



## IPO Note

# Standard Glass Lining Technology Limited

Recommendation: **APPLY!**

### Company Background -

- **Incorporation:** Incorporated in September 2012, the company's registered office is situated in Hyderabad, Telangana.
- **Business Activity:** Standard Glass Lining Technology Limited is a manufacturer of engineering equipment for the pharmaceutical and chemical sectors in India. They provide turnkey solutions, including design, engineering, manufacturing, assembly, installation, and standard operating procedures for pharmaceutical and chemical manufacturers.
- **Human Resource:** As of September 30, 2024, 460 full-time employees and 731 contract labourers.

### Objects of the Issue -

- ✓ Funding of capital expenditure requirements of the Company towards the purchase of machinery and equipment.
- ✓ Repayment or prepayment, in full or in part, of all or a portion of certain outstanding borrowings availed by the Company and investment in the wholly owned Material Subsidiary, S2 Engineering Industry Private Limited, for repayment or prepayment, in full or in part, of all or a portion of certain outstanding borrowings availed by S2 Engineering Industry Private Limited, from banks and financial institutions.
- ✓ Investment in the wholly owned Material Subsidiary, S2 Engineering Industry Private Limited, for funding its capital expenditure requirements towards purchase of machinery and equipment.
- ✓ Funding inorganic growth through strategic investments and/or acquisitions and
- ✓ General Corporate purposes

### Promoters Name -

Nageswara Rao Kandula, Kandula Krishna Veni, Kandula Ramakrishna, Venkata Mohana Rao Katragadda, Kudravalli Punna Rao and M/s S2 Engineering Services.

### Rationale for recommendation -

- ✓ Apply for long term, P/E is slightly overvalued.
- ✓ Experienced and educated management team, business strategies focus on growth
- ✓ Steady PAT Margins and EBITDA Margins but sudden jump in revenue.
- ✓ Negative cashflow and

### IPO Details

Opening Date	Jan 6, 2024
Closing Date	Jan 8, 2024
Allotment Date	Jan 9, 2024
Listing Date	Jan 13, 2024
Stock Exchange	BSE & NSE
Lot Size	107 Shares
Issue Price Per Share	₹133 to ₹140 per share
Issue Size	₹410.05 Cr.
Fresh Issue	₹ 210.00 Cr
Offer for Sale	₹200.05 Cr
Application Amt	₹14,980 (107 shares)

### Industry - Pharmaceutical and Chemical

Average P/E of peers: 55.24

	KPIs			(In Crores)
KPI's	FY 22	FY 23	FY 24	Sep-24*
Revenue	240.19	497.59	543.67	307.20
EBITDA	40.46	85.77	94.91	57.81
Net Profit	25.15	53.42	60.01	36.27
RoCE	37.82%	43.39%	20.21%	11.49%
ROE	36.46%	34.31%	14.67%	8.12%
P/E	63.06	40.11	39.77	38.50

\*Annualised

### Promoter Share Holding Pattern

Pre-Issue	Post-Issue
72.49%	58.14%

### Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	3.52	3.64
BVPS	225.16	34.74
P/E	39.77	38.50
P/BV	0.62	4.03
Mkt Cap (In Cr)	2,582.88	2,792.88

### Lead Managers -

1. Iifl Securities Ltd
2. Motilal Oswal Investment Advisors Limited

### Registrar -

Kfin Technologies Ltd.

## Business Overview

This company is one of India's leading manufacturers of glass-lined equipment and associated products. With a strong foothold in the pharmaceutical, chemical, and engineering sectors, it provides specialized equipment used in critical processes like reactions, separations, storage, and drying. Leveraging its advanced technological capabilities, the company has positioned itself as a market leader in glass-lined reactors, stainless steel glass-lined equipment, and PTFE-lined pipelines and fittings.

## Key Market Position

**Top Three in India (Revenue):** The company is one of the top three glass-lined equipment manufacturers in India, with a monthly installed capacity of 150-200 glass-lined vessels.

**Multistage Claw Vacuum Pumps:** Also recognized as one of the top three suppliers of multistage claw vacuum pumps in India, reinforcing its robust presence in the equipment manufacturing space.

**PTFE-Lined Pipes and Fittings:** Following strategic acquisitions, the company ranks as one of the top three suppliers of PTFE-lined pipes and fittings in India, holding a 23.3% market share in FY 2024.

## Acquisitions to Expand Product Portfolio

The company has strategically acquired several businesses to enhance its product offerings and market reach, including:

**M/s Yashasve Glass Lining Industries** – Strengthening its position in the PTFE-lined pipelines and fittings sector.

**M/s Higenic Flora Polymers** – Complementing its stainless-steel equipment and expanding its market share.

**C.P.K Engineers Private Limited** – Expanding its production capabilities with a focus on similar products.

These acquisitions have solidified the company's position as a major player in the Indian market, enhancing its competitive edge across multiple product lines.

