

Standard Engineering Technology Ltd (SETL) (formerly known as Standard Glass Lining Technology Ltd) headquartered in Hyderabad is a part of the Standard Group of Companies. It is a turnkey equipment solution provider with a distinctive high end technology offering **end-to-end** solutions for pharmaceutical, chemical, F&B, biotechnology, fertilizers and emerging electromagnetic materials. The portfolio comprises of reaction systems, storage, separation and drying systems, plant, engineering services (including other ancillary parts), polytetrafluoroethylene (PTFE) lined pipelines and fittings and integrated solvent recovery systems. SETL has gained strength from its **subsidiaries** in order to serve as a single point of contact to deliver complete solutions right from concept (R&D, pilot stage) to full scale commercialization and production.

SETL is well certified for its product basket and includes products that are ISO, ASME U stamp, NB Mark, CE certification, PED certification and ASME certified.

SETL continues to enjoy the **brand equity** given the long association with its clients in the field of pharma, chemicals. Focus on domestic market with the intent to further enhance the export footprint, technological tie-ups, strong and robust order book are the fundamentals from a long-term perspective. We, thus initiate a Buy on the stock for a TP of Rs188 (33.01x of Mar'28E EPS of Rs5.69), implying an upside of 33%.

Strategic Partnerships: SETL has developed and locked significant technological based tie-ups with leading Japanese players viz; **AGI Japan and GL Hakko**. The 20-year-old license agreements provides the company an edge to work and develop on new products such as **shell and glass lined** heat exchangers and **conductivity glass** lined based equipments. Additionally, **global servicing partners** such as IPP, BioCon Solutions and API Pharma Pharmaceutical Trading are considered to strengthen SETL's global presence and fortify the exports.

Strong Portfolio: SETL is gaining **wide acceptance** for its recently launched shell and tube glass lined HEs with ~50% of the units already supplied to some of its prominent client base. Conductivity glass customer validations and approval submissions have been already undertaken by SETL and starting from April 2027 the company would launch the same. These new avenues are expected to drive growth for the company from a medium to long-term perspective.

Sturdy Integration: SETL engages in design and development of advanced process equipments. The company is investing ~Rs700-1000mn for phase 1 of the greenfield project of ~36 acre. Higher execution scale, enhanced exports, better collection, optimization of cashflows, strong orderbook, growth via strategic alliances, supportive tailwinds from the industries are expected to drive the future growth for SETL.

SNAPSHOT	
52 week H/L	Mcap (INR mn)
203/105	28,298
Face value: 10	
BSE Code	NSE CODE
544333	SETL

Shareholding Pattern as on 31st March, 2026		
Parameters	No of Shares	%
Promoters	120,633,078	60.4
Institutions/MF	5,544,467	2.8
Public	73,314,117	36.7
TOTAL	199,491,662	100.0

Quarterly Performance				
Parameters (Rs mn)	Mar-25	Jun-25	Sep-25	Dec-25
Sales (Net)	1,663	1,731	1,828	1,916
EBITDA	236	296	286	292
EBITDA (%)	14.2	17.1	15.7	15.3
Other Income	47	51	54	43
Interest	26	26	25	29
Depreciation	35	36	39	41
PAT	165	211	205	204
Equity (Rs mn)	1995	1995	1995	1995

Annual Performance				
(Rs mn)	FY23	FY24	FY25	FY26E
Total Revenue	4,976	5,437	6,137	7,147
EBITDA	858	949	1,074	1,286
EBITDA (%)	17.2	17.5	17.5	18.0
Other Income	25	60	123	159
Interest	87	118	151	140
Depreciation	77	93	111	157
PBT	719	798	935	1,148
PAT	534	600	686	850
Equity (Rs mn)	158	182	1,995	1,995
*EPS (INR)	3.5	3.5	3.5	4.0

Ratio Analysis				
Parameters (Rs mn)	FY23	FY24	FY25	FY26E
EV/EBITDA (x)	33.6	30.9	26.7	22.3
EV/Net Sales (x)	5.8	5.4	4.7	4.0
M Cap/Sales (x)	5.7	5.2	4.6	4.0
M Cap/EBITDA (x)	33.0	29.8	26.3	22.0
Debt/Equity (x)	0.4	0.3	0.1	0.1
ROCE (%)	58.4	30.4	18.7	16.5
Price/Book Value (x)	1.4	0.6	4.0	3.6
P/E (x)	4.2	4.3	41.2	33.3

Industry Overview:

Glass Lined Industry: Glass lined equipment (GLE) or glass-lined reactors are made up of carbon steel that has a glass lining of uniform thickness. GLEs are basically industrial vessels such as reactors, tanks, columns and agitators that are internally coated with a layer of glass that protects the reaction mass from getting contaminated. The ability of glass lining that withstand several **properties** of non-reaction, corrosion resistant and easy to clean surface thereby protects and minimizes the materials from getting exposed to harsh chemicals viz; acids, alkalis and other chemicals and thus safeguards the quality and purity of the final product.

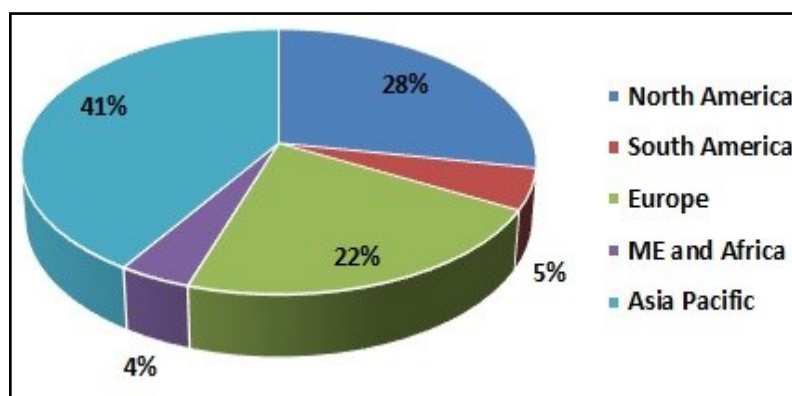
Exhibit 01: Application Driven Industries

End-User Industries	Application
Chemical	reactors, columns and storage tanks utilized for processing corrosive substances and withstand high temperatures
Pharma	rely on glass lined vessels for manufacturing of drugs and intermediates; ensures absence of impurities
Petrochemical	equipment supports efficient, safe, and stable petroleum production processes
Food	meets stringent hygiene-based requirements for food processing
Printing/Dyeing	smooth surface aids in the flow and reaction of materials; ensuring effective and safe production

Source: Market Reports, Progressive Research

According to GrandView Research, the **global GLE** market stood at ~USD2.2bn in 2024 and is expected to reach USD4.5bn by 2033; a CAGR of 8.3%. The plausible growth drivers are attributed to investments in specialty chemicals, modernisation of chemical plants, growth in contract manufacturing, rising demand for durable process equipment. Amongst the various end-user industries, **chemical** accounts for the larger share of ~48% (as of 2025) followed by Pharma. GLEs are more resistant to chemical reactions, prevents corrosion against any other form of equipment making it suitable for chemical processing plants. For the **pharma** industry, adhering to stringent compliance from the regulatory authorities such as USFDA, EMA; mandates for strict contamination control, safety and cleanliness which adds to further impetus for market growth for this industry. In terms of country led CAGR growth (2025-2035) Future Market Insights stated that the market is gaining momentum in the order of Saudi Arabia (8.8%), Brazil (8.7%), India (5.8%), Germany (5.2%), China (4.9%), South Korea (4.6%) and USA (4.2%). These are backed by **petrochemical investments**, upstream/downstream pilot scale R&D, scale up of fine-chem and pharma intermediates, electronic chemicals and battery material development. Some of the **major companies** in the GLE space include, GMM Pfadler Ltd, DE Dietrich Process Systems, HLE Glascoat Ltd, Asahi Glassplant Inc., Thaletec GmbH, Standard Glass Lining Technology, Sachin Industries Ltd., Ablaze Glass Works Pvt. Ltd., Pioneer Group, Sigma Scientific Glass, Estrella USA, Zibo Taiji Industrial Enamel, Jiangsu Yangyang Chemical Equipment Co. Ltd., Jiangsu Liyang Yunlong Equipment Manufacturing Co. Ltd, etc.

