

IPO Details		Company Background				
Opening Date	March 28, 2024	<ul style="list-style-type: none"> ○ Incorporated in 2014, Creative Graphics Solutions Limited has its registered office in Delhi, India. ○ The company is in the business of manufacturing flexographic printing plates including Digital Flexo Plates, Conventional Flexo Printing Plates, Letter Press Plates, Metal Back Plates, and Coating Plates. ○ The company is serving customers across India as well as outside India namely African Countries, Thailand, Qatar, Kuwait and Nepal. ○ As of August 31, 2023, the company had a total of 420 employees on its payroll. 				
Closing Date	April 04, 2024					
Stock Exchange	NSE SME					
Lot Size	1,600 Shares					
Issue Price	₹80 to ₹85 per share					
Issue Size	Aggregating up to 54.40 Cr.					
Fresh Issue	Aggregating up to 54.40 Cr.					
Offer for Sale Application	-					
Amount (At upper band)	₹1,36,000					
IPO Objective		Market Capitalization (In Cr.)				
1. To meet working capital requirements.		Pre-Issue	Post-Issue			
2. Repayment/prepayment, in part or full of certain borrowings.		₹ 152	₹ 206			
3. Capital Expenditure.		Financial Summary (In Lacs.)				
4. To meet out inorganic growth through unidentified acquisitions for the company.		For the Period Ended	Mar-21	Mar-22	Mar-23	Sep-23
5. General corporate purposes.		Total Assets	3,471.15	4,497.40	6,600.07	10,031.2
		Net Assets	543.55	1,008.60	1,872.75	2,550.90
		Total Borrowing	894.64	950.57	2,290.52	4,499.90
		Total Revenue	4,804.34	6,868.34	9,178.35	4,845.70
		Profit After Tax	227.97	465.06	864.16	724.08
Pre-Issue Shareholding		Tentative Timeline				
Category	No. of Shares	Opening Date		Mar 28, 2024		
Promoter & Promoter Group	1,64,72,555	Closing Date		Apr 04, 2024		
Public	14,13,445	Basis of Allotment		Apr 05, 2024		
		Initiation of Refunds		Apr 08, 2024		
		Credit of Shares to Demat		Apr 08, 2024		
		Listing Date		Apr 09, 2024		
Promoter of the Company						
1. Deepanshu Goel						
2. Sarika Goel						
Competitive Strengths						
1. Experienced Promoters and management team with strong industry expertise and successful track record						
2. Long-Term Supply Agreements.						
3. Futuristic Infrastructure and Modern-Day Technology.						
4. Strong and long-standing customer relationships.						
5. Organization Affiliations.						
6. In-house artwork team						

Company Background and Analysis

Creative Graphics Solutions India Limited was originally incorporated on January 24, 2014. The company is a pre-press company, engaged in the manufacturing of flexographic printing plates including Digital Flexo Plates, Conventional Flexo Printing Plates, Letter Press Plates, Metal Back Plates, and Coating Plates. The company is serving customers across India as well as outside India namely African Countries, Thailand, Qatar, Kuwait and Nepal.

The company have expanded its horizons through the 2 (two) wholly owned subsidiaries, which are: -

1. Creative Graphics Premedia Private Limited
2. Wahren India Private Limited

The company's product portfolio is as follows –

1. Digital Flexo Printing Plates – These are flexographic plates which exposed using direct 'computer-to-plate' technology (CTP). Digital flexo plates are available with the company in different specifications and grades as per the requirements of the clients.
2. Conventional Flexo Printing Plates - Conventional Flexo Printing Plates are typically made of rubber or photopolymer material. Conventional Flexo Printing Plate is designed with raised relief images or patterns that transfer ink onto substrates, such as paper, cardboard, plastic, or metallic materials.
3. Letter Press Plate - Letterpress printing is a traditional relief printing method where inked type or images are pressed onto paper or other substrates. The letterpress plate is inked, and then paper is pressed against it to transfer the ink, creating a tactile and visually appealing printed result. This method is known for its crisp and high-quality impressions, making it popular for various applications, including wedding invitations and fine art printing.
4. Flexographic Coating Plates - Flexographic coating plates are specialized plates used in the flexographic printing process to apply coatings and finishes to printed materials. These finishes can provide qualities such as gloss, matte, or special effects, making them crucial in industries like label printing, packaging.
5. Metal-Backed Printing Plates - Metal back plates, also known as metal-backed printing plates, are a type of printing plate used in various printing processes. These plates are essential components in commercial printing and packaging industries.

