



IPO Details		Company Background								
<b>Opening Date</b>	Dec 27, 2023	<ul style="list-style-type: none"> <li>○ Akanksha Power and Infrastructure Limited was originally incorporated in the year 2008 and has its registered office in Nashik, Maharashtra, India.</li> <li>○ The company is engaged in the business of manufacturing electric equipment, including electrical panels, instrument transformers, and vacuum contactors, catering to consumers from institutions, industries and electricity transmission and distribution utilities.</li> <li>○ The company is also engaged in managing the electrical distribution network for the distribution companies.</li> <li>○ The company has two (2) manufacturing plants, to manufacture the products with emphasis on quality and performance.</li> <li>○ As of 30<sup>th</sup> June 2023, the Company had 439 employees on its payroll out of which 377 are contractual employees, and 62 are permanent employees.</li> </ul>								
<b>Closing Date</b>	Dec 29, 2023									
<b>Stock Exchange</b>	NSE SME									
<b>Lot Size</b>	2,000 Shares									
<b>Issue Price</b>	₹ 52 to ₹ 55 per share									
<b>Issue Size</b>	Aggregating up to 27.49 Cr.									
<b>Fresh Issue</b>	Aggregating up to 27.49 Cr.									
<b>Offer for Sale Application Amount</b>	- ₹ 1,10,000									
IPO Objective										
To meet Working Capital Requirements.										
To meet the Capital Expenditure.										
To meet Issue Expenses.										
General Corporate Purpose.										
Pre-Issue Shareholding			Market Capitalization (In Cr.)							
Category	No. of Shares	% of Total Shares	Pre-Issue	Post-Issue						
Promoter & Promoter Group	1,12,60,200	83.28 %	₹ 74	₹ 102						
Public	22,60,320	16.72 %								
Promoter of the Company			Financial Summary (In Lacs)							
1	Bipin Bihari Das Mohapatra		For the Period Ended	Mar-21	Mar-22	Mar-23	Sep-23			
2	Chaitali Bipin Dasmohapatra		<b>Total Assets</b>	3,781.19	3,838.93	4,762.65	5,530.82			
			<b>Net Assets</b>	1,064.50	1,305.42	1,595.94	2,074.75			
			<b>Total Borrowings</b>	891.47	1,055.03	1,527.68	1,722.62			
			<b>Total Revenue</b>	7,441.05	5,206.50	4,644.03	1,027.27			
			<b>Profit After Tax</b>	392.13	240.92	290.51	71.06			
Competitive Strengths			Tentative Timeline							
1	Strong and unique product technology.		<b>Opening Date</b>	Dec 27, 2023						
2	Experienced promoter, management, and a well-trained employee base.		<b>Closing Date</b>	Dec 29, 2023						
3	Consistency in quality and service standards.		<b>Basis of Allotment</b>	Jan 01, 2023						
4	Established relationships with suppliers.		<b>Initiation of Refunds</b>	Jan 02, 2024						
5	Stable customer base.		<b>Credit of Shares to Demat</b>	Jan 02, 2024						
6	Wide range of products and services.		<b>Listing Date</b>	Jan 03, 2024						



## Company Background and Analysis

The Company was originally incorporated on 01, July 2008. The company is engaged in the business of manufacturing of electric equipments, including electrical panels, instrument transformers, and vacuum contactors, catering to consumers from institutions, industries and electricity transmission and distribution utilities. The Company has two (2) manufacturing plants, to manufacture the products. The company is engaged in the business of Design, Manufacturing and Supply of CT-PT, Metering Units and Cubical, Automatic power correction panel (Capacitor Panel), fixed capacitor banks, Motor Control Centre (MCC), Power Control Centre (PCC), Variable Frequency Drive (VFD) Panels, Thyristor switches and Vacuum contactors, Energy Management System and Smart Energy Meters (Advanced Metering Infrastructure), in addition to engineering and execution of electrical turnkey projects.

The company also providing services related to distribution and management of electricity in which the operation includes establishment of electrical infrastructure which involves power quality audit, site analysis, online cloud based multiple monitoring and data analysis for better management to reduce losses in Transmission, Distribution and User level. The company is also engaged in managing electrical distribution network for the distribution companies. The company is engaged in business to business (B2B) segment as well as supply the products to end customers.

