

SHRI BALAJI VALVE COMPONENTS LIMITED



Shri Balaji Valve Components Limited (SBVCL) incorporated in 2011 started the initial production during the year 1992 & is primarily engaged in the business of manufacturing ready to assemble valves components catering to different industries. These components along with other parts can be assembled into Valve which are used for on-off or throttling control of non-corrosive or mildly corrosive substances

During the last 3 years SBVCL has exported its valve components to different countries namely Dubai, Germany, Singapore, Taiwan, Italy, South Africa, USA, United Kingdom, Qatar & Pennsylvania. The company believes that its growth has been due to its stringent ability to understand customer needs and build a product of optimal design and required specifications

SBVCL manufactures different components like ball, stems, body of the valve, connectors, trunnion, flanges, housings, rings, shafts, bonnets, discs, sleeves etc. which are used in different types of valves like Ball Valve, Butterfly Valve, Control valve, globe, gate & check valves. The components are designed to meet low/ high pressure application requirements in varied industries. SBVCL also makes forging components which are used in valve manufacturing

SBVCL is promoted & headed by Mr Laxmikant Sadashiv Kole who has been a visionary entrepreneur & has played a pivotal role in expanding business operations. He is assisted by Madhuri Laxmikant Kole who enjoys more than 20 years of experience in the Valve Components Industry & Mr Shrinivas Laxmikant Kole who looks after the Finance & Marketing function & is designated as the CFO of the company

SBVCL is now looking at raising Rs 21.60 crs (at the upper price band) via a fresh issue primarily to fund Capital Expenditure towards installation of additional plant and machinery, fund working capital requirements, and balance for general corporate purposes.

SBVCL is making a fresh issue of 21.60 lac shares of Rs 10 each aggregating Rs 21.60 crs. The net offer to the public is 20.46 lacs shares offered in a price band of Rs 95-100 per share. 716500 shares to retail, 306900 shares to the Non-Institutional HNI category & 10.23 lacs share to QIBs. 114000 shares will be held by the Market Maker to the issue. The shares will be listed on the SME BSE platform of the BSE

VIEW - Subscribe

Issue opens on 27-12-2023

Issue closes on 29-12-2023

Exp date of Listing – 3 Jan 2024

Listing – BSE SME

Price band ₹ 95-100

Issue Size ₹ 21.60 Crs

Face Value ₹ 10/-

Lot Size - 1200 shares

Fresh Shares Offered – 216000 shares of FV of Rs 10 at price band of Rs 95-100

QIB – 10.23 lac equity shares of FV of Rs 10 at a price band of Rs 95-100

Retail Portion 716500 Equity Shares of FV of Rs 10 each at a price band of Rs 95-100

HNI/NII 306900 Equity Shares of FV of Rs 10 each at a price band

BRLMs: Hem Securities Limited

Business Profile –

Shri Balaji Valve Components Limited (SBVCL) is into machining of components and delivering 'Ready to assemble' valve components according to customers designs and specifications. Currently, SBVCL is operating from its 2 manufacturing facilities located at Pune, Maharashtra. One of the manufacturing facilities is located at Bhosari, Pune which is equipped with the forging capabilities and heat treatment capabilities, the second manufacturing facility is located at Chakan MIDC, Bhamboli, Pune which undertakes the machining work. Most of the company's valves components are made as per the requirements specified by its customers

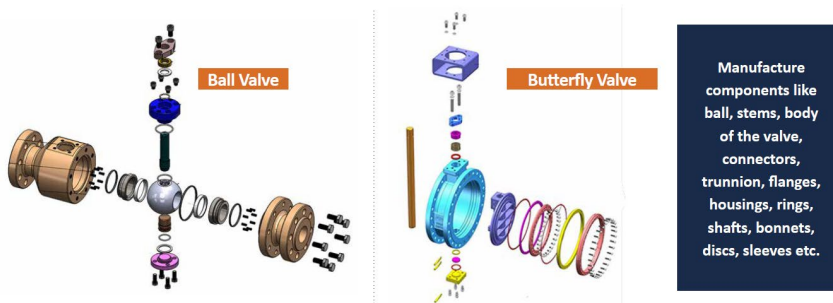
The company manufactures valve components using the forging method, bar routing method and casting methods. In case of any casting products, the company generally get the casts manufactured from the customers nominated vendors or outsourcing. The use of methods depends upon the manufacturing plans, customer requirements, component manufactured, material complexity etc