Exhibit 02: GLE Distribution (Region Based)



Source: fortunebusinessinsights.com/glass-lined-equipment-market-109573, Progressive Research

Exhibit 03: GLE Types

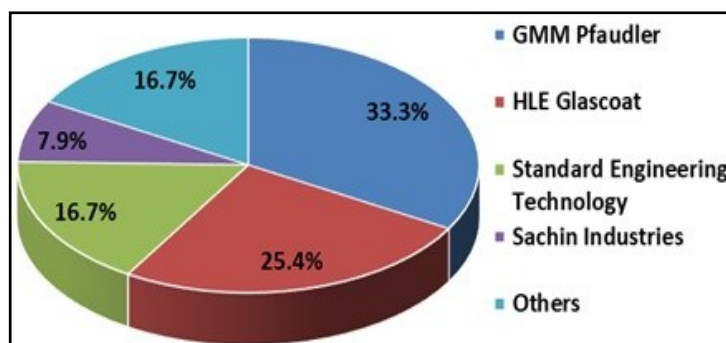
GLE Type	Usage
Glass Lined Reactors (GLR)	most common type and used for chemical reactions, pharma and food processing industries
Storage Tanks and Receivers	suitable for storage of highly corrosive chemicals/liquids
Glass Lined Columns	used for distillation and absorption processes in chemical production
Heat Exchangers (HEs)	allows heat transfer while protecting against corrosion
Dryers and Filters	ideal for use in industries such as pharmaceuticals, chemicals, and food processing
Pipes, Valves and Fittings	internal components of the vessels also have glass coatings

Source: Market Reports, Progressive Research

Industry Overview (contd.):

Indian GLE: As per GrandView Research, the Indian GLE market reported a revenue of ~USD150mn in 2024 and is further expected to increase at a CAGR of ~10.2% to ~USD358mn by 2033. On the basis of segment, GLR constituted a significant share of ~48.5% of the global market share in 2024. As far as the **country specific** revenues are concerned, India accounted for ~6.7% of the global GLE market in 2024 and the market is further expected to grow at a CAGR of ~10.2% during 2025-2033. The growth is well supported by the end-user industries of chemical and pharmaceuticals which requires the need to comply with the regulatory standards, upgrade and expand the facilities to cater to the international requirements.

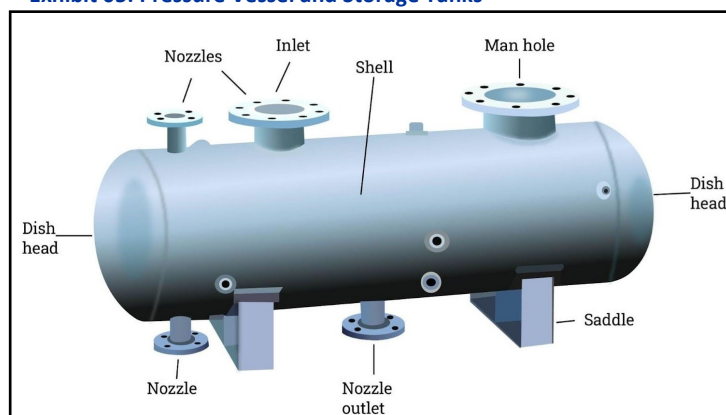
Exhibit 04: FY24 GLE Market Share (Company Specific)



Source: SETL RHP, Progressive Research

Pressure Vessels and Storage Tanks: are sealed containers made from carbon steel, stainless steel, titanium, nickel alloy, aluminium, high-alloy steel, etc.; bearing mechanical properties that can withstand the high pressure/temperatures. These are designed/engineered to hold liquids, gases or vapors at various pressures with applications across chemical processing plants, refineries, oil & gas, pharma, power generation systems and semiconductors. With utilizations evolving under such niche industries along with demanding conditions, the design and manufacturing of pressure vessels must abide by the **standards and regulations** with the most prominent one being **The American Society of Mechanical Engineers (ASME) Boilers and Pressure Vessel Code (PVC)** that ensures safety, prevents failures in high-pressure environments and conducts and approves the inspection of pressure vessels. **Storage tanks** are non-pressurized containers designed to hold liquids, gases at atmospheric or low pressures and commonly used in water storage requirements, chemical supply, fuel handling, waste streams in industrial facilities, etc. As per GrandView Research, the **global pressure vessels** market size stood at ~USD60.24bn in 2024 and is expected to reach at ~USD75.81bn by 2030; CAGR of ~4.0% from 2025-2030 with attributable growth drivers linked to **Oil & Gas** mid and downstream processes, while the **power generation** is anticipated to grow at a CAGR of ~5% during the stated forecast period. As per Fortune Business Insights, the **global storage tank** market size stood at USD28.0bn in 2025 with further projections expected to scale the industry size to ~USD50bn by 2034; CAGR of ~6.6%. Factors such as expansion in the petchem, oil & gas consumption and increased spends on infrastructure related activities are anticipated to fuel growth.

Exhibit 05: Pressure Vessel and Storage Tanks



Source: iqsdirectory.com/articles/pressure-vessel/pressure-tanks.html, Progressive Research

Exhibit 06: Parameters of Pressure Vessels

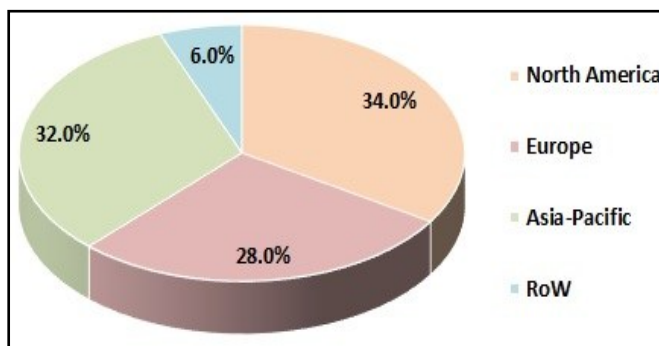
Function	Applications
Storage Vessels	designed for temporary or long-term holding of liquids, vapors, and gases under pressure
Heat Exchangers	efficiently transfer thermal energy between two or more process fluids
Boilers	pressurized vessels that use fuel, nuclear, or electrical energy to generate heat
Process Vessels	designed for specialized chemical or physical transformations; include equipment for mixing, agitation, decantation, distillation, extraction, and chemical reactions
Geometric Shape	Applications
Spherical	preferred for storing large volumes of highly pressurized gases such as LPG, LNG, and ammonia
Cylindrical	used in air receivers, process tanks, autoclaves, and reactor shells

Source: iqsdirectory.com/articles/pressure-vessel.html, Progressive Research

Industry Overview (contd.):

Filters and Dryers (F&D) Equipment: play a crucial role in modern manufacturing processes which requires removal of solid particles, liquids and gases from various substances, removing excess moisture and solvents from solids, liquids and gases. F&D applications include **pharma** (for production of API, sterile processing and the handling of high-potent compounds) having the largest share of ~38%; **fine chemicals** (chemical intermediates, specialty chemicals and complex compounds) with market share of ~27%; **food** (ingredient processing and purification, powder production, food preservation, shelf-life extension), **environmental & wastewater treatments** (de-watering of sludge, and solid-liquid separation of wastewater treatment), **R&D** (lab-scale filter dryers and analytical filtration systems used to conduct a specific experimental procedure). As per Fortune Business Insights, the F&D market is **categorized** into **centrifuges** with a market share of ~45% with applications across pharma, chemicals, food processing and wastewater treatment industries); **Agitated Nutsche Filter Dryers (ANFD)** which account for ~35% market share and **Others** (includes vacuum dryers, spray dryers, belt filters, etc). The **global F&D equipment** was valued at USD1.8bn in 2026 and is expected to reach at ~USD3.5bn by 2034; CAGR of ~8.6% during the forecast period with growth led by increased demand from all the end-user industries that the F&D market caters to. Some of the top global players include, GMM Pfaudler, Tsukishima Holdings Co., Ltd, Promas Engineering Pvt. Ltd, HEINKEL Process Technology GmbH, Thermosag and Amar Equipment Pvt. Ltd.

Exhibit 07: F&D Region-Specific Market Share (2025)



Source: fortunebusinessinsights.com/filtration-and-drying-equipment-market-109525, Progressive Research

Exhibit 08: Types of F&D

Filtration Equipment	Purpose
Filter Presses	used for high-pressure separation of slurry, ideal for high solids recovery
Rotary Vacuum Drum Filters	suitable for continuous filtration of large liquid volumes
Centrifugal Separators	utilize high-speed rotation to separate solid particles from liquid based on density
Nutsche Filters	a batch system that uses vacuum and/or pressure to separate solid-liquid mixtures, often in a closed/controlled vessel
Cartridge and Bag Filters	used for removing smaller amounts of solids from liquids
Gravity Filters	uses gravity to separate particles, such as in sand filters used for water treatment
Dryer Equipment	Purpose
Rotary Dryers	rotating drums through which hot air passes, ideal for high-volume solid drying
Fluidized Bed Dryers	hot air flows through a perforated plate, suspending particles to provide fast, uniform drying
Spray Dryers	atomize liquid feeds into droplets, sprayed into hot air to produce fine powders
Tray Dryers	batch dryers with stacked trays through which hot air passes, used for smaller quantities
Vacuum Dryers	operate under low pressure, ideal for heat-sensitive materials
Freeze Dryers (Lyophilizers)	use low temperatures and vacuum to remove moisture by sublimation
Drum Dryers	suitable for drying pastes, slurries, and viscous materials

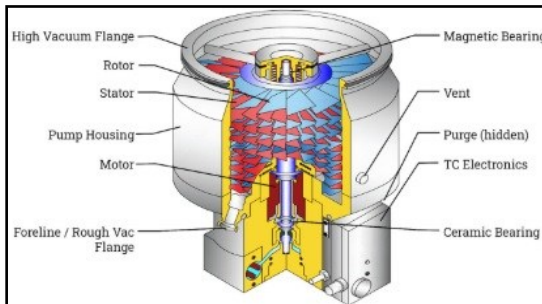
Source: iqsdirectory.com/articles/dryer/types-of-dryers.html, Progressive Research

