

IPO Details		Company Background				
Opening Date	Aug 18, 2023	<ul style="list-style-type: none"> ○ Company was incorporated in the year 2012 and has its registered office in Andhra Pradesh. ○ Company is engaged in the business of providing engineering, procurement and construction (“EPC”) services and operations and maintenance (“O&M”) services. ○ The company’s core expertise lies in providing core design and engineering services and O&M services in infrastructure space with proven multiple projects execution track record with the knowledge-based approach ○ As on March-23, Company has 564 employees on its payroll. 				
Closing Date	Aug 22, 2023					
Stock Exchange	BSE SME					
Lot Size	1600 Shares					
Issue Price	₹ 75 per share					
Issue Size	Aggregating up to 42.72 Cr.					
Fresh Issue	Aggregating up to 42.72 Cr.					
Offer for Sale Application Amount	- ₹ 1,20,000					
IPO Objective		Market Capitalization				
Working capital requirements.		(In Cr.)				
General corporate purposes.						
Pre-Issue Shareholding			Pre-Issue		Post-Issue	
Category	No. of Shares	% of Total Shares	₹ 119		₹ 162	
Promoter & Promoter Group	1,36,80,000	86.00 %				
Public	22,26,059	14.00%				
Promoter of the Company			Financial Summary			
1	Raghavendra Rao Bondada		(In Lacs)			
2	Neelima Bondada		For the Period Ended	Mar-21	Mar-22	Mar-23
3	Satyanarayana Baratam		Total Assets	17,091.68	15,761.73	25,115.46
			Net Assets	4,775.88	5,789.41	8,241.59
			Total Borrowings	4,667.31	3,803.22	8,422.65
			Total Revenue	28,709.30	33,411.11	37,058.85
			Profit After Tax	920.56	1,013.54	1,825.18
Competitive Strengths			Tentative Timeline			
1	Strong project management and execution capability.		Opening Date			
2	Long term contracts		Aug 18,2023			
3	Managing diverse business operations		Closing Date			
4	Experienced management team.		Aug 22, 2023			
			Basis of Allotment			
			Aug 25, 2023			
			Initiation of Refunds			
			Aug 28, 2023			
			Credit of Shares to Demat			
			Aug 29, 2023			
			Listing Date			
			Aug 30, 2023			

Company Background and Analysis

The Company was originally incorporated dated March 29, 2012. The company is an ISO 9001:2015 certified integrated infrastructure company engaged in the business of providing engineering, procurement and construction (EPC) services and operations and maintenance (O&M) services to the company's pan India customers operating in telecom and solar energy industry. The company's expertise lies in providing core design and engineering services and O&M services in infrastructure space with proven multiple projects execution track record with the knowledge-based approach. The company provides passive telecom infrastructure services which include turnkey services for cell site construction, erection, operation and maintenance of telecom towers with civil, electrical, and mechanical works; supply of poles and towers, laying and maintenance of optical fiber cables, supply of power equipment and other telecom infrastructure related services to major telecom companies and telecom tower operators in India. Till date, the company has installed over 11,600 telecom towers and poles out of which, out of which over 7,700 telecom towers and poles installed in last three fiscals. The company also provides O&M services to telecom and tower operating companies such as cell site maintenance with preventive and corrective maintenance of passive infrastructure and equipments, backup power systems, manning services and supply of riggers, surveillance, and corrective maintenance of optical fiber cable routes and other maintenance related facilities. The company's outstanding order book for telecom sector was Rs. 1,41,453.02 lakhs as on 31st March 2023

To the customers in solar energy industry, the company provides end-to-end EPC services for solar power plant construction work such as site survey, land levelling and grading, designing and installation of solar system, designing and installation of mounting structure and foundations, installation of various components such as solar modules, inverters, junction boxes, DC cables, switchyards and other electric related works. The company also provides O&M services to the solar energy customers which include testing and cleaning of solar panels, repair and replacement of damaged components and inspection of solar panels. The company's gross order book for solar EPC services stands at an estimated value of Rs. 10,234.08 lakhs as on 31st March 2023.

