

IPO Details			Company Background			
<b>Opening Date</b>	June 19, 2024		<ul style="list-style-type: none"> <li>Established in 2010, Durlax Top Surface Limited, formerly known as Durlax Archtech Private Limited, manufactures solid surface materials that are sold across India.</li> <li>The company has two brands, namely LUXOR and ASPIRON. The LUXOR brand offers acrylic UV solid sheets while ASPIRON offers modified solid sheets.</li> <li>Company's both brands offer seamless designs, antibacterial and fire-retardant properties, ensuring a comprehensive range of high-quality solid sheets.</li> <li>The products are used in residential, commercial, hospitality, healthcare, outdoor and various other industries, providing stylish and durable solutions for countertops, vanities, offices, retail spaces, hotels, hospitals, outdoor projects and more.</li> <li>The company's manufacturing facility is in Vapi, Gujarat.</li> <li>The company has registered office at the Vile Parle East, Mumbai.</li> <li>As of September 25, 2023, the company employed 69 people.</li> </ul>			
<b>Closing Date</b>	June 21, 2024					
<b>Stock Exchange</b>	NSE SME					
<b>Lot Size</b>	2,000 Shares					
<b>Issue Price</b>	₹68 per share					
<b>Issue Size</b>	Aggregating up to ₹40.80Cr.					
<b>Fresh Issue</b>	Aggregating up to ₹28.56Cr.					
<b>Offer for Sale</b>	Aggregating up to ₹12.24Cr.					
<b>Application Amount</b>	₹1,36,000					
IPO Objective						
1. To meet Working Capital Requirements						
2. General Corporate Purposes						
3. To meet Public Issue Expenses						
Pre-Issue Shareholding						
<b>Category</b>	<b>No. of Shares</b>	<b>% of Total Shares</b>				
Promoter & Promoter Group	1,18,35,701	95.24%				
Public	5,92,000	4.76%				
Promoter of the Company						
1. Shravan Suthar						
2. Lalit Suthar						
Competitive Strengths						
1. Focusing on multiple end-user industries						
2. Wide and diverse range of product offerings						
3. Experienced promoters and management team						
4. Diversified distribution network						
			Market Capitalization (In Cr.)			
			Pre-Issue	Post-Issue		
			85	113		
			Financial Summary (In Lakhs)			
For the Period Ended		Mar-22	Mar-23	Mar-24		
<b>Total Assets</b>		7,168.11	7,673.03	10,553.51		
<b>Net Assets</b>		1,292.27	1,671.21	2,184.38		
<b>Total Borrowings</b>		3,929.83	3,690.93	6,070.71		
<b>Total Revenue</b>		4,741.81	6,684.20	9,083.93		
<b>Profit After Tax</b>		48.42	209.44	505.06		
			Tentative Timeline			
<b>Opening Date</b>			June 19, 2024			
<b>Closing Date</b>			June 21, 2024			
<b>Basis of Allotment</b>			June 24, 2024			
<b>Initiation of Refunds</b>			June 25, 2024			
<b>Credit of Shares to Demat</b>			June 25, 2024			
<b>Listing Date</b>			June 26, 2024			

### Company Background and Analysis

Durlax Top Surface Limited, originally incorporated as Durlax Archtech Private Limited on May 3, 2010, under the Companies Act, 1956. It was rebranded as Durlax India Private Limited on August 23, 2017, and later as Durlax Top Surface Private Limited on January 6, 2023. The company converted to a public limited entity on January 27, 2023, and now operates as Durlax Top Surface Limited.

The company specializes in manufacturing solid surface materials, marketed under the LUXOR® and SPIRON® brands, with distribution across India and exports to Dubai, Bahrain, Greece, and Nepal. The LUXOR® brand offers Acrylic UV Solid Surfaces, while SPIRON® provides Modified Solid Surfaces. Both brands claim to offer seamless designs, antibacterial and fire-retardant properties, ensuring a comprehensive range of solid sheets. The manufacturing facility, located in Vapi, is claimed to be equipped with advanced German and South Korean technologies, producing materials for various applications in residential, commercial, hospitality, healthcare, and exterior sectors. The product portfolio includes SPIRON® solid surfaces, composed of polyester resin, aluminium trihydrate powder, and adhesives, available in over 60 colours and suitable for various applications. LUXOR® Acrylic UV, made from a mixture of mono methyl amine, PVC methyl amine, aluminium trihydrate powder, and adhesives, is designed for both indoor and outdoor use in diverse settings.

