



IPO Note

Boss Packaging Solutions Limited

Recommendation: **APPLY!**

Company Background -

- Boss Packaging Solutions Limited was originally formed and incorporated on January 10, 2012. The registered office is located in Ahmedabad, Gujarat, India.
- The company is a manufacturer, supplier and exporter of diversified packaging machines, self-adhesive sticker labelling machines, conveyors, turn tables, web sealers, electric tunnels, etc.
- The company sells these machines under its own brand "Boss" and also under the brand of the customers i.e. as a white label.
- The company had 64 permanent employees as of March 31, 2024.

Objects of the Issue -

- Purchase of machinery
- Funding the Working Capital Requirements.
- General Corporate Expenses.

Promoters Name -

Ketan Suryakantbhai Thakkar, Manishbhai Natvarbhai Brahmbhatt, Kamleshbhai Hasmukhbhai Patel, Jagrutiben Manishbhai Brahmbhatt, Bhavikaben Ketan Thakkar and Premkumar Manishbhai Brahmbhatt

Rationale for recommendation -

- ✓ The company's P/E is 19.53 times comparatively less compared to the industry P/E.
- ✓ The company has a good track of existence.
- ✓ The top line and the bottom line of the company is sustainable.
- ✓ The company's objects to the issue are good.
- ✓ The company's strategy for expansion geographically.
- ✓ The management overview is satisfactory.

IPO Details

Opening Date	Aug 30, 2024
Closing Date	Sep 03, 2024
Allotment Date	Sep 04, 2024
Listing Date	Sep 06, 2024
Stock Exchange	NSE SME
Lot Size	2,000 Shares
Issue Price Per Share	₹66
Issue Size	8.41 Cr.
Fresh Issue	8.41 Cr.
Offer for Sale	-
Application Amt	₹ 1,32,000 (2,000 shares)

INDUSTRY - Manufacturing Industry

P/E Average - 46.1

KPI's	KPIs (In Lakhs)		
	FY 22	FY 23	FY 24
Revenue	547.40	1,033.89	1,217.44
EBITDA	68.38	142.87	155.46
Net Profit	41.77	100.51	101.02
RoCE	60.62%	67.92%	31.06%
ROE	41.14%	49.75%	22.30%
P/E	24.63	10.25	19.53

Promoter Share Holding Pattern

Pre-Issue	Post Issue
100%	71.35%

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	3.38	2.27
BVPS	14.28	29.10
P/E	19.53	29.05
P/BV	4.62	2.27
Mkt Cap (In Cr)	20.94	29.35

Lead Managers -

Fedex Securities Private Limited

Registrar -

Kfin Technologies Limited

Business Overview -

Boss Packaging Solutions Limited From a single type of equipment manufactured to facilitate filling and sticker labeling machines have expanded the equipment portfolio to a wide range of packaging machines which includes a comprehensive range of packaging machineries such as industrial packaging machines with SemiAutomatic or automatic Liquid Filling Machines, Semi-Automatic or Automatic Screw or ROPP Capping machine, Pick and Place Screw Capping Machines. Wide range of Self-Adhesive Sticker Labelling Machines, Hologram Applicator Machines, Shrink Sleeve Applicator Machines, Conveyors and Turn Tables, Air Jet Cleaning Machine, Semi-Automatic or automatic shrink-wrapping machines (Web Sealer), Electric Tunnels and Winder Rewinder and customized atomization to cater to diverse customer requirements.

Raw Materials -

Steel & metal is the main raw material required for manufacturing operations. The materials are procured locally, and the material is sourced on a “made to drawing” basis, where parts are sourced based on the specifications and raw materials are “bought out items”, which are standard items that are purchased without customisation, such as ball-bearings and electric motors. The cost of materials consumed (including the purchase of stock in trade) by the company in the operations accounted for 68.06%, 65.18% and 61.95% of the revenue from operations for the Fiscal 2024, Fiscal 2023 and Fiscal 2022, respectively.

