

Retail Research	IPO Note
Sector: Telecom Infrastructure	Price Band (Rs): 208 - 219
23 rd September 2025	Recommendation: NEUTRAL

Pace Digitek Ltd.

Company Overview:

Pace Digitek Ltd. (PDL) is a telecom infrastructure solution provider with a primary focus on the telecom infrastructure industry including telecom towers and optical fibre cables. PDL generates revenue under three verticals namely telecommunications, Energy, Information & communication technology (ICT). With the acquisition of GE Power Electronics India in 2014, the company commenced end to end manufacturing of direct current systems which are tailored for telecom tower companies and operators helping it in energy management solution. The company operates through 3 manufacturing facilities spread across 200,000 square feet including 2 manufacturing facilities set up through its subsidiary Lineage in Bengaluru, Karnataka. The company operates across India along with international presence in Myanmar and Africa.

Key Highlights:

1. End-to-end solutions provider: PDL provides an end-to-end integrated operations in the telecom tower sector, ranging from manufacturing and supply of power management systems, project execution through EPC or turnkey model, product life cycle management services, and O&M (operations & maintenance). Further, through its subsidiary Lineage PDL has the ability to manufacture power management solutions such as SMPS, IPMU, IPMS and battery and power cabinets. The company also manufactures UPS, inverters, remote management systems, and solar solution optimisers. In addition to products, the company offers comprehensive services including warranty and AMC for an average period ranging from 1-5 years.

2. Diversified business segments: Initially started as a manufacturer of electrical equipment for the telecom industry, the company has expanded its telecom infra operations. In FY23, PDL had backward integrated its supply of telecom infra projects through its subsidiary Lineage. The company has also been undertaking projects for solarization of telecom towers. It manufactures lithium-ion battery systems, liquid-cooled BESS, power conversion systems (PCS) coupled with energy management systems (EMS) software for these projects. In ICT, the company offers customized surveillance systems, smart classrooms and smart kiosks for agricultural initiatives to the ICT sector.

3. Strong order book: PDL has a strong order book of Rs 7,634 cr as of Mar'25, which reflects the company's ability to cater to diverse business verticals and the strength of individual business segments. The share of orders between Telecom and Energy stood at ~47% and ~53% of the total order book respectively. Though the telecom business verticals have traditionally been the largest source of revenue, the other verticals are witnessing significant growth.

Valuation: At the upper price band of Rs 219, the IPO is valued at a P/E multiple of 16.9x based on FY25 EPS on post-issue capital. Historically, PDL has recorded a CAGR of 120%/313%/311% in Revenue/EBITDA/PAT at Rs 2,439 cr/ Rs 482 cr/ Rs 279 cr respectively during FY23-25 period. While comparing with its close peers, the valuation appears to be reasonable however, high working capital requirement and customer concentration remain key monitorable. We maintain a NEUTRAL view on the company and would like to monitor the performance of the company vis-à-vis its major peers post listing.

Issue Details	
Date of Opening	26 th September 2025
Date of Closing	30 th September 2025
Price Band (Rs)	208 – 219
Issue Size (Rs cr)	~819
Fresh Issue (Rs cr)	~819
No. of shares (@ upper band)	3,74,04,018
Face Value (Rs)	2
Post Issue Market Cap (Rs cr)	4,531 – 4,727
BRLMs	Unistone Capital Pvt. Ltd.
Registrar	MUFG Intime India Pvt. Ltd.
Bid Lot	68 shares and in multiple thereof
Employee Discount	Rs 20 per share
QIB shares	50%
Retail shares	35%
NIB shares	15%

Objects of Issue	
	Estimated utilization from net proceeds (Rs cr)
Funding capital expenditure requirement	630
General corporate purposes*	-
Total proceeds from fresh issue*	-

**To be finalised upon determination of the issue price and updated in the prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceed.*

