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Investment Rationale

Riding Secular Tailwinds: A Favorable Macro-Economic Landscape

The Indian power and electrical equipment sector is in the early stages of a multi-year growth cycle, supported by significant government-led initiatives and a strong focus on renewable energy. This creates a high-visibility growth environment for efficient manufacturers like Danish Power. Key tailwinds include:

- Massive Government CAPEX:** The Government of India has announced a capital outlay of ₹11.21 Lakh Crore, providing a primary catalyst for the capital goods and infrastructure industries.
- Power Sector Expansion:** India plans to add 250 GW of new power capacity over the next five years, a threefold increase over the previous five-year period. This expansion is heavily focused on renewable energy, battery storage, and grid infrastructure.
- Market Growth Projections:** Driven by policy initiatives, the Indian electrical equipment market is projected to grow from US 52.98 billion in 2022 to US 125 billion by 2027, representing a Compound Annual Growth Rate (CAGR) of 11.68%.
- Strategic Alignment with Renewable Energy:** Danish Power has successfully pivoted to align with the fastest-growing sub-segment through Inverter Duty Transformers (IDTs), crucial for solar and wind projects.

Visionary Leadership and a Four-Decade Legacy of Excellence

The company's strategy is guided by a management team that blends decades of experience with modern expertise. Founded in 1985 by Chairman Mr. Dinesh Talwar (47+ years experience), the company is now led by Managing Director Mr. Shivam Talwar, a second-generation leader with a UK engineering degree and 18+ years at the company. This leadership has a track record of anticipating market shifts, from entering the renewables sector in 2011 to pioneering eco-friendly transformers in 2022. This operational excellence is reflected in its financials: revenue grew from ₹117.78 Crores to ₹426.71 Crores between FY21 and FY25, while EBITDA margins expanded from 4.46% to 20.87%.

Quantum Leap in Manufacturing Capacity

The company is more than doubling its manufacturing capacity from approximately 4,681 MVA to over 10,000 MVA by the end of 2025, with a total CAPEX of ₹37 Crs. The expansion is phased to minimize execution risk:

Phase 1: An addition of approximately 2,500 MVA, expected to be operational by the end of August 2025.

Phase 2: An addition of approximately 3,000 MVA, targeted to be operational by the end of December 2025.

Ascending the Value Chain with Extra High Voltage (EHV) Transformers

A key part of this expansion is the entry into the Extra High Voltage (EHV) power transformer segment (up to 245 KV class). This strategic move up the value chain provides access to a new, lucrative client base, including national transmission utilities and large power producers.

The Export Opportunity: A Margin Accretive Growth Lever

Exports to approximately 40 countries are a key growth vertical for the company, which has been recognized by the government as a "Star Export House". Export markets can be a potential margin driver, as specialized equipment meeting international standards often commands better pricing power. If management focuses on expanding its global footprint, an increased share of export revenue could have an accretive effect on blended EBITDA margins. However, this is contingent on strategic focus, as a high-demand domestic market may offer more favorable payment terms, potentially influencing where the company directs its capacity.

The Power of Partnerships: A High-Visibility Business Model

The company's quality and reliability are validated by its marquee client list, which includes industry leaders such as Tata Power, Siemens, ABB, Waaree, Jakson, and Torrent Power. In the capital goods sector, relationships are paramount. Success hinges on the ability to consistently deliver high-quality, reliable products on schedule and at competitive rates. Long-standing partnerships, built on trust and performance, are a powerful indicator of a competitive moat, as they create high switching costs for clients and provide a stable revenue base.

Valuation and Peers Snapshot

Metric	Danish Power	Shilchar Tech	TARIL	Voltamp	Indo Tech
Market Cap (₹ Cr)	1,888	5,527	14,926	8,333	2,036
Stock P/E (TTM)	31	34	58	26	27
Revenue	425	623	2,017	1,934	612
Order Book (₹ Cr)	450	800	5,246	1,280	883
Order Book to Revenue	1.1	1.3	2.6	0.7	1.4
Current Capacity (MVA)	4,681	7,500	40,000	14,000	9,684
Capacity Utilization	98%	77%	NA	100%	88%
Upcoming Capacity (MVA)	5,500	-	22,000	6,000	2,500
Capacity Expansion growth	117%	0%	55%	43%	26%
ROCE (%)	41%	71%	28%	29%	38%
ROE (%)	29%	53%	23%	22%	26%
Debt to Equity	0.01	Almost Debt Free	0.23	Almost Debt Free	Almost Debt Free
3-Yr PAT Growth (CAGR)	123%	119%	147%	35%	74%
1-Yr PAT Growth	53%	60%	360%	6%	36%

Source : Trinetra Asset Managers

Industry Overview – Power Sector

Industry Overview: Powering India's Green Transition - A Multi-Decade Capex Super-Cycle

1.0 India's Power Sector: Total Energy Capacity & Mix

The Indian power sector is undergoing a fundamental and irreversible transformation, characterized by a structural pivot from a thermal-dominated grid to a system increasingly led by renewable energy (RE). This transition, driven by robust policy mandates, favorable economics, and pressing environmental imperatives, forms the bedrock of a multi-decade capital expenditure cycle. For equipment manufacturers like Danish Power, whose product portfolio is strategically aligned with the renewable energy ecosystem, this shift represents the single most significant driver of its Total Addressable Market (TAM). An analysis of the nation's installed capacity reveals the scale and velocity of this change.

1.1 Current Installed Capacity: A System in Transition

As of March 2024, India's total installed power generation capacity stood at approximately 442 GW. This figure establishes the baseline from which all future growth is projected. While this capacity makes India one of the largest power markets globally, the composition of this capacity is more telling than its absolute size.

The grid remains anchored by thermal power, primarily coal, which accounts for 218 GW, or 49% of the total installed base. However, the narrative of growth has decisively shifted towards non-fossil fuel sources. Renewable energy capacity, including large hydroelectric projects, has reached a formidable 191 GW, constituting 43% of the total capacity. This near-parity between thermal and non-fossil fuel capacity underscores a system at a critical inflection point.

Within the renewable portfolio, solar power has emerged as the undisputed engine of growth. In a span of just six years, from March 2018 to March 2024, installed solar capacity has witnessed an explosive, near-fourfold expansion, surging from 22 GW to approximately 82 GW. Wind power capacity stands at around 46 GW, providing a stable, secondary pillar to the RE expansion. This rapid build-out of RE, particularly solar, has fundamentally reshaped the country's energy landscape and the corresponding equipment supply chain.

Table 1: India's Installed Power Capacity Mix (March 2024)

Source	Installed Capacity (GW)	Share of Total (%)
Thermal	243.2	55%
Coal	217.6	49%
Gas	24.9	6%
Diesel	0.8	0%
Non-Fossil Fuel	198.8	45%
Solar Power	81.8	19%
Wind Power	46	10%
Large Hydro	46.9	11%
Other Renewables (Biomass, Small Hydro)	15.9	4%
Nuclear	8.2	2%
Total	442	100%

Source : Trineta Asset Managers

The strategic shift is even more apparent when comparing the evolution of the capacity mix over recent years. The stagnation in thermal capacity additions contrasts sharply with the aggressive expansion in renewables, illustrating a clear redirection of capital and policy focus.

Table 2: The Shifting Landscape of Installed Capacity (FY2018 vs. FY2024)

Source	FY2018 Capacity (GW)	FY2024 Capacity (GW)	Net Addition (GW)
Coal & Lignite	200	218	18
Solar Power	22	82	60
Wind Power	34	46	12
Large Hydro	45	47	2
Total RE (incl. Large Hydro)	114	191	77

Source : Trineta Asset Managers

1.2 The Capacity Mix Directly Shapes Danish Power's TAM

The composition of India's installed capacity is a more critical determinant of Danish Power's market opportunity than the aggregate capacity figure. The company's revenue stream is heavily concentrated, with inverter duty transformers—a specialized product essential for utility-scale solar and wind projects—accounting for a remarkable 71.21% of its total sales in FY2024. These transformers are a critical interface, stepping up the voltage from inverters to connect renewable power plants to the grid.

This product concentration means Danish Power's historical growth is a direct reflection of India's solar and wind capacity boom. The nearly 4x increase in solar capacity between 2018 and 2024 created a parallel surge in demand for the very equipment that forms the core of Danish Power's business. Consequently, the company's future growth trajectory is inextricably linked to the continued expansion of RE capacity. It functions as a proxy investment vehicle for India's energy transition, offering direct exposure to the capital expenditure cycle of solar and wind farm developers.

This strategic alignment positions Danish Power to capture a significant share of the fastest-growing segment of the power sector. However, it also implies that its addressable market is not the entire power sector capex, but the highly targeted sub-segment of RE generation infrastructure. While this offers higher growth potential than that of a diversified power equipment supplier, it also concentrates risk, making the company's prospects highly sensitive to policies, regulations, and market dynamics specific to the renewable energy sector.

2.0 Power Generation Statistics: The Operational Reality

While installed capacity represents potential, actual electricity generation reveals the operational reality of the grid. An analysis of generation trends confirms that the growing share of renewable capacity is translating directly into a greater contribution to meeting the nation's energy needs. This operational integration of RE sources is creating new technical challenges and, consequently, new market opportunities for specialized grid equipment.

2.1 Generation Trends: Renewables Claiming a Larger Share of the Pie

India's electricity generation has grown consistently, reflecting the country's robust economic activity. Total generation reached 1,617.72 Billion Units (BU) in FY2023 and climbed further to 1,736 BU in FY2024, underscoring the rising baseline energy demand that necessitates continuous capacity addition.

Although thermal sources continue to be the workhorse of the grid, providing the bulk of the energy generated, the contribution from renewables is becoming increasingly significant, especially in resource-rich states. In FY2024, renewable sources accounted for 40% of total generation in Rajasthan, 33% in Karnataka, 28% in Gujarat, and 24% in Tamil Nadu. These figures demonstrate that renewables are no longer a marginal contributor but a mainstream source of power in key regions. This trend is consistent with global patterns, where solar generation grew by 29% in 2024, meeting 40% of the worldwide increase in electricity demand.

For companies like Danish Power, the increasing quantum of electricity generated from renewable sources is a crucial validation of their business model. Higher generation from solar and wind farms signifies higher utilization and economic returns for their customers (the RE developers), which reinforces the financial logic for building more such assets and, in turn, drives future demand for essential equipment like inverter duty transformers.

2.2 Generation Mix Drives Demand for Grid Stability Equipment

The structural shift in the generation mix towards intermittent sources like solar and wind introduces significant technical challenges for grid management. The variable nature of their output creates fluctuations in frequency and voltage, demanding more sophisticated control and protection systems to maintain grid stability and prevent disruptions. This technical imperative is creating a robust, secondary market for advanced grid equipment, directly benefiting Danish Power's "Panels" business segment.

This segment, which includes Control Relay Panels (CRPs) and Substation Automation (SCADA) systems, provides the critical "brains" and "nervous system" for modern substations. CRPs are essential for protecting high-value assets, such as power transformers, from electrical faults that can be exacerbated by the intermittency of renewable generation. SCADA systems enable the remote monitoring and automated control required to manage a complex grid with thousands of distributed and variable generation points.

As the penetration of RE in the generation mix deepens, the need for these intelligent grid management solutions grows not just linearly with capacity additions, but at an accelerated rate due to the escalating complexity of grid operations. Therefore, Danish Power's panel business, which contributed 8.76% of revenue in FY2024, serves as a complementary beneficiary of the RE boom. While smaller than its transformer segment, this business addresses a critical need created by the very success of its primary market, offering a pathway to diversified, high-value growth.

3.0 Electricity Demand & Consumption Trends

The demand side of India's power equation provides the unwavering "pull" factor that underpins the entire sector's growth. A combination of structural economic expansion, rising incomes, increasing electrification, and the emergence of new, power-intensive industries is creating a robust and sustained demand for electricity. This demand growth is the fundamental driver that necessitates massive investments in new generation capacity and the associated transmission and distribution infrastructure.

