

IPO Details	
Opening Date	March 26, 2024
Closing Date	March 28, 2024
Stock Exchange	NSE SME
Lot Size	800 Shares
Issue Price	₹159 to ₹168 per share
Issue Size	Aggregating up to 18.14 Cr.
Fresh Issue	Aggregating up to 18.14 Cr.
Offer for Sale	-
Application Amount	₹1,34,400

IPO Objective	
1.	Funding Capital Expenditure towards the installation of additional machinery.
2.	To meet working capital requirements.
3.	General corporate purposes.

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	30,00,000	100.00%
Public	-	-

Promoter of the Company	
1.	Nalin Gagrani
2.	Karuna Nalin Gagrani
3.	Manoj Bhushan Tiwari

Competitive Strengths	
1.	Established relationship with customers.
2.	Qualified and experienced management team.
3.	Established relationship with material suppliers.
4.	Designing and execution capability.

Company Background	
○	Founded in 2017, Blue Pebble Limited has its registered office in Mumbai, Maharashtra, India.
○	Blue Pebble specializes in conceptualizing, designing, and installing vinyl graphics, signage, and interior furnishings like 3D walls and murals for corporate spaces. Offering extensive printing and design services, it caters to sectors like banking and IT, boasting clients like Infosys and American Express.
○	With a nationwide presence, Blue Pebble has received accolades for creativity and innovation in design, including prestigious awards in 2022 and 2023.
○	As of September 30 th , 2023, the company had a total of 34 employees on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 50	₹ 69

Financial Summary (In Lacs.)				
For the Period Ended	Mar-21	Mar-22	Mar-23	Sep-23
Total Assets	299.88	342.62	876.36	934.35
Net Assets	76.01	114.06	314.39	606.17
Total Borrowing	37.20	37.20	27.28	-
Total Revenue	421.04	548.14	1,594.96	1,322.68
Profit After Tax	-20.06	38.05	200.33	291.78

Tentative Timeline	
Opening Date	Mar 26, 2024
Closing Date	Mar 28, 2024
Basis of Allotment	April 1, 2024
Initiation of Refunds	April 2, 2024
Credit of Shares to Demat	April 2, 2024
Listing Date	April 3, 2024

Company Background and Analysis

Blue Pebble Limited was incorporated on September 08, 2017. The company provides spatial design and bespoke environmental branding solutions. The company provides a comprehensive range of services encompassing conceptualization, design, printing, furnishing, and installation of Vinyl graphics, signage, and different furnishing products, including but not limited to 3D walls, frost/clear glass films, artifacts, wall panels, wall murals, sculptures for corporate interiors and exterior workplace environments.

The company offer comprehensive solutions, catering to the clients' design, printing, and fabrication needs. The company's clientele spans across diverse industry sectors, including banks, multinational corporations (MNCs), IT etc. The company is serving notable clients such as Infosys Limited, HDFC Bank Limited, American Express, Bank of America, Nestle, British Petroleum, Moody's etc.

The company's product portfolio is as follows –

1. Environmental Branding - The company offers environmental branding solutions to its clients which involve creating a workspace that reflects and reinforces the company's brand identity, values, and culture.
2. Graphics and Signage – The company deals in providing signage solutions, offering a wide array of options for creating and installing signs that cater to diverse needs. The company also undertake the work of designing, printing and installing customized wall vinyl, vinyl graphics, window graphics, decals, vinyl floor graphics, glass films, window films etc.
3. Wall Arts, Frames and Hand Painting – The company offers a range of framing solutions to meet various needs, whether for preserving and displaying artwork, photographs, or important documents. The company provide a diverse selection of frame styles, materials, and sizes to accommodate different preferences and the specific requirements of the clients.
4. 3D Installations – The company specializes in the design and installation of three-dimensional structures or artworks (3D installations) that are not only visually striking but also serve as focal points within a given space.
5. Soft Furnishings – The company is engaged in providing a wide range of soft furnishings items including cushions, curtains, drapes, upholstery, rugs, bed linens, and another fabric-based décor.
6. Design Consultancy – The company provides comprehensive services related to design and consultancy including expert advice, guidance and solutions, often in the fields of Spatial design, UI/UX Web design, 3d design and more.

