



SMC Ranking
 ★★☆☆☆ (2/5)

Issue Highlights

Industry	Power Solution
Offer for sale (Shares)	7,042,200
Fresh Issue (Shares)	23,169,014
Net Offer to the Public	30,211,214
Issue Size (Rs. Cr.)	407-429
Price Band (Rs.)	135-142
Offer Date	27-Feb-24
Close Date	29-Feb-24
Face Value	10
Lot Size	100

Issue Composition

	In shares
Total Issue for Sale	30,211,214
QIB	22,658,411
NIB	3,021,121
Retail	4,531,682

Shareholding Pattern (%)

Particulars	Pre-issue	Post-issue
Promoters & promoters group	93.29%	69.57%
QIB	6.71%	24.18%
NIB	0.00%	2.50%
Retail	0.00%	3.75%
Total	100.00%	100.00%

*calculated on the upper price band

Objects of the Issue

The company proposes to utilize the Net Proceeds towards funding the following objects:

Part-financing the cost towards setting up production/assembly lines at the planned manufacturing facility in Telangana

Repayment/pre-payment, in part or full, of certain borrowings of the company

Part-funding incremental working capital requirements

Investment in R&D and product development

General corporate purposes

Book Running Lead Manager

- Monarch Network Capital Limited
- Unistone Capital Private Limited
- Systematix Corporate Services Limited

Name of the registrar

- Linkintime India Private Limited

About the company

Incorporated in 1994, Exicom Tele-Systems Limited specializes in power systems, electric vehicle (EV) charging, and other related solutions. The company operates under two business verticals. Power Systems and EV Charging Solutions. As of March 31, 2023, the company 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.

Strength

Established player with an early-mover-and-learner advantage in the Indian EV Charger market: Exicom Tele-Systems Limited leverages its first-mover advantage in the rapidly growing Indian EV Charger market, a sector characterized by significant entry barriers. Its extensive portfolio of EV charging products supports both slow-charging, i.e., AC chargers from 3.3kW to 22kW, which are primarily for residential use; and fast-charging, i.e., DC fast chargers from 30kW to 360kW, which are for business and public use, as part of the 'public charging' networks in cities and on highways. The customers of its EV Charger Business include national CPOs such as Reliance BP Mobility Limited (JioBP) and Fortum Charge & Drive India Private Limited, fleet aggregators such as BluSmart Mobility and Lithium Urban Technologies and established automotive OEMs (PVs and EV buses) such as Mahindra & Mahindra Limited, MG Motors Limited and JBM Limited.

Domain experience and know-how and diversified product portfolio with a track record of demonstrated outcomes in critical cases: Exicom Tele-Systems Limited prioritizes continuous innovation and engineering to adapt its products to evolving technologies and customer needs, ensuring both customer acquisition and retention in its dynamic business landscape. Its critical Power business focuses on providing reliable power solutions for critical digital infrastructure, particularly at telecom sites. This involves a diverse range of efficient, power-dense, and reliable DC Power Systems alongside Li-ion Batteries for backup power. As of September 30th, 2023, the company has successfully deployed over 470,810 Li-ion Batteries for telecommunications, with a combined storage capacity exceeding 2.10 GWh. Fueled by the data boom, digital adoption, and data localization mandates, data center capacity in India is projected to double by 2025, reaching 1,340MW-1,360MW, according to a CRISIL report. This growth is further expected to continue to 2,000MW-2,100MW by 2028. Anticipating this demand, the company expanded its Critical Power Business in 2021 to include high-voltage Li-ion Batteries specifically designed for data centers. Leveraging its expertise, the company has commenced in-house Li-ion Battery manufacturing at its Gurugram Facility II in 2023. Furthermore, the company offers a comprehensive energy management solution, combining its DC Power Systems and Li-ion Batteries into a single, outdoor cabinet for customer convenience. The company aims to leverage its domain expertise and customer insights to continually introduce innovative products, improve existing ones, and enhance

user experience. Its success is attributed to a diverse and customizable product portfolio, catering to various customer needs. Additionally, rigorous testing, including high-temperature assessments, ensures product reliability in demanding environments.