3.1 Robust Demand Growth: The Unwavering Foundation

India's power demand has exhibited remarkable growth in recent years. After expanding by 8.2% in FY22 and 9.6% in FY23, demand grew by another strong 8.2% in FY2024. This trend is not limited to energy volume; peak demand, which dictates the required installed capacity, has also surged. It climbed from 184 GW in FY2020 to a new high of 243 GW in FY2024.

Projections indicate that this growth trajectory is set to continue. Overall electricity demand is forecast to grow at a compound annual rate of 5.5-6.0% over the next five years (fiscals 2025-2029). Peak demand is expected to grow in lockstep at an annual average of 5-6%, projected to reach nearly 318 GW by FY2029. This dual challenge of meeting both higher energy consumption and higher peak loads necessitates a massive and sustained build-out of the entire power system.

Table 3: India's Power Demand Trajectory (FY2020 – FY2029P)

Fiscal Year	Energy Requirement (Billion Units)	Peak Demand (GW)
FY2020	1,288	184
FY2021	1,300	190
FY2022	1,398	203
FY2023	1,515	216
FY2024	1,623	243
FY2025 (P)	1,717	260
FY2026 (P)	1,820	277
FY2027 (P)	1,915	295
FY2028 (P)	2,032	314
FY2029 (P)	2,175	318

3.2 Sectoral Consumption & Future Drivers: Electrification of the Economy

The industrial sector remains the largest consumer of electricity in India, accounting for 41.16% of total consumption in FY2022. It is followed by the domestic (25.77%), agricultural (17.67%), and commercial (8.29%) sectors. While these traditional sectors will continue to grow, the next wave of demand is expected to be supercharged by new, power-intensive drivers that are part of the broader electrification of the Indian economy.

Key emerging drivers include:

- Electric Mobility:** The accelerating adoption of electric vehicles (EVs) is projected to add an incremental demand of 12-13 BU annually, on average, between fiscals 2025 and 2029.
- Digital Infrastructure:** The proliferation of data centers, cloud computing, and artificial intelligence applications is creating a new, concentrated source of high-density power demand that is expected to become a major growth driver post-2025.
- Infrastructure Modernization:** The government's push for 100% railway electrification is anticipated to add approximately 23 BU of annual demand upon completion.

These new drivers, layered on top of the foundational growth from urbanization and rising per-capita consumption, create a multi-faceted and resilient demand profile that provides strong long-term visibility for the power sector.

3.3 Demand Growth Creates a Virtuous Cycle for the Entire Value Chain

The sustained growth in electricity demand is more than just a statistic; it is the trigger for a virtuous investment cycle that flows through the entire power value chain, directly culminating in purchase orders for equipment manufacturers like Danish Power. The mechanism works through a clear causal chain:

- 1.Demand Pressure:** Surging peak demand, such as the 243 GW record in FY2024, creates significant public and political pressure on utilities and policymakers to avert power shortages.
 - 2.Policy Response:** This pressure compels governments and regulatory bodies to fast-track the approval processes for new power generation projects.
 - 3.Procurement Action:** State distribution companies (Discoms), mandated to ensure power adequacy for their consumers, respond by issuing tenders and signing long-term Power Purchase Agreements (PPAs) with generation companies.
 - 4.Financial Viability:** A signed PPA is the cornerstone document for a power project. It provides the revenue visibility necessary for a developer—such as Danish Power's key customers like Tata Power Solar or Waaree Renewable Technologies—to secure debt financing and achieve financial closure.
 - 5.Capex Deployment:** Once a project is financed, the developer commences the procurement and construction phase, placing firm purchase orders for critical equipment, including inverter duty transformers and control relay panels from suppliers like Danish Power.
- This sequence demonstrates that robust demand growth is the essential first domino. The projected 5-6% annual increase in peak demand provides a strong forward-looking indicator for a sustained capital expenditure cycle in the generation and T&D sectors for the foreseeable future.

4.0 Transmission & Distribution (T&D): The Critical Enabler

The Transmission and Distribution (T&D) segment is the vital conduit that connects power generation to consumption centers. It is no longer a passive network but an active and critical enabler of India's energy transition. The massive influx of renewable energy, often located far from demand centers, necessitates a complete re-architecting of the grid. This has triggered an unprecedented investment cycle in T&D infrastructure, creating a vast market for equipment suppliers. This segment represents a direct market for Danish Power's power transformers and control panels and an indirect market for its customers, the T&D EPC contractors.

4.1 T&D Infrastructure: A Massive Investment Pipeline

To support its growing generation base and evacuate power from RE-rich regions, India has been steadily expanding its T&D network, which stood at 485,544 circuit kilometers (ckm) as of March 2024. However, the scale of future investment is set to dwarf past efforts.

A colossal capital expenditure of **Rs 23-24 trillion (approximately USD 275-290 billion)** is anticipated in the Indian power sector between fiscal years 2025 and 2029. While the generation segment will attract the largest share (Rs 16.5-17.5 trillion), the T&D sector is slated for a massive infusion of **Rs 5.5-7.5 trillion (approximately USD 66-90 billion)** over this five-year period. This investment will be broadly split between:

- Transmission:** Rs 2.5-3.5 trillion, focused on building high-capacity inter-state corridors.
- Distribution:** Rs 3-4 trillion, aimed at modernizing the last-mile delivery network.

A primary driver of this capex is the need to integrate over 500 GW of renewable capacity by 2030. This has led to dedicated initiatives like the **Green Energy Corridor (GEC)** scheme, which has a planned investment of Rs 2.44 lakh crore (approximately USD 29 billion) specifically for building the transmission infrastructure required to evacuate power from solar and wind parks.

Table 4: Projected Capex in India's Power Sector (FY2025–FY2029)

Segment	Projected Investment (Rs Trillion)	Projected Investment (USD Billion, approx.)	Key Drivers
Generation	16.5 - 17.5	198 - 210	
Renewable Energy	~12.2	~147	500 GW RE Target, Favorable Economics
Thermal & Other	~4.8	~58	Grid Balancing, Meeting Peak Demand
Transmission & Distribution	5.5 - 7.5	66 - 90	
Transmission	2.5 - 3.5	30 - 42	Green Energy Corridors, Inter-regional Links
Distribution	3.0 - 4.0	36 - 48	RDSS Scheme, Loss Reduction, Smart Grids
Total Power Sector	23.0 - 24.0	276 - 288	

Source : Trineta Asset Managers

4.2 The T&D EPC Market: Danish Power's Customer Ecosystem

This massive wave of T&D investment translates directly into a booming market for Engineering, Procurement, and Construction (EPC) services. The Indian T&D EPC market, which encompasses the entire value chain of building transmission lines and substations, is projected to grow to **USD 20.5-21 billion by 2029**.

This EPC market is the primary ecosystem for Danish Power's customers. Large EPC contractors who win these T&D project tenders are the principal buyers of power transformers, distribution transformers, and control relay panels. Therefore, the health and growth of the T&D EPC market serve as a direct leading indicator for demand for a significant portion of Danish Power's product portfolio.

4.3 Grid Modernization is as Big an Opportunity as Grid Expansion

The T&D capital expenditure is not solely for building new infrastructure (expansion); a substantial portion is dedicated to upgrading and modernizing the existing, aging network. This modernization effort is spearheaded by the government's flagship **Revamped Distribution Sector Scheme (RDSS)**, a results-linked program with a massive outlay of Rs 3.04 trillion.

The core objective of RDSS is to improve the operational and financial health of state-owned Discoms, primarily by reducing staggering Aggregate Technical & Commercial (AT&C) losses. The scheme links financial assistance to tangible performance improvements, creating a powerful incentive for Discoms to invest in modern, efficient, and smart grid technologies. This creates a distinct and parallel market opportunity for equipment suppliers. This modernization drive includes:

- Replacing old, inefficient distribution transformers with new, energy-efficient models to reduce technical losses.
- Installing advanced protection and automation systems, such as SCADA and modern CRPs, in substations to improve reliability, reduce downtime, and enable remote management.

This creates a more resilient and diversified demand base for companies like Danish Power. The multi-year, policy-driven push for grid modernization provides a steady, baseline demand for distribution transformers and control panels. This demand is largely independent of the cyclicity of new generation project awards, adding a layer of stability to the company's long-term revenue visibility.

5.0 The Road Ahead: India's Energy Goals & Transformative Trends

The Indian power sector is propelled by a clear, long-term national vision, supported by favorable economics and transformative technological trends. This confluence of factors is set to sustain the sector's growth momentum for the next decade and beyond, solidifying the investment thesis for well-positioned companies within the value chain.

5.1 India's FY2030 Vision: A 500 GW Non-Fossil Fuel Mandate

The central pillar of India's energy policy is the ambitious national target to achieve **500 GW of installed capacity from non-fossil fuel sources by 2030**. This single goal dictates the trajectory of all investment and policy-making in the sector. Starting from a non-fossil base of approximately 191 GW in 2024, achieving this target requires the addition of over 300 GW of clean energy capacity in just six years. This translates into an unprecedented required annual addition rate of around 50 GW.

To facilitate this, the government has laid out a clear roadmap, including a plan to auction **50 GW of renewable energy capacity every year** from FY2024 through FY2028. The scale of this undertaking necessitates a massive capital outlay, estimated at

Rs 40 trillion (approximately USD 480 billion) over the next decade, with annual power sector capex projected to surge from the current Rs 3 trillion to **Rs 5 trillion (approximately USD 60 billion) by FY2030**.

Table 5: The Path to 2030: Projected Installed Capacity Mix

Source	Capacity FY2024 (GW)	Projected Capacity FY2030 (GW)	Key Mandate
Non-Fossil Fuel	191	500	National Target
Solar	82	~300+	Primary growth driver
Wind	46	~100	Steady growth
Hydro, Nuclear, Other RE	63	~100	Supporting role
Thermal (Coal, Gas)	251	~350	Grid balancing & peak power
Total Projected Capacity	442	~850	To meet ~360 GW peak demand

Source : Trinetra Asset Managers

5.2 Key Catalysts & Emerging Frontiers

Beyond the top-down policy push, several powerful bottom-up catalysts are accelerating the transition and creating new frontiers for growth.

• **Favorable Project Economics:** The most potent and sustainable driver is the compelling economic viability of renewable energy. A global manufacturing glut has caused solar module prices to plummet, while advancements in battery technology are driving down the cost of energy storage, with global prices projected to fall below the critical threshold of **USD 100/kWh by 2025**. This makes RE-plus-storage solutions increasingly competitive against new thermal power plants on a levelized cost basis, driving investment based on market logic rather than subsidies alone.

• **Unwavering Policy Support:** The government's commitment is reinforced through a suite of supportive policies. The **Production Linked Incentive (PLI) schemes** are designed to build a domestic manufacturing ecosystem for high-efficiency solar modules (targeting 48 GW of capacity) and advanced chemistry cell batteries (targeting 50 GWh). Furthermore, the

National Green Hydrogen Mission is set to create a massive new demand vertical for renewable energy, requiring an associated RE capacity of **125 GW** to meet its production targets.

• **The Next Frontiers – BESS and Green Hydrogen:** Addressing the intermittency of renewables is the next major challenge, and this challenge represents a new, multi-billion-dollar market. India is projected to add **23-24 GW of Battery Energy Storage Systems (BESS)** by FY2029. These utility-scale BESS projects are essentially electrical substations that require power conversion systems, transformers, and sophisticated control panels, creating a significant new TAM for Danish Power's existing product lines. Similarly, the development of a green hydrogen ecosystem will be anchored by giga-scale renewable energy plants, further expanding the core market for RE equipment.

5.3 Concluding View: A Sector Poised for Sustained, Multi-Decade Growth

The Indian power sector is at the confluence of three powerful, long-term structural trends: **(1) surging and diversifying electricity demand** driven by economic growth and the electrification of transport and industry; **(2) a national mission to decarbonize the grid** through a massive 500 GW renewable energy build-out by 2030; and **(3) the economic and technical imperative to modernize and expand the T&D network** to reliably integrate this new generation capacity.

Companies like Danish Power, with a product portfolio strategically focused on the critical hardware for RE generation (inverter duty transformers) and intelligent grid management (power transformers and control panels), are not merely participants in this transition; they are fundamental enablers. Their Total Addressable Market is directly correlated to the gigawatts of renewable and storage capacity commissioned and the trillions of rupees invested in the grid each year. The powerful combination of robust demand, unwavering policy support, and increasingly favorable project economics provides exceptional long-term visibility for sustained growth across the entire power equipment ecosystem.

