

# IPO Report

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**Quality Power Electrical Equipments Ltd.**

A technology driven company serving global clients



**Salient features of the IPO:**

- **Quality Power Electrical Equipments Ltd.** (QPEEL), a technology-driven Indian company serving global clients in critical energy transition equipment and power technologies, is coming up with an IPO to raise around Rs. 822.9 - 858.7cr, which opens on 14<sup>th</sup> Feb. and closes on 18<sup>th</sup> Feb. 2025. The price band is Rs. 401 - 425 per share.
- The IPO is a combination of fresh issue (Rs. 225cr) and OFS portion of (Rs. 597.9 - 633.7cr). From the fresh issue net proceeds, the company will be utilizing Rs. 117.0cr for payment of the purchase consideration for the acquisition of Mehru Electrical and Mechanical Engineers Pvt. Ltd. (Mehru); and Rs. 27.21cr for funding capital expenditure requirements of the company for purchase plant and machinery. Residual proceeds will be used for funding inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes.
- Consequently, post-IPO, the P&PG and public shareholders will have 73.91% and 26.09% stake in the company, respectively.

**Key competitive strengths:**

- Global energy transition and power technology player catering to diverse industry segment
- Diversified customer base of global businesses with long lasting relationships
- Comprehensive product portfolio in India and abroad with high trade barriers
- Demonstrated record of strategic acquisitions along with an enhanced order book contributing to growth
- Research and development capabilities to offer future ready solutions
- Management team with domain experience

**Risk and concerns:**

- General slowdown in the global economic activities
- Majority of the revenue is derived from international market
- Foreign currency exchange fluctuation risk
- Client revenue concentration risk
- Competition

**Below are the key highlights of the company:**

- The global transmission sector has experienced significant growth, expanding at a CAGR of 8% from USD 78,736mn in 2019 to USD 105,903mn in 2023 and is expected to grow at a CAGR of 6% from USD 112,290mn in CY24 to USD 143,467mn in CY28. This growth is driven by the rising global electricity demand and the increasing need to integrate renewable energy into main power grids. Transmission lines, which transport high-voltage electricity over long distances from power plants to local distribution networks, play a crucial role in the energy transition and advancements in power technologies worldwide.
- The global installation of High Voltage Direct Current (HVDC) and Flexible AC Transmission Systems (FACTS) systems are accelerating, driven by increasing renewable energy capacity, growing cross-regional electricity trade, and the rising demand for a more reliable power supply. Economic feasibility has further supported HVDC adoption for strengthening grid connections. The market has grown at a CAGR of 11%, from USD 10,162mn in FY19 to USD 13,217mn in FY23. With expanding renewable energy adoption and a backlog of HVDC and FACTS projects worldwide, the market is projected to grow at a remarkable CAGR of 75-80% by CY28.
- QPEEL, incorporated on September 20, 2001, is an Indian company specializing in high-voltage electrical equipment and power solutions. It serves global clients in critical energy transition technologies, offering products and services for power generation, transmission, distribution, and automation.

**Issue details**

Price band Rs. 401 - 425 per share

Face value Rs. 10

Shares for fresh issue 0.529 - 0.561cr shares

Shares for OFS 1.491cr shares

Fresh issue size Rs. 225cr

OFS issue size Rs. 597.9 - 633.7cr

Total issue size 2.0 - 2.1cr shares  
(Rs. 822.9 - 858.7cr)Bidding date 14<sup>th</sup> Feb. - 18<sup>th</sup> Feb. 2025

Implied MCAP at higher price band Rs. 3,291cr

Implied enterprise value at higher price band Rs. 3,059cr

Book running lead manager Pantomath Capital Advisors Pvt. Ltd.

Registrar MUFG Intime India Pvt. Ltd.

Sector Heavy Electrical Equipment

Promoters Thalavaidurai Pandyan, Chitra Pandyan, Bharanidharan Pandyan and Pandyan Family Trust

Category	Percent of issue (%)	Number of shares
QIB portion	75%	1.515 - 1.539cr shares
Non institutional portion (Big)	10%	0.202 - 0.205cr shares
Non institutional portion (Small)	5%	0.101 - 0.103cr shares
Retail portion	10%	0.202 - 0.205cr shares

**Indicative IPO process time line**Finalization of basis of allotment 19<sup>th</sup> Feb. 2025Unblocking of ASBA account 20<sup>th</sup> Feb. 2025Credit to demat accounts 20<sup>th</sup> Feb. 2025Commencement of trading 21<sup>th</sup> Feb. 2025**Pre and post - issue shareholding pattern**

	Pre-issue	Post-issue
Promoter & promoter group	100.00%	73.91%
Public	0.00%	26.09%
Non-promoter & Non-public	0.00%	0.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

**Retail application money at higher cut-off price per lot**

Number of shares per lot 26

Application money Rs. 11,050

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## Key highlights of the company (Contd...):