Vertically integrated operations, backed by manufacturing capabilities, robust supply chain, significant research and development activities and sales and marketing initiatives: Exicom Tele-Systems Limited operates with a vertically integrated structure, meaning it handles everything from initial concept to production in-house. Its two R&D centers fuel continuous product development, and its three manufacturing facilities across India bring their ideas to life. These facilities, located in Solan and Gurugram, boast an annual capacity of 12,000 DC Power Systems and 44,400 AC & DC EV Chargers, and cover a combined area of over 134,000 square feet. Gurugram Facility I caters to both their Critical Power and EV Charger businesses, while Gurugram Facility II focuses on Li-ion battery production for critical infrastructure. The Solan facility manufactures AC-DC converters (rectifiers) used internally and sold as components within its DC Power Systems or as spare parts. Dedicated production lines, testing facilities, and quality assurance measures ensure product consistency and reliability. Its in-house R&D capabilities further strengthen its control over manufacturing costs and allow for faster product development cycles and quicker market entry.

Significant product development and focussed engineering capabilities:

- **Strong R&D Focus:** As of September 30th, 2023, the company boasts a dedicated R&D team of 145 employees spread across two centers in Gurugram and Bengaluru. This team focuses on various aspects of EV charging technology, including power electronics design, software development, mechanical and thermal engineering, and the creation of chargers, battery packs, and Battery Management Systems (BMS). To ensure product quality and adherence to standards, the company has developed in-house failure detection capabilities and utilizes third-party labs for compliance testing.
- **Battery Expertise:** The company has built strong expertise in end-to-end battery pack design and development, including BMS and related algorithms. This allows them to optimize for long life and optimal performance for their customers.
- **Customer-Centric Approach and Early Adoption:** The company attributes its success in the EV charger market to its customer-centric approach, where it prioritizes understanding user needs and experiences before developing products with the necessary specifications. Being an early entrant in the Indian EV charger market (source: CRISIL Report), the company was among the first to develop and launch Bharat Standard chargers (AC001 and DC001) in 2019. The success of its AC chargers deployed in homes by OEM customers is credited to their performance, design, technological features, and focus on reliability in the Indian context.
- **Continuous Innovation and Platform Strategy:** The company demonstrates its commitment to continuous improvement through a combination of incremental advancements and innovative enhancements in its product line. This ensures its portfolio remains valuable and adaptable to diverse usage scenarios. The company utilizes a platform approach, where core components like controllers and power conversion systems serve as building blocks for various products. This allows them to cater to diverse applications, ranging from small enterprise systems to large switching center power systems (3000A 48V).

Track record of long-standing relationships with an established customer base: The company attributes its success in the Critical Power and EV Charger businesses to factors including customer-centric solutions and value-added offerings. During the first half of fiscal year 2024 (ending September 30, 2023) and the full fiscal year 2023, the company served a diverse customer base of 450 and 350 in the respective segments. Founded in 1994, the company initially focused on providing DC Power Systems to state-owned BSNL. Over time, the company has expanded its clientele to include major telecommunication and tower companies in India and abroad. Its current telecommunication customers include Jio Infocom and Maxis Telecom, while tower company clients include American Tower, Eastcastle Infrastructure, and Indus Tower. In the EV Charger segment, they primarily cater to established Indian automotive OEMs like Mahindra & Mahindra, MG Motors, and JBM, as well as national public charging infrastructure providers (CPOs) like JioBP and Fortum. Additionally, it serves fleet aggregators like Blu Smart and Lithium Urban. Since starting commercial

sales in 2019, the company has supplied EV chargers to over 70 customers, with 28 being repeat customers in 2023 (generating sales in either 2021 or 2022).

Strategy

Capitalize on EVSE industry tailwinds, including through proposed expansion: The company has created a broad range of solutions to address the growing demand for electric vehicles (EVs) in all segments, leveraging its expertise. A portion of the money raised through the offering will be used to partially fund the construction of two production lines at its planned manufacturing facility in Telangana. These lines will produce:

- **Critical power and EV chargers:** This will increase its capacity to meet the growing demand for EV chargers as the EV market expands in India.
- **Prismatic Li-ion battery production:** This will allow it to further develop its EV charging portfolio and meet the evolving needs of customers in both domestic and international markets. Additionally, the company intends to use a portion of the net proceeds to enhance its product development capabilities.