Company Overview

Danish Power Limited is an ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certified company specializing in the manufacturing of a wide range of transformers and electrical panels. The company's product portfolio includes inverter duty transformers for renewable energy projects (solar and wind), power and distribution transformers (both oil and dry type), and control relay panels with substation automation services. These products are crucial for the efficient transmission and distribution of electrical power across various sectors, including renewable energy EPC projects, power generation plants, power transmission, and electricity sub-stations.

The company's key products include:

Product Name	Key Features & Specifications	Use Case & Applications	Key Raw Materials
Transformers for Renewable Energy	Type: Inverter Duty Transformers (multi-winding) for solar and WTG Duty Transformers for wind. Range: 500 kVA up to 18,000 kVA. Voltage Class: Up to 33 kV.	Primary Use: Integral step-up transformers for renewable energy power plants. Applications: • Solar: Connected after the solar inverter to step up the voltage. • Wind: Connected to the Wind Turbine Generator (WTG) to step up voltage.	• Cold Rolled Grain Oriented (CRGO) Electrical Steel • Copper or Aluminum Wire, Strip, and Sheet • Transformer Oil (Mineral & Ester Fluid) • Mild Steel
Distribution Transformers	Type: Outdoor/indoor type, liquid immersed (Mineral Oil & Ester Fluid). Range: 50 kVA to 5,000 kVA. Voltage Class: 0.3 kV up to 33 kV. Certifications: BEE (Bureau of Energy Efficiency) & BIS (ISI Mark) certified. First in India to get a BIS license for Ester Fluid filled transformers.	Primary Use: Stepping down voltage in the distribution network for end-users. Applications: • Commercial Buildings • Residential Colonies • Factories and industrial units	• CRGO Electrical Steel • Copper or Aluminum Wire, Strip, and Sheet • Transformer Oil • Mild Steel
Dry Type Cast Resin Transformers	Type: Oil-free, cast resin insulated. Range: 100 kVA to 5,000 kVA. Voltage Class: 0.3 kV to 33 kV.	Primary Use: Safe for indoor installations or in highly populated, closed areas where fire safety is critical. Applications: • Airports and Malls • Railway Stations • High-Rise Buildings	• CRGO Electrical Steel • Copper or Aluminum Wire, Strip, and Sheet • Mild Steel
Power Transformers	Type: Oil-immersed (Mineral Oil & Ester Fluid). Range: 5 MVA to 63 MVA. Voltage Class: 33 kV to 132 kV.	Primary Use: Stepping up or stepping down voltage at High Voltage (HV) substations for efficient power generation and transmission. Applications: • Power substations at generation (renewable & conventional) plants • Transmission and distribution grids	• CRGO Electrical Steel • Copper or Aluminum Wire, Strip, and Sheet • Transformer Oil • Mild Steel
Control Relay Panels (Protection Panels)	Type: Protection panels for fault detection and equipment safety. Voltage Class: Suitable for substations from 11 kV up to 400 kV.	Primary Use: Installed in High Voltage (HV) & Extra High Voltage (EHV) substations to protect valuable equipment like transformers and feeders from faults.	• Mild Steel CRCA Sheets • Relays • Annunciators, Meters, Indicators • Control Switches
Substation Automation System (SCADA)	Type: A comprehensive control system architecture. Components: Includes automation panels with relays, computers, networked data communications, and graphical user interfaces (GUI).	Primary Use: High-level supervisory control and data acquisition for entire substations and their power equipment.	• Automation Panels • Relays • Computers and networking hardware • GUI Software

Source : Trinetra Asset Managers

Manufacturing Facilities

The company operates from two manufacturing facilities located in Jaipur, Rajasthan:

1.F-679, 680, G-694, Sitapura Industrial Area, Jaipur.

2.Plot no 02-07 & 08, DTA Phase II, PO Mahindra World City, Jaipur.

These facilities have a combined installed production capacity of 4681 MVA per annum for transformers and 576 units per annum for control relay panels. The plants are equipped with modern machinery, including foil winding machines, CNC plasma machines, and vacuum drying ovens, to ensure high-quality production. The company's testing facility is NABL accredited and capable of performing a wide range of tests to meet stringent industry standards.

Revenue Analysis

Revenue Recognition Policy

Danish Power Limited recognizes revenue from product sales when the significant risks and rewards of ownership are transferred to the buyer; for exports, this occurs upon the goods' removal from the factory. Interest income is accounted for on an accrual basis, and other income is recognized only when its collection is certain.

Particulars	2022	2023	2024	2025
Inverter Duty Transformer	56	99	236	NA
As a % of total revenue	37%	53%	71%	
Distribution Transformer	72	65	65	
As a % of total revenue	48%	34%	20%	
Power Transformer	6	0	0	
As a % of total revenue	4%	0%	0%	
Transformers	134	168	303	392
As a % of total revenue	90%	89%	91%	92%
Panels	14	20	29	32
As a % of total revenue	9%	11%	9%	7%
Income from other sources	1	1	3	9
As a % of total revenue	1%	0%	1%	2%

Source : Trinetra Asset Managers

The data shows that revenue from Inverter Duty Transformers, which are essential for solar and wind power projects, has surged from 37.7% of sales in FY22 to over 71% in FY24. This represents a compound annual growth rate (CAGR) of 105.9% for this product category over the two-year period. This successful pivot has transformed Danish Power from a generalist electrical equipment manufacturer into a specialized and critical supplier for India's green energy transition.

This strategic shift means the company's performance is now intrinsically linked to the Indian renewable energy capital expenditure cycle. This provides a powerful secular tailwind, driven by national policy and significant government investment in the sector. However, it also exposes the company to the specific risks of the RE industry, including sensitivity to interest rate changes, shifts in government policy, and the financial health and project execution timelines of its key EPC clients. An investment in Danish Power has effectively become a proxy investment on the continued growth and stability of the Indian RE sector.

Particulars	2022	2023	2024	CAGR
Rajasthan	38	96	132	87%
Maharashtra	36	35	69	38%
Gujarat	20	11	58	71%
Madhya Pradesh	5	1	24	126%
Dadra & Nagar Haveli	0	4	10	178%
Uttar Pradesh	5	6	7	15%
Delhi	16	17	6	-37%
Karnataka	2	5	2	-5%
Haryana	12	1	1	-75%
Domestic Other States	6	7	14	52%
Domestic	141	182	324	52%
As a % of total revenue	95%	96%	97%	
Exports	7	7	8	7%
As a % of total revenue	5%	3%	2%	

Source : Trinetra Asset Managers

In FY24, nearly 78% of the company's revenue was generated from just three states: Rajasthan, Maharashtra, and Gujarat, which are leading states for solar and wind energy projects. This concentration reinforces the company's deep integration into the domestic RE supply chain.

Conversely, exports represent a very small fraction of the business, accounting for only 2.44% of revenue in FY24. Despite holding a "Star Export House" status and having won multiple national awards for export excellence in the past, the company's current strategic focus is overwhelmingly domestic. This presents a significant, largely untapped opportunity for future growth, which could be explored once the planned domestic capacity expansion is complete.

Danish Power Value Chain

Category	Value Chain Stage	Key Activities	Core Components/Outputs
Supply Side (Primary)	Inbound Logistics	Sourcing of CRGO, copper, aluminum, transformer oil, and relays; Raw material quality inspection; Inventory management.	Secure supply of quality-inspected raw materials.
	Operations	Transformer manufacturing (winding, core assembly, tanking); Control Relay Panel manufacturing (fabrication, powder coating, wiring); Quality control and testing in NABL-accredited lab.	Finished transformers (Inverter Duty, Distribution) and Control Relay Panels.
	Outbound Logistics	Final product testing; Secure packaging; Dispatch and coordination with third-party logistics providers for delivery to customer sites.	Timely and safe delivery of finished goods.
Demand Side (Primary)	Marketing & Sales	B2B relationship management led by senior management; Participation in industry events (e.g., IEEMA); Advertising in industrial magazines; Responding to RFQs and submitting quotations.	Strong order book; Long-term customer relationships.
	Service	Substation automation services; After-sales support and warranty fulfillment.	Customer satisfaction and retention.
Support	Firm Infrastructure	Management of two manufacturing facilities; Financial management; ISO 9001, 14001, & 45001 certified quality, environmental, and safety systems.	Operational efficiency and regulatory compliance.
	Human Resource Management	Recruitment, training, and retention of skilled engineers, technicians, and production staff.	Experienced and productive workforce.
	Technology Development	In-house product design and engineering; R&D for product improvement; Operation of advanced testing equipment.	Customized, high-quality product designs and blueprints.
	Procurement	Supplier identification and negotiation (domestic and import); Purchase order-based procurement of raw materials and components.	Cost-effective sourcing of necessary inputs.

Source : Trineta Asset Managers

The Supply Side: Forging Power Components

The supply side of Danish Power's value chain encompasses the entire operational framework responsible for converting raw materials into highly engineered transformers and control panels. This includes its physical manufacturing assets, production processes, sourcing network, cost management, and the skilled workforce that drives its operations.

Manufacturing Infrastructure: The Foundation of Production

Danish Power's production capabilities are centered around two manufacturing facilities located in Jaipur, Rajasthan: an established plant at F-679, 680, G-694 in the Sitapura Industrial Area, and a newer, more modern facility at Plot no 02-07 & 08, DTA Phase II, in Mahindra World City, which commenced operations in 2022. This recent expansion at Mahindra World City indicates a phase of organic growth undertaken even before the proposed Initial Public Offering (IPO), signaling management's proactive approach to scaling capacity.

As of March 31, 2024, these two plants provide a combined installed capacity of 4681 MVA for transformer manufacturing and 576 units for control relay panels. An examination of production data reveals a significant ramp-up in operational tempo, particularly for transformers. Capacity utilization for transformers has steadily climbed from 71% in Fiscal Year (FY) 2022 to 72% in FY23 and accelerated to 96% in FY25. This sharp increase in utilization underscores the mounting demand pressure on the company's existing infrastructure.

Table 1: Danish Power - Manufacturing Capacity & Utilization (FY22-FY25)

Particulars	2022			2023		
Capacity	Installed Capacity	Actual Production	CU %	Installed Capacity	Actual Production	CU %
Transformer manufacturing (MVA)	1955	1386	71%	2705	1953	72%
Control relay panels (UNITS)	452	298	66%	486	346	71%

Particulars	2024			2025		
Capacity	Installed Capacity	Actual Production	CU %	Installed Capacity	Actual Production	CU %
Transformer manufacturing (MVA)	4681	3807	81%	4681	4494	96%
Control relay panels (UNITS)	576	416	72%	576	416	72%

Source : Trineta Asset Managers

Any delay in executing the planned capital expenditure, which includes building a new factory shed and installing additional machinery, could directly impact the company's ability to convert its strong order book into revenue and potentially damage relationships with key customers.

The technical sophistication of the company's operations is evidenced by its array of key equipment, which includes Foil winding machines, CNC plasma machines, Transformer oil filter machines, and Vacuum drying ovens. A significant competitive differentiator is the company's in-house NABL-accredited testing laboratory, which is capable of performing advanced tests such as lighting impulse withstand tests, capacitance-tan delta, and partial discharge tests. This facility is critical for ensuring that products meet the stringent quality and performance standards demanded by customers in the power and renewable energy sectors.

The Manufacturing Blueprint: From Raw Material to Finished Product

As outlined in its Draft Red Herring Prospectus, the company follows a systematic and quality-controlled manufacturing process for its core products.