Company name	Face value (Rs.)	CMP (Rs.)	MCAP (Rs. cr)	Enterprise value (Rs. cr)	1M	3M	6M	12M	FY24 total operating revenue (Rs. cr)	FY24 EBITDA (Rs. cr)	FY24 PAT (Rs. cr)	FY24 gross margin (%)	FY24 EBITDA margin (%)	FY24 PAT margin (%)
<b>Quality Power Electrical Equipments Ltd.</b>	<b>10</b>	<b>425</b>	<b>3,291</b>	<b>3,059</b>	-	-	-	-	<b>519</b>	<b>56</b>	<b>42</b>	<b>37.3%</b>	<b>10.7%</b>	<b>8.2%</b>
Bharat Bijlee Ltd.	5	3,078	3,479	3,426	-8.5%	-25.3%	-36.4%	1.1%	1,873	175	131	27.7%	9.3%	7.0%
CG Power and Industrial Solutions Ltd.	2	569	86,971	85,529	-9.6%	-17.8%	-17.4%	35.9%	8,046	1,142	1,427	31.0%	14.2%	17.7%
GE Vernova T&D India Ltd.	2	1,537	39,347	39,213	-18.3%	-4.8%	-8.8%	93.6%	3,168	332	181	34.4%	10.5%	5.7%
Hitachi Energy India Ltd.	2	11,600	49,163	49,185	-13.2%	-16.4%	6.6%	89.4%	5,238	359	164	38.5%	6.9%	3.1%
Indo Tech Transformers Ltd.	10	2,427	2,577	2,524	-30.1%	4.6%	34.0%	146.1%	504	53	47	29.8%	10.5%	9.3%
Schneider Electric Infrastructure Ltd.	2	681	16,273	16,695	-8.0%	-13.8%	-20.5%	12.4%	2,207	295	172	36.7%	13.4%	7.8%
Shilchar Technologies Ltd.	10	5,915	4,511	4,431	-31.6%	-23.5%	-9.9%	47.6%	397	113	92	37.0%	28.5%	23.2%
Transformers & Rectifiers (India) Ltd.	1	824	12,370	12,582	-23.6%	-12.4%	25.3%	169.9%	1,295	134	45	28.1%	10.4%	3.4%
Voltamp Transformers Ltd.	10	7,117	7,201	7,140	-19.7%	-32.1%	-47.3%	-8.6%	1,616	322	307	52.8%	19.9%	19.0%
<b>Average</b>												<b>35.1%</b>	<b>13.7%</b>	<b>10.7%</b>

Company name	EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt equity ratio	Fixed asset turnover ratio	Total asset turnover ratio	RoE	RoCE	P / E	P / B	EV / Sales	EV / EBITDA	MCAP / Sales	Earnings yield
<b>Quality Power Electrical Equipments Ltd.</b>	<b>5.5</b>	<b>48.8</b>	<b>0.0</b>	<b>0.3</b>	<b>3.3</b>	<b>0.6</b>	<b>11.2%</b>	<b>20.2%</b>	<b>77.7</b>	<b>8.7</b>	<b>5.9</b>	<b>55.0</b>	<b>6.3</b>	<b>1.3%</b>
Bharat Bijlee Ltd.	116.3	1,650.1	19.9	0.1	14.1	0.7	7.0%	8.2%	26.5	1.9	1.8	19.6	1.9	3.8%
CG Power and Industrial Solutions Ltd.	9.3	19.7	1.3	0.0	7.0	1.5	47.3%	67.9%	60.9	28.8	10.6	74.9	10.8	1.6%
GE Vernova T&D India Ltd.	7.1	48.5	0.0	0.0	7.7	0.7	14.6%	15.8%	217.3	31.7	12.4	118.3	12.4	0.5%
Hitachi Energy India Ltd.	38.6	320.9	3.4	0.1	6.9	1.1	12.0%	19.4%	300.1	36.2	9.4	137.0	9.4	0.3%
Indo Tech Transformers Ltd.	44.2	204.5	0.0	0.0	10.2	1.3	21.6%	29.5%	55.0	11.9	5.0	47.5	5.1	1.8%
Schneider Electric Infrastructure Ltd.	7.2	12.4	0.0	1.6	5.1	1.4	58.1%	32.3%	94.6	54.9	7.6	56.6	7.4	1.1%
Shilchar Technologies Ltd.	120.5	274.8	5.0	0.0	8.8	1.4	43.8%	83.7%	49.1	21.5	11.2	39.1	11.4	2.0%
Transformers & Rectifiers (India) Ltd.	3.0	36.9	0.1	0.4	8.7	1.1	8.0%	13.9%	278.0	22.3	9.7	93.8	9.6	0.4%
Voltamp Transformers Ltd.	303.8	1,337.9	60.0	0.0	20.9	1.1	22.7%	23.7%	23.4	5.3	4.4	22.2	4.5	4.3%
<b>Average</b>			<b>10.0</b>	<b>0.2</b>	<b>9.9</b>	<b>1.1</b>	<b>26.1%</b>	<b>32.7%</b>	<b>122.8</b>	<b>23.8</b>	<b>8.0</b>	<b>67.7</b>	<b>8.0</b>	<b>1.8%</b>

