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# Powerica

## Backup power player

### DGset manufacturer of Cummins with presence in IPP wind power generation and EPC wind BOP

Powerica is an integrated power solutions provider specializing in diesel generator sets (DG sets), for both primary and standby applications. The company that commenced its DG sets business in 1984, has subsequently expanded its generator set portfolio to include medium speed large generators (MSLG) in 1996. Building on its experience in the Generator Set Business, the company entered the wind power sector in 2008 as an independent power producer (IPP). Subsequently, it developed capabilities as engineering, procurement and construction (EPC) contractor as well as an operation and maintenance (O&M) service provider for balance of plant (BoP) primarily within the wind power industry.

Its associate company, Platino Automotive is engaged in the manufacturing, marketing, sale, and installation of certified Retrofit Emission Control Devices (RECDs). The RECD products manufactured by Platino Automotive provide comprehensive solutions for reducing emissions from existing DG sets.

Currently the business of the company is divided into two business divisions i.e. Generator Set Business Division [comprising DGsets, MSLG and Allied business] and Wind power business division [IPP Business and EPC and O&M for BoP Business]. In FY25, revenue from Generator Set Business Division was 85% [DG Sets with Cummins engine 70.39%, MSLG with Hyundai 1.72%, allied business 12.89%] and that of Wind power division is 15% [IPP business 7.56%; EPC and O&M for BOP 7.44%].

The company is one of the OEMs for Cummins India (Cummins India, along with its affiliates). It relies on Cummins for engines and alternators for its DG sets. While its DG sets are powered by Cummins engines, MSLG offerings are in collaboration with Hyundai. It continues to develop MSLG segment through collaboration with HD Hyundai Heavy Industries Co. on a non-exclusive basis.

It present across a wide suite of DG sets across LHP, MHP and HHP, with capacities ranging from 7.5 kVA to 3,750 kVA. The company conducts its DG set business by way of manufacturing, marketing and supply, installation, testing and commissioning (SITC) of the sets and also undertakes the related on-site works.

In MSLG business its offerings include providing pre-purchase consultancy, design and engineering, sale, and O&M services integrated with Hyundai-made MSLG sets, with capacities ranging from 3,000 kVA to 10,000 kVA single unit which can be configured in multiples for parallel operation at base load power stations. With this, the generator set business division offers a comprehensive range of generator sets with capacities ranging from 7.5 kVA to 10,000 kVA, designed to meet the distinctive requirements of diverse industries and applications.

Its allied business activities comprises allied products and services such as (a) electromagnetic integrated (EMI) shelters and containers for various applications including for defence; (b) production of acoustic enclosures and (c) manufacture, assembly, distribution, and service of Schneider Electric's PRISMA control panels and switchboards applications and Schneider PRISMA control panels and switchboards (Allied Business).

Currently it owns and operates 12 wind power projects in Gujarat, with a total installed capacity of 330.85 MW (Operational Wind Power Projects). In addition to its operational wind power projects, the company is constructing a wind power project of 52.70 MW in Gujarat that will take its IPP portfolio to a total installed

capacity of 383.55 MW. In addition to its under-construction Wind Power Project, it has pipeline projects of 250 MW of wind power and 30 MW of solar power as on March 17, 2026.

Operational Wind Power Project portfolio of 12 projects is supported by long-term, fixed-tariff PPAs with GUVNL and SECI, generally with a term of 25 years. Of it 12 Operational Wind Power Projects with a combined installed capacity of 330.85 MW, 10 projects with an aggregate installed capacity of 228.25 MW have PPAs with GUVNL and two projects of 102.60 MW have PPAs with SECI. As on Mar 17, 2026, the weighted average of the remaining contracted years of life of these PPAs is 18 years. Under the executed PPAs, it prioritizes supplying electricity to Gujarat discoms and, via SECI, to distribution utilities in Uttar Pradesh and Bihar. These PPAs help to ensure a stable and timely receivables cycle.

The company commenced EPC works for BoP on its own IPP projects (a 22 MW in-house project in Gujarat) in 2012 and expanded these EPC services to other IPPs in 2014. So far it's EPC for BoP experience covers 12 wind power projects with an aggregate installed capacity of 450.40 MW, including seven projects totaling to 254.50 MW for its own IPP portfolio and five other projects totaling to 195.90 MW for other IPPs in India. As on the date of this Red Herring Prospectus, its EPC business for BoP, including land-related services, comprises two wind power projects currently under construction for other IPPs in India, with a total definitive contract capacity of 435.60 MW. The company has also received a letter of award for the BoP works of an additional 150 MW project. In addition, it is developing infrastructure for its clients including a 7.2 km, 400 kV transmission line, and a 220/400 kV substation.

