IPO Note

ATC Energies System Limited

Recommendation: **APPLY!**

Company Background –

- **Incorporation:** Incorporated in 2020, The company's office is located at Andheri East, Mumbai, Maharashtra.
- **Business Activity:** The company produces and supplies efficient, low-cost lithium and Li-ion batteries, offering integrated energy storage solutions for industries like banking, automobiles, and other end users.
- **Revenue Stream:** The company derives most of its revenue from mini batteries, which accounted for **64% of total revenue in FY 2024**, with the **banking sector alone contributing 57%** during the same period.
- **Human Resource:** The company has 81 permanent employees as on Feb 28, 2025.

Objects of the Issue -

- Part Repayment and/or pre-payment, in full, the borrowing availed by the Company with respect to purchase of the Noida factory.
- Funding the capital expenditure requirements towards refurbishment, civil and upgradation works at the Noida factory.
- Funding the capital expenditure requirement towards IT upgradation at the Noida factory and Vasai factory and the registered office.
- Funding working capital requirements of the Company
- General Corporate Purposes

Promoters Name –

Sandeep Gangabishan Bajoria

Rationale for recommendation –

- ✓ Apply with Caution, Risk-averse investors may wait for post-listing performance before investing.
- ✓ Customer & Sector Dependency: Just top 3 customers accounted for around 70% of revenue in FY 24. Banking contributed to 57% of revenue in the same year.
- ✓ Underutilisation of capacity despite high demand.
- ✓ Government support to Industry.
- ✓ Highly competitive industry.
- ✓ Healthy Profitability and Return margins, around 40% funds will be utilised for capital expenditure and factory upgrades.
- ✓ Fairly valued.

IPO Details

Opening Date	Mar 25, 2025
Closing Date	Mar 27, 2025
Allotment Date	Mar 28, 2025
Listing Date	Apr 2, 2025
Stock Exchange	NSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹112 to ₹118
Issue Size	63.76 Cr.
Fresh Issue	51.02 Cr.
Offer for Sale	12.74 Cr.
Application Amt	₹1,41,600 (1,200 shares)

INDUSTRY - Energy – Lithium Ion Battery Industry

Avg. P/E ratio as per RHP – 31.04

KPIs (In Lakhs)

KPI's	FY 22	FY 23	FY 24	Sep-24
Revenue	3,648.30	3,313.54	5,120.37	2,249.41
EBITDA	1,529.34	1,148.79	1,516.34	817.81
Net Profit	1,186.15	775.56	1,089.15	577.14
RoCE	69.61%	37.33%	35.85%	13.55%*
ROE	82.06%	34.92%	32.90%	12.07%*
P/E	15.99	24.43	17.40	20.84*

Annualised*

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
98.18%	77.36%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	6.78	5.66
BVPS	20.60	46.92
P/E	17.40	20.84
P/BV	5.73	2.51
Mkt Cap (In Cr)	189.57	240.59

Annualised*

Lead Managers –

Indorient Financial Services Ltd

Registrar –

KFin Technologies Limited

Business Overview -

Background & Milestones

The company was founded by a first-generation entrepreneur with over 25 years of experience in chemicals, electricals, and industrial equipment. Starting with trading equipment, the business evolved into manufacturing lithium-ion batteries – initially focusing on mini batteries for the banking industry (POS and ATM machines) before expanding into small, medium, and large batteries. Key milestones include setting up modern facilities in Vasai, Thane, and Noida, and achieving certifications such as ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and RoHS.

Mission & Core Values

The company's mission is to deliver efficient, low-cost, and tailored lithium-ion energy storage solutions. It emphasizes quality, innovation, and environmental stewardship while ensuring customer-centricity and continuous improvement.

Recent Context

Amid soaring domestic demand for lithium-ion batteries (projected to reach 160.3 GWh annually by 2030), the company is investing in advanced production technologies and R&D. Securing a domestic supply chain and reducing import dependency is critical, aligning with government initiatives for a low-carbon economy.

Revenue Generation & Key Streams

Revenue is generated by manufacturing and selling customized lithium-ion batteries across four categories based on capacity:

Product Name	Capacity Range [in Watt hour-Wh]	Price Range (₹)	Revenue and Percentage Share			
			FY 22	FY 23	FY 24	Sep 30, 24
Mini	Upto 100	40-1,600	3,340.05 (92%)	2,345.16 (71%)	3,282.41 (64%)	1,542.38 (69%)
Small	101-750	1,601-13,000	28.16 (1%)	137.18 (4%)	813.18 (16%)	215.63 (9%)
Medium	751-2000	13,001	244.88 (7%)	811.95 (25%)	973.65 (19%)	484.88 (21%)
Large	2000+	40,001-11,00,000	35.1 (1%)	19.24 (1%)	50.13 (1%)	8.52 (1%)
			3,648.30	**3,313.54**	**5,120.37**	**2,249.41**

**There are a wide range of products within each battery size category. The price range is an indicative selling price per unit at the lowest and highest end of the spectrum for each battery size category.*