Vacuum Pumps (VPs): function as essential devices in order to eliminate gas molecules from a sealed chamber to create partial or complete vacuum. By lowering the internal pressure via extraction of air and other gases, vacuum pumps find applications in various end-user industries like chemical, petrochemicals, oil & gas, assembly equipments, medical related applications etc. Based on the principle of operations, VPs can be classified into **positive displacement** (captures fixed volume of gas and pushes it out), **kinetic transfer pumps** (suited for higher vacuum ranges) and **entrapment pumps** (used in ultra clean and sensitive set-ups). According to Mordor Intelligence, the **global vacuum pump market size** stood at ~USD7.49bn in 2025 and is expected to scale upto ~USD11.23bn by 2031; CAGR of ~6.8%. This demand is expected to be attributed to growth witnessed in semiconductors & electronics, pharma, chemical, petrochemical and F&B sectors. On the basis of **end-user** applications, semiconductor & electronics continued to lead the demand with ~32.4% revenue share in 2025 whereas in terms of geographic split, Asia Pacific contributed ~39.7% of the global sales and Middle East is expected to grow at a CAGR of ~7.9% by 2031. Few of the global players in this market consists of Atlas Copco, Gardner Denver (US), Pfeiffer Vacuum (Germany), Flowserve (US), Ebara Corporation (Japan), Busch Group (Germany), etc. Busch Group, Pfeiffer Vacuum + Fab Solutions, Ingersoll Rand and ULVAC cumulatively controlled ~45-50% of the global vacuum pump sales in 2025.

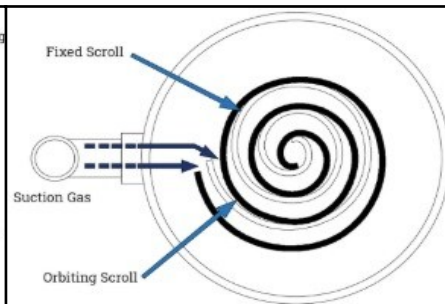
**Industry Overview (contd.):
Vacuum Pumps (contd.):**

Exhibit 09: Vacuum Pumps Types

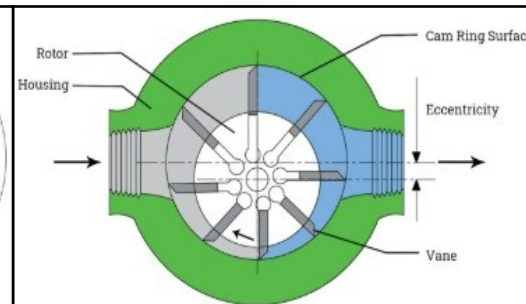
Turbomolecular VP



Scroll VP



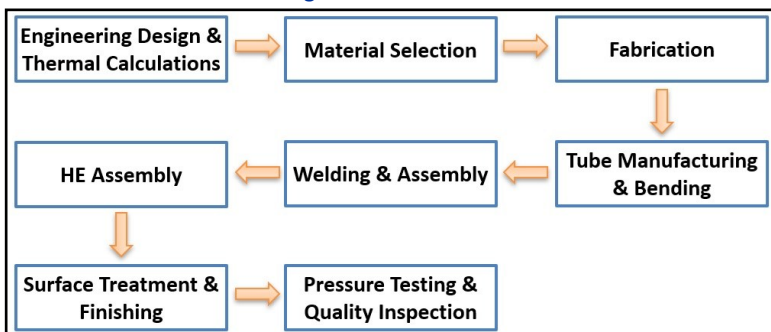
Rotary Vane



Source: iqsdirectory.com/articles/vacuum-pump.html, Progressive Research

Heat Exchangers (HE): transfer heat between 2 or more fluids without mixing them via conduction that enables the HE to either heat or cool a substance. HEs are considered an efficient source of conserving energy and are found in varied applications which include: **automotive** (radiators function as HE in order to reduce engine fluid temperature), **HVAC systems** (to heat and cool buildings), **refrigeration systems** (in order to transfer heat away from the cooling units), **power plants** (used as condensers and pre-heaters in order to convert water into steam) and **chemical & petchem** (to regulate the temperature of chemical reactions). The **chemical and petchem** segment constituted ~30.2% of revenues in 2025 (to the global HE market) and is further expected to scale up at a CAGR of ~5.9%. According to Markets and Markets.com, the global HE market is expected to reach ~USD33.5bn in 2030 from the levels of ~USD23.9bn in 2025; a CAGR of ~7.0%. Increased demand from the energy efficient end-user industries that require the need of precise temperatures, effective heat transfers are considered as important parameters for the industry to grow further. In addition to this, HEs have applications in the data center market which is further expected to drive the growth. As per Mordor Intelligence, based on the type of HE, **Shell and Tube HE**, accounted for a larger revenue share of ~35.4% in 2025 whereas the balance accounted for a combined share for the remaining types of HE. Based on the geography, Europe continued to retain its share of ~33.0% in 2025 while the Asia Pacific market is expected to report a CAGR of ~6.5% between 2026-2031. The top 5 and key players viz; Alfa Laval AB, Kelvion Holding GmbH, Danfoss A/S, GEA Group AG and SPX Flow Inc. control ~35% of the global HE market turnover as of 2025. According to Nextmsc.com, the Indian HE market was valued at ~USD1.38bn in 2023 and is expected to reach at ~USD3.10bn by 2030; CAGR of 11.5% led by rapid industrialization, greater demand for HVAC systems in residential, commercial and transition towards sustainable energy sources due to stringent standards being enforced by the GOI.

Exhibit 10: HE Manufacturing Process



Source: sharmatechnocast.com/heat-exchanger-manufacturing-process-from-design-to-final-testing, Progressive Research

Exhibit 11: Broader Classification of HE

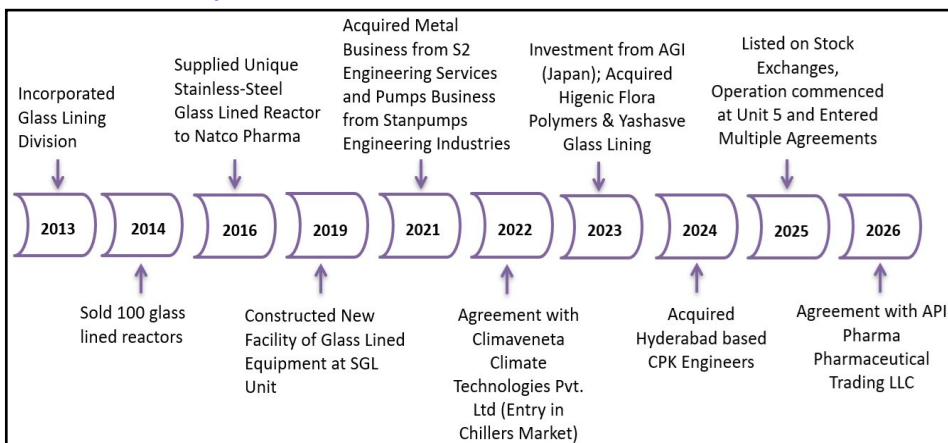
HE Type	Purpose/Components
Shell & Tube	high-pressure applications like oil refineries
Gasketed Plate and Frame	made up of a series of thin spaced plates with huge surface areas
All-welded Plate	ideal for extreme temperatures involving corrosive substances
Brazed Plate	thin, embossed stainless steel plates that create turbulent flow to maximize heat transfer
Air Cooled	used where reliable source of water is not available as a cooling agent
Cooling Tower Systems	works on principle of evaporative cooling

Source: SETL RHP, Progressive Research

About the Company:

Standard Engineering Technology Ltd (SETL) (formerly known as Standard Glass Lining Technology Ltd) headquartered in Hyderabad is a part of the Standard Group of Companies. It is a turnkey equipment solution provider with a distinctive high end technology offering **end to end** solutions for pharmaceutical, chemical, F&B, biotechnology, fertilizers and emerging technologies like electromagnetic materials. SETL is specialized in designing, engineering, manufacturing, assembly, installation and commissioning solutions as well as establishing standard operating procedures for pharma and chemical manufacturers on a turnkey basis. The **portfolio** comprises of reaction systems, storage, separation and drying systems, plant, engineering services (other ancillary parts), polytetrafluoroethylene (PTFE) lined pipelines and fittings and integrated solvent recovery systems. In Q3FY26, the company completed its **name change** to Standard Engineering Technology Limited (SETL). The business related to glass-lining continues to be the **strong core** while the new identity is reflecting the company's evolution into a high-precision integrated engineering player. SETL is trying to position itself as a **concept-to-commissioning** engineering partner, rather than solely an equipment manufacturer/supplier.

