

EXICOM TELE-SYSTEMS LIMITED

27-02-2024 TO 29-02-2024

Industry: Power Systems & EV Solutions

Price Band: ₹135-142

Recommendation: Subscribe for listing gains

Post Implied Market Cap: -₹1647-1716 Cr

Key Data

Issue Size (₹ Cr)	429
Fresh (₹)	329
OFS (₹)	100.00
No of shares offered	3,14,12,500 -3,02,11,200
Face Value (₹ /share)	10
Bid Lot	100

About the Company

Exicom Tele-Systems Ltd (EXICOM), established in 1994, is a renowned player in the power systems and electric vehicle (EV) charging solutions sector. The company operates under two main verticals: Power Systems and EV Charging Solutions. Exicom provides uninterrupted power solutions for digital communication networks and has also ventured into the EV charging segment, deploying over 6,000 AC and DC chargers in India and Southeast Asia. As a pioneer in India's EV charger manufacturing, it holds a significant market share of 60% in residential and 25% in public charging segments as of March 31, 2023. In the Critical Power segment, Exicom commands a 16% market share in DC Power Systems and is a key player in the Li-ion Battery market for telecommunications, with a 10% market share. Promoted by NextWave Communications Pvt. Ltd and Anant Nahata, Exicom has HFCL Ltd as part of its promoter group.

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	1/3/2024
Refunds/Unblocking ASBA Fund	4/3/2024
Credit of equity shares to DP A/c	4/3/2024
Trading commences	5/3/2024

Investment Rationales

- Early-mover-and-learner advantage in the fast growing India EV Charging market:** Exicom holds a dominant position in India's EV Charger industry with a 60% market share in residential and 25% in public charging segments as of March 31, 2023. As of September 30, 2023, the company has installed more than 61,000 EV chargers across 400 locations in India and supplied to 70+ customers, including automotive OEMs and charging station operators. Being an early entrant in EV charger manufacturing in India, Exicom benefits from a first-mover advantage and robust R&D capabilities, positioning them to capitalize on the rapid growth of the EV market domestically and globally.
- Domain experience, know-how and diversified product portfolio with a track record of demonstrated outcomes in critical cases:** Exicom has accumulated nearly three decades of expertise in power conversion, energy management, and battery technology. Their Critical Power Business offers a range of DC Power Systems for telecom sites and Li-ion Batteries for backup power, with deployments exceeding 450,000 batteries as of March 31, 2023. Leveraging their telecom experience, they entered the EV Charger Business in 2019, offering a comprehensive portfolio from 3.3kW to 360kW. They've also developed software solutions like ChargeX and SPIN Control for efficient charging management. Committed to innovation, Exicom aims to enhance user experiences through technology improvements and customer insights-driven product development.
- Vertically integrated operations, backed by manufacturing capabilities, robust supply chain, significant research and development activities and sales and marketing initiatives:** EXICOM operates with vertical integration, encompassing product development from concept to manufacturing, supported by two R&D centers. They have three manufacturing facilities in India, with an annual capacity of 12,000 DC Power Systems and 44,400 AC and DC EV Chargers. Manufacturing is conducted at facilities in Solan, Himachal Pradesh, and Gurugram, Haryana. Gurugram Facility I produces for both Critical Power and EV Charger businesses, Facility II focuses on Li-ion Batteries, and Solan Facility produces AC-DC converters. They offer comprehensive services including installation, AMC, spare parts, and technical support to customers.
- Significant product development and focused engineering capabilities:** EXICOM's market leadership in the EV Charger Business stems from its customer-centric approach, developing products tailored to desired use-cases. They've introduced various chargers including Bharat Standard, Harmony, Wallbox, fast chargers, and portable chargers, catering to diverse needs. In Critical Power, they've launched Integrated Power Management Systems and advanced Li-ion Batteries, achieving a deployment of 2.00 GWh globally by March 31, 2023. With a dedicated R&D team of 144 employees across two centers, they've developed and commercialized 16 products over recent years. EXICOM's DC Chargers boast energy efficiency, wide temperature and voltage ranges, ensuring compatibility across vehicle models and segments.

