

**IPO Details**

<b>Opening Date</b>	Sep 05, 2022
<b>Closing Date</b>	Sep 08, 2022
<b>Stock Exchange</b>	NSE SME
<b>Lot Size</b>	2000 Shares
<b>Issue Price</b>	Rs. 55 per share
<b>Issue Size</b>	16,00,000 Equity Shares
<b>Application Amount</b>	Rs. 1,10,000

**IPO Objective**

Funding Working Capital Requirement  
General Corporate Purpose  
To Meet Issue Expenses

**Pre-Issue Shareholding**

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	43,69,996	100%
Public	4	Negligible

**Promoter of the Company**

- Mr. Nikesh Kishorchandra Choksi
- Mr. Richi Nikeshbhai Choksi
- Mrs. Priyanka Richi Choksi

**Competitive Strengths**

- Organizational stability along with management expertise
- Existing client relationship
- Well-trained employee base
- Quality Assurance

**Company Background**

- Company was established in the year 2014 in Gujarat.
- Company is engaged in the business of Power transmission, Distribution and Industrial EPC space projects (Engineering, Procurement and construction).
- Company provides wide range of services such as Power Transmission, EHV substation, Testing and Commissioning of sub-station and Transmission, Power Distribution Network Establishment, Underground Cable laying, Upgradation and modification of existing power system.
- Company also undertakes turnkey jobs for Supply, Civil, Erection, Testing & Commissioning of all types of Electrical system.
- Company deals with state government power utilities, private power entities and Renewable energy developers.
- As on 31<sup>st</sup> March 2022, the company had 32 employees on its payroll.

**Financial Summary**

	(In Lacs)		
For the Period Ended	Mar-22	Mar-21	Mar-20
<b>Total Assets</b>	2,147.65	1,889.20	943.44
<b>Net Assets</b>	674.48	384.03	285.41
<b>Total Borrowings</b>	648.19	721.18	292.58
<b>Total Revenue</b>	3,299.73	2,262.21	2,009.82
<b>Profit After Tax</b>	290.44	98.62	120.80

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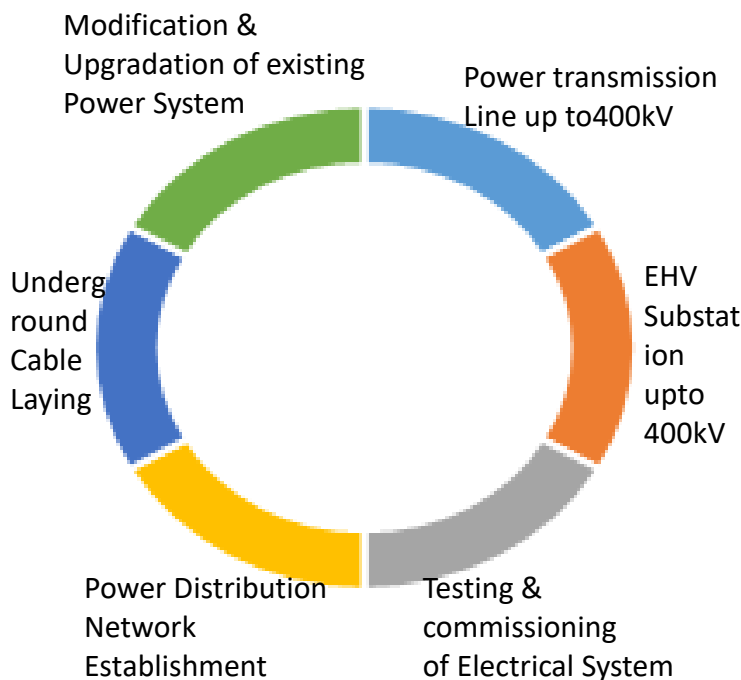
**Company Overview**

Viviana Power Tech Limited was incorporated in the year 2014 and is engaged in the business of Power transmission, Distribution and Industrial EPC space projects (Engineering, Procurement and construction). Company provides wide range of services such as Power Transmission, EHV substation, Testing and Commissioning of sub-station and Transmission, Power Distribution Network Establishment, Underground Cable laying, Upgradation and modification of existing power system and also undertake various turnkey jobs.

**Analysis**

Company has around 7 years of experience in providing services related to power sector. Operating in an industry where the country is the third largest producer and second largest consumer of power makes it a vital part of the industry with good growth prospect.

