



Glasses for New Era.....



## IPO Note

# Agarwal Toughened Glass India Limited

Recommendation: **AVOID!**

### Company Background -

- **Incorporation:** Agarwal Toughened Glass India Limited was originally incorporated on Oct 30, 2009. The registered office is located at Jaipur, Rajasthan.
- **Business Activity:** The company engaged in the business of producing toughened glass by processing several types of glass.
- **Revenue Stream:** The company derives majority of its revenue from toughened glass and double glazed units.
- **Human Resource:** The company has 207 full-time employees as on Sep 30, 2024.

### Objects of the Issue -

- Purchase of machinery at existing manufacturing unit
- Repayment of certain Borrowings
- To meet working capital requirements
- General Corporate Purposes

### Promoters Name -

Anita Agarwal, Mahesh Kumar Agarwal, Uma Shankar Agarwal and Sharda Agarwal

### Rationale for recommendation -

- ✓ The PE ratio of 21 times post issue makes it slightly highly priced.
- ✓ The company's top line has remained inconsistent and has seen a slight decrease in FY2024.
- ✓ The company's bottom line and profitability margins have seen a huge jump in FY2024 which raises concern on its sustainability.
- ✓ The company had negative cash flow from operations for FY2022.
- ✓ The RoCE and RoE has dropped in Sep-24.
- ✓ The DE ratio was high in FY2022 and FY2023.
- ✓ The company has high concentration of customers and suppliers.
- ✓ The company doesn't have enough experience in the industry.
- ✓ The management overview is decent.

### IPO Details

Opening Date	Nov 28, 2024
Closing Date	Dec 02, 2024
Allotment Date	Dec 03, 2024
Listing Date	Dec 05, 2024
Stock Exchange	NSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹105 to ₹108
Issue Size	62.64 Cr.
Fresh Issue	62.64 Cr.
Offer for Sale	-
Application Amt	₹ 1,29,600 (1,200 shares)

### INDUSTRY - Glass

Avg. P/E ratio of peers - 110.7

	KPIs			(In Lakhs)
KPI's	FY 22	FY 23	FY 24	Sep-24
Revenue	3,340.94	3,995.03	3,832.78	2,228.72
EBITDA	359.86	474.90	1,371.01	697.50
Net Profit	50.18	96.97	868.52	453.92
RoCE	7.21%	12.16%	41.72%	18.10%
ROE	7.54%	12.72%	53.26%	21.77%
P/E	257.14	131.71	14.77	14.11*

\*Annualized

### Promoter Share Holding Pattern

Pre-Issue	Post-Issue
95.17%	63.94%

### Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	7.31	5.14
BVPS	13.73	47.23
P/E	14.77	21.00
P/BV	7.86	2.29
Mkt Cap (In Cr)	128.25	190.89

\*Annualized

### Lead Managers -

**Cumulative Capital Private Limited**

### Registrar -

**KFin Technologies Limited**

**Business Overview -**

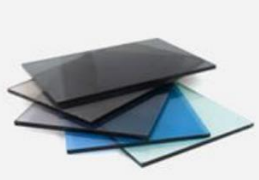

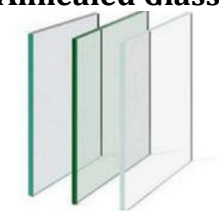
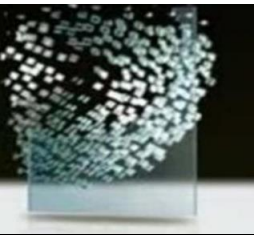




Agarwal Toughened Glass India Limited is engaged in the business of producing toughened glass by processing several types of glass. They provide a range of thickness and size options for hardened value-added glasses. They start with regular glass and process it to create toughened glass. This toughened glass can be further processed to make laminated, frosted, tinted, and other types of glass. These products are used in various applications, including home appliances, buildings, and vehicles, offering safety and durability.

**History:** The company was founded with the aim of becoming a leading manufacturer of toughened glass. They started by acquiring land and then spent several years (2009-2015) obtaining necessary approvals and building factory. During this time, they engaged in glass trading to generate revenue. Once the factory was ready, they began testing the equipment and production processes.