The company's core business is to provide EPC services and provides these services for telecom towers, solar projects, and OFC networks.

Telecom tower EPC - services include tower design, foundation construction, tower erection, installation of power systems, and testing and commissioning. As on march 31st 2023 the gross order book stands at Rs. 89,752 lakhs for telecom tower EPC business.

Optical Fiber Cable EPC – services include installation, testing, commissioning and maintenance of OFC networks for various applications. The services cover site surveys, route selection and planning, trenching, ducting, cable laying, splicing, testing and commissioning of fiber optic cables. As on march 31st 2023 the gross order book stands at Rs. 9,545.21 lakhs.

Solar EPC – services include i) Engineering - involves design of the solar power plant, including the layout, sizing of equipment, electrical system design, analysis of solar irradiance data and other activities such as site survey, ground levelling and grading. ii) Procurement - involves design of the solar power plant, including the layout, sizing of equipment, electrical system design, analysis of solar irradiance data and other activities such as site survey, ground levelling and grading. iii) Construction - involves design of the solar

power plant, including the layout, sizing of equipment, electrical system design, analysis of solar irradiance data and other activities such as site survey, ground levelling and grading. As on March 31st 2023 the gross order book for solar EPC services stands at an estimated value of Rs. 10,234.08 lakhs.

Operation & Maintenance services (O&M Services)

Telecom O&M - services include maintenance of electrical and mechanical systems, backup power systems, security and surveillance systems, and environmental monitoring systems. As on March 31, 2023, the gross Order Book for telecom O&M stands at Rs. 16,121.56 lakhs.

OFC O&M – services include monitoring, troubleshooting, repairing, and upgrading of the network to ensure smooth operation.

Solar O&M - include monitoring, troubleshooting, repairing, and upgrading of the network to ensure smooth operation. As on March 31, 2023, the gross Order Book for solar O&M contracts stands at Rs. 309.46 lakhs.

The company through its manufacturing provides materials such as Autoclaved Aerated Concrete (AAC) blocks, and Unplasticized polyvinyl chloride (uPVC) products such as doors and windows at its two manufacturing facilities through its subsidiaries. The company also provides services such as tower manufacturing.

The following table sets forth revenue bifurcation for financial year ended 2021, 2022 and 2023 –

Particulars	FY 2020 -2021		FY 2021-2022		FY 2022-2023	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
Revenue from EPC Services						
Telecom Tower EPC	1,734.14	6.04	3,001.80	8.98	3,790.24	10.23
Telecom OFC EPC	2,500.97	8.71	2,747.69	8.22	1,909.26	5.15
Solar EPC	4,812.91	16.76	10,945.00	32.76	18,011.05	48.60
Revenue from O&M Services						
Telecom OFC O&M	13,947.06	48.58	8,362.15	25.03	5,101.27	13.77
Solar O&M	-	0.00	-	0.00	14.95	0.04
Revenue from Manufacturing						
Tower Manufacturing	3,077.40	10.72	4,925.70	14.74	4,275.09	11.54
AAC Blocks	2,028.33	7.07	2,796.26	8.37	2,689.47	7.26
uPVC Products	608.49	2.12	632.50	1.89	1,267.52	3.42
Total	28,709.30	100.00	33,411.10	100.00	37,058.85	100.00

The company has seen a change in its core business revenue generation sector from O&M to EPC during the years. The company has been generating more revenue from the EPC sector for FY 23 mainly from the Solar sector.

To conclude, the company was originally incorporated in the year 2012 and is engaged in the business of providing EPC and O&M services. The company has three subsidiaries named Bondada Abodes Private Limited, SmartBrix Infra Technologies Private Limited, and Bondada E&E Private Limited. The company is raising Rs. 4,272.00 lakhs out of which Rs. 230.97 lakhs are utilized for issue related expenses and the remaining Net Proceeds of Rs. 4,041.03 lakhs are to be utilized for long-term working capital requirements and general corporate purposes.