Note: Considered financials for the period during FY22-24 (with IPO adjustment); Source: Choice Broking Research

- The company is one of the few global manufacturers of essential high-voltage equipment used in High Voltage Direct Current (HVDC) and Flexible AC Transmission Systems (FACTS) networks. These systems play a vital role in integrating renewable energy into traditional power grids, supporting a smoother energy transition. As a technology-driven company, QPEEL plays a key role in electrical grid connectivity and energy transition, supporting the evolving power infrastructure.
- QPEEL has over two decades of experience in the energy transition space, providing a wide range of products essential for efficient power transmission and advanced power automation. The company's offerings include reactors, transformers, line traps, instrument transformers, capacitor banks, converters, harmonic filters, and reactive power compensation systems.
- QPEEL also provides grid interconnection solutions, featuring advanced technologies like STATCOM and Static Var Compensator (SVC) systems. With a presence in over 100 countries across six continents, the company serves industries such as automotive, oil & gas, cement, chemicals, renewables, railways, steel & metals, and power utilities.
- Its equipment and solutions are designed for emerging applications, including large-scale renewable energy projects. By supporting decarbonization, sustainability, and green energy initiatives, QPEEL's products play a crucial role in the global energy transition. The adoption of HVDC and STATCOM technologies is key to integrating renewable energy efficiently and ensuring grid stability.
- Since its inception, the company has been committed to delivering high-quality high-voltage electrical equipment and solutions for grid connectivity, energy transition, and related services. As of September 30, 2024, it had 143 customers, including major business conglomerates listed in the Fortune 500. These customers prioritize technology, scale, reliability, and quality, particularly for their energy projects. The company serves both domestic and international markets, reaching key regions such as Asia, the Middle East, North America, South America, Australia, and Europe.
- Over the years, its revenue has varied between domestic and international markets. Domestic sales contributed 21.61% of total revenue in FY22 (Rs. 39.47cr), 20.49% in FY23 (Rs. 51.88cr), 16.30% in FY24 (Rs. 48.98cr), and 22.63% as of September 30, 2024 (Rs. 35.24cr). Meanwhile, international sales have been the primary revenue driver, accounting for 74.27% in FY22 (Rs. 135.65cr), 76.93% in FY23 (Rs. 194.83cr), and 80.68% in FY24 (Rs. 242.51cr). As of September 30, 2024, international sales contributed 75.77% of total revenue, amounting to Rs. 117.99cr.

### Key highlights of the company (Contd...):

- QPEEL has a strong track record of strategic acquisitions that enhance its capabilities, expand its asset base, and improve its customer reach and product offerings. These acquisitions have strengthened its position in the energy transmission sector, allowing the company to provide more comprehensive solutions to its clients. The company believes it has successfully integrated these acquired businesses and assets into its operations, improving its role in the energy transition value chain. A key recent acquisition was by its subsidiary, Quality Power Engineering Projects Private Limited, which acquired a 15.45% stake in Nebeskie Labs Private Limited, a Chennai-based company.
- Additionally, previous acquisitions of S&S Transformers & Accessories Private Limited and Endoks have played a significant role in diversifying QPEEL's operations. Nebeskie's expertise in real-time monitoring and data analytics enhances QPEEL's Industry 4.0 solutions. Endoks contributes to energy transformation and sustainability through its innovative products. Meanwhile, S&S Transformers has expanded QPEEL's product portfolio by adding cast resin transformers and medium voltage instrument transformers. These acquisitions align with QPEEL's vision for growth and innovation, positioning the company as a leader in the evolving energy sector.
- QPEEL has signed a Share Purchase Agreement (SPA) to acquire a 51% stake in Mehru from its promoters. Mehru specializes in manufacturing high-voltage and extra-high-voltage instrument transformers up to 400kV. It operates eight NABL-accredited testing labs for routine, raw material, and high-voltage partial discharge tests.
- With clients in 53 countries as of September 30, 2024, Mehru's acquisition strengthens the company's market presence, boosts revenue potential, and enhances operational efficiency. It also expands its product range, creating cross-selling opportunities and driving business growth. Additionally, the new manufacturing facilities will streamline production, improve supply chain efficiency, and enhance the company's ability to meet market demands.
- QPEEL currently operates seven facilities across India and Turkey. In India, the company has manufacturing units in Sangli, Maharashtra, and Aluva, Kerala, while its Turkish facility is located in Ankara. The Sangli plants focus on producing HVDC components, reactors, and transmitters, catering to the growing needs of the energy transition and power technology sectors. Meanwhile, the Aluva facility specializes in manufacturing coils, enhancing the company's product offerings and operational strength.
- To meet the increasing demand for its high-voltage electrical equipment, both in India and globally, QPEEL plans to set up a new manufacturing facility in Sangli, Maharashtra. The company's Board approved this expansion through a resolution dated April 3, 2023. This new facility will play a key role in strengthening QPEEL's production capabilities and market presence.
- In the Sangli unit, the capacity utilization for coil products has steadily increased over the years. It was 51% in FY22, rose to 71% in FY23, and further improved to 85% in FY24. However, as of September 30, 2024, it stood at 65%. For transformers, including instrument transformers, utilization was lower, starting at 21% in FY22, increasing to 28% in FY23, but dropping to 6% in FY24. As of September 30, 2024, it had slightly improved to 8%. In the Aluva unit, Kerala, the coil production utilization reached full capacity (100%) in FY24. However, as of September 30, 2024, it had decreased to 41%.