Revenue bifurcation as per Industry wise –

(Amt in Lakhs)

Particulars	Mar-21		Mar-22		Mar-23		Sep-23	
	Amt	%	Amt	%	Amt	%	Amt	%
Domestic Sales	4,540.02	95.42	6,419.46	93.97	8,656.45	96.04	4,603.49	95.78
Export	217.67	4.58	411.65	6.03	357.10	3.96	203.03	4.22
Total	4,757.69	100.00	6,831.11	100.00	9,013.55	100.00	4,806.52	100.00

To conclude, the company was incorporated in the year 2014 and has good experience in the industry. The company is in the business of manufacturing flexographic printing plates including Digital Flexo Plates, Conventional Flexo Printing Plates, Letter Press Plates, Metal Back Plates, and Coating Plates. The company has seen a stable increase in revenue generation over the years.

Business Strategies

1. Strategic Business Acquisition –

The company as part of Inorganic Growth the company has acquired the running businesses, which provide the edge to the company for the new geographies and also help in the removal of the competitors.

2. Leveraging the Infrastructure –

The company have set up 6 additional manufacturing units located at different cities. The company's in-house manufacturing facility helps the company to efficiently handle the whole manufacturing process and also, to minimize the processing cost.

Competitive Scenario and Peer Mapping

Competition

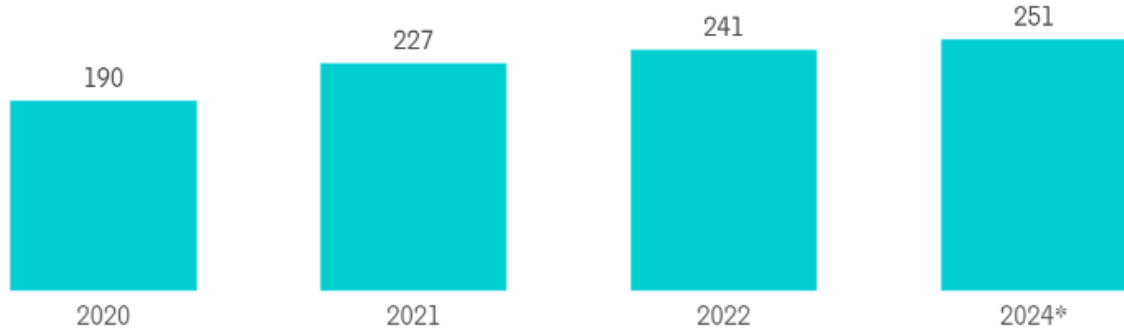
The company operates in a competitive market. The company faces competition from existing and potential competitors. The company has very low entry barriers in this industry which would further intensify competition. The bargaining power with the suppliers is high in this industry and the bargaining power with the consumers is also slightly higher in the industry in which the company operates in.

Peer Analysis

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

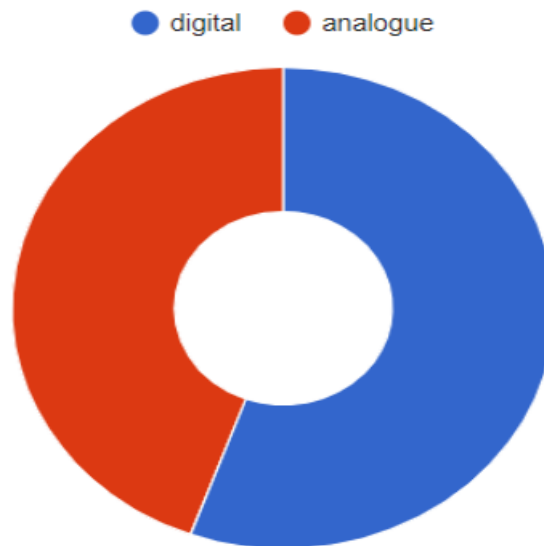
Industry Overview

Exhibit 1: Value of the Print Industry in India, in INR Billion, 2020-2024



(Source: Mordor Intelligence)

