

Report on Maxvolt Energy Industries Limited SME IPO

A) Business Overview

Maxvolt Energy Industries Limited is primarily engaged in the manufacturing of lithium-ion batteries for a variety of applications. The company operates through a network of authorized dealers, distributors, and original equipment manufacturers (OEMs). The primary applications of its products include:

- **Electric Vehicles:** E-Scooters, E-Rickshaws, E-Cycles
- **Energy Storage:** Batteries for renewable energy systems
- **Electronic Gadgets:** Battery packs for consumer electronics

Additionally, Maxvolt manufactures customized battery packs, graphene battery packs, and battery chargers under its own brand. It has designated some of its dealers and distributors as service centers to ensure after-sales support.

B) Manufacturing and Supply Chain

The company sources its principal raw material, lithium-ion cells, from foreign suppliers based in China. While Maxvolt assembles these cells into battery packs in India, its manufacturing process includes:

- **Cell grading and sorting**
- **Module assembly**
- **Quality checks**
- **Final assembly**

Maxvolt's manufacturing facility is **located in Ghaziabad**, Uttar Pradesh, which includes an in-house testing laboratory. The company is also engaged in R&D to develop advanced technologies, such as faster-charging battery packs and graphene battery packs.

C) Financial Performance and Valuation

Below is the financial summary for the last three financial years:

- FY22: Revenue ₹615.01 lakhs, PAT ₹1.42 lakhs
- FY23: Revenue ₹1,367.95 lakhs, PAT ₹27.88 lakhs
- FY24: Revenue ₹4,837.15 lakhs, PAT ₹520.83 lakhs

This significant growth demonstrates the company's expansion and increased demand for its products.

The IPO is being launched with an approximate **market capitalization of ₹200 crore**. The expected financial performance for FY25 includes a **revenue of ₹80 crore and a PAT of ₹10 crore**. Based on these projections, the P/E ratio stands at 20x, indicating that the IPO is reasonably priced.

D) Customer Base

Maxvolt's products cater to two primary customer segments:

1. Dealers and Distributors: The primary sales channel. Below is the number of dealers they are catering into.

FY22: 112

FY23: 164

FY24: 239

2. OEMs: Direct sales to original equipment manufacturers in various industries.

Increased Demand for Electric Vehicles: The rising demand for electric vehicles (EVs), driven by environmental concerns, government incentives, and increasing fuel costs, is a major growth driver for the company. Maxvolt manufactures lithium-ion batteries for a range of electric vehicles, including e-scooters, e-rickshaws and e-cycles.

E) Management Team

Maxvolt is managed by a qualified team led by its Board of Directors:

- **Mr. Bhuvneshwar Pal Singh** (Managing Director & CFO): Oversees daily operations, finance, and administration. He has been associated with the company since 2020.
- **Mr. Vishal Gupta** (Chairman and Whole Time Director): A promoter of the company.
- **Ms. Rajni** (Company Secretary and Compliance Officer)
- Independent Directors: Mr. Preet Kumar, Ms. Kavita Dixit, and Mr. Ajay Kumar

E) Risks and Challenges

General Risks

1. Economic Factors: Changes in interest rates, government policies, and economic slowdowns in India.
2. Natural Calamities: Events such as climate change, health epidemics, and geopolitical tensions.

3. Regulatory Changes: Updates to taxation laws or compliance requirements.
4. Brand Image: Any inability to maintain or enhance brand value could harm the business.

Specific Risks

1. Dependence on Foreign Suppliers:

- Lithium-ion cells are sourced from China, making the company vulnerable to supply chain disruptions, pricing issues, and quality concerns.

Future Plans

1. Backward Integration:

- Plans to expand production capabilities by adding new battery lines and setting up a recycling facility.

2. R&D Investment:

- Focus on developing graphene battery packs and faster-charging technologies.

Conclusion

Maxvolt Energy Industries Limited has demonstrated strong growth in recent years, with substantial revenue increases and a diversified product portfolio. However, its dependence on foreign suppliers for lithium-ion cells and historical compliance issues pose significant risks. The company's focus on R&D and plans for backward integration indicate a positive trajectory, provided it addresses its current challenges effectively.

The IPO is priced reasonably at P/E of 20x.