**Peer comparison and valuation:** QPEEL is a technology-driven company specializing in power products and solutions across the power generation, transmission, distribution, and automation sectors. It provides high-voltage electrical equipment and advanced solutions for grid connectivity and energy transition. When comparing the company's margins on a restated and proforma basis for FY24 and for H1FY25, there is a noticeable decline in both proforma's EBITDA and PAT margins. Following the completion of Mehru's stake acquisition, the company is expected to see growth in both revenue and profitability. However, margins may come under pressure, as evidenced by the first half of the year's performance.

At the upper price band, QPEEL is demanding a EV/S multiple of 5.9x, which is at discount to peer average. Considering its over two decades of experience in the energy transition sector and wide range of products & solutions, we believe the company is well positioned to benefit from the rising demand of energy transition equipments, which would assist in generating a profitable business growth. Thus, we assign a **"SUBSCRIBE"** rating for the issue.

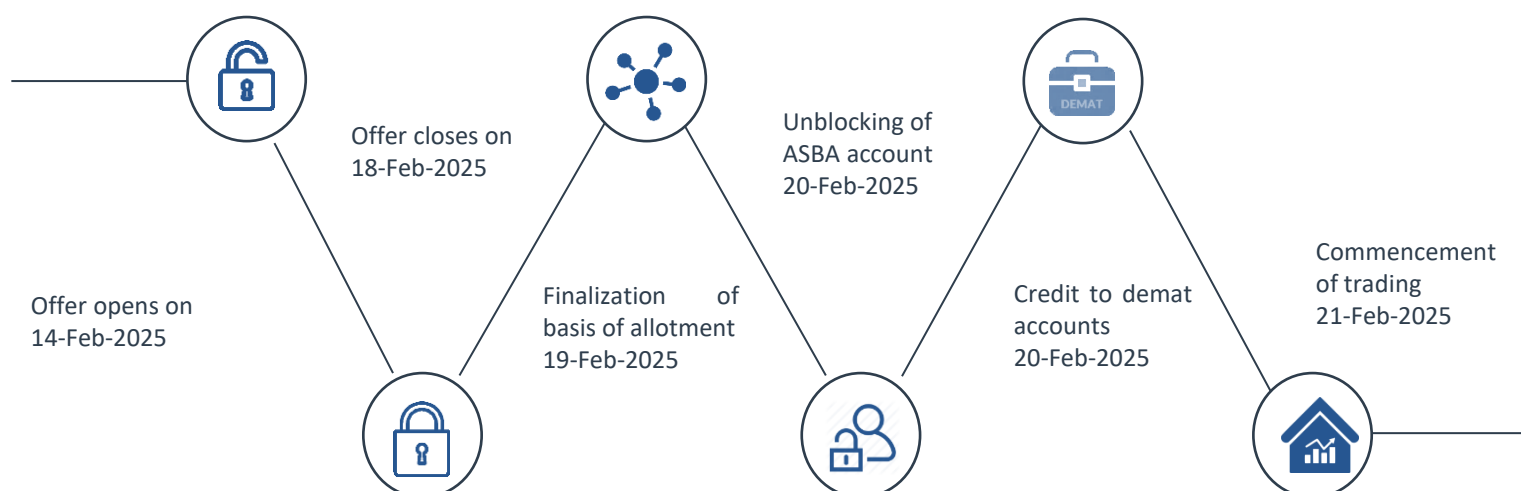
## About the issue:

- QPEEL is coming up with an IPO with 2.0 – 2.1cr shares (fresh issue: 0.529 – 0.561cr shares; OFS shares: 1.491cr shares) in offering. This offer represents 26.09 - 26.39% of the post-issue paid-up equity shares of the company. Total IPO size is Rs. 822.9 - 858.7cr.
- The issue is through book building process with a price band of Rs. 401 - 425 per share.
- Lot size comprises of 26 equity shares and in-multiple of 26 shares thereafter.
- The issue will open on 14<sup>th</sup> Feb. 2025 and close on 18<sup>th</sup> Feb. 2025.
- The IPO is a combination of fresh issue (Rs. 225cr) and OFS portion of (Rs. 597.9 - 633.7cr). From the fresh issue net proceeds, the company will be utilizing Rs. 117.0cr for payment of the purchase consideration for the acquisition of Mehru; and Rs. 27.21cr for funding capital expenditure requirements of the company for purchase plant and machinery. Residual proceeds will be used for funding inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes.
- Consequently, post-IPO, the P&PG and public shareholders will have 73.91% and 26.09% stake in the company, respectively.
- 75% of the net issue is reserved for qualified institutional buyers, while 15% and 10% of the net issue is reserved for non-institutional bidders and retail investors, respectively.

