

# Merritronix IPO

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- The company is engaged in electronics systems design and manufacturing services specializing in high reliability, mission critical products for defence, aerospace and industrial electronics.
- The company largely operates in B2B segment with its integrated manufacturing and design support electronic systems.
- The company marked growth in its top and bottom lines for the reported periods.
- Bumper profits from FY25 onwards raise eyebrows.
- Based on its recent financial data, the issue appears fully priced.
- Well-informed/cash surplus investors may park funds for medium to long term.

## About the Company

Merritronix Ltd. (ML) an Electronics Systems Design and Manufacturing services ("ESDM") company specializing in high-reliability, mission critical electronic assemblies and systems for defence, aerospace, telecommunications, Rapid Prototyping for design houses OEMs, Engineering services Companies and specialized industrial electronics. It is primarily engaged in business-to-business ("B2B") electronic manufacturing services, encompassing component sourcing, printed circuit board ("PCB") assembly, system integration, testing, box-build solutions and delivery of finished electronic products — executed to the quality standards required by India's strategic defence and aerospace programmes.

This integrated manufacturing and design support capability enables it to serve industries that require reliable and performance oriented electronic systems. A key part of ML's manufacturing process is Surface-Mount Technology ("SMT"), which involves assembling electronic components directly onto the surface of printed circuit boards (PCBs) using automated placement systems and controlled reflow processes. Its SMT capabilities include the assembly of advanced packaging technologies such as Ball Grid Array (BGA) and micro-BGA components, commonly used in high-performance and miniaturized electronic systems. Its manufacturing facility as on March 31, 2026 has an installed capacity of 10,75,000 boards for SMT assembly, 6,00,000 boards for Through-Hole Technology (THT) assembly, and 4,20,000 units for product assembly/box build, aggregating to a total installed capacity of 17,85,000 production units per annum.

Its SMT capabilities support the use of advanced and miniaturized components required in defence, aerospace and industrial electronic systems. The largely automated nature of the SMT process — including solder paste printing, automated component placement and controlled reflow soldering — enables consistent quality and precision. It also undertakes box-build and system integration

activities, comprising assembly and integration of electronic modules and subsystems into fully functional end products. The company also manages mechanical enclosure fabrication and related processes, where required, through third-party vendors as part of the overall system integration process, thereby enabling customers to engage through a single, coordinated interface.

The company derives its revenue from a diversified set of business segments, namely job work, turnkey manufacturing/build-to-print, obsolescence management (including obsolete component procurement and engineering support) and trading sales. In the past, it undertook the sale of telecom cable jointing kits, which has since been discontinued. The Company has obtained key industry certifications that demonstrate its commitment to quality and compliance with globally recognized standards in electronics manufacturing. The Company has received the EN 9100:2018 certification for the manufacturing of Printed Circuit Board Assemblies (PCBAs) for aerospace and defence applications, which is equivalent to AS 9100D and JISQ 9100:2016 and includes ISO 9001:2015 quality management standards. This certification confirms that the Company follows stringent quality management practices required for aerospace and defence electronics manufacturing.

After an early phase in telecommunications component supply, the Company entered defence and aerospace electronics manufacturing, establishing itself as a vendor to defence public sector undertakings. It has subsequently transitioned to turnkey electronics manufacturing, providing end-to-end solutions from component sourcing to system delivery and has more recently developed a dedicated obsolescence management capability, enabling customers with legacy electronics lifecycle requirements to extend the operational life of critical platforms without complete system replacement. This evolution reflects a deliberate strategic progression up the electronics manufacturing value chain toward higher-complexity, higher-value programme engagements.

Its client base includes customers operating in sectors such as defence, aerospace, electrical engineering, heavy industries, power and utilities. It has catered to various reputed customers operating in the aerospace, defence electronics, communication systems and technology sectors. ML's customer base includes Apollo Micro Systems Limited, Bit Mapper Integration Technologies Private Limited, Linkwell Telesystems Private Limited, SCI-COM Software India Private Limited and Sigma Advanced Systems Limited and other prominent PSU clients. Certain of its customers are also associated with prominent government organizations, public sector undertakings ("PSUs"), and defence-related projects, which reflects the quality standards and reliability of its products and services. As of March 31, 2026, it had 57 employees on its payroll and additional 21 contractual employees.