Particulars	March-24				Amt (Lacs)	
	Distributors	%	Direct Customers	%	Total	%
Maharashtra	5,325.58	58.67	1,196.74	13.19	6,522.32	71.86
Karnataka	220.02	2.42	18.69	0.21	238.71	2.63
Telangana	37.89	0.42	32.00	0.35	69.89	0.77
Gujarat	-	-	87.13	0.96	87.13	0.96
Tamil Nadu	56.43	0.62	67.01	0.74	123.44	1.36
Delhi	103.73	1.14	149.50	1.65	253.23	2.79
Odisha	25.1	0.28	808.12	8.90	833.22	9.18
Uttar Pradesh	120.77	1.33	274.05	3.02	394.82	4.35
Andhra Pradesh	-	-	2.72	0.03	2.72	0.03
Chhattisgarh	0.11	0.00	10.78	0.12	10.89	0.12
Dadra Nagar Haveli Daman Diu	-	-	1.82	0.02	1.82	0.02
Haryana	-	-	9.08	0.10	9.08	0.10
Jharkhand	-	-	59.90	0.66	59.90	0.66
Kerala	-	-	1.82	0.02	1.82	0.02
Madhya Pradesh	-	-	0.91	0.01	0.91	0.01
Meghalaya	-	-	31.77	0.35	31.77	0.35
Rajasthan	-	-	8.17	0.09	8.17	0.09
West Bengal	-	-	19.06	0.21	19.06	0.21
<b>Total- Domestic</b>	<b>5,889.63</b>	<b>64.89</b>	<b>2,779.26</b>	<b>30.62</b>	<b>8,668.89</b>	<b>95.51</b>
<b>Total - International</b>			<b>407.53</b>			<b>4.49</b>
<b>Total</b>			<b>9076.42</b>			<b>100.00</b>

The manufacturing facility in Moti Tambadi Dist. Valsad near Vapi, Gujarat, features infrastructure for raw material storage, manufacturing, quality control, and R&D. Raw materials are sourced domestically and internationally, primarily from South Korea and China. Notably, the top 10 customers accounted for 77.86% of the fiscal 2024 revenue.

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The company's installed production capacity and actual production from 2022 to 2024 show efficient utilization, with an increase in capacity to 2,40,000 sheets and a production achievement of 1,72,724 sheets in fiscal 2024. Logistics are primarily road-based, with third-party companies handling delivery, ensuring a broad geographical presence both domestically and internationally. As far as human resource is concerned company employed 69 people, as of September 25, 2023.

To conclude, Durlax Top Surface Limited specializes in manufacturing solid surface materials, marketed under the LUXOR<sup>®</sup> and SPIRON<sup>®</sup> brands, with distribution across India and exports to Dubai, Bahrain, Greece, and Nepal. Company's manufacturing facility is in Vapi and its installed production capacity is 2,40,000 for FY 2024.

## Business Strategies

### 1. Continue to add to product portfolio by introducing new designs -

Company's strategy is focused towards introducing new product designs to meet the ever-changing demands of the market as well as garnering the attention of more end-users. Strengthening the relationship with the existing customer network through a wide range of products while also onboarding new customers from untapped segments and regions.

### 2. Further expand distribution network across India and globally-

Company has constantly expanded the distribution network across the country as core strategies of the company to further expand the distribution network. Having a wider product portfolio and an established brand presence in existing products, provides confidence to new distributors to engage with the company.

### 3. Continue to drive business based on people-centric policies and practices-

Durlax believes members of workforce are a key part of their business success and therefore they maintain people centric policies and practices. While their management leads them ably in achieving their growth and expansion goals, identification and retention of key talent is crucial strategy for the company.