**Manufacturing Unit and Capacity Utilization:** The company has 2 manufacturing units located at Jaipur, Rajasthan. The average capacity utilization in FY2022, FY2023, FY2024 and Sep-24 of producing toughened glass remained at 44.64%, 44.39%, 57.38% and 16.9% respectively. For IGU Glass it remained at 40.32%, 43.92%, 47.73% and 20.51% respectively and for laminated glass it remained at 15.23%, 26.34%, 46.57% and 22.30% respectively.



**Product Portfolio:**

Product	Usage	Product	Usage
<b>Toughened Glass</b> 	Toughened or tempered glass is generally used for façade, curtain walls, railing, shower doors, doors and tables top, shelf glasses, etc	<b>Lacquered Glass</b> 	Lacquered glass/ back printed glass is for indoor use only. It is used in kitchens and bathrooms, wall cladding, wardrobes, Tabletops, or countertops etc.
<b>Annealed Glass</b> 	It can be used for making table-tops to provide a sense of modern sensibility showcases, shower screens and bathroom windows, windows and partitions and diffused lighting.	<b>Tempered Safety Glass</b> 	Architectural Glasses used in commercial buildings and high rise residential towers.
<b>Acid Frosted Glass</b> 	It is commonly used in bathrooms, commercial spaces and on front doors as it is well-known for promoting privacy.	<b>Laminated Glass</b> 	It is a sandwich of glass and plastic, is durable and safe. It prevents shattering and offers sound and UV protection. Used in windows, railings, and skylights, it enhances safety and energy efficiency.
<b>Heat-Soaked Glass</b> 	Heat-soaked glass is used in areas where there is high risk of human impact.	<b>Insulated Glass</b> 	Insulated glass is generally used for façade and partitions, for reducing noise.

**Revenue Bifurcation Product-wise –**

Particulars	FY 2022		FY 2023		FY 2024		Sep-2024	
	Amt	%	Amt	%	Amt	%	Amt	%
Toughened Glass	1,866.61	55.87	2,310.35	57.83	1,952.45	50.94	903.21	40.43
Double Glazed Unit (DGU)	1,030.55	30.85	1,039.20	26.01	1,105.81	28.85	750.86	33.61
Lamination Glass	443.78	13.28	645.48	16.16	774.52	20.21	579.95	25.96
<b>Total</b>	<b>3,340.94</b>	<b>100.00</b>	<b>3,995.03</b>	<b>100.00</b>	<b>3,832.78</b>	<b>100.00</b>	<b>2,234.02</b>	<b>100.00</b>

**Competition -**

- 1. Market Competition:** The industry is competitive where the key factors of competition primarily comprise of customer relationships, reputation, employee talents, market coverage, quality, cost, delivery, technical capability etc.
- 2. Geographic Competition:** The company faces competition from small and large players in both organized and unorganized sector.
- 3. Barriers to entry:** Low barriers to entry.
- 4. Threat of Substitutes:** High threat of substitutes.
- 5. Bargaining Power of Buyers:** The bargaining power is high with the customers.
- 6. Bargaining Power of Supplier:** The bargaining power is low with the suppliers.

**Business Strategies –**

1. The company intends to add one additional advanced production line machine in order to improve the capacity to create laminated glass and intends to use a part of the net proceeds.
2. The company aims to deliver value-added solutions to new clients by utilizing extensive industry knowledge and broadening the range of services provided.
3. The company constantly work to improve operational output through technological development, quality assurance, and ongoing process improvements.

**Risk Factors – 22, 24**

The company highly relies on top 10 for the procurement of raw materials where it contributed to 98.64%, 99.87%, 99.96% and 99.33% in FY2022, FY2023, FY2024 and Sep-24 respectively.

The company has filed 4 cases amounting to Rs. 18.90 lakhs.

The company had negative cash flow from operations for FY2022.

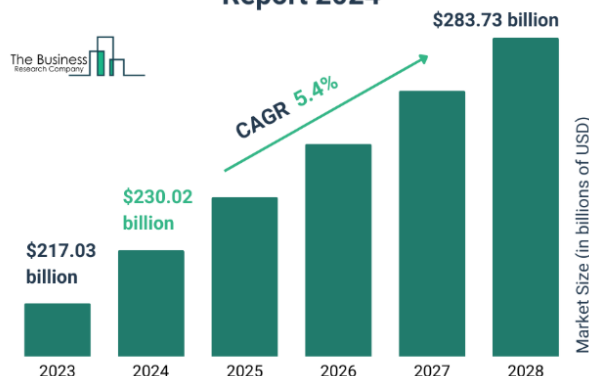
**INDUSTRY OVERVIEW -**

**Global Float Glass Industry –**

The global Float Glass market size is estimated to be worth US\$ 24180 million in 2022 and is forecast to a readjusted size of US\$ 32780 million by 2028 with a CAGR of 5.2% during the review period.

