



Quality Power



Quality Power Electrical Equipments Limited

Issue Opens - February 14, 2025 to February 18, 2025

Price Band

₹401 to ₹425

Face Value
₹10

Issue Size
₹858.7 Cr

Lot Size
26 Shares

Listing At
NSE, BSE

Issue Size

2,02,04,618 shares/ ₹858.70 Cr

Fresh Issue

52,94,118 shares/ ₹225.00 Cr

Offer for Sale

1,49,10,500 shares/ ₹633.7 Cr

Tentative Allotment

Wed, Feb 19, 2025

Initiation of Refunds

Thu, Feb 20, 2025

Credit of Shares to Demat

Thu, Feb 20, 2025

"Quality Power" Listing Day

Fri, Feb 21, 2025



Objects of The Offer

The Offer comprises the Fresh Issue and the Offer for Sale. The Net Proceeds of the Fresh Issue are proposed to be utilized in the following manner:

1. Payment of the purchase consideration for the acquisition of Mehru Electrical and Mechanical Engineers Private Limited;
2. Funding Capex requirements of Company for purchase plant and machinery;
3. Funding inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes

Brief profile of the Directors

Thalavaidurai Pandyan serves as the Chairman and MD of the Company and is also one of its Promoters. He has been associated with the Company since its incorporation. He holds a diploma in electrical engineering in industrial electronics from the State Board of Technic. With an extensive work experience of 39 years, he brings valuable expertise to the organization.

Bharanidharan Pandyan serves as the Joint Managing and Whole-time Director of the Company and is also one of its Promoters. He has been associated with the Company since July 25, 2002, and has accumulated 22 years of industry experience. He holds a postgraduate qualification in management, specializing in family-managed business, from S.P. Jain Institute of Management and Research, Mumbai.

Mahesh Vitthal Saralaya holds the position of Whole-time Director and has been associated with the Company since October 30, 2006, initially joining as a marketing manager. He holds a bachelor's degree in electrical engineering from Manipal Institute of Technology and is registered as a chartered engineer with the Institution of Engineers (India). Prior to joining the Company, he served as a Marketing Manager at Shakti Capacitors Private Limited. His professional experience spans 18 years.

Shallesh Kumar Mishra is an Independent Director of the Company and has been associated with the organization since March 15, 2024. He holds a bachelor's degree in electrical engineering from the National Institute of Technology, Bhopal. Before joining the Company, he held executive leadership roles at the Solar Energy Corporation of India and Power Grid Corporation of India, accumulating a total work experience of 38 years.

About The Company and Business Overview



Quality Power Electrical Equipments Ltd. is an Indian company specializing in high-voltage electrical equipment and energy transition technologies. It provides advanced power products and solutions for power generation, transmission, distribution, and automation.

The company plays a crucial role in grid connectivity and energy transition, offering HVDC and FACTS solutions to enhance grid stability and efficiency. With manufacturing facilities in India and a subsidiary in Turkey, it serves global clients, including Fortune 500 companies.

Business Overview

- Core Business:
 - Provides high-voltage electrical equipment and solutions for power grids.
 - Focuses on energy transition, grid modernization, and renewable energy integration.
 - Specializes in HVDC and FACTS technologies for efficient power transmission.
- Product Offerings:
 - Transformers, reactors, instrument transformers, capacitor banks, harmonic filters.
 - Grid interconnection solutions like STATCOM, SVC, and reactive power compensation systems.
 - Smart grid solutions and automation systems through its subsidiary, Endoks.
- Owns a subsidiary, Endoks, in Turkey, focusing on smart grid technologies.
- 75-80% of revenue is from international markets, indicating strong global demand.



HVDC & FACTS

POWER PRODUCTS

1. Coil Products
 - Reactors
 - a. Air Core
 - b. Iron Core
 - c. Oil Filled Reactors
 - Line Traps
 - Line Tuners
2. Transformers
 - a. Earthing Transformers
 - b. Special Application Transformers
 - c. Dry Type Transformer
3. Instrument Transformers
4. Composites
 - Edison Composites

POWER QUALITY

1. Passive Systems:
 - Capacitor Banks,
 - Harmonic Filters, Shunt Reactors.
2. Hybrid Systems :
 - Magnetic Controlled Reactors,
 - Thyristor Controlled Transformers,
 - Thyristor Switched Capacitors
3. Active Systems:
 - Static VAR Compensators (SVC)
 - STATCOMS
 - Metal Enclosed Capacitor Banks

Category wise Revenue Breakup

Particulars	Six-month period ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (₹ in million)	As a % of our total revenue from operations	Revenue (₹ in million)	As a % of our total revenue from operations	Revenue (₹ in million)	As a % of our total revenue from operations	Revenue (₹ in million)	As a % of our total revenue from operations
Power Products ⁽¹⁾	698.04	44.82	1,238.60	41.20	849.01	33.52	615.84	33.72
Power Quality Equipments ⁽²⁾	834.40	53.58	1,676.42	55.77	1,618.10	63.89	1,135.39	62.17
Others ⁽³⁾	24.94	1.60	90.95	3.03	65.39	2.58	75.15	4.11
Total	1,557.38	100.00	3,005.97	100.00	2,532.50	100.00	1,826.38	100.00