Capacity Utilisation: *(In Units)*

Factory	Battery Size	Installed Capacity	Actual Production			
			FY 22	FY 23	FY 24	Sep 30, 24
Vasai	**Mini**	40,000 – 10,40,000	3,25,558	2,70,947	6,75,663	1,35,500
	Small	5,200 – 40,000	173	281	271	175
	Medium	2,600 – 5,200	251	333	96	6
	Large	250 – 2,600	1	1	-	-
	Subtotal (A)		**3,25,983**	**2,71,562**	**6,76,030**	**1,35,681**

Noida	**Mini**	1,00,000 – 26,00,000	1,45,614	1,43,550	1,84,019	5,97,926
	Small	13,000 – 1,00,000	285	1,996	13,813	2,049
	Medium	6,500 – 13,000	539	449	2,286	1,574
	Large	625 – 6,500	814	1,463	952	5
	Subtotal (B)		**1,47,252**	**1,47,458**	**2,01,070**	**6,01,554**

Grand Total (A+B)	**4,73,235**	**4,19,020**	**8,77,100**	**7,37,235**

Analysis: Production is "made to order," ensuring customization for sectors like banking, electric vehicles, drones, industrial applications, and energy storage.

This approach helps maintain a lean inventory of finished goods, despite high raw material holding due to long lead times—particularly for imports from China. While this flexibility minimizes the risk of overproduction, it also poses challenges in scaling production consistently during peak demand. Furthermore, monitoring capacity utilization over time would provide insights into market demand trends and the company's ability to scale up production in line with anticipated domestic demand growth.

Revenue Bifurcation Industry-wise:

Industry / End Use Application	Battery Size	September 30, 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Banking	Mini	3,339.90 (92%)	2,304.28 (70%)	2,962.73 (57%)	1,291.23 (57%)
Electric Vehicle	Medium, Small & Mini	223.48 (6%)	759.00 (23%)	778.88 (17%)	15.35 (1%)
Drone	Small, Medium & Mini	-	-	586.24 (12%)	240.39 (11%)
UPS Invertors	Medium, Small & Mini	23.14 (1%)	700.20 (2%)	165.75 (3%)	12.58 (1%)
Energy Storage Systems	Large, Medium & Small	23.71 (1%)	51.19 (2%)	222.59 (5%)	156.65 (7%)
Industrials	Large, Medium, Small & Mini	36.57 (1%)	0.31	195.79 (4%)	385.41 (17%)
Weighing Scale	Medium & Mini	-	29.33 (1%)	109.38 (2%)	33.28 (1%)
Robotics	Medium, Mini & Small	-	84.39 (3%)	53.09	86.74 (4%)
Emergency Equipment	Mini & Small	-	12.27	20.21	5.03
Medical Equipment	Small & Mini	1	0.48	1.59	8.24
Others	-	1.5	2.27	24.12	14.51 (1%)

Business Strategy –

Expand Scale of Business Operations and Improve Operational Efficiencies

The company aims to enhance operational efficiency through automation, technology, and cost optimization, improving profit margins. Achieving economies of scale will strengthen procurement and reduce costs. India's lithium-ion battery market grew from 2.9 GWh in 2018 to 49.8 GWh in 2023 (47% CAGR). Growth is driven by advancements in battery technology, renewable energy, and government policies. Emerging applications in EVs, robotics, drones, and IoT will further drive demand. Operational margins were 36.36% (H1 FY24), 29.61% (FY24), 34.67% (FY23), and 41.92% (FY22).

Expand Geographical Footprint
Expansion beyond Maharashtra, Haryana, and Tamil Nadu will enhance market presence, reduce costs, and secure supply chains.

Expand Product Portfolio
New high-capacity, eco-friendly, and modular batteries will cater to diverse applications.

Expand Customer Base and Strengthen Marketing
Targeted marketing, digital visibility, and industry networking will drive customer acquisition and growth.

Risk Factors –

- **Customer Dependency**
  The company heavily relies on two Promoter Group entities, M/s Agarwal Trading Company and M/s Hind Industries, contributing 57.4% to 91.6% of revenue from Fiscal 2022-2024. This dependency may impact business stability, pricing power, and margins. A Memorandum of Understanding limits competition, but conflicts of interest and business risks with related parties remain.

- The lithium battery industry relies on lithium, nickel, cobalt, graphite, and manganese, leading to potential supply chain disruptions. Lithium, primarily sourced from South America and China, is projected to see demand for battery use rise from 60% to 95% by 2030. Supply imbalances, geopolitical risks, and fluctuating regulations can impact costs and profitability.

- **Banking Sector Dependence**
  Revenue is highly dependent on the banking industry, contributing 57% to 92% from Fiscal 2022-2024. Economic downturns, regulatory changes, or industry consolidation could negatively impact sales. The company is working on diversification, but any disruption in the banking sector may still significantly affect financial performance and overall revenue stability.