Business Strategies

1. Capitalise on growth opportunities in telecom infrastructure and data services.

The widespread adoption of 4G and the implementation of 5G networks, along with the Digital India campaign and the Bharat Net project, are among the key factors driving growth of the telecom industry in India. In addition, the rising consumption of data services, growing number of electronic devices per user, digitization of data, technological advancements and other factors will also contribute to the demand for telecom infrastructure and widen our scope of business activities

2. Renewable energy providing clean and sustainable source of energy for the future

India is proactively adding more capacity of renewable source of energy to counter the adverse climatic impact of oil, coal and related Non-renewable sources of energy. The company intend to expand the Solar O&M services operations for plants not constructed. The company intends to expand the O&M operations in locations where company has EPC contracts and then venture into contracts in other geographies where the company has team presence and reach across the other services lines.

3. Growth of OFC infrastructure

At present, demand for OFC primarily comes from telecom service providers and Multiple Systems Operators and balance by railways, defense, and other PSUs; most deployment of fiber by operators is in the core network. In the telecom sector, OFC is increasingly replacing traditional cables due to its superior performance, lighter weight and smaller size. The Indian government's focus on providing broadband services in rural areas through the BharatNet project, upgrading 4G networks, and installing 5G networks are the primary drivers for OFC networks. This involves massive OFC deployment, and in turn would be the key driving force behind the expected growth in OFC network in India.

4. Deepen the client engagement and increase incremental revenue opportunities from the clients.

The company intend to deepen the relationship with the Telecom clients by providing cost effective O&M services, further leveraging the on-ground execution capabilities. The company also intend to provide exclusive O&M services to Solar Independent Power Producers and Solar Capital Power Producers for their installed and upcoming plants, to maintain and augment the value they receive from their energy assets.

5. Increase the geographical spread with existing services and provide further services

The company has executed various projects in more than 23 states for the telecom, solar and OFC related services. The company intend to further deepen the solar EPC and O&M services in other geographies where company have good on ground presence and availability of required engineering talent to help execute projects in cost effective and efficient manner for the clients. The company is currently engaging with several Independent Power Producers – both Government and Private for increasing the business in Solar EPC and O&M businesses.

Competitive Scenario and Peer Mapping

Competition

The company expects competition from existing and potential competitors to intensify. The company faces competition from both organized and unorganised players in the market. The bargaining power with the suppliers is more and the bargaining power with the customers are also high and the industry in which the company operates in has less barrier to entry.

Peer Analysis

The company believe there are no comparable listed companies as it is engaged in multiple business.

Industry Overview

Exhibit 1: Global Rank

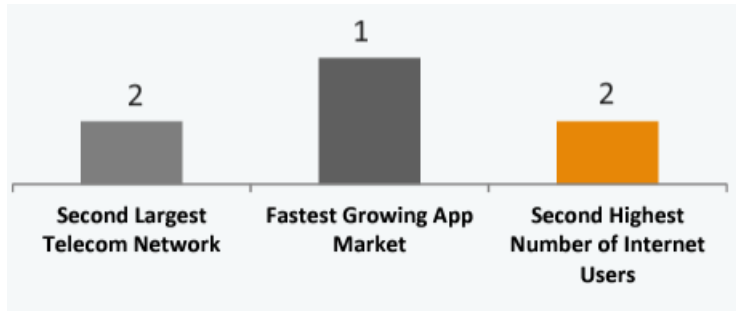


Exhibit 2: Composition of Telephone Subscribers (March 2023)

