PACE DIGITEK LIMITED

September 23, 2025

SMC Ranking

★½☆☆☆ (1.5/5)

Issue Highlights

Industry	**Infrastructure**
Fresh Issue (Shares)	37,404,018
Net Offer to the Public	**37,404,018**
Issue Size (Rs. Cr.)	778-819
Price Band (Rs.)	208-219
Employee Discount	Rs. 20
Offer Date	26-Sep-25
Close Date	29-Sep-25
Face Value	2
Lot Size	68

Issue Composition

	In shares
Total Issue for Sale	37,404,018
QIB	18,702,009
NIB	5,610,603
Retail	13,091,406

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	84.06%	69.50%
QIB	9.36%	16.40%
NIB	6.58%	8.04%
Retail	0.00%	6.07%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

The Company Pace Digitek IPO proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Funding the Capital Expenditure requirement.
2. General corporate purposes

Book Running Lead Manager

- Unistone Capital Private Limited

Name of the registrar

- MUFG Intime India Private Limited

About the company

Incorporated in 2007, Pace Digitek Limited is a multi-disciplinary solutions provider with a strong focus on the telecom infrastructure industry. The company's operations span three key verticals. In telecom, it manufactures passive equipment, provides O&M services for towers and optical fibre networks, and executes turnkey projects, including tower erection and OFC development. In energy, Pace Digitek undertakes solar projects under a Build-Own-Operate model, implements solarization of telecom towers with modules, lithium-ion batteries, and related passive equipment, and executes rural electrification projects under the EPC model, supported by in-house manufacturing of lithium-ion battery systems for energy storage. In the ICT segment, the company delivers technology-driven solutions such as surveillance systems, smart classrooms, and smart kiosks for agricultural applications. Through its diversified presence, Pace Digitek addresses the evolving infrastructure needs of telecom, energy, and ICT sectors with integrated, end-to-end offerings. Pace Digitek, through its subsidiary Lineage Power Pvt. Ltd., provides a range of products that support telecom tower infrastructure. Its portfolio includes power management solutions such as switch-mode power supplies and hybrid DC power systems, along with solar solutions like charge control units. The company operates two manufacturing facilities in Bengaluru dedicated to telecom infrastructure equipment and lithium-ion battery production. As of July 31, 2025, Pace Digitek employed 1,513 permanent staff, reflecting its strong technical capabilities and operational scale.

Strength

End-to-end solutions provider with integrated operations in the telecom tower sector Pace : Pace Digitek Limited is an end-to-end solutions provider with integrated operations in the telecom tower sector. According to CRISIL, the company offers a full spectrum of services, including manufacturing and supply of power management systems, turnkey or EPC project execution, product lifecycle management, and operations & maintenance (O&M). Passive infrastructure—which includes towers, shelters, power-regulation equipment, battery backups, and diesel generators—accounts for ~70% of the capital costs of setting up wireless networks in India. Between Fiscal 2020–2024, India's passive telecom infrastructure market was estimated at Rs. 1,65,000–1,70,000 crore and is projected to reach ~Rs. 2,00,000–2,10,000 crore between Fiscal 2023–2028. The optical fibre EPC industry, valued at ~Rs. 8,400 crore in Fiscal 2024, is expected to grow to Rs. 13,500–14,000 crore by Fiscal 2028, at a CAGR of 12.5–13.5%. Pace Digitek started as a manufacturer of telecom tower equipment and has expanded to provide end-to-end solutions to operators. Its offerings include advanced, digitally controlled, and grid-integrated or hybrid power solutions aligned with evolving telecom technology. The company executes turnkey projects, upgrades existing sites, manages telecom tower and optical fibre projects, and supplies individual components for turnkey requirements. Through its subsidiary Lineage, Pace Digitek manufactures intelligent power interfacing and monitoring systems for telecom operators, OEMs, BOL operators, TSPs, enterprises, and industries. Its product portfolio includes SMPS, intelligent power management units (IPMU), integrated power management systems (IPMS), battery and power cabinets, UPS, inverters, remote management systems, and solar solution optimisers. Pace Digitek also provides comprehensive product lifecycle services, including warranties, AMC, O&M, and product upgrades, typically ranging from 1–5 years, contributing to recurring revenue.