The company's Product Portfolio is as follows –

1. Panels - They are easy to use as every operation is done automatically. The panels can automatically identify the required capacitance and control the Power Factor
  - i) MV APFC Panels
  - ii) LV Hybrid APFC Panels
  - iii) LV APFC Panels
  - iv) PCC/MCC/VFD Panels
2. Instrument Transformers - Instrument transformers are electrical devices used to measure electrical quantities such as voltage and current in high and low voltage power systems.
3. Vacuum Contactor / Capacitor Switch - Vacuum Contactor is an electrically controlled switch that is used to make or break an electrical circuit with the help of vacuum interrupter, relay and fuse. There are Vacuum Contractor/Capacitor Switch-MV, and Vacuum Contractor-HV.

Product-wise revenue bifurcation of the company for the last three years and period ended June 2023 -  
(Amount in Lacs.)

Particulars	Mar-21		Mar-22		Mar-23		Jun-23	
	Amt	%	Amt	%	Amt	%	Amt	%
<b>Sale of Products</b>								
Electrical Panel	1,102.18	14.84	707.02	13.64	1,758.90	38.16	564.62	57.16
Current / Potential Transformer	158.71	2.14	119.19	2.30	308.76	6.70	42.44	4.30
Vacuum Contractor	282.51	3.80	450.43	8.69	415.55	9.02	156.59	15.85
<b>Sales of Services and Turnkey Execution</b>								
Erection and Commissioning	167.98	2.26	-	-	11.58	0.25	11.75	1.19
Sales of Service / Execution works	4,319.25	58.15	2,617.49	50.49	2,114.65	45.88	209.10	21.17
Inspection Fees	-	-	-	-	-	-	-	-
Installation Charges	46.14	0.62	-	-	-	-	3.32	0.34
<b>Sale of Power</b>								
Electricity Distribution Franchise	1,350.58	18.18	1,289.57	24.88	-	-	-	-
<b>Total</b>	<b>7,427.35</b>	<b>100.00</b>	<b>5,183.70</b>	<b>100.00</b>	<b>4,609.44</b>	<b>100.00</b>	<b>987.82</b>	<b>100.00</b>

To conclude, the company was incorporated in the year 2008 and thus has good experience in the industry. The company generates majority of its revenue from the sale of services. The company is raising total gross proceeds of Rs. 2,749 Lakhs.



## **Business Strategies**

### **1. Expand the geographical network -**

The company intends to spread its wings in the international arena too. The company intends to cater to the increasing demand of its existing customers and also increase the existing customer base by enhancing the distribution reach of its products in different parts of the country.

### **2. Expand the product range with focus on value added products -**

The company intends to capitalise on the unutilized capacity at the manufacturing facilities to further increase the production and take advantage of the experience of the sales and marketing team to increase acceptance for the electric equipment and enhance the visibility in the domestic and International electric equipment markets, particularly for metering solutions and electric panels.

### **3. Increasing operational efficiency-**

The company continues to invest in increasing its operational efficiency throughout the organization. The company intends to improve efficiencies to achieve cost reductions and have a competitive edge over its peers.

### **4. Rationalization of the working capital cycle -**

The company seeks to implement measures to reduce the working capital cycles and improve the inventory management.

### **5. Quality Assurance -**

The company intends to focus on adhering to the quality of its products. This will aid the company in enhancing its brand value and further increase the business opportunities.



## Competitive Scenario and Peer Mapping

### Competition

The company operates in a highly competitive market, with participants in the organized and unorganized sectors. There are no entry barriers in the industry which puts us at the threat of competition from new entrants. The company faces competition from other manufacturers, traders, suppliers and importers of APFC Panels, Distribution management and electric equipment in relation to the offerings. The company believe that the principal factors affecting competition in the business include relative quality, technical competence, client relationships, reputation, the abilities of employees, market focus, Pricing and timely delivery of the products and services. The bargaining power with the customers is medium in the sector in which the company operates. The bargaining power with the suppliers is medium in this sector.