Applications -

Pharmaceuticals	Distilleries and Breweries	Lubricant & edible oil
Cosmetics and Personal care	Toiletries, liquid soap, gel	Foods and beverages and FMCG
Pesticides and chemicals	Dairy products, juice and fruit drink	Sauce, jam and mayonnaise

The company has catered to over 70 customers, 60 customers and 50 customers during the fiscal year 2024, fiscal year 2023 and fiscal year 2022, respectively.

Revenue Bifurcation for FY 2022, 2023, and 2024 are as follows -

(Amt in Lakhs)

Products	FY 2022	%	FY 2023	%	FY 2024	%
Labelling Machine	266.00	48.61	354.41	84.36	348.87	28.66
Shrink Sleeve Applicator	82.74	15.12	22.78	5.42	383.17	31.47
Filling Machine	25.77	4.71	8.68	2.07	125.17	10.28
Caping Machine	8.66	1.58	7.51	1.79	103.27	8.48
Filing Line	5.60	1.02	-	-	-	-
Others	158.49	28.96	26.72	6.36	256.96	21.11
Total	547.26	100.00	420.10	100.00	1,217.44	100.00

Product Portfolio -



Top side pouch labeler

Labeler



Double Head Shrink Sleeve Applicator



Full Packaging Line

Competition -

Market Competition: High, as price is often the deciding factor in client decisions. Focus on product quality, range, and availability to stand out in a fragmented and highly competitive market.

Geographic Competition: Competition comes from both domestic and foreign machine manufacturers, influencing local market dynamics.

Competitive Dynamics: Presence of both large and small players, leading to varied competitive pressures.

Barriers to entry: High, as there are no significant entry barriers, and new companies may emerge and compete for market share.

Bargaining Power of Buyers: High, because price is the primary deciding factor, increasing buyer power.

Bargaining Power of Suppliers – Likely moderate to high, as reliance on product quality and range.

Threat of Substitutes: Moderate, with competition from pipe manufacturers and other product alternatives.

Business Strategies -

Increasing Geographical Presences: The company intends to enter and capture new markets in India and Outside India and increase its geographical presence and thereby increase the customer base.

Widening the product basket: The Company is in the process of developing aseptic brick pack machine / BOPP labeling machine / unscramble machine and also developing the future RFC machine, carbonated filling machine and high-speed filling machines. Towards this strategy, company have taken initial steps such as inhouse designing of aseptic brick pack machine with the test trial by application of such machines.

Improve and increase operational efficiencies: The company continue to focus on investing in automation, modern technology and equipment to continually upgrade the products including the quality of the products to address changing customer preferences as well as to improve operational efficiency.

Risk Factors –

The company's top ten customers contributed 60.00%, 53.59 % and 56.27 % (inclusive of taxes) of the revenue from operations for the Fiscal 2024, Fiscal 2023 and Fiscal 2022, respectively. The loss of any significant customer may have a material adverse effect on the business and the results of operations.

There are outstanding tax demands involving the Company amounting to Rs. 1.72 Lakhs.

The company has had negative operating cashflow for the FY ended 2024.

PEER ANALYSIS

Particulars	Boss Packaging Solutions Limited			Windsor Machines Limited			Manugraph India Limited			Macpower CNC Machines Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	7.6%	9.7%	8.3%	0.6%	1.2%	-2.2%	-28.1%	-12.5%	-29.9%	6.7%	6.4%	10.0%
EBITDA Margin	12%	14%	13%	9%	9%	7%	-21%	-7%	-25%	11.2%	10.3%	15.2%
RoCE	61%	68%	31%	5%	5%	2%	-9%	-6%	-17%	21.3%	17.7%	26.7%
ROE	41.14%	49.75%	22.30%	0.83%	1.51%	-2.18%	-16%	-10%	-14%	75.7%	20.0%	93.5%
EPS (INR)	2.68	6.44	3.38	0.35	0.72	-1.18	-4.59	-3.62	-6.53	12.84	12.89	24.24
P/E	24.63	10.25	19.53	120.43	52.50	-56.61	-3.00	-3.98	-3.12	18.32	21.40	45.66

