

Company Overview

Pace Digitek Ltd. is a telecom infrastructure solutions provider with a diversified presence across telecom towers, optical fibre cables, and energy management solutions. Its offerings span manufacturing, installation, commissioning, and turnkey operations & maintenance, enabling an integrated presence across the telecom value chain. Revenue is generated from three verticals, telecommunications, energy, and ICT, supported by a strong operational footprint across multiple Indian states such as Maharashtra, Gujarat, Karnataka, Andhra Pradesh, Jammu and Kashmir, Uttarakhand, Assam, Manipur, Arunachal Pradesh, Mizoram, Nagaland, Sikkim, as well as international presence in Myanmar and Africa. The company, which began as an electrical equipment manufacturer for the telecom industry, has progressively scaled into a full-service telecom infra player, with capabilities across products, projects, O&M and solutions. The acquisition of GE Power Electronics India's business and rights over the Lineage Power brand in FY14 marked its entry into end to end direct current power systems manufacturing for telecom towers, enhancing its positioning in energy management solutions. More recently, through its subsidiary Lineage Power Pvt. Ltd., the company has backward integrated into telecom infra products, strengthening project execution. Additionally, its early entry into solarization of telecom towers (since FY13), including supply and O&M of solar modules and lithium ion battery systems, positions it well to benefit from the sector's transition towards energy efficient and sustainable infrastructure.

Objects of the issue

The company proposes to utilise net proceeds from the issue towards the following objects:

- ⇒ Funding capital expenditure requirement for investment in the company's subsidiary, Pace Renewable Energies Private Limited, for setting up battery energy storage systems (BESS) for a project awarded by the Maharashtra State Electricity Distribution Company Limited (MSEDCL); and
- ⇒ General corporate purposes.

Investment Rationale

End-to-end solutions provider with integrated operations in the telecom tower sector

The company is positioned as an integrated player in the telecom tower sector. The company started as a manufacturer of equipment for the telecom tower sector and has since transitioned into a full-scale provider of end to end solutions for telecom tower operators. With the evolution of telecom power infrastructure from basic rectifiers and batteries in the 2G era to digitally controlled, hybrid, and grid integrated power systems, the company has aligned its offerings to meet the sector's shift towards intelligent and sustainable solutions. Its capabilities span turnkey projects for new site rollouts, upgradation of existing sites, and project management across telecom tower and optical fibre segments, while also supplying individual components for such projects. A key differentiator of the business model lies in its holistic approach, integrating product manufacturing, services, and turnkey execution, enabling it to address the full spectrum of telecom infrastructure requirements.

Diversified business segments with strong order book bodes well for growth outlook

The company commenced operations as a manufacturer of electrical equipment for the telecom industry and has since expanded into a full spectrum telecom infrastructure provider, with capabilities spanning products, turnkey projects, O&M, services, and solutions. A key milestone was the 2014 acquisition of GE Power Electronics India's business and rights over the Lineage Power brand, which enabled end to end manufacturing of direct current (DC) systems tailored for telecom tower operators, strengthening its positioning in energy management solutions. In FY23, the company further backward integrated into telecom infra products through its subsidiary Lineage, enhancing execution efficiency for its projects. Notably, the company has been engaged in solarization of telecom towers since FY13 including supply, installation, commissioning, and O&M of solar modules and related

Issue Details

Offer Period	26th Sept, 2025 - 30th Sept, 2025
Price Band	Rs. 208 to Rs. 219
Bid Lot	68
Listing	BSE & NSE
Issue Size (no. of shares in mn)	37.4
Issue Size (Rs. in bn)	8.2
Face Value (Rs.)	2

Issue Structure

QIB	50%
NIB	15%
Retail	35%
BRLM	Unistone Capital Private Limited

Registrar	MUFG Intime India Private Limited
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Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	84.0%	69.5%
Public	9.4%	25.1%
Non-Public Non Pro-moter	6.6%	5.4%
Total	100.0%	100.0%

(Assuming issue subscribed at higher band)

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Pace Digitek Ltd.

equipment, aligning with the industry's push towards sustainable energy. In 2021, it diversified into the ICT sector, further broadening its growth avenues. As of March 31, 2025, the company reported a total order book of 76,336 million, compared to Rs. 63,413 million in FY24 and Rs. 91,526 million in FY23. The telecom segment contributed Rs. 35,700 million in FY25, down from Rs. 58,553 million in FY24 and Rs. 87,370 million in FY23, reflecting a decline in tower and optical fibre cable (OFC) orders over the period. Conversely, the energy segment showed strong growth, with the order book expanding significantly to Rs. 40,636 million in FY25, compared to Rs. 3,293 million in FY24 and Rs. 3,486 million in FY23, driven by sizeable Battery Energy Storage Systems (BESS) orders of Rs. 24,700 million and solar project orders of Rs. 24,024 million in FY25. Meanwhile, the ICT segment registered no orders in FY25, after recording Rs. 1,567 million in FY24 and Rs. 670 million in FY23. The company's diversified order book underscores its ability to address multiple business verticals, while also highlighting the underlying strength and scalability of each segment in contributing to long term growth visibility.