### Peer Analysis

**The comparison of the key performance indicators of the listed peers as of Mar-23 is given below –**

Particulars	Akanksha Power and Infrastructure Limited	HPL Electric and Power Limited	Genus Power Infrastructure Limited	Cospower Engineering Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	6%	2%	4%	1%
EBITDA Margin	11%	12%	10%	7%
Return on Capital Employed	21%	14%	6%	4%
Return on Equity	18%	4%	3%	3%
EPS (INR)	2.29	4.69	1.12	1.40

**The comparison of the key performance indicators of the listed peers as of Mar-22 is given below –**

Particulars	Akanksha Power and Infrastructure Limited	HPL Electric and Power Limited	Genus Power Infrastructure Limited	Cospower Engineering Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	5%	1%	8%	6%
EBITDA Margin	9%	12%	9%	15%
Return on Capital Employed	21%	9%	4%	12%
Return on Equity	18%	1%	6%	11%
EPS (INR)	1.90	1.21	2.23	5.00

**The comparison of the key performance indicators of the listed peers as of Mar-21 is given below –**

Particulars	Akanksha Power and Infrastructure Limited	HPL Electric and Power Limited	Genus Power Infrastructure Limited	Cospower Engineering Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	5.3%	1.1%	11.3%	6.0%
EBITDA Margin	9.2%	13.6%	16.9%	13.4%
Return on Capital Employed	38.8%	8.9%	8.4%	16.9%
Return on Equity	36.8%	1.3%	7.6%	11.6%
EPS (INR)	3.09	1.55	2.67	4.87



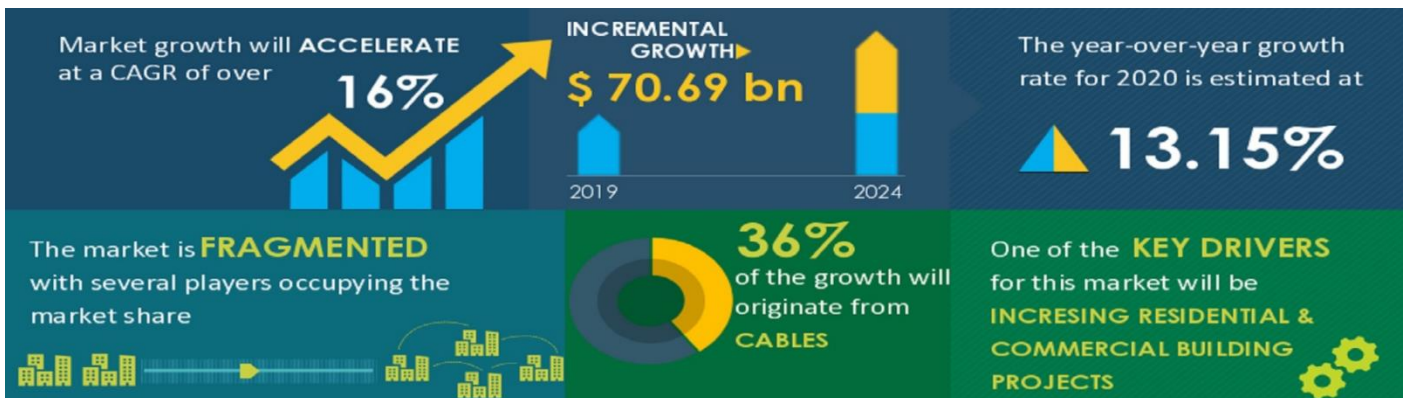
**Industry Overview**

Exhibit 1: Electrical Equipment Market in India 2021-2025.



(Source: markets.businessinsider.com)

Exhibit 2: Electrical Equipment Market in India 2020-2024.



(Source: businesswire.com)



### **Indian Electric Equipment Sector –**

According to market research and advisory firm Technavio, the Indian electric equipment market is expected to increase by USD 33.74 billion from 2021 to 2025 to reach USD 70.69 billion. The sector's growth momentum is expected to accelerate at a CAGR of 9% and it contributes 1.5% to India's overall GDP. Although India has adequate power generation capacity, still a substantial proportion of the population has limited access to electricity, mainly because of the lack of proper transmission and distribution infrastructure. Hence, electrification is a megatrend which is driving growth and creating new opportunities to participate in infrastructure development as well as demand emanating from semi-urban and rural markets.