### 4. To increase brand visibility -

Company's market goodwill is significantly dependent on brand recall and their ability to compete effectively would significantly depend on their ability to promote and develop the brand. Company would continue to associate themselves with quality customers. They intend to continue their brand building exercise by providing excellent services to the satisfaction of the customers.

## Competitive Scenario and Peer Mapping

### Competition

The countertop and solid surface industry is highly competitive, driven by factors such as -

1. market segmentation (residential vs. commercial), material types (natural stone, quartz, solid surfaces), and regional trends.
2. Technological advancements in manufacturing and a focus on sustainability offer a competitive edge.
3. Consumer preferences for aesthetics, durability, and customization shape demand. Distribution channels include direct sales, partnerships with retailers, and e-commerce.
4. Companies compete through innovation, branding, pricing strategies, and customer service, while challenges include raw material costs, environmental regulations, and market saturation.

### Peer Analysis

**The comparison of the key performance indicators of the listed peers as of Mar-24 is given below –**

Particulars	Durlax Top Surface Limited	Kaka Industries Limited	Dhabriya Plywood Limited	Pokarna Limited
	Mar-24	Mar-24	Mar-24	Mar-24
Net Profit Margin	5.56%	7.63%	3.94%	17.96%
EBITDA Margin	12.16%	12.57%	13.09%	33.15%
Return on Capital Employed	20.71%	25.83%	16.16%	14.06%
Return on Equity	23.12%	25.25%	8.75%	20.88%
EPS (INR)	4.06	10.34	4.00	23.00
P/E	16.75	16.10	63.63	18.52

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

Particulars	Durlax Top Surface Limited	Kaka Industries Limited	Dhabriya Plywood Limited	Pokarna Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	3.14%	4.51%	4%	10%
EBITDA Margin	11.71%	8.76%	13%	28%
Return on Capital Employed	15.88%	29.49%	13%	8%
Return on Equity	12.53%	36.64%	8%	8%
EPS (INR)	1.75	7.17	4.00	9.00
P/E	38.86	-	31.26	27.17

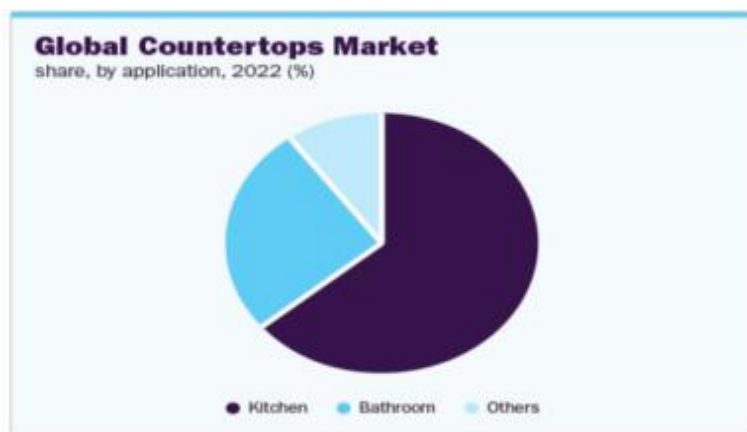
**The comparison of the key performance indicators of the listed peers as of Mar-22 is given below –**

Particulars	Durlax Top Surface Limited	Kaka Industries Limited	Dhabriya Plywood Limited	Pokarna Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	1.02%	4.25%	4%	12.04%
EBITDA Margin	14.02%	8.42%	10%	27%
Return on Capital Employed	12.17%	71.35%	12%	16%
Return on Equity	3.75%	41.50%	8%	18%
EPS (INR)	0.41	4.98	5.00	25.00
P/E	165.85	-	16.79	28.55

