



IPO Note

Parth Electricals & Engineering Limited

Recommendation: **APPLY (only for high-risk takers)**

Company Background -

The company was incorporated in 2005 as a proprietorship firm with its registered office in Vadodara, Gujarat. It is in the business of manufacturing and supply of panels, switchgears, cables, RMUs, etc. as well as the providing services such as installation, testing, repair, etc. of its products. Major source of revenue is from the manufacturing and supply of RMUs.

Objects of the Issue -

Particulars	Amt. in Lakhs
Establishing Gas Insulated Switchgear (GIS) manufacturing facility in Gujarat.	2,000.00
Establishing manufacturing facility in Odisha.	1,900.00
Repayment of short-term borrowings.	1,500.00
General corporate purposes.	-

Promoters Name -

Jigneshkumar Gordhanbhai Patel, and Jemini Jigneshkumar Patel.

Promoter Share Holding Pattern	
Pre Issue 88.35%	Post Issue 68.39%

Rationale for recommendation - Parth Electricals & Engineering Limited has a post-issue P/E of 21.75 indicating that it is overvalued. Manufacturing of RMU contributed 76.13% revenue in FY 25. Cost of materials consumed as a % of sales increased by 12.65% in FY 25. Its cash flow from operating activities has been very unstable indicating poor cash management policies. However, the company has entered into technology transfer agreements with 2 global giants. It has an order book of ₹123.20 Cr. It also has a strong clientele and has worked with some of the biggest names in the industry. The management forecasts that 20% of revenue will be from exports in the coming years. The management team is satisfactory and there has been an overall increase in the operating margins and revenue figures of the company. Therefore, investors can **APPLY** to this IPO for now.

IPO Details

Opening Date	Aug 04, 2025
Closing Date	Aug 06, 2025
Allotment Date	Aug 07, 2025
Listing Date	Aug 11, 2025
Stock Exchange	NSE SME
Lot Size	800 Shares
Issue Price Per Share	₹160 to ₹170 per share
Issue Size	49.72 Cr.
Fresh Issue	49.72 Cr.
Offer for Sale	-
Application Amt	₹ 2,72,000 (1,600 shares)

KPIs (In Lakhs)

KPI's	FY 23	FY 24	FY 25
Revenue	6,553.34	8,678.49	17,467.17
EBITDA	430.71	904.68	1,753.27
Net Profit	244.77	461.02	1,011.68
RoCE	29.05%	35.87%	38.81%
ROE	25.54%	31.81%	24.92%
P/E	46.20	28.72	16.55

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	10.27	7.82
BVPS	40.52	31.36
P/E	16.55	21.75
P/BV	4.20	5.42
Mkt Cap (In Cr)	170.31	220.03

Lead Managers -

Horizon Management Private Limited

Registrar -

Kfin Technologies Limited

Business Overview -

Parth Electricals & Engineering Limited was incorporated in 2005 as a proprietorship firm with its registered office in Vadodara, Gujarat. Initially, the company was focused on providing services in the Power distribution and transmission sector by implementing solutions for the clients based on their requirements. During the process, the company faced a lot of challenges relating to design of products, size, of the products, etc. With those in mind, the company started its manufacturing process in 2009.

The company is currently engaged in the manufacturing and supply of Ring Main Unit (RMU), Package/Compact Substation (PSS/CSS), Medium Voltage (MV) switchgear panels, Control Relay Panels (CRP), metering panels, etc. These products are used in distribution grids, substations, voltage transformers, solar or wind farms, etc. The company also provides services such as installation, testing, repair, refurbishing, etc. for electric substations up to 220 KV, Gas Insulated Switchgears (GIS) up to 400 KV, etc.

The company has entered into a Technology Transfer Agreement (TTA) with Schneider Electric Industries, a global industrial technology company, where Parth Electricals has the legal rights to manufacture, assemble, test, market and sell the product that Schneider Electric Industries has designed, developed, and tested. The company also has a TTA with Beijing Hezong Science and Technology Co. Ltd for the manufacturing of 11KV to 40.5 KV GIS and 33KV RMU.

