

MV Electrosystems IPO

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- The company is a technology driven company engaged in the components used in railway rolling stocks.
- It posted erratic financial performances with inconsistency in its top and bottom lines for the reported periods.
- Based on its negative earnings for FY26, the issue is priced at a negative P/E.
- On its financial data for the last three fiscals, the issue appears exorbitantly priced.
- It has a strong order book worth Rs. 921.64 cr. as of June 30, 2026, and that is the only attraction.
- Only well-informed investors may park funds for medium to long term, others may stay away.

About the Company

MV Electrosystems Ltd. (MVEL) is a technology-driven company engaged in the design, development, assembly and manufacturing of electrical & power electronics equipment used in railway rolling stock including IGBT based 3-Phase Drive Propulsion equipment for electric locomotives, switchgear panels for railway coaches & EMU's, cable protection & management products and electrical components, systems & sub-systems.

On September 15, 2025, it has received approval from CLW, Indian Railways for its in-house designed and developed IGBT Based 3-Phase Drive Propulsion equipment ("3-Phase Propulsion Equipment") which includes traction converter-inverter system, auxiliary converter, vehicle control units / train control management system and driver display units - all designed and developed by the Company indigenously to meet international safety and performance standards. Its Vehicle Control Unit is developed on high performance microprocessor based modular systems that provide complete traction and propulsion control of the entire locomotive hauled train with continuous monitoring and extensive fault diagnostics. The Company commenced the commercial supplies to Indian Railways for 3-Phase Propulsion Equipment in March 2026. Further, its R&D Centre has been accorded recognition by Department of Scientific and Industrial Research ("DSIR"), Ministry of Science and Technology, Government of India on June 12, 2026.

MVEL operates within India's rail infrastructure transition driven by mandated broad-gauge electrification, Make-in-India procurement requirements and the expansion of the network, including upcoming high-speed corridors. It is focused towards research, design & development of electrical equipment & power electronics systems for usage in railways industry and to play a strategic role as a domestic manufacturer with technical capabilities, indigenous designed and developed propulsion

equipment and in-house assembling cum manufacturing facilities. The ingenious in-house design & development of 3-Phase Propulsion Equipment for 6000 HP Locomotive is a key achievement of the Company which will lead the way for it to create various other energy efficient railway power conversion systems. Such developments require expertise in multiple domains including, Electrical Engineering, Embedded Design, Software Development, Mechanical Engineering, Thermal Design & Instrumentation.

With this in-house development and approval from CLW, it has become one among the global players that possess their proprietary technology for rail propulsion equipment. As Indian Railways moves towards increased speed and efficiency of the trains / locomotives, the need for the development of the advanced / new generation power conversion systems including propulsion equipment will continue to be there. Its team at Research, Design & Development centre based at Faridabad, Haryana, comprises of members with experience in multiple disciplines including power hardware, control hardware, traction power software and mechanical design, that are collectively capable to design such complex systems / sub-systems without any dependency on external design houses. This will enable it to develop newer power electronics systems including IGBT based 3-Phase Drive Propulsion Equipment with composite converter, hotel load converter and distributed power conversion systems for MEMUs / EMUs, Vande Bharat trains and metro trains to meet future sustainability requirements and also to cater to the new technology requirements and upgradation of existing systems by Indian Railways & other regions as well. As of June 30, 2026, its order book stood at Rs. 921.64 cr., which is significantly higher than the historical revenues. As of May 31, 2026, it had 206 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO worth Rs. 290.00 cr. (approx. 6823529 equity shares at the upper cap). The company has announced a price band of Rs. 400 – Rs. 425 per equity shares of Rs. 5 each. The issue opens for subscription on July 30, 2026, and will close on August 03, 2026. The minimum application to be made is for 34 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 25.01% of the post-IPO paid-up equity capital. From the net proceeds of the equity issue, the company will utilize Rs. 180.00 cr. for long term working capital, Rs. 21.00 cr. for investment in research design and development activities for new power electronic equipment, and the rest for general corporate purposes.

The sole Book Running Lead Manager (BRLM) to this issue is Sundae Capital Advisors Pvt. Ltd., and KFin Technologies Ltd. is the registrar to the issue.

The company has issued initial equity shares at par value, and has issued further equity shares in the price range of Rs. 25.00 – Rs. 285.00 (based on Rs. 5 FV), between March 2012, and October 2025. It has also issued bonus shares in the ratio of 31 for 1 in December 2023, and reserved bonus in the same proportion for CCPS holders in March 2025. The average cost of acquisition of shares by the

promoters is missing from the offer documents.

Post-IPO, its current paid-up equity capital of Rs. 10.23 cr. that will stand enhanced to Rs. 13.64 cr. Based on the upper cap of the price band, the company is looking for a market cap of Rs. 1159.52 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit/ - (loss), of Rs. 50.57 cr. / Rs. 0.56 cr. (FY24), and Rs. 64.64 cr. / Rs. 1.40 cr. (FY25), and Rs. 49.79 cr. / Rs. - (12.63) cr. The company posted inconsistency in its top and bottom lines for the reported periods. In fact, for FY26 it recorded net loss of Rs. - (12.63) cr.

For the last three fiscals, the company has posted an average EPS of Rs. - (2.93) and an average RoNW of - (6.92) %. The issue is priced at a P/BV of 13.90 based on its NAV of Rs. 30.58 as of March 31, 2026, as and at a P/BV of 3.29 based on its post-IPO NAV of Rs. 129.23 per share at the upper band.

If we attribute FY26 earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at negative P/E. Based on FY25 earnings, the P/E stands at 833.33. The issue appears exorbitantly priced. But, according to the management, considering its order book and the enlistment with Railway authorities, it is posed for bright prospects ahead, it is likely to reap benefits of its ploughing back the profits in to R & D and is now well set to take on critical production on a mass scale. However, its future hinges with its speed for completion of its current order book and also getting new orders in coming years.

For the reported periods, the company has posted PAT margins of 1.10 % (FY24), 2.17% (FY25), - (25.36) % (FY26), and RoCE margins of 14.11%, 22.13%, - 17.69) %, respectively for the referred periods.

Dividend Policy

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

Comparison with Listed Peers

As per the offer document, the company has shown Hind Rectifiers, as its listed peer. It is currently trading at a P/E of 102 (as of July 27, 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 4th mandate from Sundae Capital in the last four fiscals. Out of the last 3 listings, 1 listed at discount and the rest opened with premium of 6.49% and 27.59% on the date of listing.

Conclusion / Investment Strategy

MVEL is a technology driven company engaged in the components used in railway rolling stocks. It posted erratic financial performances with inconsistency in its top and bottom lines for the reported periods. Based on its negative earnings for FY26, the issue is priced at a negative P/E. On its financial data for the last three fiscals, the issue appears exorbitantly priced. It has a strong order book worth Rs. 921.64 cr. as of June 30, 2026, and that is the only attraction. Only well-informed investors may park funds for medium to long term, others may stay away.

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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