Transformer Manufacturing Process

- 1.Raw Material Inspection:** The process begins with the receipt and rigorous quality inspection of core inputs, primarily Cold Rolled Grain Oriented (CRGO) Electrical Steel, copper and aluminum conductors, and transformer oil.
- 2.Winding:** Primary and secondary coils, which are central to the transformer's function of altering voltage levels, are created by winding insulated copper or aluminum wire and strips.
- 3.Core Assembly:** Thin, stacked laminations of CRGO steel are meticulously assembled to form the magnetic core, which facilitates the efficient transfer of energy.
- 4.Assembly:** The wound coils and the core are integrated into a single core-coil assembly.
- 5.Dehydration/Ovening:** To ensure superior insulation and prevent degradation, the entire assembly is placed in a vacuum chamber where all moisture is removed.
- 6.Tanking:** The dried assembly is lowered into its fabricated mild steel tank, which is then filled with high-grade insulating oil. The tank is sealed and tested for leaks.
- 7.Final Testing & Dispatch:** The finished transformer undergoes a comprehensive suite of tests in the NABL-accredited laboratory to verify its performance against design specifications before being packaged and dispatched to the customer.

Control Relay Panel Manufacturing Process

- 1.Fabrication:** The process starts with the precision cutting, bending, and welding of mild steel sheets using CNC machinery to create the panel's cabinet structure.
- 2.Pre-Treatment & Powder Coating:** The fabricated parts undergo a multi-stage chemical pre-treatment process to ensure a clean surface, followed by powder coating and baking in an oven for a durable, high-quality finish.
- 3.Cabinet Assembly:** The coated parts are assembled using nuts and bolts to form the final panel cabinet.
- 4.Fitting & Module Assembly:** Internal components such as relays, meters, annunciators, and control switches are carefully installed in their designated positions within the cabinet.
- 5.Inter-Connection Wiring:** Technicians meticulously wire all internal components according to the approved single-line diagram and engineering schematics.
- 6.Final Testing & Dispatch:** The fully assembled panel undergoes comprehensive functional testing to ensure all circuits and components operate correctly. After successful testing, the panel is packed and dispatched.

Raw Material Sourcing: Managing the Core Inputs

The company's production relies on a specific set of primary raw materials, including CRGO Electrical Steel, Copper (wire, strip, sheet), Aluminum (wire, strip, sheet), Mild Steel, Transformer Oil, and Relays. These materials are sourced through a hybrid model, combining imports for certain specialized items with procurement from domestic suppliers. This exposes the company to both global commodity price cycles and foreign currency exchange rate fluctuations.

A critical aspect of the company's sourcing strategy, as highlighted in its risk factors, is the absence of long-term supply agreements. The company operates on a purchase order basis, which provides flexibility but also leaves it highly vulnerable to price volatility and supply disruptions in the raw materials market. The cost of these materials constitutes a significant portion of the company's operational expenditure, making margin management a key challenge.

Table 2: Raw Material Cost as a Percentage of Revenue (FY22-FY25)

Particulars	2022	2023	2024	2025
Revenue From Operations	149	189	332	425
COGS	123	151	246	302
COGS as a % of revenue	83%	80%	74%	71%

Source : Trinetra Asset Managers

The data in Table 2 reveals a noteworthy trend. Despite the stated risks of input cost volatility, the company has successfully reduced its raw material cost as a percentage of revenue from 86.2% in FY22 to 75.2% in FY24. This improvement during a period of rapid revenue growth suggests the company has been able to leverage operating efficiencies and, more importantly, exercise a degree of pricing power in a strong demand environment.

The Demand Side: Powering the Market

The demand side of the value chain focuses on how Danish Power connects its products to the market. This involves its strategies for generating demand, the characteristics of its customer base, and the market segments it serves.

Demand Generation Strategy: Cultivating Business

Danish Power employs a high-touch, business-to-business (B2B) sales model. The strategy is heavily reliant on the direct involvement of its senior management and promoters, who leverage their extensive industry experience and networks to nurture long-term relationships with large institutional clients.

This relationship-driven approach is supplemented by targeted marketing initiatives designed to enhance brand visibility within its specific industry verticals. The company actively sponsors and participates in key industry events, such as those organized by the Indian Electrical and Electronics Manufacturers' Association (IEEMA). It also engages in focused advertising in industrial magazines relevant to the power and electrical equipment sectors. This strategy indicates a clear focus on reaching key decision-makers within its target customer base rather than broad, mass-market branding.

Customer Landscape and Market Segments

The company serves a blue-chip clientele composed of leading names in the Indian power and infrastructure space. These customers can be broadly categorized into two primary segments:

1. Renewable Energy (RE) EPC Contractors: This includes major players like Tata Power Solar System Ltd, Waaree Renewable Technologies Limited, and Jakson Green Private Limited, who are at the forefront of building India's solar and wind power capacity.

2. Power Utilities and T&D Companies: This segment includes established utilities like Torrent Power Limited and global electrical equipment giants like ABB India Limited.

A defining characteristic of the company's revenue profile is its high degree of customer concentration. This concentration has intensified alongside its revenue growth, highlighting both the strength of its key relationships and the associated risk.

Table 3: Top 10 Customer Revenue Contribution (FY22-FY24)

Fiscal Year	Revenue from Top 10 Customers (Rs. Lakhs)	Total Revenue from Operations (Rs. Lakhs)	Top 10 as % of Total Revenue
FY22	119	149	79.86%
FY23	145	189	76.75%
FY24	293	332	88.04%

Source : Trinetra Asset Managers

The increase in concentration to 88.04% in FY24 indicates that the company's recent growth has been driven by securing larger, higher-value orders from its core group of top-tier clients, particularly within the RE sector. While this validates the quality of its offerings and customer satisfaction, it also means that the loss or delay of projects from a single major client could have a disproportionate impact on financial performance.

Industry Growth Drivers

- **Government Focus on Infrastructure and 'Make in India':** The Indian government's heavy investment in upgrading the country's power infrastructure is a massive driver. Schemes like the **Revamped Distribution Sector Scheme (RDSS)** aim to improve the quality and reliability of power supply, creating immense demand for transformers, switchgear, cables, and panels. The 'Make in India' initiative also provides a favorable environment for domestic manufacturers.
- **The Renewable Energy Transition:** India's ambitious targets for solar and wind energy require a massive build-out of supporting infrastructure. Every new solar park and wind farm needs **new substations, transformers, and control panels** to connect to the grid, creating a sustained demand for electrical equipment.
- **Rapid Industrialization and Urbanization:** The growth of manufacturing plants, data centers, smart cities, and large-scale real estate projects directly fuels the demand for electricity and, consequently, for all the equipment needed to manage and distribute that power safely and efficiently.
- **Technological Advancements and Grid Modernization:** There is a major push to upgrade the old electrical grid into a "smart grid." This transition creates demand for modern equipment with **automation, remote monitoring capabilities, and higher energy efficiency**. Companies that can offer these advanced products have a significant competitive advantage.
- **Rise of Electric Mobility (EVs):** The increasing adoption of electric vehicles requires a widespread network of charging stations. Each station needs electrical infrastructure like transformers, safety switchgear, and control panels, opening up a completely new and rapidly growing market for electrical equipment manufacturers.

Company Growth Drivers

- **Product Diversification and Innovation:** This involves strategically moving up the value chain from standard products to higher-margin, technology-driven equipment. A key example of this is expanding into the manufacturing of Extra High Voltage (EHV) transformers (e.g., 220 kV and 400 kV). This move allows the company to target large-scale national grid projects, access markets with higher profitability and fewer competitors, and significantly enhance its technical credibility and brand equity.
- **Capacity Expansion and Operational Efficiency:** This involves more than just increasing factory size. Key drivers are investing in modern, automated machinery (like CNC machines for fabrication) to improve production speed and quality, optimizing the supply chain to reduce costs, and training the workforce to enhance productivity.
- **Client Base Expansion:** Actively targeting new customer segments is crucial. This means moving beyond existing industrial clients to secure contracts with government power utilities (Discoms), large EPC contractors, and high-growth sectors like data centers, commercial real estate, and infrastructure projects (e.g., metros, airports).
- **Strengthening Client Relationships for Repeat Orders:** This driver is powered by a reputation for reliability, quality, and excellent after-sales service. Consistently delivering projects on time and providing prompt technical support builds trust, turning one-time clients into long-term partners who provide recurring business and valuable referrals.
- **Strategic Geographic Expansion (Exports):** This involves identifying and entering high-potential international markets. For an Indian firm, key targets would be countries in SAARC (e.g., Bangladesh, Nepal), Africa, and the Middle East that are currently investing heavily in their power infrastructure. Success here depends on obtaining international certifications (like IEC standards) and building local partnerships.

Return Matrix

Gross Profit Margin

Particulars	2022	2023	2024	2025
Revenue from Operations	149	189	332	425
YoY Growth		27%	76%	28%
COGS	123	151	246	302
YoY Growth		23%	63%	22%
As a % of revenue	83%	80%	74%	71%
Cost of material consumed	128	154	250	311
Changes in inventories	-5	-3	-4	-9
Gross Profit	26	38	86	123
Gross Profit Margins	17%	20%	26%	29%

Source : Trinetra Asset Managers

Revenue from Operations - Trend and Fluctuations

DPL's revenue grew at an exceptional 41.8% CAGR from FY22 to FY25, driven by a strategic focus on the renewable energy sector. Growth accelerated dramatically in FY24 (76.2%) due to surging demand for the company's Inverter Duty Transformers, which are critical for solar and wind farm projects. Strong momentum continued in FY25 with 27.8% growth, reflecting robust end-market demand and enhanced capacity post-IPO.

Cost of Goods Sold (COGS) - Trend and Fluctuations

A key driver of DPL's success has been managing COGS to grow slower than revenue, leading to margin expansion. This trend was particularly pronounced in FY24, where revenue grew 76.2% while COGS increased by a more moderate 63.2%. This efficiency gain was driven by a reduction in key raw material prices (CRGO, copper, aluminum) and "better price negotiations" with suppliers due to the company's increased scale of operations. The trend continued into FY25, embedding these structural cost advantages into the business model.

Operating Profit Margin

Particulars	2022	2023	2024	2025
Employee benefit expenses	9	11	19	25
YoY Growth		23%	73%	30%
As a % of revenue	6%	6%	6%	6%
Other expenses	6	10	11	17
YoY Growth		70%	5%	55%
As a % of revenue	4%	5%	3%	4%
EBITDA	11	16	56	81
EBITDA Margins	7%	9%	17%	19%
Depreciation and amortisation expenses	1	2	3	4
As a % of revenue	1%	1%	1%	1%
EBIT	10	14	53	77
EBIT Margins	7%	8%	16%	18%

Source : Trinetra Asset Managers

Operating Expenses - Trend and Fluctuations

•**Employee Benefit Expenses:** While absolute costs grew to support business expansion, this expense remained stable as a percentage of revenue (5.8%-6.1%), indicating disciplined cost management where headcount growth is aligned with top-line expansion.

•**Other Expenses:** This category has been a key source of operating leverage. In FY24, while revenue grew 76.2%, combined operating expenses grew only 40.7%. This was aided by non-recurring items, including the reversal of a ₹1.07 Crore foreign exchange loss from FY23 and a reduction in 'Sundry Balances Written Off'. This efficiency drove the explosive growth in the EBITDA margin from 8.6% to 16.8% in FY24.

Net Profit Margin

Particulars	2022	2023	2024	2025
Finance costs	3	3	4	6
As a % of revenue	2%	2%	1%	1%
Other Income	1	1	2	8
As a % of revenue	0%	0%	1%	2%
EBT	7	12	51	79
EBT Margins	5%	6%	15%	18%
Tax expenses	2	3	13	20
As a % of Revenue	1%	2%	4%	5%
Effective Tax rate	28%	27%	26%	26%
PAT	5	9	38	58
PAT Margins	4%	5%	11%	14%

Source : Trineta Asset Managers

•**Finance Costs & Other Income:** Pre-IPO, finance costs shrank as a percentage of revenue due to rapid top-line growth. Post-IPO in FY25, the company's financial structure inverted. The IPO proceeds swelled cash balances from ₹20.26 Crores to ₹124.97 Crores, causing 'Other Income' to surge to ₹7.56 Crores from interest earned. This transformed a net financing cost of ₹1.37 Crores in FY24 into a net financing income of ₹1.67 Crores in FY25, providing a structural lift to the bottom line.

•**Profit After Tax (PAT):** The combination of expanding operating margins and favorable financing dynamics led to remarkable PAT growth. The PAT margin expanded from 4.5% in FY23 to 11.5% in FY24, and reached 13.7% in FY25.