Continue to invest in its capabilities of product innovation, engineering and design with focus on Indigenization: Its customers' continually evolving businesses and preferences require it to focus on new product development and improvements through its continuing efforts towards product innovation and design and engineering. Its R&D activities are undertaken through a combination of technology partnerships and in-house development led by 145 employees in its dedicated R&D team as of September 30, 2023, and it intends to add more experienced employees to its R&D team in the areas of hardware, firmware, system engineering and IT. It has developed domain knowhow and experience in EV Charger technology, power converters and systems, and battery and BMS design and it seeks to continue to build on this experience and enhance its product and technology stack. It intends to invest in various test and simulation capabilities in order to reduce development time and receive accurate results and feedback during product design and validation

Increase penetration in existing markets, and expand into new overseas markets: The company currently cater primarily to the requirements of the Indian market for Critical Power Business and EV Charger Business. However, it intends to further capitalize on its track record by adding new customers across geographies. It intends to expand its customer base to overseas market in the EV Charger Business capitalizing on the growing EV adoption in the Southeast Asia and Europe. It has existing arrangements with system integrators and distributors to sell EV home and business charging product lines in South East Asia. It also aims to differentiate its products by focusing on the design, form factor and features of its products, for which rely on innovation and R&D activities. It also seeks to adopt a solution approach where its local application engineering teams focus on customizations to fulfill customer requirements.

Expand product portfolio to increase sales to existing customers and cater to new customer industries and use-cases: The company will continue to expand its product portfolio and plan to provide differentiated offerings to its customers. It seeks to leverage its extensive experience to strengthen its industry position, by developing new products to capitalize on emerging trends. The EV Charger industry is a fast-growing industry but is still at a nascent stage. It also continually seeks to identify new end-use cases that have economic viability and significant growth potential. Its existing modular AC-DC power converters (rectifiers) which it has historically used in telecommunications networks are proposed to be customized for powering battery swapping stations, 2W/3W portable chargers and microgrids.

Invest in digital transformation of its business operations to improve operational efficiencies and customer Invest in digital transformation of its business operations: The company endeavours to drive sustainability in the sector it operates in, including by focusing on the utilization of digital technologies and solutions. It has worked towards developing a scalable platform with technology-enabled infrastructure to meet the requirements of its customers and continually evaluate technology solutions to increase the levels of digitization and automation, create new products, and improve operational efficiency for its customers. It has a dedicated team of 18 employees focused on developing technology and innovative solutions.

Risk factor

- The EV industry in India is at a nascent stage, characterized by rapidly changing technologies, consumer preferences, and government regulations.
- The company's critical power solutions business depends heavily on its top five customers, who contribute a significant portion of revenue.
- Importing raw materials and key inputs from global suppliers, particularly from countries like China, exposes the company to supply chain risks.
- The company's success depends on its ability to continually innovate and develop new products to meet evolving industry trends and customer preferences.

Peer comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
HBL Power System	2025.88	234.24	8.56	60.04	13.45	38.22	1	513.95	14246.43
Servotech Power	337.48	14.37	0.68	143.53	23.24	4.20	1	97.60	2075.51
Exicom Tele-systems Limited	947.02	40.62	3.36	42.24	2.68	53.00	10	142.00	1715.71

*Peer companies financials are TTM based

**Exicom Financials are TTM Based

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.142, the stock is priced at pre issue P/E of 34.14x on TTM EPS of Rs.4.16. Post issue, the stock is priced at a P/E of 42.24x on its EPS of Rs.3.36. Looking at the P/B ratio at Rs.142, pre issue, book value of Rs. 31.89 of P/Bvx 4.45x. Post issue, book value of Rs. 53 of P/Bvx 2.68x.

Considering the P/E valuation, on the lower end of the price band of Rs.135, the stock is priced at pre issue P/E of 32.46x on TTM EPS of Rs.4.16. Post issue, the stock is priced at a P/E of 40.16x on its EPS of Rs.3.36. Looking at the P/B ratio at Rs.135, pre issue, book value of Rs. 31.89 of P/Bvx 4.23x. Post issue, book value of Rs. 53 of P/Bvx 2.55x.

Industry Outlook

The increasing demand for mobile data and voice services, the growing adoption of 4G and 5G networks, and the need for reliable and uninterrupted power supply for telecommunication towers are the key factors driving the growth of the global telecommunication power market. The market size for telecommunication DC power systems (including hybrid systems) in India is estimated at ~ Rs. 15 billion for Financial Year 2023, with upgradation and replacement demand expected to drive the industry with 75% demand while balance 25% demand expected on account of new tower additions. The energy storage solutions market for telecommunications is valued at Rs. 19.5 billion in Financial Year 2023, while the market size for Li-ion battery energy storage systems in data centers is valued at Rs. 3.2 billion in Financial Year 2023. CRISIL MI&A estimates the current EV charging market in India to be valued at ~ Rs. 8.5 billion as of Financial Year 2023.