The product/service base of the company includes –



Company provides its services to government entities, private power companies and renewable energy developers on the basis of open bidding or preferential basis in accordance with company's merit and performance. Company mainly takes the EPC (Engineering, Procurement and Construction) projects. Company's services mainly depend upon the workforce it has instead of high-end machineries which it hires from outside. **The company has good client base as mentioned in its prospectus out of which GETCO, BHEL, Adani Transmission and Suzlon energy are the few to name here.**

The company has been able to generate steady and increasing revenue over time with a CAGR of around 27%. **The company, as mentioned in the prospectus, has around Rs. 69 crores of ongoing projects from various reputed customers such as Adani Green Limited, GETCO and Welspun Infracapital Pvt. Ltd.** The margin saw a dip in the year 2021 but again reverted back to the levels of FY 20 and the analysis of the same is given in the report below.

To conclude, the company has shown good strength in revenue numbers, has good client base, working in prospective but competitive industry and has been having ongoing projects of reputed clients.

**Industry Charts**

Exhibit 1: Market Size of Power Sector in India

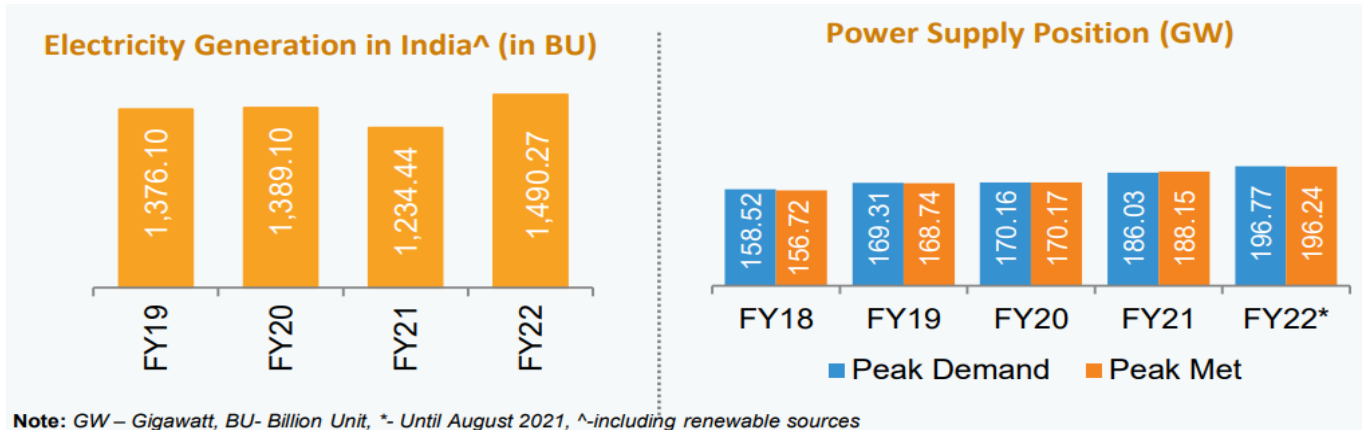


Exhibit 2: Sector Composition of Indian Power Industry

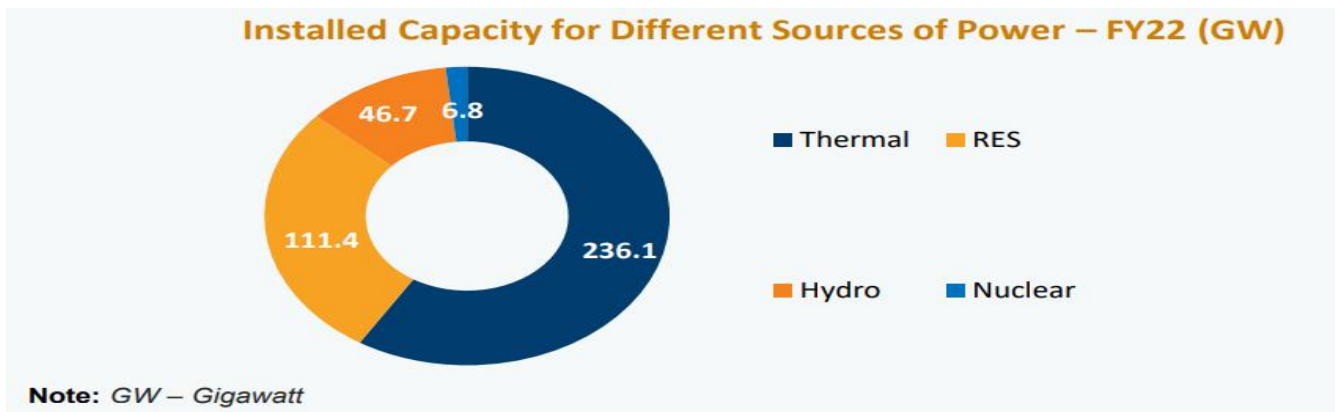
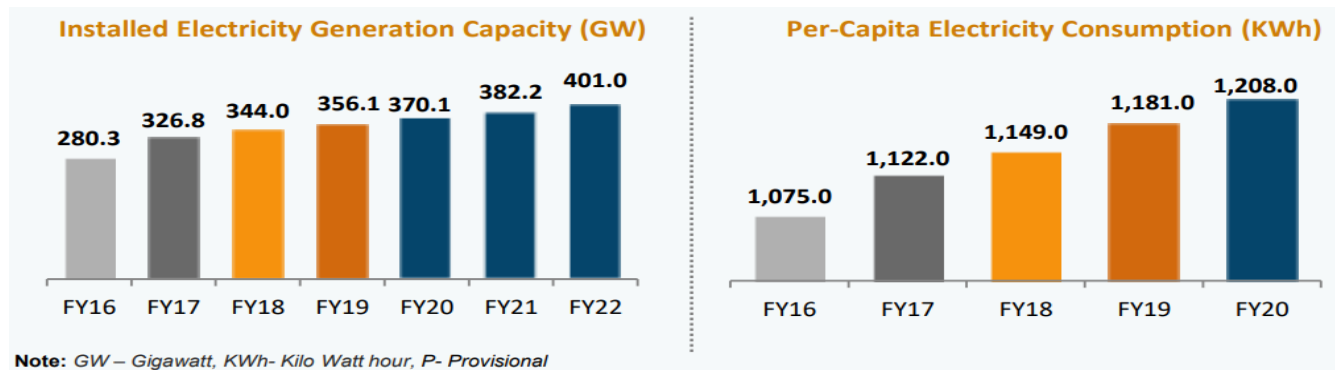


Exhibit 3: Key Trends in Indian Power Sector



(Source: ibef.org)

## Investment Overview

### Power Industry

Power is among the most critical components of infrastructure, crucial for the economic growth and welfare of nations. The existence and development of adequate power infrastructure is essential for sustained growth of the Indian economy.