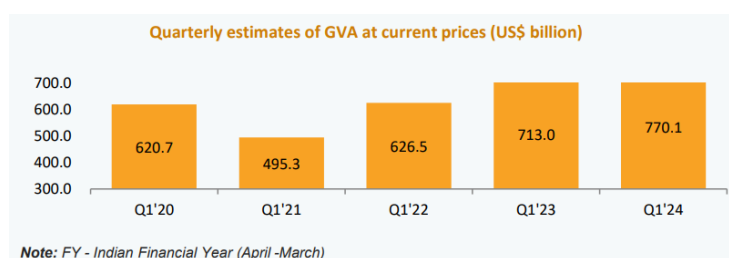
Indian Manufacturing Industry -

Introduction -

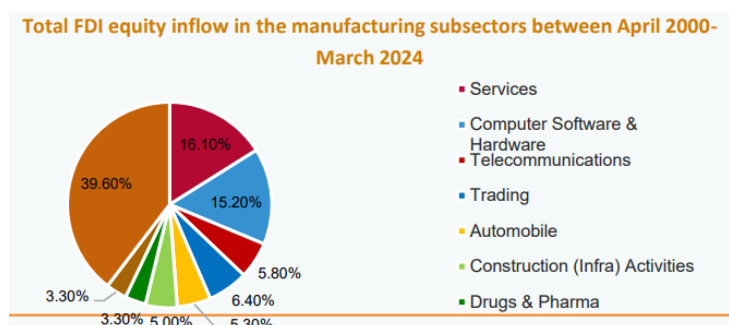
Manufacturing is emerging as an integral pillar in the country's economic growth, thanks to the performance of key sectors like automotive, engineering, chemicals, pharmaceuticals, and consumer durables. The Indian manufacturing industry generated 16-17% of India's GDP pre-pandemic and is projected to 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. other countries.

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.

Manufacturing sector in India is gradually shifting to a more automated and process driven manufacturing which is expected to increase the efficiency and boost production of the manufacturing industry.

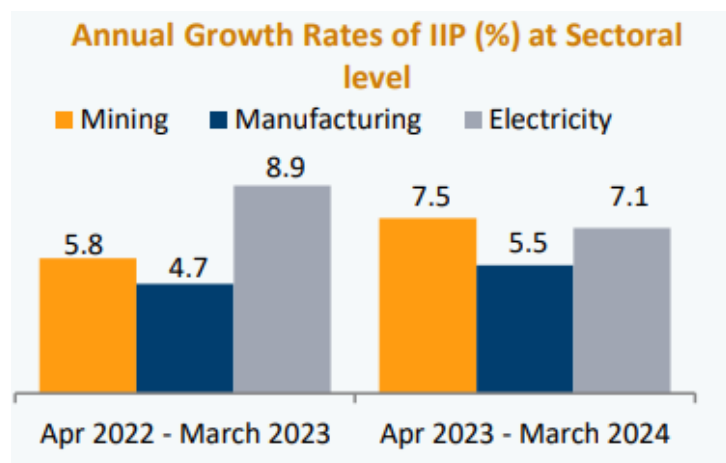


(source: ibef.org)



Advantages and Notable trends in the industry -

- During FY24, India's merchandise exports reached US\$ 437.06 billion, down from US\$ 451.07 billion in the previous fiscal
- By 2030, Indian middle class is expected to have the second largest share in global consumption at 17%
- India's gross value added (GVA) at current prices was estimated at US\$ 506.35 billion as per the quarterly estimates of the fourth quarter of FY24.
- The manufacturing GVA at basic prices was estimated at US\$ 128.06 billion in the fourth quarter of FY24.
- Manufacturing sector posts remarkable growth of 13.9% in Q2 FY24, exceeding forecasts and playing a pivotal role in India's GDP expansion.
- As per the survey conducted by the Federation of Indian Chambers of Commerce and Industry (FICCI), capacity utilisation in India's manufacturing sector stood at 74.7% in the third quarter of FY24, indicating a significant recovery in the sector.
- Manufacturing exports registered the highest ever annual exports of US\$ 447.46 billion with 6.03% growth during FY23 surpassing the previous year (FY22) record exports of US\$ 422 billion.
- Chemicals, pharmaceuticals, electronics, automotive, industrial machinery, and textiles (among others) are expected to propel manufacturing exports to reach US\$ 1 trillion by FY28.
- India's mobile phone manufacturing industry anticipates creating 150,000 to 250,000 direct and indirect jobs within the next 12-16 months.



