



IPO Note

Rajesh Power Services Limited

Recommendation: **APPLY!**

Company Background -

- **Incorporation:** Established in 1971, the company's registered office is located in Ahmedabad, Gujrat.
- **Business Activity:** The company is into business of Engineering, Procurement and Construction (EPC) contracting and providing services to power transmission and distribution utilities companies. The company under takes PEC contacts for to laying EHV/HV/LV underground cable networks, setup solar Power plants and setting up of substations. The company offers services to Renewable Power sector (solar power) and Non-Renewable Power sector.
- **Revenue Bi-furcation:** As of FY 24, Gujarat accounted for ₹27,350.26 (**95.98%**) of the revenue, while Rajasthan contributed **4.02%**. **Entity-wise**, ₹12,943.03 lakhs (or **45.43%**) were generated from non-government entities, and ₹15,553.94 lakhs (or **54.57%**) came from government entities.
- **Human Resource:** The company has 940 employees as on April 1, 2024.

Objects of the Issue -

- Capital Expenditure:
 - Purchase of cable identification, testing and fault location equipment
 - Setting up of DC Solar Power Plant having a capacity of 1300 KW;
 - Inhouse development of Technical Expertise in the Production of Green Hydrogen and associated equipment such as Electrolysers
- To meet incremental working capital requirements
- General Corporate Purposes

Promoters Name -

Mr. Rajendra Baldevbhai Patel, Mr. Kurang Ramchandra Panchal, Mr. Kaxil Prafulbhai Patel and Mr. Utsav Nehal Panchal.

Rationale for recommendation -

- ✓ Steadily increasing Profitability and Return Ratios.
- ✓ Fairly Priced P/E.
- ✓ Operating in a growing Industry.

IPO Details

Opening Date	Nov 25, 2024
Closing Date	Nov 27, 2024
Allotment Date	Nov 28, 2024
Listing Date	Dec 2, 2024
Stock Exchange	BSE SME
Lot Size	400 Shares
Issue Price Per Share	₹319 - ₹335 per share
Issue Size	160.47 Cr.
Fresh Issue	93.47 Cr.
Offer for Sale	-
Application Amt	₹ 1,34,000 (400 shares)

INDUSTRY - Power Sector Avg. P/E ratio of peers - 67.58

KPI's	KPIs (In Lakhs)			
	FY 22	FY 23	FY 24	Sep-24
Revenue	14,680.88	20,717.94	28,496.98	31,305.99
EBITDA	1,103.13	1,400.84	3,395.59	3,725.94
Net Profit	344.60	675.15	2,602.29	2,768.25
RoCE	9.53%	12.69%	24.10%	22.66%
ROE	6.59%	11.51%	30.87%	24.89%
P/E	148.23	75.45	19.59	9.40*

*Annualized

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
100.00%	84.51%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	17.10	30.12
BVPS	55.40	128.42
P/E	19.59	11.12
P/BV	6.05	2.61
Mkt Cap (In Cr)	509.78	603.25

*Annualized

Lead Managers -

Isk Advisors Pvt Ltd

Registrar -

Bigshare Services Pvt Ltd

Business Overview

Company History

Rajesh Power Services Limited (RPSL) originated as “Rajesh Traders,” a partnership firm established on May 5, 1971. It transitioned into a private limited company on February 10, 2010, and became a public limited company on June 26, 2024.

Leadership and Legacy

Under the leadership of Mr. Kurang Ramchandra Panchal and Mr. Rajendra Baldevbhai Patel, the company ventured into solar power generation by setting up a 1MW solar power plant in Gujarat in 2012, under one of India’s first solar schemes.

Next-Gen Leadership

The third generation of the founding families joined in 2019:

- **Mr. Utsav Nehal Panchal:** CEO, oversees turnkey projects.
- **Mr. Kaxil Prafulbhai Patel:** CFO, manages finances.