The company has served more than 100+ clients in different industries such as Oil and Gas, Papers, Cement, Steel, FMCG, Automobile etc. Their clientele includes Aditya Birla, Ultratech Cement, L&T, RIL, Adani, Tata Power, Schneider Electric, BHEL, Tata Steel, Siemens, GFL, Jindal Steel & Power and many more. The company sources critical raw materials directly from their technology partner Schneider Electric Infrastructure. The company an order book of ₹123.20 Cr. as on July 14, 2025 to be executed in FY 26. The company has a 1,76,000 sq. ft. plant in Vadodara.

Capacity Utilisation:

Particulars	FY 23	% Utilised	FY 24	% Utilised	FY 25	% Utilised
RMU	485	92.58%	985	92.89%	2460	93.82%
Panel	710	93.52%	1075	91.81%	985	92.99%
CSS/PSS	25	76.00%	50	80.00%	11	90.91%
Earth Link Box	50	52.00%	5000	52.00%	51	94.12%

Segment Wise Revenue Breakup:

(in Lakhs)

Particulars	FY 23	%	FY 24	%	FY 25	%
Manufacturing	5000.77	76.31%	7973.37	91.88%	16151.21	92.47%
Service & EPC	1552.57	23.69%	705.12	8.12%	1315.96	7.53%
Total	6,553.34	100.00%	8,678.49	100.00%	17,467.17	100.00%

Product Wise Revenue Breakup:

(in Lakhs)

Particulars	FY 23	%	FY 24	%	FY 25	%
CSS/PSS	902.27	13.77%	1130.66	13.03%	273.72	1.57%
Panel	1122.41	17.13%	1175.4	13.54%	1126.86	6.45%
RMU	1327.59	20.26%	4492.73	51.77%	13298.18	76.13%
Transformer	22.56	0.34%	193.27	2.23%	0	0.00%
Termination Kit	106.9	1.63%	334.44	3.85%	1452.44	8.32%
Other	1,625.94	24.81%	646.87	7.45%	424.27	2.43%
Earth Link Box	5.38	0.08%	10.97	0.13%	15.01	0.09%
Service	1,440.30	21.98%	694.15	8.00%	876.68	5.02%
Total	6,553.34	100.00%	8,678.49	100.00%	17,467.17	100.00%

Business Strategies -

1. The company wants to expand its product portfolio by adding 33KV GIS and 33 KV RMU through capital investment for setting up new manufacturing facilities in Vadodara, Gujarat and Odisha. Along with capital expenditure, the company also intends to set up a skill development and training center in the existing manufacturing facility at Manjusar, Vadodara, Gujarat.

2. The company will cater 33 KV GIS and 33 KV RMU to larger markets in India and export them to African countries and surrounding countries of India. Additionally, it is planning to add UL approved low voltage intelligent motor and power control centers in US and Canadian markets for the initial thrust in exports. It is estimated that 20% of revenue will be from exports in the ensuing years.

3. The company has worked with some of the biggest names in the industry. It intends to make more value added products that are required by their large customers.

4. Out of the 300 items used in an RMU, there are numerous items which can be worked upon to create a new RMU. The company has saved lakhs of rupees of its client with whom they started producing RMUs entirely based on refurbishment. The company wished to further explore this segment.

Risk Factors -

- There is customer concentration as the top 10 customers have contributed 73.54%, 67.19%, and 86.46% of revenue from operations in FY 23, 24, and 25.
- There is geographic concentration. 40.27%, 59.63%, and 90.92% of revenue from operations came from Gujarat in FY 23, 24, and 25.
- There is supplier concentration. The top 10 suppliers have contributed 44.00%, 75.73%, and 70.83% of purchases in FY 23, 24, and 25.
- Their major sales revenue comes from RMUs.
- There are 3 outstanding tax litigations against the company aggregating to ₹203.52 Lakhs.
- The company has contingent liabilities worth ₹2,961.03 Lakhs as of Mar 31, 2025.
- Group companies have incurred losses in preceding 3 financial years.

Key Management

-The management consists of **Jigneshkumar Gordhanbhai Patel (Managing Director)**, and **Jemini Jigneshkumar Patel (Whole Time Director)**. Jigneshkumar Patel has a Bachelor's degree of engineering in electrical engineering technologies. He had 9 years of experience prior to incorporating the company and 20 years of experience with the company. Jemini Patel is a science graduate with 18 years of experience.

