

# IPO Report

Choice

**“Subscribe for Long Term” to  
Standard Glass Lining Technology Ltd.**

Fully Priced Issue.



### Salient features of the IPO:

- **Standard Glass Lining Technology Ltd.** (SGLTL), one of the top five specialised engineering equipment manufacturer for pharmaceuticals and chemical sectors in India, is coming up with an IPO to raise around Rs. 400.04 - 410.05cr, which opens on 6<sup>th</sup> Jan. 2025 and closes on 8<sup>th</sup> Jan. 2025. The price band is Rs. 133-140 per share.
- This public issue is a combination of fresh issue (Rs. 210cr) and OFS (Rs. 190.05 - 200.05cr). The company will not receive any proceeds from the OFS portion. From the fresh issue net proceeds, the company will be utilizing Rs. 10.0cr for funding of capital expenditure requirements towards purchase of machinery and equipment, Rs. 130cr for repaying or prepaying a portion of outstanding borrowings of Company and its wholly owned subsidiary, S2 Engineering Industry Pvt. Ltd. Additionally, it will support S2 Engineering’s repayment of borrowings from banks and financial institutions. Rs. 30.0cr for investment in wholly owned material subsidiary, S2 Engineering Industry Pvt. Ltd., for funding its capital expenditure requirements towards purchase of machinery and equipment and Rs. 20cr for funding inorganic growth through strategic investments and/or acquisitions. Residual proceeds will be used for general corporate purposes.
- Some of the promoter & promoter group (P&PG) entities are participating in the OFS and are offloading 1.32cr equity shares. Few investors are also offloading 0.106cr shares. Post-IPO, the P&PG and public shareholders will have 60.41% and 39.59% stake in the company, respectively.

### Key competitive strengths:

- One of the top five specialised engineering equipment manufacturers for pharmaceutical and chemical sectors in India with products across entire value chain
- Customized and innovative product offering across the entire pharmaceutical and chemical manufacturing value chain
- Strategically located manufacturing facilities with advanced technological capabilities
- Long term relationships with marquee clientele across sectors
- Consistent track record of profitable growth
- Experienced promoters and strong senior management expertise

### Risk and concerns:

- General slowdown in global economic activities
- Dependent on manufacturing facilities, all of which are situated in Telangana
- Dependent on limited number of suppliers
- Majority customers operate in the pharmaceuticals and chemical sectors(88.20%)
- Do not have long term or exclusive contracts with majority of customers and suppliers
- Under utilization of manufacturing facilities

### Below are the key highlights of the company:

- The global glass lined equipment represents a significant opportunity with the TAM being expected to increase from USD 2.1bn in 2023 at a CAGR of 10.1% to USD 3.4bn in 2028 and the market in India is expected to grow at a CAGR of 10.1% from Rs. 11.5bn in 2024 and generate Rs. 18.6bn in revenue during 2029.
- The Indian chemical industry, valued at Rs. 18,040bn in FY22-23, is expected to grow to Rs. 27,060bn by FY26-27 and Rs. 82,000bn by 2040. It contributes 6.6% to GDP and 15-17% to manufacturing. India’s pharmaceutical market, growing at 9.0% CAGR, will reach Rs. 2,928.3bn by FY28 compared to Rs. 1,1317.5bn (USD 19.0bn) in FY19. It contributes 1.72% to GDP.

Issue details	
Price band	Rs. 133 - 140 per share
Face value	Rs. 10
Shares for fresh issue	1.500 - 1.579 cr shares
Shares for OFS	1.429 cr shares
Fresh issue size	Rs. 210.0cr
OFS issue size	Rs. 190.0cr-200.1 cr
Total issue size	2.929 - 3.008 cr shares
Bidding date	6 <sup>th</sup> Jan - 8 <sup>th</sup> Jan. 2025
Implied MCAP at higher price band	Rs. 2,793 cr
Implied enterprise value at higher price band	Rs. 2,662 cr
Book running lead manager	IIFL Capital Services Ltd., and Motilal Oswal Investment Advisors Ltd.
Registrar	Kfin Technologies Ltd.
Sector	Industrial Products
Promoters	Nageswara Rao Kandula, Kandula Krishna Veni, Kandula Ramakrishna, Venkata Mohana Rao Katragadda, Kudaravalli Punna Rao and M/s S2 Engineering Services

Category	Percent of issue (%)	Number of shares
QIB portion	50%	1.464 - 1.504 cr shares
Non institutional portion (Big)	10%	0.293 - 0.301 cr shares
Non institutional portion (Small)	5%	0.146 - 0.150 cr shares
Retail portion	35%	1.025 - 1.053 cr shares

Indicative IPO process time line	
Finalization of basis of allotment	9 <sup>th</sup> Jan. 2025
Unblocking of ASBA account	10 <sup>th</sup> Jan. 2025
Credit to demat accounts	10 <sup>th</sup> Jan. 2025
Commencement of trading	13 <sup>th</sup> Jan. 2025

Pre and post - issue shareholding pattern		
	Pre-issue	Post-issue
Promoter & promoter group	72.49%	60.41%
Public	27.51%	39.59%
Non-promoter & Non-public	0.00%	0.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Retail application money at higher cut-off price per lot	
Number of shares per lot	107
Application money	Rs. 14,980

