



IPO Note

Sellowrap Industries Limited

Recommendation: **APPLY!**

Business - Sellowrap Industries Limited is a manufacturing company specializing in the production of customized components for the automotive, non-automotive and white goods industries.

Objects of the Issue -

Particulars	Amount
Capital Expenditure towards purchase of Plant & Machinery, Infrastructure Development and Other Auxiliary Equipments	Rs. 12.40 Cr.
Working Capital Requirement	Rs. 10.00 Cr.
General Corporate Purposes	

Promoters Name -

Mr. Saurabh Poddar, Mr. Sushil Kumar Poddar, Ms. Pooja Poddar, Saurabh Marketing Private Limited & M/S. Sushil Kumar Poddar (HUF)

Promoter Share Holding Pattern	
Pre Issue 92.18%	Post Issue 67.71%

Rationale for recommendation -

Sellowrap Industries Limited was originally formed as a proprietorship in 1983 and incorporated as a private limited company on Apr-06, 2004, reflecting a long operational history. The company primarily caters to the Indian market, with 96.89% of its revenue in FY25 derived domestically, largely from Maharashtra and Tamil Nadu. It also exports to Brazil, China, Germany, Poland, UK and the UAE. The business is significantly dependent on the automotive sector, exposing it to industry cyclicality. Despite operating in a competitive environment with no long-term order book, the company has maintained revenue growth of 4.75% in FY24 and 17.70% in FY25. EBITDA and PAT margins improved to 13.74% and 6.14% respectively in FY25, aided by lower material COGS. RoCE and RoE have also strengthened to 22.96% and 18.63%, indicating efficient capital deployment. The company has consistently generated positive operating cash flows, though working capital management remains an area of concern. While supplier diversification supports raw material stability, customer concentration remains high, with the top 10 customers contributing over 74% of revenue. The company also faces contingent liabilities of Rs. 56.61 Lakhs and has 13 tax proceedings pending. The overall management of the company is satisfactory. With a post-issue P/E of 11.44, the IPO appears **fairly priced**. We recommend an **APPLY** for the IPO.

IPO Details

Opening Date	Jul 25, 2025
Closing Date	Jul 29, 2025
Allotment Date	Jul 30, 2025
Listing Date	Aug 01, 2025
Stock Exchange	NSE SME
Lot Size	1,600 Shares
Issue Price Per Share	₹79 - ₹83
Issue Size	30.28 Cr.
Fresh Issue	30.28 Cr.
Offer for Sale	-
Application Amt	₹ 2,65,600 (3,200 shares)

KPIs (In Lakhs)

KPI's	FY 23	FY 24	FY 25
Revenue	13,176.50	13,802.40	16,245.01
EBITDA	881.04	1,472.22	2,232.27
Net Profit	285.91	594.53	997.15
RoCE	9.42%	17.81%	22.96%
ROE	8.51%	15.03%	18.63%
P/E	27.57	13.26	7.94

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	10.45	7.26
BVPS	53.01	38.94
P/E	7.94	11.44
P/BV	1.57	2.13
Mkt Cap (In Cr)	83.80	114.08

*Annualized

Lead Managers -

Gretex Corporate Services Limited

Registrar -

Purva Shareregistry (India) Private Limited

Industry Overview –

The automotive component industry is an important sector of the Indian economy and a major foreign exchange earner for the country. The automotive component industry manufactures a wide range of parts including castings, forgings, finished, semifinished components, assemblies and subassemblies for all types of vehicles produced in India. The Indian automobile industry has historically been a good indicator of how well the economy is doing, as the automobile sector plays a key role in both macroeconomic expansion and technological advancement. The two-wheelers segment dominates the market in terms of volume, owing to a growing middle class and a huge percentage of India's population being young. India enjoys a strong position in the global heavy vehicles market as it is the largest tractor producer, second-largest bus manufacturer and third-largest heavy truck manufacturer in the world.

