STOXBOX

IPO NOTE

Powerica Limited

23rd March 2026

Company Overview

Powerica Ltd. is an integrated power solutions provider specializing in diesel generator (DG) sets for both primary and standby applications. The company manufactures DG sets along with key auxiliary components such as acoustic enclosures, fuel and exhaust systems, and customized control panels. Its offerings comprise end-to-end high-speed generator solutions, including design, marketing, manufacturing, testing, supply, installation, and commissioning of DG sets ranging from 7.5 kVA to 3,750 kVA. Since its inception in 1984, Powerica has maintained a long-standing association with Cummins as one of its original equipment manufacturers (OEMs), sourcing engines and alternators directly from the company. This relationship was further formalized through a non-exclusive general supply agreement dated June 11, 2025. In 1996, Powerica expanded its portfolio by entering the medium-speed large generator (MSLG) segment through a non-exclusive collaboration with HD Hyundai Heavy Industries Co., Limited. This expansion enabled the company to offer a broader range of generator solutions tailored to diverse industrial requirements. Under its MSLG segment, Powerica provides comprehensive solutions, including pre-purchase consultancy, design, engineering, sales, testing, installation, and operations and maintenance (O&M) services. In addition to standard diesel operation, these generator sets can operate on multiple fuel types, including more cost-effective options such as heavy fuels, crude oil, diesel, and gas. Leveraging its expertise in the generator business, Powerica entered the wind power sector in 2008 as an independent power producer (IPP). The company is engaged in developing and operating IPP projects and providing EPC and O&M services, primarily for BoP activities in the wind power industry. Currently, Powerica owns and operates 12 wind power projects in Gujarat with a total installed capacity of 330.85 MW. Additionally, it is constructing a 52.70 MW wind project in Gujarat, which will increase its total IPP capacity to 383.55 MW. Beyond manufacturing and supply, the company offers on-site installation services for DG sets. Its capabilities include electrical works, installation of exhaust systems, construction of diesel tank farms, load balancing, and automation solutions that enable seamless integration between the grid and DG sets, particularly in multi-unit operations. This integrated approach, spanning manufacturing, marketing, and installation, enables Powerica to achieve strong market penetration, implement data-driven product and pricing strategies, and build long-term customer relationships.

Objects of the issue

The company proposes to utilize the net proceeds from the fresh issue towards funding the following objects:

- Prepayment/repayment of certain outstanding borrowings availed by the company, in part or in full; and
- General corporate purposes.

Issue Details	
Offer Period	24th March, 2026 – 27th March, 2026
Price Band	Rs. 375 to Rs. 395
Bid Lot	37
Listing	BSE, NSE
Issue Size (no. of shares in Crs.)	2.78
Issue Size (Rs. in Crs.)	1,100
Face Value (Rs.)	5
Issue Structure	
QIB	50%
NIB	15%
Retail	35%
BRLM	ICICI Securities Limited, IIFL Capital Services Limited, Nuvama Wealth Management Limited
Registrar	MUFG Intime India Private Limited

Particulars	Pre Issue %	Post Issue %
Promoters and promoter group	100.0	78.0
Public	0.0	22.0
Total	**100.0**	**100.0**

(Assuming issue subscribed at higher band)

Investment Rationale

Well-positioned to benefit from structural growth in reliable power solutions

Powerica has been operating in the DG set industry since 1984, with a strong presence across the LHP, MHP, and HHP segments. To further expand its offerings in the generator sets business, the company has entered the MSLG segment, providing end-to-end services including pre-purchase consultancy, design and engineering, sales, and O&M, in collaboration with Hyundai-manufactured MSLG sets. As a result, Powerica's generator set product capacity now spans from 7.5 kVA to 10,000 kVA. The company follows a captive manufacturing approach to optimize inventory management and better align with customer requirements. This enables faster response times to evolving customer needs and improves the time-to-market for new products. India's increasing focus on data localization, cloud computing, artificial intelligence, and the rollout of 5G is driving significant demand for hyper scale and edge data centers. These facilities require highly reliable backup power solutions, including DG sets, UPS systems, and battery storage. DG sets continue to play a critical role in India's standby power market, supported by their proven reliability, rapid response capabilities, and ability to operate under diverse and demanding conditions. Despite the growing emphasis on sustainability, diesel-based solutions remain the preferred choice for critical applications across industries. The widespread availability supports their continued demand, particularly in regions with inconsistent grid supply or high-power reliability requirements. Given these favorable industry tailwinds and Powerica's established market position, the company is well-positioned to capitalize on the growth opportunities in India's DG sets industry.