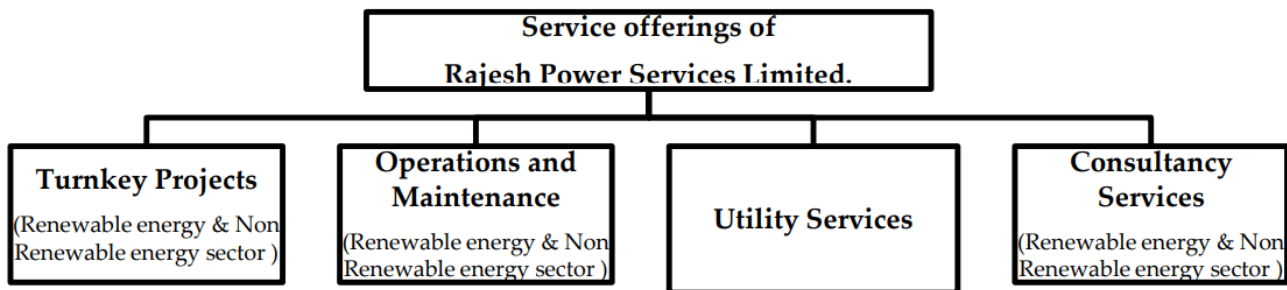
Current Operations

RPSL specializes in turnkey power infrastructure projects and solar plant operations, serving clients like Adani’s 300MW solar plant. With a strong order book of ₹2,35,817.40 lakhs as of March 2024, the company executes projects under government schemes like the Central Government's **Revamped Distribution Sector Scheme (RDSS)**.

Diversification and Growth

RPSL holds a 26% stake in **HKRP Innovations Limited**, a tech company providing IoT and cloud solutions for the energy sector. This strategic investment aligns with RPSL’s vision to integrate technology into the power industry.





Order Book: As of Sep 30, 2024, the company has an order book of ₹2,358.17 crore



1. Turnkey Projects

RPSL takes full responsibility for designing and executing projects in the power sector, including:

- **EHV Cables & Transmission Lines:** Installing Extra High Voltage cables and lines to efficiently transfer electricity over long distances.
- **EHV/GIS Substations:** Setting up substations that handle high voltage power. GIS (Gas-Insulated Substations) are compact and safer in urban areas.
- **Solar Power Plants:** Establishing renewable energy systems for sustainable power.
- **Other Systems:** Covering High, Medium, and Low Voltage (HV/MV/LV) distribution systems. Clients include both public and private companies like Gujarat Energy Transmission

 <p>Installation of EHV Cables & Transmission Lines</p>	 <p>Construction of EVH substation</p>
 <p>Installation of Power Transformer</p>	 <p>Implementation of Solar Power Plant Project</p>

2. Operations and Maintenance

RPSL ensures the smooth functioning of power plants and systems by:

- **Maintaining Solar Plants & Substations:** Providing tools, equipment, and a skilled team for uninterrupted power supply.
- **24/7 Service:** Deploying technical experts to always monitor and manage power systems.



SCADA System Operations of EHV Substation



SCADA Monitoring of Distribution System

SCADA Operations: Using advanced technology for remote monitoring and management of substations and power distribution systems.

3. Utility Services

RPSL supports power utility companies by:

- **Fault Location and Repair:** Detecting and fixing underground cable faults using specialized tools like Digiphone and Time Domain Reflectometer (TDR).
- **Comprehensive Maintenance:** Providing round-the-clock cable fault testing, repair, and rectification for systems up to 220KV.
- **Clientele:** Includes state utilities (GETCO, UGVCL, PGVCL) and private organizations (Torrent Power, GIFT City).



EHV/MV/HV/LV Cable Joining



Installation Of Power Transformers



Cable Laying



Switchyard Installation Work

4. Consultancy and Layout Design

RPSL offers expert guidance for efficient power system design, covering:

- **Substation and Cable Design:** Including calculations for safety and efficiency, such as cross-bonding methods for induced voltage.
- **Detailed Project Reports (DPRs):** Offering cost estimates, planning, and project structuring.
- **Vendor and Procurement Assistance:** Helping clients choose reliable suppliers for major electrical components.
- **Liaison Services:** Coordinating with external agencies to streamline project execution.

Expansion of Business in Renewable Energy Sector -

RPSL plans to expand into green hydrogen power generation, leveraging renewable energy like wind and solar. Collaborating with BARC, it aims to develop expertise in installing green hydrogen electrolyzers for high-power industries, aligning with government policies to decarbonize heavy industries and support global climate goals through sustainable energy solutions.

