



IPO NOTE

SHIVALIC POWER CONTROL LIMITED

Growing Industry, Low PE, Good Track Record

Recommendation: **APPLY**

Company Background -

- Founded in 2004, Shivalic Power Control Limited is headquartered in Faridabad, India.
- Specializes in the manufacturing of LT and HT electric panels, offering a diverse range including PCC Panels, IMCC Panels, Smart Panels, MCC Panels, and more.
- Focuses on technological innovation, quality manufacturing, and customized solutions for various industrial applications.
- Products are supplied across India and internationally, including Nepal, Bangladesh, Uganda, Kenya, Nigeria, and Algeria.
- Operates through two primary business models: Manufacturing and supply under contract manufacturing agreements.
- As of the latest update in March 2024, Shivalic Power Control Limited employs approximately 180 personnel, including engineers and support staff.

Objects of the Issue -

- To meet the working capital and capital expenditure requirements of the company.
- Funding for procurement of new machinery.
- Civil construction of warehouse by shedding the roof.
- To meet out the inorganic growth through unidentified acquisition for the Company.
- General corporate purposes.

Promoters Name -

Amit Kanwar Jindal and Sapna Jindal.

Rationale for recommendation -

- ✓ The company has been in the industry since 2004 and thus has vast experience in the industry.
- ✓ The company has seen an increasing trend in its top-line financials.
- ✓ Low PE ratio compared to industry.
- ✓ Growing industry, high demand for product.
- ✓ Even though financial trends seem a bit unsustainable, high scope for growth in the company.
- ✓ The company's management overview is satisfactory.

IPO Details

Opening Date	June 24, 2024
Closing Date	June 26, 2024
Allotment Date	June 27, 2024
Listing Date	July 01, 2024
Stock Exchange	NSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹95 to ₹100
Issue Size	64.32 Cr.
Fresh Issue	64.32 Cr.
Offer for Sale	-
Application Amt	₹ 1,20,000 (1,200 shares)

KPI's	KPIs (Amt in Lacs)		
	Mar-22	Mar-23	Dec-23
Revenue	5,733.20	8,215.68	6,355.88
EBITDA	504.06	1,272.14	1,309.77
Net Profit	174.80	716.26	760.11
RoCE	14.69%	33.73%	30.22%
ROE	10.08%	29.23%	23.67%
P/E	5.75	1.40	1.32

Promoter Share Holding Pattern

Pre-Issue	Post Issue
96.63%	70.86%

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	4.25	75.62
BVPS	39.99	68.85
P/E	1.32	23.53
P/BV	2.50	1.45
Mkt Cap (In Cr)	176.84	241.16

LEAD MANAGERS -

CORPORATE CAPITAL VENTURES PRIVATE LIMITED

REGISTRAR -

SKYLINE FINANCIAL SERVICES PRIVATE LIMITED

Business Overview -

Shivalic Power Control Limited, established in 2004 and based in Faridabad, India, is a prominent ISO-certified manufacturer specializing in LT and HT electric panels. With over 20 years of industry experience, the company focuses on technological innovation, quality manufacturing, and customer-centric product development.

Product Range: Shivalic Power Control manufactures a comprehensive array of electric panels including PCC Panels, IMCC Panels, Smart Panels, MCC Panels, DG synchronization panels, Outdoor panels, HT Panels up to 33KV, VFD Panels, Power Distribution Boards, Bus Duct, and LT & HT APFC Panels.

Certifications and Authorizations: The company is authorized by industry leaders such as L&T, Siemens, Schneider Electric, and TDK to produce fully type-tested panels adhering to international standards (IEC 61439, IEC 61641, IS1893).

Clientele: Shivalic Power Control serves a diverse client base including notable entities such as Hewlett Packard, DCM Shriram, Jindal Steel & Power, and Yamaha Motors, demonstrating extensive industry recognition and trust.

Recent Developments: Recently secured a significant order for LT works in the RBI Data Centre complex in Bhubaneswar from HPE, highlighting ongoing expansion and strategic project wins.

Manufacturing Facilities: Located at Plot No. 72, Sector 68, IMT Faridabad, Ballabgarh, Haryana, the company operates from a 1,25,000 Sq. Feet manufacturing unit equipped with advanced machinery from renowned brands like Trumpf, Ermaksan, and Bosch.

Production Capacity: Capable of producing 10,000 Verticals per annum, with quality control systems certified under ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 standards.

Techno Modular Design: Specializes in Techno Modular Design – Fully Bolted Panels, offering advantages such as easy expansion, enhanced corrosion resistance, and customizable configurations to meet diverse industry needs.