- **Reliance on Chinese Imports**
  The company relies on China for critical battery components like lithium cells and Battery Management Systems. Trade disputes, tariffs, or geopolitical tensions may disrupt supply chains and increase costs. Supplier issues, quality concerns, and non-exclusive agreements could lead to delays or price fluctuations, impacting production schedules and profitability.

- **Promoter's Financial Interest**
  The Promoter earns ₹18.00 lakh in rent for five factory units in Vasai for six months ending September 30, 2024, and ₹36.00 lakh for Fiscal 2024. Transactions are conducted on an arm's length basis per the Companies Act. However, potential conflicts of interest in future related-party transactions may impact minority shareholders and business operations.

Competition -

Key Players in the Storage Battery Market:

- **Leaders:**
  - **Exide Industries** and **Amar Raja Batteries Ltd.** dominate the Indian storage battery segment, supplying both OEM and replacement batteries in automotive and industrial applications.
- **Other Established Competitors:**
  - Companies like HBL Power Systems Ltd., High Energy Batteries (India) Ltd., Luminous Power Technologies Pvt. Ltd., and Okaya Power Pvt. Ltd. hold significant market shares in various industrial sectors such as telecom, grid-scale energy storage, railways, power control, solar, and UPS.

Key Players in the Lithium-ion Segment:

- The lithium-ion segment is witnessing intense competition primarily in battery pack manufacturing, where domestic players dominate the value chain for battery pack assembly and Battery Management Systems (BMS).
- **Fragmented Market:**
  - Numerous players—such as Coslight India, Okaya, Exicom, Trontek, Amptek, Lohum Cleantech, Cygni, Grinntech, and Pure EV—compete based on configuration, quality, durability, recharge cycles, and specific applications (EV vs. stationary storage).
- **Cell Manufacturing Trend:**
  - Major players like Amara Raja and Exide are planning to move into cell manufacturing, while non-traditional entrants (e.g., Lucas TVS, Denso, Suzuki, Tata, Adani, L&T, BHEL, Reliance Industries) are showing keen interest in capturing value further up the supply chain.

B. Porter's Five Forces & Market Position

1. Threat of New Entrants:

- **High Entry Barriers:**
  - Established networks and significant capital investment in R&D, manufacturing facilities, and quality certifications (e.g., ISO standards) make entry challenging.
  - However, new entrants from adjacent industries (e.g., automotive component makers or large conglomerates with financial clout) are starting to invest in cell manufacturing, which could gradually intensify competition.
- **Technological and Regulatory Factors:**
  - Evolving technological standards and government policies (like the revised PLI ACC scheme) are reshaping the competitive landscape by incentivizing local manufacturing.

2. Bargaining Power of Suppliers:

- **Cell Sourcing Dynamics:**
  - For lithium-ion batteries, cells account for about 65% of the cost. With many manufacturers importing cells from China, supplier bargaining power is relatively high.
  - In contrast, battery pack components and BMS are largely sourced domestically, which reduces dependency and increases bargaining leverage for local players.

3. Bargaining Power of Buyers:

- **Demand Concentration:**
  - In both storage and lithium-ion segments, buyers range from OEMs to end-users in various industries.
  - With a diverse customer base (banking, automotive, industrial), individual buyer power remains moderate.
  - However, larger buyers (fleet operators, major OEMs) can exert pricing pressure due to volume commitments.

4. Threat of Substitutes:

- **Substitution Risks:**
  - Traditional lead-acid batteries remain a substitute, particularly in the storage battery market.

In the lithium-ion space, alternative energy storage technologies (such as supercapacitors or emerging battery chemistries) may pose long-term threats if they achieve competitive performance and cost metrics.

5. Competitive Rivalry:

- **Fragmented Market in Lithium-ion Packs:**
  - Intense competition is evident among numerous domestic players focused on assembling battery packs from imported cells.
  - The market is currently in a growth phase with technological advancements, increasing consumer awareness, and governmental pushes for local manufacturing.

Peer Analysis–

Particulars	ATC Energy System Limited			Eveready Industries India Limited			High Energy Batteries (India) Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	32.51%	23.41%	21.27%	3.84%	2.07%	5.07%	22.51%	21.89%	21.02%
EBITDA Margin	41.92%	34.67%	29.61%	10.23%	8.88%	10.87%	37.19%	34.01%	31.90%
RoCE	69.61%	37.33%	35.85%	19.20%	16.48%	20.23%	46.99%	39.74%	27.40%
ROE	82.06%	34.92%	32.90%	16.02%	8.65%	17.27%	32.23%	27.87%	19.56%
EPS (INR)	7.38	4.83	6.78	6.39	3.80	9.19	4.00	7.62	19.14
P/E	15.99	24.43	17.40	53.04	76.88	36.37	79.59	42.22	31.41

INDUSTRY OVERVIEW -

1. Market Size & Growth

Market Value & Demand Projections

- In value terms, the Indian lithium-ion battery (LIB) market was estimated at around USD 2 Bn. Under an accelerated scenario, it is expected to grow to USD 6 Bn by 2026 and further to USD 15 Bn by 2030.
- Cumulative LIB demand has surged from 2.9 GWh in 2018 to 22.4 GWh in 2021, and further to 49.8 GWh in 2023. Annual LIB demand grew from 3 GWh in 2020 to 11 GWh in 2022, with projections of nearly 17 GWh in 2023.
- Between 2022 and 2030, the LIB market is projected to reach 160.3 GWh annually, with a cumulative demand of 600 GWh.