## Key highlights of the company (Contd...):

Company name	FV (Rs.)	CMP (Rs.)	MCAP (Rs. cr)	EV (Rs.)	6M Return (%)	12M Return (%)	FY24 Revenue (Rs. cr)	FY24 EBITDA (Rs. cr)	FY24 PAT (Rs. cr)	FY24 Gross Margin (%)	FY24 EBITDA margin (%)	FY24 PAT margin (%)
Standard Glass Lining Technology Ltd.	10	140	2,793	2,662	-	-	544	95	60	41.6%	17.5%	11.0%
GMM pfaudler Ltd	2	1,203	5,410	8,210	-12.3%	-20.4%	3,446	477	174	60.0%	13.8%	5.0%
HLE Glascoat Ltd	2	364	2,485	2,830	-24.2%	-30.9%	968	114	41	54.5%	11.8%	4.2%
Thermax Ltd	2	4,151	49,456	49,758	-28.3%	30.5%	9,323	797	643	44.0%	8.5%	6.9%
Praj Industries	2	810	14,880	14,836	12.0%	49.9%	3,466	372	283	40.3%	10.7%	8.2%
<b>Average</b>										<b>49.7%</b>	<b>11.2%</b>	<b>6.1%</b>

Company name	3Y top-line growth (CAGR)	3Y EBITDA growth (CAGR)	3Y PAT growth (CAGR)	Average 3Y EBITDA margin	Average 3Y PAT margin	3Y average RoE	3Y average RoCE	Avg 3Y Receivable days	Avg 3Y Inventory Days	Avg 3Y Payable Days	Net Worth
Standard Glass Lining Technology Ltd.	50.5%	53.1%	54.5%	17.2%	10.7%	28.5%	34.5%	90	138	67	617
GMM pfaudler Ltd	16.5%	29.6%	52.3%	12.8%	4.9%	22.7%	18.0%	49	209	133	1,031
HLE Glascoat Ltd	21.8%	1.3%	-15.9%	14.6%	6.9%	23.3%	22.3%	89	265	113	417
Thermax Ltd	23.3%	38.7%	43.6%	7.6%	5.9%	12.3%	14.7%	83	63	126	4,440
Praj Industries	21.6%	38.5%	37.4%	9.2%	7.1%	22.0%	27.7%	83	61	94	1,275
<b>Average</b>	<b>20.8%</b>	<b>27.0%</b>	<b>29.3%</b>	<b>11.1%</b>	<b>6.2%</b>	<b>20.1%</b>	<b>20.7%</b>	<b>76</b>	<b>149</b>	<b>117</b>	

Company name	Total Debt	Cash	FY24 RoE (%)	FY24 RoCE (%)	P / E	P / B	EV / Sales	EV / EBITDA	MCAP / Sales	EPS (Rs.)	BVPS (Rs.)	D/E
Standard Glass Lining Technology Ltd.	131	262	9.7%	14.7%	46.5	4.5	4.9	28.0	5.1	3.0	20	0.3
GMM pfaudler Ltd	3,144	344	20.0%	19.0%	31.1	5.2	2.4	17.2	1.6	38.7	229	3.0
HLE Glascoat Ltd	390	45	12.0%	13.0%	60.6	6.0	2.9	24.8	2.6	6.0	61	0.9
Thermax Ltd	1,277	975	16.0%	17.0%	76.9	11.1	5.3	62.4	5.3	54.0	373	0.3
Praj Industries	169	213	24.0%	29.0%	52.6	11.7	4.3	39.9	4.3	15.4	69	0.1
<b>Average</b>			<b>18.0%</b>	<b>19.5%</b>	<b>55.3</b>	<b>8.5</b>	<b>3.7</b>	<b>36.1</b>	<b>3.4</b>			<b>1.1</b>

Note: Considered financials for the period during FY22-24 (with IPO adjustment) ; Source: Choice Broking Research