SBVCL's manufacturing facility situated at Bhosari, Pune is equipped with forging plant of upto 1.5 metric tonne hammer, oil fired furnace, trimming press, heat treatment furnace etc. which can be used for functions like annealing, hardening, tempering and normalizing along with manufacturing forging components

During the year 2023, the company established its second manufacturing unit at Chakan MIDC, Bhamboli, Pune which is a two floored shop facility, equipped with machines like air compressor, ball grinding machine, multi spindle drilling machine, bandsaw machine, tool grinding machine, lathe machine, VMC machine, CNC machine, surface polishing machine, HMC machine, radial drilling machine, bench grinder, fiber laser marking machine etc

Key Products made by SBVCL –

VALVE COMPONENTS PRODUCT EXPANDED VIEW





Product Name : Ball
Product Details :
 SSBV & TMBV balls.
Uses : Fitted inside ball valve, regulate the flow of liquid or gases based on lever movements



Product Name : Stem
Product Details :
 SSBV & TMBV STEMS
Uses : The stem opens/ closes valve, Connects ball with the levers to regulate flow.



Product Name : Bonnet
Size : 1" to 20"
Uses : Serves as mounting base for valve, includes seal to prevents fluid leakage along stem & holds valve components together.



Product Name : Body
Uses : Key element containing moving component that contact fluid and withstand pressure.



Product Name : Trunnion
Uses : attached to ball, acts as support allowing ball to rotate, connected to body and held in place by bearings.

Global & Domestic Industry Potential of the Valve sector looks huge and scalable –

Industrial valves market size valued at USD 48.1 billion in 2020 and projected to reach USD 85.7 billion by 2025 at a CAGR of 12.3%.

Industrial valves market segmented into 1 inch to 6 inch, 6 inch to 12 inch, 12 inch to 24 inch, 24 inch to 48 inch and above 48 inch

INDUSTRY

Increase in demand from the energy & power sector to drive industrial valves market from 2021 to 2025



OVERVIEW

Metallic valves are non-ferrous & ferrous casting are fast consuming items & vast application due to inherent advantages of mechanical & chemical properties.

Key Driving Factors:

- Demand Pharmaceuticals industry due to COVID-19
- Development of smart cities
- Need for connected networks to maintain and monitor industrial equipment.
- Establishment of new nuclear power plants & revamping of existing ones.

Global Market Size, Forecast, and Trend Highlights Over 2023 - 2035

Industrial Valves Market size is poised to reach USD 124 Billion by the end of 2035, growing at a CAGR of 4.6% during the forecast period, i.e., 2023 – 2035. In the year 2022, the industry size of industrial valves was over USD 72 Billion. The need for industrial valves has risen recently as a result of the world's rapid industrialization. The flow of materials across key sectors may be easily and affordably controlled with the help of these industrial valves.

Additionally, the growing use of industrial valves in wastewater treatment facilities, sewage pumping, and numerous other applications will support the expansion of the industrial valves market globally. High-income nations treat, on average, 70% of the wastewater they

Global Industrial Valves Market was valued at USD 68,702.45 million in 2022 and is anticipated to grow with a CAGR of 4.96% through 2028. The flow of liquids, gases, and slurries can be managed with the help of industrial valves. You can control the flow of liquids or gases using these valves. To achieve this, pipes and other channels can be partially blocked, opened, and closed. In a nutshell, valves are mechanical devices that control the flow and pressure within a system or process. They are essential components of any piping system used to move fluids, gases, vapors, and other substances

Global Industrial Valves Market is divided into Valve Type, Material Type, Application, and Product. Based on Valve Type, the market is divided into Globe Valves, Ball Valves, Butterfly Valves, Wedge Gate Valves, Knife Gate Valves, Check Valves, Diaphragm Valves, Pinch Valves, Float Valves, Air Valves, Automatic Control Valves, Resilient Seal Gate Valves, and Others. Based on Material Type, the market is segmented into Cast Iron, Steel, Cryogenic, Alloy Based, and Others.