Pre and post-issue shareholding pattern (%)		
	Pre-issue	Post-issue (at higher price band)
Promoter & promoter group	100.0%	73.91%
Public	0.00%	26.09%
Non-promoter & Non-public	0.00%	0.00%

Source: Choice Equity Broking

## Indicative IPO process time line:



## Pre-issue financial performance:

**Performance over FY22-24:** During this period, the company has seen steady growth in its business, driven by an increase in product sales both in the domestic and international markets. This growth has been primarily supported by higher exports of its products.

The company has experienced steady growth, with total operating revenue reaching Rs. 300.6cr, reflecting a CAGR of 28.3%. This strong growth is driven by higher sales of its products, supported by an increase in export sales.

The company experienced an increase in material costs as a percentage of revenue, as a result, the gross profit margin declined by 796 bps, bringing it to 33.4% in FY24. However, there is a marginal decrease in employee cost and a significant decrease in other expenses but un-capacitated to absorb the decrease in gross margin. Hence, EBITDA margin remained steady at 12.6%, reaching 37.8cr. Additionally, decrease in other income is offset by a decrease in share of minority interest resulting to an increase in PAT margin by 341 bps 12.5% in FY24. The reported PAT rose by a CAGR of 50.6%, reaching Rs. 37.4cr in FY24.

QPEEL's borrowings has risen significantly over the years, hence it's debt-to-equity ratio has also increased to 0.5x in FY24 from 0.4x in FY22. Pre-issue RoIC and RoE stood at 22.0% and 24.3% respectively in FY24.

Pre-issue financial snapshot (Rs. cr)	FY22	FY23	FY24	FY24 P	H1FY25	H1FY25 P	CAGR over FY22-24	Annual growth over FY23
<b>Segment Revenue</b>								
Power products	61.6	84.9	123.9		69.8		41.8%	45.9%
Power quality equipments	113.5	161.8	167.6		83.4		21.5%	3.6%
Others	7.5	6.5	9.1		2.5		10.0%	39.1%
<b>Geographical Revenue</b>								
India	39.5	51.5	49.0		35.2		11.4%	-5.0%
Outside India	135.7	194.8	242.5		118.0		33.7%	24.5%
<b>Revenue from operations</b>	<b>182.6</b>	<b>253.3</b>	<b>300.6</b>	<b>519.0</b>	<b>155.7</b>	<b>267.2</b>	28.3%	18.7%
Gross profit	75.5	93.4	100.3	193.9	63.9	111.3	15.3%	7.4%
EBITDA	23.2	32.2	37.8	55.6	31.6	38.1	27.8%	17.7%
Reported PAT	16.5	20.6	37.4	42.7	32.9	34.8	50.6%	81.7%
Adjusted PAT	16.4	20.4	37.2	42.3	33.2	34.9	50.6%	82.1%
Restated adjusted EPS	2.1	2.6	4.8	5.5	4.3	4.5	50.6%	82.1%
Cash flow from operating activities	8.5	44.3	51.5		16.4		145.7%	16.3%
NOPLAT	18.3	25.0	30.2	42.4	27.2	31.4	28.5%	21.1%
FCF	0.0	13.5	5.6	78.1	(59.2)	22.0		-58.0%
RoIC (%)	14.7%	19.3%	22.0%	16.2%	12.5%	11.4%	729 bps	275bps
Revenue growth rate		38.7%	18.7%					
Gross profit growth rate		23.7%	7.4%					
Gross profit margin	41.3%	36.9%	33.4%	37.3%	41.0%	41.6%	(796) bps	(351) bps
EBITDA growth rate		38.7%	34.0%					
EBITDA margin	12.7%	12.7%	12.6%	10.7%	20.3%	14.2%	(11) bps	(11) bps
Restated adjusted PAT growth rate		24.5%	82.1%					
Restated adjusted PAT margin	9.0%	8.1%	12.4%	8.2%	21.3%	13.0%	339 bps	430 bps
Inventories days	81.5	63.9	43.3	58.6	16.2	55.4	-27.1%	-32.2%
Trade receivables days	107.7	85.7	87.7	96.6	97.0	93.5	-9.8%	2.4%
Trade payables days	(54.6)	(57.7)	(71.1)	(62.7)	(65.8)	(58.4)	14.2%	23.2%
Cash conversion cycle	134.6	91.9	59.9	92.5	47.4	90.5	-33.3%	-34.8%
Total asset turnover ratio	0.7	0.8	0.8	0.9	0.4	0.4	7.7%	3.3%
Current ratio	2.0	1.7	1.4	1.4	1.9	1.4	-15.4%	-15.2%
Total debt	39.8	59.5	83.6	97.0	71.7	84.3	45.0%	40.7%
Net debt	(25.7)	8.3	36.3	38.2	22.9	32.8		339.2%
Debt to equity	0.4	0.5	0.5	0.6	0.4	0.5	12.7%	2.9%
Net debt to EBITDA	(1.1)	0.3	1.0	0.7	0.7	0.9		273.2%
RoE	17.7%	18.2%	24.3%	27.6%	17.9%	18.8%	655 bps	605 bps
RoA	6.5%	6.5%	10.4%	7.1%	8.3%	5.5%	387 bps	382 bps
RoCE	15.8%	16.2%	15.2%	8.4%	11.4%	10.3%	(58) bps	(100) bps