## Geographical Spread

The company operates eight manufacturing facilities across 400,000 sq. ft. in Hyderabad, Telangana, which is a key pharmaceutical hub, contributing 40% of India's bulk drug production in FY 2024. Its sales, service, and distribution network includes offices in Vadodara, Ankleshwar, Mumbai, and Vishakhapatnam, with additional sales teams in key cities across India. The company also has agency arrangements for marketing its products in Bangladesh and Russia, and resale agreements for North America (excluding Cuba), South America, Europe (excluding Belarus and Russia), and select countries in Asia and Africa.

## Product Portfolio

Product Type	Product Type	Sub Product	Description of Sub Product
Heat Transfer System	Column	A vertical vessel with mass transfer devices like trays or packing, used in absorption and extraction processes.	Glass Lined Equipment, Stainless steel, Nickel alloy
Heat Transfer System	Condenser	A heat exchanger converting vapor to liquid by cooling. Removes heat from vaporized substances, causing condensation.	Glass Lined Equipment, Stainless steel, Nickel alloy
Heat Transfer System	Shell & Tube Heat Exchangers	A robust heat exchanger with tubes carrying hot and cold fluids for heat transfer. Used in oil refining, chemical processing, and HVAC.	Stainless steel, Nickel alloy
Heat Transfer System	Box Heat Exchangers	A compact unit with thin plates transferring heat between fluids, widely used in food, pharma, and power industries.	Stainless steel, Nickel alloy
Heat Transfer System	Distillation Columns	Separates liquid mixtures based on boiling points, essential for oil refining, chemical, and food industries.	Stainless steel, Nickel alloy

Recommendation: **APPLY**

<b>Heat Transfer System</b>	<b>Raising Evaporator</b>	<b>Film</b>	Concentrates liquids by removing solvent under controlled heat, ideal for heat-sensitive materials in food and pharma.	Stainless steel, Nickel alloy
<b>Heat Transfer System</b>	<b>Falling Evaporator</b>	<b>Film</b>	Evaporates heat-sensitive liquids using thin liquid films, common in food and chemical industries.	Stainless steel, Nickel alloy
<b>Heat Transfer System</b>	<b>Multi-Effect Evaporator ATFD</b>	<b>with</b>	Combines evaporators and dryers for efficient concentration and drying of liquids in food and pharma.	Stainless steel, Nickel alloy
<b>Heat Transfer System</b>	<b>Forced Circulation Evaporator</b>		Uses forced liquid circulation for concentrating solutions, suitable for viscous or fouling liquids.	Stainless steel, Nickel alloy
<b>Pipes and Fittings</b>	<b>PTFE lined Pipes and Fittings</b>		Mild steel pipes with PTFE lining, offering excellent chemical resistance and durability for smooth fluid flow.	PTFE-lined
<b>Pumps</b>	<b>Multistage Claw Type</b>	<b>Dry</b>	A dry pump with claw-shaped rotors, providing high vacuum performance in pharma and electronics industries.	Stainless steel
<b>Pumps</b>	<b>Multistage Lobe and Claw Type</b>		Combines lobe and claw stages for deeper vacuum and higher gas handling in chemical and pharma industries.	
<b>Pumps</b>	<b>Single-Stage Dry Claw Type</b>		Oil-free pump using claw rotors, ideal for clean processes requiring no contamination.	
<b>Pumps</b>	<b>Single-Stage Oil-Sealed Rotary Vane Type</b>		Uses oil-sealed vanes for medium vacuum levels, cost-effective and widely used in industrial applications.	
<b>Pumps</b>	<b>Double-Stage Oil-Sealed Rotary Vane Type</b>		Creates deeper vacuum levels using two compression stages, suitable for gas pumping applications.	
<b>Pumps</b>	<b>Roots Booster Type</b>		Boosts primary pump capacity for high-volume gas handling, widely used with other vacuum pumps.	
<b>Pumps</b>	<b>Scroll Vacuum Type</b>		Oil-free, efficient pump using interleaved spirals, ideal for labs and clean industrial processes.	
<b>Reactors</b>	<b>AE/BE/CE Reactors</b>		Glass-lined reactors for chemical and pharmaceutical processes requiring corrosion resistance and cleanliness.	Glass Lined Equipment
<b>Reactors</b>	<b>Mixing Vessels</b>		Vessels for blending, dissolving, or emulsifying materials in batch or continuous processes.	Stainless steel, Nickel alloy
<b>Reactors</b>	<b>Hydrogenerator</b>		Generates hydrogen gas, used in energy and chemical industries.	Stainless steel, Nickel alloy
<b>Reactors</b>	<b>Fermenter</b>		Facilitates fermentation processes for bio-based products like alcohol or antibiotics.	Stainless steel, Nickel alloy