Consumer Electronics & Other Segments

- Consumer electronics remain dominant. In 2021, they accounted for approximately 11.3 GWh (over 50% of LIB deployment), driven by smartphones, laptops, tablets, and IoT devices.
- Historically, consumer electronics held a 61% share in 2020, but the stationary and EV sectors have gained ground, reflecting evolving end-user preferences driven by digitalization and EV adoption..

2. Industry Trends

Technological Shifts

- **Transition from Lead-Acid to Lithium-Ion:** Despite lead-acid batteries having a cost advantage and deep-rooted domestic manufacturing, the superior energy density (50–260 Wh/kg vs. 30–50 Wh/kg for lead-acid) and longer cycle life of LIBs are driving a shift, especially in EVs and grid storage applications.
- **Advanced Chemistries & Product Innovation:** LIBs now use various cathode materials ($LiCoO_2$, $LiFePO_4$) and advanced anode compositions (graphite), with improvements in battery management systems (BMS) and cell configurations. High-capacity inverter batteries, long-life smartphone batteries, and specialized EV battery packs are being introduced by companies such as Luminous, Exide, Tata Power, Reliance, and Mahindra.

Price Trends

- The average price for a LIB pack dropped from USD 780 per kWh in 2013 to USD 139 per kWh in 2023, despite a temporary increase to USD 161 per kWh in 2022. Industry experts project further declines to USD 100 per kWh by 2026 and USD 73 per kWh by 2030, making EVs more affordable.

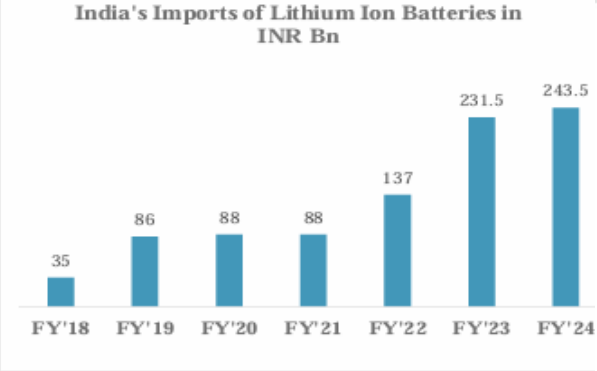
Regulatory & Policy Changes

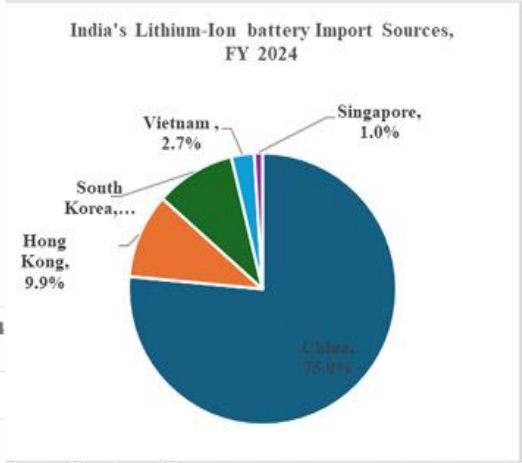
- **PLI Scheme & FAME-II:** The government has rolled out the Production Linked Incentive (PLI) scheme with an outlay of Rs. 18,100 Cr to boost advanced chemistry cell (ACC) manufacturing, targeting 50 GWh capacity by 2030.
- **Import Duty Adjustments:** Import duties on assembled battery packs and lithium-ion cells have been raised to discourage imports, while duties on capital goods have been removed to support domestic production.

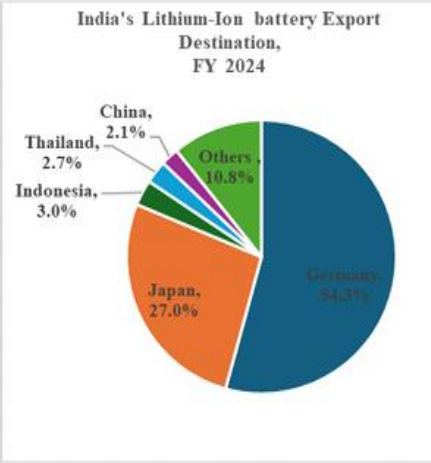
- **National Missions & Initiatives:** Programs such as the National Mission on Transformative Mobility and Battery Storage (NMTMBS), Phased Manufacturing Program (PMP), and initiatives under NEMMP and FAME further incentivize local manufacturing, technology development, and secure supply chains.

