



IPO Note

Cryogenic OGS Limited

Recommendation: **APPLY!**

Business - Cryogenic OGS Limited provides high-quality measurement and filtration equipment and systems by fabrication and assembling for various sectors like oil, gas, chemicals and allied fluid industry.

Objects of the Issue –

Particulars	Amount
Working Capital Requirement	Rs. 11.50 Cr.
General Corporate Purposes	

Promoters Name –

Mr. Nilesh Natvarlal Patel, Mrs. Kiranben Nileshbhai Patel and Mr. Dhairya Patel

Promoter Share Holding Pattern	
Pre Issue 100.00%	Post Issue 73.53%

Rationale for recommendation –

Cryogenic OGS Limited was incorporated in Sep-1997 and brings significant industry experience. The company operates in a highly competitive segment where key factors of competition include price, brand image, performance and quality. Despite this, the company is well-positioned to benefit from overall industry growth. However, the business exhibits high customer concentration, with its top 10 clients contributing over 85% of revenues in FY23, FY24 and FY25. This, along with its geographic reliance on Gujarat and Maharashtra, exposes it to regional and client-specific risks. Revenue from operations grew by 10.14% in FY24 and accelerated to 35.67% in FY25, supported by the acquisition of large-size, higher-margin contracts. The company has maintained strong EBITDA and PAT margins in the range of 24.00%–26.50% and 18.50%–22.00% respectively, driven by a trade-off between rising material COGS and modest reductions in finance, depreciation and other expenses. RoCE and RoE have remained healthy, ranging between 25%–28% and 21%–23.50%, reflecting effective capital utilization. Operating cash flows remained positive across FY23 to FY25, supported by efficient working capital management. Further, the company has been debt-free since FY23. Liquidity position is strong, as seen in the improving current and quick ratios over the years. However, high working capital requirements may compel the company to rely on borrowings once IPO proceeds are completely utilized, if internal accruals are insufficient. The overall management quality is moderate, with CFO having limited experience. The company's post-issue P/E of **10.96** makes it **fairly priced**. Thus, we recommend **APPLY** for the IPO, while advising investors to closely monitor the company's efforts to address the mentioned observations in the long-term.

IPO Details

Opening Date	Jul 03, 2025
Closing Date	Jul 07, 2025
Allotment Date	Jul 08, 2025
Listing Date	Jul 10, 2025
Stock Exchange	BSE SME
Lot Size	3,000 Shares
Issue Price Per Share	₹44 - ₹47
Issue Size	17.77 Cr.
Fresh Issue	17.77 Cr.
Offer for Sale	-
Application Amt	₹ 2,82,000 (6,000 shares)

KPIs (In Lakhs)

KPI's	FY 23	FY 24	FY 25
Revenue	2,202.16	2,425.41	3,290.46
EBITDA	564.79	638.58	796.15
Net Profit	407.65	534.49	612.27
RoCE	28.04%	25.17%	25.44%
ROE	23.27%	23.38%	21.12%
P/E	12.11	9.23	8.06

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	5.83	4.29
BVPS	27.61	20.30
P/E	8.06	10.96
P/BV	1.70	2.32
Mkt Cap (In Cr)	49.35	67.12

*Annualized

Lead Managers –

Beeline Capital Advisors Private Limited

Registrar –

MUFG Intime India Private Limited

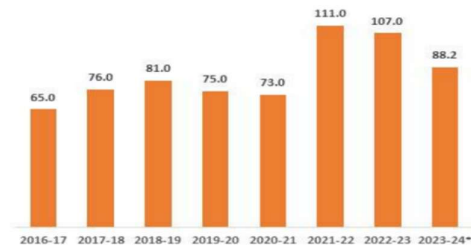
Industry Overview –

India has been the fastest growing major economy in 2023, backed by a strong capex push and upswing in the manufacturing sector. In the fiscal year 2024-25 (Interim Budget Estimate), there has been a 11.1% increase in the allocation for capital expenditure, rising from Rs. 10 lakh crore (US\$ 120.6 billion) in the previous year (2023-24) to Rs. 11.11 lakh crore (US\$ 134 billion). The strong growth of the Indian economy in the first half of FY24 has surpassed that of major economies, contributing to the reinforcement of macroeconomic stability.