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	15,00,07,140	84.1
Public & Others	2,84,35,140	15.9
Total	17,84,42,280	100.0

Post Issue @Upper Price Band	No. of Shares	%
Promoter & Promoter Group	15,00,07,140	69.5
Public & Others	6,58,39,158	30.5
Total	21,58,46,298	100.0

Source: RHP, SSL Research

Key Financials

Particulars (Rs cr)	FY23	FY24	FY25
Revenue from Operations	503.2	2,434.5	2,438.8
EBITDA	28.3	398.0	481.7
PAT	16.5	229.9	279.1
EBITDA Margin (%)	5.6	16.3	19.8
PAT Margin (%)	3.3	9.4	11.4
ROE (%)	5.2	42.6	23.9
ROCE (%)	6.7	40.5	37.5
P/E (x)*	236.4	17.0	14.0
EV/EBITDA (x)*	140.6	9.8	8.0
P/BV (x)*	12.3	7.2	3.3
Total Debt / Equity	0.6	0.9	0.1

Source: RHP, SSL Research

*Note: Pre-issue P/E (x), P/BV (x) and EV/EBITDA (x) based on upper price band

Risk Factors

- **Customer concentration:** The company derived ~92-96% of its revenue during FY23-25 from a top 10 customers. The loss of any such customers might adversely impact PDL's business operations.
- **High working capital requirement:** PDL's business is highly working capital intensive and requires a significant amount of working capital to finance its operations. Any inability to meet the working capital requirements may adversely affect the company's cash flow cycle. As of Mar'25, working capital cycle stood at 145 days with debtor days at 218 days.
- **Supply chain disruption:** Any disruption of supply of raw materials, in particular, from vendors could adversely impact the business operations.
- **Inability to win bids:** PDL's business strategy depends on the ability to continually win bids from government entities (96.1% of revenue in FY25 came in from government related entities). Inability to win orders might adversely impact business operations.

Growth Strategies

- Manufacture and provide BESS products.
- Deepen existing product and service offerings and expand geographical reach.
- Enter into projects for supply and installation of solar pumps.
- Intend to set up a network of towers for the kavach project.
- Backward integrate the manufacturing of solar modules and solar cells

Product Offerings



Source: RHP, SSL Research

Services Offering



Source: RHP, SSL Research

Revenue Split

Particulars	FY23		FY24		FY25	
	Rs cr	as % of revenue	Rs cr	as % of revenue	Rs cr	as % of revenue
Telecom	412	81.9	2,323	95.4	2,298	94.2
Energy	18	3.6	89	3.7	136	5.6
ICT/ Others*	73	14.5	23	0.9	5	0.2
Total	503	100.0	2,434	100.0	2,439	100.0

Source: RHP, SSL Research

*Others include business consultation and fibre restoration and painting

Order Book Split

Particulars (in Rs cr.)	FY23	FY24	FY25
Telecom	8,737	5,855	3,570
Energy	349	329	4,064
ICT	67	157	-
Total	9,153	6,341	7,634