The 'Make in India' initiative along with new domestic sourcing norms for the power sector are furnishing a fillip to the electric equipment sector. Also, the recent impetus to creating a self-reliant India augurs well for the sector. The Indian electric equipment sector has a good mix of large private and public sector enterprises, multinational companies as well as small and medium companies.

The industry can be broadly classified into two segments – generation equipment and transmission and distribution equipment. It also includes other electrical equipment such as instrument transformers, surge arrestors, stamping and lamination, insulators, insulating material, industrial electronics, indicating instruments, winding wires, etc.

The domestic wires and cables market, which is estimated at Rs 600-650 billion, makes up 40-45% of the electrical equipment sector. Major players are optimistic about the medium to the long-term potential of the wires and cables sector, given its diverse utility and a conducive demand environment.

The sector is estimated to have grown by 20-25% in FY22, primarily driven by inflation-led higher realisations. An increase in commodity input costs due to the rise in copper and aluminium prices was effectively passed on to the consumers by companies. Infrastructure and construction activities were slow in the first quarter of FY22 but saw a sequential increase as the second wave of the pandemic subsided.

In India, access to electricity has been improving significantly, developing a new market in semi-urban and rural for electrical equipment. Tailwinds such as the government's focus on infrastructure, the revival of the real estate sector, and healthy demand visibility across various end-user industries are ameliorating the demand environment for the sector.

Various government schemes are focused on the mission of 'electricity for all' and reducing transmission loss of electricity. Nonetheless, high levels of inflation and volatility in key raw materials are expected to be major headwinds for the sector in FY23. A rise in power generation from renewable energy sources will also provide new growth levers in the years to come.

(Source: prospectus)



## Key Managerial Personnel

**Bipin Bihari Das Mohapatra**, aged 53 years, is one of the Promoters and Managing Director of the Company. He holds a degree of Bachelor of Arts in Economics, a diploma in Business management. He is a businessman with wide experience of more than 23 years in managing the business operations and financial aspects of the diversified sectors including electrical equipment industry.

**Chaitali Bipin Das Mohapatra**, aged 46 years, is one of the Promoters, and Director of the Company. She has done Post Graduation in Commerce, and also passed the Intermediate Examination from Institute of Works Accountants of India. She has also handled business operations for 3 years in the banking sector. She has also gained experience in assisting audit and accounting.

**Gunasekaran Suresh Kumar**, aged 43 years, is the Executive Director of the Company. He did his bachelor's in engineering. He has more than 12 years of experience in Sales and Marketing in MV Power Capacitors, LV & MV APFC Panels. He was also involved in promoting welding rods & wires concentrating on process industries like cement, Power Plants, sugar Plants etc.

**Manayil Madathil Babunarayanan**, aged 72 years, is the Independent Director of the Company. He holds a degree in master's in engineering. He has more than 35 years of experience in system studies relating to planning, design and operation of Extra-High Voltage/ High Voltage Transmission and Distribution systems.

**Rabi Narayan Bastia**, aged 64 years, is an Independent Director of the Company. He has done Doctorate in Science in Petroleum Technology. He also holds a PhD degree in Petroleum/ Structural Geology. He has 40 years of experience in Oil and Gas Industry. He will support the board of directors in ensuring their functions efficiently and effectively.

To conclude, the company has 2 promoters, and one of them have very vast experience and knowledge in field which help in the growth of the business and the other promoter has decent experience. The Directors of the company have good experience in different industries which helps in the growth of the company.