Electrical Panel

Partnerships and Certifications: Certified by L&T for Low Voltage Switchgear & Control gear assemblies, Schneider Electric for PrimaSeT International systems, Siemens for SIEPAN 8PU type tested panels, and TDK for MV/LV APFC panels, showcasing strong partnerships and adherence to industry standards.

Competition -

The Indian electrical panel market is a competitive mix of global giants like Schneider and ABB, and local players like Havells.

Price is a major factor, with companies striving for affordability. Government policies on energy efficiency and infrastructure development influence the market.

Entry barriers exist - established brands have strong distribution networks and brand recognition. Bargaining power leans towards price-sensitive customers, particularly in residential segments. However, for customized industrial solutions, suppliers with specialized technology may have more leverage.

Business Strategies -

Data Center Market Opportunity: Secured major LT works order for RBI Data Centre complex in Bhubaneswar from HPE. Tailored electric panel solutions for data centres, including distribution panels and advanced control systems.

EPC Project Leveraging: Successfully executed EPC projects for clients like SJAS Super Specialty Hospital, Jupiter Laminators, Bluecraft Agro, and Continental Engines. Pursuing more EPC projects to capitalize on favourable margins and expand service portfolio.

Global Expansion Initiative: Exported PCC panels to the Mongol refinery project via Kalpataru Power Transmission, highlighting significant indirect export success. Focus on enhancing global presence through cost efficiency, diverse product specifications, and expanded applications across industries.

Risk Factors -

1. A summary of pending legal proceedings and other material litigations involving the Company is provided Below: -

Name	By/Against	Civil Proceedings	Tax Proceedings	Other Pending Litigations	Amount Involved (in lakhs)
Company	By	1	-	2	177.93
	Against	-	2	-	21.62
Promoter	Against	-	1	-	0.64

2. The company has had Negative Operating Cashflow for the FY ended 2021, and the Period Ended December 31, 2023.

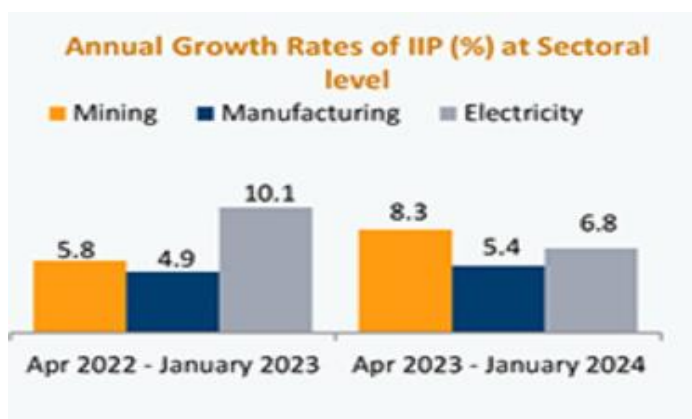
PEER ANALYSIS

Particulars	Shivalic Power Control Limited			Saakshi Medtech And Panels Limited			Marine Electricals (India) Limited		
	FY 21	FY 22	FY 23	FY 21	FY 22	FY 23	FY 21	FY 22	FY 23
NP Margin	1.29%	3.05%	8.72%	3.50%	10.23%	10.14%	4.98%	3.40%	3.80%
EBITDA Margin	9.61%	8.79%	15.48%	10.49%	17.19%	16.94%	13.50%	9.46%	9.63%
RoCE	14.22%	14.69%	33.73%	14.96%	36.68%	33.82%	14.25%	14.28%	14.51%
ROE	4.31%	10.08%	712.55%	10.05%	31.27%	28.81%	6.62%	6.28%	7.09%
EPS (INR)	6.69	17.39	71.25	8.12	36.08	47.65	0.35	1.06	1.37
P/E	14.95	5.75	1.40	-	-	-	189.86	30.80	26.17

INDIAN ELECTRICAL CONTROL PANEL AND SWITCHGEAR INDUSTRY-

Introduction and Market Size -

The Indian electrical equipment market size is estimated to grow at a CAGR of 11.68% between 2022 and 2027. The market size is forecast to increase by USD 52,975.77 million. The growth of the market depends on several factors such as an increase in the number of residential and commercial building projects, a rise in power generation from renewable energy sources, and an increase in investments in the power sector.



Market Dynamics and Drivers: -

- Investment in Power Sector: India, as the world's third-largest electricity producer, sees robust demand for electrical equipment, prompting both domestic and international suppliers to boost production to meet growing needs.
- Challenges: However, the sector faces cybersecurity threats, including attacks on IT systems controlling electrical infrastructure, potentially leading to operational disruptions and power outages.