Supply Chain & Investment Trends

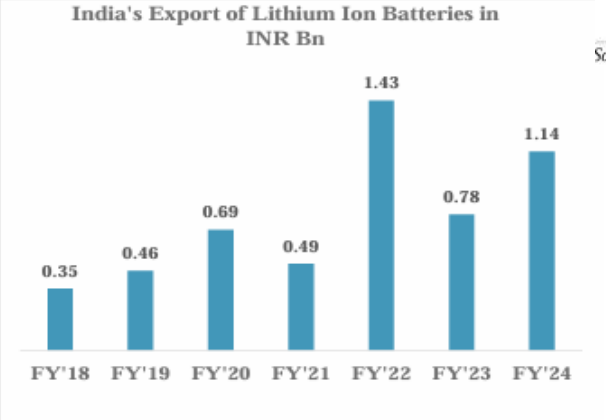
- India remains heavily import-dependent for lithium-ion cells, with key sources being China (75% share), Hong Kong, South Korea, Vietnam, and Singapore. This exposes the market to price volatility and supply disruptions.
- The government's initiatives—such as establishing Khanij Bidesh India Ltd (KABIL) for critical minerals—are aimed at reducing this dependency. Investments by both domestic and multinational companies are increasing, as the country pushes for a self-sufficient battery manufacturing ecosystem.







Sources: Department of Commerce



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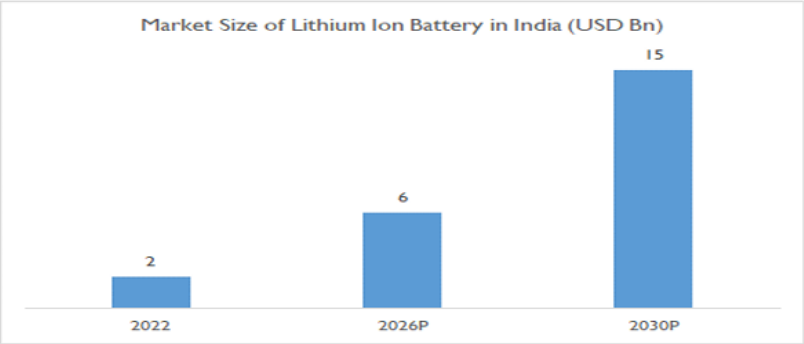
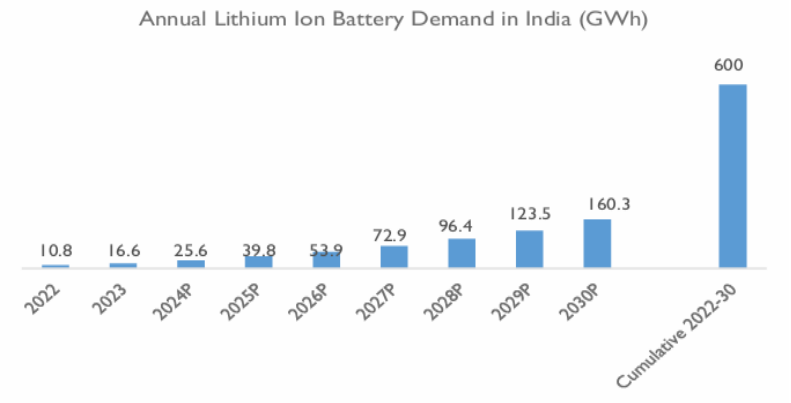
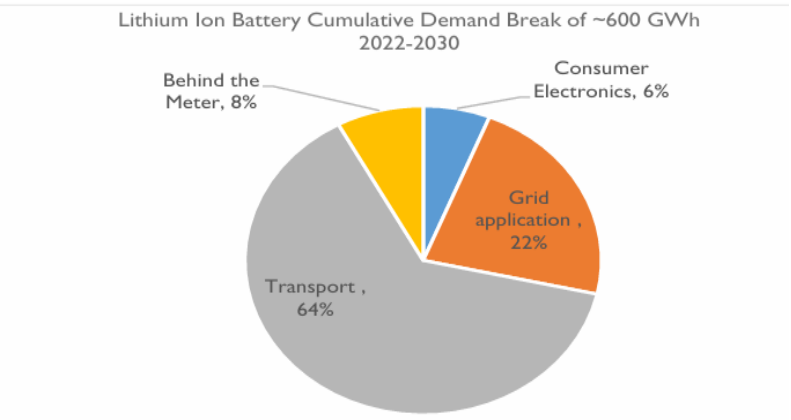


Sources: Niti Aayog

End-User Sector Dynamics

- **Electric Vehicles:** Rapid growth is evident, with EV sales climbing sharply and EV penetration rising from below 1% in 2020 to over 6% in 2023. Government targets aim for 30% of new vehicle registrations to be electric by 2030, driving significant LIB demand (381.4 GWh, 64% share).
- **Stationary Applications:** Growing renewable energy capacity (target of 500 GW by 2030) and integration challenges are making LIBs critical for grid stabilization and continuous power supply.
- **Consumer Electronics:** Despite a relative decline in share from 61% to around 50%, consumer electronics still drive significant volume due to the rapid increase in sm
- Smartphone and laptop sales.