(Amt in Lakhs)

Particulars	Mar-21		Mar-22		Mar-23		Sep-23	
	Amt	%	Amt	%	Amt	%	Amt	%
Environmental Branding	356.59	84.69	402.86	73.53	1,008.92	63.35	1,002.76	76.08
Supply and Installation of Graphics and Signage	61.75	14.67	17.32	3.16	399.60	25.09	177.56	13.47
Supply and Installation of Wall Arts, Frames and Hand Painting	-	-	7.87	1.44	39.96	2.51	21.36	1.62
3D Installation	-	-	-	-	24.98	1.57	9.92	0.75
Soft Furnishing	-	-	6.30	1.15	34.97	2.20	6.87	0.52
Design Services	2.70	0.64	113.50	20.72	84.07	5.28	99.61	7.56
Total	421.04	100.00	547.85	100.00	1,592.50	100.00	1,318.08	100.00

To conclude, the company has decent experience in the industry in which the company operates. The increase in revenue generation for FY 23 is concerning. The company has started raising significant revenue from the Supply and installation of Graphics and Signage during FY 23.

Business Strategies

1. Widening the customer base geographically –

The company intends to continue to invest in the existing services so as to provide better experiences to the existing clients and also provide services for increasing the client base of the Company. The company believes that maintaining healthy relationships with the customers by providing them with quality service also leads to repeated business from existing customers and that further supports in constantly adding new customers.

2. Retaining Skilled team –

The Company is committed to achieving a high level of efficiency and productivity in actions and work performance. The company's intention is to continue the recruitment, retention, and development of qualified personnel.

3. Reduction of operational costs and achieving efficiency –

The company continues to expand its business and revenues and in addition to the efforts of that, the company recognize the importance of cost reduction and efficiency enhancement to maintain competitiveness in terms of cost-effectiveness.

4. Entering into new vertical “Digital and Immersive Solutions” –

The company aims to expand and diversify the services offered by way of developing a new business vertical called Digital and Immersive Solutions that offers immersive experiences to create a unique and unforgettable brand experience for employees and visitors. This includes interactive digital installations, virtual and augmented reality experiences, and other experiential design solutions.

Competitive Scenario and Peer Mapping

Competition

The company faces competition from domestic competitors. The company also faces competition from both organized and unorganized players in the market. The company has no entry barriers in the industry and the growing Industry is attracting people towards it which means that there may be stiff competition in future. The principal factors affecting competition in the business include client relationships, reputation, and the relative quality and price of the services. The bargaining power with the suppliers is high and the bargaining power with the consumers is also slightly higher in the industry in which the company operates.

Peer Analysis

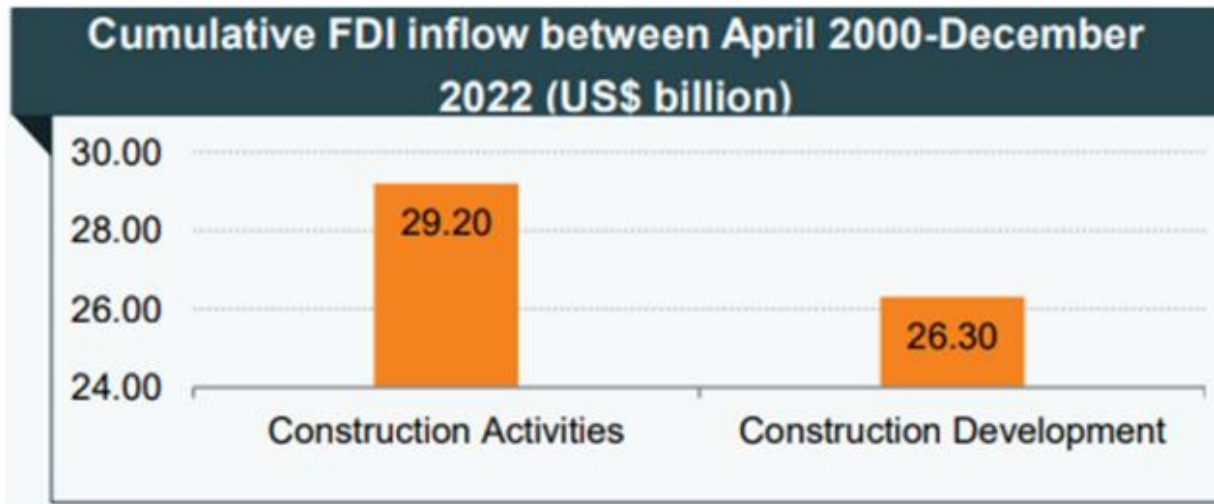
As per the offer document the company believes they do not have any listed peers for comparison.