India's power sector is one of the most diversified in the world. Sources of power generation range from conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power, to viable non-conventional sources such as wind, solar, agricultural and domestic waste. Electricity demand in the country has increased rapidly and is expected to rise further in the years to come. In order to meet the increasing demand for electricity in the country, massive addition to the installed generating capacity is required.

India was ranked fourth in wind power, fifth in solar power and fourth in renewable power installed capacity, as of 2020. India is the only country among the G20 nations that is on track to achieve the targets under the Paris Agreement.

India is the third-largest producer and second-largest consumer of electricity worldwide, with an installed power capacity of 401.01 GW as of April 30, 2022.

As of April 2022, India's installed renewable energy capacity stood at 158.12 GW, representing 39.43% of the overall installed power capacity. Solar energy is estimated to contribute 55.34 GW, followed by 40.53 GW from wind power, 10.68 GW from biomass, 4.85 GW from small hydropower, and 46.72 GW from hydropower. The renewable energy capacity addition stood at 8.2 GW for the first eight months of FY22 against 3.4 GW for the first eight months of FY21.

With electricity generation (including renewable sources) of 1,490.27 BU in India in FY22, the country witnessed an increase of 7.85% over the previous fiscal year.

(Source: ibef.org)

## **Addressable Market for Viviana Power Tech Limited**

The company focuses on client retention and as per the prospectus the company has been able to do so. Currently the company is providing its services to number of reputed clients and focuses on providing them with newer range of services in the coming times also eyeing new customers with its sales and marketing strategies, mostly domestic.