Working Capital

Particulars	2022	2023	2024	2025
Revenue from Operations	149	189	332	425
YoY Growth		27%	76%	28%
Working Capital	43	30	61	145
As a % of revenue	29%	16%	18%	34%
Inventories	31	38	49	89
As a % of revenue	21%	20%	15%	21%
Raw Materials	20	23	31	62
Work in Progress	6	7	8	16
Finished Goods	5	7	10	12
Trade Recievables	53	27	42	94
As a % of revenue	35%	14%	13%	22%
Trade Payables	41	34	30	38
As a % of revenue	27%	18%	9%	9%
WC Turnover	3.48	6.29	5.41	2.93
Inventory Turnover	4.82	5.01	6.78	4.76
Trade Recievables turnover	2.82	7.08	7.85	4.52
Payable Turnover	3.65	5.50	11.12	11.07
Working Capital days	105	58	67	124
Inventories days	76	73	54	77
Raw Materials	49	45	34	NA
Work in Progress	14	13	8	
Finished Goods	13	14	11	
Debtor days	129	52	46	
Payable days	100	66	33	33

Source : Trineta Asset Managers

The company's net working capital has increased significantly, particularly in FY25, driven by the growth in business operations and the infusion of IPO proceeds. Management notes that debtor days are expected to increase from the normalized 45-50 days seen in FY23-FY24 to the industry norm of 90-120 days, as the company's high turnover means it will no longer qualify for preferential payment terms under its previous MSME status. This will increase future working capital requirements. Conversely, the company plans to shift to immediate payment terms for key raw materials to secure better pricing, which will reduce creditor days but further increase the need for working capital.

Asset Turnover

Particulars	2022	2023	2024	2025
Revenue from Operations	149	189	332	425
YoY Growth		27%	76%	28%
Total Assets	116	108	160	416
YoY growth		-7%	48%	160%
Fixed Assets	22	31	36	76
YoY growth		39%	15%	114%
Total Asset turnover	1.28	1.75	2.08	1.02
Fixed Asset turnover	6.62	6.06	9.32	5.56

Source : Trinetra Asset Managers

Asset turnover improved significantly from 1.75x in FY23 to 2.08x in FY24, indicating rising capital efficiency during the pre-IPO growth phase. The ratio declined sharply to 1.02x in FY25, not due to operational inefficiency, but as a direct consequence of the IPO. The infusion of proceeds swelled total assets, primarily through a large cash balance that is not yet deployed into revenue-generating productive assets, thus inflating the denominator of the ratio.

Leverage

Particulars	2022	2023	2024	2025
Total Assets	116	108	160	416
Debt	28	14	10	4
Equity	35	44	82	320
Debt/Equity	0.80	0.32	0.12	0.01
Leverage (Total assets/Equity)	3.28	2.45	1.95	1.30

Source : Trinetra Asset Managers

The company was already deleveraging moderately in FY24 through strong internal accruals. The pivotal event was the FY25 IPO, which caused shareholders' funds to nearly quadruple. A portion of the proceeds was used to repay debt, causing the financial leverage ratio to collapse from 2.12x to 1.43x. This strategic recapitalization has significantly reduced the company's financial risk profile.

ROE

Particulars	2022	2023	2024	2025
Profit after tax	5	9	38	58
Revenue from operations	149	189	332	425
Total Assets	116	108	160	416
Equity	35	44	82	320
Leverage	3.28	2.45	1.95	1.30
Total Assets turnover	1.28	1.75	2.08	1.02
PAT Margins	4%	5%	11%	14%
ROE	15%	19%	46%	18%
ROE (Leverage Constant)	15%	26%	78%	46%
ROE (Asset Turnover Constant)	15%	14%	28%	23%
ROE (PAT Margins Constant)	15%	15%	14%	5%

Source : Trinetra Asset Managers

ROE

ROE = Net profit margin x Asset Turnover x Liability.

•**Pre-IPO (FY23-FY24):** The company generated a respectable 19% ROE in FY23, amplified by high leverage (2.45x). ROE surged to an exceptional 46% in FY24, driven by a dramatic improvement in both profitability and efficiency, still supported by considerable leverage.

•**Post-IPO (FY25):** ROE moderated to 18%, but its quality improved significantly. The decline was due to the collapse in financial leverage (1.43x) and a lower asset turnover (1.48x) caused by the IPO cash balance. However, the ROE remained strong because the Net Profit Margin expanded further to 13.7%, which now performs the "heavy lifting." This reflects a strategic trade of leverage-driven returns for higher-quality, profitability-driven returns.

ROIC

Particulars	2022	2023	2024	2025
EBIT	10	14	53	77
NOPAT (EBIT-Cash tax)	9	12	50	90
NOPAT Growth		35%	302%	81%
NOPAT Margin	6%	7%	15%	21%
Fixed Assets	22	31	36	76
Working Capital	43	30	61	145
Invested Capital	65	61	97	221
YoY Growth		-6%	59%	128%
Invested Capital Turnover	2.28	3.09	3.42	1.92
ROIC	14%	20%	51%	41%
ROIC Pre Tax	15%	24%	54%	35%

Source : Trineta Asset Managers

Re-Investment Rate

Particulars	2022	2023	2024	2025
Capex for the year	7	10	8	46
Working capital changes	5	-2	29	92
CFO before WC	12	17	58	86
Reinvestment rate = Capex + changes in WC/CFO	98%	49%	63%	160%

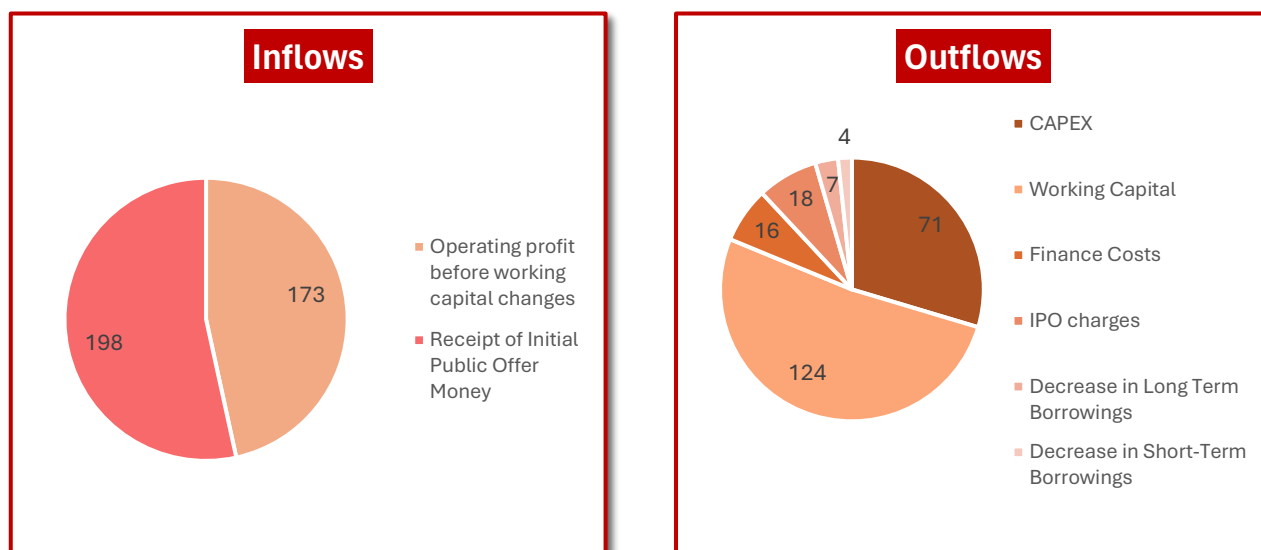
Source : Trineta Asset Managers

ROIC and Re-Investment rate

The ROIC trend mirrors operational improvements, rising from 14% in FY22 to an outstanding 51% in FY24, demonstrating exponentially growing returns from core operational assets. The FY25 ROIC of 41% remains exceptionally strong. The apparent decline is a mathematical artifact of the IPO's timing, as the year-end Invested Capital figure is inflated by equity that has not yet generated a full year of earnings. The core business generates returns that are multiples of its cost of capital.

The re-investment rate has been substantial, surging to over 160% in FY25, funded by the IPO. This indicates the company invested more back into the business than it generated in after-tax operating profit for the year. The primary driver was a necessary expansion of working capital (inventories and receivables) to support revenue growth. The company also invested in Net CAPEX, signaling the start of its manufacturing capacity expansion. This high rate of re-investment into a high-ROIC business is a clear strategy to compound capital at a high rate.

Fund Flow



Source : Trinetra Asset Managers

The fund flow clearly illustrates a pivotal period for the company, where inflows were robustly supported by both strong operating profits and a significant capital infusion from its recent IPO. The majority of these funds were strategically deployed towards fueling growth, with the largest outflows directed at expanding working capital to support higher sales volumes, followed by significant capital expenditure. This allocation demonstrates a classic post-IPO strategy of aggressively investing in operational scale and future capacity while simultaneously de-leveraging the balance sheet by repaying debt.

Table of Debt

Particulars	2022	2023	2024	2025
Debt	28	14	10	4
Long Term Borrowings	13	11	7	2
Short Term Borrowings	15	3	3	2
Finance Costs	3	3	4	6
Avg total cost of debt	11%	16%	29%	83%
Interest Coverage Ratio	3	4	15	13
Debt as a % of Total Asset	24%	13%	6%	1%
Debt/Equity	0.80	0.32	0.12	0.01

Source : Trinetra Asset Managers

While the actual interest rates on borrowings have remained in the 9-10% range, the fluctuation in the calculated "average cost of debt" can be a statistical result of the significant repayment of both long and short-term debt towards the end of Financial year.

Table of Equity

Particulars	2022	2023	2024	2025
1. Shareholders' Funds				
(a) Share Capital	2	2	2	20
Authorised Share Capital	2	2	2	25
Issued, Subscribed and Paid-up Capital:	2	2	2	20
(b) Reserves & Surplus	34	42	81	300
Securities Premium	1	1	1	176
Opening Balance	1	1	1	1
Add Addition from Public Issue	0	0	0	193
Less: IPO Issue Expenses	0	0	0	18
Closing Balance (a)	1	1	1	176
Statement of Profit & Loss	33	42	80	125
Opening Balance	28	33	42	80
Less: Bonus Shares Issued	0	0	0	-13
Profit for the year	5	9	38	58
Closing Balance (b)	33	42	80	125
Total Equity	35	44	82	320

Reconciliation of the number of shares outstanding

Source : Trinetra Asset Managers

Particulars	2022	2023	2024	2025
Number of shares at the beginning	16,09,290	16,09,290	16,09,290	16,09,290
Add : Issued during the year through Bonus Issue	-	-	-	1,28,74,320
Add : Issued during the year through Public issue	-	-	-	52,08,000
Less : Cancelled during the year on buy back of securities	-	-	-	-
Number of shares at the end	16,09,290	16,09,290	16,09,290	1,96,91,610

IPO Proceeds and Utilization as per 30th June, 2025

Source : Trinetra Asset Managers

Particulars	Amt	% of Total	Utilized	Unutilized
Funding capital expenditure towards expansion of the manufacturing facility of the Company by building of factory shed and installation of additional plant and machinery therein	37	21%	20	17
To meet working capital requirements	85	47%	40	45
Repayment of certain borrowing availed by our Company, in part or full	20	11%	20	0
General Corporate Purpose*	38	21%	26	13
Total	180		105	75

Source : Trinetra Asset Managers

The company has not fully utilized the funds raised as per the original timeline outlined in the Prospectus. As of June 30, 2025, the company has spent Rs. 19.89 crore of the Rs. 36.99 crore allocated for capital expenditure and Rs. 39.60 crore of the Rs. 55.00 crore allocated for working capital requirements. The company's board has approved a one-year extension to the timeline for the deployment of these funds, now extending to the financial year 2026.