Summary of Projects

Recently Completed & Ongoing Projects (Renewable and Non-Renewable Energy):

1. **Maruti Suzuki India Limited:** Rerouting 66kV overhead line to UG cable for Gujarat battery plant (₹862.02 Lakhs, Completed).
2. **Alleima India Pvt Ltd:** 66kV cable laying and bay setup at GETCO substation (₹545.15 Lakhs, Completed).
3. **HCCB Sanand Plant:** 66kV feeder bay and cable laying for 3.0KM route (₹1,119.55 Lakhs total, Completed).
4. **RRVPN, Jaipur:** Construction of 132/33KV GIS/AIS technology substation in Jodhpur (₹7,002.46 Lakhs, Ongoing).
5. **NDDB/Sabarkantha Milk Producers Union:** Substation work at Sabar Dairy (₹947.01 Lakhs, Completed).

Solar Sector Projects

- Major solar projects include 5 MW Canal Bank and 10 MW Canal Top for SSNNL in Vadodara, 25 MW and 40 MW solar plants for private companies, and a significant 180 MW project for Adani Green Energy Ltd in Rajasthan (Total capacity: 394 MW).

Commentary

The diversity and scale of Rajesh Power Services Limited (RPSL)'s projects reflect its growing expertise in both traditional power infrastructure and renewable energy. With a robust order book of ₹2,358.17 crore, RPSL is making steady progress, including significant renewable energy ventures. The ongoing 132/33KV GIS project in Jodhpur and the completion of a 180 MW solar project for Adani Green Energy stand out as impactful initiatives. These projects highlight RPSL's capability to manage large-scale renewable energy developments.

However, many completed projects are mid-sized in value or capacity (e.g., 5-40 MW in solar), suggesting the company is still expanding its footprint in higher-capacity renewable projects. The firm's focus on green hydrogen (₹3 crore from IPO proceeds) and plans for a DC solar power plant indicate strategic alignment with emerging energy trends, though the scale remains modest compared to sector leaders.

Overall, RPSL's progress is commendable, though its ability to scale up renewable projects further and compete with larger firms will determine its future impact in the energy sector

Business Strategies –

1. Expansion of Business in Renewable Energy Sector

The company has diversified into both non-renewable and renewable energy sectors. Leveraging supportive government policies aimed at reducing carbon footprints, it has built a robust portfolio in renewable energy by executing multiple solar EPC projects and operating its own solar plant since 2012. It plans to expand this capacity by setting up a 1,300 kW solar plant and investing in green hydrogen, focusing on in-house expertise and technology partnerships with institutions like BARC.

2. Leveraging Market Skills and Associations

The company capitalizes on its skilled workforce and strong market connections to discover opportunities, form strategic partnerships, and broaden market presence.

3. Improving Operational Efficiencies

It aims to enhance efficiency by refining processes, upgrading skills, and reducing costs to ensure timely project completion.

4. Actively Bidding for New Projects

The company's proactive bidding strategy in public and private sectors has resulted in an order book of ₹2,35,817.40 lakh. This approach strengthens client relationships and aligns with evolving EPCC market demands.

5. Optimal Utilization of Resources

Resource optimization remains a priority, with continuous process analysis and modernization to maximize client satisfaction.

6. Technology-Based Power Solutions

The company has invested in HKRP Innovations Limited, which develops IoT and cloud-based solutions for the energy sector, emphasizing innovation and modernization.

Strategic Outlook

India's renewable energy sector is rapidly growing, with targets like 500 GW capacity by 2030. The company's focus on solar and hydrogen aligns with industry trends. However, challenges like high costs and underdeveloped demand, particularly for green hydrogen, may require broader strategies, including collaboration with industries adopting carbon capture and renewable technologies

To further strengthen its position, the company could diversify into energy storage, smart grids, and explore renewable integration in hard-to-abate industries like steel and cement, fostering long-term growth in line with global decarbonization efforts.

Competition -

Technological Influences: The competition in EPC contracting heavily leans on innovation in solar power technology, energy storage solutions, and advanced power transmission methods (e.g., smart grids). Competitors like Kalpataru and Lumino Industries invest significantly in technological upgrade.

Social Influences: The global shift toward renewable energy, coupled with government incentives for green projects, provides opportunities but also intensifies competition in the solar power EPC space.

Macroeconomic Factors: Rising infrastructure spending benefits the industry, but raw material price volatility (e.g., copper for cables) impacts margins.