## **Issue Details / Capital History**

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The company is coming out with its maiden book building route IPO of 4700000 equity shares of Rs. 10 each to mobilize Rs. 70.03 cr. The company has announced price band of Rs. 141- Rs. 149 per share of Rs. 10 each. The minimum application to be made is for 2000 shares and in multiples of 1000 shares thereon, thereafter. The issue opens for subscription on June 01, 2026 and will close on

June 03, 2026. The shares will be listed on BSE SME. The IPO constitute 26.88% of the post-IPO paid-up capital of the company. From the net proceeds of the equity issue, it will utilize Rs. 21.36 cr. for capex on machinery and equipment, Rs. 12.72 cr. for repayment/prepayment of certain borrowings, Rs. 21.95 cr. for working capital, and the rest for general corporate purposes.

The IPO is solely lead managed by GYR Capital Advisors Pvt. Ltd., and Bigshare Services Pvt. Ltd. is the registrar to the issue. Giriraj Stock Broking Pvt. Ltd., is the market maker.

The company has issued initial equity capital at par value, it has issued further equity shares in the price range of Rs. 30.00 – Rs. 108.40 per share between March 2005 – March 2026. The company also bonus shares in the ratio of 13 for 2 in May 2025. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.00, Rs. 0.78, Rs. 1.09, and Rs. 1.26 per share.

Post-IPO, company's current paid-up equity capital of Rs. 12.78 cr. will stand enhanced to Rs. 17.48 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 260.52 cr.

## Financial Performance

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On the financial performance front, for the last three fiscals, the company has posted total income/net profit, of Rs. 86.01 cr. / Rs. 3.05 cr. (FY24), Rs. 114.04 cr. / Rs. 8.66 cr. (FY25), Rs. 156.25 cr. / Rs. 16.10 cr. (FY26). While it posted growth in its top lines for the reported periods, boosted bottom line raises eyebrows, as it reported over five-fold jump in bottom lines with around two-fold jump in top lines.

For the last three fiscals, the company has reported an average EPS of Rs. 10.08 and an average RoNW of 39.82%. The issue is priced at a P/BV of 3.59 based on its NAV of Rs. 41.56 per share as of March 31, 2026, but its post-IPO NAV data is missing from the offer documents.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 16.18, and based on FY25 earnings, the P/E stands at 30.10. The issue appears XXXX priced based on its recent earnings.

The company has posted PAT Margins of 3.56% (FY24), 7.63% (FY25), 10.33% (FY26), and ROCE margins of 43.13%, 66.21%, 45.26%, respectively for referred periods.

## Dividend Policy

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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

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As per the offer document, the company has shown Centum Electronics, Vinyas Innovative, as its listed peers. They are trading at a P/E of 46.5, and 61.3 (as of May 26, 2026). However, they are not truly comparable on an apple-to-apple basis. This compare appears to be an eyewash.

## Merchant Banker's Track Record

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This is the 36th mandate from GYR Capital Advisors in the last three fiscals (including the ongoing one). Out of the last 11 listings, 2 listed at par, and the rest listed with premium ranging from 4.92% to 90% on the listing date.

### Conclusion / Investment Strategy

ML is engaged in electronics systems design and manufacturing services specializing in high reliability, mission critical products for defence, aerospace and industrial electronics. The company largely operates in B2B segment with its integrated manufacturing and design support electronic systems. The company marked growth in its top and bottom lines for the reported periods. Bumper profits from FY25 onwards raise eyebrows. Based on its recent financial data, the issue appears fully priced. Well-informed/cash surplus investors may park funds for medium to long term.

## About Dilip Davda

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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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