STANDARD GLASS LINING TECHNOLOGY LIMITED

January 02, 2025

Standard Glass
Customer Inspired Excellence

SMC Ranking
★★☆☆☆ (2/5)

Issue Highlights

Industry	Industrial Products
Offer for sale (Shares)	14,289,367
Fresh Issue (Shares)	15,000,000
Net Offer to the Public	**29,289,367**
Issue Size (Rs. Cr.)	389-410
Price Band (Rs.)	133-140
Offer Date	6-Jan-25
Close Date	8-Jan-25
Face Value	10
Lot Size	107

Issue Composition

	In shares
Total Issue for Sale	29,289,367
QIB	14,644,684
NIB	4,393,405
Retail	10,251,278

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	72.49%	60.40%
QIB	27.51%	7.34%
NIB	0.00%	2.20%
Retail	0.00%	5.14%
Total	**100.00%**	**75.08%**

*calculated on the upper price band

Objects of the Issue

The Company proposes to utilize the Net Proceeds towards funding the following objects:

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

Book Running Lead Manager

- IIFL Capital Services Limited
- Motilal Oswal Investment Advisors Limited

Name of the registrar

- KFin Technologies Limited

About the company

Incorporated in September 2012, Standard Glass Lining Technology Limited is a manufacturer of engineering equipment for the pharmaceutical and chemical sectors in India. The company has the capability to manage the entire production process in-house. The company provides turnkey solutions, including design, engineering, manufacturing, assembly, installation, and standard operating procedures for pharmaceutical and chemical manufacturers. The company's product portfolio includes Reaction Systems; Storage, Separation and Drying Systems; and Plant, Engineering and Services. The company manufactures specialized engineering equipment using glass-lined materials, stainless steel, and nickel alloy. The company has eight manufacturing units situated in Hyderabad, Telangana. The company's sales offices are situated in Vadodara, Gujarat, Ankleshwar, Gujarat, Mumbai, Maharashtra and Vishakhapatnam, Andhra Pradesh and sales team members are in Jhagadia, Gujarat, Chennai, Tamil Nadu, New Delhi, Bengaluru, Karnataka and Vijayawada, Andhra Pradesh with pan-India reach.

Strength

Leading Manufacturer of Specialized Engineering Equipment for Pharmaceutical and Chemical Sectors: The company is among the top five specialized engineering equipment manufacturers for pharmaceutical and chemical sectors in India by revenue in Fiscal 2024. It offers comprehensive in-house capabilities, covering the entire value chain—design, engineering, manufacturing, assembly, installation, commissioning, and the establishment of standard operating procedures. It ranks among the top three manufacturers of glass-lined, stainless steel, and nickel alloy-based equipment in India in terms of revenue. Primarily serving pharmaceutical and chemical industries, the company is well-positioned to capitalize on the growth of its end-user sectors due to its ability to manufacture core specialized equipment across the value chain.

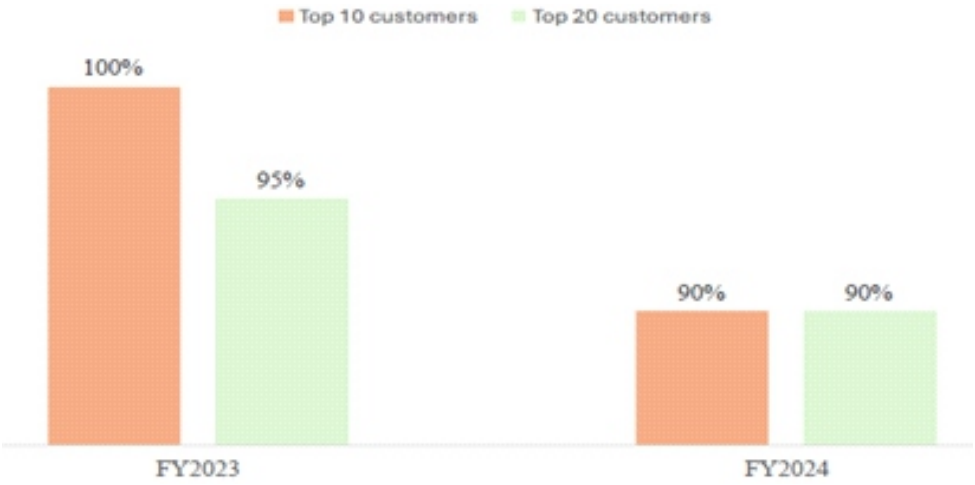
Customized and Innovative Product Portfolio: The company is one of the few in India offering end-to-end customized solutions for engineering equipment in pharmaceutical and chemical sectors. As of September 30, 2024, it offers over 65 products across three categories: (i) Reaction Systems, (ii) Storage, Separation, and Drying Systems, and (iii) Plant Engineering and Services. Products are made from materials such as stainless steel, carbon/mild steel, and nickel alloys, with thicknesses ranging from 1 mm to 60 mm. Key innovations include:

- **"STANGLASS" Technology:** Antistatic glass with conductive ceramic networks.
- **"No Stain Glass":** Prevents stain formation during operations.
- **Glass-Lined Shell and Tube Heat Exchangers:** The sole manufacturer of these in India.
- **Smart Seal Protective Bushes:** Designed for glass-lined reactors to reduce damage during maintenance.
- **Advanced Bolting Cleats:** Replace traditional clamps for easier and more durable reactor assembly.

