

QUALITY POWER ELECTRICAL EQUIPMENTS LTD

14-02-2025 - 18-02-2025

Industry: Electrical Equipment

Recommendation: Subscribe for long term

Price Band: ₹401 - 425

Post Implied Market Cap: - ₹3,291Cr

Key Data

Issue Size (₹ Cr)	859
Fresh (₹)	225
OFS (₹)	634
No. of shares offered	5,294,118
Face Value (₹ /share)	10
Bid Lot	26

About the Company

Quality Power Electrical Equipments Ltd (QPEEL) is a technology-driven company specializing in power products and solutions across generation, transmission, distribution, and automation. It provides high-voltage electrical equipment for grid connectivity and energy transition, including HVDC and FACTS networks. The company serves global clients with critical power technologies, focusing on integrating renewables with traditional grids. QPEEL also offers grid interconnection solutions and operates seven facilities in India.

Investment Rationales

- Global energy transition and power technology player catering to diverse industry segments and poised to benefit out of global shift towards decarbonisation and adoption of renewable energy:** QPEEL specializes in high-voltage electrical equipment and solutions for grid connectivity and energy transition across power sectors. As a key global manufacturer of HVDC and FACTS equipment, it plays a crucial role in integrating renewables into the power grid efficiently and reliably.
- Diversified customer base of global businesses with long lasting relationships:** Company delivers high-quality high-voltage electrical equipment and solutions for grid connectivity and energy transition. As of March 31, 2024, they served 210 customers, fostering long-term relationships and tailored offerings. Their diverse product portfolio spans domestic and international markets, catering to key regions including Asia, the Middle East, North America, South America, Australia, and Europe.
- Comprehensive product portfolio in the energy transition equipment and power technologies sector in India and abroad with high trade barriers:** QPEEL offers a wide range of high-voltage electrical equipment, including reactors, transformers, line traps, composites, capacitor banks, harmonic filters, SVC systems, and reactive power compensation systems. Their product portfolio is divided into two categories: (i) power products and (ii) power quality equipment, serving power generation, transmission, transition, distribution, and automation sectors.
- Demonstrated record of strategic acquisitions along with enhanced order book contributing to growth:** The company has a strong track record of strategic acquisitions to enhance capabilities, expand market reach, and strengthen its position in energy transmission. Key acquisitions include Nebeskie, boosting Industry 4.0 solutions with real-time monitoring and data analytics; Endoks, supporting sustainability through energy transformation products; and S&S Transformers, broadening product offerings with cast resin and medium voltage instrument transformers. These acquisitions align with QPEEL's vision for growth and innovation.
- Research and development capabilities to offer future ready solutions:** The rising global demand for electricity requires advanced energy transition technologies like HVDC and FACTS. HVDC enables long-distance power transmission from renewable sources, while FACTS enhances grid stability and power quality. QPEEL's strong presence in the energy transition sector is backed by over two decades of experience, robust infrastructure, and continuous R&D.

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	20-02-2025
Refunds/Unblocking ASBA Fund	21-02-2025
Credit of equity shares to DP A/c	21-02-2025
Trading commences	24-02-2025

Shareholding (No. of shares)

Pre-Issue	72,150,000
Post Issue (Lower price band)	77,444,110
Post Issue (Higher price band)	77,444,110

Shareholding Pattern

Promoter:	
Pre Issue	100.00%
Post Issue	73.91%
Public - Others:	
Pre Issue	0.00%
Post Issue	26.09%

Issue Breakup

QIB	75%
NIB	15%
Retail	10%

Other Details

BRLMs: Pantomath Capital Advisors

Registrar: MUFG Intime India Pvt Ltd

Listing: BSE & NSE

Research Analyst

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Risk

- Customer concentration risk.
- Fluctuations in prices of raw material.

MView

We believe Quality Power Electrical Equipments Ltd IPO brings investors an opportunity to invest in the rapidly growing energy transition and power infrastructure sector. We think company's strong global presence, specialized expertise in HVDC and FACTS technologies, and a diversified high-voltage equipment portfolio position it as a key player in grid modernization and renewable energy integration. We also believe company's robust customer base across multiple regions, coupled with its proven track record of strategic acquisitions, continues to drive its market expansion and technological advancements. With over two decades of R&D-driven innovation, the company has established a strong competitive edge in an industry fuelled by rising electricity demand and sustainability goals. By looking at the financials, company shown a strong growth, with revenue from operation increasing by 38.7% in FY 2023 and 18.7% in FY 2024. The company also reported a net profit growth of 39.1% in FY 2024, rebounding from a 5.5% decline in FY 2023. On valuation parse at the upper price band of ₹ 425/-, the issue is asking a Market Cap of ₹ 3291 cr/-. Based on annualized FY 2025 earnings and fully diluted post -IPO paid up capital, the company is asking for a P/E of 30.76x, which appears reasonable when compared to its listed industry peers. Given its recent strategic growth initiatives like acquisition of Mehru electricals which would allow company to expand its product range especially in 500kV transformers which could strengthens its position in high voltage equipment market, so we believe QPEEL is well-positioned to capitalize on India's evolving energy landscape. Hence, with all attributes we recommend investors to "SUBSCRIBE" the Quality Power Electrical Equipments Ltd IPO for long term perspective.

CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at Sept'30	As at March' 31		
	2024 (06)	2024	2023	2022
Equity Share Capital	72.15	72.15	0.15	0.15
Reserves as stated	166.48	118.18	175.51	67.75
Net Worth	238.63	190.33	175.66	160.29
Borrowings	25.55	38.28	10.66	11.51
Revenue from Operations	155.74	300.60	253.25	182.64
Revenue Growth	-	18.70%	38.66%	-
EBITDA	31.4	38.11	32.34	23.30
EBITDA Margin (%) as stated	20.16%	12.68%	12.77%	12.76%
Net Profit for the Period	50.08	55.47	39.89	42.23
Net Profit Margin	27.41%	16.74%	14.58%	19.94%
EPS	4.56	5.19	2.86	2.29
ROE (%)	20.99%	29.15%	22.71%	26.34%
ROCE (%)	15.84%	19.20%	22.32%	20.58%
Debt to Equity	0.110	0.20	0.06	0.07

Source: Company RHP

COMPARISON WITH INDUSTRY LISTED PEERS ₹ (IN CR)

Companies	Total Revenue from Ops. (₹ in Cr)	Revenue for Fiscal 2024 (₹ in Cr)	Mcap (₹ in Cr)	FV	EPS	NAV (₹ Per Share)	P/B	P/E	RoNW (%)
Quality Power Electrical Equipments Ltd	300.60	Consolidated	3291	10	13.82	66.33	6.4	30.76	29.15%
Transformers & Rectifiers (India) Ltd	1,294.68	Consolidated	12,374	1	3.24	39.49	11.2	77.4	8.35%
Hitachi Energy India Ltd	5,237.49	Consolidated	48,687	2	38.64	320.86	34.7	155.0	12.04%
GE Vernova T&D India Ltd	3,167.91	Consolidated	39,429	2	7.07	48.54	28.6	80.7	14.57%

Date as on 31st March 2024, Cline Mcap, PE, PB calculated as on 12-02-2024

Quality Power Electrical Equipments Ltd, EPS/PE,PB, NAV calculated on annualised basis post money



MSEARCH

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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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