



IPO DETAILS

Sah Polymers Limited



Issue Opens

30th December 22, Fri

Issue Closes

4th January 23, Wed

Min. Lot Size

230 Shares

Issue Price Band

₹61 - ₹65

Industry

Polymer

Issue Size

Fresh Issue:
10.20 Mn Eq Shares
(₹663 Mn)

OFS:
NIL

Face Value
₹10

Listing at
NSE, BSE

Rationale

Considering the FY22 adjusted EPS of Rs.1.70 on a post-issue basis, the company is going to list at a P/E of 38.32x with a market cap of Rs.1,677 mn. while its peers namely Rishi Techtex Ltd., Jumbo Bag Ltd., SMVD Poly Pack Ltd., EMMBI Industries Ltd. and Commercial Syn Bags Ltd. trading at a P/E of 14.91x, 6.24x, 14.86x, 10.15x and 25.89x respectively.

We assign a "Subscribe" rating to this IPO as the company has a diversified product portfolio with a customer base across geographies and industries. Also, it is available at reasonable valuations considering the future growth potential of the company.

Objectives of the issue

Setting up a new manufacturing facility to manufacture a new variant of Flexible Intermediate Bulk Containers (FIBC) (hereinafter referred to as the "Project").

Repayment of certain secured and unsecured borrowings in full availed by the Company.

Funding the working capital requirements of the Company.

General corporate purposes.

Rating

SUBSCRIBE

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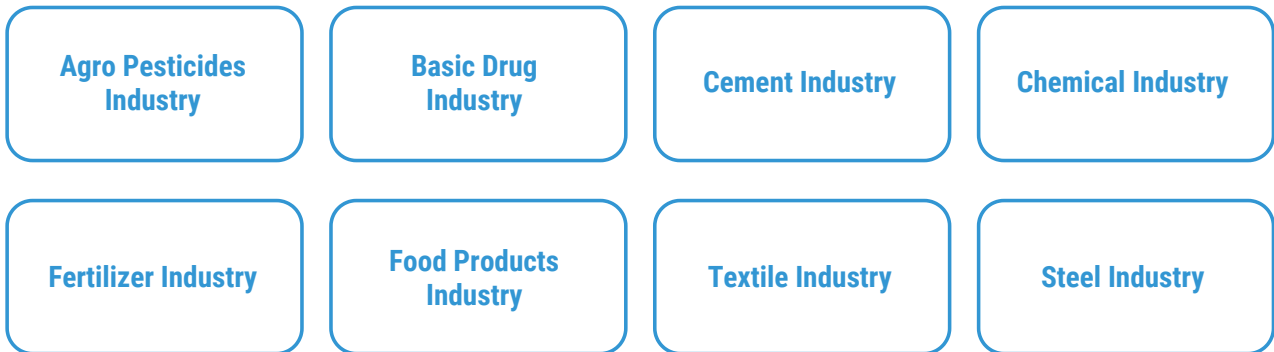


Sah Polymers Limited

Company Overview

Sah Polymers Ltd. is an ISO 9001:2015 certified company, primarily engaged in manufacturing and selling Polypropylene (PP)/High-Density Polyethylene (HDPE) FIBC Bags, Woven Sacks, HDPE/PP woven fabrics, based products of different weights, sizes and colours as per customers specifications.

Catering to Different Industries



Business Divisions



Domestic Sales



Exports



Sales Network

They have a presence in 5 states and 1 union territory for the domestic market and they export products to 14 countries such as Algeria, Togo, Ghana, Poland, Portugal, France, Italy, Dominican Republic, USA, Australia, UAE, Palestine, UK and Ireland internationally.



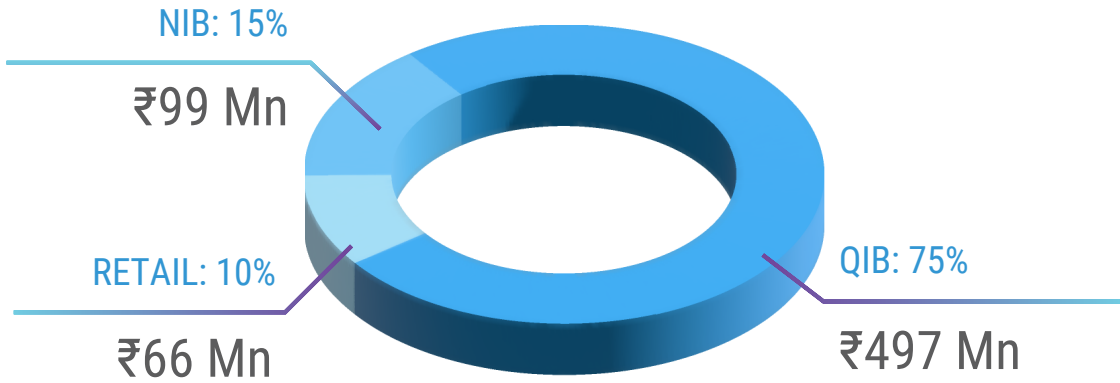
Manufacturing Facility

Presently, they have one manufacturing facility with an installed production capacity of 3960 m.t. p.a. located at Udaipur, Rajasthan.

