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Issue Offer

Fresh Issue of 29,19,000 Equity Shares up to INR 146 Mn

Issue Summary

Price Band (INR)	47-50
Face Value (INR)	10
Implied Market Cap (INR mn.)	550.2
Market Lot	3000
Issue Opens on	Feb,04,2025
Issue Close on	Feb,06,2025
No. of share pre-issue	80,85,594
No. of share pre-issue Listing	1,10,04,594 NSE,SME

Issue Break-up (%)

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

Registrar

Kfin Technologies Limited

Book Running Lead Managers

GYR Capital Advisors Private Limited

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	97.46%	71.61%
Public & Others	2.54%	28.39%

Objects of the issue

- To meet the Capital Expenditure for Purchase of New Testing Kit and Equipments
- Funding the working capital requirements of the company
- Repayment of Term Loans and Cash Credit

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Incorporated in June 2013, Chamunda Electrical Limited (CEL) is an emerging player in the power infrastructure services sector, specializing in operation and maintenance (O&M) of substations up to 66 KV, testing and commissioning of substations up to 220 KV, and solar power generation. The company's expertise extends to erection of Extra High Voltage (EHV) equipment, earthing, control cable works, and other critical substation infrastructure services. Over the years, CEL has expanded its service portfolio across three key verticals: O&M, testing, and commissioning of electrical substations; solar power generation; and installation and commissioning of electrical equipment. Its strong client relationships are driven by its ability to deliver customized solutions and execute projects efficiently.

Investment Rationale

Niche Expertise in Power Infrastructure & Substation Services: Company has established itself as a specialized player in power infrastructure services, with a strong focus on operation and maintenance, testing, and commissioning of electrical substations up to 220 KV. The company's capabilities include erection of Extra High Voltage equipment, control cable works, and earthing, which are critical components for ensuring grid reliability and efficiency. Given India's increasing investments in power transmission and distribution infrastructure, company is well-positioned to benefit from government-backed electrification programs, private sector power projects, and grid modernization initiatives. Its technical expertise and experience in handling high-voltage projects create significant entry barriers for new competitors, ensuring sustained demand for its services.

Strong Order Book Providing Recurring Revenue Visibility: Company robust order book includes 134 ongoing substation O&M and testing contracts, valued at INR 643.7 Mn, ensuring stable revenue flows. Its business model focuses on long-term contracts, providing predictable and recurring revenue streams, which is a key differentiator in the highly cyclical power sector. Additionally, the company has secured a 25-year Power Purchase Agreement with Uttar Gujarat Vij Company Limited (UGVCL) for its 1.5 MW solar power plant in Gujarat, which guarantees fixed cash flows and strengthens financial stability. Company's strong relationships with state utilities, private sector clients, and industrial players enhance its ability to secure repeat business, further de-risking its revenue model from economic uncertainties.

Expansion into Renewable Energy Enhancing Growth Prospects: With India's push towards clean energy transition and renewable capacity expansion, company's strategic investment in solar power generation aligns with the government's target of achieving 500 GW of non-fossil fuel capacity by 2030. The company's 1.5 MW solar power facility in Gujarat represents its entry into the high-growth renewable energy segment, diversifying its business model beyond power infrastructure services. This move not only provides additional revenue streams but also strengthens company positioning as a sustainable energy solutions provider. With rising demand for decentralized solar solutions and captive power projects, Company has the potential to scale up its renewable energy portfolio, further enhancing long-term profitability.

Financial Stability and Scalable Asset-Light Business Model: Company operates with an asset-light business model, focusing on service-based revenue generation rather than capital-intensive manufacturing, allowing it to maintain healthy margins and strong return on capital employed (ROCE). The company's strategic focus on high-value contracts with stable cash flows ensures operational resilience and reduces financial leverage risks. Its ability to scale operations efficiently by leveraging its skilled workforce, technical expertise, and expanding market footprint provides a clear roadmap for sustained growth. Additionally, company's lean cost structure and focus on operational efficiencies position it well to capitalize on industry tailwinds while maintaining financial prudence and profitability.

Valuation and View : The company is a specialized player in power infrastructure services, focusing on the operation, maintenance, testing, and commissioning of electrical substations up to 220 KV. With expertise in Extra High Voltage equipment, control cable works, and earthing, it benefits from India's growing investments in power transmission and distribution. A strong order book of INR 643.7 Mn. across 134 ongoing contracts ensures recurring revenue, while a 25-year Power Purchase Agreement for its 1.5 MW solar plant in Gujarat strengthens financial stability. Its expansion into renewable energy aligns with India's clean energy goals, enhancing growth prospects. Operating on an asset-light model with a focus on service-based revenue, the company maintains strong margins, scalability, and financial resilience, positioning it well for sustained profitability and industry leadership. **At the upper band of INR 50, the issue is valued at a P/E ratio of 22.58x based on a FY24 EPS Of INR 2.21 , And based on Dec 24 annualized PAT the issue is valued at P/E ratio of 14.66x. We are recommending a "Subscribe" rating for this issue.**

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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