Industry Overview

Exhibit 1: India's Real Estate Market (US\$ Billion).



Exhibit 2: Cumulative FDI inflows from April 2000-December 2022 (US\$ billion).



(Source: ibef.org)

Real Estate Industry in India

In India, the real estate sector is the second-highest employment generator, after the agriculture sector. Real estate sector in India is expected to reach US\$ 1 trillion by 2030. By 2025, it will contribute 13% to the country's GDP. Rapid urbanisation bodes well for the sector. The number of Indians living in urban areas is expected to reach 542.7 million by 2025 and 675.5 million by 2035. Construction is the third-largest sector in terms of FDI inflow. FDI in the sector (including construction development & activities) stood at US\$ 55.50 billion from April 2000-December 2022. Government of India's 'Housing for All' initiative is expected to bring US\$ 1.3 trillion investment in the housing sector by 2025. India's Global Real Estate Transparency Index ranking improved by three notches from 39 to 36 since the past eight years from 2014 until 2022 on the back of regulatory reforms, better market data and green initiatives, according to property consultant JLL. In FY23, India's residential property market witnessed with the value of home sales reaching an all-time high of Rs. 3.47 lakh crore (US\$ 42 billion), marking a robust 48% year-on-year increase. The volume of sales also exhibited a strong growth trajectory, with a 36% rise to 379,095 units sold. Home sales across top eight cities in India surged 68% YoY to reach ~308,940 units in 2022, signifying a healthy recovery in the sector. The residential sector is expected to grow significantly, with the central government aiming to build 20 million affordable houses in urban areas across the country by 2022, under the ambitious Pradhan Mantri Awas. Yojana (PMAY) scheme of the Union Ministry of Housing and Urban Affairs. Expected growth in the number of housing units in urban areas will increase the demand for commercial and retail office space.

Office Market Overview

Office market has been driven mostly by growth in BPM/IT, BFSI, consulting and manufacturing industries. Moreover, many new companies are planning a foray into Indian market due to huge potential and relaxed FDI norms. According to a report by Anarock Research, Hyderabad outperformed Bengaluru with the greatest new office supply in FY23, adding nearly 14.94 million square feet of space, or 31% of the total supply in the top seven cities. In Q1 of 2023, Bengaluru, Delhi-NCR and Chennai together accounted for two-thirds of quarterly demand. At 27%, flexible workspace was the biggest contributor to demand. From January-September 2022, Delhi NCR and Bengaluru were the two biggest office markets, followed by Mumbai. In 2021, Bengaluru is expected to record huge deals of >100,000 sq. ft. and form a major portion of projected leasing; and is expected to account for a 20-30% increase in absorption, while the supply is expected to gradually increase 20-30% y-o-y.

From January-September 2022, the gross leasing volume of India increased by 88%. Three cities—Delhi-NCR, Mumbai and Pune—accounted for ~62% of the total volumes recorded in the quarter. COVID-19 pandemic has resulted into work from home (WFH) element, which impacted the new space commitments in the short term. In 2020, new office space in the seven cities was 36.34 million square feet, a decrease of 30% y-o-y. However, recovery of the office leasing market is expected to start in early-2021. In the first quarter of 2023 (January-March), net office absorption in the top six cities stood at 8.3 million sq. ft. Of the total PE investments in real estate in Q4 FY21, the office segment attracted 71% share, followed by retail at 15% and residential and warehousing with 7% each.