Porter's Five Forces Analysis

- **Threat of New Entrants:** Moderate; while EPC contracting requires expertise and capital, smaller players in niche renewable segments pose risks.
- **Supplier Power:** High, as critical components (solar modules, transformers) have limited suppliers.
- **Buyer Power:** Very high; power utilities and governments prioritize cost, often pushing margins lower.
- **Rivalry:** High, as many firms compete for limited large-scale contracts.
- **Substitutes:** Low; demand for solar and transmission solutions continues to grow.

Lifecycle and Experience Curve: The renewable sector is in a growth phase, while the non-renewable transmission business is stabilizing. Firms with extensive EPC experience, like Kalpataru, are at an advantage.

Risk Factors -

The company's significant geographic concentration in Gujarat, accounting for 95% of total revenue, exposes it to risks associated with regional economic downturns, natural disasters, regulatory changes, and political instability specific to the region.

The company is highly dependent on top 5 customers for their revenue who contribute towards 67.57% of their total revenue in FY 24.

The company had negative cash flow from operations for FY2024.

PEER ANALYSIS -

Particulars	Rajesh Power Services Ltd.			Advait Infratech Limited			Kay cee Energy and Infra Limited			Viviana Power Tech Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	2.35%	3.26%	9.13%	6.65%	7.99%	10.33%	6.19%	9.41%	10.11%	8.4%	8.3%	10.0%
EBITDA Margin	7.51%	6.76%	11.92%	14.74%	17.33%	18.44%	9.56%	17.42%	19.90%	15.3%	14.7%	18.4%
RoCE	9.53%	12.69%	24.10%	22.54%	24.48%	39.12%	16.25%	24.69%	19.70%	63.8%	25.6%	45.2%
ROE	6.59%	11.51%	30.87%	15.14%	18.46%	29.22%	0.80%	1.44%	1.67%	4.1%	2.6%	5.1%
EPS (INR)	2.26	4.44	17.10	2.61	5.53	21.45	4.00	7.46	7.01	6.38	5.80	10.99
P/E	148.23	75.45	19.59	23.56	50.48	61.62	-	-	25.24	0.00	11.78	25.48

Interpretation -

- **NP Margin:** Rajesh Power Services Ltd. has shown significant improvement in NP Margin, especially in FY24, but peers have performed consistently better.
- **EBITDA Margin:** While all peers have higher EBITDA Margins, Rajesh Power Services Ltd. has also seen substantial growth in this metric.
- **ROCE:** Rajesh Power Services Ltd. has a strong ROCE, indicating efficient utilization of capital. It has outperformed Kay Cee Energy in FY24 but others have performed better than Rajesh Power Services Ltd.
- **ROE:** Rajesh Power Services Ltd. has shown remarkable improvement in ROE, especially in FY24, significantly outpacing two of its peers.

INDUSTRY OVERVIEW -

Indian Power Sector Overview

The Indian power sector has evolved significantly, marked by an integrated grid system and an emphasis on renewable energy. With a vision of achieving 50% of its power generation capacity from non-fossil fuel sources by 2030, the sector is undergoing a transformation in infrastructure and policy focus.



August 2024

Power



MARKET SIZE

Electricity Generation in India^ (in BU)



Note: GW – Gigawatt, BU- Billion Unit, ^including renewable sources, *Until June 2024

Power Supply Position (GW)

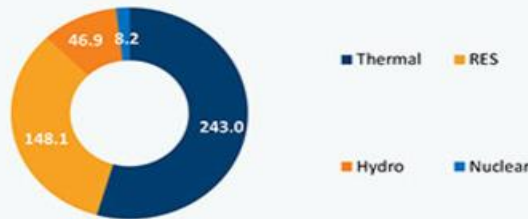


Note: *Until June 2024



SECTOR COMPOSITION

Installed Capacity for Different Sources of Power – As of June 30, 2024 (GW)



Note: GW – Gigawatt



KEY TRENDS

Installed Electricity Generation Capacity (GW)



Per-Capita Electricity Consumption (Megajoule/Person)



Note: GW – Gigawatt, KWh- Kilo Watt hour, P- Provisional



GOVERNMENT INITIATIVES

Saubhagya Scheme

UJALA Scheme

Ujwal DISCOM Assurance Yojana (UDAY)