Building on its EPC for BoP capabilities, the company also offers comprehensive O&M services for BoP systems in wind power projects, across both its IPP portfolio and third-party IPP projects. As of the date of this Red Herring Prospectus, it also provide O&M services for BoP at ten wind power projects, with an aggregate installed capacity of 296.50 MW. All these projects were developed by the company and are either owned by it or by other IPPs.

Despite ongoing improvements in grid reliability, power disruptions remain a persistent concern across several regions in India. This has led to increased adoption of DG sets, uninterruptible power supply (UPS) systems, inverters, and battery storage solutions across diverse sectors such as commercial, manufacturing, information technology and data centres, telecom, and infrastructure.

DG sets have long been the backbone of India's standby power market, maintaining a strong position due to their proven reliability, rapid response times, and ability to operate in diverse and demanding environments. Furthermore, while there is growing focus on sustainability, diesel-based solutions remain the preferred choice for critical applications across industries such as commercial, manufacturing, infrastructure technology and data centres, telecom, and infrastructure, the robustness and widespread availability of DG sets ensures continued demand, especially in areas with inconsistent grid supply or high-power reliability requirements.

### **The issue, objects of the offer**

The issue comprise both offer for sale and fresh issue of equity shares (of Rs 5 face value) worth aggregating to Rs 400 crore and Rs 700 crore respectively. The entire portion of offer for sale is by promoters i.e. Naresh Oberoi Family Trust (Rs 280 crore) and Kabir & Kimaya Family Trust (Rs 120 crore).

Of the net proceeds the company proposed to utilize Rs 525 crore towards repayment and / or pre-payment, in full or in part, of certain outstanding borrowings availed by the company and balance towards general corporate purposes.

Outstanding borrowings as end of Feb 28, 2026 stood at Rs 1214.25 crore.

### **Strengths**

Collaborations and alliances with established industry players such as Cummins India (a leading engine manufacturers in both, the MHP and HHP ranges of DG sets in India) and HD Hyundai (for MSLG) in generator

sets business and GE Vernova and Vestas in Wind power business.

One of the OEMs for Cummins and have maintained a relationship with them for over four decades.

Over 15 years of experience in the wind power sector with established strong track record of identifying, developing, constructing, and operating wind power projects, with a sustained focus on supplying renewable energy to state and central distribution utilities.

Customer base of IPP Wind Power business comprises government-owned distribution utility companies, with whom it has entered into long-term PPAs, which provides strong visibility on stable cash flows.

## **Weaknesses**

The IPP portfolio under wind power business is concentrated in the state of Gujarat.

The Generator Set Business is heavily dependent on the performance of the diesel generator set market in southern India and western India, particularly the markets in the states of Maharashtra, Karnataka, Tamil Nadu and Kerala, and any adverse changes in the conditions affecting these markets could adversely affect its business, results of operations and financial condition.

Demand for DG sets is significantly dependent upon unpredictable power outage events, seasonality and other events beyond the control of the company.

Have historically relied, and may continue to rely, on Cummins India (46.84% of cost of RM in FY25) and its top five suppliers (57.7% of cost of RM) for a significant portion of its materials and components. Thus any supply constraints may impact the business operations of the company.

Adoption, implementation and enforcement of increasingly stringent emission and noise standards as far as diesel power generators could adversely affect its business. Tighter emission regulations may increase compliance costs, lead to design modifications and lengthen development cycles for OEMs. For end users, especially in cost-sensitive sectors, this could result in delayed purchase decisions or re-evaluation of backup power strategies.

PPAs typically obligate the company to achieve and maintain a capacity utilization factor (CUF) within a specified range over the contract term and any failure to maintain that impacts the financials of the company.

The performance of wind power projects is significantly affected by seasonality, regulatory requirements, and environmental and physical conditions, all of which are subject to variability and unpredictability.

Operational and technical difficulties may lead to reduced power generation in wind/solar farms below expectations of the company.

Transmission network, which evacuates power from the farms if not commissioned on time, or down due to maintenance or timing mismatches may force the the generation capacity to back down from the grid impacting the operations. Non-availability of or damage to the evacuation infrastructure may impair its ability to deliver electricity generated from the project to various counterparties.

Failure to enter into off-take arrangements with respect to wind power projects, in a timely manner and on terms that are commercially acceptable to it, could adversely affect business of the company.

Some of the land lease agreements for wind power projects have shorter terms than the corresponding power purchase agreements (PPAs) entered into for the respective projects. Non-renewal of such land lease agreements prior to the end of the relevant PPA could potentially result in the premature termination of the corresponding PPA.

The viability of wind power business is partially dependent on the cost of wind-generated electricity as compared to electricity generated from other sources of energy.

IPP operations in wind power business are carried out under fixed tariff PPAs. Increase in tariff under PPA due to 'Change of Law' requires regulatory approvals from the Central Electricity Regulatory Commission (CERC).

Face high competition from conventional and other clean energy producers and any failure to respond to market changes in the power backup or renewable energy industry could adversely affect business.