Source: RHP, SSL Research

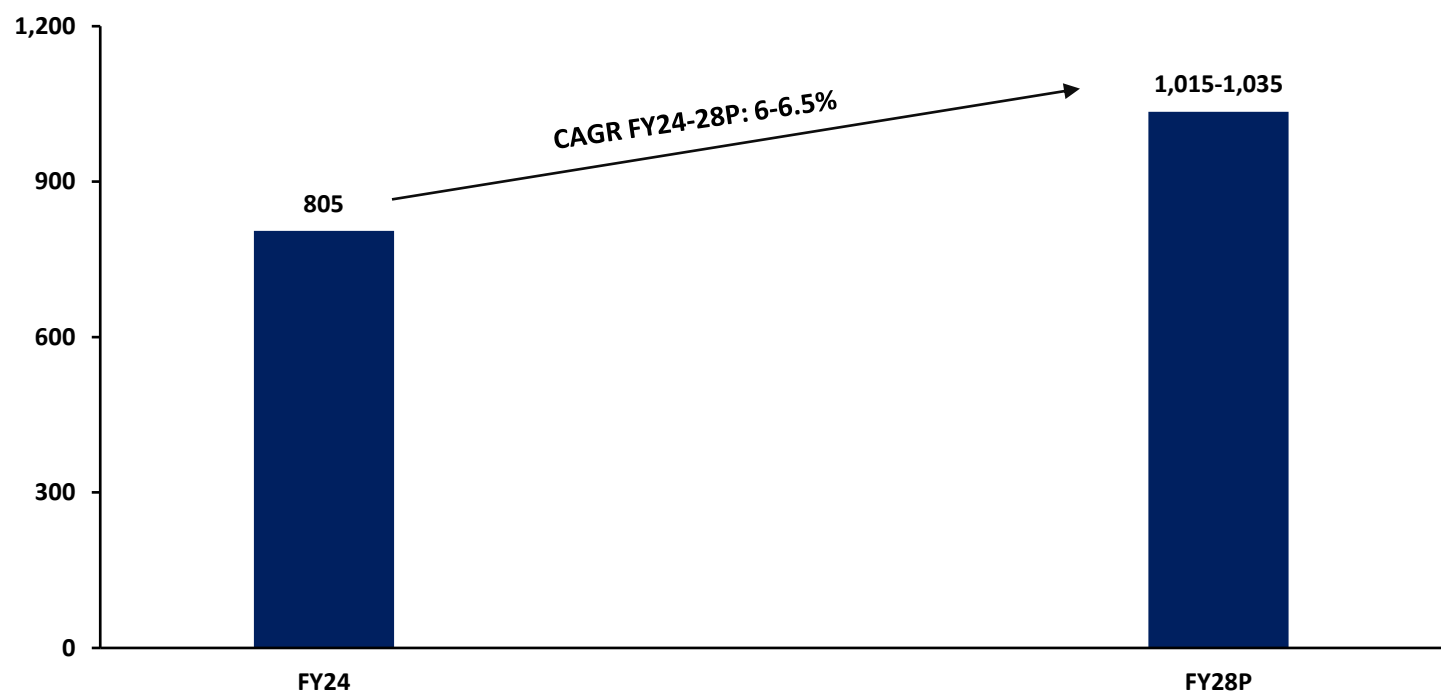
Operational Metrics

Particulars	FY23	FY24	FY25
Telecom towers installed (in nos)	-	2,305	3,740
OFC network laid (in kms)	197	11,827	6,619
Telecom Power equipment (in nos)	7,109	6,126	4,234
Lithium-Ion Battery Racks (in nos)	-	6,026	3,308

