

SpectraA Technology Solutions IPO

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- The company is engaged in providing breweries, distilleries, food & beverage industry the equipment/machinery and related services.
- Its bottom line more than doubles from FY24 to FY26 despite drop in top line for FY25.
- Its higher borrowing of Rs. 26.96 cr. as of March 31, 2026 raise alarm.
- Based on its recent average financial data, the issue appears aggressively priced.
- Only well-informed/risk seekers/cash surplus investors may park moderate funds for long term.

About the Company

SpectraA Technology Solutions Ltd. (STSL) provides engineering, designing, fabrication, installation, commissioning and decommissioning greenfield and brownfield projects across various industries which include, Breweries (Craft and Microbreweries), Distilleries, Food and Beverages, Malt Spirit and Blending, Extraction Plants, FMCG (Fast Moving Consumer Goods) and Pharmaceuticals. The company undertakes projects with full responsibility from design to handover, build key equipment in-house, use standardized modules and appropriate designs, and deploy project teams across client sites, which helps it deliver on schedule, cut rework, and control costs.

Over the last 17 years, it has built systems compliant with ISO 9001:2015 to design, develop, fabricate and expand various process plants which are customized to customer specifications. STSL's scope covers entire spectrum i.e., engineering, fabrication, installation, commissioning and decommissioning across various industries, which include, Breweries (Craft and Microbreweries), Distilleries, Food and Beverages, Malt Spirit and Blending, Extraction Plants, FMCG (Fast Moving Consumer Goods) and Pharmaceuticals.

The company has two manufacturing facilities located at Bengaluru and Jaipur with an aggregate built up area of 33,214.75 square feet. It strengthens delivery reliability by dual-sourcing critical items and building local vendor bases around both hubs, aligning procurement with engineering and site schedules to support staged and split dispatches. It has installed rooftop solar capacity of 100 kWp at Malur plant (30 kw), Jaipur plant (50 kw) and registered office (20 kw). This rooftop solar capacity installation helps it in reducing power cost. For FY26, its commercial brewery equipment division topped in its revenue (68.14%), followed by Distillery equipment (11.66%), Malt Spirit equipment (10.28%), Microbrewery Equipment (8.48%, and rest by others. Export revenue accounted for 29.38% in its overall revenue for FY26. As of August 31, 2026, it had 79 employees on its payroll. It hires contractual workers as and when needed.

Issue Details / Capital History

The company is coming out with its book building route maiden combo IPO of 3603600 equity shares of Rs. 10 each to mobilize Rs 42.52 cr. The IPO consists of 3255600 fresh equity shares (worth Rs. 38.42cr. at the upper cap), and an Offer for Sale (OFS) of 348000 equity shares (worth Rs. 4.10 cr. at the upper cap). The company has announced a price band of Rs. 112 – Rs. 118 per share. The minimum application to be made is for 2400 shares and in multiples of 1200 shares thereon, thereafter. The IPO opens for subscription on September 17, 2026, and will close on September 21, 2026. The IPO constitute 27.00% of the post-IPO paid-up capital of the company. The shares will be listed on NSE SME Emerge. From the net proceeds, it will utilize Rs. 11.00 cr. for capex on Jaipur manufacturing facility Rs. 6.48 cr. for repayment/pre-payment of loans, Rs. 9.50 cr. for working capital, and the rest for general corporate purposes.

The IPO is solely lead managed by Indcap Advisors Pvt. Ltd., while Maashitla Securities Pvt. Ltd., is the registrar to the issue. Asnani Stock Broker Pvt. Ltd., is the market maker, and also a syndicate member. The IPO is underwritten to the tune of 15.02% by Indcap Advisors, and 84.98% by Seren Capital Pvt. Ltd.

The company has issued initial equity capital at par value, and issued further equity shares in the price range of Rs. 21.00 – Rs. 45.00 per share between September 2019, and March 2023. The company has also issued bonus shares in the ratio of 6 for 1 in March 2017, and 8 for 1 in February 2026. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.70, Rs. 0.75, Rs. 1.83, and Rs. 2.36 per share.

Post-IPO, company's current paid-up equity capital of Rs. 10.09 cr. (10091646 equity shares) will stand enhanced to Rs. 13.35 cr. (13347246 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 157.50 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) reported a total income/net profit of Rs. 89.68 cr. / Rs. 2.00 cr. (FY24), Rs. 75.53 cr. / Rs. 4.91 cr. (FY25), and Rs. 103.04 cr. / Rs. 11.52 cr. (FY26). It marked inconsistency in its top and bottom lines. While its top line declined for FY25, its bottom line more than doubled, and for FY26, boosted bottom line appears to be a window dressing to fetch fancy valuations for its IPO.

For the last three fiscals, the company has reported an average EPS of Rs. 7.68, and an average RoNW of 39.86%. The issue is priced at a P/BV of 4.80 based on its NAV of Rs. 24.58 per share as of March 31, 2026, and at a P/BV of 2.49 based on its post-IPO NAV of Rs. 47.37 per share.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 13.63, and based on FY25 earnings, the P/E stands at 32.07. The issue appears aggressively priced, based on its average earnings.

For the reported periods, the company has posted PAT margins of 2.25% (FY24), 6.54% (FY25), 11.42% (FY26), and RoCE margins of 20.55%, 31.92%, 37.61%, respectively, for referred periods.

Dividend Policy

The company has not declared any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its future prospects, and financial performance.

Comparison with Listed Peers

As per the offer document, the company has shown Praj Industries, as its listed peer. It is currently trading at a P/E of XX 116.0(as of September 15, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

This is 4th mandate from Indcap Advisors in the last two fiscals (including the ongoing fiscal. Out of the last 3 listings, 2 opened at discount, 1 at a premium of 31.36% on the date of listing. The merchant banker has an average track record.

Conclusion / Investment Strategy

STSL is engaged in providing breweries, distilleries, food & beverage industry the equipment/machinery and related services. Its bottom line more than doubles from FY24 to FY26 despite drop in top line for FY25. Its higher borrowing of Rs. 26.96 cr. as of March 31, 2026 raise alarm. Based on its recent average financial data, the issue appears aggressively priced. Only well-informed/risk seekers/cash surplus investors may park moderate funds for long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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