Valuation

Pace Digitek Ltd. positions itself as an integrated telecom infrastructure solutions provider with a strong focus on telecom towers and optical fibre networks. Its service portfolio spans manufacturing, installation, commissioning, and O&M, enabling turnkey solutions such as tower erection and fibre cable laying. Revenue streams are diversified across three verticals, telecommunications, energy, and ICT, supported by a wide operational footprint across key Indian states and select international markets, including Myanmar and Africa. The company, through its subsidiary Lineage, manufactures a wide range of intelligent power interfacing and monitoring systems catering to telecom operators, OEMs, tower and service providers, enterprises, and industrial clients. In FY24, passive telecom infrastructure market size in India was estimated at Rs. 1,650-1,700 billion, and is projected to increase to Rs. 2,000-2,100 billion by FY28. Additionally, the optical fibre EPC industry which was estimated at ~ Rs. 84 billion as of FY24, is expected to grow to Rs. 135-140 billion by FY28. On the financial front, the company delivered a sharp improvement in profitability, with EBITDA margins expanding from 7.9% in FY23 to 20.7% in FY25, the highest in the industry. Further, the PAT registered a remarkable CAGR of 310.9% over FY2023–25 period, significantly outperforming peers and underscoring the company's strong operating leverage and execution capabilities. The company's strategic initiatives, including product portfolio expansion, extension of services offerings, and growing geographical reach, are expected to support sustainable growth over the long term. The company is also well positioned to capitalise industry growth trends. **On the upper price band, the company is currently valued at a P/E of 13x based on FY25 earnings which is cheaper compared to its peers. Thus, we recommend a "SUBSCRIBE" rating for this issue from a medium to long term perspective.**

Key Risks:

- ⇒ The company's revenue profile is highly concentrated, with the top 10 customers contributing 96.3%, 99.5%, and 92.2% of revenue from operations in FY25, FY24, and FY23, respectively. This dependence on a limited customer base heightens concentration risk, making sustained business performance contingent on maintaining strong relationships with these key clients. Any loss of a major customer, or a significant reduction in business from them, could materially impact the company's revenues, profitability, financial condition, and cash flows.
- ⇒ A substantial portion of the company's revenues is derived from government related entities, accounting for 96.2%, 92.1%, and 34.1% of revenue from operations in FY25, FY24, and FY23, respectively. Since such contracts are typically awarded through a competitive tendering process, where the lowest bidder meeting eligibility criteria secures the award, the company remains exposed to tender based risks. Failure to win bids or the need to quote at lower margins to remain competitive could adversely impact revenue visibility, profitability, and overall business performance.
- ⇒ While the company's business model is diversified across verticals, revenue concentration remains significantly skewed towards the telecom sector, which contributed 94.2%, 95.4%, and 81.9% of operational revenue in FY25, FY24, and FY23, respectively. This high dependence exposes the company to sector specific risks, where any slowdown or structural challenges in

Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Revenue			
Revenue from operations	5,032	24,345	24,388
Total revenue	5,032	24,345	24,388
Expenses			
Cost of material consumed	962	15,590	7,181
Engineering, procurement and construction project expenses	1,755	3,613	9,156
Purchase of stock in trade	921	392	47
Changes In inventory	-30	-810	851
Employee benefit expenses	750	532	667
Other expenses	390	1,049	1,669
Total operating expenses	4,749	20,365	19,571
EBITDA	283	3,980	4,817
Depreciation & amortization expenses	56	51	60
EBIT	227	3,929	4,757
Finance costs	120	1,119	1,152
Other Income	115	258	234
PBT	221	3,067	3,839
Tax expense			
Current tax	68	781	1,146
Deferred tax	-13	0	-172
Tax related to earlier years	1	-12	73
Total tax	56	769	1,048
Net Profit	165	2,299	2,791
Diluted EPS	1.0	14.6	16.3

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Cash Flow from operating activities	-438	2,141	-1,759
Cash flow from/(used in) investing activities	-548	-3,178	2,438
Net cash flows (used in) / from financing activities	472	1,891	-853
Net increase/(decrease) in cash and cash equivalents	-513	855	-174
Cash and cash equivalents at the beginning of the period	616	103	957
Cash and cash equivalents at the end of the period	103	957	784

Source: RHP, BP Equities Research

Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25
Assets			
Non-Current assets			
Property, plant and equipment	1,055	1,071	1,147
Investment Property	20	19	18
Capital work-in -progress	89	98	321
Right of Use Assets	0	5	8
Goodwill	4	4	4
Other Intangible Asset	306	290	288
Intangible assets under development	7	0	0
Financial Assets			
(i) Investments	1	0	0
(ii) Other financial assets	83	548	954
Deferred tax assets	63	55	227
Non current tax assets	43	49	48
Other Non-Current Assets	65	68	280
Total Non-current Assets	1,735	2,208	3,295
Current Assets			
Inventories	598	2,717	1,126
Financial Assets			
(i) Trade Receivables	3,943	10,764	18,431
(ii) Cash and cash equivalents	103	957	784
(iii) Bank balances other than cash	1,140	3,987	1,380
(iv) Loans	1	5	0
(v) Other financial assets	130	172	74
Other current assets	751	1,729	1,399
Total Current Assets	6,666	20,331	23,194
Total Assets	8,401	22,539	26,490
Equity and Liabilities			
Equity Share Capital	50	50	357
Other Equity	3,133	5,346	11,342
Non Controlling Interest	168	276	391
Total Equity	3,352	5,672	12,090
Non-Current Liabilities			
Borrowings	378	250	242
Lease Liabilities	0	3	5
Other Financial Liabilities	10	10	2
Provisions	68	310	650
Total Non-Current Liabilities	455	573	898
Current Liabilities			
Financial Liabilities			
(i) Borrowings	1,543	4,681	1,365
(ii) Trade Payables	2,144	10,021	10,150
(iii) Lease Liabilities	0	2	4
Provisions	23	33	291
Other Financial Liabilities	693	846	606
Other current liabilities	181	142	206
Current tax liabilities (Net)	10	569	879
Total Current liabilities	4,594	16,294	13,502
Total Liabilities	5,050	16,867	14,400
Total Equity and Liabilities	8,401	22,539	26,490

Source: RHP, BP Equities Research

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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