The company, some of its promoters and directors has been impleaded in a civil suit before the High Court of Bombay, where the relief sought inter-alia pertains to the family arrangement agreement and equity shares of the company. Any adverse order passed by the court in relation to this matter could impact the value of equity shares and business of the company.

Shares of a company on which board Maheswar Sahu (one of Independent Directors of the company) sits have been suspended from trading on the stock exchanges.

Certain of its subsidiaries have incurred losses in the six month period ended September 30, 2025 and in the last three fiscals, and any similar losses in the future may adversely affect its business, financial condition and cash flows.

Certain of its group companies and subsidiaries are engaged in the same or similar line of business as that of the company.

Slowdown in activity in key end user industries for generator sets i.e. real estate, manufacturing, infrastructure or construction, the demand for generator sets may decrease.

Wind power business is capital intensive, with significant ongoing investment required for the development, expansion, and maintenance of wind power projects.

Restrictions on solar equipment imports, and other factors affecting the price or availability of solar equipment, may increase implementation costs for its proposed solar projects as part of Pipeline Projects.

## **Valuation**

Revenues of the company for the fiscal ended March 2025 were up by 20% to Rs 2653.27 crore. But with operating profit margin stand contracted by 370 bps to 12.7%, the operating profit de-grew by 7% to Rs 336.63 crore. Finally, PAT was down by 26% to Rs 166.82 crore.

For the half year ended Sep 2025, the net profit was Rs 128.93 crore on sales of Rs 1447.44 crore.

The EPS for FY2025 on expanded equity (on the upper price band) was Rs 13.2. The PE on upper price band works out to 29.9 times of its FY25 EPS and 19.4 times of its annualized H1FY26 EPS. The P/BV stood at 2.6 times and EV/sales stood at 2.1 times of its FY25 sales.

Consolidated total borrowings as of September 30, 2025, stood at Rs 571.95 crore and that has increased to Rs 1214.25 crore as of Feb 28, 2026. The company proposes to utilize Rs 525 crore of the net proceeds from fresh issue towards prepayment of the borrowing. Repayment of Rs 525 crore will bring the borrowings down by about 43.2% resulting in lower interest outgo and boosting the net-profit substantially. The annualized EPS for H1FY26 works out to Rs 21 if 43.2% of its interest cost is removed, keeping all other items, including tax rate, same. The re-worked P/E at the upper price band moderates to 18.8 times of its annualized H1FY26 EPS.

The company though has given Cummins India and Kirloskar Oil Engines, who are manufacturers of prime movers (i.e. engines) or integrated DGset manufacturers as comparable peers along with NTPC Green, Acme Solar and Adani Green Energy, who are pure play IPP renewable energy players, it has no comparable peers with exact product/business profile.

Cummins India and Kirloskar Oil Engines quote at a PE of 54.9 times and 36.9 times for the TTM period ended December 2025. Acme Solar Holdings, NTPC Green and Adani Green Energy quote at a TTM PE of 29.7 times, 152.6 times and 99.3 times.

Powerica : Re-stated Consolidated Financials				
	2303 (12)	2403 (12)	2503 (12)	2509 (6)
Sales	2378.26	2210.00	2653.27	1447.44
OPM (%)	14.6	16.4	12.7	14.8
OP	347.40	362.47	336.63	213.74
Other income	44.16	146.77	57.66	27.43
PBIDT	391.56	509.24	394.29	241.17
Interest	56.01	40.53	32.20	12.37
PBDT	335.55	468.71	362.09	228.80
Depreciation	135.51	127.98	116.46	53.93
PBT	200.04	340.73	245.63	174.87
EO Exp	0.00	0.00	0.00	0.00
PBT after EO	200.04	340.73	245.63	174.87
Tax	79.40	114.60	78.83	47.00
PAT	120.64	226.13	166.80	127.87
Share of Profit from Associates	-14.19	-0.02	9.03	6.68
Minority Interest	0.00	-0.17	9.01	5.62
Net profit after MI	106.45	226.28	166.82	128.93
EPS (Rs)*	8.4	17.9	13.2	20.4
* on post IPO fully diluted equity (on upper price band) of Rs 63.27 crore. Face Value: Rs 5				
EPS is calculated after excluding EO and relevant tax				
Figures in Rs crore				
Source: Capitaline Corporate database				

Powerica : Issue Highlights	
Fresh Issue (Rs crore)	700
Offer for sale (Rs crore)	400
Price band (Rs.) **	
Upper	395
Lower	375
Post-issue equity (Rs crore)	
in Upper price band	63.27
in Lower Price Band	63.75
Post-issue promoter (including promoter group) stake (%)	77.99
Minimum Bid (in nos.)	37
Issue Open Date	24-03-2026
Issue Close Date	27-03-2026
Listing	BSE, NSE
Rating	45/100