Demand for engineering sector services is being driven by capacity expansion in industries like infrastructure, electricity, mining, oil and gas, refinery, steel, automobiles and consumer durables. India's engineering and capital goods industry holds a formidable position on the global stage, leveraging competitive advantages such as low manufacturing costs, technological prowess and a robust market understanding across various sub-sectors.

Government Initiatives for Engineering Sector - The Government of India has implemented various export promotion schemes, such as the Zero Duty Export Promotion Capital Goods (EPCG) scheme, Towns of Export Excellence (TEE), Market Access Initiative (MAI) etc and several initiatives to support and enhance the competitiveness of the domestic engineering goods manufacturing firms such as the "Make in India" initiative, PLI scheme for Automobile and Auto components, PLI scheme for National Programme on Advanced chemistry cell (ACC) Battery Storage, FAME INDIA II scheme, Capital goods scheme, Industry 4.0.

India's engineering exports trend (US\$ billion)



Outlook - India's engineering services sector is poised for strong growth driven by increased infrastructure spending, digital transformation and rising global outsourcing demand.

Business Overview -

Cryogenic OGS Limited provides high-quality measurement and filtration equipment and systems by fabrication and assembling for various sectors like oil, gas, chemicals and allied fluid industry. The company was originally incorporated as 'Mangukia Steel Private Limited' on Sep-1997. The name of the company was changed to 'Cryogenic OGS Limited'.

Major Products – Basket Strainers, Air Eliminators, Prover Tanks, Additive Dosing Skid and Truck Loading/Tank Wagon Loading Skid (Liquid & Gas Skid).

Clients – Suzlon Energy Limited, Hindustan Petroleum Corp Ltd., Indian Oil Corp Ltd., Honeywell, Adani, GE Oil and Gas etc.

Category-Wise Revenue Bifurcation -

(Amt. in Lakhs)

Particulars	FY2023		FY2024		FY2025	
	Amt	%	Amt	%	Amt	%
Sale of Products	2,201.60	99.97%	2,418.75	99.72%	3,276.49	99.58%
Sale of Services	-	-	5.57	0.23%	13.65	0.41%
Export Incentive	0.56	0.03%	1.10	0.05%	0.31	0.01%
Total	2,202.16	100%	2,425.42	100%	3,290.45	100%

- The company primarily secure contracts through a competitive tender bidding process as well as one-to-one inquiries received from customers.
- The company's majority of sales is from India, contributing 98.63%, 98.20% and 99.38% in FY23, FY24 and FY25 respectively.
- Gujarat, Maharashtra and Karnataka contribute majority of company's revenue in India. Nigeria and Oman contribute majority of export sales.

Business Strategies -

- Fostering Strategic Partnerships
- Embracing Emerging Technologies
- Maintaining Customer-Centric Approach
- Expansion to business to Global markets

FINANCIAL SNAPSHOT

Key Performance Indicators (Amt in Lakhs)				Key Ratios			
Particulars	FY23	FY24	FY25	Particulars	FY23	FY24	FY25
P&L Statement				Per Share Data			
Total Income	2,270.92	2,567.35	3,379.15	Diluted EPS	3.88	5.09	5.83
Total Expenses	1,723.14	1,855.37	2,552.35	BV per share	350.37	457.27	27.61
EBITDA	564.79	638.58	796.15	Operating Ratios			
EBIT	497.10	582.02	744.09	EBITDA Margins	25.65%	26.33%	24.20%
PBT	547.78	711.98	826.80	PAT Margins	18.51%	22.04%	18.61%
Tax Expenses	140.13	177.49	214.53	Inventory days	31.71	59.30	64.34
Net Profit	407.65	534.49	612.27	Debtor days	85.41	80.63	73.67
Balance Sheet				Creditor days	170.07	100.94	52.26
Total Equity	1,751.84	2,286.34	2,898.60	Return Ratios			
Liabilities				RoCE	28.04%	25.17%	25.44%
Non-Current Liabilities	21.16	26.11	26.13	RoE	23.27%	23.38%	21.12%
Current Liabilities	626.95	522.10	460.68	Valuation Ratios (x)			
Total Liabilities	648.11	548.21	486.81	EV/EBITDA	1.67	2.09	2.25
Assets				Market Cap/Sales	0.11	0.10	1.50
Non-Current Assets	873.69	943.62	962.99	P/E	12.11	9.23	8.06
Current Assets	1,526.28	1,890.94	2,422.43	Price to Book Value	0.13	0.10	1.70
Total Assets	2,399.97	2,834.56	3,385.42	Solvency Ratios			
Cashflow Statement				Debt/Equity	-	-	-
Operating Cashflow	183.52	152.57	193.55	Current Ratio	2.43	3.62	5.26
Investing Cashflow	-8.14	-132.96	-136.20	Quick Ratio	2.13	2.87	4.00
Financing Cashflow	-174.30	-11.98	-5.97	Asset Turnover	0.92	0.86	0.97
				Interest Coverage Ratio	27.49	48.58	124.43