Exhibit 2: Global flexographic printing plates market by format type, 2021 (%), 2021 (%)



(Source: prospectus)

Indian Printing Industry -

The Indian printing industry is increasingly being driven by growth in packaging and labels. The print media also continues to grow at a healthy annual pace of four percent. As its growth trends continue to be well over the world averages, in print volume terms, India is set to become the fifth largest market by 2018 moving up five notches from its present tenth slot. Therein lays a great opportunity for the Indian & International print suppliers.

The global printing industry is forecast to reach \$980 billion by 2018. Global printing markets are changing, many publishing products have electronic versions replacing previously printed volumes. E-books, on-line newspaper and magazines are taking significant sections of their respective markets, while directories, catalogues and brochures have electronic alternatives, more transactions are electronic reducing demand for currency and cheques and advertising spend is moving into new areas including on-line. These factors, alongside the continued growth of social networking, result in declining volumes of many print products, but not packaging and labels where demand is growing.

The greatest growth opportunities for print products are concentrated around revenues from print packaging and print publishing (specifically newspaper printing), with the growth potential in package printing, which is expected to increase 7.8% between 2012 and 2017. The market size of the package printing sector is expected to increase from INR 53,374 crore in 2012 to 77,714 crore in 2017, and will make up 43% of total print product sales in 2017. Within the package printing sector, label and tags printing is expected to grow the most quickly of any product, at a rate of 11%, a result of increased demand from the emerging middle class in the region and India itself.

Insert printing and corrugated package printing are also forecast to have high growth rates, again reflecting the expanding segment of the population in the region capable of, and interested in, greater consumer consumption. This factor also accounts for the rapid growth of magazine printing, which is expected to grow 8.4% between 2012 and 2017. The publishing printing market size is supposed to grow from INR 20,859 crore in 2012 to 27,607 crores in 2017 with population increase, rising literacy rates and a growing economy.

The India commercial printing market size reached US\$ 33.2 Billion in 2022. Looking forward, IMARC Group expects the market to reach US\$ 41.6 Billion by 2028, exhibiting a growth rate (CAGR) of 3.4% during 2023-2028. Commercial printing refers to a collection of services, such as layout designing, binding, composition and press productions, used to transfer the artwork and text onto paper and cards. The commercial printing process utilizes a variety of materials such as flyers, brochures, books, posters, magazines, newsletters, and transactional bills and statements. It plays an essential role in producing large displays, which aids in attracting consumers with attractive designs.

Consequently, it is widely used in the packaging, food and beverage, pharmaceuticals, and publishing industries. India represents one of the largest commercial printing markets in the Asia Pacific region. The market is primarily driven by the development of innovative printing technologies by the manufacturers. They have started focusing on introducing engineered products with a reduced carbon footprint, higher energy efficiency, and better resistance to chemicals such as solvents and cleaners. The market is further propelled by the use of commercial printing to its cost-effectiveness and better print quality as compared to smaller printers. Apart from this, commercial printing is also crucial in the e-commerce industry, especially in the production of brochures, pamphlets and leaflets. Moreover, the transition to digital technology has also provided a positive impact on the market growth.

(Source: prospectus)

Key Managerial Personnel

Deepanshu Goel, aged 49 years, is one of the Promoters and Managing Director of the Company. He holds a Bachelor of Science and an advanced programme in Strategic Management for Business Excellence. He has 25 years of professional experience in the flexographic printing Industry.