Key Management -

Key Management Persons Name -	Manishbhai Natvarbhai Brahmbhatt
Age	48
Designation and No. of years of experience	Promoter Managing Director and Chairman, 15 years of experience in the area of business in which the Company operates.
Qualification	Diploma in Mechanical Engineering
Roles and Responsibility	Overseas operations and sourcing of materials of the Company
Other Ventures	-
Key Management Persons Name -	Kamlesh Hasmukhbhai Patel
Age	47
Designation and No. of years of experience	Promoter and Executive Director, over 5 years in the area of business in which the Company operates
Qualification	Higher secondary Education, Diploma in Mechanical Engineering
Roles and Responsibility	oversees marketing and customer relations of the Company.
Other Directorships	-
Key Management Persons Name -	Ketan Suryakant Thakkar
Age	46
Designation and No. of years of experience	Promoter and Executive Director, 12 years of experience in the area of business in which the Company operates
Qualification	Diploma in Mechanical Engineering
Roles and Responsibility	oversees financial and administrative affairs of the Company
Others	-
Key Management Persons Name -	Jagrutiben Manishbhai Brahmbhatt
Age	46
Designation and No. of years of experience	Promoter and Non-Executive Director, over 10 years of experience in handling administrative affairs of the Company
Qualification	secondary Education
Roles and Responsibility	-
Others	-
Key Management Persons Name -	Khushbu Jignesh Shah
Age	35
Designation	Independent Director, 3 years of experience in food industry.
Qualification	Bachelor of Commerce, Master of Commerce
Roles and Responsibility	-
Other Directorships	Gconnect Logitech and Supply Chain Limited, Indicosmic Infotech Limited
Key Management Persons Name -	Parthivkumar Bharatbhai Barad
Age	25
Designation and No. of years of experience	Independent Director, 4 years of experience in accounts and financial affairs.
Qualification	Bachelor's degree in commerce
Roles and Responsibility	-
Other Ventures	Gconnect Logitech and Supply Chain Limited

FINANCIAL SNAPSHOT**Statement of Profit and Loss**

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
Revenue from Operations	547.40	1,033.89	1,217.44
Other Income	0.81	0.82	0.10
Total Income	548.21	1,034.71	1,217.54
Expenses			
Cost of Materials Consumed	339.11	673.85	828.65
Employee Benefit Expenses	102.36	147.48	173.06
Finance Cost	8.52	3.95	11.39
Depreciation and Amortisation	4.61	5.13	5.26
Other expenses	37.55	69.69	60.27
Total Expenses	492.15	900.10	1,078.63
EBITDA	68.38	142.87	155.46
EBITDA Margin	12.49%	13.82%	12.77%
Profit/(Loss) before tax	56.06	134.61	138.91
Tax Expense			
Current tax	14.55	34.40	35.50
Deferred Tax	-0.26	-0.30	-0.09
Current tax adjustments of earlier years	-	-	2.48
Total Tax	14.29	34.10	37.89
Profit/(Loss) for the year	41.77	100.51	101.02
Net Profit Margin	7.63%	9.72%	8.30%

