# BONANZA RESEARCH – SME IPO

Bonanza

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# Susan Electricals India Ltd - SUBSCRIBE

## Company Overview

Susan Electricals India Limited is a Delhi-headquartered manufacturer and trader of aluminum and copper-based electrical products, primarily serving India's power transmission and distribution sector. Originally incorporated in December 2007 as Suvish Insulation Private Limited, the company was renamed Susan Electricals India Private Limited in 2010 and converted to a public limited company in late 2025.

## Investment Rationale

- **Strong Revenue Growth Trajectory:** Revenue went up about 2.6 times in two years from Rs. 10,348 Lakh in FY24 to Rs. 26,936 Lakh in FY26.
- **Margin Expansion:** EBITDA Margin jumped from 3.51% to 11.91%, and PAT margin rose from 0.73% to 6.77% over the same two years.
- **Successful Customer Diversification:** Earlier, 90.55% of business came from the government (FY24). Now that's down to 35.78%, with private customers making up the rest (64.22%). A more balanced customer base means lower risk.
- **Industry Tailwinds:** India's electrical equipment market is expected to grow from about USD 73.80 Bn (2025) to USD 222.74 Bn (2035), roughly 11.68% a year. Big government programs, RDSS (Rs. 3.03 Lakh Cr), Green Energy Corridor, Saubhagya 2.0, are all pushing demand for cables and conductors.
- **Strategic Capacity Expansion:** Unit III is expanding production from 1,500 to 6,000 km per year, aimed at higher-margin HT cables and MVCC products.
- **High Return Ratios:** ROE of 64.64% and ROCE of 29.05% in FY26 — among the best of its listed peers, meaning it uses its capital very efficiently.
- **Vertical Integration:** ISO-certified facilities (9001, 14001, 45001) with NABL-accredited testing capabilities.

## Valuation

At the upper price band of Rs. 127, Susan Electricals is compellingly priced at just 10.6x FY26 earnings, a steep discount to listed cable/wire peers (16.8–45.3x), and industry average 31.6x. This for a company that nearly doubled revenue to Rs. 26,936 Lakh, tripled EBITDA margins to 11.9%, and grew PAT 3.2x to Rs. 1,825 Lakh. It delivers the highest RONW in its peer set (47.4%) yet trades at the lowest multiple. Fresh issue proceeds fund capacity expansion and ease working capital leverage, setting up the next growth leg. With sector tailwinds in power T&D and a sharp valuation gap to scaled peers like V-Marc (34.1x), the re-rating headroom is significant. Hence, we recommend **SUBSCRIBE** to this SME IPO.

| IPO Details | |
|---|---|
| Industry | Cables - Electricals |
| Issue Open Date | 11-Jun-26 |
| Issue Close Date | 15-Jun-26 |
| Price Band | Rs. 120-127 |
| Issue Size* | Rs. 7,038 Lakh |
| Issue Size (Shares) | 55,42,000 |
| Bid Lot | 1,000 Shares |
| Listing Exchanges | BSE SME |
| Face Value | Rs. 10/- |

*At highest price band

| Issue Details | |
|---|---|
| Fresh Issue* | Rs. 5,441 Lakh |
| Offer for Sale | Rs. 1,016 Lakh |
| Issue Type | Fresh capital cum OFS |
| Lead Manager | Seren Capital |
| Registrar | Mudra RTA Ventures |
| Issue structure | Market Maker: 8.26%<br>QIB: 45.81%<br>NII: 13.80%<br>Retail: 32.12% |
| Allotment | 16-Jun-26 |
| Credit of Shares | 17-Jun-26 |
| Listing Date | 18-Jun-26 |

**Objective of Issue**

| Particular | Estimated Amt (in Lakh) |
|---|---|
| Capex | 1,029 |
| Working Capital | 3,300 |
| General Corporate Purposes | - |

**Shareholding Pattern**

| Shareholding (%) | Pre (%) | Post (%) |
|---|---|---|
| Promoter | 92.47 | 66.97 |
| Public & Others | 7.53 | 33.03 |

## Business Highlights

**Product Portfolio:**

| Segment | Products | Application |
|---|---|---|
| Wires & Conductors | Aluminum/Copper Winding Wires & Strips, Stranded Conductors (ACSR, AAAC) | Transformers, Motors, Overhead Transmission |
| Cables | LT Cables (PVC/XLPE), HT Cables, Aerial Bunched (AB) Cables, MVCC | Power Distribution, Urban Electrification |

**Manufacturing Footprint:**

| Unit | Location | Product Focus | Capacity (FY26) | Utilization |
|---|---|---|---|---|
| Unit I | Ghaziabad (SSGT Road) | Winding wires & strips | 3,307.50 TPA | 57.23% |
| Unit II | Sahibabad, Site-IV | LT/HT/MVCC cables | 6,000 km/annum | 93.65% |
| Unit III | Sahibabad, Site-IV | LT/HT/MVCC cables | 1,500 km/annum (expanding to 6,000 km) | 64.13% |

## Financials

**Financial Performance:**

| Particulars (in Lakh) | FY24 | FY25 | FY26 | CAGR (FY23-25) |
|---|---|---|---|---|
| Revenue from Operations | 10,348 | 13,574 | 26,936 | 61% |
| EBITDA | 364 | 1,200 | 3,208 | 197% |
| EBITDA Margin | 3.51% | 8.84% | 11.91% | |
| PAT | 76 | 565 | 1,825 | 391% |
| PAT Margin | 0.73% | 4.16% | 6.77% | |

