

Rajesh Power Services Limited IPO

About Company —

- ✦ Rajesh Power Services Limited (RPSL) operates as an Engineering, Procurement, and Construction (EPC) contractor in the renewable (solar power) and non-renewable power sectors. The company's offerings include:
 - ✦ **Turnkey Projects:**
 - Laying extra high voltage (EHV) cables and transmission lines.
 - Setting up EHV substations.
 - Designing and implementing underground power distribution systems.
 - ✦ **Operations and Maintenance:**
 - Operating and maintaining solar plants and EHV substations.
 - ✦ **Utility Services:**
 - Cable fault location and rectification.
 - Replacement and retrofitting of transformers and switchgear.
 - ✦ **Consultancy Services:**
 - Designing power substations and cable systems.
- ✦ The company primarily caters to private, semi-government, and government organizations in the power sector, **with a focus on major electricity suppliers in Gujarat.**

Financials —

(Fig in Cr)

Particulars	For 6 months ended Sep 30, 2024 (Cons.)	FY'24 (Standalone)	FY'23 (Standalone)	FY'22 (Standalone)
Revenue	317.03	284.96	207.17	146.80
EBITDA	38.65	33.95	14	11.03
EBITDA Margin	12.19%	11.91%	6.75%	7.51%
PAT	28.54	26.02	6.75	3.44
PAT Margin	9%	9.13%	3.25%	2.34%
CFOA	36.88	(14.66)	15.35	6.51
Cash Conversion Ratio (OCF/EBITDA)	95.42%	Negative	109.64%	59%

Geographical wise Revenue —

Particulars (In Cr)	FY'24	FY'23	FY'22
Gujarat	273.50	207	146.80
Rajasthan	11.46	0.17	Nil

Positive and Negative Points —

Positive

- ✦ Cheap Valuations in terms of **forward PE of 10.56.**
- ✦ **With over four decades** in the construction sector, RPSL has established strong relationships with reputable clients, including Gujarat Energy Transmission Corporation Ltd and Uttar Gujarat Vij Company Ltd.
- ✦ **Strong order book** of Rs. 2,358 Cr.
- ✦ Strong financial performance with growth in sales and PAT.
- ✦ RPSL is collaborating with Bhabha Atomic Research Centre (BARC) to gain expertise in **green hydrogen technology**. The goal is to develop in-house capabilities for installing green hydrogen electrolyzers for high-power industries.

Negative

- ✦ A significant portion of RPSL's **revenue is concentrated in Gujarat**, exposing the company to regional market risks.
- ✦ **High debts** in the company.
- ✦ The EPC nature of operations **requires substantial working capital**. As of March 31, 2024, the company had gross current assets exceeding 215 days, driven by high debtor days and inventory levels.

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Peer Comparison —

Companies	Revenue	EBITDA	PAT	D/E Ratio	Mcap	P/E
Rajesh Power Services Ltd (FY 2024)	284.96 Cr.	33.95 Cr.	26.02 Cr.	0.72	603 Cr.	*23.17
Advait Infratech Limited (TTM)	238 Cr.	40 Cr.	24 Cr.	0.24	1,498 Cr.	56.90
Kay cee Energy and Infra Limited (TTM)	51.67 Cr.	8.14 Cr.	5.66 Cr.	0.15	816 Cr.	144
Viviana Power Tech Limited (TTM)	90.42 Cr.	14.94 Cr.	8.48 Cr.	0.40	519 Cr.	61.30

**If the company earns profits in the second half of the year in the same proportion as it did in the first half of FY 2025 then forward PE will be 10.56.*

Conclusion —

Rajesh Power Services Limited (RPSL) is a dynamic player in the power sector, leveraging its expertise in both renewable and non-renewable energy. Its diversified portfolio includes turnkey EPC projects, utility, and consultancy services.

Collaborating with institutions like BARC for green hydrogen innovation and expanding into high-demand sectors showcases its commitment to growth and sustainability. However, its dependence on tenders and regional markets poses risks.

Additionally, the company has a debt-to-equity ratio of 0.72, indicating a significant reliance on debt financing.

With robust financial performance and a strong order book, RPSL is well-positioned to capitalize on industry opportunities while addressing its challenges for sustained success.



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