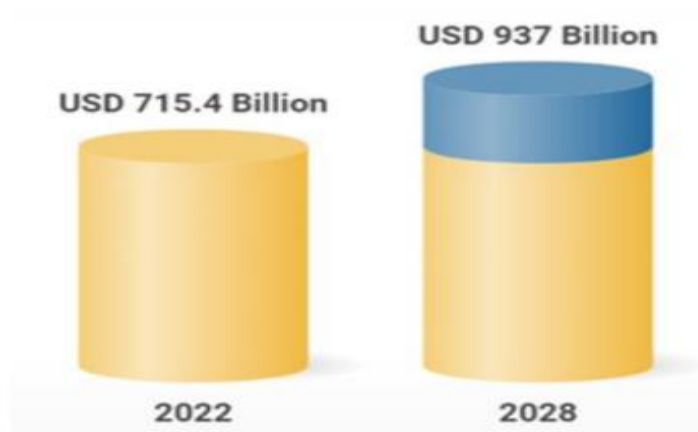
## Industry Overview

### Global outlook

The global solid surfaces industry, with a focus on acrylic solid surfaces, is experiencing robust growth driven by the rising construction activities across residential and commercial sectors worldwide. Acrylic solid surfaces are a popular choice for seamless countertop installations due to their durability, aesthetic appeal, and versatility in design. These materials are composed of alumina trihydrate (ATH), acrylic, epoxy, or polyester resins, and pigments, allowing for a wide range of applications in various settings.



**Global Countertops Market**



**Global Home Decor Market**

(Source: prospectus)

### Market Growth and Capacity

- The acrylic solid surface market is projected to grow at a CAGR of 3.55% from 2021 to 2028. The global Corian acrylic solid surface market size was valued at USD 2261.2 million in 2022 and is expected to expand at a CAGR of 4.38%, reaching USD 2925.17 million by 2028.
- The global countertops market, a significant segment of the solid surfaces industry, was valued at USD 131.50 billion in 2022 and is expected to expand at a CAGR of 6.5% from 2023 to 2030. This growth is fuelled by rising demand in residential and commercial construction, as well as home improvement activities.

### Indian Solid Surfaces Industry:

The Indian solid surfaces industry, specifically focusing on countertops, is witnessing significant growth due to increasing preferences for premium kitchen countertop materials over traditional laminates. This growth is supported by strong economic advancements and a surge in the construction sector within developing markets, including India.

### Market Growth and Capacity

- The Indian countertops market is expected to grow steadily, driven by rising disposable incomes, expansion of distribution networks, and robust growth in the construction sector. The market value is set to rise due to a growing preference for higher-priced materials.
- In India, the residential segment dominates the market due to increasing investments in home renovations and the rising trend of larger kitchens and multiple bathrooms in single-family houses. The commercial segment, including hotels, restaurants, and offices, is also experiencing significant growth.

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- The Indian home furnishings market, which includes solid surfaces for countertops, was valued at INR 48,625 Crore in 2022 and is expected to reach INR 78,536 Crore by 2028, exhibiting a CAGR of 8.23%. This growth is driven by the increasing number of households, rising disposable incomes, and the expansion of the interior design industry.
  - Companies are focusing on customer-driven marketing techniques, offering customization options, and enhancing online product displays to attract consumers. Strategic partnerships and collaborations with builders and designers are also common to boost market reach.

**Government Initiatives**

- The Indian government has launched initiatives such as "Make in India" to promote domestic manufacturing and reduce imports, which is beneficial for the solid surfaces industry.
- Government investments in infrastructure development and housing projects are driving the demand for high-quality solid surfaces. These projects aim to modernize housing and non-residential buildings, further propelling market growth.

(Source: prospectus)

### Key Managerial Personnel

**Sharavan Suthar**, aged 43 years, is one of the Promoters, Chairman, and Managing Director of the company. He has completed a diploma in Construction Technology and completed a certified course in interior design and decoration. He brings over 10 years of expertise in day-to-day operations. His primary focus is to cultivate new clients while maintaining existing customer relationships, ensuring continuous business expansion.

**Lalit Suthar**, aged 39 years, is one of the Promoters, and Whole-Time Director of the company. He has completed a certified course in interior design and decoration. He brings over 10 years of expertise to the team, specializing in sales strategy, territory management and lead generation. He is responsible for managing all aspects of business development efforts for brand marketing solutions and devising innovative sales strategies.

**Abhishek Bansal**, aged 34 years, is the Non-Executive Independent Director of the company. He holds a B. Com degree and a Post Graduate Diploma in Financial Management. Additionally, he is a member of the Institute of Chartered Accountants of India. He has more than 9 years of experience in Taxation and Audit related matters.