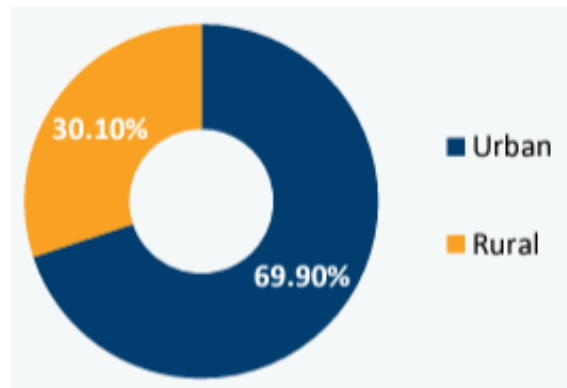
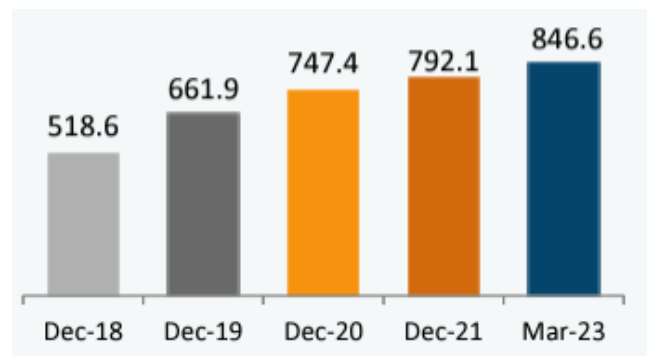
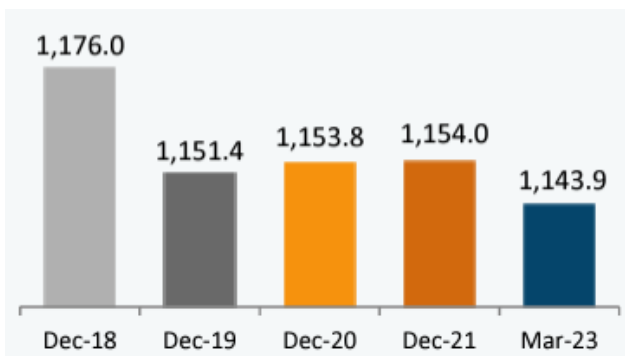


Exhibit 3: Wireless Subscription and Broadband Subscribers (Million)

(Wireless)

(Broadband)



(Source: ibef.com)

Indian Telecom Industry -

India has the second largest (in terms of subscriber base) and one of the fastest growing telecom markets in the world. The magnitude of the subscriber base can be gleaned by the net subscriber addition monthly. Between October and November of 2022 Indian mobile industry added nearly 24 million subscribers, taking the overall subscriber base to over one billion.

Besides having the second largest subscriber base, the telecom industry also plays a crucial part in driving the economic growth. In India, the sector contributes to nearly 6% of the Gross Domestic Product (GDP). It is playing a vital role in India's digital transformation.

The industry is classified into four broad segments, based on the type of service provided and contribution to the overall industry. These are telecom service providers who form the crux of the industry as well as its most visible face. Other segments include infrastructure (active & passive), equipment's (handsets and networking equipment's), and network services.

Telecom subscriber base in India reached 1.17 billion, with wireless /mobile subscribers accounting for nearly 98% of the total. Private sector dominates the telecom industry, accounting for nearly 90% of total subscriber base. During the year 2022, the industry generated a revenue of approximately ₹ 3,247 billion

Telecom Infrastructure -

Telecom infrastructure represents the physical hardware that enables smooth functioning of today's telecommunication services, including mobile service as well as internet & other digital services. These include telephone wires, cables (including undersea cables), satellites, telecom towers, and satellites. Based on its position within the telecom ecosystem, telecom infrastructure is broadly divided into Active, Passive and Backhaul. Based on its utility and its role in telecom ecosystem, telecom infrastructure is segmented into active and passive.

- Active: These include spectrum, switches, antenna, receivers, & microwave equipment, all of which form the front end of telecom ecosystem.
- Passive: These include telecom towers, power supply ecosystem (including battery, generators, and associated equipment), and all hardware required to maintain tower. Telecom Towers Telecom tower from an integral part of passive telecom network, as it hosts the antennas and other equipment's required to transmit the signal.

The rapid growth in subscriber base – which zoomed from less than 40 million to nearly 1.2 billion in two decades – has necessitated an equally strong growth in telecom towers. The total telecom tower base in India stood at nearly 754,000 while the number of Base Transceiver Station (BTS)6 was nearly 2.3 million. Ground based mast & tower dominates the Indian telecom tower sector, accounting for nearly 60% of total installed tower base. Roof top pole & tower is the second largest segment, accounting for nearly 30% of the total. Remaining 10% is made up of cell on wheels (COW), Low Power BTS (LPBTS) and wall mount towers.

