

BONANZA WEALTH MANAGEMENT RESEARCH



24 March 2026

Powerica Ltd.- Subscribe

Company Overview

Powerica Ltd is an integrated power solutions provider focused on diesel generator (DG) sets and wind power. Incorporated in 1984 and headquartered in Bengaluru, the company operates across two key segments:- Generator Sets and Wind Energy. It manufactures DG sets for prime and backup applications and is a long standing OEM partner of Cummins India Ltd. Its offerings also include enclosures, fuel systems, exhaust systems, and control panels, enabling end to end solutions.

The company entered the wind power segment in 2008 as an Independent Power Producer (IPP) and has since built EPC and O&M capabilities for balance-of-plant projects. It also has exposure to emission control solutions through its associate business. Overall, Powerica has evolved from a DG set manufacturer into a diversified power solutions player with presence in both conventional and renewable energy.

Investment Rationale

- Powerica operates as a well entrenched player in the distributed power generation ecosystem, with a full stack presence across DG sets ranging from 7.5 kVA to 10,000 kVA. Its positioning across LHP, MHP, HHP, and MSLG categories allows it to service a wide spectrum of industrial and commercial demand, creating stickiness through repeat orders and lifecycle servicing.
- The company benefits from long standing, deeply embedded partnerships with global OEMs such as Cummins India Ltd (40+ years), Hyundai Heavy Industries, Schneider Electric, GE Vernova, and Vestas Wind Systems, which not only ensure technology access and supply reliability but also act as a structural entry barrier for new players.
- The Generator Set business (c.85% of revenues) provides stable, demand-linked cash flows driven by backup power requirements, while the Wind Power segment (c.15%) offers annuity like income backed by long term PPAs with Gujarat Urja Vikas Nigam Limited and Solar Energy Corporation of India, creating a balanced mix of cyclical and contracted revenues.
- Powerica has evolved beyond a pure play manufacturer into an integrated EPC and O&M player in wind energy, with in house capabilities across design, engineering, construction, and lifecycle maintenance. This vertical integration enhances execution control, supports margin expansion, and strengthens its positioning in the renewable value chain.
- The company has a visible growth pipeline in the EPC (BoP) segment, with c.435 MW under execution and an additional c.150 MW under award, providing medium term revenue visibility and demonstrating increasing participation in third party IPP projects.
- The associate business, Platino Automotive, provides a high-margin optionality through Retrofit Emission Control Devices (RECDs), directly benefiting from tightening emission norms for DG sets. With EBITDA margins in the c.34-37% range, this segment adds a regulatory driven growth lever with strong profitability characteristics.

Valuation

Although revenue growth remained muted at c.5.6% CAGR during FY23-FY25, the growth trajectory has shown improvement in FY26, aided by sustained demand for DG sets, particularly from data centers and backup power applications. The company's established partnerships with global players such as Cummins India Ltd, Hyundai Heavy Industries, Schneider Electric & GE Vernova provide strong operational backing. Given the improving growth outlook and fair valuation, the **issue appears attractive for a long-term SUBSCRIBE**.

IPO Details

Industry	Capital Goods
Issue Open Date	24 th March 2026
Issue Close Date	27 th March 2026
Price Band (Rs.)	375-395
Issue Size*	Rs. 11,000 Mn
Issue Size *(Shares)	2,78,48,101
Bid Lot	37 Shares
Listing Exchanges	BSE and NSE
Face Value (Rs.)	Rs. 5.0/-

* At highest price band

Issue Details

Sale Type (Rs. Cr)	Offer for Sale - 400 Fresh Issue* -700
Issue Type	Book Building
Book Running Lead Manager	ICICI Securities Ltd, IIFL Capital Services Ltd, Nuvama Wealth Management Ltd
Registrar	MUFG Intime India Pvt Ltd
Issue structure	QIB: 50.0% Non Institutional: 15.0% Retail: 35.0%
Credit of Shares to Demat Account	01 st April 2026
Issue Listing Date	02 nd April 2026

* At highest price band

Objective of Issue

Particular	Estimated utilization from Net proceeds (Rs Cr.)
Repayment/pre-payment, in full or in part, of certain outstanding loans availed by the Company and its subsidiaries.	525.0
General corporate purposes [•]	175.0