Source: RHP, SSL Research

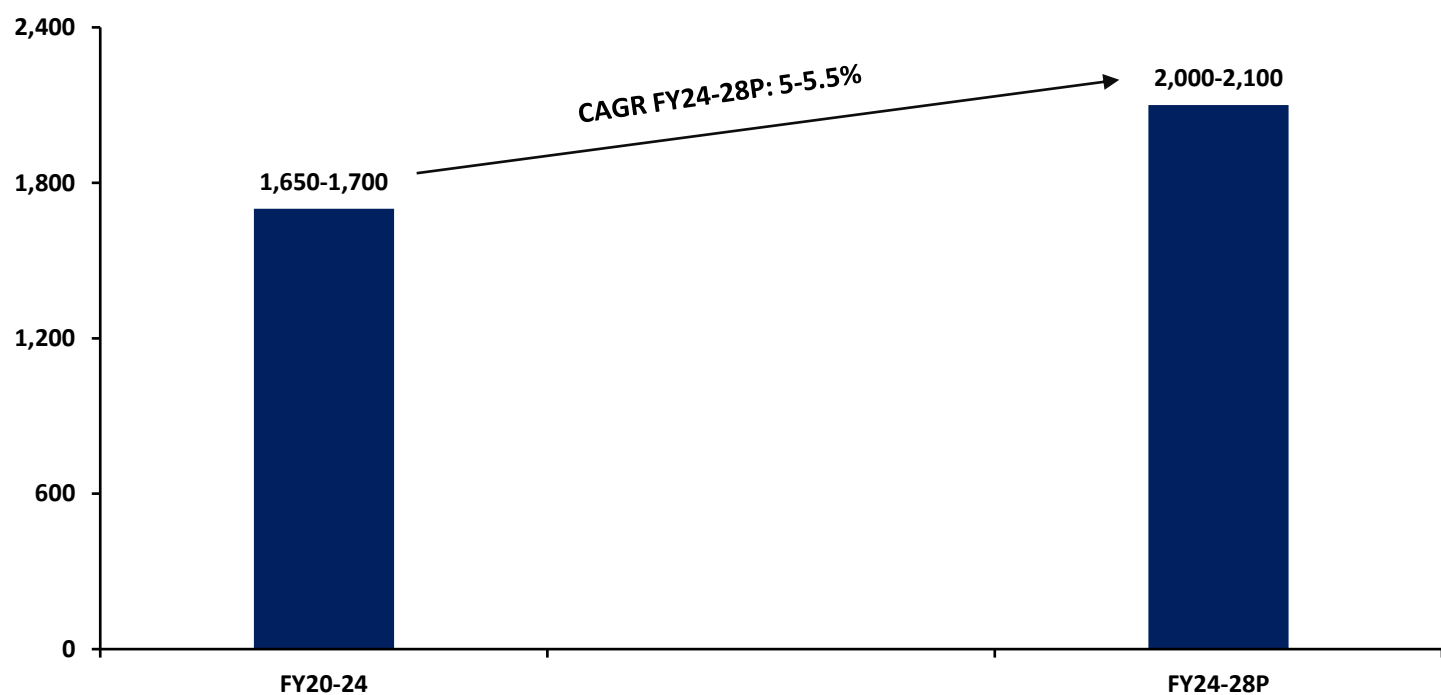
Industry Overview

Number of Telecom Towers in India, FY24-28P (in '000)