(Source: Prospectus)

Key Managerial Personnel

Raghavendra Rao Bondada, aged 49, is one of the Promoters, Chairman and Managing director of the company. He holds a bachelor's degree in Technology (Civil). He possesses over 25 years of experience in Telecom and Power industry. He is actively involved in the strategic decision making, pertaining to corporate and administrative affairs, expansion activities, business development and management of overall business of the Company.

Satyanarayana Baratam, aged 44, is one of the Promoters, CFO, and Whole -Time Director of the company. He is a Member of the Institute of Chartered Accountants of India. He possesses over 20 years of experience in Corporate Financing, Accounting and Taxation. He is looking after Finance, Accounts, Taxation, Internal controls and Budgetary Controls of the Company.

Neelima Bondada, aged 40, is one of the Promoters, and Non-Executive Director of the Company. She holds a bachelor's degree in science.

Sarveswar Reddy Sanivarapu, aged 58, is the Non-Executive Independent Director of the Company. He is a Member of the Institute of Company Secretaries of India and holds a bachelor's degree in Law (LL.B.).

Paupuleti Venkata Subba Rao, aged 67, is the Non-Executive Independent Director of the Company. He holds a diploma in Electrical Engineering.

To conclude, the company has three promoters and all of them have good experience in the industry in which the company operates in. The remaining directors also have good experience in the fields which help in the growth of the business.

Financial Snapshot

Profit and Loss Statement			(In Lacs)
Particulars	FY 21	FY 22	FY 23
Revenue from Operations	28,709.30	33,411.11	37,058.85
Other Income	122.99	9.86	36.92
Total Income	28,832.29	33,420.97	37,095.77
Expenses			
Cost of Materials consumed	9,229.49	15,119.77	19,768.63
Purchase of stock-in-trade	-	-	-
Changes in inventories of Finished goods, work-in- Progress	-1,935.78	1,158.78	-1,413.99
Operating Expenses	12,297.32	11,505.03	12,994.23
Employee benefits expense	6,946.65	3,176.25	1,936.92
Finance costs	384.06	347.78	557.40
Depreciation and Amortization expense	199.75	181.46	182.78
Other expenses	547.67	467.75	692.37
Total Expenses	27,669.16	31,956.82	34,718.34
Earnings Before Interest, Taxes, Depreciation & Amortization	1,623.95	1,983.53	3,080.69
EBITDA Margin	6%	6%	8%
Profit/(Loss) before tax	1,163.13	1,464.15	2,377.43
Tax Expense	-	-	-
Current Tax	315.97	420.44	570.07
Deferred tax (net)	-73.40	30.17	-17.82
Total Tax Expense	242.57	450.61	552.25
Profit/(Loss) for the year	920.56	1,013.54	1,825.18
Net Profit Margin	3%	3%	5%

