

Standard Glass Lining Technology Limited

Equipment | India

IPO | 06 January 2025

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About the Company

Standard Glass Lining Technology Limited (SGLT) is one of India's top five specialized engineering equipment manufacturers for the pharmaceutical and chemical sectors. SGLT offers in-house capabilities across the entire value chain, providing core equipment used in pharmaceutical and chemical product manufacturing. Its portfolio includes reaction systems, storage, separation and drying systems, and plant engineering services. It ranks among India's top three manufacturers of glass-lined, stainless steel, and nickel alloy-based equipment, as well as PTFE-lined pipelines and fittings.

Industry highly favored and poised for significant growth

The global GLE industry is expected to grow at ~10.1%; to be a \$3,400mn market by 2028 driven by increased adoption in numerous industries. Its growth drivers remained strong as rigorous regulatory requirements concerning safety & cleanliness of products, increasing focus on environmental sustainability, demographic transition, rising purchasing power, global access to high quality healthcare and the India's pharmaceutical industry India's is aiming to become "pharmacy of the world".

Strong manufacturing processes and diversified clients

SGLT capabilities include designing, engineering, manufacturing, assembly, installation and commissioning solutions as well as establishing standard operating procedures for pharmaceutical and chemical manufacturers on a turnkey basis required in the active pharmaceutical ingredient ("API") and fine chemical products and have supplied over 11,000 products over the last decade. SGLT has a diversified customer base including end users operating in a range of sectors across pharmaceutical, chemicals, paint, biotechnology and food and beverages and its marquee customer base includes 30 out of approximately 80 pharmaceutical and chemical companies in NSE500 index as of June '24.

Capacity expansion and growth through acquisitions and exports

SGLT continues to pursue new products within existing segments and explore the use of engineering capabilities to diversify product offerings, especially in products from related segments and propose to enter into additional end user industries. SGLT propose to purchase new machineries and equipment to build-up additional capacity for our glass lining and stainless steel and nickel alloy equipment operations expanding its manufacturing capacities for existing products to cater to the growing demand from our existing customers and to meet requirements of new customers targeting in newer customers in Southern & Western regions of India and tapping the exports markets through agency arrangements.

Financials in brief

SGLT financials have doubled over the past three years with increase in revenue from Rs.240 Crs in FY22 to 544 Crs in FY24 which grew by a CAGR of 50.4% while EBDITA and profit also grew in the same range as there was some bout of borrowings with increased interest costs with respect to expansion in separation and drying systems. SGLT segment revenues in storage systems has increased from 26% in FY22 to 33% for half ended June'24 and it enjoys higher margins in the segment which would help to steer higher growth in the coming years.

Our View

SGLT is one of the fastest growing companies in its industry operating through its 8 manufacturing facilities with advanced technological capabilities offering 65+ products across pharma and chemical industries with a customized and innovative product offering. SGLT has built long term relationships with marquee clients getting repeat large orders through its execution capabilities at competitive pricing. SGLT is expanding new products, increasing capacities, expanding sales team for domestic and exports with agency arrangements and growing organically through strategic acquisitions and alliances. SGLT has strong financial metrics, large global markets with growth of 6-10% is highly poised for significant growth in the coming years. **Hence, we recommend a SUBSCRIBE to the issue.**

IPO Details

Price Band (Rs)	133-140
Face Value (Rs)	10
Issue Open/Closing Date	06-Jan-25/08-Jan-25
Fresh Issues (Crs)	210.0
OFS (Crs)	200.1
Total Issue (Crs)	410.1
Minimum Bid Qty. (Nos)	107
QIB / HNI / Retail	50%/15%/35%
Implied Market Cap (Rs Crs)*	2793

*At higher band

Object of the Issue

- ▶ Funding of capital expenditure towards purchase of machinery and equipment.
- ▶ Investment in subsidiary S2 Engineering for financing purchase and repayment of borrowings
- ▶ Funding inorganic growth through strategic investments and acquisitions.

Strengths

- ▶ Among the top five specialized engineering equipment manufacturers for pharmaceutical and chemical sectors in India.
- ▶ Customized and innovative product offering.
- ▶ Strategically located manufacturing facilities with advanced technological capabilities
- ▶ Consistent track record of profitable growth and experienced management team.

Key Risks

- ▶ High dependence of all manufacturing facilities in a single state and single sector.
- ▶ Lower capacity utilization could hamper margins and growth in coming years.