**Financial Snapshot**

<b>Profit and Loss Statement</b>				<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Jun-23</b>
Revenue from Operations	7,427.35	5,183.70	4,609.44	987.82
Other Income	13.70	22.80	34.59	39.45
<b>Total Income</b>	<b>7,441.05</b>	<b>5,206.50</b>	<b>4,644.03</b>	<b>1,027.27</b>
<b>Expenses</b>				
Raw Material Consumed	2,164.17	3,775.67	3,187.80	586.53
Purchase of Stock in Trade				
Change in inventories of finished goods, work in progress and stock in trade.	468.32	-96.36	-493.50	-53.72
Employee benefits expense	259.75	596.34	869.40	230.65
Finance costs	130.22	135.07	126.95	27.54
Depreciation and Amortization expense	18.04	24.32	25.57	7.97
Other expenses	3,850.58	427.29	523.50	133.21
<b>Total Expenses</b>	<b>6,891.08</b>	<b>4,862.33</b>	<b>4,239.72</b>	<b>932.18</b>
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>684.53</b>	<b>480.76</b>	<b>522.24</b>	<b>91.15</b>
<b>EBITDA Margin</b>	<b>9%</b>	<b>9%</b>	<b>11%</b>	<b>9%</b>
<b>Profit/(Loss) before exceptional items and tax</b>	<b>549.97</b>	<b>344.17</b>	<b>404.31</b>	<b>95.09</b>
Prior period items	0.11	-	1.50	-
<b>Profit/(Loss) before tax</b>	<b>549.86</b>	<b>344.17</b>	<b>402.81</b>	<b>95.09</b>
Tax Expense				
Current Tax	156.67	101.90	104.16	24.15
Short/Excess provisions of earlier year	-	-	8.78	0.00
Deferred Tax	1.06	1.35	-0.64	-0.12
Total Tax Expense	157.73	103.25	112.30	24.03
<b>Profit/(Loss) for the year</b>	<b>392.13</b>	<b>240.92</b>	<b>290.51</b>	<b>71.06</b>
<b>Net Profit Margin</b>	<b>5%</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>

<b>Balance Sheet</b>				<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Jun-23</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
Share Capital	181.50	181.50	181.50	1,352.05
Reserve and Surplus	883.00	1,123.92	1,414.44	722.70
<b>Total Equity</b>	<b>1,064.50</b>	<b>1,305.42</b>	<b>1,595.94</b>	<b>2,074.75</b>
<b>Minority Interest</b>				
<b>Total Equity and Liabilities</b>	<b>1,064.50</b>	<b>1,305.42</b>	<b>1,595.94</b>	<b>2,074.75</b>
<b>2. Non-current liabilities</b>				
Long Term Borrowings	116.22	180.63	105.33	124.87
Deferred Tax Liabilities (Net)	13.94	15.29	14.65	14.53
Other Long Term Liabilities	516.58	699.36	633.57	646.56
Long Term Provisions	5.24	6.59	10.55	10.32
<b>Total Non-current liabilities</b>	<b>651.98</b>	<b>901.87</b>	<b>764.10</b>	<b>796.28</b>
<b>3. Current liabilities</b>				
Financial Liabilities				
Short-term borrowings	775.25	874.40	1,422.35	1,597.75
Trade payables				
Due to MSME				
Due to Others	937.19	593.89	612.15	454.31
Other Current Liabilities	331.72	138.37	208.91	398.14
Short-term Provisions	20.55	24.97	159.20	209.60
<b>Total Current liabilities</b>	<b>2,064.71</b>	<b>1,631.63</b>	<b>2,402.61</b>	<b>2,659.80</b>
<b>Total Liabilities</b>	<b>2,716.69</b>	<b>2,533.50</b>	<b>3,166.71</b>	<b>3,456.08</b>





<b>Balance Sheet</b>				<b>(In Lacs)</b>
<b>Total Equity and Liabilities</b>	<b>3,781.19</b>	<b>3,838.92</b>	<b>4,762.65</b>	<b>5,530.83</b>
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
Property, Plant and Equipment				
Tangible Assets	288.20	331.20	847.40	860.21
Capital Work in Progress	88.57	117.27	251.01	251.01
Intangible assets under development	-	-	25.67	25.67
Non current investments	345.74	243.53	289.72	483.49
Long term loans and advances	540.48	454.87	39.70	39.70
Other Non Current Assets	11.43	8.24	5.44	17.40
<b>Total Non-Current assets</b>	<b>1,274.42</b>	<b>1,155.11</b>	<b>1,458.94</b>	<b>1,677.48</b>
<b>2. Current assets</b>				
Inventories	189.49	285.23	872.99	956.67
Trade receivables	2,069.32	2,257.56	1,640.50	1,752.06
Cash and Bank Balances	191.92	68.15	417.05	647.84
Short-term loans and advances	-	-	267.91	372.78
Other Current Assets	56.04	72.88	105.26	123.99
<b>Total Current assets</b>	<b>2,506.77</b>	<b>2,683.82</b>	<b>3,303.71</b>	<b>3,853.34</b>
<b>Total Assets</b>	<b>3,781.19</b>	<b>3,838.93</b>	<b>4,762.65</b>	<b>5,530.82</b>

