

# **Quality Power Electrical Equipments Ltd**

## **IPO Note**



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## High-Voltage Solutions for a Sustainable World

Quality Power Electrical Equipments Ltd. (QPEEL) is an Indian company specializing in high-voltage electrical equipment and solutions for power generation, transmission, distribution, and automation. It plays a critical role in energy transition by providing advanced technologies such as High Voltage Direct Current (HVDC) and Flexible AC Transmission Systems (FACTS) that facilitate efficient integration of renewable energy sources into power grids. With over two decades of experience, QPEEL offers a wide range of products, including transformers, reactors, capacitor banks, and grid interconnection solutions like STATCOM and SVC. The company's state-of-the-art manufacturing facilities in Sangli, Maharashtra, and Aluva, Kerala, adhere to global quality standards, serving Fortune 500 clients and meeting international accreditation requirements.

QPEEL has a strong global presence, with over 75% of its revenue coming from international markets. To strengthen its capabilities, the company acquired a majority stake in Turkey-based Endoks Enerji in 2011, expanding its design, operation, and project management expertise. The company's products and solutions contribute to modernizing electrical networks by enhancing grid reliability, stability, and efficiency. Its focus on sustainable energy solutions aligns with global decarbonization and green energy initiatives, making it a key player in the transition to cleaner power sources.

With a strong global presence, cutting-edge technology, and a focus on sustainable power solutions, QPEEL is well-positioned to capitalize on the rising demand for high-voltage equipment and grid modernization. The company has demonstrated steady growth, reporting a net profit of ₹55.47 crore in FY24 and ₹50.08 crore in H1-FY25.

### Industry Utilities

#### Script Details

Listing	BSE & NSE
Open Date	Feb 14, 2025
Close Date	Feb 18, 2025
Price Band	INR 401 – 425
Face Value	INR 10
Market Lot	26 Shares
Minimum Lot	1

#### Issue Structure

Issue Size (INR cr)	858.70
Issue Size (Shares)	2,02,04,618
QIB Share (%)	≥ 75%
Non-Inst Share (%)	≥ 15%
Retail Share (%)	≥ 10%
Pre Issue sh. (cr)	7.21
Post Issue sh. (cr)	7.74
Post Issue Market Cap (cr)	3,291

Shareholding (%)	Pre (%)	Post (%)
Promoter	100	73.91
Public	0	26.09
<b>TOTAL</b>	<b>100</b>	<b>100</b>

### Key Consolidated Financial Data (INR Cr, unless specified)

	Net Revenue	EBITDA	Net Profit	EBITDA (%)	Net (%)	EPS (₹)	BVPS (₹)	RoE (%)	RoIC (%)	P/E	EV/EBITDA
FY22	182.6	23.2	42.2	12.7	23.1	5.9	22.2	45.6	58.8	72.7	130.0
FY23	253.3	32.2	39.9	12.7	15.8	5.5	24.4	35.6	71.5	77.0	93.3
FY24	300.6	37.8	55.5	12.6	18.5	5.7	26.4	36.2	35.2	55.4	79.70

Source: Ventura Research & Company update

## Issue Structure and Offer Details

Quality Power IPO is a bookbuilt issue of Rs 858.70 crores. The issue is a combination of fresh issue of 0.53 crore shares aggregating to Rs 225.00 crores and offer for sale of 1.49 crore shares aggregating to Rs 633.70 crores.

Issue Structure	
Investor Category	Allocation
<b>QIB</b>	<b>Not less than 75% of the Net Issue</b>
<b>NII (HNI)</b>	<b>Not less than 15% of the Net Issue</b>
<b>Retail</b>	<b>Not less than 10% of the Net Issue</b>

*Number of shares based on a higher price band of INR 425*

*Source: Company Reports*

## Objects of the Issue

The Company proposes to utilize the Net Proceeds towards the following objects:

1. Payment of the purchase consideration for the acquisition of Mehru Electrical and Mechanical Engineers Private Limited
2. Funding capital expenditure requirements of the Company for purchase plant and machinery
3. Funding inorganic growth through unidentified acquisitions and other strategic initiatives
4. General Corporate Purposes.