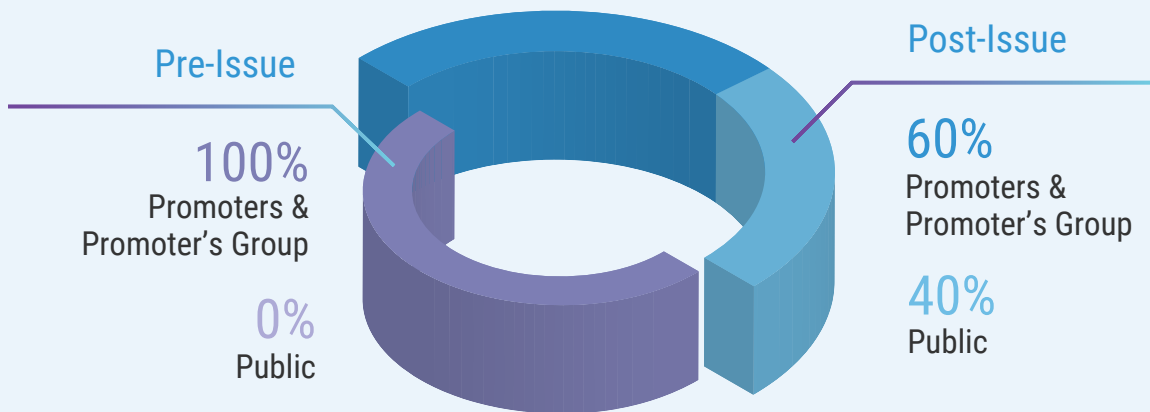


Sah Polymers Limited
Issue Details

Issue Break-Up



Shareholding Pattern



Capital Structure (in ₹)



300 Mn

Authorised Equity Share Capital



156 Mn

Paid-Up Capital (Pre-Offer)



258 Mn

Paid-Up Capital (Post-Offer)



Sah Polymers Limited

Valuations and Peer Comparison

Market Cap
₹1,677 Mn

Market Cap
₹188 Mn

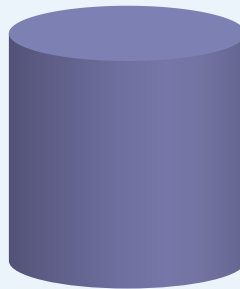
Market Cap
₹194 Mn

P/E Ratio



38.32x

Sah Polymers Ltd.



14.91x

Rishi Techtex Ltd.



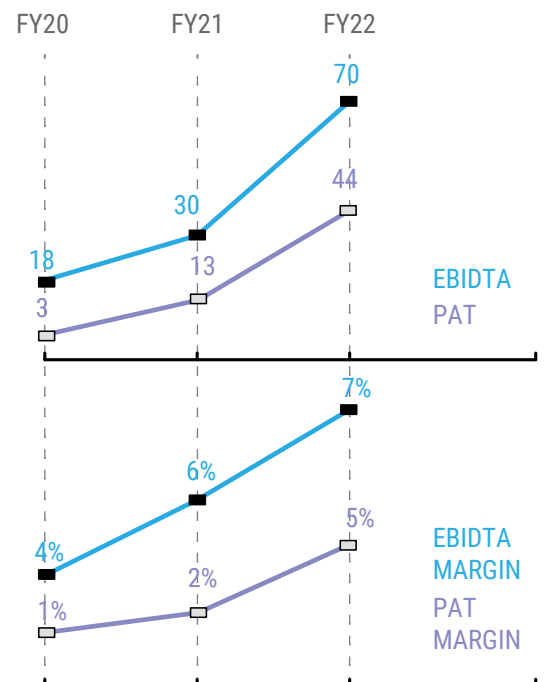
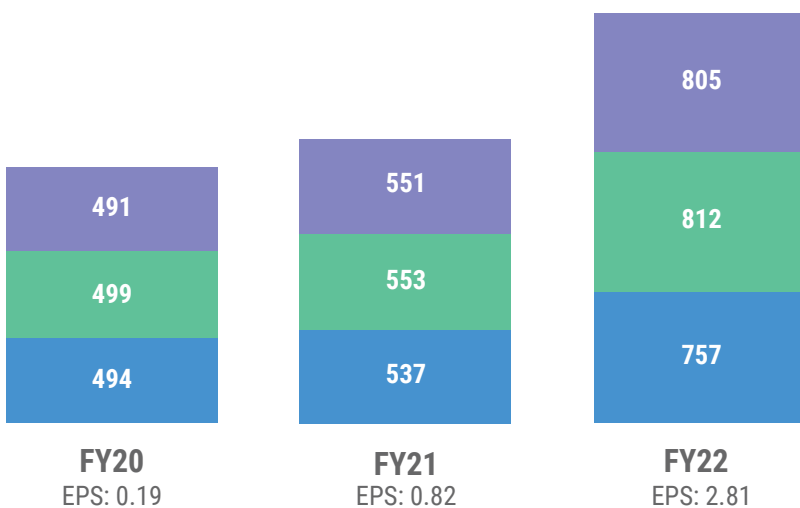
6.24x

Jumbo Bag Ltd.

Market Cap data of listed securities as on December 28, 2022

Financial Snapshot (in ₹ Mn)

- Revenue
- Total Income
- Total Expenses





Sah Polymers Limited

Business Insights



Competitive Strengths

- Diversified Product portfolio.
- Customer base across geographies and industries,
- Experienced Management Team



Business Strategy

- Setting up a new manufacturing facility to widen product portfolio and increase capacity.
- Increase customer network in existing markets and enter new geographical markets.
- Carefully evaluate and pursue accretive acquisitions.



Risks

- Derive significant portion of revenue from limited number of customers Revenues generated from sales to top 10 customers were Rs. 1757.56 lakhs, Rs. 5391.72 lakhs, Rs. 3,44.08 lakhs and Rs. 3,680.15 lakhs which represented 61.72%, 65.83%, 66.57%, and 79.06% of revenue from operations during the three months period ended June 30,2022, Fiscal 2022, Fiscal 2021 and Fiscal 2020 respectively.
- The industry segments in which they operate being fragmented, face competition from other large and small players, which may affect their business operations and financial conditions.

Promoters and Management Details

Asad Daud - Managing Director

Hakim Sadiq Ali Tidiwala - Wholetime Director