

Company Business

Parth Electricals & Engineering Limited is an integrated electrical and allied products manufacturing company that also provides services and undertakes project work. The company was originally started as a proprietorship firm in 2005 by Jigneshkumar Gordhanbhai Patel and later converted into a private limited company, 'Parth Electricals & Engineering Private Limited', in 2007. It subsequently converted into a public limited company on November 14, 2024. The company's core business involves:

- ✦ **Manufacturing Electrical Equipment** : Parth Electricals designs and manufactures electrical switchgear equipment, including:
 - **Electrical Panels** for Power Distribution (ranging from 415 V to 33KV).
 - **Ring Main Units (RMUs)**, which currently account for a significant portion of their sales revenue (over 50% of total sales, and 76.13% of manufacturing & supply revenue in FY25). The company is expanding its product portfolio beyond RMUs.
 - **Control & Relay Panels (CRPs)** (ranging from 33KV to 132KV).
 - **Packaged Substations (PSS) and Unitized Substations (USS)**.
 - **Medium Voltage (MV) Panels**.
 - **Metering Panels** for HV consumers.
 - **Earth Link Boxes**.
 - **E-House**.
 - **Fast Transfer System (FBT)**.
 - **Geared Insulated Switchgear (GIS)** : The company intends to establish new GIS manufacturing facilities in Gujarat and Odisha to create an additional revenue stream. They have a technology transfer agreement with Beijing Hezong Science and Technology Co. Limited for manufacturing 11KV to 40.5 KV GIS and 33KV RMU.
- ✦ **Providing Services** : The company offers a range of services in the power distribution and transmission sector, including:
 - Installation of MV, LV, HV, & EHV switchgears and panels.
 - Testing and commissioning services.
 - High voltage cable laying (up to 220KV).
 - Health check-ups of various switchgears and panels.
- ✦ **Undertaking Project Work**.

Business Evolution and Strategic Focus : Initially, the company focused on providing services in the power distribution and transmission sector. In 2009, they implemented their first manufacturing setup for MV panels in Gujarat. Over two decades, Parth Electricals has become a significant player in the urban power distribution sector, specializing in low voltage equipment manufacturing and growing its service capabilities. While manufacturing activities have seen a spurt in growth and currently contribute the majority of revenue (92.47% from manufacturing & supply in FY25), services have been instrumental in client acquisition and repeated orders. The company strategically shifted focus to manufacturing due to higher turnover and return on capital employed, although service jobs offer higher operational margins (25–30% vs. 10% for manufacturing).

IPO Details

- ✦ Total Issue Size : **29,24,800 Shares** (Rs. **49.72 Cr.**)
- ✦ Fresh issue : **29,24,800 Shares** (Rs. **49.72 Cr.**)
- ✦ OFS : **NIL**
- ✦ Issue Price Band : **₹160 to ₹170 per share**
- ✦ Lot Size : **800 Shares**
- ✦ IPO Date : **Mon, Aug 4, 2025 – Wed, Aug 6, 2025**
- ✦ Pre IPO Promoters Holding : **79.60%**
- ✦ Post IPO Promoters Holding : **62.57%**

Objects of the issue

- ✦ Establishing GIS manufacturing facility in Gujarat (**₹ 20 cr**)
- ✦ Establishing manufacturing facility in Odisha (**₹ 19 cr**)
- ✦ Repayment of Short Term Borrowings (**₹ 15 cr**)
- ✦ General Corporate Purposes

Technology-Driven : The company emphasizes quality, design, and product development. They have technology transfer agreements with **Schneider Electric Industries SAS** for manufacturing, assembling, testing, marketing, and selling RMU and CSS/PSS, and are also an outsourcing partner for MV panels.

Manufacturing Facility : Their main 1,76,000 Sq. Feet plant is located at E-113, G.I.D.C. Industrial Estate, Manjusar, Savli, Vadodara, Gujarat, spread over 4.05 acres.

Raw Materials : Critical raw materials are sourced directly from their technology partner, Schneider Electric Infrastructure, and other relevant suppliers. Domestic purchases make up the majority of their raw material procurement (98.99% in FY25).