- Incorporated on 06th September, 2012, SGLTL is one the top five specialised engineering equipment manufacturer for pharmaceutical and chemical sectors in India, with in house capabilities across the entire value chain. SGLTL customises products basis the unique process requirements of it's customers and also provide turnkey automated equipment solutions, optimising processes like vacuum distillation, solvent recovery and gas dispersion.
- SGLTL portfolio comprises core equipments used in the manufacturing of pharmaceutical and chemical products, which can be categorized into: (i) Reaction Systems (68.23% of revenue); (ii) Storage, Separation and Drying Systems (26.07% of revenue); and (iii) Plant, Engineering and Services (5.70% of revenue) (including other ancillary parts). As of September 30, 2024 the company's portfolio of products includes over 65 designs across the range of products. Product type includes Heat Transfer System, Pipes and Fittings, Pumps, Reactors, Filtration and drying, Storage, Vessel.
- The company possess in-house capabilities to manufacture all the core specialised engineering equipment required in the active pharmaceutical ingredient ("API") and fine chemical products manufacturing process. SGLTL is also one of India's top three manufacturers of glass-lined, stainless steel, and nickel alloy based specialised engineering equipment, in terms of revenue in Fiscal 2024 and also one of the top three suppliers of polytetrafluoroethylene ("PTFE") lined pipelines and fittings in India. Over the last decade the company has supplied over 11,000 products.
- SGLTL has entered into an agreement with HHV Pumps Pvt. Ltd ("HHV"), for supply of vacuum pumps along with a private label arrangement. It also has a supply and purchase arrangement for India with Japan based Asahi Glassplant Inc. and GL Hakko Co. Ltd ("GL Hakko") for procurement of specified grades of glass for glass lining division and using GL Hakko Co. collaboration to manufacture and sell shell and heat tube exchangers under the name of GL Hakko, both in India and internationally, excluding Japan.
- The company primarily cater to end users operating in the pharmaceutical (75.10% of total revenue) and chemical (13.10% of total revenue) industries. Service offerings include design, engineering, manufacturing, assembly, installation and commissioning solutions of pharmaceutical and chemical facilities on a turnkey basis. Also provide turnkey automated equipment solutions, optimising processes like vacuum distillation, solvent recovery and gas dispersion.
- Manufacturing capabilities consist of eight facilities located in Hyderabad, Telangana covering a total builtup/floor area of more than 400,000 sq. ft. SGLTL manufacturing units consists of SGL Unit (71.6% Capacity Utilisation), S2 Unit 1 (89.08% Capacity Utilisation), S2 Unit 2 (95.79% Capacity Utilisation) , S2 Unit 3 (97.27% Capacity Utilisation), S2 Unit 4 (64.62% Capacity Utilisation), SFPL Unit (65.85% Capacity Utilisation), CPK Unit 1 (43.33% Capacity Utilisation), CPK Unit 2 (46.67% Capacity Utilisation) dedicated for manufacturing of different line items.
- While the company primarily focuses on the domestic market to meet customer demand, it also exports products to select international markets, primarily Russia and Oman. During the six-month period ending September 30, 2024, and in FY24, FY23, and FY22, the company generated revenues of Rs. 18.36cr, Rs. 2.03cr, Rs. 1.34cr, and Rs. 0.58cr, respectively, from overseas sales. These exports accounted for 5.98%, 0.37%, 0.27%, and 0.24% of total operational revenue during these periods.

### Key highlights of the company (Contd...):

- As of September 30, 2024, SGLTL serves a customer base of 347 companies, including 30 out of approximately 80 pharmaceutical and chemical companies listed in the NSE 500 index as of June 30, 2024. Its prominent clients include Apitoria Pharma Pvt. Ltd., Aurobindo Pharma Ltd., CCL Food and Beverages Pvt. Ltd., Cohance Lifesciences Ltd., Cadila Pharmaceuticals Ltd., Deccan Fine Chemicals (India) Pvt. Ltd., Dasami Lab Pvt. Ltd., Laurus Labs Ltd., Natco Pharma Ltd., Suven Pharmaceuticals Ltd., among others.
- SGLTL has the capability to manufacture reactors, receivers, and storage tanks ranging from 30 liters to 40,000 liters. The company can produce approximately 300–350 pieces of equipment per month across its product portfolio, which includes (i) Reaction Systems, (ii) Storage, Separation, and Drying Systems, and (iii) Plant, Engineering, and Services (including ancillary parts). Its manufacturing facility is equipped to produce up to 100 reactors per month, along with an exclusive capacity for 30 ANFDs monthly. Additionally, the company can manufacture 9,000 PTFE-lined pipes and fittings per month.
- SGLTL's manufacturing capabilities are supported by a robust sales, service, and distribution network. The company operates from four sales offices located in Vadodara and Ankleshwar (Gujarat), Mumbai (Maharashtra), and Visakhapatnam (Andhra Pradesh). Additionally, its sales team has a presence in Jhagadia (Gujarat), Chennai (Tamil Nadu), New Delhi, Bengaluru (Karnataka), and Vijayawada (Andhra Pradesh), ensuring a pan-India reach.
- SGLTL also has agency arrangements for the sale and marketing of its products in Bangladesh and a dedicated agency and distribution agreement for Russia. Furthermore, the company has established resale arrangements covering North America (excluding Cuba), South America, Europe (excluding Belarus and Russia), and select countries in Asia and Africa.
- SGLTL holds a 16.7% market share in the glass-lined equipment segment. It commands a 4% share in the reactors and storage tanks market, 2.8% in the vacuum pumps market, and approximately 0.5% in the heat exchangers market in India. Additionally, SGLTL has a 10.4% market share in the filters and dryers segment.

**Peer comparison and valuation:** SGLTL is among India's top five specialized engineering equipment manufacturers for the pharmaceutical and chemical sectors, with in-house capabilities spanning the entire value chain. It ranks among the top three manufacturers of glass-lined, stainless steel, and nickel alloy-based specialized engineering equipment, holding a 16.7% market share in FY24. The company is also a top three supplier of PTFE-lined pipes and fittings in India. Strategic acquisitions of Higenic Flora Polymers and Yashasve Glass Lining Industries have enhanced SGLTL's market share to 23.3% (revenue-based) in FY24. These acquisitions have driven faster growth compared to peers.

