

# Company Research Report: ATC Energies System Limited – IPO Overview

## 1. Company Overview

Incorporated: September 2, 2020 (as a private limited company)

Converted to Public: February 21, 2024

**Business Activity:** Manufacturing and supply of lithium-ion batteries and battery packs

ATC Energies System Limited is an emerging player in India's lithium-ion battery ecosystem. It aims to offer efficient and low-cost lithium-ion battery solutions using advanced assembly and testing infrastructure. The company serves a wide range of end-use sectors including banking, electric mobility, industrial automation, medical devices, and renewable energy.

### **Key Operations:**

- Product Scope: Lithium-ion batteries for POS machines, e-vehicles (2W/3W), drones, UPS, robotics, energy storage systems, etc.
- Process Capabilities:
  - Cell testing & grading
  - Battery Management System (BMS) integration
  - Assembly & welding of cells
  - Quality testing & packaging
- Raw Material Dependence: 85-90% of raw materials—mainly lithium-ion cells and BMS—are imported from China.

## 2. Manufacturing Footprint

The company has two manufacturing units:

- Vasai, Maharashtra – Operational since January 2021
- Noida, Uttar Pradesh – Operational from July 2021

Each factory is equipped with integrated development, testing, and assembly infrastructure. Due to the "made-to-order" nature of their production, installed capacity is measured in ranges depending on battery sizes.

### **Indicative annual capacity for both units:**

- Mini batteries: Up to 3.6 million units combined
- Large batteries: Up to 9,100 units combined

However, capacity utilisation metrics are not precisely quantifiable, given the customisation of orders and variations in battery types.

### 3. Financial Performance

#### Revenue and PAT Trends:

Fiscal Year	Revenue from Operations (₹ cr)	PAT (₹ cr)
FY22	36	11.86
FY23	33	7.75
FY24	51	10.89
H1 FY25	23	5.77

#### Gross Margin Trends:

Period	Gross Margin (%)
FY22	~56.00%
FY23	~52.00%
FY24	~42.00%
H1 FY25	66.60%

Notably, margins were compressed in FY24 due to higher material costs and may improve depending on sourcing strategy and product mix in future.

### 4. Customer Base and Industry Reach

**Initial Focus:** Banking sector for POS and ATM mini batteries

Diversified Applications Now Include:

- Electric 2W & 3W vehicles
- Drones
- Robotics & Medical Devices
- UPS & Energy Storage
- Emergency Equipment

Client Dependency:

In the six months ending September 2024, 57.40% of revenue came from two key Promoter Group clients:

- M/s Agarwal Trading Company
- M/s Hind Industries

While the company has served 250+ corporate/retail customers, significant concentration

risk remains.

## 5. Risk Factors

- No previous market history; first public issue.
- Dependence on imports for core components.
- High client concentration, especially within promoter group.
- No prior listed company experience among directors.
- Capital expenditure delays possible due to pending purchase orders.
- Promoter retains majority control post-listing.
- Low inventory turnover due to customisation model.

Investors are advised to review the detailed "Risk Factors" in the Red Herring Prospectus (Page 27 onwards).

## 6. IPO Details

Particulars	Details
<b>IPO Price</b>	₹118 per share
<b>Face Value</b>	₹10 per share
<b>Fresh Issue</b>	43,23,600 shares
<b>Offer for Sale (Promoter)</b>	10,80,000 shares
<b>Market Maker Reservation</b>	2,71,200 shares
<b>Pre-IPO Shares Outstanding</b>	1,60,65,000 shares
<b>Post-Issue Shares Outstanding</b>	2,03,88,600 shares
<b>Estimated Market Cap @ ₹118/share</b>	₹240 crore.

P/E ( based on FY24 ) = 25x

## 7. Peer Comparison

The company has identified the following listed peers for benchmarking:

- Eveready Industries India Limited
- High Energy Batteries India Limited

Management notes these are not comparable in size, revenue, or diversification.

## 8. Conclusion: Assembler or Manufacturer?

ATC Energies System Limited does more than basic battery assembly. While it imports key components (cells and BMS) from China, the company adds value through:

- Customised design
- Component integration
- Pack-level manufacturing
- In-house quality testing and development

Thus, the company is a battery pack manufacturer and systems integrator, not just an assembler.

## 9. SWOT Analysis

### **Strengths:**

- Integrated operations with design, assembly, and testing capabilities
- Established domestic market presence with 250+ customers
- Export potential initiated in FY24
- High gross margins in H1 FY25

### **Weaknesses:**

- High dependence on imported components
- Revenue concentration with promoter-linked entities
- Lack of listed company experience in management
- Low inventory turnover

### **Opportunities:**

- Rising demand in EV and energy storage markets
- Government support via PLI/localisation
- Export scalability and entry into grid-scale storage

### **Threats:**

- Forex/geopolitical risks due to import reliance
- Intense competition (domestic & Chinese players)
- Promoter dependence for operations
- Regulatory evolution and ESG compliance