

**Rating: Neutral**

**Issue Offer**

**Fresh Issue of 69,64,000 equity shares amounting to INR 857 Mn.**

**Issue Summary**

Price Band INR	117-123
Face Value INR	10
Implied Market Cap INR Mn.	2855.3
Market Lot	1000
Issue Opens on	Aug 29, 2025
Issue Close on	Sept 2, 2025
No. of share pre-issue	1,62,50,000
No. of share post issue	2,32,14,000
Listing	NSE SME

**Issue Break-up %**

QIB Portion	9.92%
Retail Portion	53.68%
NII Portion	31.38%

**Registrar**

Kfin Technologies Ltd

**Book Running Lead Managers**

3Dimension Capital Services Ltd

**Shareholding Pattern**

	Pre-Issue	Post-Issue
Promoters	100%	70%
Public & Others	-	30%

**Objects of the issue**

- The company needs more working capital to support its rapidly growing business and increasing revenue.
- Funds will be used for future growth and new business opportunities.
- General Corporate Purposes

Sugs Lloyd Limited is an ISO-certified engineering and construction company with a focus on the renewable energy sector in India. It operates in four main business areas: Solar EPC, Electrical EPC, Civil EPC, and Manpower Staffing. The company's key strengths, which it calls "execution excellence," include a scalable business model, a focus on quality assurance, and strong relationships with existing clients that result in repeat business. It is well-positioned to benefit from major government initiatives, such as Revamped Distribution Sector Scheme and the national solar power target, which are expected to drive significant growth in the market.

**Investment Rationale**

**Scalable Business Model:** The company operates on a business model that emphasizes optimal utilization of resources, efficient execution, and continuous innovation. This framework has already demonstrated scalability in the renewable energy sector, where the company has established a successful presence. The same model is adaptable to other industries that require technologically advanced management systems, thereby offering multiple avenues for expansion. The ability to replicate success across sectors provides the business with long-term growth potential.

**Operational Efficiency and Cost Control:** Continuous reviews of existing processes, modern technology, and use of data-driven analytics enable the company to identify inefficiencies and implement corrective measures. These initiatives support cost reduction, particularly in overheads, and enhance productivity. Improved efficiency not only drives profitability but also strengthens competitiveness by allowing the company to deliver high-quality services at optimized costs.

**Expanding Market Presence:** The company is actively working to increase its geographical footprint and market reach. Leveraging strong marketing capabilities, existing client networks, and a proven track record of service delivery, the company is well-positioned to expand into new geographies. Timely execution of client projects, combined with strong relationship management, is expected to drive customer acquisition and retention across both domestic and international markets. This strategy creates opportunities for accelerated growth in the coming years.

**Strong Quality Standards:** The company maintains high service quality through ISO-certified standards and rigorous processes across all operations. Every stage, from resource deployment to execution, follows defined protocols to ensure consistency and reliability. This emphasis on quality has allowed the company to differentiate itself in the market, build credibility among clients, and secure repeat business, which in turn contributes to stable revenue generation.

**Valuation and View:** Company appears to be a well-established player in the electrical transmission and distribution sector in India. The company has demonstrated strong growth, with its top line increasing by 2.7 times in FY25 and maintains a healthy profit after tax margin of 9.5%. While its initial business of Outage Management Systems contributes a smaller percentage of revenue, the company has successfully diversified into the high-growth solar and civil EPC markets. The upcoming IPO, with proceeds allocated for working capital, signals a strategic move to fuel further growth and capitalize on future opportunities presented by government initiatives in the power sector. The absence of long-term debt positions the company favorably to pursue expansion. The company's current order book is reported to be around INR 4200 Mn, with orders from seven to eight different states. Overall, Sugs Lloyd presents itself as a company with a proven track record of performance and a clear strategy for future growth. **At the upper band of INR 123, the issue is valued at a P/E ratio of 17x, based on FY25 EPS of INR 7.23. We are recommending a " Neutral " rating for this issue.**

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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