Sarika Goel, aged 44 years, is one of the Promoters and Executive Director of the Company. She graduated from Delhi University with a Bachelor of Commerce followed by Fashion Designing. She has 9 years of experience in the manufacturing and service industry.

Gaurav Arora, aged 49 years, is the Non-Executive Director of the Company. He holds a Postgraduate in Business Management. He worked as a procurement manager in the oil field. He is currently associated with Book World, a firm dealing in corporate stationery and Computer Peripherals. He has 8 years of professional experience in Oil & Gas Industry.

Nikhil Rungta, aged 50 years, is the Non-Executive Independent Director of the Company. He holds a degree in Bachelor of Science and a Master of Business Administration. He has a working experience of more than 4 years in Google India Private Limited. He has 25 years of experience in growing business brands and building brands.

Puneet Sharma, aged 49 years, is the Non-Executive Independent Director of the Company. He is an accomplished tech-savvy senior finance professional with 24+ years in steering business strategy and leading change. He holds a Bachelor of Commerce (Honors), ACCA Certificate, and PGDM from All India Management Association Centre.

To conclude, the company has 2 promoters, and they have good experience in the field directly linked to the operations and in their respective fields. 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	Sep-23
Revenue from Operations	4,757.69	6,831.11	9,013.56	4,806.53
Other Income	46.65	37.23	164.79	39.17
Total Income	4,804.34	6,868.34	9,178.35	4,845.70
Expenses				
Cost of raw material consumed	2,879.85	3,895.09	5,117.82	2,375.61
Employee benefits expense	874.94	1,278.98	1,422.30	754.90
Finance costs	47.74	78.15	121.39	108.87
Depreciation and Amortization expense	146.25	302.19	303.05	147.26
Other expenses	528.49	689.49	1,015.66	515.90
Total Expenses	4,477.27	6,243.90	7,980.22	3,902.54
Earnings Before Interest, Taxes, Depreciation & Amortization	474.41	967.55	1,457.78	1,160.12
EBITDA Margin	10%	14%	16%	24%
Profit/(Loss) before tax	327.07	624.44	1,198.13	943.16
Tax Expense				
Current Tax	90.90	182.14	325.97	243.83
Deferred Tax	8.20	-22.76	8.00	-24.75
Total Tax Expense	99.10	159.38	333.97	219.08
Profit/(Loss) for the year	227.97	465.06	864.16	724.08
Net Profit Margin	5%	7%	9%	15%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	75.00	75.00	75.00	150.00
Other equity	468.55	933.60	1,797.75	2,400.90
Total Equity	543.55	1,008.60	1,872.75	2,550.90
2. Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	336.64	101.43	1,074.86	1,562.60
(ii) Lease obligation	32.16	98.80	108.41	96.46
(b) Deferred tax liabilities (Net)	29.53	6.77	14.77	-
Total Non-current liabilities	398.33	207.00	1,198.04	1,659.06
3. Current liabilities				
(a) Financial liabilities				
(i) Borrowings	558.00	849.14	1,215.66	2,937.30
(ii) Lease obligation	8.29	29.15	31.05	29.46
(iii) Trade payables	1,617.35	1,543.42	1,882.93	2,164.14
(iv) Other financial liabilities	277.92	567.81	176.70	471.87
(b) Other liabilities	62.72	226.24	127.12	27.99
(c) Current tax liabilities	4.99	66.04	95.82	190.56
Total Current liabilities	2,529.27	3,281.80	3,529.28	5,821.32
Total Liabilities	2,927.60	3,488.80	4,727.32	7,480.38
Total Equity and Liabilities	3,471.15	4,497.40	6,600.07	10,031.28
ASSETS				
1. Non-current assets				
(a) Property, plant and equipment	1,017.79	1,075.92	2,386.07	3,346.97