**Storage, Separation and Drying Systems**  
**Filtration and Drying**

<b>Sub-Product</b>	<b>Description</b>	<b>Material Used</b>
<b>Receivers</b>	Vessels for collecting, storing, and holding products or by-products in chemical and pharmaceutical processes.	Glass-lined equipment
<b>Storage Tanks</b>	Containers for storing liquids, solids, or gases at atmospheric or low pressures. Cylindrical in design and primarily used for fluid storage.	Stainless steel and nickel alloy
<b>Silos</b>	Large storage structures for bulk materials like grains, cement, or powders. Essential in agriculture, pharmaceuticals, and chemical industries.	Stainless steel and nickel alloy
<b>Blenders</b>	Mixes materials to ensure uniformity in final products across industries like pharmaceuticals, food processing, and chemicals. Suitable for powders, liquids, and granules.	Stainless steel and nickel alloy
<b>Vessels</b>	Containers used in industrial processes for mixing, heating, cooling, or separation. Equipped with temperature, pressure, and agitation controls.	Stainless steel and nickel alloy

**Storage**

Sub-Product	Description	Material Used
<b>ANFD (Agitated Nutsche Filter Dryer)</b>	Combines filtration and drying in a single unit for solid-liquid separation and drying of wet cakes or slurry in industries like pharmaceuticals, chemicals, and food. Ideal for batch processing.	Stainless steel and nickel alloy
<b>Nutsche Filter</b>	Equipment for solid-liquid separation in batch processes. Suitable for pharmaceuticals, chemicals, and food industries for filtering, washing, or drying applications.	Stainless steel and nickel alloy
<b>Vacuum Tray Dryer (VTD)</b>	Removes moisture from heat-sensitive materials under vacuum. Ideal for pharmaceuticals, chemicals, and food products that degrade at high temperatures.	Stainless steel and nickel alloy
<b>RCVD (Roto Cone Vacuum Dryer)</b>	Uses vacuum and rotational motion for drying heat-sensitive materials at low temperatures, preserving quality. Common in pharmaceuticals, chemicals, and food processing.	Stainless steel and nickel alloy
<b>Tray Dryer</b>	Batch drying of solid materials using convective heat transfer. Suitable for powders, granules, and heat-sensitive materials in various industries.	Stainless steel and nickel alloy
<b>Paddle Dryer (TBV)</b>	Handles viscous, heat-sensitive, and slurry-like materials in vacuum conditions. Uses indirect heat and mechanical agitation for controlled drying. Widely used in pharmaceuticals and chemicals.	Stainless steel and nickel alloy
<b>Filters</b>	Key components for filtration and drying, separating solids from liquids or gases. Widely used in pharmaceuticals, chemicals, and food processing.	Glass-lined equipment, stainless steel, and nickel alloy

Product Type	Sub-Product	Description	Material Used
<b>Utility System</b>	Hot Water System	A crucial component in many industries, used for processes such as heating, sterilization, cleaning, and controlled heating. It ensures efficient heat transfer and maintains desired temperatures during operations.	Stainless steel and nickel alloy
<b>Utility System</b>	SKIDS	Pre-fabricated, modular units designed for industries like pharmaceuticals and oil and gas. These skid-mounted systems include all equipment necessary for specific processes, simplifying transportation, installation, and operational integration.	Stainless steel and nickel alloy
<b>Utility System</b>	Single Fluid Heating & Cooling Systems	Systems designed for temperature control, energy recovery, and heat exchange in industrial processes. They use a single fluid for heating or cooling, making them efficient and reducing complexity in managing multiple components.	Stainless steel and nickel alloy

**Revenue by end-user**

Particulars	September 30, 2024	FY 2024	FY 2023	FY 2022
<b>Pharmaceuticals</b>	₹23.07 crores (75.10%)	₹44.47 crores (81.79%)	₹41.20 crores (81.79%)	₹41.20 crores (81.79%)
<b>Chemicals</b>	₹4.05 crores (13.10%)	₹6.81 crores (12.54%)	₹7.13 crores (12.54%)	₹7.13 crores (12.54%)
<b>Others (*Paint, Bio Tech, Food &amp; Beverages, etc.)</b>	₹3.62 crores (11.80%)	₹3.08 crores (5.67%)	₹1.43 crores (5.67%)	₹3.24 crores (13.51%)
<b>Total</b>	<b>₹30.71 crores</b>	<b>₹54.37 crores</b>	<b>₹49.76 crores</b>	<b>₹24.01 crores</b>