Shareholding (No. of shares)

Pre-Issue	92,396,244
Post Issue (Lower price band)	122,025,801
Post Issue (Higher price band)	120,824,501

Shareholding Pattern

Promoters	
Pre Issue	67.60%
Post Issue	48.80%

Promoters Group	
Pre Issue	25.70%
Post Issue	20.80%

Non-Promoter Non-Public	
Pre Issue	6.70%
Post Issue	5.40%

Public - Others:	
Pre Issue	0.00%
Post Issue	25.00%

Issue Breakup

QIB	75%
NIB	15%
Retail	10%

Other Details

BRLMs: Monarch Network Capital Ltd, Unistone Capital Pvt. Ltd, Systematix Corporate Services Ltd.

Registrar: Link Intime India Pvt. Ltd.

Listing: BSE & NSE

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Risk

- Customer concentration in revenue.
- Higher dependency on global suppliers for raw materials.

MView

We believe Exicom Tele-Systems Ltd IPO gives investors a unique opportunity to invest in a prominent leader providing solutions for the electric vehicle (EV) charger industry and a growing player in the critical power solutions sector. With a market share of 60% in residential and 25% in public charging segments, EXICOM holds a dominant position in India's EV charger market which we think the next growth would come. We also assume by leveraging their early mover advantage EXICOM offers a diverse range of EV charging solutions with their comprehensive portfolio and robust R&D capabilities position them well to capitalize on the exponential growth of the EV market in India and globally. We also believe EXICOM's vertical integration and focus on customer-centric product development, position them as a preferred choice in the EV charger and critical power solutions segments. By looking at the financials the company has shown strong growth in FY2022 with 64.3% and a de-growth of -16% in FY 2023 in revenue from operations but in net profit terms the company has shown a good growth in FY 2022/2023 with 49%/23.9%. On valuation parse at the upper band of ₹142/-, the issue is asking for a Market Cap of ₹ 1716 cr. Based on annualized FY 2024 earnings and fully diluted post-IPO paid-up capital, the company is asking a P/E of 31.2x which seems fully priced by looking at their revenue from operations de growth and EBITDA margin pressure in FY 2023. But looking at the fast-growing EV solution market demand and growth and first mover advantage, the company can command a healthy listing gains pop due to new age EV segment leadership. We believe their early entry into EV charger manufacturing and strategic partnerships with automotive OEMs and charging station operators have solidified their market leadership position. Hence, considering all parameters, we are recommending investors to "SUBSCRIBE" the issue for listing perspective only.

CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at Sept' 30		As at March' 31		
	2023 (06)	2022 (06)	2023	2022	2021
Equity Share Capital	92.40	7.20	7.20	7.2	7.2
Net worth	311.40	204.30	232.00	221.60	213.40
Total borrowings	72.80	116.10	117.90	107.70	101.80
Revenue from Operations	455.00	215.90	707.90	842.80	512.90
Gross profit	114.00	63.30	17.50	17.90	11.60
Gross profit margin (%)	25.10%	29.30%	24.80%	21.30%	22.70%
EBITDA	41.50	4.40	52.40	67.40	29.50
EBITDA Margin (%) as stated	9.10%	2.00%	7.40%	8.00%	5.80%
EBIT	33.10	-3.40	36.00	52.20	15.40
EBIT Margin	7.30%	-1.60%	5.10%	6.20%	3.00%
Profit/(Loss)- continuing operations	27.50	-6.80	31.00	30.40	12.70
Profit after tax margin (%)	6.00%	-3.10%	4.40%	3.60%	2.50%
Return on Equity (ROE) (%)	8.80%	-3.30%	13.40%	13.70%	5.90%
ROCE	9.20%	-1.20%	10.90%	17.70%	5.30%

Source: Company RHP

COMPARISON WITH INDUSTRY LISTED PEERS ₹ (in Cr)

Companies	Mcap (in Cr)	FV	Revenue from operation FY 2023 (in Cr)	EPS	NAV	P/B	P/E	RoNW
Exicom Tele-Systems Ltd	1716	10	708.00	4.55	55.28	2.57	31.24	13.38%
Servotech Power Systems Ltd	2,179	1	278.00	0.52	3.86	24.7	156	13.47%
HBL Power Systems Ltd	14,097	1	1,369.00	3.51	34.8	13.3	59.5	10.35%

Date as on 31st March 2023, Cline Mcap, PE, PB calculated as on 26-02-2024

Exicom Tele-Systems Ltd, EPS/PE, P/B, NAV calculated on annualised basis post money



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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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