Strengthening growth through strategic partnerships with key industry players

Powerica has formed strategic alliances with leading players across relevant industries to remain

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competitive, strengthen its technical capabilities, and adapt to a dynamic business environment. The company has built and sustained strong, long-term relationships with several reputed companies. Cummins India has been one of the leading engine manufacturers in the MHP and HHP DG set segments in India. Powerica has maintained a long-standing association with Cummins, working closely on product forecasting, sales planning, and market strategy development. The company's collaboration with Hyundai, initiated in 2014, has further strengthened its presence in the MSLG segment. In the wind power business, Powerica partnered with Vestas in 2010 and later with GE Vernova in 2019, enhancing its capabilities in this segment. Additionally, the company has entered into an international co-operation agreement with 8.2 Consulting AG, a member of the 8.2 Group Germany, to support the Indian wind energy market through specialized technical consulting services for wind turbine generators (WTGs). Powerica also maintains an association with Schneider Electric, further augmenting its technological and operational capabilities. The company's ability to forge and sustain such alliances reflects its strong credibility, established reputation, and proven technical expertise built over decades. These partnerships with established players underscore the confidence in Powerica's capabilities and its commitment to delivering high-quality solutions.

Valuation

Powerica is an integrated power solutions provider specializing in diesel generator (DG) sets, medium-speed large generators (MSLG), and related services, offering a comprehensive product portfolio spanning capacities from 7.5 kVA to 10,000 kVA. The company caters to both primary and standby power requirements across a wide range of industries. It has also diversified into the wind power sector as an independent power producer (IPP) and has developed capabilities in engineering, procurement, and construction (EPC), as well as operations and maintenance services for balance of plant. Despite improvements in grid reliability, power disruptions persist across several regions in India, driving demand for backup power solutions such as DG sets, UPS systems, inverters, and battery storage across sectors including commercial, manufacturing, IT and data centers, telecom, and infrastructure. Supported by these favorable industry dynamics and its established market presence, Powerica is well-positioned to capitalize on the growth opportunities in India's DG sets industry. The company also benefits from long-standing strategic alliances with key industry participants, including Cummins, Hyundai, and other global partners, which enhance its technical capabilities and strengthen its market positioning. Financially, Powerica has demonstrated steady improvement, with revenue growing at a CAGR of 5.6% and PAT at 28.5% over FY23-FY25. During the same period, its PAT margin expanded from 4.5% to 6.6%. **At the upper price band of Rs. 395, the company is valued at a P/E multiple of 25.9x based on FY25 earnings, which appears fairly priced compared to its peers. We thus recommend a "SUBSCRIBE" rating from a medium- to long-term perspective.**

Key Risks

- The company is significantly dependent on its generator set business, which has contributed more than 80% of its revenue from operations in recent years. Any adverse developments affecting this segment could have a material adverse impact on its business, financial condition, results of operations, and prospects.
- The company has historically relied, and may continue to rely, on Cummins India and its top five suppliers for a significant portion of its materials and components. Any failure by these key suppliers to deliver required quantities, meet delivery schedules, or adhere to specified quality standards and technical requirements could adversely affect the company's operations and financial condition.
- The company is dependent on power purchase agreements (PPAs) for generating revenue from its power business. Additionally, the terms of these PPAs may expose the company to certain risks that could impact its future operating performance and cash flows.