Source: Niti Aayog, D&B Analysis

Key Management -

Key Management Persons Name -	Sandeep Gangabishan Bajoria
Age	50
Designation and No. of years of experience	Chairman & Managing Director, Promoter, 25+ years of experience
Qualification	Bachelor's Degree in Commerce, University of Bombay (1995)
Responsibility	Oversees business strategies and marketing, leveraging extensive entrepreneurial experience to cater to market needs
Other Directorships	SGB International OPC Private Limited; Jubilant International Private Limited and General Iottech Limited

Sandeep Gangabishan Bajoria
Age: | Position: Chairman & Managing Director, Promoter
With **over 25 years of entrepreneurial experience**, he oversees business strategies and marketing. He has consistently served a distinguished roster of esteemed organizations, demonstrating a deep understanding of market needs.

Piyush Vijaykumar Kedia
Age: | Position: Executive Director & Chief Financial Officer
A **Chartered Accountant (1997) and Cost & Works Accountant (1997)**, he holds a **B.Com from the University of Bombay (1995)**. With **20+ years in finance**, he held roles at **Indian Seamless Financial Services, Zee Interactive, Centrum Broking, and Assudamal & Sons**. He later transitioned into **freelance financial advisory**.

Nilesh Victor Correia
Age: | Position: Non-Executive Director
Holding a **B.Sc (1995) and MBA (2008)**, he has **15+ years in finance and fintech**, working with **ICICI Bank, Bill Desk, and India Transact Services Ltd.** He has also provided services to **Vibrer Technologies, Tech5 India, and Metamax Technology Ventures**.

Zubair Rahman
Age: | Position: Whole-Time Director
Since **2021**, he has leveraged his **hands-on management expertise** to oversee operational efficiency.

Ashwin Manoharlal Agarwal
Age: | Position: Independent Director
With **15+ years in investments and insurance**, he holds a **B.Com (2005) and MBA (2012)**. He has worked with **PNB MetLife, Edelweiss Tokio, and Kotak Mahindra** and has been an **investment advisor since 2018**.

Himanshi Tiwari
Age: | Position: Independent Director
A **Company Secretary (2021) with an MBA (2019)**, she specializes in **corporate governance** and is currently **Company Secretary at Silicon Rental Solutions Ltd.**

FINANCIAL SNAPSHOT

Statement of Profit and Loss — Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
Revenue from Operations	3,648.30	3,313.54	5,120.37	2,249.41
Other Income	3.59	8.89	31.03	7.6
Total Income	**3,651.89**	**3,322.43**	**5,151.40**	**2,257.01**
Expenses				
Cost of Material Consumed	1,815.77	1,923.77	2,913.69	956.41
Changes in inventories of finished goods	-221.85	-316.17	93.25	205.10
Employee Benefit Expenses	246.54	330.34	415.7	190.43
Finance Cost	33.14	53.13	62.76	67.19
Depreciation and Amortization Expense	66.12	109.18	125.91	68.04
Other expenses	278.50	226.81	181.39	79.66
Total Expenses	**2,218.22**	**2,327.06**	**3,792.70**	**1,566.83**
EBITDA	**1,529.34**	**1,148.79**	**1,516.34**	**817.81**
EBITDA Margin	**41.92%**	**34.67%**	**29.61%**	**36.36%**
Profit/(Loss) before tax	**1,433.67**	**995.37**	**1,358.70**	**690.18**
Tax Expense				
Current tax	242.62	174.03	241.37	115.99
Excess/Short Provision of tax earlier year	1.00	47.46	27.74	
Deferred Tax	3.9	-1.68	0.44	-2.95
Total Tax	**247.52**	**219.81**	**269.55**	**113.04**
Profit/(Loss) for the year	**1,186.15**	**775.56**	**1,089.15**	**577.14**
Net Profit Margin	**32.51%**	**23.41%**	**21.27%**	**25.66%**

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	255	255	1606.5	1,606.50
Reserves and Surplus	1190.42	1,965.98	1,703.63	2,280.77
Total Equity	**1,445.42**	**2,220.98**	**3,310.13**	**3,887.27**
NON-CURRENT LIABILITIES				
Long Term Borrowings	648.92	554.11	552.25	1,619.75
Deferred Tax Liabilities (net)	5.25	3.57	4.01	1.05
Long Term Provisions	2.35	6.17	12.29	16.95
Total Non-current liabilities	**656.52**	**563.85**	**568.55**	**1,637.75**
CURRENT LIABILITIES				
Short Term Borrowings	531.61	504.85	498.54	805.94
Trade Payables				
(i) Total outstanding dues of MSME	17.40	6.52	0.4	0.59
(ii) Total outstanding dues of creditors other than MSME	352.21	156.77	192.42	377.54
Other Current Liabilities	359.12	444.64	188.39	227.24
Current Tax Liabilities (Net)	242.63	174.05	241.42	246.05
Total Current liabilities	**1,502.97**	**1,286.83**	**1,121.17**	**1,657.36**
Total Liabilities	**2,159.49**	**1,850.68**	**1,689.72**	**3,295.11**
Total Equity and Liabilities	**3,604.91**	**4,071.66**	**4,999.85**	**7,182.38**
ASSETS				
NON-CURRENT ASSETS				
Property, Plant and Equipment	757.65	760.94	685.66	1,485.79