With a monthly installed capacity of 150-200 glass-lined vessels and 9,000 PTFE-lined pipes and fittings, the company is among India's top three glass-lined equipment manufacturers by revenue in Fiscal 2024. It also supplies GMP-compliant accessories and is a leading provider of multi-stage claw vacuum pumps.

Strategically Located and Technologically Advanced Manufacturing Facilities: The company operates eight manufacturing facilities with a total built-up area exceeding 400,000 sq. ft., strategically located in Hyderabad, Telangana—India's "Pharma Hub," accounting for 40% of the country's bulk drug production. These facilities have the capacity to produce 300–350 pieces of equipment monthly, including 100 reactors and 30 ANFDs, 9,000 units of PTFE-lined pipes and fittings monthly. Equipped with advanced technologies like 3D CAD, robotic welding, and CNC precision tools, the facilities ensure efficient production and high-quality output. The company continuously implements technological advancements to enhance production processes.

Strong Relationships with Marquee Clients: The company has established long-term relationships with prominent clients in the pharmaceutical and chemical industries, thanks to its technical expertise, customized solutions, and timely order fulfillment. As of September 30, 2024, it served 347 customers, including renowned names like Aurobindo Pharma, Cadila Pharmaceuticals, Laurus Labs, Natco Pharma, and Piramal Pharma. It has maintained relationships exceeding three years with 13 of its top 20 customers. Repeat orders from more than 80% of its top 20 clients over the last three fiscal years demonstrate customer trust and satisfaction. These relationships enable the company to plan capital expenditures effectively and benefit from economies of scale.



Consistent Track Record of Profitable Growth: The company has demonstrated strong and consistent growth in revenue, EBITDA, and profit after tax over the past three fiscal years, emerging as the fastest-growing company among its peers during this period. From Fiscal 2022 to Fiscal 2024, the company achieved a remarkable 50.45% consolidated growth in revenue from operations. Since commencing operations in 2012, it has supplied over 11,000 pieces of equipment in just a decade. This growth has been bolstered by strategic inorganic acquisitions, including M/s Stanpumps Engineering Industries, M/s S2 Engineering Services, M/s Higenic Flora Polymers, M/s Yashasve Glass Lining Industries, and C.P.K Engineers Private Limited. Additionally, the company leverages key partnerships to enhance its product offerings, such as its collaboration with HHV Pumps Private Limited for vacuum pump supply and agreements with Asahi Glassplant Inc. and GL Hakko for specific grades of glass. Notably, it has an exclusive arrangement with GL Hakko to procure glass-lined tubes, enabling the manufacture and sale of shell-and-tube heat exchangers under the GL Hakko brand in India and global markets (excluding Japan).

Strategy

Diversifying Product Portfolio and Expanding into New End-User Industries: The company is committed to broadening its product portfolio to serve diverse customer segments across various geographies. Positioned to capitalize on industry opportunities, it plans to strengthen its existing product offerings while diversifying into high-growth, high-profitability segments. To achieve this, the company is setting up additional manufacturing facilities and consolidating existing ones to improve cost efficiencies. Additionally, the company aims to expand into new end-user industries, including oil and gas, paints and coatings, edible oils, flavors and fragrances, aerospace, and heavy engineering,

thereby enhancing its market reach and growth potential.

Capacity Expansion Through Enhanced Manufacturing Capabilities: Driven by growing customer demand and the expansion of end-use industries, the company plans to increase the capabilities of its existing manufacturing plants and establish new facilities. Currently operating eight manufacturing units, the company has historically invested significantly in capital expenditures to expand its production capacity. As part of its growth strategy, it plans to allocate up to Rs. 40 crore from the Offer Proceeds for purchasing machinery and equipment, such as welding machines, cranes, and laser scanning cutting machines, to boost capacity in glass-lined, stainless steel, and nickel alloy equipment production. These investments aim to meet increasing demand and support the creation of new product lines.