## **Competition**

Company operates in a highly competitive environment. The industry is filled with various organized and unorganized players in the industry. The company has to depend upon winning the bids from government organizations and some private organisations as well which makes the competition a little more intense. The bargaining power of the customers is more as the industry is quite fragmented.

## **Peer Analysis**

As Mentioned in the prospectus, the company has 2 competitors viz.KEC International Limited and Kalpataru Power Transmission Limited. A summary on key figures as compared to these companies is given in the table below –

<b>Company</b>	<b>Viviana Power Tech Limited</b>	<b>KEC International Limited</b>	<b>Kalpataru Power Transmission Limited</b>
Net Profit (INR Cr)	2.90	332.08	540.3
EBITDA (INR Cr)	5.17	916.93	1278.48
Return on Capital Employed	65.75%	17.91%	12.08%
Return on Equity	43.06%	9.17%	12.63%
EPS (INR)#	4.87	12.33	36.33
P/E* (Times)	11.30	33.26	11.08

### **# Post-IPO Basis**

**\*As on 02/09/2022**



**Promoters' Profile and Management Analysis**

**Mr. Nikesh Kishorchandra Choksi**



- **Mr. Nikesh Kishorchandra Choksi** is the Promoter, Chairman and Managing Director of the Company.
- He is in the line of business from 37 years.
- He holds a degree in Bachelor of Electrical Engineering from Sardar Patel University.
- He is responsible for the expansion and overall management of the business of the Company.

**Mr. Richi Nikeshbhai Choksi**



- **Mr. Richi Nikeshbhai Choksi** is the Promoter and Whole Time Director of the company.
- He is having more than 10 years of experience in the line of business.
- He holds degree in Bachelor of Electrical Engineering.

**Mrs. Priyanka Richi Choksi**



- **Mrs. Priyanka Richi Choksi** is the Promoter an CFO of the company.
- She is having more than 7 years of experience in the field of Accounts and Finance.
- She holds degree in Masters of Business Administration in Finance from Gujarat Technological University.



### **Analysis on the Company's Promoter and Board of Directors**

**Mr. Nikesh Kishorchandra Choksi**, Promoter, Chairman and Managing Director, of the company is the guiding force behind the business decisions of the company. He is having more than around 37 years of experience in the business line. He has done Bachelor of Electrical Engineering. He has been instrumental in taking major policy decision of the Company. He is playing vital role in formulating business strategies and effective implementation of the same. He is responsible for the expansion and overall management of the business of our Company.

**Mr. Richi Nikeshbhai Choksi** is the Promoter and Whole Time Director of the company. He has completed his Bachelor of Electrical Engineering. He has more than 10 years of experience in the field of business. He looks after the Project Management and System Development of the company.

**Mrs. Priyanka Richi Choksi** is the Promoter and CFO of the company and has more than 7 years of experience in the field of Accounts and Finance. She holds degree in Masters of Business Administration in Finance from Gujarat Technological University.

To conclude, the management of the company looks good with relevant education background and having good enough experience in the related field of business. The company's important decision seems to be currently taken by Mr. Nikeshbhai, but in coming times it seems that Mr. Richi would take over. However, since the Managing Director is also the Chairman of the Board, puts a negative outlook on the Corporate Governance.

## Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2022
<b>Profit and Loss</b>			
Revenue from operation	2,006.38	2,253.21	3,256.22
Other income	3.44	9.00	43.51
Total Revenue	2,009.82	2,262.21	3,299.73
Expenses	1,788.37	2,048.50	2,782.50
Depreciation and Amortisation Cost	16.68	17.57	19.05
Finance Cost	50.72	65.28	102.48
Total Expenses	1,855.77	2,131.35	2,904.03
PBT	154.05	130.86	395.70
PBT Margin	7.68%	5.81%	12.15%
EBITDA	221.45	213.71	517.23
EBITDA Margin	11.04%	9.48%	15.88%
Net Profit	120.80	98.62	290.44
Net Profit Margin	6.02%	4.38%	8.92%
<b>Balance Sheet</b>			
Total Borrowings	292.58	721.18	648.19
Net Worth	285.41	384.03	674.48
Fixed Assets	103.25	87.19	77.64
Net Working Capital	64.86	135.53	-85.39
<b>Financial Measures</b>			
Inventory Turnover Ratio	5.80	5.70	7.10
Receivables Turnover Ratio	7.20	2.51	3.31
Payables Turnover Ratio	53.06	1.98	2.48
Fixed Assets Turnover Ratio	19.43	25.84	41.94
Return on Capital Employed	56.70%	31.77%	65.75%
Return on Equity	42.33%	25.68%	43.06%
Debt-Equity Ratio	1.03	1.88	0.96