**Glass And Glass Products Global Market**

**Report 2024**

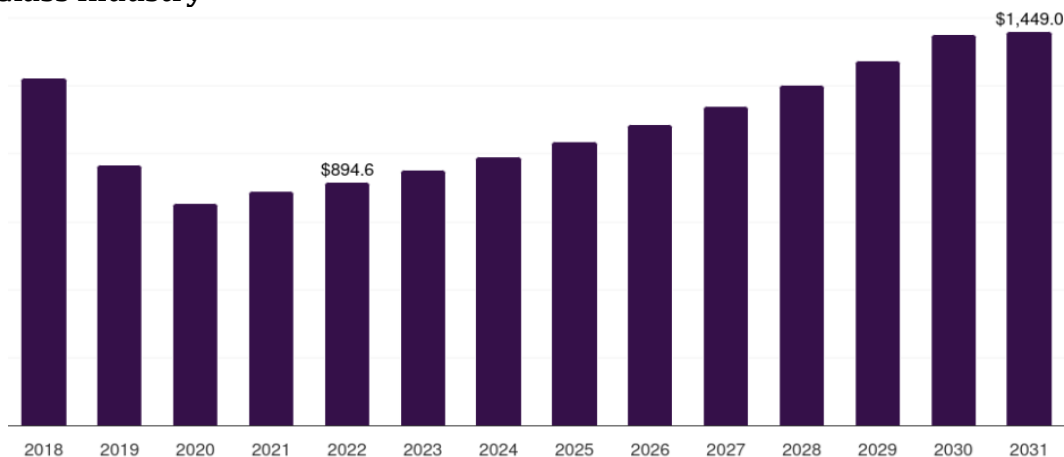


**Float Glass Industry in India -**

The Indian float glass market is projected to grow at a CAGR of over 7.5% during the forecast period of 2024-2029. The growing focus on renewable energy is driving the demand for solar glass. Companies are investing in modernizing their manufacturing processes to improve efficiency and product quality.

The Indian float glass industry is set to expand its capacity by 65% over the current and next fiscal years. This expansion, involving investments between INR 7,200 to 7,500 crore, will increase the industry's total installed capacity from 8,700 to 13,600 tonnes per day (TPD). The capacity utilization of Indian float glass manufacturers has also improved significantly, currently around 90%, up from 75-80% two years ago.

**Indian Float Glass Industry**



(Source: Horizon Grand View Research)

**Government Initiatives**

- **Imposition of anti-dumping duties on cheaper imports:** The government has imposed anti-dumping duties on cheaper imports from several countries such as China, Thailand and Malaysia, and Middle Eastern countries from time to time to protect interests of the domestic glass industry.
- **Quality Control Order (“QCO”):** The government and Bureau of Indian Standards (“BIS”) have ascribed certain quality standards for transparent float glass, flat transparent sheet glass and safety glass. These rules mandate that these products imported from other countries should get the BIS stamp before they are sold. This is expected to curb imports of sub-standard quality glasses into India, which will provide level-playing field for domestic float glass industry.
- **Energy Conservation Building Code (“ECBC”):** The Bureau of Energy Efficiency (“BEE”) and Ministry of Power introduced the ECBC Rules 2018. These rules are applicable to all commercial buildings with a connected load of 100 kiloWatt (“kW”). These rules specify design norms that will help achieve energy efficiency. Increased usage of reflective glass helps architects and developers meet these norms.