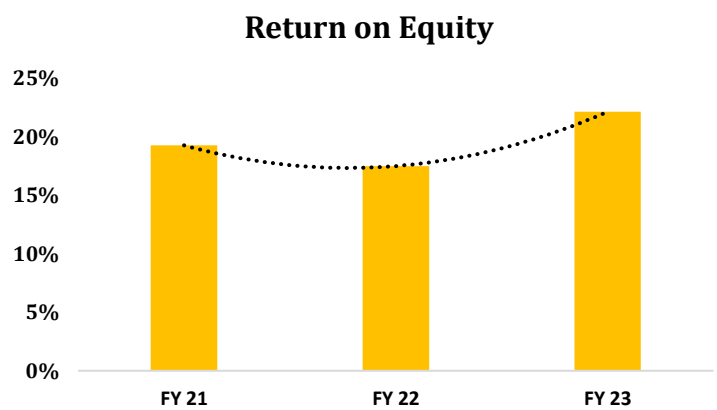
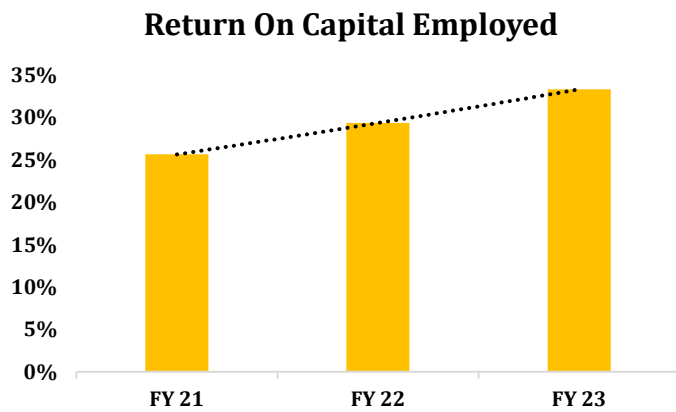
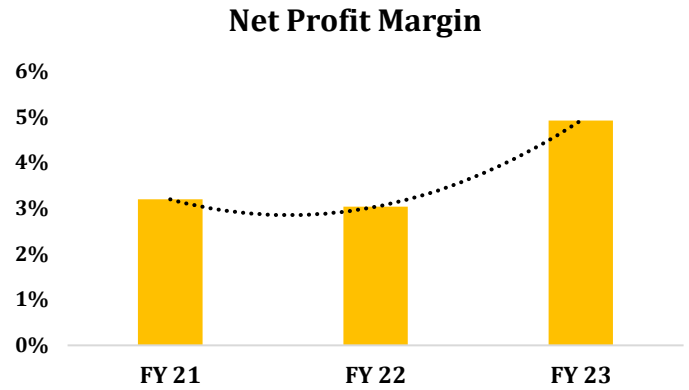
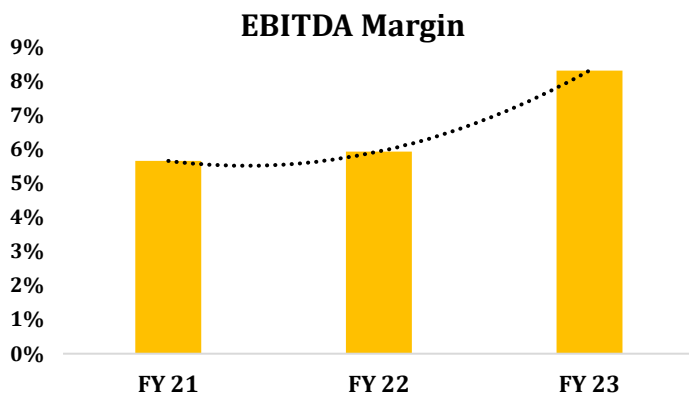
Balance Sheet			(In Lacs)
Particulars	FY 21	FY 22	FY 23
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	1,174.17	1,149.19	1,357.22
Intangible assets	135.99	135.19	108.08
Capital Work in Progress	-	4.83	-
Non-Current Investments	-	65.00	150.00
Deferred tax assets (net)	55.51	24.91	43.65
Long-Term Loans and Advances	51.51	99.15	108.58
Total Non-Current assets	1,417.18	1,478.27	1,767.53
Current Assets			
Inventories	5,636.80	4,449.12	5,958.70
Trade Receivables	8,461.09	7,888.00	12,789.90
Cash and Cash Equivalents	442.38	109.08	125.63
Other bank balances	33.49	17.66	1,081.70
Short-Term Loans and Advances	107.67	1,098.53	2,109.97
Other Current Assets	993.07	721.07	1,263.57
Current Investments	-	-	18.46
Total Current assets	15,674.50	14,283.46	23,347.93
Total Assets	17,091.68	15,761.73	25,115.46
EQUITY AND LIABILITIES			
Equity			
Share Capital	82.00	82.00	1,590.61
Reserves and Surplus	4,693.88	5,707.41	6,246.93
Minority Interest	-	-	404.05
Total Equity	4,775.88	5,789.41	8,241.59