(Source: ibef.org)

Key Managerial Personnel

Nalin Gagrani, aged 55 years, is one of the Promoters, Chairman and Managing Director of the Company. He has completed his Bachelor of Engineering in mechanical engineering, and Master of Management Studies. He has an overall work experience of around 30 years in Marketing, Business Development, Corporate interior and workspace designing. He primarily looks after the overall business operations of the Company including formulation of policies for the business development.

Manoj Bhushan Tiwari, aged 56 years, is one of the Promoters and Whole-Time Director of the Company. He has completed his Bachelor of Science in Chemistry. He has work experience of around 30 years in the printing and designing industry. He has been entrusted with the responsibility of handling the finance, accounts, printing and design and HR & Admin departments of the Company.

Karuna Nalin Gagrani, aged 54 years, is one of the Promoters and Non-Executive Director of the Company. She has completed her Bachelor of Engineering in Computer Science. She has an overall experience of around 25 years in design & technology and business development.

Amit Mahendra Vora, aged 48 years, is the Independent Director of the Company. He has completed his master's in science in electrical engineering, and Master of Business Management course (Management in changing environment). He has an overall experience of around 24 years of working in India and abroad.

Madhukar Rama Rao, aged 64 years, is an Independent Director of the Company. He holds a diploma certificate in Civil Engineering. He has an overall experience of around 40 years of working in the banking and finance sector.

To conclude, the company has three promoters, and they have vast experience in the industry the company operates. The Remaining Directors of the company also 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	421.04	547.85	1,592.49	1,318.08
Other Income	0	0.29	2.47	4.6
Total Income	421.04	548.14	1,594.96	1,322.68
Expenses				
Purchase cost	193.02	263.57	1,005.39	558.09
Changes in inventories of stock	22.4	6.42	-99.81	89.32
Direct Expense	21.68	27.89	90.14	79.26
Employee benefits expense	76.19	104.38	195.66	118.59
Finance costs	-	-	-	-
Depreciation and Amortization expense	6.74	4.13	8.5	6.52
Other expenses	74.22	90.65	122.32	82.23
Total Expenses	394.25	497.04	1,322.20	934.01
Earnings Before Interest, Taxes, Depreciation & Amortization	33.53	54.94	278.79	390.59
EBITDA Margin	8%	10%	18%	30%
Profit/(Loss) before tax	26.79	51.10	272.76	388.67
Tax Expense				
Current Tax	7.98	13.5	73.34	97.8
Deferred Tax	-1.25	-0.45	-0.91	-0.91
Total Tax Expense	6.73	13.05	72.43	96.89
Profit/(Loss) for the year	20.06	38.05	200.33	291.78
Net Profit Margin	5%	7%	13%	22%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	1.00	1.00	1.00	300.00
Reserves and surplus	75.01	113.06	313.39	306.17
Total Equity	76.01	114.06	314.39	606.17
2. Non-current liabilities				
Long term provisions	3.4	5.27	9.04	10.63
Long term borrowing	37.2	37.2	27.28	
Deferred tax liability (net)				
Total Non-current liabilities	40.60	42.47	36.32	10.63
3. Current liabilities				
Short-term borrowings				
Trade payables				
- Total outstanding dues of creditors other than micro and small enterprises	163.28	164.97	411.14	167.36
Other current liabilities	12.00	7.04	39.81	50.25
Short-term provisions	7.99	14.08	74.7	99.94
Total Current liabilities	183.27	186.09	525.65	317.55
Total Liabilities	223.87	228.56	561.97	328.18
Total Equity and Liabilities	299.88	342.62	876.36	934.35
ASSETS				