Income Statement (Rs. in Crores)

Particulars	FY23	FY24	FY25	9MFY26
Revenue				
Revenue from operations	2,378	2,210	2,653	1,447
Total revenue	**2,378**	**2,210**	**2,653**	**1,447**
Expenses				
Cost of Raw Materials Consumed	1,267	1,419	1,788	893
Purchase of Stock-In-Trade	308	26	13	60
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	-7	-7	14	-53
Employee Benefit Expense	95	113	114	67
Other Expenses	368	296	388	267
Total operating expenses	**2,031**	**1,848**	**2,317**	**1,234**
EBITDA	**347**	**362**	**337**	**214**
Depreciation & Amortization Expense	136	128	116	54
EBIT	**212**	**234**	**220**	**160**
Finance Cost	56	41	32	12
Other Income	44	147	58	27
PBT & Share of Profit	**200**	**341**	**246**	**175**
Share of Profit (Loss) of Associate (net of tax)	-14	0	9	7
PBT	**186**	**341**	**255**	**182**
Tax Expense	79	115	79	47
Net Profit	**106**	**226**	**176**	**135**
Diluted EPS	**6.3**	**18.5**	**15.3**	**11.7**

Cash Flow Statement (Rs. in Crores)

Particulars	FY23	FY24	FY25	9MFY26
Cash Flow from operating activities	252	283	247	220
Cash flow from investing activities	-94	-14	-337	-442
Cash flow from financing activities	-165	-268	86	256
Net increase/(decrease) in cash and cash equivalents	-6	2	-4	33
Cash and cash equivalents at the beginning of the period	30	23	25	21
Cash and cash equivalents at the end of the period	23	25	21	55

Source: RHP, BP Equities Research

Balance Sheet (Rs. in Crores)

Particulars	FY23	FY24	FY25	9MFY26
ASSETS				
Non-current Assets				
Property, Plant and Equipment	1,077	931	840	801
Capital Work-in-Progress	4	23	352	429
Goodwill	5	5	5	5
Intangible Assets	6	7	7	7
Right-of-use Assets	4	8	14	17
Financial Assets				
(i) Investments	70	28	40	74
(ii) Trade Receivables	16	9	2	0
(iii) Loans	0	1	0	0
(iv) Other Financial Assets	3	13	13	13
Non-Current Tax Assets (Net)	0	0	13	11
Other Non-Current Assets	4	20	4	129
Total Non-Current Assets	**1,188**	**1,046**	**1,291**	**1,486**
Current Assets				
Inventories	203	270	207	315
Financial Assets				
(i) Investments	325	305	355	343
(ii) Trade Receivables	262	318	399	342
(iii) Cash and Cash Equivalents	23	25	21	55
(iv) Other Bank Balances	7	7	22	32
(v) Loans	1	1	1	1
(vi) Other Financial Assets	7	14	5	18
Other Current Assets	109	99	115	139
Total Current Assets	**938**	**1,039**	**1,124**	**1,244**
Total Assets	**2,126**	**2,085**	**2,415**	**2,730**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	17	14	14	54
Other Equity	778	899	1,071	1,159
Equity attributable to owners of the Company	**795**	**912**	**1,085**	**1,213**
Non-Controlling interests	0	0	9	13
Total Equity	**795**	**912**	**1,094**	**1,226**
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
(i) Borrowings	56	136	236	506
(ii) Lease Liabilities	0	4	10	13
(iii) Other Financial Liabilities	11	1	0	0

Source: RHP,StoxBox

Balance Sheet (Rs. in Crores)

Other Non-Current Liabilities	18	17	25	25
Provisions	4	4	5	6
Deferred Tax Liabilities (Net)	114	170	205	219
Total Non-Current Liabilities	**204**	**332**	**480**	**768**
Current Liabilities				
Financial liabilities				
(i) Borrowings	223	42	65	66
(ii) Lease Liabilities	0	0	1	1
(iii) Trade Payables	235	305	264	387
(iv) Other Financial Liabilities	494	296	296	79
Other Current Liabilities	171	194	212	198
Provisions	1	1	1	1
Current Tax Liabilities (Net)	3	2	1	2
Total Current Liabilities	**1,128**	**840**	**841**	**735**
Total Liabilities	**1,331**	**1,173**	**1,321**	**1,503**
Total Equity and Liabilities	**2,126**	**2,085**	**2,415**	**2,730**

Source: RHP,StoxBox

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification :

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