

## Exicom Tele-Systems Limited

Issue Detail	
Price Band (Rs.)	Rs.135- Rs.142
Face Value (Rs.)	10.00
Issue Size (Rs.)	429 Cr.
Issue Type	Book Built Issue IPO
Lot Size	100 Shares
Issue Opens	February 27, 2024
Issue Closes	February 29, 2024
Listing on	BSE & NSE

Indicative Timeline	On or before
Finalization of Basis of Allotment	March 01, 2024
Unblocking of Funds	March 04, 2024
Credit of shares to Demat Account	March 04, 2024
Listing on exchange	March 05, 2024

Other Detail	
Book Running Lead Managers	Monarch Network Capital Limited, Unistone Capital Pvt Limited and Systematix Corporate Services Limited.
Registrar	Link Intime India Private Limited.

IPO Shareholding (%)		
Category	Pre-Issue	Post-Issue
Promoters	93.29%	69.57%
Public	6.71%	30.43%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Distribution Team
E: ipo@acm.co.in D: +91 22 6132 5931

Retail Research
E: retailresearch@acm.co.in D: +91 22 2858 3206

## Company Background

**Exicom Tele-Systems Limited (ETSL)** was incorporated in 1994, specializes in power systems, electric vehicle (EV) charging, and other related solutions. The Company is an power management solutions provider, operating under two business verticals,

- Electric vehicle supply equipment "EV Charger" solutions business, wherein its provide smart charging systems with innovative technology for residential, business, and public charging use in India ("EV Charger Business"); and
- Critical power solutions business, wherein Company design, manufacture and service critical digital infrastructure technology to deliver overall energy management at telecommunications sites and enterprise environments in India and overseas ("Critical Power Business").

The Company is amongst the first entrants in the EV Chargers manufacturing segment in India and as of March 31, 2023, they are amongst the market leaders, with a market share of 60% and 25% in the residential and public charging segments, respectively.

## Issue Details

The issue size is Rs.429 Cr. which comprises of Fresh Issue of upto Rs.329 Cr. and Offer for Sale of Equity Shares upto Rs.100 Cr.

## Issue Objectives

The Net Proceeds of the Fresh Issue are proposed to be utilized in the following manner:

- Part-financing the cost towards setting up of production/assembly lines at the planned manufacturing facility in Telangana;
- Repayment/pre-payment, in part or full of certain borrowings of Company;
- Part-funding incremental working capital requirements;
- Investment in R&D and product development; and
- General corporate purposes.

## IPO Share Issue Structure

Category	Allocation	Number of Shares	Value at upper band (Rs. In Cr.)
QIB ( Institutional)	75%	2,26,58,411	321.75
Non Institutional	15%	45,31,682	64.35
Retail	10%	30,21,121	42.90
<b>Total</b>	<b>100%</b>	<b>3,02,11,214</b>	<b>429.00</b>

Source: Company RHP, ACMIIL Research

## Outlook

**Exicom Tele-Systems Limited (ETSL)** is one of the key solution provider which aim to be an impact business contributing to the sustainable energy transition by enabling electrification of transportation, and energy stability of digital communication infrastructure witnessing a positive outlook for the future. At the upper price band of Rs.142/-, stock has valued at PE multiple of 42.01 of its FY23 Diluted EPS.

### Company Overview

**Exicom Tele-Systems Limited (ETSL)** is among the first to enter India's EV charger manufacturing segment. The company operates in the EV Charger business, which offers both slow charging solutions (primarily AC chargers for residential use) and fast charging solutions (DC chargers for business and public charging networks in cities and highways). The customer base includes established automotive OEMs (for passenger cars and EV buses), charge point operators (CPOs), and fleet aggregators.

By September 30, 2023, the company had installed more than 61,000 EV chargers across 400 locations in India. As of September 30, 2023, the company has deployed 470,810 Li-ion Batteries for application in the telecommunications sector, equivalent to a storage capacity of over 2.10 GWH.

The company's manufacturing facility complies with ISO 14001:2015, ISO 45001:2018, and ISO 9001:2015.

As of September 2023, the company has supplied its EV Chargers to over 70 customers, including 15 automotive OEMs, 32 national and regional CPOs and four fleet aggregators.

As of September 30, 2023, the company employs 1,190 employees in India, of which 443 are contractual, 732 employees are technically qualified - 438 with diplomas and 294 with engineering degrees. The company also has 50 employees at its subsidiaries.

### Business Operations

#### EV Charger Business

The Company leveraged its nearly three decades of domain experience and know-how in power conversion, energy management and decarbonization solutions, along with tapping into their existing manufacturing and supply chain operations, to commence its EV Charger Business in 2019, which provides smart electric vehicle ("EV") charging products and solutions. They are guided by its overall objective of making EV chargers simple to use, future-proof and efficient over their life-cycle. Its EV Charger Business provides slow charging solutions, i.e., AC chargers primarily for residential use, as well as fast charging solutions, i.e., DC chargers for business and 'public charging' networks in cities and on highways to a diverse customer base, including established automotive OEMs (passenger cars as well as EV buses), charge point operators ("CPOs"), and fleet aggregators.