Management Background

Name Of Director	Designation	DIN	Date of Appointment	Description	Shareholding (%)
Mr. Dinesh Talwar	Chairman & Whole-Time Director	183525	Originally appointed as Managing Director on July 10, 1985. Re-designated as Chairman & Whole-Time Director on July 22, 2024, for a term of 5 years.	Mr. Dinesh Talwar is the co-founder and patriarch of Danish Power Limited, serving as one of its principal Promoters. With an unparalleled tenure of nearly four decades in the electrical and electronics industry, he has been the central figure in the company's journey since its inception. His role has been that of a visionary entrepreneur, instrumental in establishing the company's foundational business and steering its strategic direction through various economic cycles. As Chairman, he provides overarching leadership to the Board and continues to guide the company's long-term vision and growth strategy. His deep-seated industry knowledge and extensive network are critical assets to the organization. He is also a director on the boards of the company's subsidiaries, Everest Shelter Private Limited and Danish Transformer India Private Limited, as well as the group company Tashe Power India Private Limited.	64.96%
Mr. Shivam Talwar	Managing Director	1730625	Originally appointed as Managing Director on August 1, 2007. Re-designated as Whole-Time Director on June 2, 2017, and subsequently re-designated back to Managing Director on February 14, 2024, for a term of 5 years.	Mr. Shivam Talwar, a Promoter and a second-generation entrepreneur, serves as the Managing Director, overseeing the company's comprehensive business operations. He holds a Bachelor's Degree in Electrical & Electronic Engineering from the University of Nottingham, UK, and has further honed his business acumen through the Family Managed Business (FMB) Programme at SP Jain Institute of Management & Research (SPJIMR), Mumbai. With over 17 years of experience, he has been a driving force behind the company's expansion into the private sector and international markets, personally heading the Sales & Marketing department. His leadership has been pivotal in the company's recent growth trajectory. He is an active member of prominent business organizations such as the Young Presidents' Organization (YPO) and The Indus Entrepreneurs (TiE). He also serves as a director for the subsidiaries Everest Shelter Private Limited and Danish Transformer India Private Limited.	5.55%
Mrs. Puneet Sandhu Talwar	Executive Director	6928474	Appointed as Executive Director on May 29, 2024.	Mrs. Puneet Sandhu Talwar is a Promoter and Executive Director responsible for key corporate functions including Human Resources, Administration, and Corporate Social Responsibility (CSR) activities. She holds a Bachelor's Degree in Economics from St. Stephen's College, Delhi, a Master of Arts in Politics with a specialization in International Relations, and a Master of Philosophy (M.Phil) from Jawaharlal Nehru University, New Delhi. Associated with the company since April 2021, she brings a strong academic background and a strategic approach to managing the company's human capital and administrative framework. Her re-appointment as a director is proposed at the upcoming Annual General Meeting, indicating her integral role in the long-term management structure.	<0.01%
Mr. Siddharth Chintamani Shah	Non-Executive Director	415802	Appointed as Non-Executive Director on May 29, 2024.	Mr. Siddharth Chintamani Shah brings over two decades of experience from the automobile industry to the Board. He holds a Bachelor of Engineering from the University of Pune. As a Non-Executive Director, his role is to provide independent judgment and external perspective to the Board's deliberations, particularly in areas of product planning, operational efficiency, and strategic management. He is a member of the Audit Committee and the Nomination and Remuneration Committee, contributing to the company's financial and governance oversight. His extensive directorships in several other companies provide him with a broad industrial and corporate governance perspective.	Nil
Mr. Surendra Singh Bhandari	Independent Director	43525	Appointed as Non-Executive Independent Director on June 7, 2024, for a term of 5 years.	Mr. Surendra Singh Bhandari is a veteran Chartered Accountant with over five decades of professional experience. He qualified as a Chartered Accountant in 1970, securing a merit position in the final examinations. As the senior partner at M/s. Bhandari & Co., Chartered Accountants, he has extensive experience serving as an auditor, consultant, and advisor to a diverse portfolio of public limited companies and other industrial, financial, and charitable organizations. His profound expertise in finance, accounting, and audit is invaluable to the Board. He serves as the Chairman of the Audit Committee and the Stakeholders' Relationship Committee and is a member of the Nomination and Remuneration Committee and the CSR Committee, playing a crucial role in the company's governance and oversight functions.	Nil
Mr. Pulkit Sharma	Independent Director	10646794	Appointed as Non-Executive Independent Director on July 16, 2024, for a term of 5 years.	Mr. Pulkit Sharma is an accomplished legal professional with over 16 years of experience, specializing in corporate and commercial litigation. He holds an LLB (Honours) degree from the National University of Law, Jodhpur, and is an enrolled advocate with the Bar Council of Rajasthan. As an Independent Director, he provides critical legal and regulatory insights to the Board, helping to navigate complex legal landscapes and mitigate corporate risk. He serves as the Chairman of the Nomination and Remuneration Committee and is a member of the Audit Committee and the Stakeholders' Relationship Committee, contributing significantly to the company's legal compliance and governance framework.	Nil
Mr. Devendra Bhushan Gupta	Additional Director (Independent)	225916	Appointed as Additional Director (in the capacity of an Independent Director) on February 13, 2025. His regularization as an Independent Director is proposed at the upcoming AGM.	Mr. Devendra Bhushan Gupta is a highly respected retired IAS officer with a distinguished career spanning over 37 years in public service, culminating in his role as the Chief Information Commissioner of Rajasthan. He holds a Master's in Business Administration from Southern Cross University, Australia. His extensive experience includes serving as the Chief Secretary to the Government of Rajasthan, where he played a pivotal role in policy-making and administration, particularly during the COVID-19 crisis. His expertise covers public finance, taxation, urban development, infrastructure, and governance, having held senior leadership positions in bodies like the Delhi Development Authority and Jaipur Development Authority. His appointment significantly strengthens the Board's capacity for strategic engagement with government bodies and oversight of large-scale infrastructure projects. He is a member of the Audit Committee and the Stakeholder Relationship Committee.	Nil

Source : Trinetra Asset Managers

Particulars	2022	2023	2024	2025
Revenue				
Danish Power Ltd	149	189	332	425
Voltamp Transformers Ltd	1,127	1,385	1,616	1,934
Shilchar Technologies Ltd	180	280	397	623
Indo Tech Transformers Ltd	280	371	503	612
Transformers & Rectifiers India Ltd	1,158	1,396	1,291	2,017
Gross Profit Margin				
Danish Power Ltd	17%	20%	26%	29%
Voltamp Transformers Ltd	20%	24%	28%	26%
Shilchar Technologies Ltd	22%	29%	37%	38%
Indo Tech Transformers Ltd	30%	29%	30%	28%
Transformers & Rectifiers India Ltd	20%	23%	28%	31%
EBITDA Margin				
Danish Power Ltd	7%	9%	17%	19%
Voltamp Transformers Ltd	12%	17%	20%	19%
Shilchar Technologies Ltd	11%	19%	29%	30%
Indo Tech Transformers Ltd	8%	10%	14%	14%
Transformers & Rectifiers India Ltd	12%	17%	20%	19%
Operating Profit Margin				
Danish Power Ltd	7%	8%	16%	18%
Voltamp Transformers Ltd	12%	16%	19%	18%
Shilchar Technologies Ltd	9%	18%	28%	29%
Indo Tech Transformers Ltd	6%	8%	13%	13%
Transformers & Rectifiers India Ltd	5%	7%	8%	15%
EBT Margin				
Danish Power Ltd	7%	8%	16%	18%
Voltamp Transformers Ltd	15%	19%	25%	23%
Shilchar Technologies Ltd	11%	21%	31%	32%
Indo Tech Transformers Ltd	4%	7%	11%	14%
Transformers & Rectifiers India Ltd	2%	4%	5%	14%
Net Profit Margin				
Danish Power Ltd	4%	5%	11%	14%
Voltamp Transformers Ltd	12%	14%	19%	17%
Shilchar Technologies Ltd	8%	15%	23%	24%
Indo Tech Transformers Ltd	4%	7%	9%	10%
Transformers & Rectifiers India Ltd	1%	3%	4%	11%
Total Asset Turnover				
Danish Power Ltd	1.3	1.7	2.1	1.0
Voltamp Transformers Ltd	1.1	1.1	1.1	1.1
Shilchar Technologies Ltd	1.2	1.6	1.4	1.3
Indo Tech Transformers Ltd	1.2	1.2	1.3	1.4
Transformers & Rectifiers India Ltd	1.0	1.2	1.1	0.9
Financial Leverage				
Danish Power Ltd	3.3	2.5	1.9	1.3
Voltamp Transformers Ltd	1.1	1.1	1.1	1.1
Shilchar Technologies Ltd	1.8	1.5	1.4	1.4
Indo Tech Transformers Ltd	1.7	1.8	1.8	1.6
Transformers & Rectifiers India Ltd	3.1	3.0	2.1	1.7
Particulars	2022	2023	2024	2025
ROE				
Danish Power Ltd	15%	19%	46%	18%
Voltamp Transformers Ltd	14%	18%	23%	20%
Shilchar Technologies Ltd	18%	36%	44%	42%
Indo Tech Transformers Ltd	8%	15%	22%	23%
Transformers & Rectifiers India Ltd	4%	11%	8%	17%
ROCE				
Danish Power Ltd	14%	21%	54%	20%
Voltamp Transformers Ltd	11%	15%	18%	17%
Shilchar Technologies Ltd	13%	31%	39%	39%
Indo Tech Transformers Ltd	12%	17%	23%	21%
Transformers & Rectifiers India Ltd	5%	10%	10%	15%

Source : Trinetra Asset Managers

Competitive Landscape and Company Profiles

A thorough understanding of each company's business model, product focus, and strategic orientation is fundamental to interpreting their divergent financial performances. The peer group, while operating within the same broader industry, has cultivated distinct market positions and operational philosophies.

Danish Power Ltd.: The Newly Minted Growth Vehicle

Established in 1985, Danish Power has evolved into a comprehensive power equipment manufacturer based in Jaipur. The company's product portfolio is diversified, encompassing not only a range of transformers (distribution, dry-type, furnace, and solar-specific) but also electrical control panels like MCC, PCC, and PLC, and end-to-end electrical substation solutions. This integrated offering allows it to serve a wide array of industrial and commercial applications. The company's trajectory was fundamentally altered in October 2024 when it launched the largest SME IPO in India's history, raising approximately INR 197.9 crores to fuel its expansion. This strategic move has transformed its balance sheet and positioned it to aggressively pursue growth, with a stated focus on more sophisticated, higher-margin engineered products such as inverter-duty transformers for the solar sector.

Voltamp Transformers Ltd.: The Paragon of Stability and Quality

Founded in 1963, Voltamp Transformers has built a formidable reputation centered on quality and reliability, making it a preferred supplier for discerning corporate and private utility clients. The company's strategic hallmark is its financial conservatism, operating with a consistently debt-free balance sheet, which provides exceptional resilience and stability. Its product range includes oil-filled power and distribution transformers up to 160 MVA, 220 KV Class, cast resin transformers, and specialized units for induction furnaces. A dedicated services division, "VOLTAMP SERVICE," further enhances its value proposition by offering life-cycle support for its assets. Voltamp's strategy eschews aggressive, price-led market share gains in favor of protecting its premium brand positioning and maintaining strong, stable profitability. The company is currently expanding its manufacturing footprint with a new factory in Jarod, Vadodara, funded entirely through internal accruals.

Shilchar Technologies Ltd.: The High-Margin Niche Specialist

Shilchar Technologies has carved out a highly profitable niche by specializing in custom-designed, "made-to-order" transformers for high-growth, high-value sectors, most notably renewable energy. Like Voltamp, the company operates with a debt-free balance sheet, but its operational model is distinct. It employs a nimble, assembly-focused manufacturing philosophy, outsourcing lower value-add components to maintain high capital efficiency, minimize fixed costs, and ensure rapid order fulfillment. This strategy is a primary driver of its industry-leading margins and returns on capital. The company's strategic focus is deeply rooted in the renewables supply chain and in expanding its export footprint across more than 25 countries, with exports consistently accounting for a significant portion of its revenue. In response to soaring demand, Shilchar recently completed a major capacity expansion in Q2FY25, increasing its capabilities from 4,000 MVA to 7,500 MVA.