Note: Pre-IPO financials; P: Proforma; Source: Choice Equity Broking





### Competitive strengths:

- Global energy transition and power technology player catering to diverse industry segment
- Diversified customer base of global businesses with long lasting relationships
- Comprehensive product portfolio in India and abroad with high trade barriers
- Demonstrated record of strategic acquisitions along with an enhanced order book contributing to growth
- Research and development capabilities to offer future ready solutions
- Management team with domain experience

### Business strategy:

- Focus on growth through organic and inorganic acquisitions
- Focus on research and development and engineering capabilities to develop innovative systems and solutions, as well as improve manufacturing efficiencies
- Expand operating facilities and increase operating capacity
- Harness industry growth in the energy transition sector and grow the operations



### Risk and concerns:

- General slowdown in the global economic activities
- Majority of the revenue is derived from international market
- Foreign currency exchange fluctuation risk
- Client revenue concentration risk
- Competition

## Financial statements:

Restated consolidated profit and loss statement (Rs. cr)								
	FY22	FY23	FY24	FY24 P	H1FY25	H1FY25 P	CAGR over FY22-24	Annual growth over FY23
Revenue from operations	182.6	253.3	300.6	519.0	155.7	267.2	28.3%	18.7%
Cost of material consumed	(108.0)	(157.5)	(205.3)	(336.7)	(87.8)	(158.5)	37.9%	30.3%
Changes in inventories of finished goods, traded goods & work-in-progress	0.9	(2.3)	5.0	11.5	(4.0)	2.5	142.8%	-317.9%
<b>Gross profit</b>	<b>75.5</b>	<b>93.4</b>	<b>100.3</b>	<b>193.9</b>	<b>63.9</b>	<b>111.3</b>	<b>15.3%</b>	<b>7.4%</b>
Employee benefits expenses	(16.6)	(20.1)	(24.8)	(61.1)	(13.0)	(35.2)	22.1%	23.4%
Other expenses	(35.7)	(41.2)	(37.7)	(77.1)	(19.3)	(38.0)	2.8%	-8.4%
<b>EBITDA</b>	<b>23.2</b>	<b>32.2</b>	<b>37.8</b>	<b>55.6</b>	<b>31.6</b>	<b>38.1</b>	<b>27.8%</b>	<b>17.7%</b>
Depreciation & amortization expenses	(1.9)	(2.3)	(3.4)	(5.9)	(1.8)	(3.2)	32.2%	44.0%
<b>EBIT</b>	<b>21.3</b>	<b>29.8</b>	<b>34.5</b>	<b>49.7</b>	<b>29.8</b>	<b>34.9</b>	<b>27.4%</b>	<b>15.6%</b>
Finance costs	(1.5)	(2.7)	(2.3)	(4.6)	(1.7)	(2.5)	24.6%	-14.0%
Other income	29.1	20.3	30.8	31.7	27.0	27.5	2.9%	51.7%
Exceptional items	0.1	0.2	0.3	0.3	(0.2)	(0.0)	51.1%	42.8%
<b>PBT</b>	<b>49.0</b>	<b>47.6</b>	<b>63.3</b>	<b>77.1</b>	<b>54.8</b>	<b>59.8</b>	<b>13.6%</b>	<b>32.8%</b>
Tax expenses	(6.8)	(7.8)	(7.8)	(11.4)	(4.8)	(6.0)	7.2%	0.4%
<b>PAT before minority interest</b>	<b>42.2</b>	<b>39.9</b>	<b>55.5</b>	<b>65.7</b>	<b>50.1</b>	<b>53.8</b>	<b>14.6%</b>	<b>39.1%</b>
Minority interest	(25.7)	(19.3)	(18.0)	(23.0)	(17.2)	(19.0)	-16.3%	-6.5%
<b>Reported PAT</b>	<b>16.5</b>	<b>20.6</b>	<b>37.4</b>	<b>42.7</b>	<b>32.9</b>	<b>34.8</b>	<b>50.6%</b>	<b>81.7%</b>
<b>Adjusted PAT</b>	<b>16.4</b>	<b>20.4</b>	<b>37.2</b>	<b>42.3</b>	<b>33.2</b>	<b>34.9</b>	<b>50.6%</b>	<b>82.1%</b>

