

IPO NOTE
Issue Details
Price Band: ₹ 401 to ₹ 425
Issue Opens on: February 14, 2025
Issue Closes on: February 18, 2025
Lot Size: 26 Shares & in Multiples thereafter
Issue Highlights
Issue Size: ₹ 858.70 Cr.
No of Shares: 2,02,04,618
Face Value: ₹ 10
Offer Structure

Issuance	₹ in Cr.
Fresh Issue	225.00
Offer for Sale	633.70
Total	858.70

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	75	644.03
HNI	15	128.81
Retail	10	85.87
Total	100	858.70

Listing
BSE & NSE
Lead Managers
- Pantomath Capital Advisors Private Limited
Registrar
MUFG Intime India Private Limited (Formerly Link Intime India Private Limited)
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COMPANY OVERVIEW

Quality Power Electrical Equipments Ltd. is an Indian player serving global clients in critical energy transition equipment and power technologies. They provide high voltage electrical equipment and solutions for electrical grid connectivity and energy transition. They are a technology-driven company specializing in the provision of power products and solutions across power generation, transmission, distribution, and automation sectors. Additionally, they offer equipment and solutions tailored for emerging applications such as large-scale renewables.

They are among the few global manufacturers of critical high voltage equipment for High Voltage Direct Current ("HVDC") and Flexible AC Transmission Systems ("FACTS") networks. Their offerings include reactors, transformers, line traps, instrument transformers, capacitor banks, converters, harmonic filters, and reactive power compensation systems. Additionally, their grid interconnection solutions feature technologies such as STATCOM and static var compensator systems ("SVC"). Their domestic and global footprint allows them to cater to both Indian and global customer bases.

The company has a total of 7 operating facilities which are located in India at Sangli, Maharashtra, and Aluva, Kerala and in Turkey at Ankara. As of September 30, 2024, they had 143 customers.

HIGHLIGHTS

1. Global energy transition and power technology player catering to diverse industry segments
2. Demonstrated track record of growth and financial performance along with Diversified customer base of global businesses with long lasting relationships
4. Comprehensive product portfolio in the energy transition equipment and power technologies sector in India and abroad with high trade barriers
5. Demonstrated record of strategic acquisitions along with an enhanced order book contributing to growth
6. Research and development capabilities to offer future ready solutions

OBJECTS OF THE ISSUE

1. Payment of the purchase consideration for the acquisition of Mehru Electrical and Mechanical Engineers Private Limited (₹ 117 Cr.)
2. Funding capital expenditure requirements of the Company for purchase plant and machinery (₹ 27.21 Cr.)
3. Funding inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes.

To carry out the Offer for Sale of up to 14,910,500 equity shares. The company will not receive any proceeds from the Offer for sale.

OUR VIEW

Incorporated in 2001, Quality Power Electrical Equipments Ltd. is a key player in energy transition equipment and power technologies. The company provides high-voltage electrical solutions for grid connectivity, specializing in power products across generation, transmission, distribution, and automation.

The company catering to diverse industry segments with comprehensive product portfolio, demonstrated track record of growth and financial performance coupled with its proven track record of strategic acquisitions continues to drive its market expansion and technological advancements. Also, The company risk includes economic fluctuations in key regions, strict quality standards, concentrated international revenue (74% in H1FY25), dependent on the performance of the market for HVDC & FACTS, disruption in the supply of raw materials, foreign currency fluctuation risk, inability to anticipate product trends and consumer preferences and develop successful new products which could impact business growth, financial health, operational efficiency, and service quality.

On the financial front, between FY22-24 it reported around 28% and 15% CAGR in Revenue and PAT respectively. The company operated on an EBITDA margin of 12.68% and PAT margin of 16.74% for FY24 and the numbers were 20.16% and 27.41% as at H1FY25. ROE & ROCE stood at 29.15% & 19.20% respectively at FY24 and Debt to Equity ratio is 0.20.

The issue is priced at a P/BV of 12.85 based on its NAV of Rs. 33.07 as at H1FY25 and if we attribute FY25 earnings at higher price band of ₹425, it is asking for a P/E of 31x and asking a Market Cap of around ₹ 3291 Cr. Average Industry P/E stands at 267x. The issue appears reasonably priced. Quality Power Electrical Equipments Ltd. is well positioned to capitalize on India's growing energy sector. Looking at all the factors, risks, opportunities and valuation, investors can apply to the issue with Long term horizon.

Brief Financials

PARTICULARS	As at Sep. '24	₹ in Million		
		FY '24	FY '23	FY '22
Total Income	1,827.15	3,314.01	2,735.51	2,117.33
Total Expenditure	1,276.36	2,684.13	2,260.95	1,628.56
EBITDA	314.04	381.09	323.44	233.01
Profit before Tax	548.43	632.55	476.43	489.94
Profit after Tax	500.78	554.74	398.92	422.27
E.P.S. (Diluted)	4.56*	5.19	2.86	2.29
P/E (x) (Diluted)	-	82	-	-
RONW (%)	20.99*	29.15	22.71	26.34

* Not Annualised

PRICE CHART (@ ₹ 425) (Retail Category)

LOT SIZE	Amount
26	11,050
52	22,100
78	33,150
104	44,200
130	55,250
156	66,300
182	77,350
208	88,400
234	99,450
260	110,500
286	121,550
312	132,600
338	143,650
364	154,700
390	165,750
416	176,800
442	187,850
468	198,900

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount (Rs.)
Small HNI	494	209,950
Big HNI	2,366	1,005,550

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	19/2/2025
Initiation of refunds/unblocking ASBA Fund	20/2/2025
Credit of Equity Shares to demat accounts of Allottees	20/2/2025
Commencement of trading of the Equity Shares on the Stock Exchanges	21/2/2025

For more details, Please refer RHP,

(https://www.sebi.gov.in/filings/public-issues/feb-2025/quality-power-electrical-equipments-limited-rhp_91767.html)

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