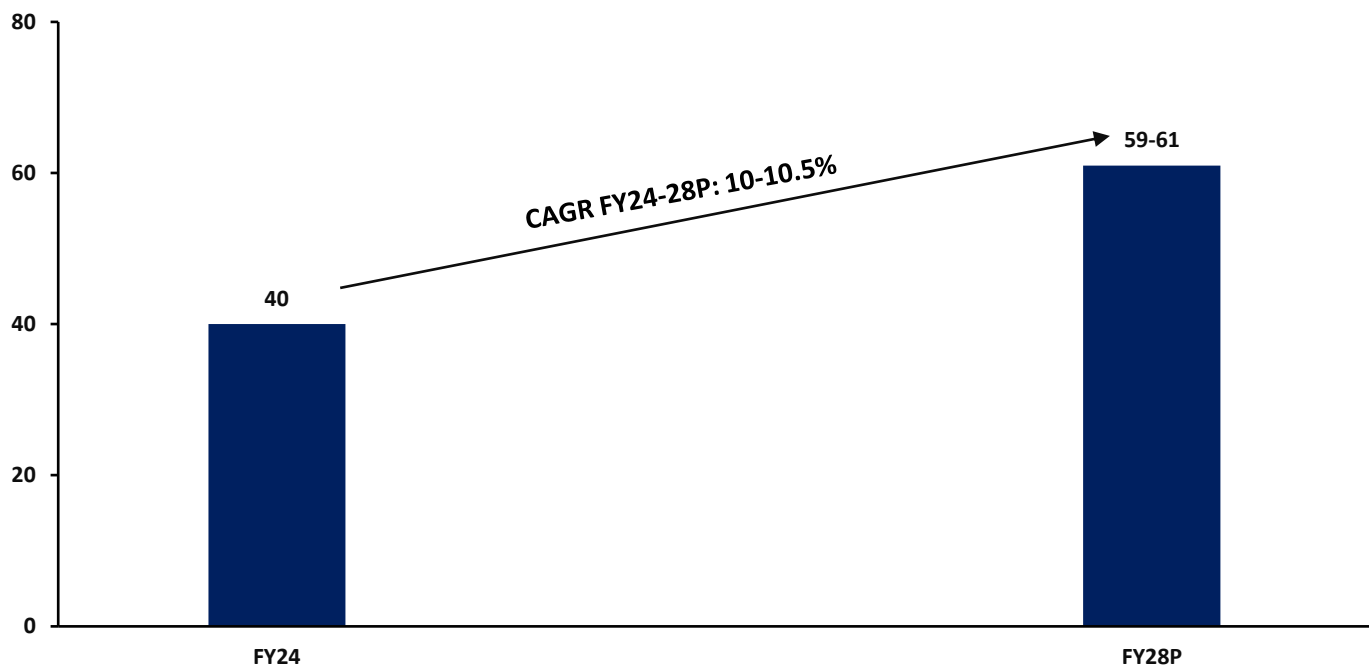
Source: RHP, SSL Research

Passive Telecom Infrastructure market in India, FY24-28P (in Rs bn)