**Narayan Samantra**, aged 33 years, is the Non-Executive Independent Director of the company. He is a member of the Institute of Chartered Accountants of India. He has more than 10 years of experience in taxation and audit matters.

**Roxy Teniwal**, aged 37 years, is one of the Non-Executive Independent Director of the company. She is a member of the Institute of Chartered Accountants of India. She has over decades of experience in audit-related matters.



**Financial Snapshot**

<b>Profit and Loss Statement</b>			<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>
Revenue from Operations	4,735.82	6,673.83	9,076.42
Other Income	5.99	10.37	7.51
Total Income	4,741.81	6,684.20	9,083.93
Expenses			
Cost of materials consumed	4,021.41	5,745.46	7,447.64
Purchases of Traded Goods	-	-	-
Changes in Inventories of stock in trade	-356.26	-464.84	-329.54
Employee benefits expense	91.59	156.94	169.79
Finance costs	327.03	343.88	378.59
Depreciation and Amortization expense	265.24	232.55	211.16
Operational and Other expenses	315.18	454.59	685.01
Total Expenses	4,664.19	6,468.58	8,562.65
Earnings Before Interest, Taxes, Depreciation & Amortization	663.90	781.68	1,103.52
EBITDA Margin	14.02%	11.71%	12.16%
Profit/(Loss) before exceptional items and tax	77.62	215.62	521.28
Exceptional items	-	-	-
Profit/(Loss) before tax	77.62	215.62	521.28
<u>Tax Expense</u>			
Current Tax	20.88	-	13.00
Deferred Tax	8.32	6.18	3.22
Total Tax Expense	29.20	6.18	16.22
Profit/(Loss) for the year	48.42	209.44	505.06
Net Profit Margin	1.02%	3.13%	5.56%

<b>Balance Sheet</b>			<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>
<b>EQUITY AND LIABILITIES</b>			
1. Shareholders' funds			
Share Capital	14.98	1,240.07	1,242.77
Reserves and surplus	1,277.29	431.14	941.61
Total Equity	1,292.27	1,671.21	2,184.38
2. Non-current liabilities			
(a) Financial liabilities			
Long Term Borrowings	1,937.63	1,732.91	2,070.88
Deferred tax liability/ (Assets) (Net)	43.84	50.02	53.24
other long-term Liabilities	3.17	3.17	-
Total non-current liabilities	1,984.64	1,786.10	2,124.12

<b>Balance Sheet</b>			<b>(In Lacs)</b>
3. Current liabilities			
Short-term borrowings	1,992.20	1,958.02	3,999.83
Trade payables	1,783.71	2,082.10	2,141.07
Other current liabilities	94.41	175.60	92.79
Short-term provisions	20.88	-	11.32
<b>Total Current liabilities</b>	<b>3,891.20</b>	<b>4,215.72</b>	<b>6,245.01</b>
<b>Total Liabilities</b>	<b>5,875.84</b>	<b>6,001.82</b>	<b>8,369.13</b>
<b>Total Equity and Liabilities</b>	<b>7,168.11</b>	<b>7,673.03</b>	<b>10,553.51</b>
<b>ASSETS</b>			
1. Non-current assets			
Property, Plant and Equipment			
(i) Tangible Assets	2,162.98	1,934.33	2,032.94
b) Intangible Assets	0.52	0.43	1.99
Non-Current Investment	-	-	47.52
Long term Loans and Advances	12.85	12.85	12.85
Other Non-Current Assets	93.78	72.09	75.72
<b>Total non-current assets</b>	<b>2,270.13</b>	<b>2,019.70</b>	<b>2,171.02</b>
2. Current assets			
Inventories	3,016.54	3,848.21	4,930.31
Trade receivables	1,616.25	1,587.26	3,008.77
Cash and cash equivalents	102.99	98.10	122.60
Short Term Loans & Advances & Other Current Assets	162.19	119.74	320.79
<b>Total Current assets</b>	<b>4,897.97</b>	<b>5,653.31</b>	<b>8,382.47</b>
<b>Total Assets</b>	<b>7,168.10</b>	<b>7,673.01</b>	<b>10,553.49</b>