Indo Tech Transformers Ltd.: The Capacity-Led Growth Story

Indo Tech Transformers, with manufacturing facilities in Tamil Nadu, produces a broad range of power and distribution transformers. A key strategic advantage is its position within the Shirdi Sai Electricals Limited (SSEL) group, which provides strong parentage and potential synergies. The company's strategic direction is unequivocally centered on aggressive growth through large-scale capacity expansion. The board has approved a substantial INR 75 Cr capital expenditure plan to nearly double its manufacturing capacity from 9,500 MVA to 16,000 MVA by March 2027. This move signals a clear intent to capture a significantly larger share of the burgeoning domestic and international transformer market by leveraging economies of scale.

Transformers & Rectifiers India Ltd. (TRIL): The Scale and Leverage Play

TRIL is the largest entity in the peer group by revenue, with a comprehensive product portfolio that includes some of the highest-voltage transformers and reactors in India (up to 1200kV Class). The company's business model is geared towards securing and executing large, high-value orders from major industrial clients and central and state power utilities. This is evidenced by its massive unexecuted order book, which stood at INR 5,132 crores as of March 2025. To support the significant working capital and capital expenditure requirements of these large-scale projects, TRIL has historically operated with higher financial leverage compared to its peers. Its strategy is a classic scale play, focused on dominating large tenders and leveraging its extensive manufacturing infrastructure and economies of scale. To fortify its balance sheet for future growth and reduce financial risk, the company recently raised INR 500 crores through a Qualified Institutional Placement (QIP). A key strategic initiative is its move towards complete backward integration, highlighted by the acquisition of a controlling stake in a Cold Rolled Grain Oriented (CRGO) steel processing facility, which is expected to enhance supply chain control and improve margins.

Comprehensive Financial Benchmarking

The strategic choices outlined above manifest directly in the financial performance of each company. This section dissects the key financial metrics from FY2022 through FY2025, revealing the quantitative outcomes of their distinct business models.

A. Scale and Growth Trajectory

An analysis of revenue reveals a sector buoyed by strong tailwinds, with all five companies exhibiting robust growth. However, the scale of operations and the nature of this growth vary significantly. TRIL and Voltamp are the largest players, with FY2025 revenues of INR 2,017 Cr and INR 1,934 Cr, respectively. Their size provides them with significant operating leverage and the ability to bid for the largest projects.

The smaller players, however, are demonstrating more explosive growth rates. Shilchar's revenue surged by approximately 246% between FY2022 and FY2025, while Danish Power's grew by 186% over the same period. This rapid expansion from a smaller base is characteristic of agile companies successfully capturing share in high-growth niches. Indo Tech also displays strong and consistent growth, with revenues that more than doubled from INR 280 Cr in FY2022 to INR 612 Cr in FY2025.

TRIL's revenue trajectory highlights the inherent lumpiness in its project-based business. After a slight dip in revenue in FY2024 to INR 1,291 Cr from INR 1,396 Cr in FY2023, the company achieved a massive 56% year-over-year growth in FY2025. This volatility reflects the timing of large project execution and revenue recognition, a key characteristic that distinguishes it from peers with a more granular and diversified order flow.

B. Profitability and Margin Analysis

Profitability is where the strategic divergence among the peers is most starkly illustrated. The analysis of gross, EBITDA, and net profit margins reveals a clear hierarchy of performance directly linked to product mix, customer focus, and operational strategy.

Shilchar Technologies is the undisputed leader in profitability. Its specialized, made-to-order model for the renewable energy sector allows it to command premium pricing, particularly in the export market which contributes significantly to its revenue and offers substantially higher margins compared to the domestic business. This is reflected in its exceptional margins, with a FY2025 net profit margin (NPM) of 23.6%, a figure substantially higher than any of its peers. The company's ability to deliver custom solutions at scale, coupled with its asset-light operational strategy, translates directly into superior financial returns.

Voltamp Transformers follows with a strong and remarkably stable margin profile. Its FY2025 NPM of 16.8% is a testament to its premium brand positioning and focus on quality-conscious customers who prioritize reliability over cost. This strategy insulates it from the intense price competition often seen in commoditized segments of the market.

Danish Power is on a path of significant margin expansion. Its NPM has improved dramatically from just 3.5% in FY2022 to 13.7% in FY2025. This impressive trajectory is a result of a conscious strategic shift towards higher-value engineered products and the benefits of operating leverage as the company scales its operations post-IPO.

Indo Tech Transformers and **TRIL** operate with lower margins, though both are on an upward trend. TRIL's historical margins have been the lowest in the peer set, a reflection of the competitive intensity of large government and utility tenders. However, its NPM of 10.7% for FY2025, a dramatic improvement from 1.2% in FY2022, indicates that improved pricing power, better contract terms, and operational efficiencies are taking hold. Indo Tech's NPM of 10.4% in FY2025 is solid and has shown consistent improvement over the period.

C. Capital Efficiency and Operational Analysis

The Total Asset Turnover ratio, which measures how efficiently a company uses its assets to generate sales, provides critical insights into operational effectiveness and capital intensity.

Historically, Danish Power and Shilchar have demonstrated superior asset turnover, indicating a more efficient conversion of assets into revenue. This is consistent with Shilchar's asset-light model and Danish Power's smaller, more agile operational base prior to its IPO.

The most significant development in this metric is the sharp decline in **Danish Power's** asset turnover, which fell from 2.08 in FY2024 to 1.02 in FY2025. This is not a sign of deteriorating operational performance but rather a direct and predictable consequence of its IPO in October 2024. The IPO infused the company with substantial cash, causing its total assets to balloon by 160% year-over-year in FY2025, from INR 160 Cr to INR 416 Cr. The company's cash and equivalents alone surged from INR 20 Cr to INR 125 Cr. While revenue grew by a healthy 28% in FY2025, this growth in the numerator was mathematically overwhelmed by the massive expansion of the asset base in the denominator. This capital has yet to be fully deployed into revenue-generating activities like new plant machinery and expanded working capital. Therefore, the decline in the ratio is a temporary structural effect of the capital raise, and the true measure of its future efficiency will be observed in FY2026 and beyond as this capital is put to work.

Voltamp and TRIL exhibited lower and more stable asset turnover ratios, hovering around 1.1x and 0.9x respectively in FY2025. This reflects their larger asset bases and the higher capital intensity required for their scale of operations.

D. Capital Structure and Leverage

The companies' approaches to capital structure fall into two distinct camps. **Voltamp Transformers** and **Shilchar Technologies** stand out for their ultra-conservative, debt-free balance sheets. This strategy minimizes financial risk, eliminates interest expenses that would otherwise drag on net income, and provides maximum flexibility to navigate economic cycles. It signifies a corporate philosophy of funding all growth through internal accruals.

In contrast, **TRIL** has historically used financial leverage as a strategic tool to fund its large working capital needs and support its pursuit of large-scale projects. Its financial leverage ratio stood at 3.11 in FY2022. However, the company has been actively de-levering, with the ratio declining to a more manageable 1.75 by FY2025, aided by improved profitability and the recent QIP.

Danish Power exemplifies a company in transition. Prior to its IPO, it operated with high leverage (3.28 in FY22). The IPO proceeds have been used to significantly strengthen its balance sheet, reducing its financial leverage to 1.30 in FY2025. This deleveraging provides a much more stable platform for sustainable future growth.

E. Working Capital Cycle Analysis

Effective working capital management is crucial in the capital-intensive transformer industry. The cash conversion cycle (CCC)—the time it takes to convert investments in inventory and receivables into cash—reveals significant differences in the operational efficiency and business models of the peer group.

• **Transformers & Rectifiers (TRIL)** has demonstrated a remarkable improvement in its working capital management. Its working capital days have been significantly reduced, falling to just 34.2 days in FY25. A key driver of this has been the drastic improvement in its debtor days, which have fallen to 85 days. This reflects enhanced collection efficiency and stronger contractual terms, which are critical for a company executing large-scale projects.

• **Shilchar Technologies** saw its operating cycle elongate to 90 days in FY25 from 79 days in FY24. This was a direct result of a strategic increase in both inventory and receivables to support a surge in sales, particularly in the final quarter of the fiscal year. The company's significant and growing share of export revenues is a key factor in its working capital dynamics; export sales inherently involve longer payment cycles due to logistics and international payment terms, contributing to higher debtor days compared to purely domestic players.

• **Danish Power** experienced an increase in its working capital days, rising from 58.1 to 98.6 days in FY25. This is not an indicator of declining efficiency but rather a planned consequence of its IPO. The company is strategically deploying its new capital to build up inventory and support a higher volume of business, which temporarily extends the cycle. Its debtor days also increased from 60 to 81 days over the year, partly due to changes in MSME laws.

• **Indo Tech Transformers** has shown positive progress in its collections, with debtor days improving from 100 to 73.1 days. This signals a tightening of credit policies and more effective management of receivables, which is a positive sign for its cash flow and liquidity.

• **Voltamp Transformers** stands out as a significant outlier with exceptionally high debtor days, recorded at 552 in FY25. This suggests a unique working capital strategy, potentially involving the use of very generous credit terms as a competitive tool to secure and retain its premium corporate and PSU client base, who may have longer payment processing timelines. While this ties up significant capital, it may be a deliberate trade-off to maintain its strong market position and pricing power.

Industry-Specific Risk

Key Risk	Risk Description	Mitigation Strategy	Probability	Impact
Raw Material Price & Supply Volatility	The power equipment industry is fundamentally exposed to global commodity price fluctuations, particularly for Cold Rolled Grain Oriented (CRGO) steel, copper, and aluminum. These materials constitute the bulk of production costs (75-86% of revenue for Danish Power). Geopolitical instability, trade disputes, and global supply chain disruptions can lead to sudden price spikes and material shortages, directly compressing profit margins and potentially delaying production schedules for all manufacturers in the sector.	The company employs a multi-pronged strategy focused on financial discipline and supply chain control. This includes prudent cost management and a selective, margin-conscious approach to order acquisition to avoid low-profitability projects during periods of high input costs. A key long-term strategy is backward integration through its subsidiary for sheet metal fabrication, which aims to enhance control over a portion of the supply chain and improve efficiency. This is complemented by a continuous focus on operational efficiencies to minimize material wastage and optimize resource utilization.	High	High
Intense Market Competition	The Indian power equipment market is highly competitive, featuring established global corporations (e.g., ABB, Siemens) and numerous domestic players. While high capital requirements and lengthy customer validation processes create entry barriers, the existing market is characterized by intense competition on price, quality, and delivery timelines. This environment can lead to price erosion, reduced profit margins, and a constant battle for market share.	Danish Power mitigates competitive pressure by differentiating itself through technological specialization and market positioning. The company maintains a sharper focus on sophisticated engineered product segments, such as high-demand inverter-duty transformers for the renewable sector and other special application transformers. It invests in technological advancement and innovation, including the development of environmentally sustainable ester fluid-filled transformers and the use of advanced design and testing systems. Furthermore, its capacity expansion into new, higher-value segments like Extra High Voltage (EHV) transformers is designed to open new markets with potentially higher barriers to entry.	High	High
Dependency on Power Sector Growth & Government Policy	The fortunes of the entire power equipment industry are inextricably linked to the investment cycles of the power sector, which are heavily influenced by government policy and infrastructure spending. Demand is driven by government electrification schemes (e.g., DDUGJY, IPDS) and national targets for power capacity addition, particularly in renewable energy. Any slowdown in infrastructure projects or adverse shifts in energy policy can lead to a sector-wide reduction in demand, order deferrals, and increased uncertainty.	The primary mitigation strategy is the strategic alignment of its product portfolio with the highest-growth segment of the power industry—renewable energy. By specializing in inverter-duty transformers, the company has positioned itself to directly benefit from the government's strong policy push for solar and wind power. To reduce dependence on the domestic policy environment, the company is also actively expanding its geographical reach and strengthening its presence in export markets across Europe, the Middle East, Africa, and South Asia, thereby diversifying its revenue base.	Medium	High
Regulatory and Political Environment	The business operates within a heavily regulated framework, subject to changing laws, rules, and legal uncertainties in India. This includes tax laws, environmental regulations, and labor laws. Political instability or significant shifts in government policy can alter the economic landscape, affecting everything from interest rates to infrastructure spending priorities, thereby impacting the entire industry's growth prospects and operational stability.	The company's governance framework, strengthened post-IPO, includes robust compliance and risk management practices to navigate the complex regulatory environment. By adhering to international standards (ISO certifications) and initiating voluntary ESG reporting, the company aims to stay ahead of regulatory curves and enhance its credentials, particularly in export markets where compliance standards are stringent.	Medium	High