- Explosive revenue growth of nearly 100% YoY in FY26 driven by product diversification into HT/MVCC cables
- EBITDA margin expanded 840 bps in 2 years, reflecting operating leverage and shift to higher-value products
- PAT grew 24x from Rs. 76 Lakh (FY24) to Rs. 1,825 Lakh (FY26)

**Balance Sheet:**

| Particulars | FY2024 | FY2025 | FY2026 | Particulars | FY2024 | FY2025 | FY2026 |
|---|---|---|---|---|---|---|---|
| **Equity & Liabilities** | | | | **Assets** | | | |
| Net Worth | 621 | 1,798 | 3,848 | PPE | 967 | 1,013 | 1,283 |
| Long Term Debt | 179 | 97 | 154 | Inventories | 1,044 | 2,866 | 5,066 |
| Short Term Debt | 2,300 | 4,430 | 6,518 | Trade Rec. | 1,303 | 2,505 | 4,631 |
| Trade Payables | 628 | 776 | 1,877 | Cash | 35 | 98 | 85 |

- Total assets tripled in 2 years from Rs. 3,808 Lakh to Rs. 13,005 Lakh
- Net worth grew 6.2x aided by FY26 bonus issue and private placement (Rs. 225 Lakh).
- Short-term borrowings ballooned 2.8x to Rs. 6,518 Lakh, major working capital funding via debt.
- Inventories grew 4.85x and receivables 3.55x, capital tied up in working capital.
- Minimal cash buffer, liquidity stress visible.

### Cash Flow:

| Particulars | FY 2024 | FY 2025 | FY 2026 |
|---|---|---|---|
| Operating Cash Flow | (549.22) | (1,839.33) | (971.42) |
| Investing Cash Flow | (456.93) | (406.65) | (755.92) |
| Financing Cash Flow | 1,029.43 | 2,308.54 | 1,715.08 |
| Net Cash Flow | 23.28 | 62.56 | (12.26) |

- Negative CFO across all 3 years, the company has not generated operating cash despite strong profit growth.
- Working capital consumption of Rs. 3,937 Lakh in FY26 alone (inventories + receivables).
- Growth has been financed almost entirely by short-term debt.
- Capex has been moderate, major capex coming from IPO proceeds.

### Key Ratios:

| Ratio | FY26 |
|---|---|
| Return on Equity | 64.64% |
| Return on Capital Employed | 29.05% |
| Debt-Equity Ratio | 1.73x |
| Current Ratio | 1.22x |
| EPS (Rs.) | 11.96 |
| NAV (Rs.) | 24.68 |

- ROE: Optically strong but leverage and thin equity driven, quality of return is low, not pricing power.
- ROCE: Healthy underlying return, but the 35pt gap below ROE confirms ROE is inflated by debt, not operations.
- D/E: Meaningfully leveraged for a working capital-intensive business, part of the IPO proceeds is aimed at easing this WC-borrowing reliance.

## Peer Comparison

| Metrics | Susan Electricals | Prime Cable Industries | Divine Power Energy | V-Marc India |
|---|---|---|---|---|
| Revenue | 26,936 | 23,488 | 62,596 | 1,79,731 |
| EBITDA | 3,208 | 2,348 | 5,091 | 20,083 |
| PAT | 1,825 | 1,224 | 2,671 | 10,005 |
| EPS (Rs.) | 11.96 | 6.68 | 10.83 | 40.97 |
| RONW | 47.42% | 20.14% | 20.69% | 34.56% |
| NAV (Rs.) | 24.68 | 33.17 | 51.71 | 118.55 |
| P/E Ratio | 10.62 | 16.47 | 45.31 | 34.17 |

## Risk & Concerns

- **Negative Operating Cash Flows** for 3 Consecutive Years, CFO was Rs. -549 Lakh, Rs. -1,839 Lakh, and Rs. -971 Lakh for FY24/25/26 respectively, signaling growth is largely debt-funded.
- **Customer Concentration:** Top 10 customers contributed 98% of revenue in FY24 and 63.68% in FY26.
- **Geographic Concentration:** All three manufacturing units in Ghaziabad, UP, 47.04% of FY26 revenue comes from UP.
- **Working Capital Intensity:** Significant capital locked in inventories Rs. 5,066 Lakh and receivables Rs. 4,631 Lakh as of FY26.
- **High Short-term Debt:** Short-term borrowings of Rs. 6,518 Lakh, high refinancing/liquidity risk.
- **Raw Material Volatility:** No long-term agreements with suppliers; high exposure to aluminum and copper price fluctuations. Top 10 suppliers 49.70% of FY26 purchases.
- **Contingent Liabilities** of Rs. 480.49 Lakh as of March 31, 2026
- **Related Party Concerns**: Promoter group entity SMV Enterprises operates in similar business.
- **Competition:** Faces competition from both large organized players (Polycab, Havells, Finolex) and a fragmented unorganized sector.

| Name | Designation | SANKET GAJANAN ROGE | Digitally signed by SANKET GAJANAN ROGE<br>DN: cn=SANKET GAJANAN ROGE c=IN o=Personal ou=Personal<br>Reason: I am the author of this document<br>Location:<br>Date: 2026-06-11 18:27+05:30 |
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