Particulars	FY 22	FY 23	FY 24	Sep-24
Long-Term Loans and Advances	24.18	22.28	74.18	6.53
Total Non-Current assets	**781.83**	**783.22**	**759.84**	**1,492.32**
CURRENT ASSETS				
Inventories	1695.06	2,304.33	3,050.18	3,024.12
Trade Receivables	457.99	518.70	629.42	1,605.69
Cash & Cash equivalents	5.25	8.69	127.41	14.18
Other bank balances	165.98	147.47	182.46	632.05
Other Current Assets	498.8	309.25	250.54	414.02
Total Current assets	**2,823.08**	**3,288.44**	**4,240.01**	**5,690.06**
Total Assets	**3,604.91**	**4,071.66**	**4,999.85**	**7,182.38**

Cash Flow Statement

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Sep-24
Net Cash Flow from Operating Activities	133.33	263.74	264.18	-110.76
Net Cash Flow from Investing Activities	-800.98	-85.6	-74.52	-1310.17
Net Cash Flow from Financing Activities	665.67	-174.70	-70.94	1,307.73

Key Ratios

Per Share Data	FY 22	FY 23	FY 24	FY 25*
Diluted EPS	7.38	4.83	6.78	5.66
BV per share	56.68	87.10	20.60	46.92
Operating Ratios				
EBITDA Margins	41.92%	34.67%	29.61%	36.36%
PAT Margins	32.51%	23.41%	21.27%	25.66%
Inventory days	170.05	254.53	218.02	283.66
Debtor days	45.95	57.29	44.99	69.72
Creditor days	68.86	17.26	70.15	56.27
Return Ratios				
RoCE	69.61%	37.33%	35.85%	13.55%
RoE	82.06%	34.92%	32.90%	12.07%

Valuation Ratios (x)	FY 22	FY 23	FY 24	FY 25*
EV/EBITDA	1.71	2.85	2.79	1.48
Market Cap / Sales	0.82	0.91	3.70	5.35
P/E	15.99	24.43	17.40	20.84
Price to Book Value	2.08	1.35	5.73	2.51
Solvency Ratios				
Debt / Equity	0.82	0.48	0.32	0.24
Current Ratio	1.88	2.56	3.78	3.78
Quick Ratio	0.75	0.76	1.06	1.06
Asset Turnover	1.01	0.81	1.02	0.90
Interest Coverage Ratio	44.15	19.57	22.15	11.16

***Annualized**

INTERPRETATION –

1. Revenue Growth Trends & Industry-Specific Impact

- **FY24 vs. FY23:**
  - **Revenue surged 55% (₹3,313.54L → ₹5,120.37L).**
  - **Key Growth Drivers:**
    - **First-time exports (~12% of revenue):** Positive sign, indicating international market penetration. This could lead to diversification and foreign exchange benefits but also exposes ATC to global competition.
    - **Volume growth from key sectors:** Demand uptick across **banking, drones, energy storage, industrials, and weighing scales** suggests strong adoption of ATC's lithium-ion batteries.

4. Working Capital Cycle & Liquidity Risks

- **Inventory Days Jump (492 days in Sep-24) → Major Working Capital Concern**
  - Some possibilities:
    - **Stockpiling of lithium, nickel, and cobalt** to hedge against supply chain issues.
    - **Production ramp-up ahead of new contracts (exports, large domestic deals).**
    - **Demand slowdown?** If inventory isn't moving fast, it could strain liquidity.
- **Debtor Days Surge (130 in Sep-24)**
  - The company **is taking longer to collect payments,** possibly due to larger institutional customers (EV manufacturers, industrial clients) demanding extended credit terms.

- **days in Sep-24).** The company may have **built up stock to fulfill upcoming export orders** or meet large domestic demand.
- **FY23 vs. FY22:**
- **Revenue dropped by 9.18% (₹3,648.30L → ₹3,313.54L).**
- **Key Reasons:**
- **Plant Upgradation:** A temporary production pause impacted sales.
- **Decline in mini battery cell demand for banking (-31%)** – since POS & ATM machines had higher margins, this affected overall profitability.
- **Compensation by EV & UPS growth:** This shift suggests **a long-term strategy to pivot away from lower-margin segments toward high-growth industries (EV, energy storage).**

2. Profitability Analysis: Margin Pressures & Cost Dynamics

- **EBITDA & PAT Margins Declining (FY22–FY24):**
- Despite revenue growth in FY24, **margins fell due to rising costs** (raw materials, bank finance, employee costs).
- **PAT Margin Trend:**
- **FY22: 32.51% → FY23: 23.40% → FY24: 21.27%**
- **PAT fell 34.6% in FY23** due to:
- Lower revenue from banking batteries (which had higher margins).
- Increase in **Cost of Goods Sold (COGS) from 44% (FY22) → 48% (FY23)** due to **raw material cost inflation.**
- **FY24 PAT showed slight stability (~21%)** despite higher revenue, indicating better cost control.

