
Total Liabilities	8.45	308.24	492.74	1,586.97
Total Equity and Liabilities	106.64	491.98	742.15	2,053.01
ASSETS				
1. non-current assets				

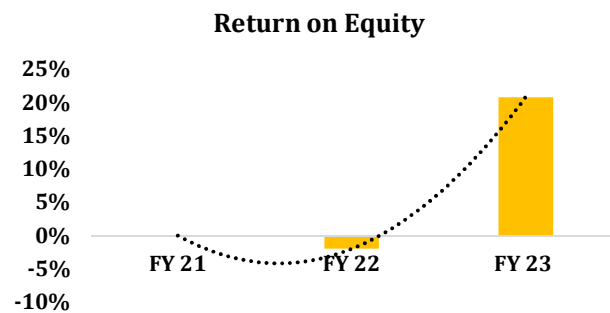
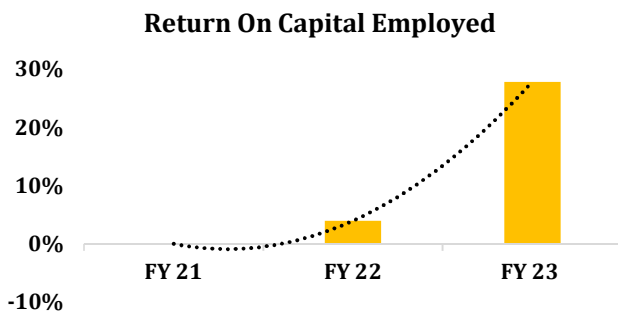
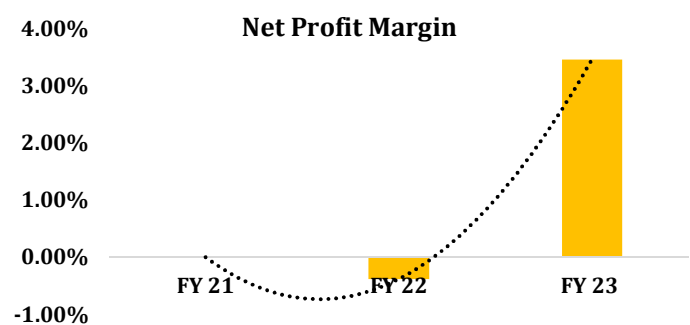
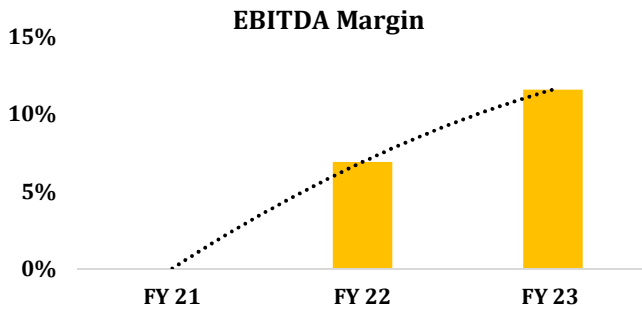
Balance Sheet				(In Lacs)
Property, Plant and Equipment				
Tangible Assets	29.73	285.94	221.72	405.43
Deferred Tax Assets	-	1.81	6.43	9.41
Other non-current assets	1.30	15.21	15.11	33.04
Total non-current assets	31.03	302.96	243.26	447.88
2. Current assets				
Current Investments	-	0.10	0.10	3.20
Inventories	0.35	60.79	260.35	730.36
Trade receivables	-	120.98	198.12	474.67
Cash and Bank Balances	3.81	2.57	13.29	38.96
Short-term loans and advances	67.21	1.13	5.00	287.63
Other Current Assets	4.25	3.44	22.04	70.31
Total Current assets	75.62	189.01	498.90	1,605.13
Total Assets	106.65	491.97	742.16	2,053.01

Cash Flow Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Oct-23
Net Cash Flow from Operating Activities	-63.36	-19.23	2.51	-177.33
Net Cash Flow from Investing Activities	-31.03	-320.89	6.68	-27.57
Net Cash Flow from Financing Activities	98.19	338.88	1.52	224.03

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Oct-23*
<u>Per Share Data</u>				
Diluted EPS	-	-1.05	14.84	2.47
BV per share	3.71	6.94	9.42	49.37
<u>Operating Ratios</u>				
EBITDA Margins	-	6.91%	11.60%	8.73%
PAT Margins	-	-0.38%	3.46%	4.10%
Inventory days	16.59	22.96	63.35	160.13
Debtor days	-	45.69	48.21	104.07
Creditor days	443.78	167.05	62,870.27	3,652.87
<u>Return Ratios</u>				
RoCE	-	4%	28%	4%
RoE	-	-2%	21%	5%
<u>Valuation Ratios (x)</u>				
EV/EBITDA	-	6.80	3.07	20.83
Market Cap / Sales	347.18	2.77	1.78	1.73
P/E	-	-	6.81	40.89
Price to Book Value	27.23	14.55	10.72	2.05
<u>Solvency Ratios</u>				
Debt / Equity	-	1.49	1.19	2.42
Current Ratio	8.95	2.12	1.54	1.60
Quick Ratio	8.91	1.44	0.74	0.87
Asset Turnover	0.07	1.96	2.02	0.44
Interest Coverage Ratio	-	0.68	3.18	1.70

*Ratio sheet for Oct-23 is annualized.

Financial Charts



Key Risk Factors

1. There is certain outstanding litigation against the company amounting to Rs. 0.49 lakhs, an adverse outcome of which may adversely affect the business, reputation and results of operations.
2. The Company had negative operating cash flow for the FY 2021, and 2022, and Period ended August 2023. Sustained negative cash flow could impact the growth and business.

Track Record of Lead Manager

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

Shreni Shares Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	AIK Pipes and Polymers Limited	15.02	89.00	January 02, 2024	119.00
2.	Net Avenue Technologies Limited	10.25	18.00	December 08, 2023	26.6
3.	Swashthik Plascon Limited	40.76	86.00	December 05, 2023	103.00
4.	KK Shah Hospitals Limited	8.78	45.00	November 06, 2023	70.5
5.	Marco Cables and Conductors Limited	18.73	36.00	September 28, 2023	58.00
6.	Meson Valves India Limited	31.09	102.00	September 21, 2023	653.00
7.	CPS Shapers Limited	11.10	185.00	September 07, 2023	407.00
8.	AccelerateBS India Limited	5.69	90.00	July 19, 2023	185.00
9.	Global Pet Industries Limited	13.23	49.00	July 10, 2023	107.00
10.	Veefin Solutions Limited	46.73	82.00	July 05, 2023	337.00

The company has had 26 mandates in the past three years including the current Year.

*CMP for the above-mentioned companies is taken as of 31st January 2024.

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

Recommendation

The company has been in the industry since 2020 and is relatively new to the industry. The company's management overview is not that satisfactory. The company also faces significant competition in the industry. The company has seen an increase in the top line of its financials.

The P/E on an annualized and post-IPO basis is 40.89 times which seems to be aggressively priced by looking at the performance of the company and the sector. The Sector P/E is 29.3 times.

The industry in which the company operates is competitive. The company has seen an increase in the top line of its financials but raises concerns over sustainability when looking at the bottom line where the company had no profit for FY 2021 and negative for FY 2022. The company is very new to the business and has recently started generating revenues. The company also has a very HIGH P/E. Thus, we recommend **AVOID** applying to this IPO.

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