India Switchgear Market Overview (LV, MV, HV): -

- LV Switchgear Market: Valued at approximately INR 12,000 Crores in 2022, the LV switchgear segment is expected to grow over 5% annually over the next five years.
- Smart Switchgear Trends: LV switchgear is increasingly integrating smart technologies for predictive maintenance, real-time data monitoring, and improved serviceability rather than radical technological shifts.

Key Insights: -

- Capital Expenditure: Significant public sector capital expenditure, notably rising from 12.1% in FY21 to 22.2% in FY24, underscores India's commitment to infrastructure development, including airports, metro networks, and electricity grids.
- Infrastructure Development: Heavy government investments in infrastructure drive demand for LV switchgear, crucial for supporting these expansions.
- Industrial Expansion: Rapid growth in manufacturing and construction sectors further fuels demand for reliable electrical systems.
- Safety and Digitalization: Implementation of safety regulations and digitalization initiatives enhance demand for modern LV switchgear among energy-intensive industries.

Key Management -

Key Management Persons Name -	Amit Kanwar Jindal
Age	48
Designation and No. of years of experience	Promoter and Managing Director, 23 years of experience.
Qualification	Bachelor of Engineering (Electrical Electronic & Power)
Roles and Responsibility	Guides Shivalic towards technological advancements
Other Ventures	-

Key Management Persons Name -	Dr. Sapna Jindal
Age	44
Designation and No. of years of experience	Promoter and Whole Time Director, 14 years of experience.
Qualification	BDS (Bachelor of Dental Surgery)
Roles and Responsibility	Production and quality standards
Other Ventures	-

Key Management Persons Name -	Tarun Aggarwal
Age	33
Designation and No. of years of experience	Non-Executive Additional Director
Qualification	Chartered Accountant
Roles and Responsibility	-
Other Ventures	Makencare Services Private Limited, Nisha & Co. (Partnership Firm)

Key Management Persons Name -	Mr. Surojit Bose
Age	50
Designation and No. of years of experience	Non-Executive Independent Director
Qualification	Bachelor of Engineering from Sambalpur University. Post Graduate Diploma in Software Engineering from The Mahindra Institute of Software Engineering & Management.
Roles and Responsibility	-
Other Ventures	Ajeya Capital Partners Private Limited, Climate9ers Partners LLP

Key Management Persons Name -	Mr. Dheeraj Mangla
Age	37
Designation and No. of years of experience	Non-Executive Independent Director
Qualification	Bachelor of Education (B.Ed). Master of Science (M.Sc.), Mathematics Master of Science (M.Sc.), Physics
Roles and Responsibility	Improving electric panels designs
Other Ventures	-

FINANCIAL SNAPSHOT

Statement of Profit and Loss

Particulars	FY 22	FY 23	DEC-23
Revenue from Operations	5,733.20	8,215.68	6,355.88
Other Income	8.24	53.71	23.28
Total Income	5,741.44	8,269.39	6,379.16
Cost of Material Consumed	4,357.53	6,449.94	5,413.31
Operating Expenses	-	-	-
Changes in Inventories of WIP, Finished Goods & Stock in Trade	526.02	-24.24	-806.85
Employee benefits	216.40	246.43	267.48
Finance costs	214.22	242.61	221.24
Depreciation and Amortization expense	106.90	124.46	82.55
Other expenses	129.19	271.41	172.17
Total Expenses	5,550.26	7,310.61	5,349.90
EBITDA	504.06	1,272.14	1,309.77
Profit/(Loss) before tax	191.18	958.78	1,029.26
Tax Expense	16.38	242.52	269.15
Profit/(Loss) for the year	174.80	716.26	760.11

Statement of Assets and Liabilities

Equity	FY 22	FY 23	DEC-23	Assets	FY 22	FY 23	DEC-23
Share Capital	100.52	100.52	100.52	Tangible Assets	1,934.00	1,829.95	1,775.30
Other Equity	1,633.85	2,350.11	3,110.22	Non-Current Investment	2.63	-	-
Total Equity	1,734.37	2,450.63	3,210.74	Long-Term Loans and Advances	31.17	24.00	24.00
Liabilities				Other non-current assets	20.14	10.54	10.54
Long Term Borrowings	925.43	899.92	799.06	Inventories	2,449.93	2,493.16	3,580.51
Deferred tax liability/ (Assets) (Net)	10.18	14.72	4.43	Trade receivables	1,331.97	1,324.92	2,199.06
Long Term Provisions	33.28	37.50	47.36	Cash and cash equivalents	307.78	104.74	127.62
Short Term Borrowings	1,797.22	1,454.03	2,529.88	Short Term Loans and Advances	19.42	36.87	97.32
Trade Payables	959.21	394.98	808.05	Other Current Assets	0.52	2.82	-
Other Current Liabilities	637.40	399.28	409.27	Total Assets	6,097.56	5,827.00	7,814.35
Short Term Provisions	0.47	175.94	5.56				
Total Equity and Liabilities	6,097.56	5,827.00	7,814.35				