Expenditure On R&D vis - a - vis Revenue

Particulars	As at / For the six months period ended September 30, 2024	As at / For the Financial Year 2024	As at / For the Financial Year 2023	As at / For the Financial Year 2022
Cost incurred on research and development (₹ in million)	85.78	154.38	77.28	38.21
Cost incurred on research and development as a percentage of total expenses (%)	6.72	5.75	3.42	2.35

Statement of Profit and Loss



Quality Power Electrical Equipments Limited

(All amounts are in Indian Rupees millions, unless otherwise stated)

Particulars	Half year ended	For the year ended	
	Sep-24	Mar-24	Mar-23
I. Revenue from operations	1,557.38	3,005.97	2,532.50
II. Other income	269.77	308.04	203.01
III. Total Income (I + II)	1,827.15	3,314.01	2,735.51
IV. Expenses:			
Cost of materials consumed	878.32	2,053.04	1,575.33
Changes in inventories	40.26	-50.24	23.06
Employee benefits expense	129.73	247.58	200.63
Finance costs	17.23	22.93	26.65
Depreciation and amortization expense	18.15	33.65	23.37
Other expenses	192.67	377.17	411.91
Total expenses	1,276.36	2,684.13	2,260.95
V. Profit/(loss) before exceptional items	550.79	629.88	474.56
Exceptional items (Gain)/Loss	2.36	-2.67	-1.87
Profit (loss) before tax	548.43	632.55	476.43
VI. Tax expense:			
Current tax	54.9	77.55	78.78
Deferred tax	-7.25	0.26	-1.27
Total Tax Expense	47.65	77.81	77.51
VII. Profit for the year/period	500.78	554.74	398.92
Earnings per equity share (FV- Rs. 10/-)			
- Basic EPS (In Rs.)	4.56	5.19	2.86
- Diluted EPS (In Rs.)	4.56	5.19	2.86

Strengths



- **Global Energy Transition Player:** The company is well-positioned to benefit from the global shift towards decarbonization and renewable energy adoption, catering to diverse industry segments.
- **Proven Growth and Financial Performance:** With over two decades of experience, the company has demonstrated consistent growth and a robust financial track record.
- **Diversified Customer Base:** Serving 210 global clients, including power utilities, industries, and renewable energy firms, the company has established long-lasting relationships.
- **Comprehensive Product Portfolio:** Offering a wide range of products in the energy transition equipment and power technologies sector, both in India and abroad, the company benefits from high trade barriers.
- **Strategic Acquisitions:** The acquisition of a 51% stake in Turkey-based Endoks in 2011 has enhanced the company's global reach and capabilities.
- **Research and Development Capabilities:** The company invests in R&D to offer future-ready solutions, maintaining a competitive edge in the market.

Key Risk Factors

- **High Dependence on Overseas Revenue:** Over 64% of the company's revenue comes from international markets, exposing it to geopolitical, economic, and regulatory risks.
- **Market Dependency on HVDC and FACTS:** The company's performance is closely tied to the demand for High Voltage Direct Current (HVDC) and Flexible AC Transmission Systems (FACTS), which are influenced by external factors beyond its control.
- **Operational Risks:** Any breakdown, shutdown, or disruption at manufacturing facilities could significantly impact production and financial performance.
- **Average Scale of Operations:** Despite its strengths, the company maintains an average scale of operations compared to larger competitors.
- **Large Working Capital Requirement:** The business requires substantial working capital, which can strain financial resources.
- **Exposure to Foreign Exchange Fluctuations:** Given its significant international revenue, the company is susceptible to currency exchange rate fluctuations, which can affect profitability.

Valuation and Outlook



Quality Power Electrical Equipments Limited IPO is expected to be priced between **₹401 to ₹425** per share. At this price, the company is valued at Price-to-Earnings (P/E) ratio of **42x** whereas the industry average is **85x**

Name of the Company	Total Revenue (₹ in million)	Face Value per Equity Share (₹)	Market Capitalization as on March 31, 2024 (in ₹ million)	Closing price as on February 05, 2025	P/E Ratio	EPS (Basic and Diluted) (₹)	RoNW (%)	NAV (₹ per share)	Profit after tax (₹)
Quality Power Electrical Equipments Limited	3,005.97	10.00	N.A.	N.A.	[•]	5.19	29.15	26.38	554.74
<i>Listed Peers</i>									
Transformers & Rectifiers (India) Limited	12,946.76	1.00	56,405.49	814.90	251.51	3.24	8.35	39.49	470.05
Hitachi Energy India Ltd	52,374.90	2.00	295,472.32	11,925.35	308.63	38.64	12.04	320.86	1,637.80
GE Vernova T&D India Limited	31,679.10	2.00	217,193.68	1,710.25	241.90	7.07	14.57	48.54	1,810.50

Quality Power is positioned for sustainable growth, driven by the increasing demand for high-voltage electrical equipment due to grid modernization and renewable energy integration. The company has demonstrated strong financial growth, with revenue increasing from ₹211.73 crore in FY22 to ₹331.4 crore in FY24, and profit after tax rising from ₹42.23 crore to ₹55.47 crore during the same period. Strategic acquisitions and business expansion further enhance its market presence and technological capabilities.

The company's focus on HVDC and FACTS networks, crucial for renewable energy integration, along with its diversified customer base, provides a solid foundation for future growth in the energy transition sector.

"Call us on 8448899576" to find out whether or not you should apply.

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