**Key Management -**

<b>Key Management Persons Name -</b>	<b>Anita Agarwal</b>
<b>Age</b>	47
<b>Designation</b>	Promoter, Chairman and Managing Director, 10+ years of experience in glass industry
<b>Qualification</b>	Bachelor's degree in Arts
<b>Responsibility</b>	Oversees company's operations and establishment, playing a crucial role in shaping business strategy, manufacturing, relations, human resources, and cultivating a strong organizational culture.
<b>Other Ventures</b>	M/s. Agarwal Foods and Beverages

<b>Key Management Persons Name -</b>	<b>Mahesh Kumar Agarwal</b>
<b>Age</b>	47
<b>Designation and No. of years of experience</b>	Promoter and Executive Director, 30+ years of experience in leasing, investing, and trading in shares and securities 15+ years of experience in glass industry
<b>Qualification</b>	Bachelor of commerce
<b>Previous Experience</b>	Agarwal Fortune India Limited and Agarwal Float Glass India Limited

<b>Key Management Persons Name -</b>	<b>Uma Shankar Agarwal</b>
<b>Age</b>	50
<b>Designation and No. of years of experience</b>	Promoter and Non-Executive Director, 15+ years of experience in glass industry
<b>Qualification</b>	Bachelor of commerce Looks after the customer relations and procurement side of the business
<b>Other Directorships</b>	Agarwal Float Glass India Limited

<b>Key Management Persons Name -</b>	<b>Nitin Ghanshyam Hotchandani</b>
<b>Age</b>	36
<b>Designation and No. of years of experience</b>	Independent Director, 10+ years of experience in compliance and legal
<b>Qualification</b>	Master's degree in commerce, LLB and member of ICSI
<b>Previous Experience</b>	Umang Boards Limited, Transworld Furtichem Limited etc.

<b>Key Management Persons Name -</b>	<b>Shalini Sharma</b>
<b>Age</b>	34
<b>Designation and No. of years of experience</b>	Independent Director, 5+ years of experience in accounts and finance sector
<b>Qualification</b>	Bachelor's and Master's degree in Commerce
<b>Other Directorships</b>	India Enforcement Services Private Limited

<b>Key Management Persons Name -</b>	<b>Ravi Torani</b>
<b>Age</b>	35
<b>Designation and No. of years of experience</b>	Independent Director, 5+ years of experience in product development
<b>Qualification</b>	Bachelor's degree in Technology (Electronics & Communication)
<b>Previous Experience</b>	RD Solar Solutions LLP and Traurja Solutions LLP

- The overall management of the company is decent.
- The promoter and management have vast experience in the industry.
- Mangal Ram Prajati (CFO) has 6+ years of experience in accounts and finance industry.
- The senior management has decent experience in the industry.

## FINANCIAL SNAPSHOT

## Statement of Profit and Loss

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
Revenue from Operations	3,340.94	3,995.03	3,832.78	2,228.72
Other Income	131.05	65.29	217.48	121.01
<b>Total Income</b>	<b>3,471.99</b>	<b>4,060.32</b>	<b>4,050.26</b>	<b>2,349.73</b>
<b>Expenses</b>				
Cost of Material Consumed	2,209.55	2,647.74	2,085.84	1,197.50
Direct Expenses	359.35	362.73	287.33	196.99
Changes in stock-in-trade	64.11	97.17	-290.15	-95.46
Employee Benefit Expenses	298.45	350.08	348.85	186.69
Finance Cost	220.51	231.83	272.32	137.25
Depreciation and Amortization Expense	203.42	174.02	156.11	73.87
Other expenses	49.62	62.41	29.90	45.50
<b>Total Expenses</b>	<b>3,405.01</b>	<b>3,925.98</b>	<b>2,890.20</b>	<b>1,742.34</b>
<b>EBITDA</b>	<b>359.86</b>	<b>474.90</b>	<b>1,371.01</b>	<b>697.50</b>
<b>EBITDA Margin</b>	<b>10.77%</b>	<b>11.89%</b>	<b>35.77%</b>	<b>31.30%</b>
<b>Profit/(Loss) before tax</b>	<b>66.98</b>	<b>134.34</b>	<b>1,160.06</b>	<b>607.39</b>
<b>Tax Expense</b>				
Current tax	29.88	51.25	292.80	147.18
Deferred Tax	-13.08	-13.88	-1.26	6.29
<b>Total Tax</b>	<b>16.80</b>	<b>37.37</b>	<b>291.54</b>	<b>153.47</b>
<b>Profit/(Loss) for the year</b>	<b>50.18</b>	<b>96.97</b>	<b>868.52</b>	<b>453.92</b>
<b>Net Profit Margin</b>	<b>1.50%</b>	<b>2.43%</b>	<b>22.66%</b>	<b>19.32%</b>