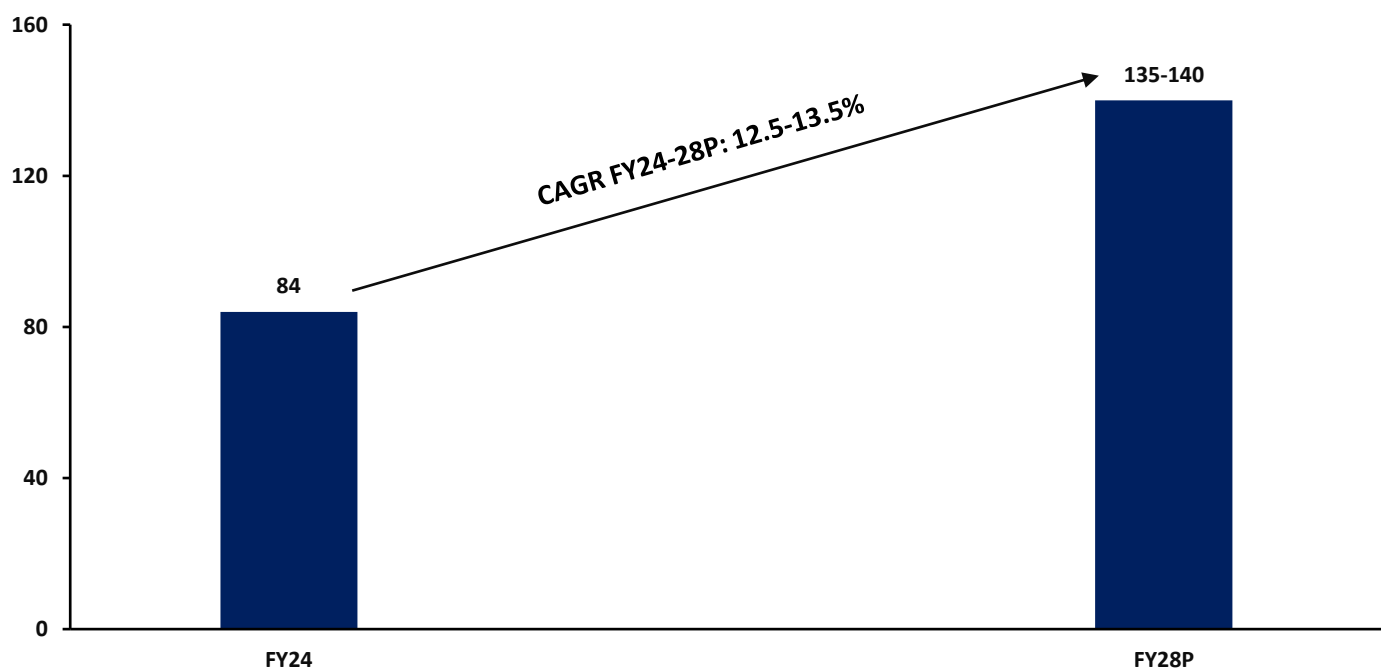
Source: RHP, SSL Research

Telecom tower maintenance market size in India , FY24-28P (in Rs bn)



Source: RHP, SSL Research

Optical Fibre EPC industry in India, FY24-28P (in Rs bn)



Source: RHP, SSL Research

Financial Snapshot

INCOME STATEMENT			
Particulars (Rs cr)	FY23	FY24	FY25
Revenue from Operations	503	2,434	2,439
YoY growth (%)	-	383.8%	0.2%
Cost of Materials Consumed	361	1,878	1,724
Gross Profit	142	556	715
Gross margin (%)	28.3%	22.8%	29.3%
Employee Cost	75	53	67
Other Operating Expenses	39	105	167
EBITDA	28	398	482
EBITDA margin (%)	5.6%	16.3%	19.8%
Other Income	11	26	23
Interest Exp.	12	112	115
Depreciation	5.6	5.1	6.0
PBT	22	307	384
Exceptional item/Extraordinary item	-	-	-
Tax	6	77	105
PAT	17	230	279
PAT margin (%)	3.3%	9.4%	11.4%
EPS	0.9	12.9	15.6

BALANCE SHEET			
Particulars (Rs cr)	FY23	FY24	FY25
Assets			
Net Block	106	107	115
Capital WIP	9	10	32
Intangible Assets	31	29	29
Intangible Assets under development	1	-	-
Right of use assets	-	0	1
Other Non-current Assets	27	74	153
Current Assets			
Inventories	60	272	113
Trade receivables	394	1,076	1,843
Cash and Bank Balances	124	494	216
Short-term loans and advances	0	1	-
Other Current Assets	88	190	147
Total Current Assets	667	2,033	2,319
Current Liabilities & Provisions			
Trade payables	214	1,002	1,015
Other current liabilities	88	156	169
Short-term provisions	2	3	29
Total Current Liabilities	305	1,161	1,213
Net Current Assets	362	872	1,106
Total Assets	535	1,093	1,436
Liabilities			
Share Capital	5	5	36
Reserves and Surplus	313	535	1,134
Total Shareholders' Funds	318	540	1,170
Minority Interest	17	28	39
Total Debt	192	493	161
Long Term Provisions	7	31	65
Lease Liabilities	-	0	1
Other Long-Term Liabilities	1	1	0
Total Liabilities	535	1,093	1,436

Cashflows (Rs cr)	FY23	FY24	FY25
Cash flow from Operating Activities	(44)	214	(176)
Cash flow from Investing Activities	(55)	(318)	244
Cash flow from Financing Activities	47	189	(85)
Free Cash Flow	(50)	208	(212)

RATIOS			
	FY23	FY24	FY25
Profitability			
Return on Assets	2.0%	10.2%	10.5%
Return on Capital Employed	6.7%	40.5%	37.5%
Return on Equity	5.2%	42.6%	23.9%
Margin Analysis			
Gross Margin	28.3%	22.8%	29.3%
EBITDA Margin	5.6%	16.3%	19.8%
Net Profit Margin	3.3%	9.4%	11.4%
Short-Term Liquidity			
Current Ratio (x)	1.5	1.2	1.7
Quick Ratio (x)	1.3	1.1	1.6
Avg. Days Sales Outstanding	286.0	161.4	275.9
Avg. Days Inventory Outstanding	60.5	52.8	23.9
Avg. Days Payables	164.8	179.6	189.3
Fixed asset turnover (x)	3.7	17.8	16.9
Debt-service coverage (x)	0.2	0.7	1.8
Long-Term Solvency			
Total Debt / Equity (x)	0.6	0.9	0.1
Interest Coverage Ratio (x)	2.8	3.7	4.3
Valuation Ratios			
EV/EBITDA (x)	140.6	9.8	8.0
P/E (x)	236.4	17.0	14.0
P/B (x)	12.3	7.2	3.3
EV/Sales (x)	7.9	1.6	1.6