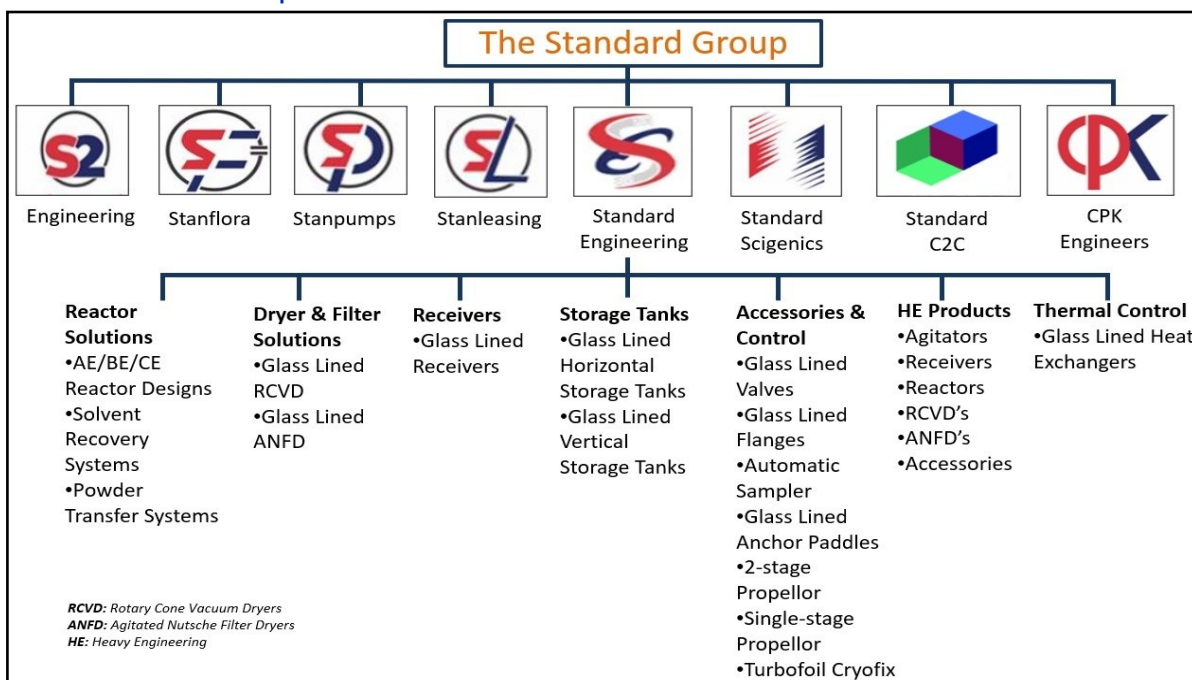
Exhibit 12: SETL Key Milestones



Source: SETL Press Release, Q3FY26 PPT, Progressive Research

SETL provides support assistance to its clients based on product supply (in accordance with client drawings and design specifications) and client service contracts. SETL enjoys **long-standing association** with its clients (of ~10 years+) both for the domestic and global markets. Some of the prominent clients include Aurobindo Pharma, Cipla, DRL, Grasim, Ion Exchange, Atul, etc. The company has 8 manufacturing facilities (SGL Unit, S2 Unit 1, S2 Unit 5, S2 Unit 3, S2 Unit 4, SFPL Unit, CPK Unit 1, CPK Unit2; all located in Hyderabad) and 1 in Chennai (via

Exhibit 13: Business Group Structure



Source: SETL Website, Progressive Research

Standard Scigenics Pvt. Ltd) having a built-up area of ~500,000+ sq. ft. The company's products are validated and certified with **ISO 9001:2015** (Certified Quality Management System), **ASME U stamp** (authorization to manufacture pressure vessels under the ASME Boiler and Pressure Vessel Code), **NB Mark** (issued by the National Board of Boiler & Pressure Vessel Inspectors), **R symbol** (for repairs and alterations of pressure retaining items), **CE certification** (compliance with European health, safety, and environmental protection standards), **PED certification** (compliance with EU regulations for pressure equipment) and **ASME certification** (compliance with international engineering codes and safety standards). The company works in collaboration with its subsidiaries that offers deep technical expertise to deliver complete solutions right from concept (R&D, pilot stage) to full scale commercial production and thus serve as a single point of contact for its customers. Mr. Kandula Nageswara Rao is the Promoter and Managing Director of SETL.

About the Company (contd.):

SGL Unit: is dedicated to manufacturing glass lined equipment (GLE) with a capacity to manufacture more than 1,600 equipment on an annual basis. The facility is spread across an area of 187,000 sq. ft. and is equipped with 17 electric overhead traveling (EOT) cranes, 11 furnaces including three agitator furnaces and three component furnaces with a combined rated power exceeding 5.99MW

S2 Unit 1: dedicated to manufacture stainless steel (SS), alloy filters, dryers, ANFDs assembling capacity, heat exchangers and is spread across an area of more than 99,000 sq. ft.

S2 Unit 2: manufactures glass lined heat exchangers. The facility is spread over an area of ~50,000 sq. ft. and is equipped with 4 EOT cranes and welding machines

S2 Unit 3: dedicated to supply and service of vacuum pumps

S2 Unit 4: manufactures heat transfer systems using stainless steel and nickel alloy covering an area of 42,000 sq. ft. It is equipped with four EOT cranes, welding machines, assembly bays, overhead cranes and electronics facilities which are capable of providing automated pump control systems

SFPL Unit: dedicated to manufacture PTFE lined pipes and fittings and is spread across an area of 35,000 sq. ft. and is equipped with four EOT cranes, welding machines, isostatic machinery, lathe machine, drilling machine, buffing machine, injection molding machine. The facility is capable of manufacturing 90,000 units per year

CPK Unit 1: engaged in the manufacturing of storage tanks, receivers, RVPDs and VTDs and heat exchange system. The facility is spread across more than 17,000 sq. ft. Equipped with three EOT cranes and welding machines, the facility is capable of manufacturing 180 units annually

CPK Unit 2: manufactures stainless steel and nickel alloy equipment, storage tanks, receivers, RVPDs, VTDs and heat exchange systems. The facility is spread across more than 6,000 sq. ft. and is equipped with 2 EOT cranes and welding machines. The facility is capable of manufacturing 60 units annually

S2 Unit 5: the operations of Unit 2 were fully relocated and integrated into this new unit (~100,000 sq.ft.) and commenced operations w.e.f. 15th May 2025

Exhibit 14: Manufacturing Units

Plant Details	Area (sq.ft.)	Purpose	Capacity (units p.a.)
SGL Unit	187,000	Manufactures glass GLE	~1609 GLE equipments
S2 Unit 1	99,000	Manufactures stainless steel (SS), alloy filters, dryers	458 stainless steel (SS), alloy filters, dryers
S2 Unit 2	50,000	Manufactures glass lined heat exchangers	300 GLE exchangers
S2 Unit 3	18,000	Dedicated to supply and service of vacuum pumps	440 vacuum pumps
S2 Unit 4	42,000	Manufacture heat transfer systems using stainless steel & nickel alloy	684 heat exchangers and nickel alloy equipment
SFPL Unit	35,000	Manufacturing PTFE lined pipes and fittings	90,000 PTFE lined pipes and fittings
CPK Unit 1	17,000	Manufactures storage tanks, receivers, RVPDs, VTDs and heat exchange systems	180 stainless steel & nickel alloy equipment, storage tanks, receivers
CPK Unit 2	6,000		60 stainless steel & nickel alloy equipment, storage tanks, receivers
S2 Unit 5	100,000	Manufactures SS and alloy reactors and receivers and focus on expanding capacity of metals division	~2000

Source: SETL June 2025 PPT, Progressive Research

Investment Rationale:

(A) Strategic Partnerships: GLEs are used extensively in pharma, chemical/petrochemicals and food processing industries for various processes from simple mixing to complex chemical reactions. (a) **Pharma:** working with utmost safety, ensuring product quality and purity, complying with the stringent frameworks of GMP and USFDA are ensured by these reactors, (b) **Chemicals:** equipments such as storage tanks, reactors, pipes and vessels are used for various chemical reactions, (c) **Petrochemicals:** anti-corrosion property makes these equipments suitable for processes which involves crude oil and its derivatives and (d) **F&B:** clean reactors ensures that there are no contamination risks involved for production of food-grade products. SETL is a renowned manufacturer of **specialized technical equipments** and offers solutions across the value chain inclusive of design, engineering, manufacturing, assembly, installation and commissioning for both pharma and chemical manufacturers on a turnkey basis. The company has the **in-house** capability to manufacture all core or specialized engineering equipments that are required in API and fine chemical products manufacturing processes. In the past, the company has grown via a number of JVs and multiple **strategic partnerships**. These included collaborative engagements with **Asahi Glassplant Inc.** (AGI Japan), **HHV Pumps Pvt. Ltd** and **GL Hakko Co. Ltd** in order to transform itself from domestic equipment fabricator to being a provider of **high-end proprietary technologies**.