Its EV charging products are compliant with global standards such as CE, as well as with Indian certification requirements such as the regulatory compliances set by Automotive Research Association of India ("ARAI"). As of March 31, 2023, Company has deployed over 35,000 EV chargers across 400 locations in India. Its endeavor to differentiate their EV Chargers by focusing on form factor, performance, and ability to work in harsh environmental and electrical conditions, with an emphasis on achieving increased indigenization.

#### Critical Power Business

Company's Critical Power Business delivers overall energy management at telecommunications sites and enterprise environments. Under this business vertical, it offers a diversified portfolio of DC power conversion systems ("DC Power Systems") and Li-ion based energy storage solutions to deliver back-up power during grid interruptions ("Li-ion Batteries" or "ESS") and has deployments in India, South East Asia and Africa. Company's DC Power Systems are typically customized to customers' specifications for use cases at telecommunications sites, including at large central offices, renewable hybrid sites, base station sites (independent or shared) and small cell/Wi-Fi sites.

It has achieved deployment of their DC Power Systems across 15 countries in South East Asia and Africa. Its Li-ion Batteries provide back-up power in case of power grid interruptions or intermittent renewable energy supply, and are based on modular and parallel platforms supported by its proprietary battery management system ("BMS") and can be combined to make battery systems to meet the requirements of the end-application.

As of March 31, 2023, Company has deployed 450,000 Li-ion Batteries for application in the telecommunications sector, equivalent to a storage capacity of over 2.00 GWH. As per the CRISIL Report, the increasing demand for mobile data and voice services, the growing adoption of 4G and 5G networks, telecommunications power upgrade projects, expansion of telecommunications network in bad-grid and off-grid locations, and overall need for reliable and uninterrupted power supply for telecommunications towers are the key factors driving the growth of telecommunications power industry.

### Competitive Strengths

- Market leader with an early-mover-and-learner advantage in the Indian EV Charger market, a fast-growing industry characterized by high entry barriers.
- Domain experience and know-how and diversified product portfolio with a track record of demonstrated outcomes in critical cases.
- Vertically integrated operations, backed by manufacturing capabilities, robust supply chain, significant research and development activities and sales and marketing initiatives.
- Significant product development and focused engineering capabilities.
- Track record of long-standing relationships with an established customer base.
- Experienced and qualified leadership and management team.

## Key Business Strategies

- Capitalize on EVSE industry tailwinds, including through proposed expansion.
- Continue to invest in their capabilities of product innovation, engineering and design with focus on indigenization.
- Increase penetration in existing markets, and expand into new overseas markets.
- Expand its product portfolio to increase sales to existing customers and cater to new customer industries and use-cases.
- Invest in digital transformation of its business operations to improve operational efficiencies and customer experience.

## Financial Snapshot (Consolidated)

Particulars (Rs. in Mn.)	FY2021	FY2022	FY2023	September 30, 2023
Revenue from Operations	5,129.05	8,428.05	7,079.30	4,550.42
EBITDA	295.15	674.21	524.37	414.63
EBITDA Margin (%)	5.75%	8.00%	7.41%	9.11%
PAT	126.76	303.96	310.32	274.63
PAT Margin (%)	2.47%	3.61%	4.38%	6.04%
RoE (%)	5.94%	13.72%	13.38%	8.82%
RoCE (%)	5.33%	17.66%	10.92%	9.17%

Source: Company RHP, ACMIIL Research

## Comparison with Peers

Name of Company	Revenue From Operations (Rs. in Mn)	Diluted EPS (Rs.)	PE	RONW (%)
<b>Exicom Tele-Systems Limited</b>	<b>7,079.30</b>	<b>3.38</b>	<b>42.01</b>	<b>13.38</b>
Servotech Power Systems Limited	2,784.81	0.56	158.37	13.47
HBL Power Systems Limited	13,686.78	3.51	75.70	10.35

Source: Company RHP, ACMIIL Research

## Risks and concerns

- ETSL operate in industries which is highly regulated and subject to change. If they fail to comply with the applicable regulations and standards prescribed by the Government of India and the relevant statutory or regulatory bodies, its business, financial condition, cash flows and results of operations will be adversely affected.
- A shortage or non-availability of essential utilities such as power and fuel could affect its manufacturing operations and has an adverse effect on their business, results of operations and financial condition.
- Any failure of their information technology and ERP systems could adversely affect its business and operations.

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# Asit C. Mehta

INVESTMENT INTERMEDIATES LTD.

## Retail Research Desk:

Email: [retailresearch@acm.co.in](mailto:retailresearch@acm.co.in)

Research Analyst Registration Number:

**INH000002483**

**CIN: U65990MH1993PLC075388**

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