Based on Application, the market is divided into Oil & Gas, Refinery, Chemical, Water, Wastewater Effluent, Power Generation, Agriculture, Mining, and Others. Based on Product, the market is segmented into Quarter turn Valve, Multi turn Valve, and Others.

Due to the increase in unconventional oil & gas applications and expanding pipeline installations, the downstream sector of industrial valves is expected to grow considerably.

The growing significance of automation in the process industry is the cause of the rising demand for automated control valves. The market for industrial valves is largely driven by the expanding need for connected networks to maintain and monitor industrial equipment as well as the expanding specifications for the construction of new nuclear power plants and the renovation of existing systems.

Niche Applications of Valves

As ships get bigger and are used more frequently, they need to be able to generate power, handle garbage, and operate HVAC systems in addition to carrying out their basic functions. This puts a heavy burden on valves, which are crucial to the marine sector. Depending on their size and intended usage, the different valve types and numbers on board the ship would differ.

Among many other advantages, valves are used to regulate and handle wastewater, distribute water for fire reasons, control the power supply on loading and storage ships, and store any liquid cargo. Valves are often employed in non-industrial settings.

These might be valves found in household items like faucets or garden hoses or in medical equipment like heart valves. Owing to this latest dependence on valves in marines and residential sectors is the factor propelling the market growth in the forecast period.

Need of Replacement in the Downstream –

Questions about replacement valve accessibility as well as cutting, removing, supporting, and hot-enabling access to the industrial valve manufacturer are raised by the account of replacement choice. Since valves in the chemical industry frequently interact with a variety of chemicals and polymers, they must be replaced after a while for effective operation. In the upcoming years, the market is expected to expand even more.

India industrial valves market was valued at USD 2.6 billion in 2021 and is projected to reach USD 3.7 billion by 2028, growing at a CAGR of 5.2% during the forecast period. Technological upgrades and product development highly influence the Indian industrial valves market. Also, the increasing adoption of industrial valves in sewage pumps, sewage treatment plants, and several other applications further fuels the growth of the industrial valve market.

Recent technological developments have led companies to use cutting-edge tools such as artificial intelligence (AI) and Internet of Things (IoT) technologies to reduce unplanned downtime and other adverse conditions caused by valve failure. These valve technologies allow professionals to remotely verify the functionality and health of industrial valves. As industrialization progresses, the industry implements censored valves to minimize failure rates and overall maintenance costs. Adoption of these cutting-edge assets is expected to strengthen the market