Investment Rationale (contd.):

(A) Strategic Partnerships (contd.):

GL Hakko Co. Ltd: is a leading manufacturer of advanced glass lined equipment from Japan. In 2019, SETL entered into a business collaboration with M/s GL Hakko Co. Ltd (affiliate of AGI Group) wherein under the agreement terms GL Hakko would provide SETL with latest and most advanced glass lining technology to produce **conductivity glass-lined reactors and pharma glass equipments**. These **new age reactors** enhance the safety of glass-lined reactors by instantly discharging static electricity and provides static-electricity free glass-lined reactors. Under the **20 year licensing agreement**, SETL will also assemble and market GL Hakko's advanced glass-lined shell and tube heat exchangers in India; prior to this technology partnership these equipment's were entirely imported in India) and now SETL is considered as the **first and the only manufacturer of this technology** adoption in India. This would assist the Indian pharma and chemical industries to switch to **glass-lined shell and tube exchangers** that offers superior durability, corrosion

resistance and process safety as against the graphite-based heat exchangers that were subject to a shorter operational life of ~2-3 years and often prone to particle contamination and batch failures. SETL has exclusive global supply rights (ex-Japan) which are at present being imported from Japan and delivered in Indian markets.

Higenic Flora Polymers and Yashasve Glass Lining Industries: in 2023, these acquisitions enabled SETL to grow at a faster pace with the acquired businesses in the line of PTFE pipes and fittings (SETL had a market share of ~23.3% in FY24 for these product offerings).

Asahi Glassplant Inc. (AGI, Japan): in 2024, AGI Japan invested ~Rs2000mn (~USD25mn) to acquire a minority stake in SETL which enabled SETL to foray its entry into the Japanese market, engage in private label arrangements and work on co-branding initiatives. The consolidated alliance with GL Hakko and AGI Group positioned SETL to diversify its portfolio offering in the high-performance heat exchanger market.

HHV Pumps Pvt. Ltd (subsidiary of Atlas Copco): the partnership was directed for the supply of vacuum pumps under a private label arrangement; SETL's S2 Unit 3 is dedicated for the manufacture of vacuum pumps.

Gale Process Solutions LLC (GPS): in March 2025, S2 Engineering Industry Pvt. Ltd (WoS of SETL) entered into an exclusive long-term supply and purchase agreement with GPS (an affiliate of International Process Plants and Equipment Corporation, USA) which enabled the WoS to export, sell and supply stainless steel, carbon steel and nickel alloy-based products to customers of GPS in the specified countries extending the company's global footprint to a client base of ~160,000+ customers.

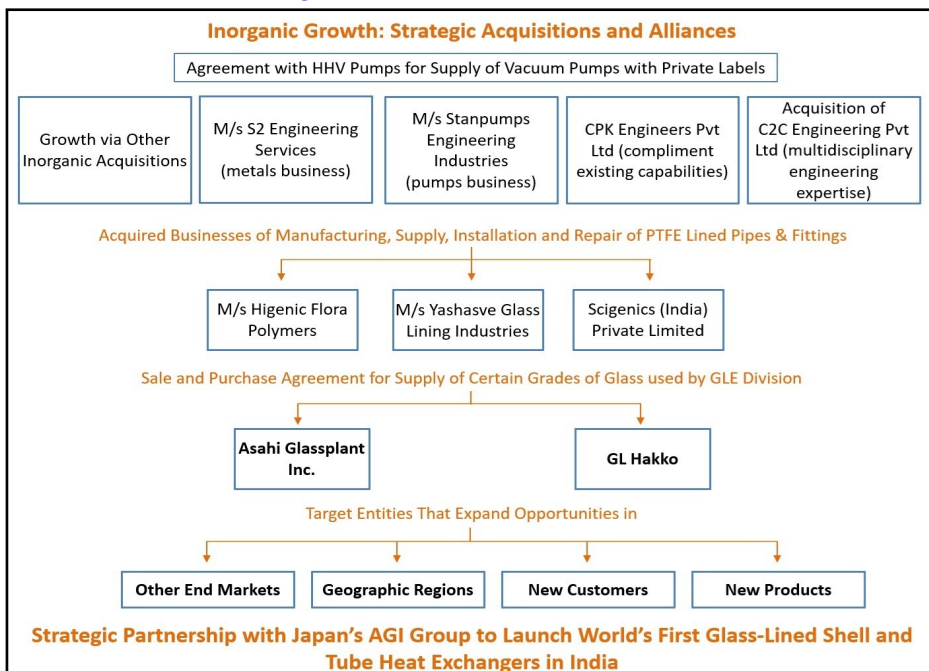
BioCon Solutions Pte Ltd; Singapore: in April 2025, SETL entered into a long-term agency agreement with M/s BioCon Solutions Pte Ltd wherein SETL would export its products to the customers of BioCon in Singapore, Thailand, Indonesia and Malaysia etc

Standard Scigenics: in October 2025, SETL entered into a definitive agreement Scigenics (India) Pvt. Ltd for a cash consideration of ~Rs90mn. Standard Scigenics Pvt. Ltd was incorporated as a subsidiary of SETL (in Sept 2025) and aims to strengthen the presence of SETL in bioprocess, fermentation, and biotech systems. This division is expected to fetch revenues to the tune of ~Rs350-400mn (without acquisition impact) in FY26.

Standard C2C: is a 20 year old engineering firm which offers process, civil, mechanical, HVAC, electrical, and instrumentation services to its clients. The integration of this business can enable end-to-end project execution with higher in-house engineering content with faster execution and better customer coordination. SETL has ~51% of the stake of this division (consideration of ~Rs122.4mn) and has no immediate plans to acquire the remaining 49% stake in C2C. The expected standalone revenue of this division in FY26 is ~Rs400mn.

API Pharma Pharmaceutical Trading LLC: in March 2026, SETL entered into a target-based conditional distribution agreement with API Pharma Pharmaceutical in order to strengthen the presence in the Middle East region in the preferred areas of pharma, biopharma & lifesciences, F&B and other process-based industries. This agreement has been undertaken on a prudent basis in consensus with the geopolitical developments wherein as per the terms of the agreement the performance for the initial 3 years would be linked to achievement of milestone/cumulative business targets and thereafter the tenure would continue for a period of 10 years.

Exhibit 15: Portfolio Offerings



Source: SETL Q3FY26 PPT, Progressive Research

Investment Rationale (contd.):

(B) Strong Portfolio: SETL offers a range of products for GLE based equipments including reactors, storage tanks, receivers, HEs, valves, flanges and fittings, etc. which are well suited to **customer specific requirements** with material thickness ranging from 1mm-60mm. Over the years of operation, SETL has successfully delivered some of the largest as well as complex equipments in the Indian markets. The company also possesses the capability to manufacture stainless steel GLE reactors (earned a recognition of a leading supplier from GMP-compliant accessories) with capacities of upto 10KL. As of FY25, portfolio delivery strength stood as ~30 ANFD manufactured per month, 9000 PTFE lined pipes & fittings on a monthly basis, 100 units of reactors (monthly basis) and ~30-40,000 liters capability to manufacture products of varied size. The core offerings under its **portfolio** includes reaction systems (~36.8% of sales in Q3FY26), storage, separation and drying systems (~23.8% of sales in Q3FY26) and plant, engineering services (~39.4% of sales in Q3FY26). **Reaction systems** include heat transfer systems, pipes & fittings, pumps and reactors; **Storage, separation and drying systems** include filtration and drying, storage and vessels and **plant, engineering services** include services, utility systems and others. The **end-user industry** revenue contribution consists of Pharma at ~56.1%, Chemicals at ~25.0% and Others (F&B and other sectors) at ~18.9%. In terms of exposure towards the **chemical** industry, the application usage is catered across specialty, fine chemicals, ag-chems, intermediates and performance materials. Some of the core offerings under this domain offered by SETL includes glass-lined reactors, stainless steel and alloy reactors/vessels, ANFDs, RCVDs, HEs, distillation and solvent recovery systems. For the **pharma** industry, SETL's association with leading pharma players has enabled the company to aid over manufacturing of complex and highly-regulated API processes in consensus with the approved and **stringent compliance and regulatory standards**. SETL also provides process equipment solutions and systems, valves, instrumentation, ancillary systems that are designed and engineered to serve the requirements in the **food** industry. Vessels, columns, HEs, comprehensive range of PTFE-lined valves for the **fertiliser** industry and the bio-process system division (via Standard Scigenics) supports the cell culture, fermentation, purification and product recovery for the **biotechnology** industry; the Management is also foreseeing opportunities to enter into the **formulation equipment and injectables area** where the client level discussions have already begun.