ADVANTAGE INDIA

- **Growing demand:** India is the third-largest producer and consumer of electricity worldwide, with an installed power capacity of 442.85 GW, as of April 30, 2024. India has committed to augment non fossil fuel based installed electricity generation capacity to over 5,00,000 MW by 2031-32.
- **Higher investments:** As per the National Infrastructure Pipeline 2019-25, energy sector projects accounted for the highest share (24%) out of the total expected capital expenditure of Rs. 111 lakh crore (US\$ 1.4 trillion). Total FDI inflow in the power sector reached US\$ 18.28 billion between April 2000-March 2024. India's power sector is expected to attract investment worth Rs. 17 lakh crore (US\$ 205.31 billion) in next 5-7 years.
- **Policy support:** Electrification in the country is increasing with support from schemes like Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY), Ujwal DISCOM Assurance Yojana (UDAY), and Integrated Power Development Scheme (IPDS). Cabinet approves PM-Surya Ghar: Muft Bijli Yojana for installing rooftop solar in One Crore households.
- **Attractive opportunities:** In the Budget for 2024, the government's power sector initiatives have been allocated funds that are 50% higher. Increased funds have been allocated to green hydrogen, solar power, and green-energy. The government also announced the issuance of sovereign green bonds, as well as conferring infrastructure status to energy storage systems.

Key Statistics

1. Transmission Infrastructure

- Total transmission line length (220 kV+): **482,032 ckt. km** (as of February 2024).
- Alternating Current (AC) substation capacity: **1,239 GVA**.
- High-Voltage Direct Current (HVDC) substation capacity: **33,500 MW**.
- CAGR (2016–2023):
 - Transmission lines: **4.2%**.
 - AC capacity: **8%**.
 - HVDC capacity: **9.4%**.
- Interregional transfer capacity: **116,540 MW** (February 2024).

2. Generation Capacity

- Total installed power capacity: **429.96 GW** (January 2024).
- Renewable energy capacity: **182.05 GW**, contributing **42.3%** to total capacity.
- Major contributors:
 - Solar: **72.31 GW**.
 - Wind: **44.95 GW**.
 - Hydropower: **46.93 GW**.

3. Growth Trends

- Power generation grew by **6.8%** in FY23 to **1,452.43 billion kWh**.
- Peak demand: **243.27 GW** (January 2024).
- Non-hydro renewable additions: **15.27 GW** in FY23

Growth Drivers

1. Renewable Energy Expansion

- Government's **500 GW target** for renewable energy by 2030.
- Initiatives like the **Green Energy Corridor (GEC)** and offshore wind energy expansion (target: **37 GW by 2030**).
- Proactive infrastructure planning to align with shorter gestation periods for wind and solar projects.

2. Grid Management and Regional Cooperation

- Focus on **regional power grids** to stabilize systems and optimize resources.
- Cross-border interconnections with **Bangladesh, Nepal, and Sri Lanka** for seamless energy trade.

3. Hydrogen Economy

- **National Hydrogen Mission** targets **5 million metric tonnes** of green hydrogen annually by 2030.
- Strategic incentives, including a **₹15,000 crore PLI scheme** for electrolysers.
- Focus on exporting green hydrogen derivatives like **green ammonia**, leveraging port infrastructure in states like Gujarat and Odisha

Challenges

1. Infrastructure Bottlenecks

- Expanding renewable energy requires rapid development of transmission and distribution networks.
- Offshore and hydrogen-related infrastructure faces high initial costs.

2. Water and Economic Concerns

- Hydrogen production's water intensity poses risks in water-scarce regions.
- Technological advancements are necessary to reduce costs for broader adoption.

Future Outlook

1. Demand Growth

- Power demand expected to reach **817 GW** by 2030, with renewable energy share growing from **18% to 44%**.
- Market focus on electrification, e-mobility, and smart grids to address surging energy needs.

2. Policy and Investment Support

- **PM GatiShakti National Master Plan:** 27,000 ckt. km of ISTS lines by 2025.
- Public-private partnerships and sovereign-linked funds (e.g., **NIIF**) facilitating capital influx.
- Annual investment needs: **\$28–\$50 billion** to achieve net-zero targets by 2070.