-**Karuna Vinod Advani, Prashant Bharatkumar Patel, and Ravindra Badaya** are **independent directors**. All of them have relevant educational qualification and years of experience.

-**Bhavin Kishorbhai Chavda (CFO)** has a bachelor's and master's degree in commerce with 11 years of experience. **Vineet Shaw (CS & CO)** has a bachelor's degree in commerce and 9 years of experience.

The management team is satisfactory as they are experienced and have relevant educational qualifications.

Industry Overview –

-Indian Power Sector Overview

As of October 2023, India generated 56% of its electricity from fossil fuels while renewables contributed a rising 41.4%. To meet surging demand, the Ministry of Power has laid out an ambitious pipeline that, by March 2032, will add 27,180 MW of thermal capacity, 18,033.5 MW of hydro capacity, 8,000 MW of nuclear capacity, and 78,935 MW of renewable capacity, driving total installed capacity to 464,124 MW.

-Transmission and Distribution Strengthening

From FY 2013–14 to FY 2022–23, India expanded its transmission network from 2.91 lakh circuit km to 4.76 lakh circuit km. Between 2014 and 2023, distribution system upgrades under various initiatives attracted ₹1.85 lakh crore of investment, resulting in 2,927 new substations and 8.86 lakh circuit km of 11 kV/HT/LT lines. Rural electricity availability rose from 12 hours per day in 2015 to 20.6 hours in 2023. Additionally, guidelines issued in June 2023 urge DISCOMs to secure at least 75–80 percent of capacity via long-term contracts, with medium- to short-term contracts filling the balance.

-Clean Energy Transition

India is committed to sourcing 40 percent of its electricity from non-fossil fuels by 2030. As part of this transition, the Ministry of New & Renewable Energy aims to install 500 GW of non-fossil capacity by 2030. Between FY 2023 and 2024, India added 18.48 GW of renewable capacity, notably in solar and wind. The National Green Hydrogen Mission, backed by a ₹19,744 crore budget, targets blending up to 10 percent hydrogen into existing gas pipelines by 2030. The Green

Energy Corridor project is integrating renewable power into the grid, while initiatives such as Perform, Achieve and Trade, and state-level net-zero roadmaps are driving decarbonization and energy efficiency across cooking, mobility, and agriculture sectors.

-Gas Insulated Switchgear (GIS) Market

The global GIS market was valued at US\$24 billion in 2023 and is expected to grow to US\$48.8 billion by 2032 at an 8.1 percent CAGR. The transmission and distribution segment within GIS is forecast to grow at over 8.5 percent CAGR through 2032, driven by requirements for compact, safe, and reliable power infrastructure. Asia-Pacific, led by India's grid expansion and renewable integration, is the largest regional market. India's GIS market alone is projected to grow at over 10 percent CAGR during the forecast period.

-Ring Main Unit (RMU) Market

India's ring main unit market was valued at US\$3 billion in 2023 and is expected to grow at a CAGR exceeding 7.9 percent through 2032. RMUs are critical for modernizing aging grid infrastructure, offering compact design, enhanced safety, and improved operational reliability. Deployment of RMUs across utilities and industrial sites is being driven by the need to integrate renewable generation, and upgrade existing assets for higher grid resilience and lower carbon operations.

Lead Manager

Horizon Management Private Limited has handled 17 IPOs in preceding 3 years out of which 9 opened at a discount.

Peer Analysis

Particulars	Parth Electricals & Engineering Limited			Supreme Power Equipment Limited*			Shivalic Power Control Limited*		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	3.74%	5.31%	5.79%	10.85%	12.33%	12.44%	8.72%	10.92%	9.28%
EBITDA Margin	6.57%	10.42%	10.04%	18.33%	20.53%	19.44%	16.09%	19.43%	15.21%
RoCE	29.05%	35.87%	38.81%	68.03%	28.16%	27.04%	35.45%	39.26%	15.84%
ROE	25.54%	31.81%	24.92%	60.02%	18.94%	20.12%	28.97%	27.21%	11.01%
EPS (INR)	3.68	5.92	10.27	6.09	6.54	7.44	4.22	6.45	5.50
P/E	46.20	28.72	16.55	-	21.33	14.51	-	-	22.30

Particulars	Parth Electricals & Engineering Limited			RMC Switchgears Limited**		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	3.74%	5.31%	5.79%	9.3%	8.6%	9.8%
EBITDA Margin	6.57%	10.42%	10.04%	21.2%	19.0%	17.1%
RoCE	29.05%	35.87%	38.81%	36.0%	38.0%	-
ROE	25.54%	31.81%	24.92%	25.7%	24.6%	-
EPS (INR)	3.68	5.92	10.27	11.39	14.44	30.30
P/E	46.20	28.72	16.55	16.08	30.86	23.84

*The companies were not listed during the respective years. Therefore, P/E is blank.