At the upper end of its price range, SGLTL is seeking a P/E multiple of 46.5x based on its FY24 EPS of Rs. 3 and an EV/Sales multiple of 4.9x. These valuations appear fully priced compared to its peers. The company has demonstrated significant growth in both revenue and profitability following the strategic acquisition of the business of M/s S2 Engineering Services and M/s Stanpumps Engineering Industries, which includes four facilities (S2 Units 1, 2, 3, and 4) in the second half of FY22. Additionally, SGLTL plans to expand its international presence, targeting 20% of its revenue from exports. Its planned manufacturing capacity expansion is also expected to support margin growth.

We believe that factors such as debt repayment and a favourable outlook for its end industries will positively contribute to SGLTL's long-term business growth. However, the valuation the company is demanding appears elevated and thus, we recommend a **“Subscribe for Long Term”** rating for this issue.

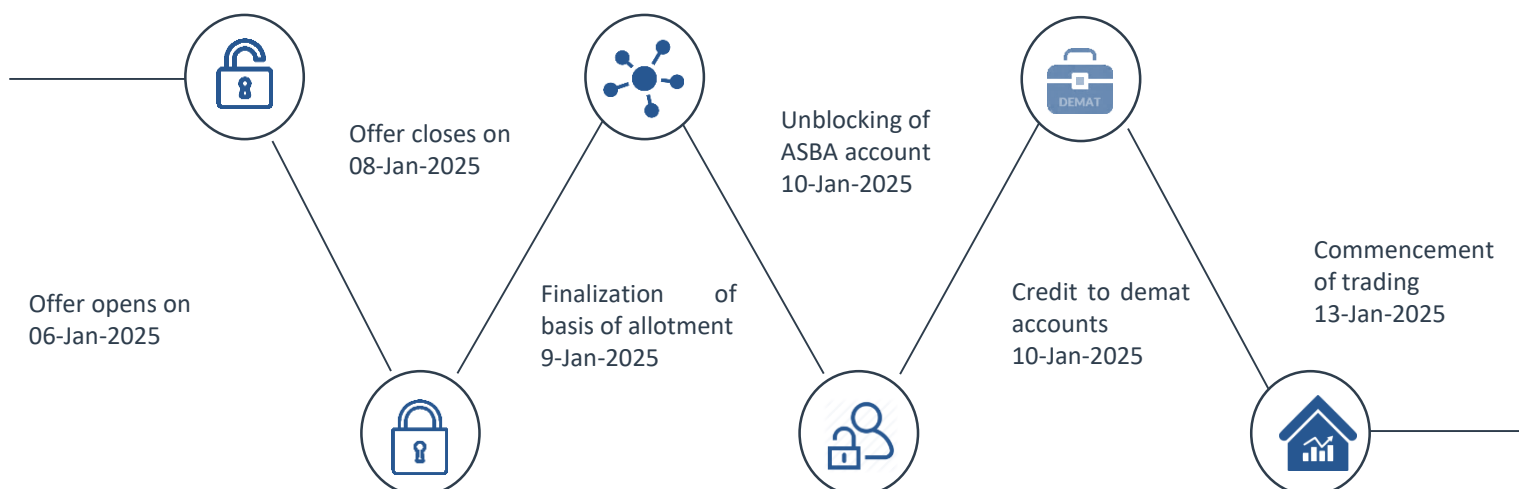
## About the issue:

- SGLTL is coming up with an IPO with 2.929 - 3.008cr shares (fresh issue: 1.500 – 1.579cr shares; OFS shares: 1.429cr shares) in offering. This offer represents 14.68% of the post-issue paid-up equity shares of the company. Total IPO size is Rs. 400.05 - 410.05cr.
- The issue is through book building process with a price band of Rs. 133 - 140 per share.
- Lot size comprises of 107 equity shares and in-multiple of 107 shares thereafter.
- The issue will open on 6<sup>th</sup> Jan. 2025 and close on 8<sup>th</sup> Jan. 2025.
- This public issue is a combination of fresh issue (Rs. 210cr) and OFS (Rs. 190.05 - 200.05cr). The company will not receive any proceeds from the OFS portion. From the fresh issue net proceeds, the company will be utilizing Rs. 10.0cr for funding of capital expenditure requirements towards purchase of machinery and equipment, Rs. 130cr for repaying or prepaying a portion of outstanding borrowings of Company and its wholly owned subsidiary, S2 Engineering Industry Pvt. Ltd. Additionally, it will support S2 Engineering's repayment of borrowings from banks and financial institutions. Rs. 30.0cr for investment in wholly owned material subsidiary, S2 Engineering Industry Pvt. Ltd., for funding its capital expenditure requirements towards purchase of machinery and equipment and Rs. 20cr for funding inorganic growth through strategic investments and/or acquisitions. Residual proceeds will be used for general corporate purposes.
- Some of the promoter & promoter group (P&PG) entities are participating in the OFS and are offloading 1.32cr equity shares. Few investors are also offloading 0.106cr shares. Post-IPO, the P&PG and public shareholders will have 60.41% and 39.59% stake in the company, respectively.
- 50% of the net issue is reserved for qualified institutional buyers, while 15% and 35% of the net issue is reserved for non-institutional bidders and retail investors, respectively.

Pre and post-issue shareholding pattern (%)		
	Pre-issue	Post-issue (at higher price band)
Promoter & promoter group	72.49%	60.41%
Public	27.51%	39.59%
Non-promoter & Non-public	0.00%	0.00%

Source: Choice Equity Broking

## Indicative IPO process time line:



## Pre-issue financial performance:

**Performance over FY22-24:** During this period, the company has grown significantly, mainly due to higher exports that have widened its market reach. Its sales have also increased, supported by a diverse customer base and gradual price hikes over the years.