Key Financials

(Rs Crs)	FY22(12)	FY23(12)	FY24(12)
Reactions Sys. Revenues %	68.2	61.3	56.7
Storage & Drying Systems Revenues %	26.1	31.0	30.1
Plant Eng. Services Revenues %	6	8	13
Revenue	240	498	544
EBITDA	42	88	101
EBITDA Margin (%)	17.4	17.7	18.6
PAT	25	53	60
PAT Margin (%)	10.5	10.7	11.0
RoE (%)	54.9	47.6	20.7
RoCE (%)	42.0	43.4	25.5
Networth	70	157	410
Borrowings	70	82	129
Net FA T/o Ratio	6.3	7.6	6.1




Source: RHP

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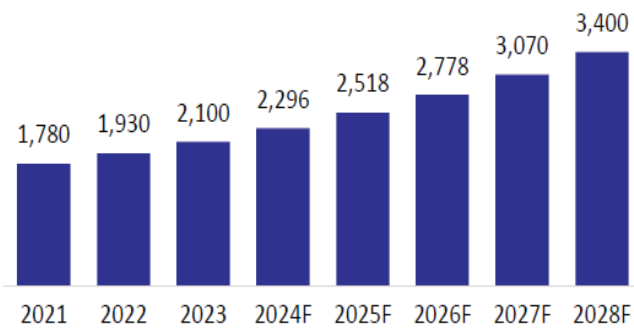
Email : vikas.i.jain@relianceada.com

Exhibit 1: Business Segments

Reaction Systems (heat transfer systems, pipes & fittings, pumps, reactors)	Separation and Drying Systems (Filtration & Drying, Storage, Vessels)	Plant Engineering and Services (Services, utility systems, others)
 <p>AE Reactor BE Reactor CE Reactor</p> <p>Heat Exchanger Pumps</p>	 <p>Storage Tank Conical Dryer</p> <p>Receivers</p>	

Source: RHP

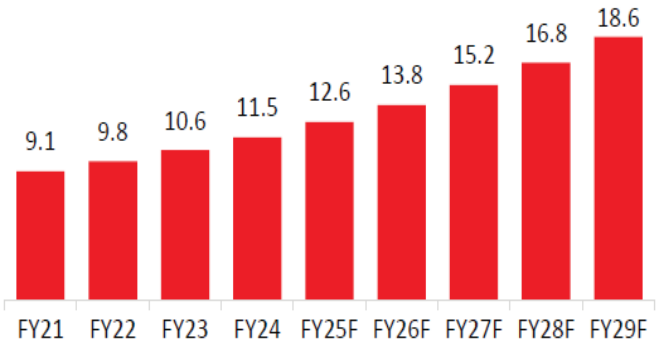
Exhibit 2: Global GLE Market (USD mn)



GLE : Glass Lined Equipment; Global CAGR for 2023-2028F; India CAGR from FY24-FY29F

Source- RHP, F&S Report

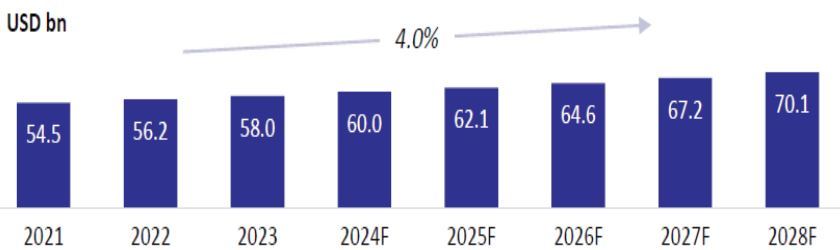
Exhibit 3: Indian GLE Market (INR bn)



GLE : Glass Lined Equipment; Global CAGR for 2023-2028F; India CAGR from FY24-FY29F

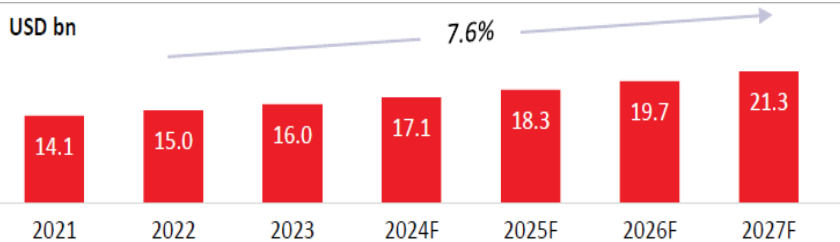
Source- RHP, F&S Report

Exhibit 4: Reactors (Pressure Vessels) Market Overview



F&D: Filtration & Drying ANFD:Agitated Nutsche Filter Dryer; Source : RHP; F&S Report

Exhibit 5: Storage Tanks Market Overview



F&D: Filtration & Drying ANFD:Agitated Nutsche Filter Dryer; Source : RHP; F&S Report

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