Recent Developments

- **India's Net-Zero Target (2070):** Emphasis on green infrastructure and financing mechanisms.
- **Global Biofuel Alliance:** Enhances international collaboration on hydrogen and biofuel standards.
- Expansion of **smart meter distribution** and renewable energy corridors. The Indian power sector is poised for growth, driven by ambitious renewable energy targets, supportive policies, and robust investments. Balancing sustainability with infrastructure readiness will be crucial to achieving long-term energy security and environmental goals.

Key Management -

Key Management Persons Name -	Kurang Ramchandra Panchal
Age	62
Designation	Promoter and Managing Director, 40+ years in the transmission and distribution sector.
Qualification	Bachelor of commerce
Roles & Responsibility	Developing and Managing the Entire Business
Other Directorships	1. Polycoat Electra Services (India) Private Limited 2. Shashwat Cleantech Private Limited 3. Shashwat Electricals Private Limited 4. Shashwat Enviro Tech Llp 5. Shashwat Bio Polyplast Llp 6. Parity Techno Solutions India Llp 7. Hkrp Innovations Limited

Key Management Persons Name -	Rajendra Baldevbhai Patel
Age	57
Designation and No. of years of experience	Promoter and Whole-time Director, 33 years of experience in the sector
Roles & Responsibility	Managing the Operations of companies involved in the field of Power Transmission and Distribution.
Qualification	Bachelor of Commerce from L. J. Commerce College
Other Directorships	1. Polycoat Electra Services (India) Private Limited 2. Shashwat Cleantech Private Limited 3. Shashwat Electricals Private Limited 4. Marc Electro Infra Private Limited 5. Shashwat Enviro Tech LLP 6. Shashwat Bio-Polyplast LLP 7. Shashwat Composite LLP

Key Management Persons Name -	Kaxil Prafulbhai Patel
Age	30
Designation and No. of years of experience	Promoter, Director and CFO, 7 years of experience
Qualification	MTECH in Electrical from Indus University
Roles & Responsibility	Managing the finance of company
Other Directorships	1. HKRP Innovations Limited 2. Shashwat Enviro Tech LLP 3. Shashwat Composite LLP

Key Management Persons Name -	Utsav Nehal Panchal
Age	27
Designation and No. of years of experience	Director & CEO, 7 years of experience
Qualification	Master of Business Administration in Marketing and Operations, Indian Institute of Management Kashipur
Other Directorships	1. HKRP Innovations Limited 2. Shashwat Enviro Tech LLP 3. Shashwat Composite LLP

Pankti Parth Shah, a 31-year-old **Independent Director**, is a **Chartered Accountant** from ICAI and holds an MBA in Finance from K.S. School of Business Management, affiliated with Gujarat University. With 9 years of professional experience, she is the founder of PSSP & Associates, Chartered Accountants. Certified as a GST Professional, Pankti brings expertise in Indirect Tax and has served on the Indirect Tax Committee, adding valuable technical insights to the board.

Sujit Prem Kumar Gulati, a 64-year-old **Independent Director**, is a retired government official with over 10 years of experience at the Joint Secretary level. He holds a **Bachelor's degree in Mechanical Engineering from IIT Delhi**. With a career spanning finance, administration, management, and corporate governance, Sujit specializes in sales, marketing, research, technical operations, and strategic oversight. His unparalleled leadership expertise strengthens the company's board.

Viral Deepakbhai Ranpura, a 35-year-old **Independent Director** is a **Company Secretary** with over **11 years of experience in legal and secretarial functions**. His contributions ensure robust governance practices. Viral's expertise strengthens the independence and effectiveness of the company's board operations.

FINANCIAL SNAPSHOT

Statement of Profit and Loss Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
Revenue from Operations	14,680.88	20,717.94	28,496.98	31,305.99
Other Income	255.96	399.63	1,009.09	479.1
Total Income	14,936.84	21,117.57	29,506.07	31785.09
Expenses				
Purchase of stock-in-trade	11,468.69	17,346.95	20,705.78	27,139.74
Changes in Inventories of finished goods, work-in-progress	-761.03	-890.64	40.85	-2,502.81
Employee Benefit Expenses	2,238.89	2,127.6	2,891.07	1,689.6
Finance Cost	751.80	847.03	928.54	536.61
Depreciation and Amortization Expense	167.09	93.71	69.83	52.18
Corporate Social Responsibility expenditures	11.34	10.85	11.00	12.36
Other expenses	619.86	722.34	1,452.69	1,241.16
Total Expenses	14,496.64	20,257.84	26,099.76	28,168.84
EBITDA	1,103.13	1,400.84	3,395.59	3,725.94
EBITDA Margin	7.51%	6.76%	11.92%	11.90%
Profit/(Loss) before tax	440.20	859.73	3,406.31	3,616.25
Tax Expense				
Current tax	-95.08	-169.79	-777.58	-838.71
Deferred Tax	-0.52	-14.79	-26.44	-9.29
Total Tax	-95.60	-184.58	-804.02	-848.00
Profit/(Loss) for the year	344.60	675.15	2,602.29	2,768.25
Net Profit Margin	2.35%	3.26%	9.13%	8.71%