The company's business has experienced significant growth, with total operating revenue rising to Rs. 543.7cr, reflecting CAGR of 50.5%. This growth can be attributed primarily due to an increase in the overall quantity of products sold, which aligned with higher production levels. Additionally, the acquisition of a new manufacturing facility for PTFE lined pipes and fittings through a slump sale, along with a rise in product prices driven by changes in the product mix, contributed to this positive performance.

The company experienced an increase in material costs as a percentage of revenue, with a CAGR of 59%. As a result, the gross profit margin declined by 1,049 bps, bringing it to 41.6% in FY24. However, a reduction in employee and other expenses led to a 61 bps increase in the EBITDA margin, which rose to 17.5%. Consequently, consolidated EBITDA grew by a CAGR of 53.1%, reaching Rs. 94.9cr in FY24. This growth contributed to a slight improvement in the PAT margin, which increased by 57 bps to 11% in FY24. The reported PAT rose by a CAGR of 54.5%, reaching Rs. 60cr in FY24.

SGLTL has increased its borrowings over the years, but with rising profitability, its debt-to-equity ratio has improved, decreasing from 1.0x in FY22 to 0.3x in FY24. Pre-issue RoIC and RoE stood at 15.4% and 14.7%, respectively, in FY24.

Pre-issue financial snapshot (Rs. cr)	FY22	FY23	FY24	H1FY25	CAGR over FY22-24	Y-o-Y (FY24 annual)
<b>Sale of Product</b>						
Glass lined equipment	152.7	209.7	209.5	100.4	17.11%	-0.12%
Metal equipment & pumps	87.7	289.9	312.0	213.9	88.65%	7.65%
PTFE lined equipment	0.0	0.0	30.2	13.7	0.00%	0.00%
Eliminations	(0.2)	(2.0)	(8.0)	(20.8)	508.16%	301.26%
<b>Sale of Products Geographically</b>						
Sales in India	239.6	496.2	541.6	288.8	50.35%	9.15%
Sales Outside India	0.6	1.3	2.0	18.4	86.13%	51.79%
Revenue from operations	240.2	497.6	543.7	307.2	50.45%	9.26%
Gross profit	125.0	212.1	226.0	139.4	34.44%	6.56%
EBITDA	40.5	85.8	94.9	57.8	53.15%	10.66%
Reported PAT	25.1	53.4	60.0	36.3	54.49%	12.33%
Restated adjusted EPS	1.3	2.7	3.0	1.8	54.5%	12.3%
Cash flow from operating activities	(7.1)	1.8	(65.0)	(19.3)	201.60%	-3813.71%
NOPLAT	27.0	58.0	64.4	38.5	54.46%	10.88%
FCF	-	(23.7)	(181.6)	25.0	-	666.54%
RoIC (%)	30.7%	33.4%	15.4%	8.5%	(1,526)bps	(1,803)bps
Revenue growth rate	-	107.2%	9.3%	-	-	(9,791)bps
Gross profit growth rate	-	69.6%	6.6%	-	-	(6,306)bps
Gross profit margin	52.1%	42.6%	41.6%	45.4%	(1,049)bps	(106)bps
EBITDA growth rate	-	112.0%	10.7%	-	-	(10,131)bps
EBITDA margin	16.8%	17.2%	17.5%	18.8%	61bps	22bps
Restated PAT growth rate	-	112.5%	12.3%	-	-	(10,013)bps
Restated PAT margin	10.5%	10.7%	11.0%	11.8%	57bps	30bps
Inventories days	191.4	98.8	123.6	149.3	-19.63%	25.12%
Trade receivables days	124.9	63.6	82.6	112.2	-18.67%	29.84%
Trade payables days	(94.9)	(50.4)	(54.9)	(56.2)	-23.93%	8.99%
Cash conversion cycle	221.3	112.0	151.3	205.4	-17.32%	35.06%
Total asset turnover ratio	0.8	1.4	0.8	0.4	0.70%	-42.89%
Current ratio	1.2	1.6	2.3	2.1	40.26%	47.39%
Total debt	71.9	82.7	131.1	174.3	35.06%	58.43%
Net debt	71.7	77.3	115.6	173.4	26.95%	49.55%
Debt to equity	1.0	0.5	0.3	0.4	-44.43%	-39.43%
Net debt to EBITDA	1.0	0.5	0.3	0.4	-47.77%	-42.83%
RoE	36.5%	34.3%	14.7%	8.2%	(2,173)bps	(1,958)bps
RoA	8.4%	15.4%	9.0%	4.8%	58bps	(634)bps
RoCE	37.9%	44.7%	21.0%	11.4%	(1,689)bps	(2,377)bps