Exhibit 16: Portfolio Offerings

Core Offerings	→	Vacuum/Pressure: RM Storage, Reaction, Filtration and Drying Heating/Cooling System: Water/Steam based system, Single fluid system and Other multifluid systems
Non-Core Offerings	→	Air Handling/Environment Management Testing Equipment (Quality Control)
Unique Offerings	→	STANGLASS, Shell & Tube HE, Clampless Manhole, No Stain Glass, Extended Nozzles and Smart Seal

Source: SETL Q3FY26 PPT, Progressive Research

Exhibit 17: Products

GL- UA Reactor

GL- Receiver

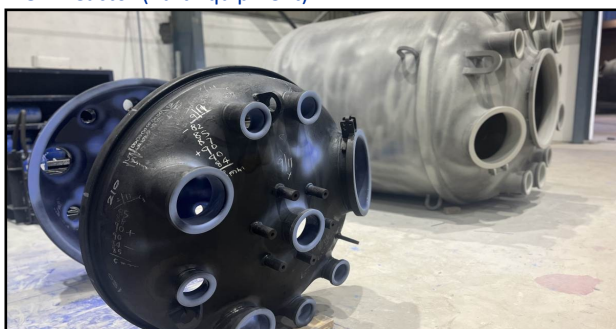
GL- RCVD

GL-Shell & Tube



GL- Reactor (Part Equipment)

GL- Reactor (Full Equipment)



Source: SETL Website

Investment Rationale (contd.):

(B) Strong Portfolio: (contd.):

Exhibit 18: Mitigating Challenges

Industry Challenges	SETL Offerings	Mitigation
instances of ignition and explosions during raw material processing in the chemical industries due to static electricity buildup and sparks	STANGLASS	suppresses ignition/explosion issue and thus provides anti-static action. Sourced via GL Hakko and Asahi
stains forming on the glass lining of reactors impact operational hygiene, visibility, and equipment life	No Stain Glass	prevents stain formations on the glass lined reactors; proprietary glass formulation
corrosion in conventional heat exchangers and inefficiencies in heat transfer due to chemical exposure	Shell and Tube HE	features advanced corrosion-resistant technology. A patent application has been filed to protect this innovation
risk of damage to vessels from manhole covers, difficulty in maintaining seals, and reliance on traditional gaskets and complex shimming processes	Smart Seal	protective bush is made of a durable, non-contaminating material and designed to be easily removable for cleaning or maintenance purposes. A patent application has been filed to protect this innovation
labor-intensive and time-consuming clamping process require the sealing manholes in reactors, leading to operational inefficiency	Clampless Manhole	instead of using clamps, SETL uses bolting cleats, which require less torque and is easy to operate with long durability
corrosion and damage to mild steel surfaces due to chemical spillage and poorly aligned piping assemblies	Extended Nozzles	developed and provided glass lining on the outer periphery of the nozzle to avoid corrosive chemical spillage

Source: SETL AR2025, Progressive Research

SETL continues to launch a number of **new high-performance based products** and expand its footprint in the regulated markets. The company is working on potential product launches that are used in **semiconductor** industry and are already in discussion with clients for the same. These upcoming launches for low leaching, high corrosive-resistance reactors and high conductivity glass will ensure enhanced safety and performance. In terms of new launches, in Q1FY26, SETL unveiled the **domestic launch of shell and tube glass lined heat exchanger** for the pharma and specialty chemical sector and out of the initial 200 units order (fully imported from Japan); the company has successfully delivered ~50% of the units in Dec'25 (to some of the **prominent** clients such as SRF, Deccan, Anupam Rasayan, Sai Lifescience etc). From Apr'26 onwards, the Management expects to manufacture ~300 such HEs on a per month basis having an average price of ~Rs12lk. This newly launched product contributed to an overall sale of ~Rs50mn in Q3FY26. SETL stands to benefit due to its **alliance** with GL Hakko and AGI Group (Japan) and these shell and tube glass lined HEs are considered as **replacements** for graphite, high-alloy and silicon carbide exchangers especially graphite based HEs as these are more prone to particle shedding which may contaminate the product. Shell and tube glass lined HE offers an edge in terms of ease of clean, longer life of ~15 years (as against graphite based HEs of ~2-3 years), with higher safety and better reliability. The replacement demand for these exchangers is immense as currently ~98% of the reactors are graphite based and any upgradation will lead to a **demand switch** towards shell and tube glass lined HEs. In addition to this, SETL is also working on developments related to **conductivity glass lining reactors** where multiple units are already manufactured, supplied as well as executed with positive customer feedbacks especially from the regulated markets in the pharma domain and the Management anticipates from Apr'27, SETL will undertake the official launch for both the Indian as well as the global markets. The company's association with **IPP** serves as an international/distribution partner to market and sell these products at a global scale.

Exhibit 19: Welding Robots



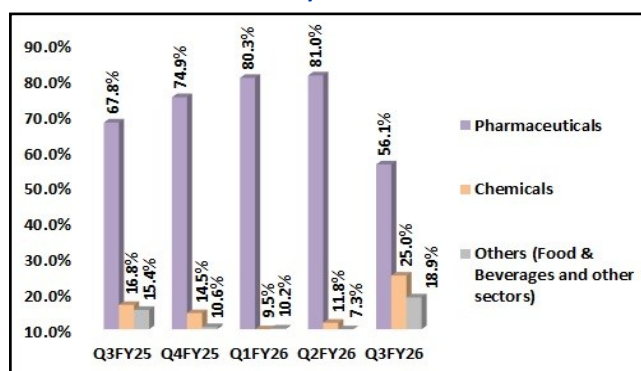
Source: SETL Website

Investment Rationale (contd.):

(C) Sturdy Integration:

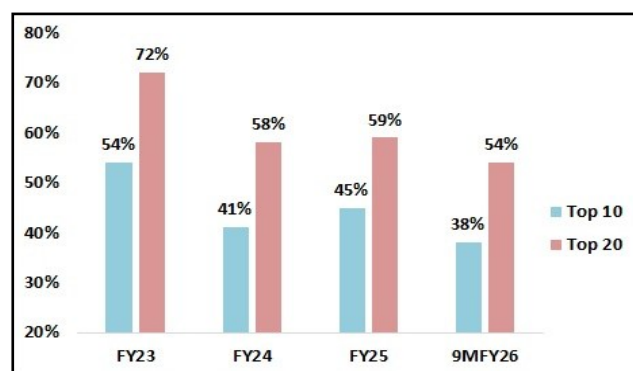
(i) **Client Base:** SETL engages in design and development of advanced process equipments for its esteemed client base. The company operates with a more inclined **B-2-B led** approach for its clients. Over the years, **pharma** has by and large attributed to a major contribution to SETL's topline followed by chemicals. The company continues to enjoy long-tenure associations with leading domestic as well as global customers where majority of these clients were engaged with SETL for more than 10 years. Some of the key clients include Biocon, DRL, Laurus Labs, Teva, Natco, Suven Pharma, Sai Lifescience, Sun Pharma, Nagarjuna Group, Tagoor Chemicals, Atul, Porus, Honour etc. The adoption of such a **customer-centric** model ensures trust, repeat orders as well as positions the company as a preferred supplier for customised and high-specification process equipment. The company extends its services to its clients based on the **product supply basis** (in accordance with client's specifications, both short and long-term lease-based services for equipments) and **supply partnership basis** (single or multi-site client specific service level agreements). The **long-term client relations** along with ongoing engagements with customers enables the company to plan and focus on the capex requirements in order to meet the client level needs and thereby enhance the overall business profile. Going forward, the Management intends to foray into other industries which have applications in Oil & Gas, heavy engineering, edible oil, flavours & fragrances and paints & coatings.

Exhibit 20: End User Industry



Source: SETL Q3FY26 PPT, Progressive Research

Exhibit 21: Customer Associations-Revenue Contribution

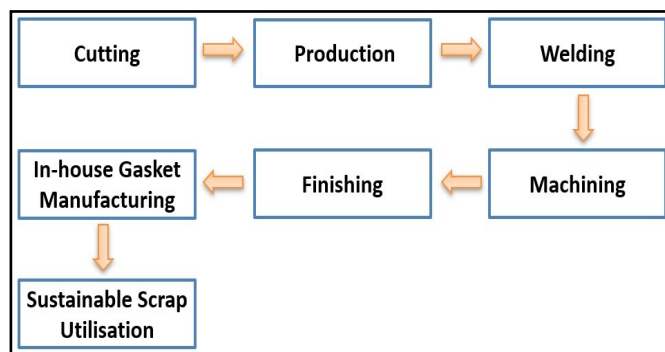


Source: SETL Q3FY26 PPT, Progressive Research

SETL already has close associations with its leading players in the pharma and specialty chemicals over the past 10-12 years. The industry as a whole has been growing at a slower pace, however, there have been some players in market who are looking at greenfield as well as brownfield capex. Some players are gradually **adding new capacities** (who are having strong cashflows or cash) while some are looking at upgrading the manufacturing units where the **replacement** of equipments at the plant are seen at a higher level. In addition to this, any major capex announced by these players to cater to the changing dynamics of chemistries and or molecules in the pharma or specialty chemicals can provide **opportunities to SETL** and other players in the peer group. Some of the recent expansion plans announced by some of the clients include Laurus Labs, Dr. Reddy's Lab, Natco, Hetero, Biocon, Sai Lifescience, etc.