Market Size - The Indian passenger car market was valued at US\$ 32.70 billion in 2021 and it is expected to reach a value of US\$ 54.84 billion by 2027 while registering a CAGR of over 9% between 2022-27. The global EV market was estimated at approximately US\$ 250 billion in 2021 and by 2028, it is projected to grow by 5 times to US\$ 1,318 billion. The Electric Vehicle (EV) market is estimated to reach US\$ 7.09 billion (Rs. 50,000 Cr.) in India by 2025. The automobile component industry turnover stood at Rs. 6.14 lakh Cr. (US\$ 74.1 billion) during FY24, registering a revenue growth of 9.8% as compared to FY23. The auto component industry exported US\$ 21.2 billion and imported US\$ 20.9 billion worth of components during 2023-24, resulting in the trade surplus of US\$ 300 million. Manufacturing exports have registered their highest ever annual exports of US\$ 447.46 billion with 6.03% growth during FY23 surpassing the previous year (FY22) record exports of US\$ 422 billion.

Government Initiatives - The Electric Mobility Promotion Scheme 2024 (Rs. 500 Cr.) supports over 3.7 lakh EVs, while the FAME-II Scheme subsidized 13.4 lakh EVs with Rs. 5,790 Cr. and was extended to March 2024. The PLI Scheme for Auto & Components was extended to FY28 with a Rs. 25,938 Cr. outlay. The Automotive Mission Plan 2006–26 targets US\$300 billion turnover and 12%+ GDP contribution by 2026, alongside strong EV infrastructure and startup ecosystem support in Budget 2024.

Outlook - India's auto component industry is poised for robust growth driven by EV adoption, production-linked incentives and rising exports, targeting a US\$ 80 billion market by 2026. Sustained investment in R&D, digitalization and smart manufacturing (via schemes like SAMARTH Udyog Bharat 4.0) will enhance global competitiveness. Strong policy support, EV infrastructure expansion and India's position as a manufacturing hub make it an attractive destination for global automotive and electronics investments.

(source : RHP)

Business Overview -

Sellorap Industries Limited is a manufacturing company specializing in the production of customized components for the automotive, non-automotive and white goods industries. The company operates in the B2B sector offering both adhesive and non-adhesive processed components. The company was originally formed as Proprietorship in the year 1983 and was incorporated as private limited company on Apr-06, 2004.

Major Products – Screen Sealing Parts, Plastic Injection Molding, Foam Products, Lables & Stickers, PU-Foam-Molding, EPP Molding

OEM Customers – Maruti Suzuki, Nissan, Renault, Tata Motors, Kia Motors, Hyundai, Mahindra Electric, Volkswagen



- The company's sales is concentrated in India, contributing 99.99%, 98.39% and 96.89% of total revenue in FY23, FY24 and FY25 respectively.
- The majority contributors of company's sales in India are Maharashtra and Tamil Nadu.
- The company exports to Brazil, China, Germany, Poland, UK and UAE.
- The company's sales are largely influenced by the growth of the automotive industry, as a significant portion of its revenue is derived from this sector.
- The company's manufacturing facilities are in Pune (Maharashtra), Kancheepuram (Tamil Nadu), Ranipet (Tamil Nadu), Gurugram (Haryana) and Ahmedabad (Gujarat).
- The company has under utilisation of capacity in some of its plants.
- The company has good supplier diversification which provides stability in supply of raw materials.

Business Strategies -

- Organic and Inorganic Growth with Geographical Expansion
- Diversification and Value-Added Product Offerings
- Actively participating in industry exhibitions, trade fairs and expos to enhance brand visibility and expand network.

