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In an interaction with Umar Balwa, Managing Director of Sealmatic India

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We are the preferred vendor for various projects in India in the core industrial sector, due to our knowledge and application-based solutions for critical equipment, asserts Umar Balwa, Managing Director of Sealmatic India

How has getting listed on the SME platform helped the company's growth?
As you know our company got listed on the BSE SME platform in March 2023. Sealmatic in addition to its already established reputation in the marketplace, now has wider credibility and enhanced financial status in the market, also leading to demand for the company's shares and a higher valuation of the company.

Equity financing provides growth opportunities like expansion, mergers and acquisitions, thus being a cost-effective and tax-efficient mode. There are about 15000 high-quality SMEs located across the length and breadth of the country, engaged in high-end manufacturing in every field possible. There is going to be an industrial revolution in our country in the coming years, making India a powerhouse like Germany, Japan and South Korea. There are about 394 companies listed on the BSE SME Platform, which have raised Rs 4,263 crore from the market and the total market capitalization of 394 companies as on October 07, 2022, is about Rs 60,000 crore. This says it all.

To my experience and understanding this is just the beginning of the history being written about the pivotal role the SME segment is going to play in the success of the country in becoming a global manufacturing hub.

What is the growth outlook for your business in the coming two to three years?
We are well placed with our infrastructure to fulfil our goals of becoming one of the top three mechanical seal companies in India, we are aiming to achieve a sizeable market share in the coming years. The current market size for mechanical seals in India is Rs 1900 crore and is expected to grow to Rs 2800 crore by 2028. Similarly, the global market size for mechanical seals is USD 4.5 billion and is expected to grow at a CAGR of 5 per cent in the coming years. We want to be a leading player in the country and also want to play a key role in the mechanical seal industry globally. We have robust plans to be present on all continents.

Over the years, the capabilities of Indian industry have improved dramatically and paved the way for induction of state-of-the-art technology in all the industrial fields, viz oil & gas, refinery, power, petrochemical, chemical, pharmaceutical, fertiliser, pump & paper, shipping, aerospace etc, thus this created a huge demand for high precision mechanical seals in India. Mechanical seals are designed to prevent the leakage of exotic and hazardous media into the environment, more and more strict legislation made it mandatory for industrial plants to employ mechanical seals for all their rotary equipment. Thus, creating demand for Sealmatic mechanical seals for sophisticated mechanical seals for rotary equipment.

What are some of your company's niche products, and what sets them apart from your more mainstream offerings?
Mechanical seal industry is highly competitive, it requires a huge amount of time, money and energy to reach a certain level. Generally, a period of 10 years is needed to attain maturity in this industry. When we started in 2011 after ending our joint venture of 17 years (2007) with Feodor Burgmann of Germany, we consciously made efforts to set up our plant to match international standards and specifications. Not only in terms of employing hardware and software but also implementing very high international standards and a highly trained team, we are proud to state that we have had more than 100 visits from international customers to our premises and all of them have said simply one thing – "state of the art international facility".

We are perceived and respected globally as a high-quality mechanical seal company. We enjoy an excellent position in this market both in terms of global and domestic exposure, our range of mechanical seals is exported to over 45 countries and is well accepted when compared to the big boys of the industry.

Domestically we are second to none in our offerings, we provide a comprehensive package to our customers in India, right from the selection of mechanical seals to the installation and training of the personnel at the end user premises. We are the preferred vendor for various projects in India in the core industrial sector, due to our knowledge and application-based solutions that we provide for critical equipment.

What are your expansion plans and how do you plan to finance your expansion?
We are in the process of setting up a second unit to add an additional capacity of 60 per cent, for which we have already entered into a lease agreement and the unit will be operational by the middle of this financial year. The total funds which shall be deployed are about Rs 40 crore (this is available from the listing proceeds) for plant & machinery, research & development, marketing and sales activities in India, the Middle East, Europe and USA, working capital and other corporate expenses. The funding will help in our expansion programme, our current capacity utilization is about 85 per cent. In the financial year 2021 - 2022, we clocked a revenue of about Rs 43 crore and we can scale it up to Rs 60 crore from the current unit.

What are the major factors that set you apart from other competitors in this segment?
As mentioned earlier, the business of mechanical seals entails application know-how, which comes through various years one serves in this technically competitive industry, we have devoted over 32 years to this high-octane business, which requires out-of-the-box thinking in providing solutions for very difficult and complex sealing applications. Our speciality lies in designing and providing heavy-duty mechanical seals for pumps, compressors, agitators and other rotary equipment. This has been achieved from the rich data bank that we have assimilated in the last 32 years, which allows us to match such demanding applications to the work that we have done in the past, plus we employ best of the raw materials, which are imported from Germany, USA and the UK, we do not compromise on the metallurgy.