

G.V.Electricals IPO

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- The company is engaged in providing power distribution infrastructure services and related work.
- The company is operating in a highly competitive and fragmented segment.
- It had order book worth Rs. 553+ cr. as of May 31, 2026.
- The company marked growth in its top and bottom lines for the reported periods, but boosted profits for FY26 raise eyebrows.
- Based on its recent financial data, the issue appears aggressively priced.
- Only well-informed/cash surplus investors may park moderate funds for long term.

About the Company

G V Electricals Ltd. (GVEL) is a power distribution infrastructure services provider company engaged in providing operation and maintenance (“O&M”) and allied support services primarily to electricity distribution utilities in India. Its services support such utilities in the operation, maintenance and field-level execution of works relating to their electricity distribution networks (“Network(s)”) and associated infrastructure, including distribution lines, feeders, substations, poles and cables forming part of electricity distribution systems used for distribution of electricity to consumers.

GVEL’s operations are broadly organized into three service verticals: (i) Network Operation and Maintenance (“O&M”) Services, (ii) Electrical Infrastructure and Network Development Works, and (iii) Metering and Meter Management Services. These verticals collectively cover operational and maintenance support for distribution networks, execution of electrical infrastructure works associated with distribution systems, and metering-related field services undertaken for electricity distribution utilities.

Under our Network O&M Services vertical, the company undertakes maintenance and operational support of electrical distribution systems across multiple voltage levels, including 33 kV, 11 kV and low-tension (“LT”) networks, provide O&M support for 33/11 kV substations and deploy technical manpower for field operations such as line maintenance, network inspection and fault rectification. Under the Electrical Infrastructure and Network Development Works vertical, it undertakes allied electrical and civil works relating to electricity distribution infrastructure, including pole-related works such as erection and shifting of poles, cable-related works including laying, jointing and termination of underground and overhead cables, and civil works such as excavation, foundation works, construction of plinths and other supporting civil structures required for installation, maintenance or restoration of distribution infrastructure.

Its contracts are typically awarded through competitive tender processes conducted by electricity distribution utilities, pursuant to which the company enters into rate contracts, outline agreements or annual maintenance contracts (“AMC”) for defined service areas and contract periods. Under such arrangements, specific purchase orders or work orders are issued from time to time for execution of defined services. In certain cases, particularly for private sector clients, works or projects may be awarded directly through work orders or purchase orders without a formal tendering process.

As of June 30, 2026, its order book in respect of ongoing projects comprises 34 projects, with an aggregate value (unexecuted portion) of approximately Rs. 553.70 crores. As of May 31, 2026, it had 4473 employees on its payroll (including 141 contract workers).

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 3250000 equity shares of Rs. 10 each to mobilize Rs. 42.25 cr. The issue constitutes 3000000 fresh equity shares (worth Rs. 39.00 cr. at the upper cap), and an Offer for Sale (OFS) of 250000 equity shares (worth Rs. 3.25 cr. at the upper cap). The company has announced the price band of Rs. 123 – Rs. 130 per share. The minimum application to be made is for 2000 shares and in multiples of 1000 shares thereon, thereafter. The issue opens for subscription on July 31, 2026 and will close on August 07, 2026. The shares will be listed on BSE SME. The IPO constitute 28.81% of the post-IPO paid-up capital of the company. From the net proceeds, the company will utilize Rs. 22.00 cr. for working capital, Rs. 6.00 cr. for repayment/prepayment of certain borrowings, and the rest for general corporate purposes.

The IPO is solely lead managed by Seren Capital Pvt. Ltd., and Mudra RTA Ventures Pvt. Ltd. is the registrar to the issue. Mansi Share & Stock Broking Pvt. Ltd., is the market maker and also a syndicate member.

After issuing initial equity capital at par value, the company converted further equity shares at a fixed price of Rs. 1518.72 per share (on the basis of Rs. 10 per share FV) in March 2025. The company has also issued bonus shares in the ratio of 2005 for 1 in January 2026. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.00 per share.

Post-IPO, company’s current paid-up equity capital of Rs. 8.28 cr. will stand enhanced to Rs. 11.28 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 146.63 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/net profit, of Rs. 112.03 cr. / Rs. 2.80 cr. (FY24), Rs. 131.36 cr. / Rs. 4.66 cr. (FY25), Rs. 156.66 cr. / Rs. 10.47 cr. (FY26). Boosted profits for FY25 and FY26 raise eyebrows as it is operating in a highly competitive and fragmented segment. Its contingent liability of Rs. 8.72 cr. as of March 31, 2026 raise alarm.

For the last three fiscals, the company has reported an average EPS of Rs. 8.82 and an average RoNW of 24.98%. The issue is priced at a P/BV of 3.20 based on its NAV of Rs. 40.66 per share as of March 31, 2026, but its post-IPO NAV data is missing from the offer documents.

If we attribute FY26 earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 14.01, and based on FY25 earnings, the P/E stands at 31.48. The issue appears aggressively priced based on its recent super earnings. Boosted profits for FY26 has lowered its P/E drastically, and raise concern over its sustainability.

The company has posted PAT Margins of 2.51% (FY24), 3.55% (FY25), 6.69% (FY26), and RoCE margins of 27.14%, 23.88%, 31.13%, respectively for referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Rajesh Power, Parth Electricals as its listed peers. They are currently trading at a P/E of 10.8 and 43.6 (as of July 28, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

This is the 09th mandate from Seren Capital in the last two fiscals (including the ongoing one). Out of the last 8 listings, 1 opened at par, and the rest with premium ranging between 17.07% and 48.73% on the date of listing.

Conclusion / Investment Strategy

GVEL is engaged in providing power distribution infrastructure services and related work. The company is operating in a highly competitive and fragmented segment. It had order book worth Rs. 553+ cr. as of May 31, 2026. The company marked growth in its top and bottom lines for the reported periods, but boosted profits for FY26 raise eyebrows. Based on its recent financial data, the issue appears aggressively priced. Only well-informed/cash surplus investors may park moderate funds for long 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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