Key Ratios

Per Share Data	FY 22	FY 23	DEC-23	Valuation Ratios (x)	FY 22	FY 23	DEC-23
Diluted EPS	17.39	71.25	75.62	EV/EBITDA	8.23	3.69	4.90
BV per share	33.86	36.83	39.99	Market Cap / Sales	4.21	2.94	3.79
Operating Ratios				P/E	5.75	1.40	1.32
EBITDA Margins	8.79%	15.48%	20.61%	Price to Book Value	2.95	2.71	2.50
PAT Margins	3.04%	8.66%	11.92%	Solvency Ratios			
Inventory days	155.97	110.76	154.92	Debt / Equity	1.57	0.96	1.04
Debtor days	84.80	58.86	95.15	Current Ratio	1.21	1.63	1.60
Creditor days	73.51	22.29	39.03	Quick Ratio	0.49	0.61	0.65
Return Ratios				Asset Turnover	0.94	1.41	0.81
RoCE	14.69%	33.73%	30.22%	Interest Coverage Ratio	1.85	4.73	5.55
RoE	10.08%	29.23%	23.67%				

LEAD MANAGER TRACK RECORD -

The lead manager to the issue is Corporate Capitalventures Pvt Ltd. A table has been set below highlighting the details of the IPO of the last 10 companies handled by the Lead Manager in recent times-

Corporate Capitalventures Pvt Ltd-

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	GP Eco Solutions India Limited	30.79	94.00	Jun 24, 2024	394**
2.	Creative Graphics Solutions India Limited	54.40	85.00	Apr 09, 2024	174
3.	Trust Fintech Limited	63.45	101.00	Apr 04, 2024	207
4.	Esconet Technologies Limited	28.22	84.0	Feb 23, 2024	223
5.	Alpex Solar Limited	74.52	115.00	Feb 15, 2024	887
6.	Accent Microcell Limited	78.40	140.00	Dec 15, 2024	279
7.	Rockingdeals Circular Economy Limited	21.00	140.00	Nov 05, 2024	593
8.	Oriana Power Limited	59.66	118.00	Aug 11, 2023	2456
8.	Crayons Advertising Limited	41.80	65.0	Jun 02, 2023	140
10.	Droneacharya Aerial Innovations Limited	33.97	54.0	Dec 23, 2022	149

This is the 16th mandate from Corporate Capital in the last four fiscals.

*CMP for the above-mentioned companies is taken as of 21st June 2024.

**CMP for GP Eco Solutions India Limited is taken as of 24th June 2024.

All opened with premiums ranging from 38.46% to 245.24% on the date of listing.

Recommendation -

The company has been in the industry since 2004 and has vast experience in the industry. The management overview of the company is satisfactory.

The P/E on a post-IPO and annualised basis is around 23.53 times which makes it fairly priced by looking at the performance of the company and industry. The industry P/E is 37.9.

Efficiency metrics such as Asset Turnover, Inventory Days, and Debtor Days show mixed performance, suggesting areas for operational enhancement and working capital management. The solvency ratios indicate mixed results. The Debt/Equity ratio has fluctuated but remains manageable, indicating moderate leverage. The Current Ratio and Quick Ratio suggest satisfactory short-term liquidity, although improvements are needed in managing inventory and receivables turnover.

The company has achieved varying levels of profitability margins across different periods. While the EBITDA margins have shown a strong improvement, reaching up to 20.61%, the PAT margins have also demonstrated growth, peaking at 11.92%. However, there are concerns about the sustainability of these margins going forward, particularly given the industry competition and operational challenges.

In conclusion, while the company has shown impressive growth in revenue and EBITDA, challenges remain in sustaining profitability margins and addressing solvency concerns. The competitive landscape and operational inefficiencies require careful management attention. Despite these challenges, the company's position in a growing sector presents opportunities for expansion through strategic improvements in operations and financial management. Thus, we **RECOMMEND APPLYING** to this IPO.

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