<b>Cash Flow Statement</b>			<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>
Net Cash Flow from Operating Activities	157.13	382.70	-1,660.47
Net Cash Flow from Investing Activities	-46.65	-6.47	-383.14
Net Cash Flow from Financing Activities	-105.78	-381.74	2,051.84

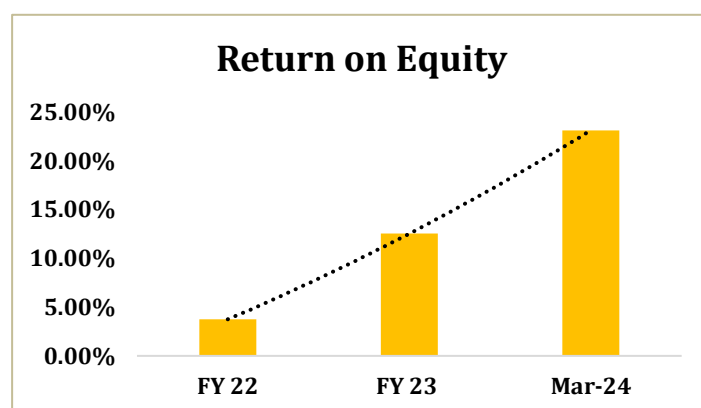
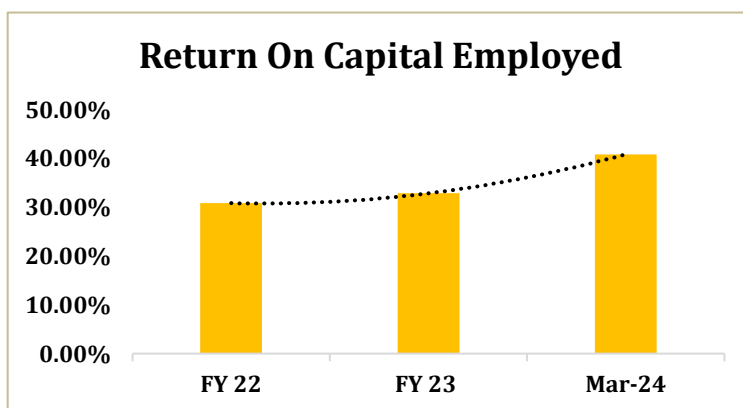
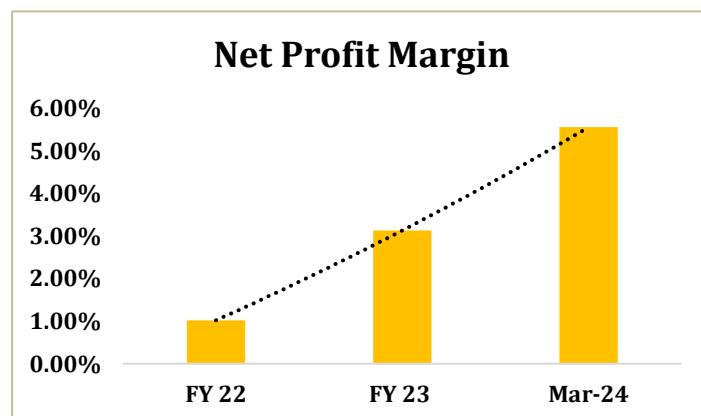
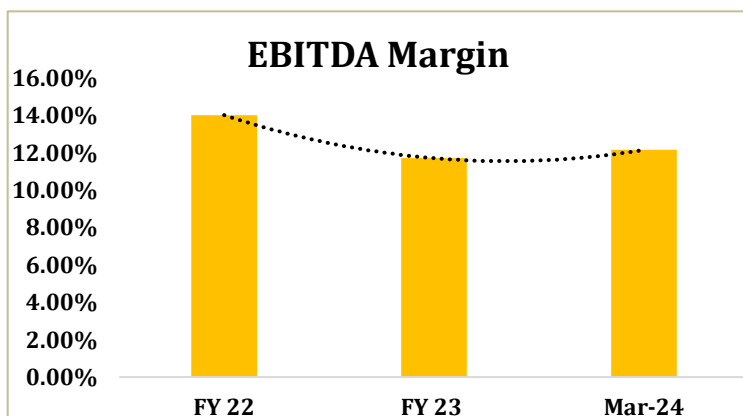
<b>Ratio Sheet</b>			
<b>Particulars</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>
<b>Per Share Data</b>			
Diluted EPS	0.41	1.75	4.06
BV per share	7.77	10.05	13.14
<b>Operating Ratios</b>			
EBITDA Margins	14.02%	11.71%	12.16%
PAT Margins	1.02%	3.13%	5.56%
Inventory days	232.49	210.46	198.81
Debtor days	124.57	86.81	121.33
Creditor days**	NA	NA	NA