Financials of the company

(Fig. in Cr)

Particulars	March 31, 2025	March 31, 2024	March 31, 2023
Revenue from Operations	174.67	86.78	65.53
EBITDA	17.53	9.05	4.31
EBITDA Margins	10.04%	10.42%	6.57%
PAT	10.12	4.61	2.45
PAT Margins	5.79%	5.31%	3.74%
ROCE	23.28%	24.50%	19.63%
Debt to Equity Ratio(In Times)	0.82	1.09	0.83
Operating Cash Flow	0.3	7.53	3.1

Comparison with Peers

Companies	Revenue	EBTDA%	PAT%	D/E Ratio	ROCE	MCap .	P/E
Parth Electricals and Engineering Limited	174.67 Cr.	10.04%	5.79%	0.82	23.28%	232.35 Cr.	22.96
Supreme Power Equipment Limited	145 Cr.	15.7%	12.80%	0.18	27.50%	511 Cr.	27.5
Shivalic Power Control Limited	132 Cr.	14%	9.38%	0.05	19.40%	265 Cr.	16.8
RMC Switchgears Limited	316 Cr.	17%	9.93%	0.55	37.20%	883 Cr.	28.1

Short Summary of the Industry —————

- ✦ **Indian Power Sector** : India's power sector is undergoing a **swift transformation** due to population growth, increasing energy demands, and industrial expansion. There's a notable shift towards **natural gas and renewable energy sources**, with the Indian Government targeting 40% of its energy from non-fossil fuel sources by 2030. While fossil fuels, especially coal, still dominate electricity generation, green energy, particularly solar and wind power, is a strong focus.
- ✦ **Indian Electrical Equipment Market** : Expected to grow at a **CAGR of 11.68% between 2022 and 2027**, forecast to increase by **USD 52,975.77 million**. This growth is driven by increased investments in the power sector and a rise in residential and commercial building projects, but faces challenges from cyberattacks.
- ✦ **Specific Product Segments:**
 - **Low Voltage (LV) Switchgear** : The Indian LV switchgear market was approximately **INR 12,000 Crores in CY2022** and is expected to grow at a **CAGR of over 5%**. Growth factors include infrastructure development, renewable energy investments, industrial expansion, safety mandates, and digitalization.
 - **Gas Insulated Switchgear (GIS)** : The global GIS market was valued at **USD 24 billion in 2023** and is projected to grow at a **CAGR of 8.1%** from 2024 to 2032. The India GIS market is expected to grow at a **CAGR of greater than 10%**. This growth is driven by urbanization, industrialization, renewable energy projects, grid modernization, and the need for compact, reliable, and safe electrical infrastructure.
 - **Ring Main Unit (RMU)** : The global RMU market was valued at **USD 3 billion in 2023** and is projected to grow at a **CAGR of more than 7.9%** from 2024 to 2032. This is spurred by the need for refurbishing existing grid infrastructure, integrating renewables, and managing peak loads. The Asia-Pacific region is expected to dominate this market.

Pros and Cons —————

Pros (Strengths & Opportunities)

- ✦ **Strategic Shift to Scalable Manufacturing** : Parth Electricals has successfully shifted its focus to **manufacturing high-demand products** like Ring Main Units (RMUs), which, despite lower per-job margins, yields **higher turnover and return on capital employed** due to scalability and standardization [Previous Conversation, 494].
- ✦ **Robust Financial Performance** : The company has shown impressive revenue growth.
- ✦ **Key Technology Partnerships** : It holds **technology transfer agreements with global leaders like Schneider Electric and Beijing Hezong Science and Technology Co. Limited** for manufacturing critical equipment such as RMUs, Compact Sub-Stations (CSS), and Gas Insulated Switchgears (GIS), enhancing its product portfolio and margins.
- ✦ **Ambitious Growth & Expansion Plans** : Proceeds from the issue are earmarked for **establishing new manufacturing facilities in Gujarat (GIS) and Odisha**, alongside plans to expand exports to markets like the USA and Canada. **However, the 25% U.S. tariff is a material headwind** that could dampen near-term export-led growth.

Cons (Weaknesses & Threats & Risks)

- ✦ **High Customer Concentration** : There's a significant reliance on a few customers, with **86.46% of revenue from the top 10 customers and 67.49% from the top 5** in FY2025.
- ✦ **Product Concentration** : A **single product, RMU, accounts for over 50% of total sales**, making the company vulnerable to fluctuations in demand or increased competition within this specific segment.
- ✦ **Geographical Concentration** : Operations are heavily concentrated in **Gujarat, generating 90.92% of the revenue in FY2025**.
- ✦ **Intense Competition** : Operates in a **competitive electrical and power industry** with both organized and unorganized players.
- ✦ **Loss of technology transfer agreements** could adversely affect business operations.



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