Diversified Business Segments with Strong Order Book: Pace Digitek Limited initially focused on manufacturing electrical equipment for the telecom industry. Over the years, the company has expanded its Telecom Infra operations to include products, turnkey projects,

O&M, services, and integrated solutions. Following the acquisition of GE Power Electronics India and rights to the 'Lineage Power' brand in Fiscal 2014, Pace Digitek began end-to-end manufacturing of direct current systems tailored for telecom tower companies and operators, strengthening its position in energy management solutions. From Fiscal 2023, the company has backward integrated its supply of Telecom Infra products through its subsidiary, Lineage, for all projects undertaken. Since Fiscal 2013, Pace Digitek has executed solarization projects for telecom towers, including supply of solar modules and related equipment, installation, commissioning, and O&M. In 2021, the company expanded into the ICT sector. As of March 31, 2025, 2024, and 2023, Pace Digitek's diversified order book demonstrates its ability to serve multiple business verticals. While telecom remains its largest revenue source, other verticals are experiencing significant growth, reflecting the company's robust and diversified operations.

(in ₹ million)

Particulars		As on March 31, 2025	As on March 31, 2024	As on March 31, 2023
Telecom	Tower	34,751.04	56,647.00	83,780.00
	OFC	948.98	1,906.00	3,590.00
Sub-total (A)		*35,700.02*	*58,553.00*	*87,370.00*
Energy	BESS	24,700.00	-	-
	Solar Projects	24,024.35	100.00	86.00
	Rural electrification projects	1,911.80	3,193.00	3,400.00
Sub-total (B)		*40,636.15*	*3,293.00*	*3,486.00*
ICT (C)	ICT	-	1,567.00	670.00
Total (A+B+C)		**76,336.17**	**63,413.00**	**91,526.00**

Details pertain to outstanding orders.
**These orders are awarded and yet to be executed.*

Experienced Leadership and Technically Proficient Workforce: Pace Digitek Limited operates in a technically complex and R&D-intensive industry, relying heavily on qualified resources. The company has cultivated a strong R&D culture as a key element of its growth, continuously expanding its product range and enhancing system design and architecture. Pace Digitek maintains an R&D centre at its Registered and Corporate Office, staffed with a dedicated 19-member team. The company is led by technocrat Promoter Maddisetty Venugopal Rao, who has over 20 years of experience in the telecommunications and energy sectors. Its experienced Board of Directors is supported by qualified and technically proficient senior management. As of July 31, 2025, Pace Digitek has a workforce of 1,513 technically skilled employees, including MSc, BSc, PhD holders, and engineers with B.Tech, B.Eng, and M.Tech qualifications. This trained workforce enables the company to meet evolving industry demands and execute projects efficiently, from identification to delivery. The integrated in-house structure minimizes reliance on third parties, ensures timely completion, optimizes budgeting, and maximizes operational returns.

Advanced Manufacturing Facilities: Through its subsidiary Lineage, Pace Digitek operates three advanced manufacturing facilities across Bengaluru and Bidadi, Karnataka, covering a total area of 200,000 square feet. Manufacturing Facility 1 (Plot No. 27A, Mysore Road, Kumbalgodu) produces Telecom Infra equipment, while Manufacturing Facility 2 (Plot No. 30A-1, Mysore Road, Kumbalgodu) manufactures lithium-ion battery systems. Manufacturing Facility 3 (73-P, Bidadi Industrial Area) is dedicated to BESS production. Facilities 1 and 2 are accredited with ISO 14001:2015 (Environmental Management), ISO/IEC 27001:2022 (Information Security), ISO 20000:2018 (Service Management), and ISO 9001:2015 (Quality Management), and the company has also obtained CMMi Level 3 certification. These certifications underline Pace Digitek's focus on quality, efficiency, and operational excellence.

Strategy

Battery Energy Storage Systems (BESS): Pace Digitek Limited, through its subsidiary Lineage, has recently commenced manufacturing battery energy storage systems (BESS) and plans to expand these operations. Lithium-ion batteries offer high specific energy, high load capabilities, and 88–90% round-trip efficiency, according to CRISIL. Pace Digitek provides lithium-ion battery systems as part of its Telecom Infra equipment portfolio and focuses on growing market share in this segment. Lineage manufactures liquid-cooled containerized BESS with 12 standard racks, power conversion

systems (PCS), battery management systems (BMS), and energy management systems (EMS). Products are built to global standards with UL 1973, UL 1642, UL 9540A, and IEC 62619:2022 certifications. The Bidadi, Karnataka facility has a 2.5 GWh annual capacity, extendable to 5 GWh, supporting India's renewable energy goals. Pace Digitek plans to invest up to Rs. 6,300 million in its subsidiary, Pace Renewable Energies Private Limited, for a BESS project awarded by Maharashtra State Electricity Distribution Company Limited.

