

Accord Transformer & Switchgear IPO

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- The company is engaged in manufacturing and marketing of diversified range of electrical power and distribution transformers.
- The company is operating in a highly competitive and fragmented segment.
- The company marked growth in its top lines for the reported periods, but the sudden jump in bottom line for FY25 raise concern.
- 9M-FY26 financial performance hints at setback.
- Based on its recent financial data, the issue appears aggressively priced.
- Well-informed/cash surplus investors may park moderate funds for medium term.

About the Company

Accord Transformer & Switchgear Ltd. (ATSL) is engaged in the design, engineering, manufacturing, and supply of a diversified range of electrical power and distribution transformers, and related equipment. Established over 10 years ago, it caters to both standard and customised requirements of clients in the power transmission and distribution sector, renewable energy, industrial applications, infrastructure projects, and electric vehicle (EV) charging networks.

With expertise in the design, manufacture, testing, and deployment of critical power systems, the Company offers a comprehensive product portfolio including: • Distribution transformers, • Power transformers, • Dry-type transformers, • Package substations, • Special-purpose transformers, • Low-voltage (LV) control panels, • Medium-voltage (MV) / Vacuum Circuit Breaker (VCB) panels, • Busducts, cable trays, and associated switchgear assemblies.

The company operates 2 manufacturing facilities located in Bhiwadi, Rajasthan (two units), supported by registered office in Manesar, Haryana. Its facilities are equipped with advanced machinery including plasma cutting systems, MIG and arc welding machines, shot blasting and painting booths, foil winding machines, busbar processing equipment, and comprehensive in-house testing laboratories.

The company has also entered into strategic collaborations with SGB-SMIT GmbH, Lucy Electric India Private Limited, and Schneider Electric India Private Limited to strengthen its technical capabilities and product portfolio. These partnerships provide access to advanced transformer, compact substation, and low-voltage panel technologies, support knowledge sharing and training, and enable the delivery of reliable, efficient, and sustainable power infrastructure solutions. As of December 31, 2025, it had 114 employees (including contractual) on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 5562000 equity shares of Rs. 10 each to mobilize Rs. 25.59 cr. at the upper cap. It has announced a price band of Rs. 43 – Rs. 46 per share. The IPO opens for subscription on February 23, 2026, and will close on February 25, 2026. The minimum application to be made is for 6000 shares and in multiple of 3000 shares thereon, thereafter. Post allotment, shares will be listed on BSE SME. The issue constitutes 27.04% of post-IPO paid-up equity capital of the company. From the net proceeds of the fresh issue, the company will utilize Rs. 13.03 for capex on purchase of machinery and equipment, Rs. 10.00 cr. for working capital, and the rest for general corporate purpose.

The IPO is solely lead managed by GYR Capital Advisors Pvt. Ltd., and KFin Technologies Ltd. is the registrar to the issue. Giriraj Stock Broking Pvt. Ltd., is the market maker. GYR Capital Advisor is a syndicate member, and Intellect Stock Broking Ltd. is a sub-syndicate member.

After issuing the initial equity shares at par value, the company issued further equity shares at a fixed price of Rs. 2255.00 in September 2024. It has also issued bonus shares in the ratio of 50 for 1 in September 2025. The average cost of acquisition of shares by the promoters is Rs. 0.20 per share.

Post-IPO, company's current paid-up equity capital of Rs. 15.01 cr. will stand enhanced to Rs. 20.57 cr. Based on the upper price band of the IPO, the company is looking for a market cap of Rs. 94.64 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total revenue/net profit, of Rs. 40.81 cr. / Rs. 0.88 cr. (FY23), Rs. 48.60 cr. / Rs. 1.61 cr. (FY24), Rs. 79.20 cr. / Rs. 6.05 cr. (FY25). For 9M - FY26 ended on December 31, 2025, it earned a net profit of Rs. 2.91 cr. on a total revenue of Rs. 45.29 cr. The company has underperformed the peers in bottom lines. (The company has given financial performance data in Rs. thousands.)

For the last three fiscals, the company has reported an average EPS of Rs. 2.71, and an average RoNW of 26.22%. The issue is priced at a P/BV of 2.82 based on its NAV of Rs. 16.29 as of December 31, 2025, but its post-IPO NAV data is missing from offer documents.

If we attribute its FY26 annualized earnings on post-IPO expanded equity base, then the asking price is at a P/E of 24.34, and based on its FY25 earnings, the P/E stands at 15.65. Thus, the issue appears aggressively priced.

The company has posted PAT margins of 2.15% (FY23), 3.31% (FY24), 7.66% (FY25), 6.44% (9M-FY26), and RoCE Margins of 20.49 %, 16.47%, 26.09%, 14.52%, respectively, for the referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in August 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Danish Power, Transformers & Rectifies, Voltamp Transformer, as its listed peers. They are currently trading at a P/E of 19.9, 33.7, and 24.2 (as of February 18, 2026). However, they are not comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

MERCHANT BANKER'S TRACK RECORDS:

This is the 44th mandate from GYR Capital in the last three fiscals. From the last 11 listings, 2 opened at par, and the rest with premium ranging from 4.92% to 90% on the date of listing.

Conclusion / Investment Strategy

ATSL is engaged in manufacturing and marketing of diversified range of electrical power and distribution transformers. The company is operating in a highly competitive and fragmented segment. The company marked growth in its top lines for the reported periods, but the sudden jump in bottom line for FY25 raise concern. 9M-FY26 financial performance hints at setback. Based on its recent financial data, the issue appears aggressively priced. Well-informed/cash surplus investors may park moderate funds for medium term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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