**Balance sheet of FY 25 is not available. Therefore, RoCe and RoE are blank.

As compared to its peers, we can see that this company has lower operating margins however, its EPS is higher. This is primarily due to less number of equity shares of the company resulting in higher EPS. The P/E seems to be on par with its peers

FINANCIAL SNAPSHOT

Key Performance Indicators: (in Lakhs)				Key Ratios:			
Particulars	FY 23	FY 24	FY 25	Particulars	FY 23	FY 24	FY 25
P&L Statement				Per Share Data			
Total Income	6,570.29	8,716.50	17,620.12	Diluted EPS	3.68	5.92	10.27
Total Expenses	6,294.23	8,100.08	16,263.81	BV per share	100.89	115.96	40.52
EBITDA	430.71	904.68	1,753.27	Operating Ratios			
EBIT	359.48	750.07	1575.19	EBITDA Margins	6.57%	10.42%	10.04%
PBT	276.06	616.42	1,356.31	PAT Margins	3.74%	5.31%	5.79%
Tax Expenses	31.29	155.40	344.63	Inventory days	52.97	43.59	30.78
Net Profit	244.77	461.02	1,011.68	Debtor days	145.13	104.60	53.01
Balance Sheet				Creditor days	192.44	176.53	46.15
Total Equity	958.50	1,449.52	4,059.08	Return Ratios			
Assets				RoCE	29.05%	35.87%	38.81%
Non-Current Assets	1,056.16	2,053.26	3,181.34	RoE	25.54%	31.81%	24.92%
Current Assets	4,013.56	4,599.67	7,494.55	Valuation Ratios (x)			
Total Assets	5,069.72	6,652.93	10,675.89	EV/EBITDA	3.73	2.49	2.65
Liabilities				Market Cap / Sales	0.25	0.24	0.98
Non-Current Liabilities	278.93	641.31	-	P/E	46.20	28.72	16.55
Current Liabilities	3,832.29	4,562.10	6,616.81	Price to Book Value	1.68	1.47	4.20
Total Liabilities	4,111.22	5,203.41	6,616.81	Solvency Ratios			
Cash Flow Statement				Debt / Equity	0.88	1.09	0.82
CFO	310.84	752.60	30.20	Current Ratio	1.05	1.01	1.13
CFI	-92.47	-769.20	-1,045.32	Quick Ratio	0.80	0.78	0.91
CFF	-169.02	598.98	2,974.93	Asset Turnover	1.29	1.30	1.64
				Interest Coverage Ratio	3.58	4.37	4.24

Financial Analysis

-Revenue from operations increased by 32.43% and 101.27% in FY 24 and 25 respectively. Total income grew by 32.67% and 102.15% during the same time period. The increase in revenue in FY 24 is due to increase in manufacturing of RMU mainly due to higher government and utility sector spending on urban distribution network upgrades and smart grid projects. The company further capitalised on strong market demand for RMU increasing revenue in FY 25.

-EBITDA margin fell in FY 25 because cost of materials consumed as a % of sales increased from 69.28% in FY 24 to 81.93% in FY 25. The reason for the increase in PAT margin in FY 25 despite the decline in EBITDA margin is because other income drastically increased from ₹38.01 Lakhs FY 24 to ₹304.63 Lakhs in FY 25.

-The company has no long-term borrowings as of FY 25 however, short-term borrowings form 50.37% of current liabilities. The company intends to repay part of its short-term borrowings through capital raised from equity. Inventories, trade receivables, and cash balances form 90.03% of current assets.

-Cash flow from operating activities has been unstable majorly due to inventories, trade receivables, and trade payables. This suggest that the company needs to implement efficient cash management policies.

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