Balance Sheet					(In Lacs)
1. Non-current assets					
Property, plant & equipment	15.45	16.43	52.29	42.06	
Deferred tax asset (net)	1.78	2.23	3.14	4.05	
Long-term Investments	-	20.37	62.18	243.6	
Long-term loans and advances	0.5	0.25	2.00	2.00	
Total Non-Current assets	17.73	39.28	119.61	291.71	
2. Current assets					
Inventories	11.78	5.36	105.17	15.85	
Trade receivables	225.89	217.42	493.04	392.92	
Cash and cash equivalents	28.12	47.44	77.22	173.68	
Short-term loans and advances	2.41	5.18	7.55	21.64	
Other assets	13.95	27.94	73.77	38.55	
Total Current assets	282.15	303.34	756.75	642.64	
Total Assets	299.88	342.62	876.36	934.35	

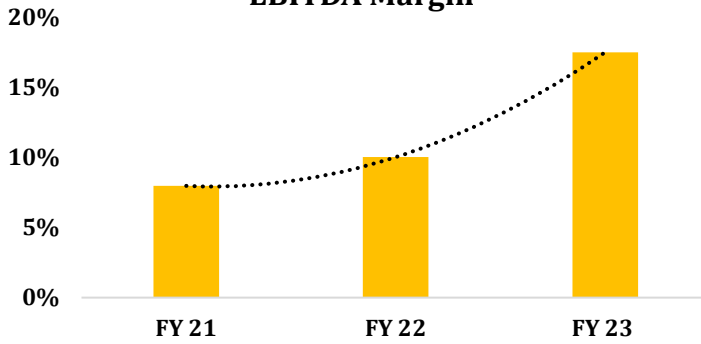
Cash Flow Statement					(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23	
Net Cash Flow from Operating Activities	-4.76	44.51	123.41	298.12	
Net Cash Flow from Investing Activities	-	-25.19	-83.7	-174.37	
Net Cash Flow from Financing Activities	0.06	-	-9.93	-27.29	

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Sep-23*
Per Share Data				
Diluted EPS	0.67	1.27	6.68	34.73
BV per share	1.86	2.80	7.71	86.90
Operating Ratios				
EBITDA Margins	7.96%	10.03%	17.51%	71.97%
PAT Margins	4.76%	6.94%	12.56%	53.56%
Inventory days	10.21	3.57	24.11	4.39
Debtor days	195.82	144.85	113.01	54.55
Creditor days	308.76	228.46	149.26	109.46
Return Ratios				
RoCE	23%	32%	77%	53%
RoE	26%	33%	64%	40%
Valuation Ratios (x)				
EV/EBITDA	1.53	1.31	0.88	1.66
Market Cap / Sales	16.28	12.51	4.30	2.60
P/E	250.75	132.28	25.15	4.84
Price to Book Value	90.18	60.09	21.80	1.93
Solvency Ratios				
Debt / Equity	0.04	0.05	0.03	0.02
Current Ratio	1.54	1.63	1.44	2.02
Quick Ratio	1.48	1.60	1.24	1.97
Asset Turnover	1.40	1.60	1.82	1.41
Interest Coverage Ratio	-	-	-	-