3. Cost Structure & Expense Trends

- **Finance Costs Increased:**
- **FY24: +18%** (higher use of bank limits).
- **FY23: +60%** (₹20 lakh increase).
- This aligns with the company taking on **higher working capital debt** to support inventory buildup and plant expansion.
- **Creditor Days Steady (~70)**
- ATC isn't delaying supplier payments, so its bargaining power with vendors may be limited.

5. Solvency & Returns

- **RoCE & RoE Falling (69.61% → 35.85% → 13.57%)**
- Decline caused by:
- High working capital usage.
- Investment in fixed assets (higher depreciation, lower immediate returns).
- **If new capacity leads to strong sales, these ratios should recover.**
- **Interest Coverage Ratio (falling from 44.15 → 11.16 in Sep-24)** suggests finance costs are becoming a bigger burden but still easily manageable.

6. Valuation Adjusted for Growth Expectations

- **Market Cap/Sales (0.82 → 3.70 → 8.43 in Sep-24)**
- **Extreme rise → suggests high future growth expectations.**
- If the company doesn't **rapidly scale production to match valuation**, stock price could correct.
- **P/E Ratio (17.40 → 20.84)**
  Slightly on the higher side for a SME IPO however company has potential to justify this price.

LEAD MANAGER TRACK RECORD –

The lead manager to the issue is **Indorient 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 –

Horizon Management Private Limited –

Sr. No.	Company Name	Issue Size (Cr.)	Issue Price/Share (INR)	Listing Date	CMP* (INR)
1	EMA Partners India Limited	76.01	124	Jan 24, 2025	122.95
2	Yash Highvoltage Limited	110.01	146	December 19, 2024	110.01
3	Chatha Foods Limited	34	56	March 27, 2024	140
4	Plada Infotech Services Limited	12.36	48	October 13, 2023	26.6
5	Canarys Automations Limited	47.03	31	October 11, 2023	38.8
6	Newjaisa Technologies Limited	39.93	47	October 05, 2023	84.1
7	Techknowgreen Solutions Limited	16.72	86	September 27, 2023	250
8	eMudra Limited	412.79	256	June 01, 2022	947
9	SecMark Consultancy Limited	15.04	135	October 01, 2020	125

The company has handled 13 mandates in the last three years (including current year).

*CMP for the above-mentioned companies is taken as of 26th Mar 2025.
As per the offer document, the above-mentioned mandates Swasth Foodtech India Limited, Rexpro Enterprises, Citichem India Limited and Onyx Biotec Limited have opened at a discount and remaining all have opened at premium on the listing day.

Recommendation -

Investment Recommendation: Apply with Caution, Risk-averse investors may wait for post-listing performance before investing.

Financial Strengths:

- **Revenue Growth & Profitability**: Revenue grew at a CAGR of nearly 20% over past three years.
- **Healthy Returns**: ROCE and ROE for FY24 were **35.85% and 32.90%**, indicating strong capital efficiency, though declining from previous years.

Key Strengths:

- **Industry Potential**: Rising **EV adoption, energy storage solutions, and policy incentives** are driving demand for lithium batteries. The global lithium-ion battery market is expected to grow at a **CAGR of 19% from 2023 to 2030**.
- **Government Support**: The company benefits from **FAME II (₹10,000 crore allocation), the PLI scheme (₹18,100 crore), and customs duty exemptions on lithium-ion cells**, reducing input costs and supporting long-term expansion. The Indian government's target is for EVs to constitute 30% of private car sales by 2030.
- **Diversification Efforts**: The company is working to **reduce dependence on the banking sector (57%-92% revenue share) and promoter-group clients (57%-91% revenue share)** by entering new markets.

Key Risks & Concerns:

- **Management Concerns**: No **board members have a technical background**, raising concerns about **industry expertise**. The high **attrition rate (21.95% in FY24)** adds further risk.
- **Customer & Sector Dependency**: The company relies heavily on **two promoter-group entities (57%-91% revenue from FY22-FY24)** and the **banking sector (57%-92%)**, limiting diversification.
- **Supply Chain Risks**: The company imports critical battery components, such as **lithium cells and Battery Management Systems, from China**, exposing it to **geopolitical risks, trade restrictions, and price fluctuations**.
- **Underutilized Production Capacity**: Despite **significant capacity**, utilization remains low, impacting efficiency and profitability.

Objects of the Issue & Fund Utilization:

More than **40% of IPO proceeds** will be used for **capital expenditure and factory upgrades**, while a significant portion (₹95 Mn) is allocated for **working capital**, highlighting a need for liquidity support.