(ii) **Tech Based Approach:** The company has a technologically advanced manufacturing infrastructure capability across its facilities to support precision engineering, enhance automation, monitor real-time process control, reduce the cycle time and improve operational efficiency. **Accuracy** plays a crucial role to design GLE reactors, receivers, storage, pressure vessels wherein any discrepancies either in shape, thickness or alignment can affect the product quality, purity, sterility and overall operational lifespan. A **fully integrated** approach towards accuracy serves as an integral part for SETL's entire portfolio and allows the company to minimise manufacturing based variances, identify deviations (if any) before they are converted into defects. Thus, in order to ensure client satisfaction, the company's facilities are equipped with state-of-the-art tools such as 3D computer aided design (CAD), robotic welding systems and precision computer numerical control (CNC) machinery all of which warrant high speed, error-free production of complex process equipment to suit the requirements of its client base. The in-house CNC gasket machines provides the company with the flexibility to produce gaskets that are tailor made in terms of specific dimensions, materials and design requirements. SETL has also implemented a process to utilise carbon/mild steel scrap that is generated from sheet cutting to manufacture flanges. The company makes sure to upgrade and re-invests in such technological developments that sets standard for its overall product offerings.

Exhibit 22: Tech Solutions



Source: SETL AR2025, Progressive Research

The in-house CNC gasket machines provides the company with the flexibility to produce gaskets that are tailor made in terms of specific dimensions, materials and design requirements. SETL has also implemented a process to utilise carbon/mild steel scrap that is generated from sheet cutting to manufacture flanges. The company makes sure to upgrade and re-invests in such technological developments that sets standard for its overall product offerings.

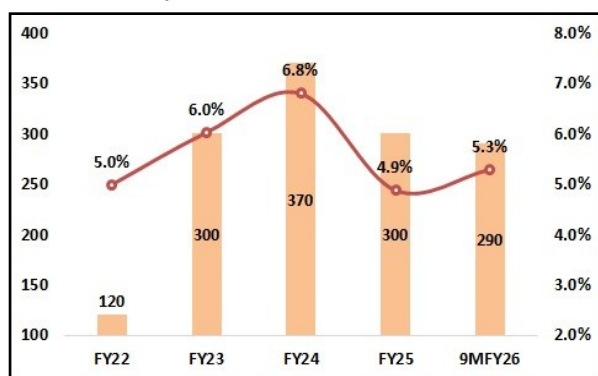
Financials:

The business performance of SETL is closely linked to the **cyclicality of the pharma and specialty chemical** sectors, which represent its primary customer concentration. This correlation is evident in the quarterly and annual demand fluctuations which is seen across its core segments like reaction, storage, separation & drying systems. SETL has reported a CAGR topline growth of ~36.7% from FY22. The **gross margins** are subject to changes in product mix and fluctuations in the key raw materials (stainless steel, carbon/mild steel, nickel alloy, forgings, castings, chemicals and PTFE powder) and have been in the range of ~45-50%. In terms of Ebitda margins, the company has more or less sustained it in the range of ~16-18% both on a quarterly and annual basis. The **employee costs** are seen increasing due to senior hiring and team expansion for new end-user industries; however, the Management anticipates the same to be more or less stable in the current range of 5.5-6.5% (as a percentage of sales). The depreciation expense has increased significantly from ~Rs42mn in FY22 to ~Rs111mn in FY25; this was due to the **infrastructure upgrades** undertaken and increase in the production capacity in one of its subsidiaries-S2 Engineering Industry Pvt. Ltd (WoS) from ~1962 to ~2172 units {for stainless steel and exotic alloy process equipments. A further increase in the depreciation expense can be witnessed going forward owing to the latest acquisitions (Standard C2C and Standard Scigenics)}. The fixed asset turnover has more or less been maintained at ~5-6.0x in FY25 as well as for 9MFY26. The manufacturing processes for SETL are **energy intensive** and in order to align with sustainability norms in consensus with the end-industries which are bound to meet the ESG requirements and focus on decarbonization, SETL in the past had already transitioned itself towards a greener and sustainable solution specifically integrating solar and wind power into its furnace operations. The **power & fuel** expenses as a percent to total expenses saw a reduction from ~38.7% in FY22 to ~17.2% in FY25. The Management expects the revenue to scale at more or less the same growth rate of 20-25% over the next 6-8 quarters.

Exports continue to be a **key margin lever** (the contribution stood at ~15% in Q3FY26), which has off late seen some short-term delays which are expected to be accomplished in the upcoming quarters; however, exports business tends to bring a small uptick to the overall blended margins profile. The intent of the Management is to gradually increase the export share (internal targets set at achieving an export: domestic mix of ~40:60) given the commencement of the US subsidiary (Standard Engineering Inc.) alongwith the collaborations with IPP and BioCon Solutions. On the **alliances** with GL Hakko and AGI Japan, SETL has gained the **license and technology** from these strategic partners to sell the glass-lined heat exchangers in the domestic and RoW markets except Japan where the partners would directly sell the products to their clients. For this association, SETL would pay a domestic **royalty** of ~4% whereas the global royalty payment would be at ~7%.

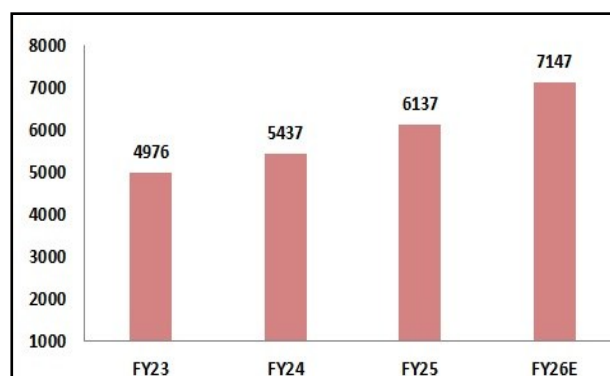
The Management believes in serving the **clients requirement** immediately, hence there is **inventory** lying in the plant as well as in the B/S. Many a times this can serve as a good effort towards quick service management, reduce delivery time and increase the orders in hand, but at times this **can also stretch the cash cycle** if the demand is bleaker and can block considerable amount of cash while stretching the overall cash conversion cycle (the WC days for 9MFY26 stood at 176). Furthermore, due to the **delays witnessed in export** order completion and recent acquisition of Standard Scigenics has led to elevated inventory levels in the books. As far as the **cash flows** are concerned, the Management is expecting a meaningful improvement by Q4FY26 owing to higher scale of operations, better collections and export execution. Cashflow from operations stood at ~Rs20-50mn in as of 31st Dec'25, which increased to ~Rs150mn in Feb 2026; the Management anticipates the same to inch towards ~Rs500-700mn positive operating cash flow by FY26 end. The **liquidity position** also stands strong for the company at ~Rs2500mn (as of Q3FY26).

Exhibit 23: Capex Trends



Source: SETL Q3FY26 PPT, Progressive Research

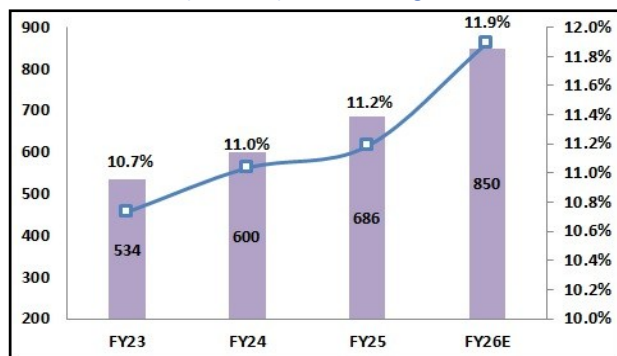
Exhibit 24: Revenue Trend (Rs in mn)



Source: Annual Reports, Progressive Research

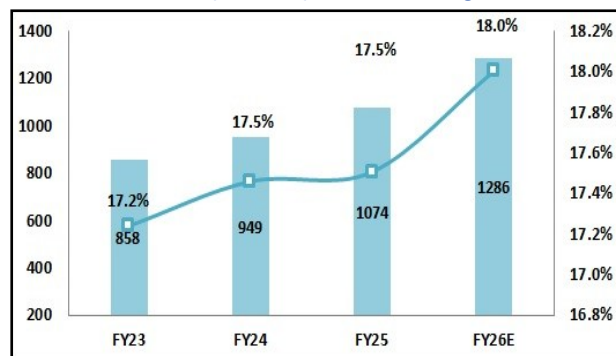
Financials (contd.):

Exhibit 25: PAT (Rs in mn) v/s PAT Margins



Source: Annual Reports, Progressive Research

Exhibit 26: Ebitda (Rs in mn) v/s Ebitda Margins



Source: Annual Reports, Progressive Research

With regard to the **order book**, the Management has mentioned the visibility to be better than the previous year. The Management has also expressed confidence in sustaining the growth of ~25% which should be driven by **organic expansion** and not led by acquisition. **Precision engineering and integrated solutions** are expected to be the key growth drivers where the Ebitda as well as the PAT is expected to increase with the overall topline. The company has targets set for its **new avenues** and plans to scale up on the monthly production (from Apr'26 onwards) of **shell and tube** glass lined HEs (the current orders in hand imported from Japan stands at ~120 units) at a capacity of ~300 units per month that would be spread across the Indian as well as Japanese markets (the manufacturing split is categorized as ~80% in Japan and ~20-25% in India). The **initial production** for the same is expected to be at ~100 units on a monthly basis with a gradual ramp-up based on the demand and customers' responses. For **conductivity glass-lined reactors**, the Management believes, there are no **alternative competitors** for this product at present. In terms of capex deployment, the planned capex for the existing facilities is ~Rs1300mn over the next 2-3 years; out of which the company has already incurred ~Rs300mn and intends to incur additional ~Rs200mn towards the end of Q4FY26. In addition to this, for the **existing** facilities the Management intends to spend another ~Rs300-500mn while for the 36 acres **greenfield project** for ~4-5 lakh sq.ft.; the phase 1 capex is expected to be at ~Rs700-1000mn with anticipated operation commencement tentatively by June 2027. The planned capex for FY27E is estimated at ~Rs1000-1500mn. The proposed capex is set aside for purchase of new machinery and equipments like the welding machines, cranes and laser scanning cutting machines. The **long-term** borrowings that stood at ~Rs20mn in FY25 which invariably boosts its interest coverage ratio (ICR). The return ratios too are almost at comfortable levels with ROCE and ROE that stood at ~15.9% and ~10.9% respectively in 9MFY26. The cash accruals are expected to be ~Rs800-1000mn which are sufficient against term debt obligation of ~Rs150-300mn over the medium term. In addition, it will act as a cushion to the liquidity of the company. The company also has free liquidity in form of FDs of ~Rs2290mn as of 31st March 2026.