Statement of Assets and Liabilities Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	1521.74	1521.74	1,521.74	1,521.74
Reserves and surplus	3,706.95	4,344.06	6,908.31	9,600.48
Total Equity	5,228.69	5,865.80	8,430.05	11,122.22
2. Non-current liabilities				
Long-term borrowings	4,553.75	4,377.64	5,283.16	4,998.35
Deferred Tax liability	43.04	57.83	84.27	93.55
Total Non-current liabilities	4,596.79	4,435.47	5,367.43	5,091.90
3. Current liabilities				
Short-term Borrowings	1,689.58	1,593.56	2,483.92	2,974.69
Trade Payables				
(i) Total outstanding dues of MSME	-	-	50.13	122.25
(ii) Total outstanding dues of creditors other than MSME	3401.55	3435.73	3093.57	8727.83
Other Current Liabilities	761.25	2,553.79	3,147.69	3,591.15
Short-term provisions	1884.96	1939.03	1466.21	2192.38
Total Current liabilities	7,737.34	9,522.11	10,241.52	17,608.30
Total Liabilities	12,334.13	13,957.58	15,608.95	22,700.20
Total Equity and Liabilities	17,562.82	19,823.38	24,039.00	33,822.42
ASSETS				
1. Non-current assets				
Property, Plant & Equipment	1,608.81	1,900.86	1,983.26	1,842.39
Intangible Assets	27.02	-	-	-

Particulars	FY 22	FY 23	FY 24	Sep-24
Capital work in progress	-	-	-	53.36
Non-Current Investments	13.00	13.00	43.07	1,078.48
Other Non- current Assets	3,769.13	3,583.05	4,655.22	7,741.98
Total Non-Current assets	5,417.96	5,496.91	6,681.55	10,716.21
2. Current assets				
Current Investments	1,205.61	1,799.21	785.93	-
Inventories	2,794.88	3,685.52	3,644.66	6,147.47
Trade receivables	5,677.48	5,819.08	7,371.12	9,650.7
Cash & bank balances	188.76	24.19	16.94	12.46
Short term loans and advances	535.13	1,227.00	1,207.09	1,271.72
Other Current Assets	1,743.00	1,771.47	4,331.71	6,023.86
Total Current assets	12,144.86	14,326.47	17,357.45	23,106.21
Total Assets	17,562.82	19,823.38	24,039.00	33,822.42

Cash Flow Statement				Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24	Sep-24
Net Cash Flow from Operating Activities	651.91	1,535.79	-1,466.24	3,338.42
Net Cash Flow from Investing Activities	-1,903.40	-543.15	629.69	-2,936.17
Net Cash Flow from Financing Activities	604.16	-1,157.20	829.30	-406.73

Key Ratios

<u>Per Share Data</u>	FY 22	FY 23	FY 24	FY 25*	<u>Valuation Ratios (x)</u>	FY 22	FY 23	FY 24	FY 25*
Diluted EPS	2.26	4.44	17.1	35.65	EV/EBITDA	10.23	8.43	4.77	3.57
BV per share	34.36	38.55	55.40	151.96	Market Cap / Sales	1.09	0.77	0.56	0.96
<u>Operating Ratios</u>					P/E	148.23	75.45	19.59	9.40
EBITDA Margins	7.51%	6.76%	11.92%	11.90%	Price to Book Value	9.75	8.69	6.05	2.20
PAT Margins	2.35%	3.26%	9.13%	8.53%	<u>Solvency Ratios</u>				
Inventory days	69.49	64.93	46.68	17.97	Debt / Equity	1.19	1.02	0.92	0.15
Debtor days	141.16	102.52	94.41	56.26	Current Ratio	1.57	1.50	1.69	1.31
Creditor days	84.57	60.53	40.27	51.73	Quick Ratio	1.21	1.12	1.34	0.96
<u>Return Ratios</u>					Asset Turnover	0.84	1.05	1.19	1.85
RoCE	9.53%	12.69%	24.10%	31.08%	Interest Coverage Ratio	1.25	1.54	3.58	13.69
RoE	6.59%	11.51%	30.87%	23.46%					