## Financial Summary

Fig in INR Cr (unless specified)	FY22	FY23	FY24	Fig in INR Cr (unless specified)	FY22	FY23	FY24
<b>Income Statement</b>				<b>Per share data &amp; Yields</b>			
Revenue	182.6	253.3	300.6	Adjusted EPS (INR)	5.9	5.5	7.7
<i>YoY Growth (%)</i>		<i>38.7</i>	<i>18.7</i>	Adjusted Cash EPS (INR)	6.1	5.9	8.2
Raw Material Cost	107.1	159.8	200.3	Adjusted BVPS (INR)	22.2	24.4	26.4
<i>RM Cost to Sales (%)</i>	<i>58.7</i>	<i>63.1</i>	<i>66.6</i>	Adjusted CFO per share (INR)	5.9	6.1	7.1
Employee Cost	12.2	15.3	18.2	CFO Yield (%)	1.4	1.4	1.7
<i>Employee Cost to Sales (%)</i>	<i>6.7</i>	<i>6.1</i>	<i>6.1</i>	Adjusted FCF per share (INR)	0.8	5.3	3.2
Other Expenses	40.1	45.9	44.3	FCF Yield (%)	0.2	1.2	0.7
<i>Other Exp to Sales (%)</i>	<i>22.0</i>	<i>18.1</i>	<i>14.7</i>				
EBITDA	23.2	32.2	37.8	<b>Solvency Ratio (X)</b>			
<i>Margin (%)</i>	<i>12.7</i>	<i>12.7</i>	<i>12.6</i>	Total Debt to Equity	0.1	0.1	0.2
<i>YoY Growth (%)</i>		<i>38.7</i>	<i>17.7</i>	Net Debt to Equity	(0.4)	(0.4)	(0.3)
Depreciation & Amortization	1.9	2.3	3.4	Net Debt to EBITDA	(2.4)	(2.2)	(1.5)
EBIT	21.3	29.8	34.5				
<i>Margin (%)</i>	<i>11.6</i>	<i>11.8</i>	<i>11.5</i>	<b>Return Ratios (%)</b>			
<i>YoY Growth (%)</i>		<i>40.3</i>	<i>15.6</i>	Return on Equity	45.6	35.6	36.2
Other Income	29.1	20.3	30.8	Return on Capital Employed	17.6	20.3	15.8
Bill discounting & other charges	1.5	2.7	2.3	Return on Invested Capital	58.8	71.5	35.2
Fin Charges Coverage (X)	14.4	11.2	15.0				
Exceptional Item	0.1	0.2	0.3	<b>Working Capital Ratios</b>			
PBT	49.0	47.6	63.3	Payable Days (Nos)	55	76	78
<i>Margin (%)</i>	<i>26.8</i>	<i>18.8</i>	<i>21.0</i>	Inventory Days (Nos)	81	69	28
<i>YoY Growth (%)</i>		<i>(2.8)</i>	<i>32.8</i>	Receivable Days (Nos)	108	94	97
Tax Expense	6.8	7.8	7.8	Net Working Capital Days (Nos)	135	87	47
<i>Tax Rate (%)</i>	<i>13.8</i>	<i>16.3</i>	<i>12.3</i>	Net Working Capital to Sales (%)	36.9	23.7	12.8
PAT	42.2	39.9	55.5				
<i>Margin (%)</i>	<i>23.1</i>	<i>15.8</i>	<i>18.5</i>	<b>Valuation (X)</b>			
<i>YoY Growth (%)</i>		<i>(5.5)</i>	<i>39.1</i>	P/E	72.7	77.0	55.4
Min Int/Sh of Assoc	0.0	0.0	0.0	P/BV	19.2	17.5	16.1
Net Profit	42.2	39.9	55.5	EV/EBITDA	130.0	93.3	79.7
<i>Margin (%)</i>	<i>23.1</i>	<i>15.8</i>	<i>18.5</i>	EV/Sales	16.5	11.9	10.0
<i>YoY Growth (%)</i>		<i>(5.5)</i>	<i>39.1</i>				
<b>Balance Sheet</b>				<b>Cash Flow Statement</b>			
Share Capital	0.2	0.2	72.2	PBT	49.0	47.6	63.3
Total Reserves	160.1	175.5	118.2	Adjustments		(2.8)	(25.5)
Shareholders Fund	160.3	175.7	190.3	Change in Working Capital		7.3	21.5
Long Term Borrowings	0.3	0.2	1.3	Less: Tax Paid	(6.8)	(7.8)	(7.8)
Deferred Tax Assets / Liabilities	(2.0)	(1.7)	(0.6)	Cash Flow from Operations	42.2	44.3	51.5
Other Long Term Liabilities	0.9	1.3	1.9	Net Capital Expenditure	(4.2)	(8.4)	(30.6)
Long Term Trade Payables	0.0	0.0	0.0	Change in Investments	24.7	(22.6)	(7.9)
Long Term Provisions	0.0	0.0	0.0	Cash Flow from Investing	20.6	(31.0)	(38.6)
Total Liabilities	159.5	175.4	192.9	Change in Borrowings	3.1	(0.9)	27.7
Net Block	33.9	39.5	66.0	Less: Finance Cost	(1.5)	(2.7)	(2.3)
Capital Work in Progress	0.0	0.7	1.7	Proceeds from Equity	0.0	0.0	0.0
Intangible assets under developmer	0.0	0.0	0.0	Buyback of Shares	0.0	0.0	0.0
Non Current Investments	0.0	1.5	1.6	Dividend Paid	0.0	0.0	0.0
Long Term Loans & Advances	0.3	7.9	12.2	Cash flow from Financing	1.6	(3.6)	25.4
Other Non Current Assets	35.5	41.1	45.0	Net Cash Flow	64.4	9.7	38.3
Net Current Assets	89.8	84.8	66.4	Forex Effect	4.5	7.2	1.3
Total Assets	159.5	175.4	192.9	Opening Balance of Cash		65.5	51.2
				Closing Balance of Cash	68.9	82.4	90.8

Source: Company Reports

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