Restated consolidated balance sheet statement (Rs. cr)								
	FY22	FY23	FY24	FY24 P	H1FY25	H1FY25 P	CAGR over FY22-24	Annual growth over FY23
Equity share capital	0.2	0.2	72.2	72.2	72.2	72.2	2093.2%	48000.0%
Other equity	92.4	112.0	81.0	81.0	113.4	113.4	-6.3%	-27.6%
Minority interest	67.8	63.6	37.1	97.4	53.1	115.2	-26.0%	-41.6%
Non-current borrowings	1.0	4.8	4.5	69.6	1.3	0.5	111.3%	-6.5%
Non-current financial liabilities	0.9	1.3	1.9	1.9	4.0	4.0	46.3%	41.5%
Net deferred tax liabilities	0.1	0.1	0.1	3.8	0.2	3.8	3.8%	-8.1%
Trade payables	27.3	52.8	64.3	89.2	56.9	86.7	53.5%	21.9%
Current borrowings	10.5	5.8	33.8	(20.4)	24.2	33.8	79.3%	484.3%
Other current financial liabilities	27.4	47.5	43.5	45.9	42.2	46.0	26.0%	-8.5%
Current provisions	0.3	0.0	0.0	0.0	0.0	1.7	0.0%	0.0%
Other current liabilities	25.1	24.2	20.5	152.6	30.4	160.0	-9.6%	-15.5%
Current tax liabilities	0.0	0.0	0.0	0.0	1.8	1.8	0.0%	0.0%
<b>Total liabilities</b>	<b>252.9</b>	<b>312.2</b>	<b>358.9</b>	<b>593.1</b>	<b>399.6</b>	<b>638.9</b>	<b>19.1%</b>	<b>14.9%</b>
Property, plant & equipments	33.7	38.8	65.4	96.0	71.7	100.3	39.4%	68.7%
Intangible assets	0.2	0.7	0.6	0.6	0.6	0.6	70.9%	-16.8%
Capital work-in-progress	0.0	0.7	1.7	1.7	1.7	1.7	0.0%	151.4%
Goodwill	0.0	0.0	0.0	57.3	0.0	55.4	0.0%	0.0%
Non-current investments	0.0	1.5	1.6	4.5	1.6	1.8	0.0%	9.0%
Other non-current financial assets	35.4	41.3	43.9	45.5	10.1	17.2	11.3%	6.3%
Net deferred tax assets	2.1	1.9	0.8	0.8	1.5	1.5	-39.9%	-60.1%
Other non-current assets	0.4	7.7	13.3	13.5	13.9	13.9	483.0%	71.6%
Inventories	40.8	47.9	23.5	83.4	14.0	82.2	-24.1%	-51.0%
Trade receivables	53.9	65.0	79.5	137.4	83.9	138.9	21.4%	22.3%
Current investments	0.0	29.2	45.9	45.9	49.4	49.4	0.0%	57.3%
Cash & cash equivalents	65.5	51.2	47.3	58.7	48.8	51.5	-15.0%	-7.6%
Other bank balances	2.5	0.6	0.4	0.4	28.6	28.6	-61.9%	-40.9%
Other current financial assets	2.5	4.8	15.7	15.7	32.5	34.7	152.0%	224.2%
Net current tax assets	0.1	0.3	2.3	2.3	-	1.9	404.2%	609.5%
Other current assets	15.9	20.7	17.2	29.5	41.2	58.4	3.8%	-16.9%
Assets held for sale	0.0	0.0	0.0	0.0	0.0	0.9	0.0%	0.0%
<b>Total assets</b>	<b>252.9</b>	<b>312.2</b>	<b>358.9</b>	<b>593.1</b>	<b>399.6</b>	<b>638.9</b>	<b>19.1%</b>	<b>14.9%</b>