Capitalizing on International Market Opportunities: Despite achieving a CAGR of 50.45% in revenue growth between Fiscals 2022 and 2024, the company's focus has been predominantly on the domestic market, with exports contributing less than 1% of its revenue during this period. To increase its global presence and revenue share from international markets, the company has established agency arrangements for sales and marketing in Bangladesh and distribution agreements in Russia. It has also entered into an exclusive supply and purchase agreement for glass-lined equipment and related components across key global regions, including North America (excluding Cuba), South America, Europe (excluding Russia and Belarus), and select countries in Asia and Africa. These efforts are designed to capitalize on growing international demand and expand the company's footprint globally.

Strategic Growth Through Acquisitions and Alliances: The company aims to drive inorganic growth by pursuing strategic acquisitions and alliances aligned with its long-term objectives. Recent acquisitions include M/s Higenic Flora Polymers and M/s Yashasve Glass Lining Industries, which specialize in PTFE-lined pipes and fittings, and C.P.K Engineers Private Limited, which complements the company's existing production capabilities. Partnerships, such as the agreement with HHV Pumps Private Limited for vacuum pump supply and private labeling, and agreements with Asahi Glassplant Inc. and GL Hakko for specific grades of glass, have further bolstered the company's capabilities. An exclusive collaboration with GL Hakko allows the company to procure glass-lined tubes and manufacture shell-and-tube heat exchangers under the GL Hakko brand for markets outside Japan. Looking ahead, the company plans to target acquisitions that expand opportunities in new markets, geographies, customer segments, and product categories. The company adopts a disciplined approach to acquisitions, focusing on factors such as management expertise, operational scale, technological capabilities, product portfolio, customer base, and cultural fit. Backed by the experience of its promoters and senior management, financial strength, and manufacturing expertise, the company is well-positioned to identify and execute strategic acquisitions that align with its growth strategy.

Risk factor

- The company relies entirely on its manufacturing facilities, all of which are located in Telangana, India.
- The company's operations are heavily dependent on the availability and retention of skilled labor and workforce. Failure to hire or retain the appropriate personnel could negatively impact its business, operational results, and financial condition.
- The company depends on a limited number of suppliers for critical raw materials, including stainless steel, carbon/mild steel, nickel alloy, forgings, castings, chemicals, and polytetrafluoroethylene powder.

Peer comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
GMM Pfaudler	3187.35	102.48	22.80	51.77	5.15	229.23	2.00	1180.45	5306.98
Praj Industries	3362.51	300.34	15.14	55.83	11.96	70.69	2.00	845.25	15536.80
HLE Glascoat	1008.98	29.02	4.50	81.27	5.79	63.16	2.00	365.70	2496.47
Thermax	9884.04	741.51	54.11	72.60	10.13	387.83	2.00	3928.55	46811.15
Standard Glass Lining Technology Ltd	614.39	72.54	3.64	38.50	4.03	34.74	10.00	140.00	2792.88

***Peer companies financials are TTM based**
****Standard Glass Lining Technology Limited financials are based on an Estimated Annualised Fy25**

Valuation

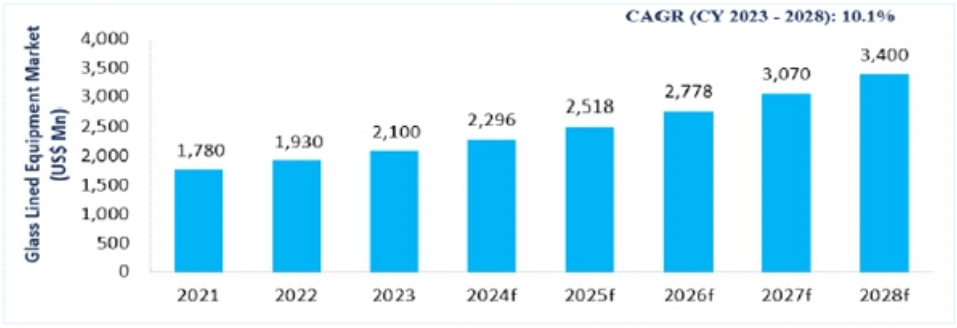
Considering the P/E valuation, on the upper end of the price band of Rs.140, the stock is priced at pre issue P/E of 35.61 x on an Estimated Annualised FY25 EPS of Rs.3.93. Post issue, the stock is priced at a P/E of 38.50x on its EPS of Rs. 3.64. Looking at the P/B ratio at Rs.140 pre issue, book value of Rs. 26.19 of P/Bvx 5.35x. Post issue, book value of Rs.34.74 of P/Bvx 4.03x.

Considering the P/E valuation, on the lower end of the price band of Rs.133, the stock is priced at pre issue P/E of 33.83 x on an Estimated Annualised FY25 EPS of Rs.3.93. Post issue, the stock is priced at a P/E of 36.58x on its EPS of Rs. 3.64. Looking at the P/B ratio at Rs.140 pre issue, book value of Rs. 26.19 of P/Bvx 5.08x. Post issue, book value of Rs.34.74 of P/Bvx 3.83x.

