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### Issue Offer

**Fresh Issue of 5,208,000 Equity shares aggregating up to INR 1,979.04 Mn**

### Issue Summary

Price Band (INR)	360-380
Face Value (INR)	10
Implied Market Cap (INR mn.)	7,482.8
Market Lot	300
Issue Opens on	Oct 22, 2024
Issue Close on	Oct 24, 2024
No. of share pre-issue	14,483,583
No. of share post issue	19,691,610
Listing	NSE, SME

### Issue Break-up (%)

QIB Portion	50%
Retail Portion	35%
NII (HNI) Portion	15%

### Registrar

Link Intime India Private Ltd.

### Book Running Lead Managers

Hem Securities Limited

### Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	99.99%	73.55%
Public & Others	0.01%	26.45%

### Objects of the issue

- Secured financing for factory expansion and equipment upgrades.
- Repayment of specific borrowing availed by the Company
- Working Capital requirements

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Danish Power Ltd. is an authorized business that specializes in producing control relay panels and transformers for power transmission systems and renewable energy projects. Its product line serves the needs of wind farms, solar power, and power utility companies. It includes distribution transformers, power transformers, inverter duty transformers, and control relay panels. DPL has a robust customer base that includes Torrent Power, Tata Power Solar, and ABB India. Its production capacity is 4681 MVA for transformers and 576 units for relay panels, featuring state-of-the-art manufacturing and testing facilities authorized by NABL, guaranteeing goods of superior quality that adhere to regulations and enhance customer satisfaction and retention.

### Investment Rationale

**Manufacturing Facility Expansion and Future Growth Plans:** The company is concentrating on raising its manufacturing capacity in order to improve operational effectiveness and satisfy rising demand. To facilitate this growth, the business purchased a wholly-owned subsidiary in FY24-25. It also intends to build further production facilities on undeveloped land at its Mahindra World City headquarters in Jaipur. The expansion will increase transformer production capacity and is financed by the revenues from the IPO. In order to provide long-term value for stakeholders and clients, the company plans to invest in capacity expansion, modernization, and strategic initiatives, acquisitions, and partnerships that complement its operations.

**Broad Product Offering and Rapid expansion:** The company produces a variety of transformers, such as control relay panels with substation automation services, oil and dry type power and distribution transformers, and inverter duty transformers for renewable energy projects. These items serve the needs of the power utilities, conventional power plants, and solar and wind power industries. Achieving a CAGR of 105.89%, the company's revenue from inverter duty transformers increased from INR 5,570.14 lakhs in FY22 to INR 23,628.60 lakhs in FY24 due to the growing demand for transformers in the renewable energy sector. With development in the electrical equipment market, the company is well-positioned to harness this expansion and broaden its product offering.

**Strategic Geographical Expansion and Revenue Diversification:** Through interacting with prospective clients, attending trade shows, and running focused advertising, the business is aggressively attempting to increase its geographic footprint both domestically and abroad. The company's current concentration is on particular Indian states, but it wants to expand globally. Gujarat, Rajasthan, and Maharashtra are the three states that provide the most to revenue, though there have been notable variations in recent times. Though they currently make up a small portion of the company's revenue, foreign exports are expected to increase as the business looks to improve distribution and satisfy rising consumer demand.

**Adjusting to Transformer Technology Advancements and Industry Trends:** The company maintains its competitiveness by keeping a close eye on changes in the transformer market and making necessary adjustments to emerging patterns. The company has introduced innovations including employing ester fluids in oil-immersed transformers and participates in industry seminars. In line with sustainability objectives, these energy-efficient, environmentally friendly transformers provide excellent performance and safety. DPL is the first company in India to be granted a license for distribution transformers up to 2500 KVA and 33 KV that are immersed in ester fluid. Furthermore, the business is certified by the Bureau of Energy Efficiency (BEE) for distribution transformers with a 2-Star rating. DPL wants to increase consumer trust and spur business growth by adopting new technology and emphasizing energy efficiency.

**Valuation and View :** The firm intends to use the profits from its IPO to support the construction of new facilities at Mahindra World City, Jaipur, as well as the expansion of its manufacturing capacity through the creation of a new subsidiary. It manufactures a broad variety of transformers, and the desire for renewable energy has led to a notable increase in the revenue from inverter duty transformers. In an effort to boost exports, the corporation is deliberately broadening its geographic reach both domestically and abroad, concentrating on important Indian states. By embracing cutting-edge transformer technologies, such as ester fluids, and advocating for energy-efficient solutions, it maintains its competitiveness and sets itself up for future expansion. At the upper band of INR 380, the issue is valued at a P/E ratio of 19.65x, based on a FY24 EPS of INR 19.33. We are recommending a "Subscribe" for this issue.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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