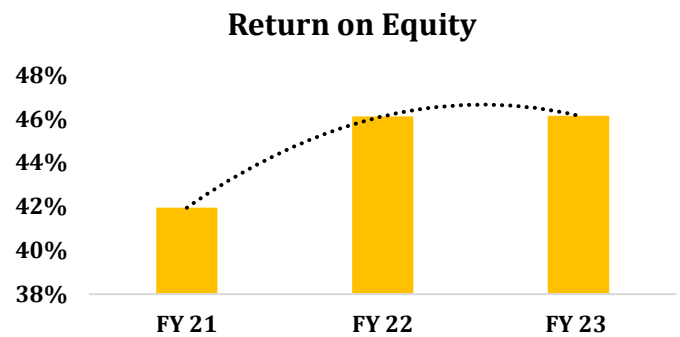
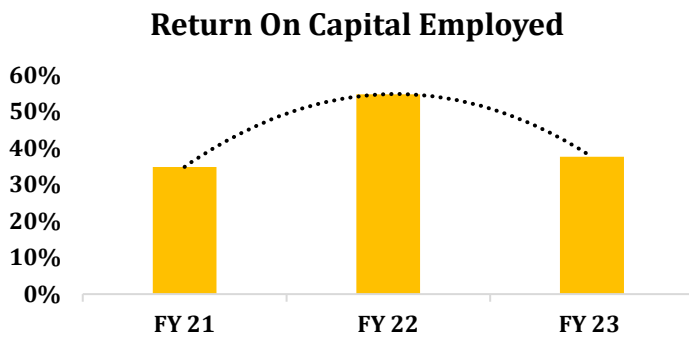
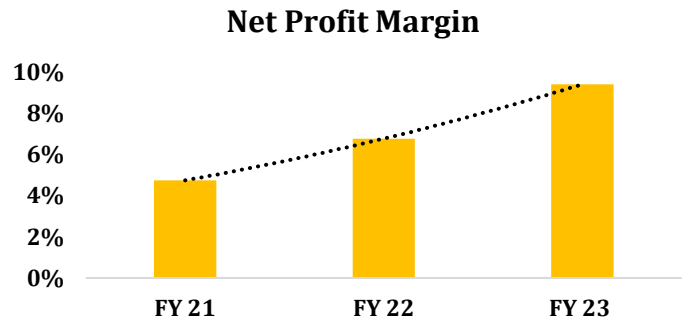
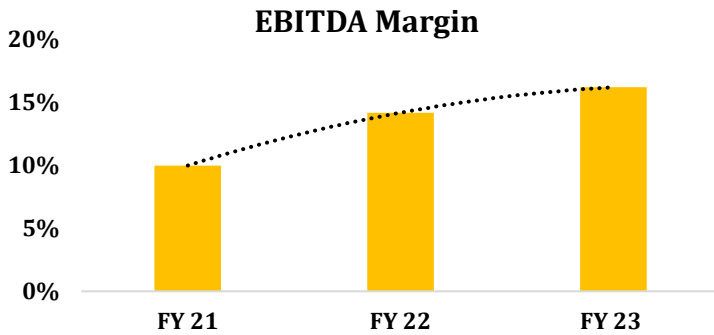
Balance Sheet				
	(In Lacs)			
(b) Right-of-use assets	38.36	120.15	128.99	113.18
(c) Goodwill	-	-	-	11.82
(d) Financial assets				
(i) Investments	-	11.00	103.33	97.39
(ii) Loans	-	139.94	263.13	-
(iii) Other financial assets	25.17	26.32	36.64	39.80
(e) Deferred tax assets (Net)	-	-	-	28.53
(f) Income tax assets	0.60	0.60	-	-
Total Non-Current assets	1,081.92	1,373.93	2,918.16	3,637.69
2. Current assets				
(a) Inventories	25.38	119.15	514.03	1,479.88
(b) Financial assets				
(i) Trade receivables	2,103.13	2,507.77	2,917.20	3,695.85
(ii) Cash and cash equivalents	143.78	114.31	121.04	181.76
(iii) Other financial assets	6.43	7.49	-	0.10
(c) Other assets	110.51	374.76	129.63	1,036.00
Total Current assets	2,389.23	3,123.48	3,681.90	6,393.59
Total Assets	3,471.15	4,497.41	6,600.06	10,031.28