Industry Outlook

The Glass-Lined Equipment (GLE) industry is poised for significant growth, driven by multiple factors. GLE protects the contained media from exposure to water, other chemicals, alkalis, and corrosion, providing a desirable environment for storing the media. GLE is resistant to contamination and capable of operating in a variety of environments. Glass lining technology is extensively used in various industries for its corrosion resistance and durability. (Source: F&S Report) The market has grown at a CAGR of 8.6% during CY 2021 to CY 2023 and is expected to grow at a CAGR of 10.1% and generate US$3,400.0 million in revenue during the forecast period shown below:

- **Glass Lined Equipment Market, Global, 2021-2028F**



Source: Primary Research, Frost & Sullivan Analysis

(Source: F&S Report)

Outlook

Standard Glass Lining Technology has showcased stable profitability, robust equity growth, and improving operational efficiency, highlighting its strong fundamentals. However, there are notable concerns that investors should consider. As part of its growth strategy, the company plans to invest in capacity expansion for existing products and diversify into new product lines. While this indicates a forward-looking approach, it also implies significant capital expenditure, which may weigh on short-term profitability. Nevertheless, the company enjoys a strong market position as a preferred partner for glass-lined equipment used in the pharmaceutical and chemical sectors, which underpins its growth potential.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	06-January-25
BID/ISSUE CLOSES ON	08-January-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	09-January-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	10-January-25
Credit of Equity Shares to Demat Accounts of Allottees	10-January-25
Commencement of trading of the Equity Shares on the Stock Exchanges	13-January-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 30-Sep-24 (6 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	307.20	543.67	497.59
Total expenditure	249.39	448.76	411.82
Operating Profit	**57.81**	**94.91**	**85.77**
OPM%	18.82	17.46	17.24
Other Income	4.90	6.01	2.49
PBDIT	**62.71**	**100.92**	**88.26**
Depreciation	4.97	9.33	7.71
PBIT	**57.74**	**91.59**	**80.55**
Interest	8.00	11.79	8.70
Profit Before Tax	**49.74**	**79.80**	**71.85**
Tax	13.47	19.79	18.43
PAT	**36.27**	**60.01**	**53.42**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 30-Sep-24	As on 31-Mar-24	As on 31-Mar-23
Non-current assets			
Property, plant and equipment	92.43	82.21	54.68
Capital work-in-progress	5.23	4.47	3.29
Right-of-use assets	12.90	12.97	19.74
Goodwill	7.74	0.00	0.00
Other Intangible assets	0.98	0.97	0.62
Financial Assets			
Loans	0.00	0.00	0.00
Other financial assets	3.45	1.42	2.13
Income tax asset (net)	0.00	0.00	0.69
Other non-current assets	10.10	4.56	3.52
Total Non Current Assets	**132.83**	**106.60**	**84.66**
Current assets			
Inventories	254.85	224.80	143.41
Financial Assets			
Trade receivables	191.49	154.78	91.28
Cash and cash equivalents	0.89	15.46	5.42
Bank balances other than cash and cash equivalents	38.15	36.49	0.00
Other financial assets	99.34	95.53	5.20
Other current assets	38.96	31.73	17.82
Total current assets	**623.69**	**558.78**	**263.13**
Total Assets	**756.52**	**665.38**	**347.79**
Non-current liabilities			
Financial liabilities			
Borrowings	5.70	0.58	3.03
Lease liabilities	11.97	12.43	18.47
Provisions	1.10	0.89	2.08
Deferred tax liabilities (net)	0.67	0.61	0.59
Total non-current liabilities	**19.44**	**14.50**	**24.17**
Current liabilities			
Financial liabilities			
Borrowings	152.46	113.20	57.03
Lease liabilities	3.67	3.11	3.43
Trade payables - MSME	2.56	6.91	8.26
Trade payables - other than MSME	93.30	81.80	66.71
Other financial liabilities	0.50	1.76	0.77
Provisions	1.17	0.89	0.83
Other current liabilities	31.35	32.49	29.36
Current tax liabilities (net)	5.22	1.75	1.50
Total current liabilities	**290.23**	**241.90**	**167.89**
Total	**309.67**	**256.40**	**192.07**
Net worth represented by:			
Equity Share Capital	181.64	18.16	15.79
Other equity	261.58	389.18	139.94
Non-controlling interests	3.65	1.64	0.00
Net Worth	**446.86**	**408.98**	**155.72**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

E-mail: researchfeedback@smcindiaonline.com

Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park , A Wing 401 / 402 ,
4th Floor ,Graham Firth Steel Compound,
Off Western Express Highway, Jay Coach Signal,
Goreagon (East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-28805606

Kolkata Office:
18, Rabindra Sarani,
Poddar Court,Gate No.- 4, 5th Floor, Kolkata-700001
Tel: 91-33-39847000, Fax: 91-33-39847004

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