## Revenue from various lines of business

Particulars	September 30, 2024	FY 2024	FY 2023	FY 2022
<b>Reaction Systems</b>	₹16.54 crores (53.83%)	₹30.83 crores (56.71%)	₹30.48 crores (61.25%)	₹16.39 crores (68.23%)
<b>Storage, Separation and Drying Systems</b>	₹10.12 crores (32.94%)	₹16.36 crores (30.08%)	₹15.41 crores (30.97%)	₹6.26 crores (26.07%)
<b>Plant, Engineering and Services</b>	₹4.06 crores (13.23%)	₹7.18 crores (13.21%)	₹3.87 crores (7.78%)	₹1.37 crores (5.70%)
<b>Total</b>	₹30.72 crores	₹54.37 crores	₹49.76 crores	₹24.01 crores

## Manufacturing Facilities and Capacity Utilization

The company operates nine manufacturing units totaling over **543,000 sq. ft.** in Hyderabad, Telangana, India's "Pharma Hub." Key facilities include:

- **SGL Unit:** Glass-lined equipment (1,609 units/year) with advanced tooling, robotic welding, and renewable energy integration (solar, 3,600 KVA).
- **S2 Units 1-4:** Stainless steel/nickel alloy equipment, vacuum pumps, and heat exchangers (total 1,962 units/year).
- **SFPL Unit:** PTFE-lined pipes (108,000 units/year).
- **CPK Units 1 & 2:** Equipment, storage tanks, and heat systems (240 units/year).

### Advanced Technological Integration

Facilities use CNC machining, robotic welding, and plasma cutting for precision.

### Production and Utilization Trends

Capacity utilization across facilities increased significantly from **FY22 (37-90%)** to **FY24 (70-100%)**, reflecting enhanced operational efficiency.

### Sustainability Initiatives

Renewable energy and advanced automation reduce costs and environmental impact.

These capabilities establish the company as a leader in specialized industrial equipment.

## Clients

The company has established long-term relationships with a diverse range of marquee clients, particularly in the pharmaceutical and chemical industries. As of **September 30, 2024**, the company served **347 customers**, including major players such as:

**Aurobindo Pharma Limited; Cadila Pharmaceutical Limited; Granules India Limited; Macleods Pharmaceuticals Limited; Piramal Pharma Limited**

More than **80% of the top 20 customers** have provided repeat orders over the last three fiscal years, indicating strong client retention.

## Notable Client Case Studies:

1. **Pharmaceutical Client:** Over ten years, the company expanded from supplying a **1KL glass-lined reactor** to providing a wide range of specialized manufacturing equipment, including reactors and storage tanks.
2. **Chemical Manufacturer:** The relationship began with a **5KL glass-lined reactor** and has grown to include reactors up to **16KL capacity**, alongside vacuum pumps and related equipment.

## Design and Customization Capabilities

The company boasts a team of **28 design professionals** skilled in creating customized solutions for clients. This team uses advanced **design software** and tools to deliver high-precision, client-specific solutions across glass-lined and stainless-steel equipment.

## Business Strategy

### Expanding Product Portfolio:

The company plans to diversify into new industries, enhancing its existing products and establishing additional manufacturing facilities. Demand in pharmaceutical and chemical sectors is expected to grow, supporting this strategy. Recent additions like PTFE-lined pipes and vacuum pumps strengthen its competitive position.

Recommendation: **APPLY**

**Expanding Capacity:**

The company is increasing manufacturing capacities through ₹40 crores investment in machinery and constructing a new facility in Hyderabad.

**Capitalizing on International Markets:**

The company seeks to boost exports, especially in glass-lined equipment, targeting global markets.

**Inorganic Growth:**

Recent acquisitions and strategic alliances strengthen capabilities and market position.

**Risk Factors –**

The company faces a high attrition rate, with 12.87% for the six months ended September 30, 2024, compared to 29.89% in FY 2024. The average years of experience for employees across departments range from 1.75 to 8.12 years. While average experience is moderate, high turnover could impact operations, efficiency, and costs.

The company relies heavily on the pharmaceutical and chemical sectors, which contribute over 88% of revenue. Any downturn in these sectors, such as reduced capital expenditure or market challenges, could negatively impact the company's financial performance.

Company had negative cashflows in FY22, FY24 and September 30, 2024.

The company faces significant working capital requirements due to high trade receivables days, which increased from 104 days as of March 31, 2024, to 114 days as of September 30, 2024. Delays or defaults in customer payments could negatively affect cash flows and overall financial health.