Growth Drivers

Huge increase in power consumption

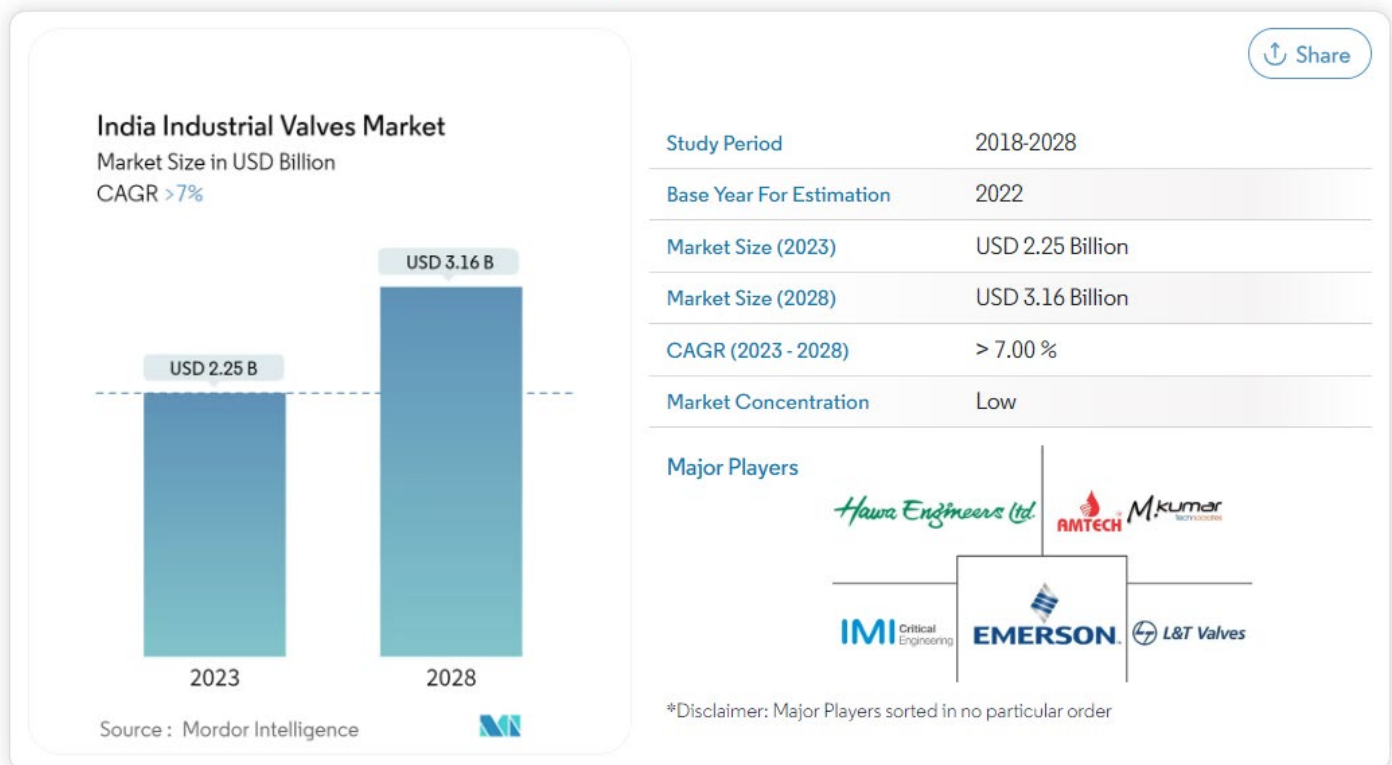
Increasing urbanization has led not only the urban population growth but also to the launch of new projects such as smart cities, commercial hubs, and other initiatives. From inception to maintenance, these projects require 24/7 electrification to meet all requirements.

Uninterrupted electrical power is required for the smooth operation of commercial centers and all related facilities, so industrial valves play a key role in this process. In the power industry, valves are used in a variety of applications such as Boiler start-up, feed pump recirculation, steam regulation, and turbine bypass.

In power industry water systems, valves are used to recirculate boiler feed pumps. Valves play an important role in this scenario as they are designed to work with on/off and modulated operations. Additionally, valves are used in mainstream systems, such as for superheaters, turbine bypasses, and superheater bypasses. Regulating valves are used to control pressure.

Furthermore, with the increase in disposable income in both urban and rural areas, the demand for energy is increasing rapidly, which increases the demand potential for industrial valves.

Market Size Of India Industrial Valves Industry



Going ahead SBVCL plans to focus on the following areas –

SBVCL plans to invest in building additional plant capacity –

SBVCL is committed to expand its facility for operational efficiency. The company has already committed Rs 10.90 cr for expansion at Bhamboli, Pune & will continue investments in capacity expansions & modernization of facility.

It also plans to expand capabilities by actively pursuing new venture opportunities, acquisitions and strategic in nature

The company also wants to increase its machining capacity which currently stands at 3.58 lac tpa. Also it would increase its forging capacity which currently stands at 1098 tpa. Both these divisions currently operate at around 65% capacity utilization levels

Expand Customer Reach –

SBVCL plans to expand its customer base & deepen key customer relationships. It plans to focus on continuing to expand relationship with existing customers & increase customer base by enhancing geographical focus going ahead

Additionally SBVCL plans to improve operational efficiencies & and maintain premium quality for its products –