Note: Pre-IPO financials; Source: Choice Equity Broking

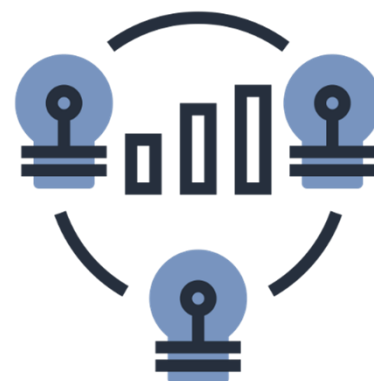


### Competitive strengths:

- One of the top five specialised engineering equipment manufacturers for pharmaceutical and chemical sectors in India with products across entire value chain
- Customized and innovative product offering across the entire pharmaceutical and chemical manufacturing value chain
- Strategically located manufacturing facilities with advanced technological capabilities
- Long term relationships with marquee clientele across sectors
- Consistent track record of profitable growth
- Experienced promoters and strong senior management expertise

### Business strategy:

- Continue to expand and improve existing product portfolio and enter into additional end-user industries
- Expand capacity by increasing the capabilities of existing manufacturing plants as well as set up new manufacturing plants
- Capitalise on increasing demand from international markets to grow export
- Grow inorganically through strategic acquisitions and alliances



### Risk and concerns:

- General slowdown in global economic activities
- Dependent on manufacturing facilities, all of which are situated in Telangana
- Dependent on limited number of suppliers
- Majority customers operate in the pharmaceuticals and chemical sectors(88.20%)
- Do not have long term or exclusive contracts with majority of customers and suppliers
- Under utilization of manufacturing facilities

## Financial statements:

Restated consolidated profit and loss statement (Rs. cr)						
	FY22	FY23	FY24	H1FY25	CAGR over FY22-24	Annual growth over FY23
<b>Revenue from operations</b>	<b>240.2</b>	<b>497.6</b>	<b>543.7</b>	<b>307.2</b>	<b>50.45%</b>	<b>9.26%</b>
Cost of material consumed	(139.2)	(299.7)	(351.7)	(189.5)	58.95%	17.35%
Changes in inventories of finished goods & work-in-progress	24.0	14.2	34.0	21.8	18.91%	139.83%
<b>Gross profit</b>	<b>125.0</b>	<b>212.1</b>	<b>226.0</b>	<b>139.4</b>	<b>34.44%</b>	<b>6.56%</b>
Employee benefits expenses	(13.5)	(15.8)	(20.8)	(13.6)	23.93%	31.84%
Other expenses	(71.1)	(110.6)	(110.3)	(68.0)	24.61%	-0.23%
<b>EBITDA</b>	<b>40.5</b>	<b>85.8</b>	<b>94.9</b>	<b>57.8</b>	<b>53.15%</b>	<b>10.66%</b>
Depreciation & amortization expenses	(4.2)	(7.7)	(9.3)	(5.0)	48.39%	21.03%
<b>EBIT</b>	<b>36.2</b>	<b>78.1</b>	<b>85.6</b>	<b>52.8</b>	<b>53.70%</b>	<b>9.63%</b>
Finance costs	(3.8)	(8.7)	(11.8)	(8.0)	76.77%	35.58%
Other income	1.3	2.5	6.0	4.9	113.82%	141.64%
<b>PBT</b>	<b>33.8</b>	<b>71.9</b>	<b>79.8</b>	<b>49.7</b>	<b>53.72%</b>	<b>11.06%</b>
Tax expenses	(8.6)	(18.4)	(19.8)	(13.5)	51.48%	7.39%
<b>Reported PAT</b>	<b>25.1</b>	<b>53.4</b>	<b>60.0</b>	<b>36.3</b>	<b>54.49%</b>	<b>12.33%</b>

Restated consolidated balance sheet statement (Rs. cr)						
	FY22	FY23	FY24	H1FY25	CAGR over FY22-24	Annual growth over FY23
Equity share capital	15.3	15.8	18.2	181.6	8.96%	15.06%
Other equity	53.7	139.9	389.2	261.6	169.31%	178.11%
Non-controlling interest	-	-	1.6	3.6	-	-
Non-current borrowings	6.8	3.0	0.6	5.7	-70.80%	-80.89%
Non-current lease liabilities	18.2	18.5	12.4	12.0	-17.46%	-32.71%
Non-current provisions	1.4	2.1	0.9	1.1	-21.07%	-57.47%
Net deferred tax liabilities	0.4	0.6	0.6	0.7	25.52%	3.42%
Trade payables	62.5	75.0	88.7	95.9	19.16%	18.33%
Current borrowings	42.4	57.0	113.2	152.5	63.47%	98.49%
Current lease liabilities	2.4	3.4	3.1	3.7	13.57%	-9.22%
Other current financial liabilities	2.1	0.8	1.8	0.5	-7.52%	127.04%
Current provisions	0.6	0.8	0.9	1.2	23.10%	6.96%
Net current tax liabilities	3.1	1.5	1.7	5.2	-24.87%	16.53%
Other current liabilities	89.3	29.4	32.5	31.3	-39.69%	10.63%
<b>Total liabilities</b>	<b>298.1</b>	<b>347.8</b>	<b>665.4</b>	<b>756.5</b>	<b>49.40%</b>	<b>91.32%</b>
Property, plant & equipments	31.9	54.7	82.2	92.4	60.45%	50.34%
Intangible assets	0.4	0.6	1.0	1.0	57.38%	56.82%
Capital work-in-progress	0.7	3.3	4.5	5.2	152.70%	35.82%
Right-of-use assets	19.7	19.7	13.0	12.9	-18.78%	-34.28%
Goodwill	-	-	-	7.7	-	-
Non-current loans	0.2	-	-	-	-	-
Other non-current financial assets	3.6	2.1	1.4	3.5	-36.67%	-33.02%
Net income tax assets	-	0.7	-	-	-	-
Other non-current assets	4.1	3.5	4.6	10.1	5.88%	29.59%
Inventories	125.9	143.4	224.8	254.9	33.61%	56.76%
Trade receivables	82.2	91.3	154.8	191.5	37.25%	69.56%
Cash & cash equivalents	0.1	5.4	15.5	0.9	1049.32%	185.10%
Other bank balances	-	-	36.5	38.2	-	-
Other current financial assets	1.2	5.2	95.5	99.3	783.45%	1737.49%
Other current assets	28.1	17.8	31.7	39.0	6.21%	78.04%
<b>Total assets</b>	<b>298.1</b>	<b>347.8</b>	<b>665.4</b>	<b>756.5</b>	<b>49.40%</b>	<b>91.32%</b>