Financial Analysis –

- **Revenue from Operations** - The company's top line increased by 10.14% in FY24 and 35.67% in FY25.
- **EBITDA and PAT Margins** – The company has maintained EBITDA and PAT margins in range of 24.00% - 26.50% and 18.50% - 22.00%. The company's margins have remained within a range primarily due to a trade-off between the increase in material cost of goods sold (COGS) and only a marginal decrease in finance costs, depreciation and amortization expenses and other expenses.
- **RoCE and RoE** – The company has also maintained RoCE and RoE within range of 25% - 28% and 21% - 23.50% respectively, indicating effective utilisation of capital.
- **Operating cashflow** – The company has maintained positive operating cashflow in FY23, FY24 and FY25, indicating efficiency in working capital management.
- **D/E ratio** – The company has maintained zero borrowings from FY23.
- **Net profit** – The company is able to increase net profits by acquiring large size and higher margin contracts.
- **Current and Quick ratio** - The company's improving current and quick ratios over the years indicate strengthened short-term liquidity and more efficient working capital management.

Lead Manager –

The lead manager of the issue is Beeline Capital Advisors Private Limited. The lead manager has managed 55 IPOs in last 3 years, among them 54 IPOs have opened in premium and 1 IPO has opened at par to their issue price on their respective listing dates.

Risk Factors -

The company has customer concentration, with its top 10 customers contributing 86.21% in FY23, 85.72% in FY24 and 89.01% in FY25. This concentration, coupled with geographic reliance on Gujarat and Maharashtra, exposes the business to regional and client-specific disruptions. Additionally, the company operates in a highly competitive segment, increasing the risk of market share erosion and key factors of competition are price, brand image, performance and quality. If the company is unable to generate sufficient funds from internal operations, its high working capital requirements may compel it to rely on external borrowings once the IPO proceeds are fully utilized.

Key Management

- Nilesch Natvarlal Patel is the Chairman and Managing Director of the company. He has 22 years+ experience in the designing and engineering of equipment for oil and gas metering, project management and implementation. There is evidence of dual chairmanship in the company.
- Dhairya Patel is the Whole-time director of the company. He has only 3 years of experience in sales and marketing.
- Kiranben Nileschbhai Patel was initially appointed as Whole Time Director but was redesignated to Non-Executive Director.
- The Independent Directors have significant experience and education in their respective fields.
- The Chief Financial Officer is a Chartered Accountant with limited professional experience, while the Company Secretary and Compliance Officer brings 9 years of industry experience.

Outlook – The overall management of the company is moderate with some observations mentioned above.

Peer Analysis

Particulars	Cryogenic OGS Limited			Loyal Equipments Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	18.51%	22.04%	18.61%	12.03%	9.96%	14.09%
EBITDA Margin	25.65%	26.33%	24.20%	19.38%	18.13%	22.20%
RoCE	28.04%	25.17%	25.44%	27.12%	32.42%	27.13%
ROE	23.27%	23.38%	21.12%	26.51%	23.97%	20.98%
EPS (INR)	3.88	5.09	5.83	5.85	6.95	8.42
P/E	12.11	9.23	8.06	9.78	22.54	26.28

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