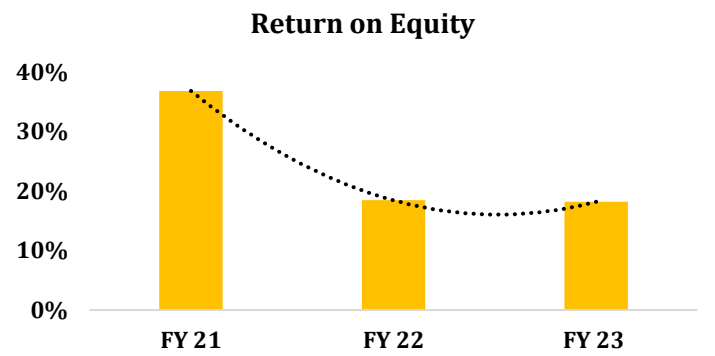
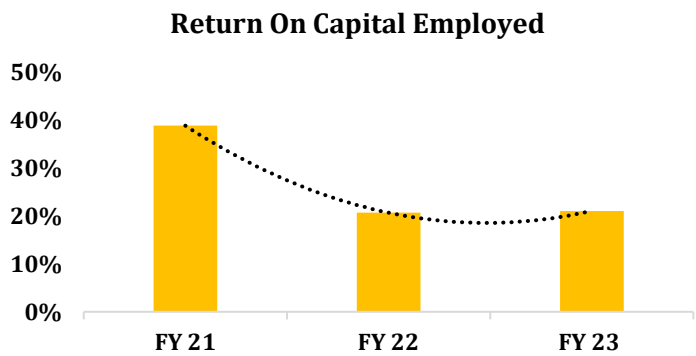
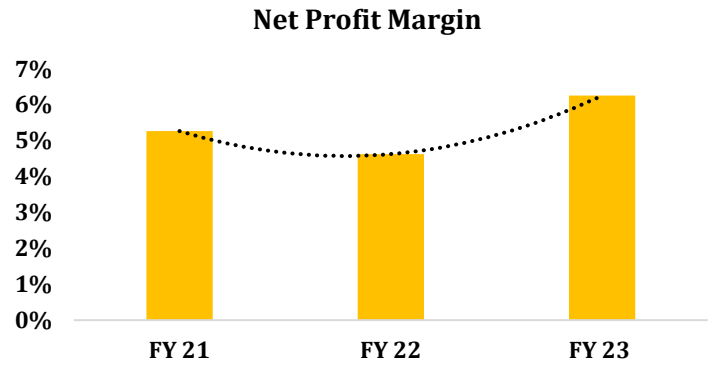
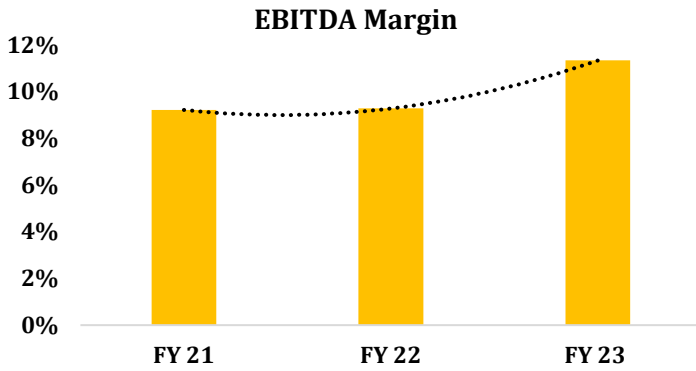
<b>Cash Flow Statement</b>				<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Jun-23</b>
Net Cash Flow from Operating Activities	560.76	-428.21	401.83	-142.68
Net Cash Flow from Investing Activities	-311.15	6.20	-747.39	-214.56
Net Cash Flow from Financing Activities	-109.33	298.25	694.45	588.03