Risks and Concerns:

The entire business of SETL is directly linked to the **planned capex** (whether greenfield or brownfield) of its end-user industries of pharma and chemicals which is also directly proportional to the inquiry inflow and order book position. The **order fortune** is tied to high end players from the pharma and chemical industries (top 20 customers contributed ~54% of the overall sales in 9MFY26); any cancellation of orders or failure to meet the volume commitments or lack of availing repeat orders from these client base can hamper the business operations for SETL. Thus, any **fluctuations/pause** in the capex plans of its end-user industry players may hamper the inquiry/order book position and thus the revenue visibility for the company. The business fundamentals are also tied to obtaining **licenses/approvals/certifications** that are subject to various laws and ESG related compliance factors; failure to do so can affect the brand equity and relations with its customers. The operations are also dependent on the availability of **skilled labour workforce** and this constitutes a considerable portion as a percent of sales (has been in the range of ~9-11% over the past FYs), thus the company's ability to retain, train and hire can hamper the day to day operations at the plant. The key **raw materials** that consists of stainless steel, carbon/mild steel, nickel alloy, forgings, castings, chemicals and PTFE powder are sourced by the company from their prominent suppliers; therefore, any changes in rate negotiations/termination of contracts can affect the production cycle, inventory levels and the order book position. The company in the past has reported **negative cash flow from operations** (CFO) which was due to changes in the overall working capital levels; however, the same has witnessed an improvement led by better collection cycle recently. Furthermore, any delays in payments or defaults from either of its customers can impact the cash flows. The business of SETL is also dependent on a sufficient amount of **working capital** needs in order to fill the gap between the purchase of raw materials and realisation from the finished goods.

Risks and Concerns (contd.):

The company's inability to introduce any **new product** in a timely manner or expansion in the **existing** product portfolio can affect the future business strategies. Maintaining the **competitive intensity** with the listed peers in the same nature of business is also one of the key areas of concerns for the company. The company has shown some **sluggishness** related to the exports business which has been showing strength only towards the end of the financial year or in the March quarter. There has been some consistency seen in the export execution coupled with delays. The company may be exposed to any uncertainties from the **Indian** (~80-85% of the business is from the domestic market) markets/economic factors that can affect the operational profitability. The company has certain **contingent liabilities** in its books (~Rs287mn as of FY25), the probability of occurrence of these can lead to a future cash outflow. The in-house technology solutions that the company already has, any failure to upgrade the same can pose a significant risk to the working operations of SETL. Termination of exclusive agreements entered with international glass manufacturers can impact the business and production capabilities of the company. In January 2026, the promoter group has **pledged shares** stating the requirement to be of personal nature and not related to the company operations. The Management expects the pledged shares to be reduced within the next 2 quarters or so.

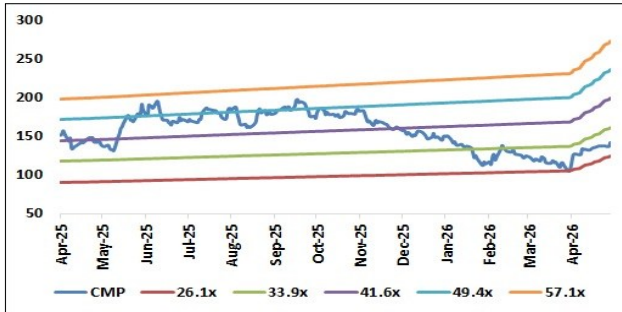
Outlook and Recommendations:

SETL is a **turnkey equipment solution provider** with distinctive high-end technology offerings with **end-to-end** solutions for pharmaceutical, chemical, F&B, biotechnology, fertilizers and emerging technologies like electromagnetic materials. Over the years, the company has created a strong brand equity for its product portfolio by offering innovative, high reliability solutions. The new products which the company has been adding in the last 6-8 quarters (was ~72 in Q3FY25) which has increased to ~91 in Q3FY26. Its **product portfolio** comprises of **reaction systems** (heat transfer systems, pipes & fittings, pumps and reactors); **storage, separation and drying systems** (filtration and drying, storage and vessels) and **plant, engineering services** (services, utility systems and others) which functions as a **concept-to-commissioning engineering solution provider**. The company enjoys a **market share** of ~30-35% in the GLE business and continues to serve as the central business theme for the company's future growth. Innovations and latest avenues have led to the introduction of **shell and tube** glass lined HEs and **conductivity glass lined reactors** which offer immense potential for the Indian as well as the global market. In terms of **conductivity glass** lined reactors, SETL has already experienced encouraging and positive customer validations from the regulated markets in the pharma domain and the Management intends to undertake an official launch and sale of this product (tentatively from April 2027) via its **distribution partner** IPP at a global level.

While the glass lined business is more or less becoming a matured business, most of the players in the industry are trying to explore opportunities in the adjacent domains with **soft diversifications**; SETL's focus areas also are directed towards nuclear, clean energy, bioprocess, high-purity pharma, semiconductors, etc. The company has been exploring opportunities with its Japanese counterparts while at the same trying to explore newer opportunities with a vision of trying to become a MNC company. The company has been capable of reporting good growth in the topline as well as bottomline, owing to the best utilisation of available capacities, there is scope of some cosmetic improvements and tweaking in the operational organisations which can be done at the plant level. The **recent acquisitions** of Standard Scigenics Pvt. Ltd and Standard C2C Engineering are anticipated to strengthen the engineering knowledge depth while expanding the solution offerings to its clients. With regard to Standard C2C; at present the company is working on 3 projects and has the potential to scale this up further to additional 4-5 projects in due course. The process of acquisitions and integration progress are moving hand-in-hand along with the greenfield capex, wherein the first phase of development is anticipated to be completed by Q1FY27E. The company intends to be recognised as an end-to-end solutions provider to the pharma/speciality chemicals players (almost ~90% of the top CDMO players are working with SETL). The recent **name change** of the company intends to reflect the **broader scope of engineering** coupled with the focus on the core glass-lining business.

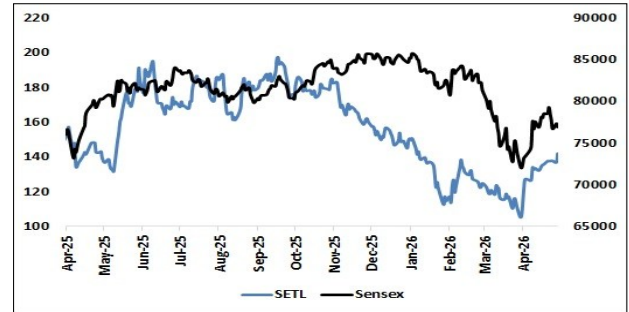
The company has been able to deliver good performance in the past 6-8 quarters owing to disciplined execution, the recent scale-up in engineering solutions business coupled with the benefits arising from the integrated operations post the acquisitions. The strategic and focused approach of the Management aims to strengthen its **partnerships** with key pharmaceutical and chemical clients, enhance its export footprint from a medium to long-term perspective, augment the existing facilities and scale up the **greenfield** capacity, grow the business with a blend of organic, past as well as recent alliances and acquisitions, work on new product developments and strengthen the operational excellence by **reducing the cycle time** in order to ensure consistency. The global as well as the Indian market size for the entire business portfolio of SETL offerings (GLE, pressure vessels, storage tanks, F&D, vacuum pumps, HEs) is anticipated to grow at a reasonable CAGR over the next 3-4 years and SETL is well positioned to capitalise on these upcoming opportunities in a more meaningful manner. A strong brand equity, robust order book position, synergistic benefits from the recent alliances and partnerships, gradually enhancing the export percentage of the overall business; all these triggers are slated to augur well for the future growth of SETL. We, thus initiate a **BUY** on the stock for a target price of Rs188 over a 12 months horizon.

Exhibit 27: One Year Forward P/E



Source: Ace Equity, Progressive Research

Exhibit 28: Price v/s Sensex



Source: Ace Equity, Progressive Research

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