Statement of Assets and Liabilities

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share Capital	1.00	1.00	317.23
Reserves and surplus	100.53	201.04	135.70
Total Equity	101.53	202.04	452.93
3. Non-current liabilities			
Long-term borrowings	3.66	0.77	30.62
Total Non-current liabilities	3.66	0.77	30.62
4. Current liabilities			
Short-term borrowings	16.07	2.93	35.00
Trade Payables			
(i) Total outstanding dues of MSME	2.87	121.44	84.83
(ii) Total outstanding dues of creditors other than MSME	89.02	111.68	37.6
Other Current Liabilities	47.30	57.74	78.18
Short-term provisions	18.76	39.52	46.94
Total Current liabilities	174.02	333.31	282.55
Total Liabilities	177.68	334.08	313.17
Total Equity and Liabilities	279.21	536.12	766.10
ASSETS			
1. Non-current assets			
Property, Plant & Equipment	13.43	12.86	13.13
Deferred Tax Assets (Net)	1.07	1.37	1.46
Total Non-Current assets	14.50	14.23	14.59
2. Current assets			
Inventories	168.59	173.05	445.56
Trade Receivables	54.00	295.81	261.76
Cash & Cash equivalents	13.42	28.01	4.50
Short term loans and advances	28.70	25.02	39.69
Total Current assets	264.71	521.89	751.51
Total Assets	279.21	536.12	766.10

Cash Flow Statement

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24
Net Cash Flow from Operating Activities	49.35	38.34	-218.51
Net Cash Flow from Investing Activities	-5.57	-3.78	-5.41
Net Cash Flow from Financing Activities	-40.80	-19.97	200.41

Key Ratios

Per Share Data	FY 22	FY 23	FY 24	Valuation Ratios (x)	FY 22	FY 23	FY 24
Diluted EPS	2.68	6.44	3.38	EV/EBITDA	1.58	1.24	3.31
BV per share	3.20	6.37	14.28	Market Cap / Sales	5.36	2.84	2.41
Operating Ratios				P/E	24.63	10.25	19.53
EBITDA Margins	12.49%	13.82%	12.77%	Price to Book Value	20.62	10.36	4.62
PAT Margins	7.63%	9.72%	8.30%	Solvency Ratios			
Inventory days	112.41	61.09	133.58	Debt / Equity	0.19	0.02	0.14
Debtor days	36.01	104.43	78.48	Current Ratio	1.52	1.57	2.66
Creditor days	87.54	125.44	40.58	Quick Ratio	0.55	1.05	1.08
Return Ratios				Asset Turnover	1.96	1.93	1.59
RoCE	60.62%	67.92%	31.06%	Interest Coverage Ratio	7.48	34.87	13.19
RoE	41.14%	49.75%	22.30%				

LEAD MANAGER TRACK RECORD -

The lead manager to the issue is Fedex Securities Pvt Ltd. 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 –

Fedex Securities Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Broach Lifecare Hospital Limited	4.02	25.00	Apr 21, 2024	44.9
2.	Magenta Lifecare Limited	7.00	35.00	Jun 12, 2024	32.7
3.	Finelistings Technologies Limited	13.53	123	May 14, 2024	75.1
4.	GConnect Logitech and Supply Chain Limited	5.60	40	Apr 03,2024	83.0
5.	Vruddhi Engineering Works Limited	4.76	70	Apr 03,2024	252.0
6.	Mukka Proteins Limited	224	28	Mar 07,2024	46.5
7.	Deem Roll Tech Limited	29.26	129	Feb 27,2024	110.0
8.	Polysil Irrigation Systems Limited	17.44	54	Feb 16,2024	32.5
9.	Baweja Studios Limited	97.20	180	Feb 06,2024	83.0
10.	Docmode Health Technologies Limited	6.71	79	Feb 02,2024	125.0

*CMP for the above-mentioned companies is taken as of 30th August 2024.

The company has had 29 mandates in the past three years including the current Year.

As per the offer document, from the above-mentioned mandates, Baweja Studios Limited has opened at a discount and the remaining mandates have opened at premiums on the listing date.

Recommendation -

Boss Packaging Solutions Limited has been in the industry since 2012 and has good experience in the industry. The management overview of the company is satisfactory.

The P/E on a post-IPO basis is around 29.05 times which makes it fairly priced by looking at the performance of the company and sector. The industry average P/E is 46.1 times.

The company operates in a competitive industry. The company has a good strategy planned for expansion through geography. The company is also planning to manufacture accessories, mould and dice for capping and filling machines which is expected to increase the revenue in the near future. The company's performance compared to that of the peer company is good. The company's financials look sustainable going forward. Thus, we recommend **APPLY** to this IPO.

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