The company, its promoters, subsidiary, and directors are involved in ongoing legal proceedings, including criminal, tax, statutory, and civil cases. A total of 9 tax proceedings and 1 criminal proceeding are pending against the company, with a combined amount of ₹66.46 Cr. involved. Any adverse decision in these proceedings could harm the business, financial position, and reputation. Additionally, two directors were previously associated with companies struck off for non-compliance. Litigation outcomes may impact the company's operations and financial health.

**Competition Analysis**

Standard Glass Lining Technology Limited (SGL) faces significant competition in India, both from organized and unorganized manufacturers, as well as international players. Technological advancements like automation and digitalization influence the industry, enhancing production and product quality. The company's adherence to global standards and commitment to safety meets growing social and environmental expectations.

Macroeconomic factors, such as fluctuations in pharmaceutical and chemical sector investments, affect the business. The company competes on product quality, price, delivery, and service, with competitors benefiting from economies of scale and greater financial and technological resources.

**Porter's Five Forces:**

- **Threat of New Entrants:** Moderate, due to high capital and expertise requirements.
- **Bargaining Power of Suppliers:** Moderate, mitigated by long-term supplier relations.
- **Bargaining Power of Buyers:** High, with customers demanding competitive pricing.
- **Threat of Substitutes:** Low, as glass-lined equipment has unique properties.
- **Rivalry:** Intense, with strong competition from both local and international players.

**Peer Analysis**

Particulars	Standard Glass lining			GMM Pfaudler Ltd		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	10.5%	10.7%	11.0%	3.3%	5.1%	5.2%
EBITDA Margin	16.8%	17.2%	17.5%	11.4%	14.2%	14.3%
RoCE	37.0%	42.5%	20.2%	9.6%	17.2%	17.6%
ROE	36.5%	34.3%	14.7%	12.7%	20.1%	18.4%
EPS (INR)	2.22	3.49	3.52	19.39	36.82	39.80
P/E	63.06	40.11	39.77	78.78	39.82	31.05

Particulars	HLE Glascoat Ltd			Thermax Limited			Praj Industries Ltd		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	8.8%	7.4%	3.0%	5.0%	5.5%	6.7%	6.3%	6.7%	8.0%
EBITDA Margin	16.6%	15.6%	12.1%	8.8%	9.2%	11.4%	9.7%	9.9%	12.2%
RoCE	23.0%	25.5%	12.8%	11.8%	14.5%	17.7%	21.9%	28.9%	27.0%
ROE	21.9%	20.9%	6.0%	8.9%	11.6%	14.5%	16.4%	22.2%	22.2%
EPS (INR)	2.94	10.23	4.35	27.73	39.98	57.30	8.19	13.05	15.42
P/E	383.88	49.35	93.86	70.56	57.35	73.16	48.23	26.13	34.56

- Peers are not comparable on apple-to-apple basis.

## Industry Overview

The glass-lined equipment industry in India is integral to sectors such as pharmaceuticals, chemicals, and food processing, providing corrosion-resistant solutions essential for maintaining product purity and process efficiency.

### Market Overview

As of Fiscal Year 2024 (FY24), the Indian glass-lined equipment market was valued at approximately ₹1,150 crore and is projected to grow at a compound annual growth rate (CAGR) of 10.1%, reaching around ₹1,860 crore by FY29.

This growth is driven by the expanding pharmaceutical and chemical industries, which demand high-quality, corrosion-resistant equipment for their processes.

### Key Industry Players

The Indian market is dominated by several key players, including GMM Pfaudler, HLE Glascoat, and Standard Glass Lining Technology Limited (SGLTL). SGLTL holds approximately a 17% market share in the glass-lined equipment segment as of FY24, positioning it as a significant competitor in the industry.

### Product Segmentation

The industry offers a diverse range of products tailored to various industrial applications:

- Reaction Systems:** Including glass-lined reactors essential for chemical reactions in corrosive environments.
- Storage, Separation, and Drying Systems:** Comprising storage tanks, filters, and dryers designed to handle corrosive substances safely.
- Heat Transfer Systems:** Such as condensers and heat exchangers that facilitate efficient thermal management in processes involving corrosive materials.
- Pipes and Fittings:** Featuring PTFE-lined pipes and fittings that ensure safe and efficient transport of corrosive fluids.

### Technological Advancements

The industry is witnessing significant technological advancements, including the integration of automation, CNC machining, and robotic welding.

### Geographical Concentration

Manufacturing facilities are predominantly located in industrial hubs such as Hyderabad, Telangana, which is recognized as a major center for pharmaceutical production. This strategic positioning allows companies to efficiently serve key clients in the pharmaceutical and chemical sectors.