Shareholding Pattern

Shareholding (%)	Pre(%)	Post*(%)
Promoter	99.9	78.0
Public & Others	0.0	22.0

* At highest price band

Business Highlights

- Powerica manufactures and delivers diesel generator sets (7.5 kVA–3,750 kVA) powered by Cummins India Ltd, covering design, manufacturing, testing, installation, and commissioning, along with auxiliary systems such as enclosures, fuel, exhaust, and control panels.
- 40+ year association with Cummins ensures technology access, product reliability, and alignment with evolving emission and regulatory standards, supported by a formal supply agreement.
- Presence across 19 sales offices and 43 authorized dealers (jointly certified with Cummins), enabling strong market reach and after sales support across sectors including data centers, infrastructure, manufacturing, and government.
- Serves multiple sectors such as IT/data centers, healthcare, infrastructure, industrials, real estate, defense, and rentals, reducing dependence on any single segment.
- Through collaboration with Hyundai Heavy Industries, offers medium speed large generators (3,000–10,000 kVA) catering to heavy industries like refineries, LNG, and nuclear power, with long gestation, high value orders.
- Ongoing 63 MW project for Nuclear Power Corporation of India Limited and international order in Australia reflect execution capability and global expansion. Operates three facilities (Bengaluru, Silvassa, Khopoli), enabling better control over costs, timelines, and quality.
- Operational portfolio of c.330 MW across Gujarat with long term PPAs with Gujarat Urja Vikas Nigam Limited, with expansion underway (total pipeline c.383 MW including under-construction capacity).
- EPC and O&M capabilities strengthen value chain presence: Provides integrated services in wind projects (BoP), improving execution control and margin profile.
- Focus on expanding DG demand (data centers, backup power), scaling wind and hybrid projects, growing emission control (RECD) business, and strengthening global partnerships for future growth.

Financials

Particular (Rs./Cr.)	FY23	FY24	FY25	1HFY26
Revenue	2,378	2,120	2,653	1,447
EBITDA	347	362	337	214
EBITDA Margin (%)	14.0	16.4	13.0	15.2
PAT	106.5	226.1	175.8	134.6
Pat Margin (%)	4.5	10.7	6.6	9.3
Reported EPS (Rs.)	6.32	18.5	15.3	11.7

Risk & Concern

- High dependence on generator set business c.80–86% of revenues are derived from the DG set segment across FY23–1HFY26, creating concentration risk. Any slowdown in demand or regulatory disruption in this segment can materially impact performance.
- The business model is heavily reliant on key partners such as Cummins India Ltd (engines/alternators) and Hyundai Heavy Industries (MSLG sets). Any disruption in supply, pricing, or terms could directly affect operations and margins.
- A significant portion of procurement is concentrated among Cummins and a few key vendors. Failure to meet timelines, quality standards, or quantities may disrupt execution and revenue recognition.
- Wind operations depend on OEMs like Vestas Wind Systems and GE Vernova for turbines and O&M support. Any deterioration in these relationships or OEM performance issues can impact generation and returns. Absence of long-term agreements with a majority of customers and suppliers increases exposure to renegotiation risk and order volatility.

Graphs & Charts

Figure 1: Revenue Trend

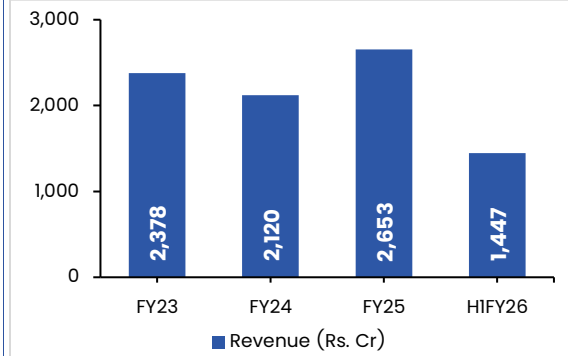


Figure 2: EBITDA & EBITDA Margin Trend

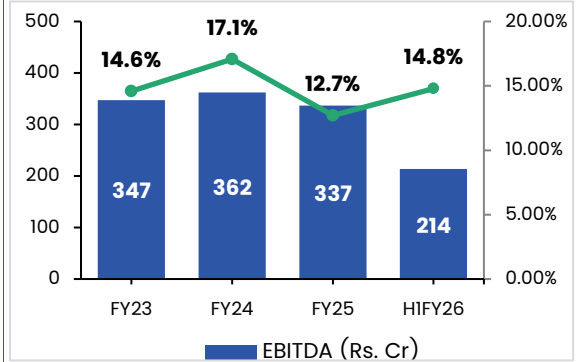


Figure 3: PAT Trend and Margin

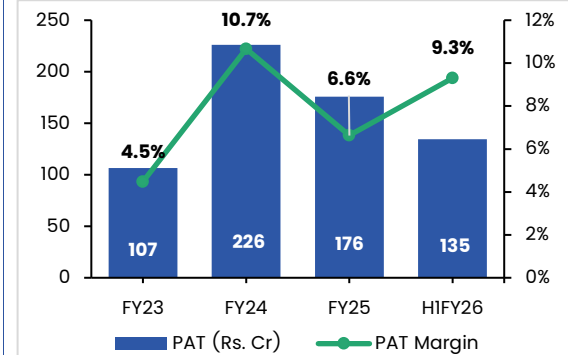
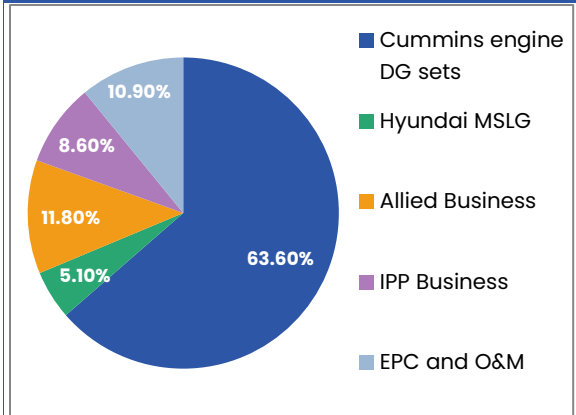


Figure 4: Revenue Mix for 9MFY26



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