Source: Choice Equity Broking



## Financial statements (Contd.):

Restated consolidated cash flow statement (Rs. cr)								
	FY22	FY23	FY24	FY24 P	H1FY25	H1FY25 P	CAGR over FY22-24	Annual growth over FY23
Cash flow before working capital changes	28.0	37.2	48.0	0.0	41.6	0.0	31.0%	28.9%
Working capital changes	(10.9)	17.7	12.8	0.0	21.5	0.0		-27.7%
Cash flow after working capital changes	17.1	54.9	60.8	0.0	63.2	0.0	88.6%	10.7%
<b>Cash flow from operating activities</b>	<b>8.5</b>	<b>44.3</b>	<b>51.5</b>	<b>0.0</b>	<b>16.4</b>	<b>0.0</b>	<b>145.7%</b>	<b>16.3%</b>
Purchase of fixed assets & CWIP	(3.1)	(7.3)	(35.7)	0.0	(3.8)	0.0	240.1%	392.5%
<b>Cash flow from investing activities</b>	<b>20.6</b>	<b>(31.0)</b>	<b>(38.6)</b>	<b>0.0</b>	<b>1.2</b>	<b>0.0</b>		<b>24.5%</b>
Dividend paid	0.0	0.0	0.0	0.0	0.0	0.0		
<b>Cash flow from financing activities</b>	<b>1.6</b>	<b>(3.6)</b>	<b>25.4</b>	<b>0.0</b>	<b>(14.4)</b>	<b>0.0</b>	<b>295.3%</b>	<b>-809.7%</b>
Net impact of foreign step down subsidiary	(33.7)	(24.0)	(42.2)	0.0	(1.6)	0.0	11.9%	75.8%
<b>Net cash flow</b>	<b>(3.0)</b>	<b>(14.3)</b>	<b>(3.9)</b>	<b>0.0</b>	<b>1.5</b>	<b>1.5</b>	<b>14.5%</b>	<b>-72.8%</b>
Opening balance of cash	68.4	65.5	51.2	51.2	47.3	47.3	-13.5%	-21.8%
<b>Closing balance of cash</b>	<b>65.5</b>	<b>51.2</b>	<b>47.3</b>	<b>51.2</b>	<b>48.8</b>	<b>48.8</b>	<b>-15.0%</b>	<b>-7.6%</b>

Financial ratios						
Particulars	FY22	FY23	FY24	FY24 P	H1FY25	H1FY25 P
Profitability ratios						
Revenue growth rate	-	38.7%	18.7%	-	-	-
Gross profit growth rate	-	23.7%	7.4%	-	25.7%	-
Gross profit margin	41.3%	36.9%	33.4%	37.3%	41.0%	41.6%
EBITDA growth rate	-	38.7%	34.0%	-	-	-
EBITDA margin	12.7%	12.7%	12.6%	10.7%	20.3%	14.2%
EBIT growth rate	-	40.3%	35.1%	-	-	-
EBIT margin	11.6%	11.8%	11.5%	9.6%	19.2%	13.0%
Restated PAT growth rate	-	24.5%	82.1%	-	-	-
Restated PAT margin	9.0%	8.1%	12.5%	8.2%	21.1%	13.0%
Restated Adjusted PAT margin	9.0%	8.1%	12.4%	8.2%	21.3%	13.0%
Turnover ratios						
Inventory turnover ratio	4.5	5.7	8.4	6.2	11.1	3.3
Trade receivable turnover ratio	3.4	4.3	4.2	3.8	1.9	1.9
Accounts payable turnover ratio	6.7	6.3	5.1	5.8	2.7	3.1
Fixed asset turnover ratio	5.4	6.3	4.4	3.3	2.1	1.7
Total asset turnover ratio	0.7	0.8	0.8	0.9	0.4	0.4
Liquidity ratios						
Current ratio	2.0	1.7	1.4	1.4	1.9	1.4
Quick ratio	1.5	1.3	1.3	1.1	1.8	1.1
Total debt	39.8	59.5	83.6	97.0	71.7	84.3
Net debt	(25.7)	8.3	36.3	38.2	22.9	32.8
Debt to equity	0.4	0.5	0.5	0.6	0.4	0.5
Net debt to EBITDA	(1.1)	0.3	1.0	0.7	0.7	0.9
Cash flow ratios						
CFO to PAT	0.5	2.2	1.4	-	0.5	-
CFO to Capex	2.8	6.1	1.4	-	4.4	-
CFO to total debt	0.2	0.7	0.6	-	0.2	-
CFO to current liabilities	0.1	0.3	0.3	-	0.1	-
Return ratios						
RoIC (%)	14.7%	19.3%	22.0%	16.2%	12.5%	11.4%
RoE (%)	17.7%	18.2%	24.3%	27.6%	17.9%	18.8%
RoA (%)	6.5%	6.5%	10.4%	7.1%	8.3%	5.5%
RoCE (%)	15.8%	16.2%	15.2%	8.4%	11.4%	10.3%
Per share data						
Restated Adjusted EPS (Rs.)	2.1	2.6	4.8	5.5	4.3	4.5
DPS (Rs.)	0.0	0.0	0.0	0.0	0.0	0.0
BVPS (Rs.)	11.9	14.5	19.8	19.8	24.0	24.0
Operating cash flow per share (Rs.)	1.1	5.7	6.7	0.0	2.1	0.0
Free cash flow per share (Rs.)	0.0	1.7	0.7	10.1	(7.6)	2.8
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Choice Equity Broking

## IPO rating rationale

**Subscribe:** An IPO with strong growth prospects and valuation comfort.

**Subscribe for Long Term:** Relatively better growth prospects but with valuation discomfort.

**Avoid:** Concerns on both fundamentals and demanded valuation.

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