## Statement of Assets and Liabilities

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
<b>EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
Share Capital	475.00	475.00	1,187.50	1,187.50
Reserves and surplus	190.31	287.28	443.30	897.22
<b>Total Equity</b>	<b>665.31</b>	<b>762.28</b>	<b>1,630.80</b>	<b>2,084.72</b>
<b>2. Non-current liabilities</b>				
Long-term borrowings	1,441.22	1,577.84	1,257.98	1,317.68
Long-term provisions	-	-	-	19.82
Other Non-Current Liabilities	64.08	133.22	23.05	22.60
<b>Total Non-current liabilities</b>	<b>51.32</b>	<b>610.19</b>	<b>655.01</b>	<b>538.52</b>
<b>3. Current liabilities</b>				
Short-term Borrowings	1,200.70	1,298.84	1,666.53	1,737.71
Trade Payables				
(i) Total outstanding dues of MSME	20.85	23.67	20.72	23.98
(ii) Total outstanding dues of creditors other than MSME	101.72	128.03	156.11	245.56
Other Current Liabilities	97.97	83.44	91.27	107.19
Short-term provisions	28.64	55.00	308.39	148.29
<b>Total Current liabilities</b>	<b>1,449.88</b>	<b>1,588.98</b>	<b>2,243.02</b>	<b>2,262.73</b>
<b>Total Liabilities</b>	<b>2,955.18</b>	<b>3,300.04</b>	<b>3,524.05</b>	<b>3,622.83</b>
<b>Total Equity and Liabilities</b>	<b>3,620.49</b>	<b>4,062.32</b>	<b>5,154.85</b>	<b>5,707.55</b>
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
Property, Plant and Equipment	1,748.28	1,575.15	1,436.72	2,135.44
Capital Work-In-Progress	-	180.18	673.86	313.21

Particulars	FY 22	FY 23	FY 24	Sep-24
Deferred Tax Assets (Net)	18.28	32.14	33.41	27.12
Long term loans and advances	8.34	9.22	-	-
Other Non- current Assets	20.83	152.83	171.55	175.30
<b>Total Non-Current assets</b>	<b>1,795.73</b>	<b>1,949.52</b>	<b>2,315.54</b>	<b>2,651.07</b>
<b>2. Current assets</b>				
Inventories	844.78	973.42	1,492.53	1,454.54
Trade Receivables	749.98	896.89	1,072.54	1,271.79
Cash & Cash equivalents	9.85	65.94	31.89	35.44
Short term loans and advances	217.71	173.72	240.09	291.84
Other Current Assets	2.44	2.83	2.26	2.87
<b>Total Current assets</b>	<b>1,824.76</b>	<b>2,112.80</b>	<b>2,839.31</b>	<b>3,056.48</b>
<b>Total Assets</b>	<b>3,620.49</b>	<b>4,062.32</b>	<b>5,154.85</b>	<b>5,707.55</b>

**Cash Flow Statement**

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
Net Cash Flow from Operating Activities	-99.74	220.45	695.12	410.77
Net Cash Flow from Investing Activities	-66.36	-181.07	-512.57	-411.94
Net Cash Flow from Financing Activities	135.12	16.71	-216.60	4.72

**Key Ratios**

Per Share Data	FY 22	FY 23	FY 24	FY 25*
Diluted EPS	0.42	0.82	7.31	7.65
BV per share	14.01	16.05	13.73	70.30
<b>Operating Ratios</b>				
EBITDA Margins	10.77%	11.89%	35.77%	27.18%
PAT Margins	1.50%	2.43%	22.66%	19.34%
Inventory days	92.29	88.94	142.14	119.43
Debtor days	81.94	81.94	102.14	104.43
Creditor days	19.12	19.27	27.88	46.36
<b>Return Ratios</b>				
RoCE	7.21%	12.16%	41.72%	11.33%
RoE	7.54%	12.72%	53.26%	10.89%

Valuation Ratios (x)	FY 22	FY 23	FY 24	FY 25*
EV/EBITDA	9.16	7.52	3.30	9.16
Market Cap / Sales	5.71	4.78	4.98	4.28
P/E	257.14	131.71	14.77	14.11
Price to Book Value	7.71	6.73	7.86	1.54
<b>Solvency Ratios</b>				
Debt / Equity	3.97	3.77	1.79	0.33
Current Ratio	1.26	1.33	1.27	1.35
Quick Ratio	0.68	0.72	0.60	0.79
Asset Turnover	0.92	0.98	0.74	0.39
Interest Coverage Ratio	0.71	1.30	4.46	3.88