### Future Outlook

The glass-lined equipment industry in India is poised for robust growth, driven by increasing demand from the pharmaceutical and chemical sectors. Companies are expected to continue investing in technological advancements and capacity expansions to meet this rising demand. Additionally, the emphasis on sustainability and environmental compliance is likely to influence product development and operational strategies within the industry.

**Key Management -**

<b>Key Management Persons Name - Age</b>	<b>Nageswara Rao Kandula</b> 54
<b>Designation &amp; experience</b>	Promoter, Managing Director; over 10 years of professional experience in the glass lining industry
<b>Qualification</b>	Diploma in Business Management (specialization in finance management) and MBA (specialization in finance management) from the Indian School of Business Management and Administration.
<b>Responsibility</b>	Overseeing the overall management and strategic direction of the Company.

<b>Key Management Persons Name - Age</b>	<b>Kandula Krishna Veni</b> 44
<b>Designation and experience</b>	Promoter, Executive Director; over 14 years of professional experience in glass lining, engineering, and allied industries
<b>Qualification</b>	Master's degree in business administration (specialization in finance management) and graduate diploma in management (specialization in finance management) from the Indian School of Business Management and Administration.
<b>Roles &amp; Responsibility</b>	Managing operations and contributing to the strategic development of the Company.
<b>Previous Associations:</b>	Partner at M/s S2 Engineering Services.

<b>Key Management Persons Name - Age</b>	<b>Venkata Mohan Rao Katragadda</b> 56
<b>Designation and experience</b>	Promoter, Executive Director; over 30 years of professional experience in construction and engineering.
<b>Qualification</b>	Diploma in Mechanical Engineering from the State Board of Technical Education and Training, Tamil Nadu; Chartered Engineers Examination from the Institute of Mechanical Engineers (India).
<b>Roles &amp; Responsibility</b>	Leading engineering and construction projects and ensuring technical excellence.
<b>Previous Associations:</b>	Deputy Chief Engineer at The Jeypore Sugar Company Limited; Managing Director of Global Constructions.

<b>Key Management Persons Name - Age</b>	<b>Kandula Ramakrishna</b> 47
<b>Designation and experience</b>	Promoter, Executive Director; over 14 years of professional experience in engineering.
<b>Qualification</b>	Passed Part I and II of Technicians Engineering Examination from The Institute of Mechanical Engineers.
<b>Roles &amp; Responsibility</b>	Overseeing engineering operations and project management.
<b>Previous Associations:</b>	Partner at M/s S2 Engineering Services (current role).

<b>Key Management Persons Name - Age</b>	<b>Kudaravalli Punna Rao</b> 60
<b>Designation and experience</b>	Promoter, Executive Vice President - Manufacturing; over 30 years of professional experience in the alloys and glass manufacturing industry.
<b>Qualification</b>	-
<b>Roles &amp; Responsibility</b>	Managing the manufacturing department of the Company.
<b>Previous Associations:</b>	Nava Bharat Ferro Alloys.

**Sambasiva Rao Gollapudi, Non-Executive Chairman and Independent Director**, has **20+** years of expertise in accounting, auditing, and consultancy as a practicing Chartered Accountant and partner at G. Sambasivarao & Co.



Recommendation: **APPLY**

**Sudhakara Reddy Siddareddy, Independent Director**, brings **40+** years of banking and construction expertise, holding a Master's in Agriculture and prior roles at Syndicate Bank and Siri Constructions Infrastructure.

**Yasuyuki Ikeda, Non-Executive Director**, represents AGI Investors with **22+** years of experience in the glass lining industry, currently serving as Director at AGI Glassplant India Private Limited.

**Radhika Nannapaneni, Independent Director**, has **15+** years of IT and consultancy experience, holding advanced degrees in linguistics and translation, with prior roles at ADP, GE Capital, and J.P. Morgan.