## Financial statements (Contd...):

Restated consolidated cash flow statement (Rs. cr)						
	FY22	FY23	FY24	H1FY25	CAGR over FY22-24	Annual growth over FY23
Cash flow before working capital changes	43.0	89.2	98.8	59.9	51.66%	10.74%
Working capital changes	(41.6)	(67.0)	(145.0)	(69.3)	86.68%	116.45%
<b>Cash flow from operating activities</b>	<b>(7.1)</b>	<b>1.8</b>	<b>(65.0)</b>	<b>(19.3)</b>	<b>201.60%</b>	<b>-3813.71%</b>
Purchase of fixed assets & CWIP	(5.3)	(29.4)	(33.6)	(18.5)	151.79%	14.11%
<b>Cash flow from investing activities</b>	<b>(29.7)</b>	<b>(29.0)</b>	<b>(156.8)</b>	<b>(31.5)</b>	<b>129.65%</b>	<b>440.49%</b>
Dividend paid						
<b>Cash flow from financing activities</b>	<b>37.0</b>	<b>32.6</b>	<b>231.9</b>	<b>36.2</b>	<b>150.36%</b>	<b>611.99%</b>
<b>Net cash flow</b>	<b>0.1</b>	<b>5.3</b>	<b>10.0</b>	<b>(14.6)</b>	<b>855.08%</b>	<b>89.18%</b>
Opening balance of cash	0.0	0.1	5.4	15.5	2905.55%	4572.41%
<b>Closing balance of cash from continuing operations</b>	<b>0.1</b>	<b>5.4</b>	<b>15.5</b>	<b>0.9</b>	<b>1054.23%</b>	<b>185.13%</b>

Financial ratios				
Particulars	FY22	FY23	FY24	H1FY25
<b>Profitability ratios</b>				
Revenue growth rate	-	107.2%	9.3%	-
Gross profit growth rate	-	69.6%	6.6%	-
Gross profit margin	52.1%	42.6%	41.6%	45.4%
EBITDA growth rate	-	112.0%	10.7%	-
EBITDA margin	16.8%	17.2%	17.5%	18.8%
EBIT growth rate	-	115.5%	9.6%	-
EBIT margin	15.1%	15.7%	15.7%	17.2%
Restated PAT growth rate	-	112.5%	12.3%	-
Restated PAT margin	10.5%	10.7%	11.0%	11.8%
<b>Turnover ratios</b>				
Inventory turnover ratio	1.9	3.7	3.0	1.2
Trade receivable turnover ratio	2.9	5.7	4.4	1.6
Accounts payable turnover ratio	3.8	7.2	6.6	3.2
Fixed asset turnover ratio	4.6	6.4	5.4	2.6
Total asset turnover ratio	0.8	1.4	0.8	0.4
<b>Liquidity ratios</b>				
Current ratio	1.2	1.6	2.3	2.1
Quick ratio	0.6	0.7	1.4	1.3
Total debt	71.9	82.7	131.1	174.3
Net debt	71.7	77.3	115.6	173.4
Debt to equity	1.0	0.5	0.3	0.4
Net debt to EBITDA	1.8	0.9	1.2	3.0
<b>Return ratios</b>				
RoE (%)	36.5%	34.3%	14.7%	8.2%
RoA (%)	8.4%	15.4%	9.0%	4.8%
RoCE (%)	37.9%	44.7%	21.0%	11.4%

## IPO rating rationale

**Subscribe:** An IPO with strong growth prospects and valuation comfort.

**Subscribe for Long Term:** Relatively better growth prospects but with valuation discomfort.

**Avoid:** Concerns on both fundamentals and demanded valuation.

## Research disclaimer & disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Choice Equity Broking Pvt. Ltd. ("CEBPL") is a registered Research Analyst Entity (Reg. No. INH000000222; Cin. No. U65999MH2010PTC198714). Registered Address: Sunil Patodia Tower, J B Nagar, Andheri (East), Mumbai 400-099. Tel. No. 022-6707 9999.

