



IPO Details:

Exicom Tele-Systems Ltd is (Exicom) coming out with an IPO of about Rs. 429.00 cr consisting of 3,02,11,214 shares of face value of Rs. 10 each in a price band of Rs. 135 – Rs. 142. The IPO comprises of Fresh Issue of Rs. 329.00 cr and Offer for Sale of Rs. 100.00 cr from the promoter company. The IPO opens on 27th February and closes on 29th February' 2024.

Company Details:

- Power management solutions provider, operating under 2 business verticals viz. i) **Critical Power Solutions business** and ii) **EV charger business**.
- Under Critical power solutions business, Company designs, manufactures and services **DC Power systems** and **Li-ion based energy storage solutions** to deliver overall energy management at **telecommunications sites** and enterprise environment in India and overseas.
- Its EV Charger business involves providing smart charging systems with innovative technology for residential, business and public charging use in India. As of 30th Sep' 2023, Company had deployed over **61,000 EV chargers** across **400** locations in India.
- Operates **3** manufacturing facilities in India at Solan, Himachal Pradesh and at Gurugram, Haryana which collectively have an annual capacity of **12,000 DC Power Systems**, **44,400 AC chargers** and DC fast chargers.

Strength:

- **Vertically integrated operations** with end-to-end product development capabilities from concept to design to engineering to prototype testing along with 2 dedicated R&D centres.
- **Dedicated R&D team focuses** on power electronics design, firmware, system engineering, EV charger development and battery pack/BMS development.
- Occupies **16%** market share in DC Power Systems market and about **10%** market share in the Li-ion batteries market which are used for application in the telecommunications sector.
- Provides EV chargers – both AC (slow) and DC (fast) chargers to **diversified customer base** which includes Auto OEMs, Charge Point Operators (CPOs) and fleet aggregators.
- Amongst the **1st entrants** in the EV charger manufacturing segment in India helped the company to corner **60% and 25% market share** in residential and public charging segments respectively.



Growth Drivers:

- Telecom power systems market in India is expected to grow from approximately **Rs. 1,500 cr** in FY23 to **Rs. 2,200 cr** in FY28, translating into CAGR of **8.50%**.
- Energy storage solutions market for telecommunications is expected to **grow from Rs. 1,950 cr** in FY23 to **Rs. 3,610 cr** in FY28, translating into CAGR of **13.10%**.
- Proliferation of data centres has increased the demand for accompanying infrastructure, including energy solutions such as Li-ion batteries and as a result, market size of Li-ion based battery energy storage solutions for data centres is estimated to **grow from Rs. 320 cr** in FY23 to **Rs. 4,700 cr** in FY28.
- Total addressable market for EV charging products is expected to grow to **Rs. 900 cr – Rs. 950 cr** by FY28, on the back of deepening penetration of Electric Vehicles in India.

Objectives of Fund Raise – Fresh Issue of Rs. 329.00 cr:

- Rs. 145.77 cr will be utilized towards setting up production/assembly lines at planned manufacturing facility in Telangana.
- Rs. 50.30 cr will be utilized towards making repayment/pre-payment in part or full of certain borrowings availed by the Company.
- Rs. 69.00 cr will be utilized towards part funding incremental working capital requirements.
- Rs. 40.00 cr will be invested in R&D and product development.
- Balance funds will be utilized towards general corporate purposes.

Key Financial Highlights –

Exicom Tele-Systems Ltd (Rs. Cr)

Year	Revenue	Ebitda	Ebitda Margins (%)	PAT	EPS	RoCE (%)	RoE (%)
FY21	512.91	29.52	5.8%	12.68	1.38	5.33%	5.9%
FY22	842.81	67.42	8.0%	30.40	3.31	17.66%	13.7%
FY23	707.93	52.44	7.4%	31.03	3.38	10.92%	13.4%
H1 FY24	455.04	41.46	9.1%	27.46	2.98	9.2%	8.8%



- Operating Revenues of the Company has grown at a CAGR of 17.5% between FY21 – FY23 to touch Rs. 707.93 cr in FY23. For H1 FY24, operating revenues stood at Rs. 455.04 cr.
- Ebitda margins saw fluctuations but has inched up from 5.8% in FY21 to 7.4% in FY23. In H1 FY24, it has further inched up to 9.1%.
- Company's profitability has grown at faster pace as PAT grew at a CAGR of 56.5% between FY21 – FY23. PAT in FY23 stood at Rs. 31.03 cr. For H1 FY24, PAT stood at Rs. 27.46 cr.
- Capital efficiency is not very high with RoCEs and RoEs seeing fluctuations. RoCEs inched up from 8.5% in FY21 to 17.7% in FY22 but it again slipped to 14.7% in FY23. Similarly, RoEs too inched up from 5.9% in FY21 to 13.7% in FY22 but it slipped marginally to 13.4% in FY23.

Valuations:

- At Upper end of the IPO price band of Rs. 142, Exicom Tele-Systems Ltd will be valued at about Rs. 1,715.71 cr.
- On EV/Ebitda basis, Company is available at 19.98x its TTM Ebitda of Rs. 89.51 cr while on PE basis it will be available at 20.00x its TTM EPS of Rs. 7.10.
- **Investments in Exicom Tele-Systems Ltd. can be avoided considering the high competition in both the business segments, B2B nature of the business limiting pricing power, volatile operating margins, average capital efficiency and fair valuation.**



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*Long Term Investments could range from 3-5 years.