Liabilities			
Non-current liabilities			
Long term Liabilities	612.60	306.94	399.94
Long term Provisions	164.45	41.71	54.67
Total Non-current liabilities	777.05	348.65	454.61
Current liabilities			
Financial Liabilities			
(i) Short Term Borrowings	4,054.71	3,496.28	8,022.71
(ii) Trade Payables			
i) Total outstanding dues of micro enterprises and small enterprises	604.47	196.84	146.29
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	3,048.75	2,623.96	4,341.67
Other Current Liabilities	3,166.05	2,808.37	3,254.52
Short-term provisions	664.77	498.21	654.07
Total Current liabilities	11,538.75	9,623.66	16,419.26
Total Liabilities	12,315.80	9,972.31	16,873.87
Total Equity and Liabilities	17,091.68	15,761.72	25,115.46

Cash Flow Statement			(In Lacs)
Particulars	FY 21	FY 22	FY 23
Net Cash Flow from Operating Activities	303.71	1,070.91	-3,238.69
Net Cash Flow from Investing Activities	-220.25	-208.18	-1,202.69
Net Cash Flow from Financing Activities	270.54	-1,196.03	4,457.92

Ratio Sheet			
Particulars	FY 21	FY 22	FY 23
Per Share Data			
Diluted EPS	5.91	6.51	11.43
BV per share	22.11	26.80	38.15
Operating Ratios (%)			
EBITDA Margins	6%	6%	8%
PAT Margins	3%	3%	5%
Inventory days	71.66	48.60	58.69
Debtor days	107.57	86.17	125.97
Creditor days	144.47	68.10	82.86
Return Ratios (%)			
RoCE	26%	29%	33%
RoE	19%	18%	22%
Valuation Ratios (x)			
EV/EBITDA	5.54	4.78	5.37
Market Cap / Sales	0.56	0.48	0.44
P/E	12.69	11.52	6.56
Price to Book Value	3.39	2.80	1.97
Solvency Ratios			
Debt / Equity	0.98	0.66	1.02
Current Ratio	1.36	1.48	1.42
Quick Ratio	0.87	1.02	1.06
Asset Turnover	1.68	2.12	1.48
Interest Coverage Ratio	3.71	5.18	5.20

Financial Charts



Key Risk Factors

1. The company is dependent on and derive a substantial portion of the revenue from a limited number of customers and over-dependence on one or some of the customers may expose to liquidity risks, which may adversely affect the business, results of operations and financial condition. For fiscal 2023, fiscal 2022 and fiscal 2021, the top five customers accounted for 92.49%, 95.95%, and 100.00%, respectively.
2. The company, its Subsidiaries are party to certain litigation and claims. These legal proceedings are pending at different levels of adjudication before various courts and regulatory authorities. Any adverse decision may make us liable to liabilities/penalties and may adversely affect our reputation, business and financial status. 14 tax proceedings amounting to Rs. 22.72 lakhs and 3 Tax proceedings amounting to Rs. 0.21 lakhs.
3. The company have certain contingent liabilities which may adversely affect the financial condition. Bank Guarantees and Letter of Credits amounting to Rs. 4,881.03 lakhs and Corporate Guarantee (CG) amounting to Rs. 5,381.03 lakhs.
4. The company have experienced negative cash flows from operating activities in fiscal 2023 amounting to Rs. 3,238.69 lakhs.

Track Record of Lead Manager

The lead manager to the issue is Vivro Financial Services Private Limited. The company does not have any mandates from the recent years as per RHP.

Recommendation

The company has been into the industry since 2012. The company consistently increased its revenue for all the three consecutive years. The profitability margin has also increased for the FY 23. The financial outlook of the company is decent. The management outlook of the company is also satisfactory.

The PE on an annualised and Post IPO basis is around 8.88 times which seems to be undervalued.

The company operates in a competitive segment yet has been also to increase its bottom and topline of its financials. The company also have a significant number of order books for the FY 23 and the company has seen a decrease in its operating activities cashflow and an increase in its receivables which does not look satisfactory in the long run. The company with increase in its boundaries and reach can be looking at a good growth yet as the services provided for the company is not a recurring business there might be seasonal changes Thus, we have a **NEUTRAL** opinion on this IPO.



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