**INTERPRETATION –**

1. The top line has remained inconsistent over the years. It increased by 20% in FY2023 which was due to the growth in demand for glass in various building structures and increase in real estate sector. In FY2024, there was a decrease by 4% which was due to shift of some operational revenue to other income and also shift in focus of company to procure high margin order of glass in various building structures and increased focus on real estate sector.
2. The net profit had increased by 93% in FY2023 and a sudden jump was seen in FY2024 by 795%.
3. The EBITDA margin and PAT margin have also seen a sudden increase in FY2024.
4. The PE ratio has improved over the years.
5. The DE ratio has remained very high in FY2022 and FY2023.
6. The company had negative cash flow from operations for FY2022.
7. The inventory days and debtor days have seen a sudden increase in FY2024.

**PEER ANALYSIS –**

Particulars	Agarwal Toughened Glass India Limited			Sejal Glass Limited			Borosil Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	1.50%	2.43%	22.66%	84.13%	16.86%	2.00%	9.68%	6.73%	6.86%
EBITDA Margin	10.77%	11.89%	35.77%	85.44%	4.36%	13.02%	18.16%	12.46%	15.68%
RoCE	7.21%	12.16%	41.72%	2,199.26%	5.43%	9.36%	15.28%	11.88%	13.90%
ROE	7.54%	12.72%	53.26%	2,389.59%	56.14%	11.33%	10.91%	10.17%	11.36%
EPS (INR)	0.42	0.82	7.31	67.34	7.78	3.27	5.99	3.71	5.17
P/E	257.14	131.71	14.77	6.95	30.65	118.85	47.36	72.04	72.40

**Interpretation –**

- The market cap of the company is less compared to peers.
- The RoE and RoCE of the company is high compared to its peers.
- The PE ratio of the company is low compared to its peers.
- The company has worse cash conversion cycle than its peers.



**LEAD MANAGER TRACK RECORD –**

The lead manager to the issue is Cumulative Capital Private Limited. This is their second mandate. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

**Cumulative Capital Private Limited –**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Pelatro Limited	55.98	200.00	Sep 24, 2024	357.50

The company has handled 1 mandates in the last three years (including current year).

\*CMP for the above-mentioned companies is taken as of 27<sup>th</sup> Nov 2024.

As per the offer document, the above-mentioned mandates all have opened at a premium on the listing day.

## Recommendation -

Agarwal Toughened Glass India Limited has been in the industry since 2009 but they have 6 years of experience in the industry as they started by acquiring land and then spent several years (2009-2015) obtaining necessary approvals and building factory. The management overview of the company is decent.

The P/E on a post-IPO basis is around 21 times which makes it slightly highly priced.

The company has inconsistent top line and saw a slight decrease in FY2024. The bottom line and profitability margins saw a huge jump in FY2024 which raises concern on their sustainability. The cash flow from operations was negative for FY2022. The RoCE and RoE has dropped significantly in Sep-24 compared to FY2024. The DE ratio of the company was very high in FY2022 and FY2023.

The company has high concentration for suppliers and loss of any may cause adverse effect in the business operations.

The float glass industry is highly fragmented and competitive.

Thus, investors can **AVOID** this IPO.

### Disclaimer

We are not registered research analysts with SEBI and are not subject to the regulations governing research analysts. This research report is for educational purposes only and should not be construed as investment advice. The information contained in this report is based on publicly available information and is believed to be reliable, but no representation or warranty, express or implied, is made as to its accuracy or completeness. Also, some of the employees of our organization may have or may in the future hold investments in the company that is the subject of this research report. This may create a conflict of interest, and you should be aware of this when considering the information contained in this report. You should consult with your financial advisor before making any investment decisions.

The analysis and recommendations are based on the current market and company-specific scenario, along with the data available in the prospectus. Market and company-specific conditions may change after the company's listing, potentially impacting its performance and outlook. We will not be providing any follow-up reports or updates on this analysis post-listing.

### OUR WEBSITE:

[www.tiareconsilium.com](http://www.tiareconsilium.com)

### OUR APP AVAILABLE ON:



### CONNECT WITH US ON :