**Valuation ratios are based on pre-issue capital at the upper price band*

Source: RHP, SSL Research

Peer Comparison – Financials (FY25)

Particulars (Rs cr)	Pace Digitek Ltd.	HFCL Ltd.	Exicom Tele-Systems Ltd.
CMP (Rs)	219	75	157
Sales	2,439	4,065	868
EBITDA	482	449	(37)
Net Profit	279	177	(110)
Mkt Cap.	4,727	10,796	2,177
Enterprise Value	3,852	11,808	2,413
EBITDA Margin (%)	19.8	11.0	(4.3)
Net Margin (%)	11.4	4.4	(12.7)
RoCE (%)	23.2	7.2	-
RoE (%)	14.0	4.3	-
P/E (x)	16.9	61.0	-
EV/EBITDA (x)	8.0	26.3	-
EV/Sales (x)	1.6	2.9	2.8

For Pace Digitek Ltd., Market Cap, P/E(x), RoCE (%), RoE (%), EV/EBITDA (x), EV/Sales (x) are calculated on post-issue equity share capital based on the upper price band.

CMP of 22nd September 2025 for peer companies

Source: RHP, SSL Research

SBICAP Securities Ltd.

(CIN): U65999MH2005PLC155485 | Research Analyst Registration No INH000000602

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IRDA/RW/IR2/2015/081 | IRDA/RW/IR1/2016/041 | IRDA: CA0103

Registered & Corporate Office: Marathon Futurax, A Wing, 12th Floor, N. M. Joshi Marg, Lower Parel, Mumbai-400013.

For any information contact us:

022-6854 5555**E-mail: helpdesk@sbicapsec.com | Web: www.sbisecurities.in****DISCLOSURES & DISCLAIMERS:**

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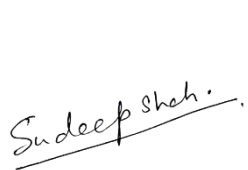
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Name	Qualification	Designation
Sudeep Shah	MMS-Finance	VP- Technical & Derivative Research
Sunny Agrawal	B.E, MBA (Finance)	DVP - Fundamental Research
Rajesh Gupta	PGDBM (Finance), MA (Bus. Eco)	AVP - Fundamental Research
Monica Chauhan	C.A.	Research Analyst - Equity Fundamentals
Harsh Vasa	CA	Research Analyst - Equity Fundamentals
Sumeet Shah	B.E., CFA	Research Analyst - Equity Fundamentals
Sweta Padhi	MBA (Finance)	Research Analyst - Equity Fundamentals
Uday Chandgothia	B-Tech, MBA (Finance)	Research Associate - Equity Fundamentals
Arnav Sane	BMS (Finance)	Research Associate - Equity Fundamentals
Shubham Purohit	BMS (Finance)	Research Associate - Equity Fundamentals
Vinit Mishra	B.Com	Research Associate - Equity Fundamentals
Gautam Updhyaya	MBA (Finance)	Research Analyst - Equity Derivatives
Vinayak Gangule	BE (IT)	Research Analyst - Equity Technicals
Ashwin Ramani	B.Com	Research Analyst- Equity Technicals
Sagar Peswani	B.Tech (ECE)	Research Associate - Equity Technicals
Kalpesh Mangade	B.Com	MIS Analyst - Retail Research

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