Source : Trineta Asset Managers

Company-Specific Risk

Key Risk	Risk Description	Mitigation Strategy	Probability	Impact
Financial - Extreme Customer Concentration	An exceptionally high portion of revenue is derived from a small number of clients. The top ten customers accounted for 88.04% of revenue in FY24. The company operates on a purchase-order basis without long-term agreements, creating revenue instability and giving key customers significant bargaining power over pricing and payment terms.	The company is actively pursuing geographical expansion to diversify its customer base and reduce reliance on the domestic market. It is also focused on enhancing its distribution network and building strong, long-term client relationships through consistent quality and timely delivery to foster loyalty and repeat business.	High	High
Financial - High Working Capital Intensity	The business model is inherently working capital intensive, requiring substantial funds to be tied up in inventory and trade receivables. This creates a significant liquidity risk and can constrain the company's ability to fund growth and withstand financial shocks, such as delayed customer payments or sudden increases in raw material costs.	A significant portion of the IPO proceeds has been explicitly earmarked to meet working capital requirements, providing a crucial liquidity buffer. Post-IPO, the company aims to maintain a strong balance sheet with lower debt, which improves its financial resilience and capacity to manage working capital cycles.	High	High
Strategic - Capex Execution Risk	The company has embarked on a transformative capital expenditure plan to more than double its manufacturing capacity to 10,000 MVA by the end of 2025. This expansion is critical for future growth, but the timeline is aggressive. Any delays in construction, machinery installation, or commissioning could create a severe production bottleneck, jeopardizing the company's ability to fulfill its strong order book and capitalize on market demand.	The expansion is structured into a phased implementation plan (Phase 1 operational by Aug 2025, Phase 2 by Dec 2025) to manage complexity. The project is fully funded through a combination of IPO proceeds and internal accruals, reducing financing risk. A dedicated Monitoring Agency has been appointed to oversee the utilization of IPO funds for the capex, ensuring accountability.	Medium	High

Forensic Checkpoints

Source : Trinetra Asset Managers

Particulars	2022	2023	2024	2025
Cash Conversion	66%	117%	52%	-7%
Cumulative Cash Conversion	NA			30%
Debt /CFO	4.4	0.8	0.4	-0.2
Cash Tax/PBT	9%	18%	6%	16%
Auditors	R. Sogani & Associates	R. Sogani & Associates	R. Sogani & Associates	H. C. Bothra & Associates
Payment to Auditors	0.03	0.03	0.03	0.05
Audit Fees as a % revenue	0.02%	0.02%	0.01%	0.01%
CWIP/Fixed Assets	6%	1%	0%	3%

Source : Trinetra Asset Managers

There's no major red flags in the forensic checklist. Auditor's got changed due to term completion as per Companies act 2013, Cash conversion is negative as company enters the high growth phase and will need cash to fund incremental working capital, Cash Tax/ PBT ratio is volatile because of DTA/DTL.

Balance Sheet	2022	2023	2024	2025	2026E	2027E
Liabilities						
Long Term Borrowings	13	11	7	2	2	2
Long Term Provisions	1	1	2	3	3	3
Deferred Tax Liabilities	-	-	-	-	-	-
Lease Liabilities	-	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-
Long Term Liabilities	14	12	8	5	5	5
Accounts Payable	41	34	30	38	47	76
Short Term Borrowings	15	3	3	2	-	-
CPLTD	-	-	-	-	-	-
lease Liabilities	-	-	-	-	-	-
Other Financial Liabilities	-	-	-	-	-	-
ShortTerm Provisions	2	3	14	21	21	21
Current Tax Liabilities (Net)	-	-	-	-	-	-
Other current liabilities	8	12	23	29	29	29
Current Liabilities	67	52	69	91	97	126
Shareholders' Equity						
Share Capital	2	2	2	20	20	20
Other Equity	34	42	81	300	365	460
Non-controlling interests	-	-	-	-	-	-
Total Shareholders' Equity	35	44	82	320	385	480
Total Liabilities and Shareholders' Equity	116	108	160	416	486	611
Assets						
PPE	16	29	35	50	78	72
CWIP	7	1	-	13	-	-
Goodwill	-	-	-	-	-	-
Intangible Assets	0	0	0	14	14	14
Intangible Assets under Development	-	-	0	-	-	-
Right of use assets	-	-	-	-	-	-
Investment in associates	-	-	-	-	-	-
Fixed Assets	22	31	36	76	91	86
Investments	-	-	0	-	-	-
Loans & Advances	-	-	-	-	-	-
Other Financial Assets	-	-	-	-	-	-
Income tax assets (net)	-	-	-	-	-	-
Deferred tax assets (net)	0	0	0	0	0	0
Other Non Current Asset	1	0	1	8	8	8
Financial Assets	1	0	1	9	9	9
Cash	5	6	17	125	115	89
Bank Balance	-	-	-	-	-	-
Accounts Receivable	53	27	42	94	125	203
Inventory	31	38	49	89	125	203
Investments	-	-	-	-	-	-
Short Term Loans & Advances	4	6	15	3	3	3
Other Financial Assets	-	-	-	-	-	-
Income tax assets (net)	-	-	-	-	-	-
Other Current Assets	0	0	-	19	19	19
Other Current Assets	93	77	123	331	387	517
Total Assets	116	108	160	416	486	611

Income Statement	2022	2023	2024	2025	2026E	2027E
Revenue	149	189	332	425	520	845
Cost of Goods Sold (COGS)	123	151	246	302	374	625
Gross Profit	26	38	86	123	145	220
Employee benefit expenses	9	11	19	25	31	50
Other Expenses	6	10	11	17	21	33
Short term/long term provisions	-	-	-	-	-	-
EBITDA	11	16	56	81	94	136
EBITDA Margins	7%	9%	17%	19%	18%	16%
Depreciation & Amortization	1	2	3	4	5	5
EBIT	10	14	53	77	89	131
Less: Interest (Long Term + Lease)	3	3	4	6	0	0
Add: Other Income	1	1	2	8	-	-
Add: Interest Income	-	-	-	-	-	-
Add: Share of Associates' Profit	-	-	-	-	-	-
EBT	7	12	51	79	88	131
Taxes	2	3	13	20	24	35
PAT	5	9	38	58	65	95
PAT Margins	4%	5%	11%	14%	12%	11%
PAT Growth		63%	344%	53%	11%	48%

Cash Flow Statement	2022	2023	2024	2025	2026E	2027E
Operating Cash Flow						
PBT					88	131
Add: Interest					0	0
Plus: Depreciation & Amortization					5	5
Less: Interest income					-	-
Add: Other Changes					-	-
Profit/Loss of associate and joint venture					-	-
Net Gain/Retirement on Sale of PPE					-	-
Net Gain on Sale of Investments					-	-
Gain on Assets measured at fair value					-	-
Less: Changes in Working Capital					58	127
Less: Other Changes for CA and CL						
Less: Taxes Paid					24	35
Cash Flow From Operations	6	17	26	(19)	13	(26)
Investing Cash Flow						
Investments in PPE (Net) and Intangibles					(20)	-
Equity Inv., Associates, JVs and Current Investments					-	-
Add: Change in bank balance					-	-
Investments made					(0)	-
Interest and Dividend Received					-	-
Cash Flow From Investing Activities	(8)	(11)	(18)	(41)	(20)	-
Financing Cash Flow						
Issuance (repayment) of debt					(2)	-
Dividends Paid and Dividend Taxes					-	-
Issuance (repayment) of equity					-	-
Premium On Issue Of Equity					-	-
Interest Paid + Interest Capitalised					(0)	(0)
Lease Repayment Principal					-	-
Cash Flow From Financing Activities	2	(6)	(8)	165	(2)	(0)
Net increase (decrease) in cash	(0)	(0)	0	105	(10)	(26)
Opening Cash Balance					125	115
Closing Cash Balance	5	6	17	125	115	89

Ratios	2022	2023	2024	2025	2026E	2027E
GPM	17%	20%	26%	29%	28%	26%
EBITDA Margin	7%	9%	17%	19%	18%	16%
EBIT Margin	7%	8%	16%	18%	17%	16%
PAT Margin	4%	5%	11%	14%	12%	11%
ROIC	11%	17%	40%	26%	22%	23%
ROE	15%	19%	46%	18%	17%	20%
Debt (In Crs.)	28	14	10	4	2	2
Equity (In Crs.)	35	44	82	320	385	480
Debt + Equity (In Crs.)	64	58	92	324	387	482
D/E	0.80	0.32	0.12	0.01	0.01	0.00
ICR	3.19	4.23	14.87	13.05	321.65	734.29
Capex	7	11	8	46	20	0
Changes in Working Capital	0	-13	31	83	58	127
Reinvestment Amount	7	(2)	39	129	78	127
CFO before tax (In Crs.)	6	17	26	(19)	36	9
CFO Before WC	6	17	26	(19)	94	136
NOPAT (In Crs.)	7	11	39	57	65	96
NOPAT Growth		49%	272%	46%	66%	48%
Free Cash flow	0	13	-0	-72	-13	-31
Reinvestment rate	106%	-13%	150%	-683%	83%	93%
Debtor turnover	3	7	8	5	4	4
Inventory turnover	5	5	7	5	4	4
Payable turnover	4	6	11	11	11	11
Receivable Days	129	52	46	81	88	88
Inventory Days	76	73	54	77	88	88
Payable Days	100	66	33	33	33	33
Cash Conversion cycle	105	58	67	124	142	142
Total Asset Turnover	1.3	1.7	2.1	1.0	1.1	1.4
Fixed Asset Turnover	6.6	6.1	9.3	5.6	5.7	9.8

Valuations

DCF

WACC Calculations					
RiskFreeRate	6.52%	PreTaxCostofDebt	11%	Median D/E	0.01
Expected Market Return		TaxRate	27%	Wd	1%
EquityRiskPremium				We	99%
Beta					
CostofEquity	20.00%	Aftertaxcostofdebt	7.93%	WACC	20%

Details			
Transaction Date	25-08-2025	D/E	
Median P/E	25.0	2025	0.01
Implied EV/EBITDA 5yrs	13.7	2026	0.01
Terminal EV/EBITDA 20yrs	8.8	2027	0.00
CMP	921		
Share Outstanding	1,96,91,610		

Discounted Cash Flow	Entry				Terminal value
Date	22-09-2025	31-03-2026	31-03-2027	31-03-2027	31-03-2027
Year Fraction		0.5	1.0		1.0
CFO		13	(26)		
Capex		(20)	-		
Net Debt	-	2	-		
Interest Paid		(0)	(0)		
PAT		65	95		
FCFE	-	(10)	(26)		2,386
Transactional FCFE	-	(5)	(26)		2,386

2 year Exit - Intrinsic Value	
Market cap (In Crs)	1,784
Equity Value/Share	906

Market Value	
Current MCap (In Crs)	1,737
Upside	3%

Exit PE Analysis

Trailing 12 months EPS	29.63
EPS FY27 (Forecasted)	54.73
Entry P/E	31
CMP/Share	921
Exit P/E	20
EPS Growth	36%
Exit Price	1095
CAGR	19%

Sensitivity Table						
P/E	CAGR	EPS Growth Rate				
	19%	20%	30%	50%	60%	70%
	15	-31%	-18%	9%	23%	39%
	20	-7%	9%	45%	65%	86%
	25	16%	36%	81%	106%	132%
	30	39%	63%	117%	147%	179%
	35	62%	90%	153%	188%	225%

Disclosure

Disclosure Document – Trinetra Asset Managers

The particulars provided in this Disclosure Document have been prepared following SEBI (Research Analyst) Regulations, 2014. This Document aims to offer essential information about the research and recommendation services offered by **Trinetra Capital** (hereinafter referred to as “Research Analyst”) to assist prospective clients in making an informed decision before subscribing to such services.

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