Telecom and Renewable Services: Pace Digitek aims to enhance services for Telecom Towers and OFC, particularly in Maharashtra, Gujarat, Karnataka, North East, and Jammu & Kashmir. The company has been awarded projects for off-grid solar photovoltaic water pumping systems and plans to participate in the KAVACH automatic train protection (ATP) project. Lineage will also supply Telecom Infra equipment and BESS to Kenya and other African markets. Pace Digitek recently won a 100 MW solar power project with 50 MW/100 MWh energy storage, on a 25-year build-own-operate model. The company plans to backward integrate solar module and cell manufacturing to strengthen its energy business.

Risk Factor

- Pace Digitek Limited relies heavily on key customers. Its top 10 customers contributed 96.25%, 99.45%, and 92.16% of revenue in Fiscal 2025, 2024, and 2023, respectively. Maintaining strong customer relationships is critical. Loss of any key customer could materially impact its business, financials, operations, and cash flows.
- A large portion of orders comes from government entities through tenders. Public sector customers accounted for 96.17%, 92.08%, and 34.14% of revenue in Fiscal 2025, 2024, and 2023. Tenders are often awarded to the lowest eligible bidder. Failure to win tenders or lower bid prices could affect performance.
- Pace Digitek Limited depends on demand from end-use industries, especially telecom. Telecom sector revenue was 94.22%, 95.40%, and 81.92% in Fiscal 2025, 2024, and 2023. A downturn in these sectors could adversely impact operations and results.
- Revenue is concentrated in Maharashtra, Karnataka, Jammu & Kashmir, Andhra Pradesh, and Tamil Nadu. The Western region contributed 46.05%, 40.62%, and 0.13% in Fiscal 2025, 2024, and 2023. Inability to operate or expand in these states may negatively affect business, financial condition, and future prospects.
- Pace Digitek Limited relies on a few key vendors. Procurement costs were 34.55%, 72.39%, and 19.54% in Fiscal 2025, 2024, and 2023. Loss of vendors could materially impact revenue and operations.
- The company has grown substantially in recent years, particularly in Fiscal 2024. Telecom vertical revenue was 94.22%, 95.40%, and 81.92% in Fiscal 2025, 2024, and 2023. Pace Digitek Limited may not sustain this growth rate in the future.

Peer Comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
HFCL	4064.52	177.41	0.23	325.48	2.65	28.28	1	74.86	10799.85
Exicom Tele-Sys.	867.61	-110.03	0.00	0.00	2.49	62.71	10	155.90	2168.25
Pace Digitek Limited	2438.78	279.10	15.64	16.94	2.33	93.96	2	219.00	4727.03

***Peer companies financials are TTM based**
*****Pace Digitek Ltd Financial are based on FY25**

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.219, the stock is priced at pre issue P/E of 14.00x on an FY25 EPS of Rs.15.64. Post issue, the stock is priced at a P/E of 16.94x on its EPS of Rs. 12.93. Looking at the P/B ratio at Rs. 219 pre issue, book value of Rs. 67.75 of P/Bvx 3.23x. Post issue, book value of Rs.93.96 of P/Bvx 2.33x.

Considering the P/E valuation, on the lower end of the price band of Rs.208, the stock is priced at pre issue P/E of 13.30 x on FY25 EPS of Rs. 15.64. Post issue, the stock is priced at a P/E of 16.09x on its EPS of Rs.12.93. Looking at the P/B ratio at Rs.208 pre issue, book value of Rs. 67.75 of P/Bvx 3.07x. Post issue, book value of Rs.93.96 of P/Bvx 2.21x.

Industry Outlook

According to CRISIL, telecom towers are mainly of two types i.e., ground-based or roof-top towers. Roof-top towers require less space compared to ground-based towers and has lower installation cost. However, the capacity of ground-based towers is comparatively less than that of roof-top towers. The Indian optical fibre EPC industry is defined according to service offerings, such as optical fibre laying and roll-out, network deployment, and system integration across end-use sectors, such as telecommunications, defence, railways, smart cities, IT, and enterprises, etc. Telecom tower companies set up an entire range of passive infrastructure to be used by telecom operators to offer services to their subscribers. Passive infrastructure refers to equipment such as towers, shelters, power regulation equipment, battery back-ups, diesel generator (DG) sets, air-conditioners, fire extinguishers and security cabins required at sites where telecom towers are installed. The participants in the industry comprise telecom tower Companies and optical fibernet companies. Battery energy storage system (BESS) is an electrochemical device that charges (or collects energy) from the grid and discharges that energy at a later time to provide electricity or other grid services when needed. The battery system comprises the battery pack, which connects multiple cells to appropriate voltage and capacity; the battery management system (BMS); and the battery thermal management system. The BMS protects the cells from harmful operation, in terms of voltage, temperature and current, to achieve reliable and safe operation and balances varying cell states-of-charge (SOCs) within a serial connection.