*Annualize

INTERPRETATION –**Profitability Ratios**

- Improving Profitability:** The company has shown significant improvement in profitability over the years, as evidenced by the increasing EBITDA and PAT margins.
- Strong Return Ratios:** The high ROCE and ROE indicate efficient utilization of capital and strong profitability.

Efficiency Ratios

- Inventory Management:** The company has improved its inventory management, as seen by the decreasing inventory days.
- Debtor Days:** The company has been successful in reducing its debtor days, suggesting better collection efficiency.
- Creditor Days:** The company has also improved its creditor days, indicating better negotiation with suppliers and efficient working capital management.

Solvency Ratios

- Debt Equity Ratio:** Interest coverage ratio suggests that the company can comfortably service its debt obligations.

7. **Liquidity Ratios:** The company maintains a healthy liquidity position, as indicated by the current ratio and quick ratio.

LEAD MANAGER TRACK RECORD –

The lead manager to the issue is Isk Advisors Pvt Ltd

A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

Inventure Merchant Banker Services Private Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Satrix Information Security Limited	21.78	121.00	Jun 12, 2024	158.65
2.	Vishwas Agri Seeds Limited	25.80	86.00	Apr 01, 2024	60.25
3.	Sadhav Shipping Limited	38.18	95.00	Mar 01, 2024	136.00
4.	Magson Retail And Distribution Limited	13.74	65.00	Jul 06, 2023	93.10
5.	Sealmatic India Limited	56.24	225.00	Mar 01, 2023	551.55
6.	Technopack Polymers Limited	7.87	55.00	Nov 16, 2022	60.20
7.	Maruti Interior Products Limited	11.00	55.00	Feb 16, 2022	137.31

The company has handled 7 mandates in the last three years (including the current year).

*CMP for the above-mentioned companies is taken as of 25th Nov 2024.

As per the offer document, Vishwas Agri Seeds Limited has opened at a discount and remaining all have opened at a premium on the listing day.

Recommendation -

Rajesh Power Services Limited has been in the industry since 1971 and doesn't have a vast amount of experience in the industry. The team's effectiveness could be enhanced by adding members with strong technical backgrounds. Curiously the CEO is 27 years old with background in Marketing and finance and only has 7 years of experience, while the CFO also has only 7 years of experience with a M.Tech in electrical engineering.

The P/E on a post-IPO basis is around 11.12 times which makes it fairly priced.

The company's strong financial performance in FY24, particularly in terms of profitability and efficiency, can be attributed to the increase in sales of EPC contract services. This led to robust revenue growth driven by healthy awarding and capital outlays for infrastructure projects from central and state governments. Furthermore, the company expects substantial revenue growth in the future due to its robust order book.

While there was a negative cash flow from operating activities, this was primarily due to a significant increase in trade receivables and fixed deposits held as margin money against guarantees.

The company's revenue is primarily generated from Gujarat, accounting for 95% of its total revenue. To mitigate risks associated with regional dependence, the company should expand its geographic footprint

The company operates in a competitive but growing industry with established players. To gain a competitive edge, it is focusing on expanding into renewable energy, particularly green hydrogen. This strategic move sets it apart from many competitors, as green hydrogen is an emerging technology with the potential to revolutionize the energy sector. By leveraging its expertise and partnering with institutions like BARC, the company aims to capitalize on the growing demand for clean and sustainable energy solutions. Additionally, the company's focus on operational efficiency, strategic bidding, and technology-based power solutions will further solidify its position in the market.

Thus, investors can **APPLY** to this IPO.

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The analysis and recommendations are based on the current market and company-specific scenario, along with the data available in the prospectus. Market and company-specific conditions may change after the company's listing, potentially impacting its performance and outlook. We will not be providing any follow-up reports or updates on this analysis post-listing.

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