(The data has been taken and calculated from the financials given in the prospectus)

### **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)**

The EBITDA of the company has grown from Rs. 221.45 lacs in 2020 to 517.23lacs in 2022 growing at a CAGR of 52.83%, such a growth seems to be unsustainable in future. The EBITDA margin in 2022 was 15.88%, 9.48% in 2021 and 11.04% in 2020 showing inconsistency but seems that the company has better managed its operating costs and showing better growth in EBITDA margin.

### **Net Profit**

The net profit of the company has grown from Rs. 120.80 lacs in 2020 to Rs. 290.44 lacs in 2022 growing at a CAGR of 55.06% which seems to come down in coming times in growth rate terms. The net profit margin of the company was 6.02% in 2020, 4.38% in 2021 and 8.92% in 2022 showing that after a dip, the company rebounded to the levels of 2020 with a better management of its operating and non-operating expenses

### **Finance Cost.**

The company has incurred finance cost mainly on the unsecured loans taken from Banks and NBFCs and short term loans taken from Banks

### **Financial Measures/Ratios**

RoCE of the company in 2022 was 65.75% vs 31.77% in 2021 and 56.70% in 2020. The dip in the RoCE in 2021 was due to dip in the EBIT in the same year. After that the company has been able to manage its operating expenses showing better RoCE. The RoCE is expected to come down with new capital being introduced through IPO but the same is yet expected to be above industry standards.

ROE of the company up in 2022 was 43.06%, 25.68% in 2021 and 42.33% in 2020. The reason for dip in 2021 and the expectations in coming years could be set forth as that of RoCE.

The Company's Turnover Ratios have been fluctuating and no proper trend could be identified. However, in relation to 2021, company has managed its Inventory and Receivables well, but have to look to manage its payables more efficiently.

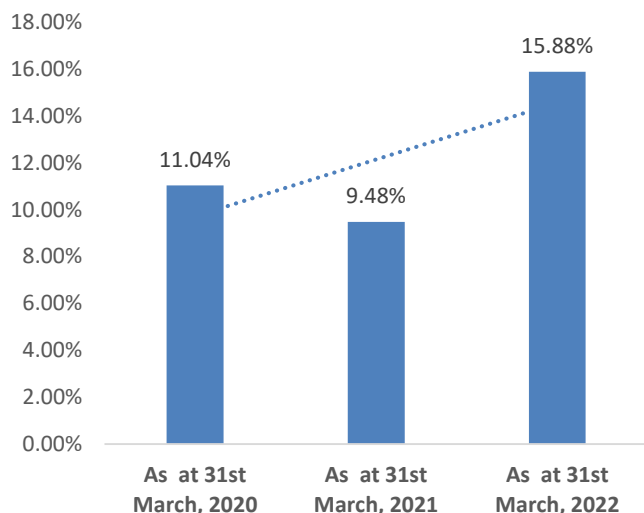
Company's Debt-Equity Ratio has been 0.96 times in FY 22. The same was 1.88 in FY 21 as the company had availed Term Loans from NBFCs but due to repayment



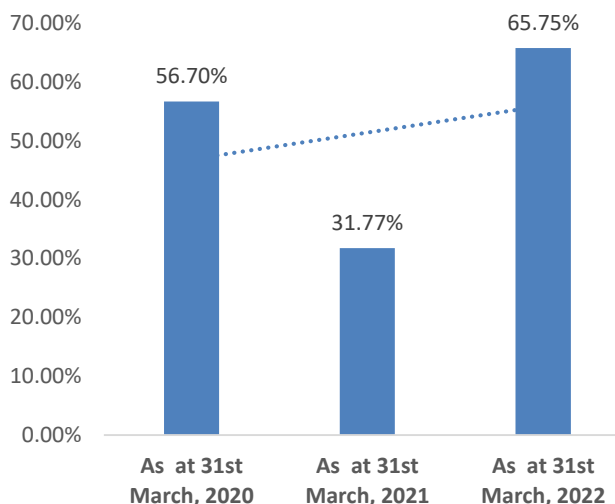
and increase in profits, the Debt-Equity ratio in FY 22 has decreased. The ratio is further expected to decrease with increase in Equity Capital via IPO.