## FINANCIAL SNAPSHOT

Statement of Profit and Loss				Amt in Crores.
Particulars	FY 22	FY 23	FY 24	Sep-24
Revenue from Operations	240.19	497.59	543.67	307.20
Other Income	1.32	2.49	6.01	4.90
<b>Total Income</b>	<b>241.50</b>	<b>500.08</b>	<b>549.68</b>	<b>312.10</b>
<b>Expenses</b>				
Cost of Material Consumed	139.19	299.67	351.66	189.54
Changes in Inventories of WIP, Finished Goods & Stock in Trade	-24.04	-14.17	-33.99	-21.75
Employee benefits expense	13.52	15.75	20.77	13.64
Finance Cost	3.77	8.70	11.79	8.00
Depreciation and Amortization expense	4.24	7.71	9.33	4.97
Other Expenses	71.06	110.58	110.33	67.96
<b>Total Expenses</b>	<b>207.73</b>	<b>428.22</b>	<b>469.88</b>	<b>262.36</b>
<b>EBITDA</b>	<b>40.46</b>	<b>85.77</b>	<b>94.91</b>	<b>57.81</b>
<b>EBITDA Margin</b>	<b>16.85%</b>	<b>17.24%</b>	<b>17.46%</b>	<b>18.82%</b>
<b>Profit/(Loss) before tax</b>	<b>33.77</b>	<b>71.85</b>	<b>79.80</b>	<b>49.74</b>
<b>Tax Expense</b>				
Current tax	9.08	18.21	19.78	13.41
Deferred Tax	-0.45	0.22	0.01	0.06
<b>Total Tax</b>	<b>8.63</b>	<b>18.43</b>	<b>19.79</b>	<b>13.47</b>
<b>Profit/(Loss) for the year</b>	<b>25.15</b>	<b>53.42</b>	<b>60.01</b>	<b>36.27</b>
<b>Net Profit Margin</b>	<b>10.41%</b>	<b>10.68%</b>	<b>10.92%</b>	<b>11.62%</b>

Statement of Assets and Liabilities				Amt in Crores.
Particulars	FY 22	FY 23	FY 24	Sep-24
<b>EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
Share Capital	15.3	15.78	18.16	181.63
Other Equity	53.65	139.93	389.17	261.57
Non-Controlling Interest	-	-	1.63	3.64
<b>Total Equity</b>	<b>292.63</b>	<b>337.53</b>	<b>369.91</b>	<b>419.54</b>
<b>2. Non-current liabilities</b>				
Long-Term borrowings	6.79	3.03	0.58	5.70
Lease Liabilities	18.25	18.47	12.43	11.97
Long-term provisions	1.42	2.08	0.89	1.10
Deferred tax liabilities	0.38	0.59	0.61	0.67
<b>Total Non-current liabilities</b>	<b>26.84</b>	<b>24.17</b>	<b>14.50</b>	<b>19.44</b>
<b>3. Current liabilities</b>				
Borrowings	42.36	57.03	113.20	152.46
Lease Liabilities	2.41	3.43	3.11	3.67
Trade Payables	0.00	0.00	0.00	0.00
(a) Outstanding Dues to MSME	6.13	8.26	6.91	2.56
(b) Outstanding Dues to other than MSME	56.35	66.71	81.80	93.30

Recommendation: **APPLY**

Particulars	FY 22	FY 23	FY 24	Sep-24
Other Financial Liabilities	2.05	0.77	1.76	0.50
Other current liabilities	0.59	0.83	0.89	1.17
Provisions	89.32	29.36	32.49	31.35
Current Tax Liabilities (net)	3.10	1.50	1.75	5.22
<b>Total Current liabilities</b>	<b>202.31</b>	<b>167.89</b>	<b>241.90</b>	<b>290.23</b>
<b>Total Liabilities</b>	<b>229.15</b>	<b>192.07</b>	<b>256.40</b>	<b>309.67</b>
<b>Total Equity and Liabilities</b>	<b>298.11</b>	<b>347.79</b>	<b>665.38</b>	<b>756.52</b>

**ASSETS****1. Non-current assets**

Property, Plant and Equipment	31.93	54.68	82.21	92.43
Capital work-in-progress	0.70	3.29	4.47	5.23
Right-to-use assets	19.67	19.74	12.97	12.90
Goodwill	-	-	-	7.74
Other Intangible Assets	0.39	0.62	0.97	0.98
Financial Assets				
(i) Loans	0.25	-	-	-
(ii) Other financial assets	3.55	2.13	1.42	3.45
Income Tax Asset (net)	-	0.69	-	-
Other non-current assets	4.06	3.52	4.56	10.10
<b>Total Non-Current assets</b>	<b>60.55</b>	<b>84.66</b>	<b>106.60</b>	<b>132.83</b>

**2. Current assets**

Inventories	125.93	143.41	224.80	254.85
Financial Assets				
(i) Trade receivables	82.17	91.28	154.78	191.49
(ii) Cash and cash equivalents	0.12	5.42	15.46	0.89
(iii) Bank balances other than (ii)	0.00	0.00	36.49	38.15
(iii) Other financial assets	1.22	5.20	95.53	99.34
Other Current Assets	28.12	17.82	31.73	38.96
<b>Total Current assets</b>	<b>237.56</b>	<b>263.13</b>	<b>558.78</b>	<b>623.69</b>
<b>Total Assets</b>	<b>298.11</b>	<b>347.79</b>	<b>665.38</b>	<b>756.52</b>

**Cash Flow Statement**

Amt in Crores.