Outlook

Exicom dominates the Indian EV charger market. Its massive deployment of 61,000+ chargers in 400 locations highlights its rapid growth and secures its leading position in this expanding industry. As EV adoption spreads across multiple vehicle types, Exicom's diverse charging solutions are in high demand. The company's R&D focus and integrated operations place it at the forefront of India's evolving EV market, both domestically and abroad. While this IPO offers potential, investors should be aware of risks: regulatory shifts, rapid technological change, and fierce market competition are key challenges within the EV sector. Despite high barriers to entry (technology standards, grid updates), Exicom's success ultimately rests on the continued growth of the EV market, which can be swayed by policy and consumer preferences.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	27-February-24
BID/ISSUE CLOSES ON	29-February-24
Finalisation of Basis of Allotment with the Designated Stock Exchange	01-March-24
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	04-March-24
Credit of Equity Shares to Demat Accounts of Allottees	04-March-24
Commencement of trading of the Equity Shares on the Stock Exchanges	05-March-24

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 30-Sep-23 (6 Months)	Period ended 31-Mar-23 (12 Months)	Period ended 31-Mar-22 (12 Months)
Revenue from operations	455.04	707.93	842.81
Total expenditure	413.58	655.49	775.38
Operating Profit	41.46	52.44	67.42
OPM%	9.11	7.41	8.00
Operating Profit	50.58	59.84	75.42
Other Income	12.17	15.47	6.15
Total Net Income	53.64	67.91	73.57
Interest	9.37	19.00	18.53
PBDT	44.27	48.91	55.04
Depreciation	8.35	16.47	15.27
Profit / (Loss) before tax for the period / year from discontinued operations	35.91	32.44	39.77
Tax	8.45	1.41	9.37
Profit / (Loss) from discontinued operations (After Tax) (VIII-IX)	27.46	31.03	30.39
Profit / (Loss) from discontinued operations (After Tax) (VIII-IX)	0.00	-24.66	-25.26
PAT	27.46	6.37	5.14

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 30-Sep-23	As on 31-Mar-23	As on 31-Mar-22
Non-current assets			
Property, plant and equipment	53.03	49.86	65.29
Capital work in progress	11.16	0.00	0.00
Right-of-Use Assets	11.51	13.47	18.91
Goodwill on Consolidation	0.00	0.25	0.33
Intangible Assets (other than Goodwill)	22.59	15.57	16.16
Intangible Assets under Development	0.48	4.56	17.53
Investment in Subsidiaries	0.00	0.00	0.00
Financial Assets			
Investments	1.26	1.25	0.93
Trade Receivables	6.62	6.67	9.88
Others	3.74	3.70	4.42
Deferred Tax Assets (Net)	14.03	21.97	23.32
Other Non-Current Assets	13.54	13.25	13.00
Total non-current assets	137.96	130.54	169.76
Current asset			
Inventories	145.75	128.29	136.13
Financial Assets			
Trade receivables	195.07	314.51	168.58
Cash and cash equivalents	51.55	37.96	43.20
Bank balance other than cash and cash equivalents	14.91	13.90	12.23
Loan Receivables	0.00	0.00	0.00
Others	1.25	0.85	0.74
Current Tax Assets (Net)	3.28	10.16	6.12
Other Current Assets	79.63	61.94	66.23
Assets Held for Sale	0.00	6.95	0.00
Total current assets	491.45	574.55	433.23
Total Assets	629.41	705.09	602.99
Non-current liabilities			
Borrowings	26.79	83.32	79.16
Lease Liability	10.85	11.59	15.10
Others	1.32	1.00	1.35
Provisions	8.80	8.08	8.40
Total non-current liabilities	47.76	104.00	104.01
Current liabilities			
Financial Liabilities			
Borrowings	46.05	34.59	28.51
Lease Liability	2.48	3.50	4.89
Trades Payable - MSME	25.61	25.65	34.23
Trades Payable - MESE	150.30	256.22	131.19
Others	23.93	15.99	12.38
Other current liabilities	16.82	30.12	63.55
Provisions	4.91	3.03	2.66
Current tax liabilities	0.16	0.00	0.00
Total current liabilities	270.25	369.09	277.41
Total	318.01	473.09	381.42
Net worth represented by:			
Equity Share Capital	92.40	7.23	7.23
Other equity	219.01	224.77	214.34
Net Worth	311.40	232.00	221.57

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★★
EXCELLENT	★★★★★

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