Compliance Officer: Prashant Saliang; Tel. No. 022-6707-9999; Ext. 2310; email-id: [compliance@choiceindia.com](mailto:compliance@choiceindia.com)

Grievance officer: Deepika Singhvi ; Tel. No. 022-6707-9999; Ext. 834; email-id: [ig@choiceindia.com](mailto:ig@choiceindia.com)

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors .

This Research Report (hereinafter referred as "Report") has been prepared by Choice Equity Broking Pvt. Ltd. as a Research Entity (hereinafter referred as "CEBPL RE"). The Research Analysts, strategists are principally responsible for the preparation of "CEBPL RE" research. The research analysts have received compensation based upon various factors, which may include quality of research, investor client feedback, stock picking, competitive factors and firm revenues etc.

Whilst CEBPL has taken all reasonable steps to ensure that this information is correct, CEBPL does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report to undertake trading does so entirely at his/her own risk and CEBPL does not accept any liability as a result. Securities and derivatives markets may be subject to rapid and unexpected price movements and past performance is not necessarily an indication of future performance.

**General disclaimer:** This 'Report' is strictly meant for use by the recipient and is not for circulation. This Report does not take into account particular investment objectives, financial situations or specific needs of individual clients nor does it constitute a personal recommendation. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through CEBPL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this "Report" should rely on information/data arising out of their own study/investigations. It is advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This 'Report' has been prepared on the basis of publicly available information, internally developed data and other sources believed by CEBPL to be reliable. CEBPL or its directors, employees, affiliates or representatives shall not be responsible for, or warrant for the accuracy, completeness, adequacy and reliability of such information / opinions / views. Though due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of CEBPL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report.

The price and value of the investments referred to in this Report and the income from them may tend to go down as well as up, and investors may incur losses on any investments. Yester performance shall not be a guide for future performance. CEBPL does not provide tax advice to its clients, and all investors are strongly advised to take advice of their tax advisers regarding taxation aspects of any potential investment. Opinions are based on the current scenario as of the date appearing on this 'Report' only. CEBPL does not undertake to advise you as to any change of our views expressed in this "Report" may differ on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold CEBPL, its employees and associates responsible for any losses, damages of any type whatsoever.

**Disclaimers in respect of jurisdiction:** This Report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject "CEBPL RE" to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by "CEBPL RE" in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this 'Report' shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. "CEBPL" requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to "CEBPL". Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in Mumbai (India).

Statements on ownership and material conflicts of interest, compensation - CEBPL and Associates reciprocates to the best of the knowledge and belief of CEBPL/ its Associates/ research Analyst who is preparing this Report.

### Disclosures of interest (Additional):

- 1) "CEBPL", its research Analyst(s), or its associates or relatives of the Research Analyst does not have any financial interest in the company (ies) covered in this Report.
- 2) "CEBPL" its research Analyst, or its associates or relatives of the research analyst affiliates collectively do not hold more than one of the securities of the company (ies) covered in this Report as of the end of the month immediately preceding the distribution of the research report.
- 3) "CEBPL", its research analyst, his/her associate, his/her relative, do not have any other material conflict of interest at the time of publication of this Report.
- 4) "CEBPL", its research analyst, and its associates have not received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company (ies) covered in this Report, in the past twelve months.
- 5) "CEBPL", its research analyst, or its associates have not managed or co-managed in the previous twelve months, a private or public offering of securities for the company (ies) covered in this Report.
- 6) "CEBPL", or its associates have not received compensation or other benefits from the company (ies) covered in this Report or from any third party, in connection with the Report.
- 7) CEBPL research analyst has not served as an Officer, Director, or employee of the company (ies) covered in the Report.
- 8) "CEBPL", its research analyst has not been engaged in market making activity for the company (ies) covered in the Report.

Details of Associates of CEBPL and Brief History of Disciplinary action by regulatory authorities are available on our website i.e. <https://choiceindia.com/research-listing>.

## Research disclaimer & disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014 (Contd...)

The details of CEBPL, its research analyst and its associates pertaining to the companies covered in the Report are given below:

Sr. no.	Particulars	Yes / No
1.	Whether compensation has been received from the company (ies) covered in the Research report in the past 12 months for investment banking transaction by CEBPL	No
2.	Whether Research Analyst, CEBPL or its associates or relatives of the Research Analyst affiliates collectively hold more than 1% of the company (ies) covered in the Research report	No
3.	Whether compensation has been received by CEBPL or its associates from the company (ies) covered in the Research report	No
4.	CEBPL or its affiliates have managed or co-managed in the previous twelve months a private or public offering of securities for the company (ies) covered in the Research report	No
5.	CEBPL, its research analyst, his associate, or its associates have received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company (ies) covered in the Research report, in the last twelve months	No

**Copyright:** The copyright in this research report belongs exclusively to CEBPL. All rights are reserved. Any unauthorized use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the CEBPL's prior consent, except that a recipient may reprint it for internal circulation only and only if it is reprinted in its entirety.

This "Report" is for distribution only under such circumstances as may be permitted by applicable law. This "Report" has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This "Report" is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither CEBPL nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this "report" or lack of care in this report's preparation or publication, or any losses or damages which may arise from the use of this research report.

Information barriers may be relied upon by CEBPL, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups, or affiliates of CEBPL.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States. The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by CEBPL with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior written consent of CEBPL and CEBPL accepts no liability whatsoever for the actions of third parties in this respect.