Return Ratios			
RoCE	30.85%	32.86%	40.85%
RoE	3.75%	12.53%	23.12%
Valuation Ratios (x)*			
EV/EBITDA	7.71	6.73	7.37
Market Cap / Sales	2.39	1.69	1.25
P/E	165.85	38.86	16.75
Price to Book Value	8.75	6.77	2.30
Solvency Ratios			
Debt / Equity	3.04	2.21	2.78
Current Ratio	1.26	1.34	1.34
Quick Ratio	0.48	0.43	0.55
Asset Turnover	0.66	0.87	0.86
Interest Coverage Ratio	1.22	1.60	2.36

\*Valuation Ratios are calculated using the current Issue Price.

\*\* Could not be calculated due to insufficient information. However, pls note that the companies have creditors and purchases.

## Financial Charts



### Key Risk Factors

1. The company is dependent on a few customers for a major part of its revenues. The top 10 customers contributed to 77.86%, 71.24% and 70.97% respectively, of the revenues during the Fiscal 2024, 2023 and 2022, respectively.
2. The company's top 10 suppliers contributed 86.18%, 84.30% and 83.50% respectively, of the purchases during the Fiscal 2024, 2023 and 2022, respectively.
3. The company, its promoters, and the directors are party to certain legal proceedings amounting to Rs. 1,762.27 Lakhs. Any adverse outcome in such proceedings may have an adverse impact on the reputation, business, financial condition, results of operations and cash flows.
4. The company has contingent liabilities amounting to Rs. 730.88 Lakhs which could affect the financial condition.
5. The company has had negative operating cash flow for the FY ended 2024. Sustained negative cash flow could impact the growth and business in the future.

**Track Record of Lead Manager(s)**

The lead manager to the issue is Expert Global Consultants Private 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 –

**Expert Global Consultants Private Limited –**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	K2 Infragen Limited	40.54	119.00	April 08, 2024	150.80
2.	Jay Kailash Namkeen Limited	11.93	73.00	April 08, 2024	67.95
1.	Royal Sense Limited	9.86	68.00	March 19, 2024	122.00
2.	Mangalam Alloys Limited	54.91	80.00	October 04, 2023	40.20
3.	Zeal Global Services Limited	36.46	103.00	August 09, 2023	188.95
4.	Sonalis Consumer Products Limited	2.83	30.00	June 19, 2023	57.20
5.	Dollex Agrotech Limited	24.39	35.00	December 28, 2022	41.05
6.	Rite Zone Chemcon India Limited	8.96	75.00	November 11, 2022	44.06

The company has handled 8 mandates in the past three years (including the current year)

\*CMP for the above-mentioned companies is taken as of 13<sup>th</sup> June 2024.

As per the offer document, from the above-mentioned mandates 2 have opened at a discount and the remaining mandates have opened at premiums on the listing day.

**Recommendation**

The company incorporated in 2010, engages in the business of manufacturing of solid surface material. The management overview of the company is decent.

The P/E on Post IPO basis is at 28.99 times which makes it decently priced by looking at the performance of the company and sector. The Sector P/E is 32.5 times. Company's EPS is significantly low.

The company operates in a competitive environment. Company has promising financial performance and is consistent with the peers. Top line and bottom line of the company shows growth trends, but company has negative cash flows in FY 2024.

Company has contingent liability amounting 730.88 Lakhs and company and its promoters has legal proceedings amounting 1762.27 Lakhs which can make the situation dicey for the company.

Thus, we recommend **Risk Averse Should Wait Risk Seekers Should Apply** to this IPO.

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