SBVCL plans to focus on increasing operational efficiencies to improve returns & Offer quality products at attractive prices through manufacturing, material sourcing & cost reduction strategies

Company also enjoys ISO 9001:2015 - Quality Management System issued by DNV - Business Assurance for forged and heat-treated components, machined components, & production tooling for engineering industry

Continued focus on Exports going ahead –

During the last 3 years SBVCL has exported its valve components to different countries namely Dubai, Germany, Singapore, Taiwan, Italy, South Africa, USA, United Kingdom, Qatar & Pennsylvania. The company believes that its growth has been due to its stringent ability to understand customer needs and build a product of optimal design and required specifications

SBVCL's Key Competitive Strengths

Experienced Management Team – The company's management team led by Mr Laxmikant Sadashiv Kole who has been a visionary entrepreneur has played a pivotal role in expanding business operations who is Promoter & MD of SBVCL & who is assisted by Mr Shrinivas Laxmikant Kole who looks after the Finance & Marketing function & is designated as the CFO of the company. Both of them have adequate experience in the line of business undertaken by the Company for its strategic and day-to-day business operations.

Scalable Business Model – SBVCL enjoys a business model which is scalable. The biggest positive SBVCL enjoys is that it is a fully Indian-grown valued added valve components player which has developed a strong domestic and export customer base. The machined products from the company enjoy strong customer acceptance and quality standards which are extremely crucial in this industry

Strong execution capabilities with industry experience. Since incorporation, the Company has always focused on timely execution and has offered quality products to customers. SBVCL has always invested in production capacity, invested in quality people and offered the best possible products at optimal prices with very control on execution. The company management also stated that the company's products also have a long runway for growth both via Original sales but also via replacement sales as and when the components require to be replaced based on user applications of customers

Financials –

31st March (₹) Cr.	FY21	FY22	FY23	Q1FY24
Total Revenue	16.14	38.85	62.27	16.52
EBIDTA	0.5	2.83	11.23	3.31
EBIDTA %	3.10	7.28	18.03	20.04
PBT	-0.01	2.09	8.62	2.48
Profit After Tax	-0.03	1.53	6.43	1.85
EPS Rs	NA	1.89	7.94	
Shareholders' Funds	-0.05	1.48	7.92	9.77

Source - Company

Risks-

- Environmental risks like floods, heavy rainfalls & Cyclones can significantly affect business growth

Our View on This IPO

Shri Balaji Valve Components Limited (SBVCL) which is tapping the capital market, enjoys a strong track record of ramping up its turnover in the last two years & building strong business relationships with its domestic customers across various product verticals which has helped it significantly scale its operations.

SBVCL is a domestically grown, fully integrated value added valve components player and enjoys strong relationships with key quality customers, from the Pharma, Oil & Gas, Power and Processing sectors where demand is rising & hence we believe that SBVCL enjoys a business model which is scalable.

More importantly, SBVCL's promoters have significant industry experience and have been instrumental in the company's consistent growth. The management team's combined expertise and experience are also a significant asset going ahead

We are positive on SBVCL for the long term as the demand for a wide range of valves is expected to grow fast going ahead. Based on Application, the market is divided into Oil & Gas, Refinery, Chemical, Water, Wastewater Effluent, Power Generation, Agriculture, Mining, and Others. Based on Product, the market is segmented into Quarter turn Valve, Multi turn Valve, and Others.

Due to the increase in unconventional oil & gas applications and expanding pipeline installations, the downstream sector of industrial valves is expected to grow considerably.

The growing significance of automation in the process industry is the cause of the rising demand for automated control valves. The market for industrial valves is largely driven by the expanding need for connected networks to maintain and monitor industrial equipment as well as the expanding specifications for the construction of new nuclear power plants and the renovation of existing systems.

After the proposed IPO, the company's net worth will total Rs 29.21 crore; post-IPO, the equity capital will stand at Rs 8.16 crore.

We are confident that Shri Balaji Valve Components Limited will deliver consistent performance and provide an excellent investment opportunity for investors with a long-term horizon.

Hence, we recommend **SUBSCRIBE** for long-term investment