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Issue Offer

Fresh Issue of 1,497,333 Equity shares aggregating upto INR 112 mn and Offer for Sale of 4,493,333 Equity shares (INR 337 mn) aggregating up to INR 337 mn

Issue Summary

Price Band (INR)	71-75
Face Value (INR)	5
Implied Market Cap (INR Mn)	1691.3
Market Lot	1600
Issue Opens on	June, 19, 2024
Issue Close on	June, 21, 2024
No. of share pre-issue	21,052,800
No. of share post issue	22,550,400
Listing	BSE-SME

Issue Break-up (%)

QIB Portion	50
NII Portion	15
Retail Portion	35

Book Running Lead Managers

Share India Capital Services Private Limited
Fintellectual Corporate Advisors Private Limited

Registrar

Skyline Financial Services Ltd.

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	100%	73.43%
Public & Others	0.0%	26.57%

Objects of the issue

- To Meet Working Capital Requirements
- General corporate purposes.

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Gem Enviro Management Ltd., established in 2013, focuses on collecting and recycling packaging waste, including plastic. The company has expanded into implementing Plastic Extended Producer Responsibility (EPR) Programs, which contributed 82.41% of its revenue in FY 22-23. Industrial plastic waste recycling contributed 17.42%, and recycled product sales added 0.18%. In FY23-24, GEML ventured into new sustainability services, including EPR consultancy, ESG consulting, and Business Responsibility and Sustainability Reporting (BRSR). Initially trading plastic waste and recycled merchandise, GEML has consistently committed to sustainable waste management. Operating debt-free with an asset-light model, GEML holds a 21-25% market share among unlisted peers and serves over 200 industry players.

Investment Rational

Holistic Environmental Solutions through Strategic Diversification: The Company has strategically diversified its service portfolio beyond its initial focus on scrap management for beverage giants. The company now offers a comprehensive range of sustainability services, including Extended Producer Responsibility (EPR) compliance, Environmental, Social, and Governance (ESG) consulting, Business Responsibility and Sustainability Reporting (BRSR), and project advisory. This broad and integrated approach positions GEML as a one-stop solution provider for clients seeking comprehensive environmental solutions, addressing all aspects of sustainable waste management and compliance. This strategic diversification enhances GEML's capability to meet diverse client needs, reinforcing its market leadership and commitment to environmental stewardship.

Industry-leading expertise in Waste Management and EPR Solutions: The company brings extensive industry experience in waste management and Extended Producer Responsibility (EPR) to its clients. The team, consisting of highly qualified professionals including environmental science graduates, engineers, MBAs, and company secretaries, possesses deep knowledge of environmental regulations and recycling best practices. This expertise ensures clients receive tailored, compliant EPR solutions, reinforcing GEML's reputation as an industry leader in sustainable waste management.

Strategic Market Expansion: Market Presence and Geographic Expansion: The company aims to deepen its market penetration and expand its geographic footprint as part of its growth strategy. Currently established in major Metros and Tier I cities, the company plans to enhance its presence by extending services to new cities and states. Recognizing untapped opportunities, GEML intends to strategically expand into Tier-2 and Tier-3 cities, where significant growth potential exists. This approach will not only broaden GEML's market presence but also scale up operations, driving sustained business growth and reinforcing its leadership in the waste management and sustainability sector.

Driving Efficiency and Sustainability through Innovation and Technology: The company is committed to embracing innovation and leveraging advanced technology as a core component of its strategic vision. The company aims to explore and implement cutting-edge technologies for waste tracking, recycling, and material recovery. These technologies will ensure that GEML's processes are efficient, transparent, and environmentally sustainable. By integrating state-of-the-art solutions, GEML seeks to enhance operational efficiency, improve transparency in waste management, and further its commitment to sustainability, positioning itself at the forefront of the industry.

Valuation and View: Though the company is engaged in plastic waste management (PWM) segment which is highly fragmented one, its more than decade experience and long term relations with the renowned customers is attributed to its performance so far. Annualized FY24 earnings the issue appears fully priced, but it indicates the likely trends in coming years with rising contribution of the company in PWM segment. Investors may park funds for the medium to long term rewards in this dividend paying company. At the upper band of INR 75, the issue is valued at a P/E of 14.09x based on FY24 EPS (annualized) of INR 5.32. We recommending "Subscribe" for this issue.

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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