<b>Ratio Sheet</b>				
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Jun-23*</b>
<b>Per Share Data</b>				
Diluted EPS	3.09	1.9	2.29	1.54
BV per share	5.75	7.05	8.62	27.20
<b>Operating Ratios</b>				
EBITDA Margins	9.22%	9.27%	11.33%	9.23%
PAT Margins	5.27%	4.63%	6.26%	6.93%
Inventory days	9.31	20.08	69.13	88.13
Debtor days	101.69	158.96	129.90	161.40
Creditor days	155.97	57.42	68.08	67.06
<b>Return Ratios</b>				
RoCE	39%	21%	21%	6%
RoE	37%	18%	18%	6%
<b>Valuation Ratios (x)</b>				
EV/EBITDA	2.58	4.77	5.18	16.70
Market Cap / Sales	1.37	1.96	2.21	2.58
P/E	17.80	28.95	24.02	35.78
Price to Book Value	9.57	7.80	6.38	2.02
<b>Solvency Ratios</b>				
Debt / Equity	0.84	0.81	0.96	0.83
Current Ratio	1.21	1.64	1.38	1.45
Quick Ratio	1.12	1.47	1.01	1.09
Asset Turnover	1.96	1.35	0.97	0.18
Interest Coverage Ratio	5.12	3.38	3.91	3.02

\*Ratio sheet for Jun-23 is annualized.



**Financial Charts**



**Key Risk Factors**

1. The Company is involved in certain legal proceedings/litigations amounting to Rs. 13.14 lakhs. Any adverse decision in such proceedings may render them liable to penalties and may adversely affect the business and result of operations.
2. The Company has negative cash flows from its operations for the FY ended 2022, and the Period Ended June 2023. Sustained negative cash flow could impact the growth and business.
3. The company has contingent liabilities amounting to Rs. 304.24 Lakhs which could adversely affect the financial condition.
4. The top ten customers contribute to 88.41%, 86.15%, 78.70%, and 74.31% for the Period Ended June 2023, FY ended 2023, 2022, and 2021 respectively. Any loss of business from one or more of them may adversely affect the revenues and profitability.

**Track Record of Lead Manager**

The lead manager to the issue is Narnolia Financial Services Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

**Narnolia Financial Services Limited –**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	WomanCart Limited	9.56	86.00	October 27, 2023	144.00
2.	Inspire Films Limited	21.23	59.00	October 05, 2023	63.5
3.	Cellecor Gadgets Limited	50.77	92.00	September 28, 2023	304.00
4.	Yudiz Solutions Limited	44.84	165.00	August 17, 2023	138.00
5.	Drone Destination Limited	44.20	65.00	July 21, 2023	145.00

The company has had 5 mandates in the past three years including the current Year.

\*CMP for the above-mentioned companies is taken as of 27<sup>th</sup> December 2023.

As per the offer document, from the above-mentioned mandates, all the mandates have opened at premiums on the listing date.



### **Recommendation**

The company has been in the industry since 2008 and has good experience in the industry. The company's management overview is satisfactory. The company also faces significant competition in the industry.

The P/E on a post-IPO basis is 35.06 times which seems to be highly priced by looking at the performance of the company. The sector P/E is 43.6 times.

The company has seen a downward trend in the top line and no proper trend bottom line of its financials which is not so attractive for the company. The company does see an increase in its margins. The company also has negative operating cashflows details of which are provided in the Risk Factor of this Report. The company has a good clientele but sustained current revenue trend will not yield good growth to the business. The company's financial outlook is also not satisfactory. At the current P/E we believe one can **AVOID** applying to this IPO. But, a improvement in the revenue can do good to the business with the current demand in the industry being sustained.



### **Disclaimer**

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