IPO REVIEW

Safety Controls & Devices IPO

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- The company is primarily engaged as EPC contractor for installation of substations, solar plant, firefighting equipment etc.
- It has recently entered into hospitals constructions as an engineering enterprise.
- It is operating in a highly competitive and fragmented segments.
- Based on its recent financial data, the issue appears fully priced.
- Only well-informed/cash surplus/risk seekers may park moderate funds for medium term.

About the Company

Safety Controls & Devices Ltd. (SCDL) is primarily engaged in the EPC (Engineering, Procurement, and Construction) business, focusing on the installation of substations, construction of solar plants, installation of firefighting equipment, currently it is also undertaking some construction projects of hospitals for the Ministry of Ayush. Based in Lucknow, Uttar Pradesh, its operations are carried out as an engineering enterprise.

The company has experience in executing turnkey projects across multiple sectors like transmission and distribution, solar energy, EV charging infrastructure, fire protection systems and hospital construction. It believes that it has domain experience in designing, engineering, supplying, installing, erecting, testing and commissioning transmission substations while prioritizing quality, efficiency and sustainability in all projects. SCDL primarily caters to government entities and undertakings, which constitute a significant portion of its overall customer base. This includes various state and central government power utilities, private power entities, and renewable energy developers. By focusing on these sectors, it engages in projects that align with public interests and contribute to national development.

The Company commenced operations as a provider of design, installation and supply services for fire equipment, firefighting systems and fire alarms. Over the time, the Company expanded its capabilities and diversified its portfolio to address the growing needs of other industries. Initially focused on fire protection, it commenced operations as a provider of design, installation, and supply services for fire equipment, firefighting systems, and fire alarms. Over time, it expanded capabilities and diversified its portfolio to meet the needs of other industries. While initially focused on fire protection, the company transitioned into projects involving the design, engineering, supply, erection, testing, and commissioning of transmission substations, such as 220 KV GIS Substations and 400 KV AIS Substations.

In 2009, it undertook the construction, erection, and civil work for a 220/33 KV Substation at Kanpur South, awarded by Uttar Pradesh Rajkiya Nirman Nigam Ltd., with contracts for supply, erection, and civil work awarded on April 30, 2009, October 28, 2009, and October 30, 2009, respectively. In 2015, SCDL was awarded an EPC contract for a 400 KV Substation at Allahabad valued at Rs. 124.2 Crores by UP Power Transmission Co. Ltd., which commenced on July 8, 2015. The company has placed into operation 19 substations till date for various public and private utilities and are currently expanding into utility-scale solar power projects and electric vehicle charging stations.

The Company has also expanded into renewable energy through the construction of solar power plants on a turnkey basis. Its diversified capabilities extend into the fire protection business, ensuring the safety and regulatory compliance of industrial, commercial and residential spaces. Furthermore, the Company has entered the healthcare sector, participating in the construction of hospitals under the Ministry of Ayush, thereby reinforcing its position as a versatile and reliable provider of engineering services provider across multiple sectors. As of the date of this offer document, it had 77 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 6000000 equity shares of Rs. 10 each to mobilize Rs. 48.00 cr. at the upper cap. The company has announced a price band of Rs. 75.00 - Rs. 80.00 per share of Rs. 10 each. The minimum application to be made is for 3200 shares and in multiples of 1600 shares thereon, thereafter. The issue opens for subscription on April 06, 2026 and will close on April 08, 2026. The shares will be listed on BSE SME. The IPO constitute 30.26% of the post-IPO paid-up capital of the company. From the net proceeds of the fresh equity issue, it will utilize Rs. 6.00 cr. for repayment/prepayment of certain borrowings, Rs. 31.50 cr. for working capital, and the rest for general corporate purposes.

The IPO is solely lead managed by Sobhagya Capital Options Pvt. Ltd., and Maashitla Securities Pvt. Ltd. is the registrar to the issue. NNM Securities Pvt. Ltd. is the market maker.

After issuing/converting initial equity capital at par value, it issued further equity shares in the price range of Rs. 56.00 – Rs. 72.00 per share between May 2024, and September 2025. The average cost of acquisition of shares by the promoters is Rs. 6.45, Rs. 10.00 per share.

Post-IPO, company’s current paid-up equity capital of Rs. 13.83 cr. will stand enhanced to Rs. 19.83 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 158.62 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/ net profit, of Rs. 49.26 cr. / Rs. 0.43 cr. (FY23), Rs. 45.70 cr. / Rs. 4.01 cr. (FY24), Rs. 103.50 cr. / Rs. 8.99 cr. (FY25). For 10M of FY26 ended on January 31, 2026, it earned a net profit of Rs. 8.52 cr. on a

total income of Rs. 68.51 cr. The company marked quantum jump in its bottom lines from FY24 onward, that not only raise eyebrows, but also concern over its sustainability going forward. Surge in net profit on lower top line for FY24 is really very surprising. Declining trends in its top line for 10M of FY26 raise alarm.

For the last three fiscals, the company has reported an average EPS of Rs. 4.90 and an average RoNW of 18.88%. The issue is priced at a P/BV of 2.03 based on its NAV of Rs. 39.39 per share as of January 31, 2026, but its post-IPO NAV data is missing from offer documents.

If we attribute FY26 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 15.50, and based on FY25 earnings, the P/E stands at 17.66. The issue appears fully priced based on its recent bumper earnings.

The company has posted PAT Margins of 0.90% (FY23), 8.96% (FY24), 8.77% (FY25), 12.64% (10M-FY26), and RoCE margins of 25.84%, 36.35%, 37.39%, 33.73%, respectively for referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Viviana Power, and Oriana Power., as its listed peers. They are currently trading at a P/E of 23.8, and 15.0 (as of April 01, 2026). However, they are not truly comparable on an apple-to-apple basis. This compare is nothing but an eyewash.

Merchant Banker's Track Record

This is the 8th mandate from Sobhagya Capital Options in the last three fiscals (including the ongoing one). Out of the last 7 listings, 4 opened at discount, and the rest with premium ranging from 2.09% to 48.06% on the date of listing. The Lead Manager has an average track record.

Conclusion / Investment Strategy

SCDL is primarily engaged as EPC contractor for installation of substations, solar plant, firefighting equipment etc. It has recently entered into hospitals constructions as an engineering enterprise. It is operating in a highly competitive and fragmented segments. Based on its recent financial data, the issue appears fully priced. Only well-informed/cash surplus/risk seekers may park moderate funds for medium term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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