Cash Flow Statement				
	(In Lacs)			
Particulars	FY 21	FY 22	FY 23	Sep-23
Net Cash Flow from Operating Activities	138.88	356.70	483.37	194.93
Net Cash Flow from Investing Activities	-331.08	-342.93	-1,670.62	-51.26
Net Cash Flow from Financing Activities	91.97	-43.24	1,193.98	-185.28

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Sep-23*
Per Share Data				
Diluted EPS	30	62	115	5.81
BV per share	2.24	4.15	7.71	35.73
Operating Ratios				
EBITDA Margins	9.97%	14.16%	16.17%	24.14%
PAT Margins	4.75%	6.77%	9.42%	14.56%
Inventory days	1.95	6.37	20.82	112.38
Debtor days	161.35	134.00	118.13	140.71
Creditor days	204.94	141.23	124.67	305.90
Return Ratios				
RoCE	35%	55%	38%	23%
RoE	42%	46%	46%	16%
Valuation Ratios (x)				
EV/EBITDA	2.73	1.91	2.77	4.83
Market Cap / Sales	4.34	3.02	2.29	2.15
P/E	2.83	1.37	0.74	14.62
Price to Book Value	37.98	20.47	11.02	2.38
Solvency Ratios				
Debt / Equity	1.65	0.94	1.22	1.76
Current Ratio	0.94	0.95	1.04	1.10
Quick Ratio	0.93	0.92	0.90	0.84
Asset Turnover	1.37	1.52	1.37	0.48
Interest Coverage Ratio	6.87	8.51	9.51	9.30

*Ratio sheet for Sept-23 is annualized.

Financial Charts



Key Risk Factors

- The company is primarily dependent upon few key suppliers for procurement of raw materials. The top 5 suppliers contributed to 76.83%, 87.96%, and 85.84% for the FY ended 2023, 2022, and 2021 respectively. Any disruption in the supply of these raw materials or fluctuations in their prices could have a material adverse effect on the business operations and financial conditions.

Track Record of Lead Manager

The lead manager to the issue is Corporate Capital Ventures 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 –

Corporate Capital Ventures Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Esconet Technologies Limited	28.22	84.00	February 23, 2024	181.45
2.	Alpex Solar Limited	74.52	115.00	February 15, 2024	257.95
3.	Accent Microcell Limited	78.40	140.00	December 15, 2023	243.00
4.	Rockingdeals Circular Economy Limited	21.00	140.00	November 30, 2023	402.85
5.	Oriana Power Limited	59.66	118.00	August 11, 2023	747.75
6.	Crayons Advertising Limited	41.80	65.00	June 02, 2023	175.05
7.	Droneacharya Aerial Innovations Limited	33.97	54.00	December 23, 2022	133.95
8.	Phantom Digital Effects Limited	29.10	95.00	October 21, 2022	455.80
9.	Swastik Pipe Limited	62.52	100.00	October 12, 2022	79.35
10.	Annapurna Swadisht Limited	30.25	70.00	September 27, 2022	389.95

The company has handled 12 mandates in the past three years (including the current year)

*CMP for the above-mentioned companies is taken as of 26th March 2024.

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

Recommendation

The company has been in the industry since 2014 and has good experience in the industry. The company's management overview is satisfactory with good experience in the industry. The company has seen consistency in the increase of its top line and bottom line of its financials over the years.

The P/E on an annualised and post-IPO basis is 14.62 times which seems to be fairly priced by looking at the performance of the company.

The industry in which the company operates is competitive. The company has had a stable increase in revenue generation over the years. The company has used the inorganic growth strategy for expansion and will continue to do so again in the near future for which a certain amount of proceeds is as well allotted. The company is also well-versed and equipped with advanced technology. Thus, we believe one can **APPLY** to this IPO.

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