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	13,342.59	13,909.24	16,331.48	Diluted EPS	3.01	6.26	10.45
Total Expenses	12,986.24	13,320.75	15,107.04	BV per share	35.41	41.68	53.01
EBITDA	881.04	1,472.22	2,232.27	Operating Ratios			
EBIT	464.58	918.95	1,602.01	EBITDA Margins	6.69%	10.67%	13.74%
PBT	381.18	699.71	1,352.25	PAT Margins	2.17%	4.31%	6.14%
Tax Expenses	95.27	105.18	355.10	Inventory days	36.52	44.96	51.21
Net Profit	285.91	594.53	997.15	Debtor days	64.88	57.44	67.73
Balance Sheet				Creditor days	62.33	46.38	52.57
Total Equity	3,360.59	3,955.11	5,352.16	Return Ratios			
Liabilities				RoCE	9.42%	17.81%	22.96%
Non-Current Liabilities	1,569.81	1,204.53	1,624.47	RoE	8.51%	15.03%	18.63%
Current Liabilities	4,351.79	4,819.73	7,325.54	Valuation Ratios (x)			
Total Liabilities	5,921.60	6,024.26	8,950.01	EV/EBITDA	7.20	4.83	4.10
Assets				Market Cap/Sales	0.60	0.57	0.52
Non-Current Assets	4,839.05	5,258.27	7,499.44	P/E	27.57	13.26	7.94
Current Assets	4,443.16	4,721.11	6,802.72	Price to Book Value	2.34	1.992	1.57
Total Assets	9,282.21	9,979.38	14,302.16	Solvency Ratios			
Cashflow Statement				Debt/Equity	0.89	0.80	0.71
Operating Cashflow	199.31	1,089.01	2,136.20	Current Ratio	1.02	0.98	0.93
Investing Cashflow	-609.39	-937.42	-2,832.08	Quick Ratio	0.72	0.63	0.62
Financing Cashflow	408.35	-159.51	694.92	Asset Turnover	1.42	1.38	1.14
				Interest Coverage Ratio	1.86	2.82	4.76

Financial Analysis -

- **Revenue from Operations** - The company's top line increased by 4.75% in FY24 and 17.70% in FY25.
- **EBITDA and PAT Margins** - The company's EBITDA margin has improved from 6.69% in FY23 to 13.74% in FY25 and PAT margin from 2.17% to 6.14% over the same period, primarily due to decrease in material COGS as a percentage of revenue.
- **RoCE and RoE** - The company has also improved RoCE and RoE from 9.42% to 22.96% and 8.51% to 18.63% respectively, indicating effective utilisation of capital.
- **Operating cashflow** - The company has maintained positive operating cashflow in FY23, FY24 and FY25, despite inefficiency in working capital management.
- **D/E ratio** - The company has maintained low D/E ratio and interest coverage ratio has been improving over years.

Outlook - The overall financials of the company is stable and sustainable in the long run.

Lead Manager -

The lead manager of the issue is Gretex Corporate Services Private Limited. The lead manager has managed 22 IPOs in last 3 years, among them 16 IPOs have opened in premium, 3 IPOs have opened at par and 3 IPOs have opened in discount to their issue price on their respective listing dates.

Risk Factors -

- The company has 13 tax proceedings outstanding amounting to Rs. 56.61 Lakhs and company's group entities have 16 tax proceedings amounting to Rs. 522.13 Lakhs.
- The company has customer concentration, top 10 customers contributing 82.34%, 79.20% and 74.54% of total revenue in FY23, FY24 and FY25 respectively.
- The company has contingent liabilities amounting to Rs. 56.61 Lakhs.
- The company operates in a highly competitive industry, exposing it to pricing risks. Further, the absence of a formal order book or long-term agreements makes the company heavily reliant on spot orders.

Key Management

- Mr. Saurabh Poddar is the Managing Director of the company. He has more than 19 years of experience in the automotive industry.
- Mr. Sushil Kumar Poddar is the Chairman and Executive Director of the company. He has over 32 years of experience in the automotive industry.
- Mr. Sarabjit Singh Mokha is the Executive Director of the company. He has over 15 years of experience.
- The Non-Executive and Independent Directors have significant experience and education in their respective fields.
- The Chief Financial Officer has over 20 years of significant experience, while the Company Secretary and Compliance Officer brings more than 6 years of experience.

Outlook – The overall management of the company is satisfactory.

Peer Analysis

Particulars	Sellowrap Industries Limited			Machino Plastics Limited			PPAP Automotive Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	2.17%	4.31%	6.14%	0.48%	1.09%	2.20%	-1.16%	-2.49%	1.26%
EBITDA Margin	6.69%	10.67%	13.74%	6.48%	7.73%	8.46%	7.42%	7.82%	10.73%
RoCE	9.42%	17.81%	22.96%	12.61%	14.13%	14.35%	1.79%	1.84%	6.85%
ROE	8.51%	15.03%	18.63%	3.14%	6.76%	13.46%	-2.02%	-4.61%	2.43%
EPS (INR)	3.01	6.26	10.45	2.60	6.02	13.94	-4.25	-9.31	4.97
P/E	27.57	13.26	7.94	41.15	39.98	16.59	-36.94	-18.76	33.50

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