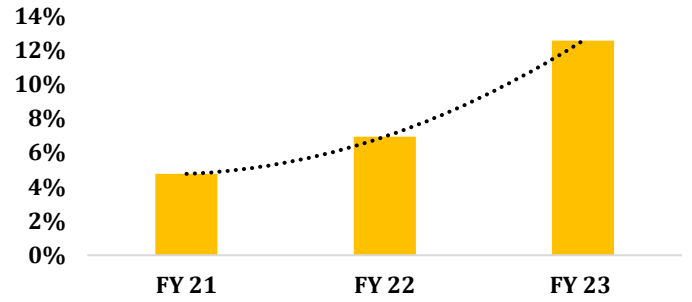
*Annualized Figures

Financial Charts

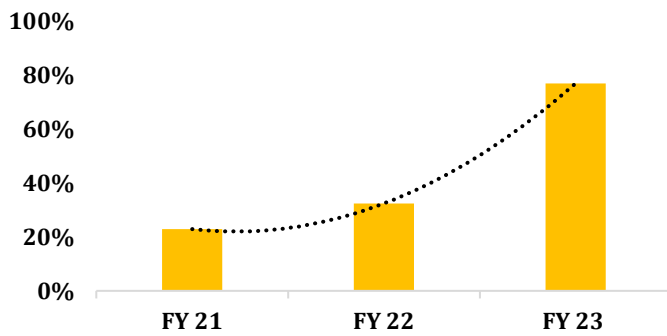
EBITDA Margin



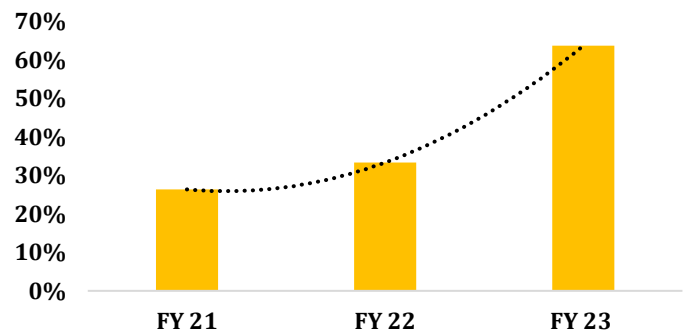
Net Profit Margin



Return On Capital Employed



Return on Equity



Key Risk Factors

1. The company's top ten customers have consistently accounted for significant percentages of the revenue from operations approximately 80.42%, 87.81%, 85.23%, and 84.96% for the periods ending on September 30, 2023, and the financial years ending on March 31, 2023, March 31, 2022, and March 31, 2021, respectively. Loss of relationship with any of these customers may have a material adverse effect on the profitability and results of operations.
2. The company has had negative operating cash flow for the FY ended 2021.
3. The company's promoters and directors are involved in certain legal proceedings amounting to Rs. 41.27 lakhs.

Track Record of Lead Manager

The lead manager to the issue is Hem Securities 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 –

Hem Securities Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Enfuse Solutions Limited	22.44	96.00	March 22, 2024	103.15
2.	Sona Machinery Limited	51.82	143.00	March 13, 2024	126.25
3.	Harshdeep Hortico Limited	19.09	45.00	February 05, 2024	46.78
4.	Megatherm Induction Limited	53.91	108.00	February 05, 2024	289.55
5.	New Swan Multitech Limited	33.11	66.00	January 18, 2024	73.28
6.	Shri Balaji Valve Components Limited	21.60	100.00	January 03, 2024	161.00
7.	Shanti Spintex Limited	31.25	70.00	December 27, 2023	54.87
8.	Siyaram Recycling Industries Limited	22.96	46.00	December 21, 2023	70.44
9.	S J Logistics (India) Limited	48.00	125.00	December 19, 2023	296.80
10.	Deepak Chemtex Limited	23.04	80.00	December 06, 2023	79.29

The company has had 42 mandates in the past three years including the current Year.

*CMP for the above-mentioned companies is taken as of 1st April 2023.

As per the offer document, from the above-mentioned mandates, 1 mandate has opened at a discount and the remaining mandates have opened at a premium on the listing date.

Recommendation

The company has been in the industry since 2017 and thus has decent experience in the industry. The company has seen a sudden hike in the top line for FY 23. The company's management has vast experience.

The P/E on a post-IPO and annualized basis is around 4.84 times which makes it fully priced by looking at the performance of the company.

The company operates in a competitive environment. The company has experienced a notable surge in revenue generation which raises concerns about sustainability going forward. The company has mentioned in their strategies for implementation of Digital and Immersive Solutions which can be a major revenue source in the future along with the growing sector. But currently due to the company's financial position we believe **Risk Averse investors should wait and Risk Seekers should apply** to this IPO.



Blue Pebble Limited

IPO Note

Recco - **RISK**



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