Particulars	FY 22	FY 23	FY 24	Sep-24
Net Cash Flow from Operating Activities	-7.15	1.75	-65.03	-19.34
Net Cash Flow from Investing Activities	-29.74	-29.02	-156.83	-31.47
Net Cash Flow from Financing Activities	37.00	32.57	231.90	36.24

**Key Ratios**

<u>Per Share Data</u>	FY 22	FY 23	FY 24	FY 25*	<u>Valuation Ratios (x)</u>	FY 22	FY 23	FY 24	FY25*
Diluted EPS	2.22	3.49	3.52	3.64	EV/EBITDA	2.92	2.45	4.96	6.93
BV per share	45.07	98.65	225.16	34.74	Market Cap / Sales	11.63	5.61	5.14	4.55
<b><u>Operating Ratios</u></b>					P/E	63.06	40.11	39.77	38.50
EBITDA Margins	16.85%	17.24%	17.46%	18.82%	Price to Book Value	3.11	1.42	0.62	4.03
PAT Margins	10.41%	10.68%	10.92%	11.62%	<b><u>Solvency Ratios</u></b>				
Inventory days	191.36	105.20	150.92	151.82	Debt / Equity	0.71	0.39	0.28	0.21
Debtor days	124.86	66.96	103.91	114.07	Current Ratio	1.17	1.57	2.31	2.15
Creditor days	12.46	8.99	8.29	8.91	Quick Ratio	0.55	0.71	1.38	1.27
<b><u>Return Ratios</u></b>					Asset Turnover	0.81	1.43	0.82	0.41
RoCE	37.82%	43.39%	20.21%	15.36%	Interest coverage Ratio	9.60	6.48	10.03	6.61
RoE	36.46%	34.31%	14.67%	10.47%					

\*Annualised

**LEAD MANAGER TRACK RECORD –**

The lead manager to the issue are IIFL Securities Limited and Motilal Oswal Investment Advisors 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 –

**IIFL Securities Limited -**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Ventive Hospitality Limited	1600.00	643.00	Dec 30, 2024	740.55
2.	Sai Life Sciences Limited	3,042.62	549.00	Oct 22, 2024	779.55
3.	NTPC Green Energy Limited	10,000.00	108.00	Nov 27, 2024	128.35
4.	Zinka Logistics Solution Limited	1,114.72	273.00	Nov 22, 2024	453.35
5.	Sagility India Limited	2,106.60	30.00	Nov 12, 2024	52.84

The company has handled 40 mandates in the past three years (including the current year).

**Motilal Oswal Investment Advisors Limited -**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Concord Enviro Systems Limited	500.33	701.00	Dec 27, 2024	789.60
2.	Niva Bupa Health Insurance Company Limited	2,200.00	74.00	Nov 14, 2024	83.12
3.	ACME Solar Holdings Limited	2,900.00	289.00	Nov 13, 2024	240.25
4.	P N Gadgil Jewellers Limited	11,000.00	480.00	Sept 17, 2024	690.90
5.	R K SWAMY Limited	423.56	288.00	Mar 12, 2024	266.15

The company has handled 14 mandates in the past three years (including the current year).

\*CMP for the above-mentioned companies is taken as of 20<sup>th</sup> Dec 2024.

As per the offer document, the above-mentioned mandates ACME Solar Holdings Limited, R K SWAMY Limited, Zinka Logistics Solution and Sagility India have opened at a discount, Niva Bupa Health Insurance Company Limited opened at par and remaining all have opened at a premium on the listing day.

Recommendation: **APPLY****Recommendation -**

Established in 2012, the company has demonstrated robust growth, achieving a remarkable CAGR of 50%. Revenue from operations grew by 107.17% from ₹2,401.87 million in FY22 to ₹4,975.88 million in FY23, driven by strategic acquisitions of four manufacturing facilities in FY22. These acquisitions have significantly expanded production capacities and contributed to a full year of operations in FY23. Additional revenue growth was supported by price adjustments in line with rising raw material costs and increased income from service contracts.

While the company has shown steady profitability margins (EBITDA: 16-17%, PAT: 10-11%), it faces challenges from high working capital requirements, with trade receivables days increasing to 114 as of September 30, 2024. Furthermore, recent equity inflows have diluted return margins, highlighting the risks of aggressive growth strategies.

Post-issue annualised P/E is slightly overvalued at 38.50.

Proceeds from the IPO will be deployed for organic and inorganic expansion and loan repayment, signalling a focus on future scalability. Given the strong industry prospects and the company's growth trajectory, investors with a long-term outlook are recommended to **APPLY**.

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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.

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