Outlook

Pace Digitek Limited is well-positioned to benefit from growth in India's telecom and renewable infrastructure sectors, supported by integrated operations, strong R&D, and advanced manufacturing capabilities. Its strategic focus on BESS, renewable services, and global expansion offers long-term growth potential. However, high dependence on key customers, government tenders, and telecom revenues, along with regional concentration risks, may affect stability. Sustaining diversification and execution excellence remains critical.

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

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	26-September-25
BID/ISSUE CLOSES ON	30-September-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	01-October-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	03-October-25
Credit of Equity Shares to Demat Accounts of Allottees	03-October-25
Commencement of trading of the Equity Shares on the Stock Exchanges	06-October-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	2438.78	2434.49	503.20
Total expenditure	1957.07	2036.52	474.91
Operating Profit	**481.71**	**397.97**	**28.28**
OPM%	19.75	16.35	5.62
Other Income	23.42	25.78	11.46
Total Net Income	**505.13**	**423.75**	**39.75**
Interest	115.15	111.91	12.05
PBDT	**389.98**	**311.84**	**27.70**
Depreciation	6.05	5.09	5.57
Restated loss before tax	**383.93**	**306.75**	**22.13**
Tax	104.83	76.88	5.60
Profit & Loss	**279.10**	**229.87**	**16.53**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-25	As on 31-Mar-24	As on 31-Mar-23
Non-current assets			
Property, plant and equipment	114.73	107.10	105.55
Capital work-in-progress	32.09	9.81	8.86
Investment property	1.79	1.88	1.98
Right-of-use assets	0.83	0.48	0.00
Goodwill	0.36	0.36	0.36
Other intangible assets	28.75	29.04	30.61
Intangible assets under development	0.00	0.00	0.74
Financial assets			
Investments	0.00	0.00	0.05
Other financial assets	95.41	54.79	8.30
Deferred tax assets (net)	22.69	5.54	6.28
Non current tax assets (net)	4.83	4.93	4.32
Other non current assets	28.04	6.85	6.46
Total non-current assets	**329.52**	**220.77**	**173.51**
Current asset			
Inventories	112.63	271.69	59.83
Financial Assets			
Trade receivables	1843.12	1076.44	394.31
Cash and cash equivalents	78.35	95.75	10.27
Bank balances other than cash and cash equivalents	138.05	398.69	114.03
Loans	0.00	0.50	0.09
Other financial assets	7.43	17.17	13.04
Other current assets	139.86	172.86	75.06
Total current assets	**2319.44**	**2033.10**	**666.63**
Total Assets	**2648.96**	**2253.87**	**840.15**
Non-current liabilities			
Financial liabilities			
Borrowings	24.18	25.04	37.77
Lease Liabilities	0.45	0.32	0.00
Other Financial Liabilities	0.18	0.96	0.97
Provisions	64.98	30.96	6.80
Total Non- Current liabilities	**89.79**	**57.28**	**45.54**
Current liabilities			
Financial Liabilities			
Borrowings	136.52	468.14	154.34
Lease Liabilities	0.39	0.15	0.00
Trade payables- Total outstanding dues of micro and small enterprises	13.90	0.04	1.65
Trade payables-Total outstanding dues of creditors other than micro and small enterprises	1001.13	1002.10	212.79
Other Financial Liabilities	60.63	84.58	69.31
Other Current Liabilities	20.58	14.15	18.07
Provisions	29.09	3.34	2.31
Current tax liabilities (net)	87.92	56.89	0.98
Total - Current Liabilities	**1350.16**	**1629.39**	**459.45**
Total Liabilities	**1439.95**	**1686.67**	**504.99**
Net worth represented by:			
Equity share capital	35.69	5.00	5.00
Other equity	1134.21	534.58	313.31
Non-controlling interest	39.11	27.62	16.85
Total Equity	**1209.00**	**567.20**	**335.15**

RANKING METHODOLOGY

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

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