## Financial Charts

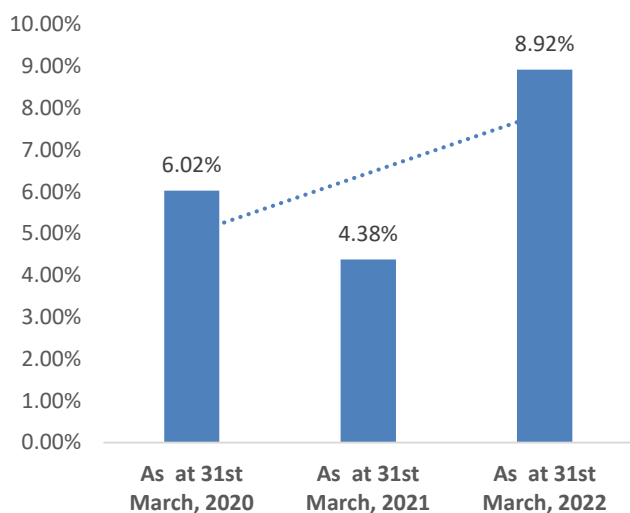
### EBITDA Margin



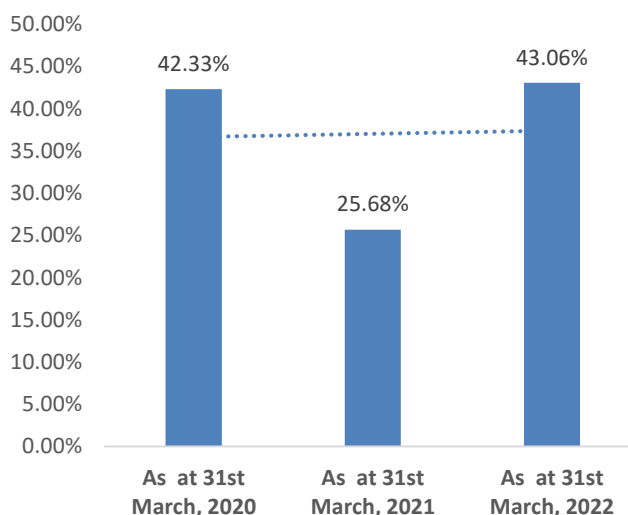
### Return on Capital Employed



### Net Profit Margin



### Return on Equity



## Key Risk Factors

1. Company and Group Company are involved in certain litigations including tax related litigations totalling to an amount of Rs. 18.23 lacs, which if determined against them, can affect financial conditions of the company.
2. The company's top 10 customers contribute more than 85% of revenue showing higher dependency on them.
3. The company's Revenue majorly depends upon bids won by the company and if the company fails to win bids in any Financial Year, the revenue of the company might be significantly affected
4. Company operates in a segment which requires a lot of time to deliver the final product, any adverse increase in budgeted cost due to demographical or political reason could affect the profits of the company.

## Track Record of Lead Manager

The lead manager to the issue is Beeline Capital Advisors Limited and this is the second IPO for them in a week. The track record of the Lead Manager is therefore not available.



## Recommendation

The company has been into the business since 2014 showing a decent track record of existence. The company is into power segment which is a growing prospect with the country being the third largest producer and second largest consumer.

The company has shown steady growth in its revenue with the bottom line being slightly beaten down due to the outbreak of COVID-19 in first half of FY 21. However, in the FY 2022, the profit margins have come back to a good level.

The client base of the company is accompanied with good and reputed names and also the management is well educated and experienced in their related fields of business.

The company has ongoing projects in hand worth of more than Rs. 69 crores and if the company is able to sustain the increasing competition it could do well in coming times.

To conclude, looking at the industry prospect, company's client base, company's management, revenue growth and projects in hand, it looks a good bet to invest in and one **may apply** in the IPO.

## Disclaimer

We are not SEBI registered and not a certified Research Analyst. The information provided here is for education purposes only. We will not be responsible for any of your profit/loss with these suggestions. Consult your financial advisor before taking any decisions.

**We believe an SME company needs 2-3 years to show its true potential and therefore our recommendations are for Long-term investment and not for listing gains.**