IPO Note

MV ELECTROSYSTEMS LIMITED

JUL 30th, 2026

MV Electrosystems Limited

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Details of the Issue	
Price Band	₹ 400 - ₹ 425
Issue Size	₹ 290 Cr
Market Cap	₹ 1,159.5 Cr
Face Value	₹ 5
Bid Lot	34
Listing on	BSE,NSE
Investment Range	₹ 13,600 - ₹ 14,450

Important Indicative Dates (2026)	
Opening	30 - Jul
Closing	03 - Aug
Basis of Allotment	04 - Aug
Refund Initiation	05 - Aug
Credit to Demat	05 - Aug
Listing Date	06 - Aug

Lead Manager
Sundae Capital Advisors Pvt Ltd

Offer Details	
Offer Size	₹ 290 Cr
Fresh Issue	₹ 290 Cr
OFS	-

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	217.5	5.1	5.4	75
NII	43.5	1.0	1.1	15
Retail	29	0.7	0.7	10
Em-ploy.	-	-	-	-
Total	290	6.8	7.2	100

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Company Profile

MV Electrosystems is a technology-driven manufacturer of electrical and power electronics systems for railway rolling stock, with products spanning IGBT-based 3-phase propulsion systems for electric locomotives, switchgear panels, cable management solutions, and other electrical sub-systems. A key milestone came on September 15, 2025, when the company secured approval from Chittaranjan Locomotive Works (CLW), Indian Railways, for its indigenously designed IGBT-based 3-phase propulsion equipment. The approved solution includes traction converter-inverter systems, auxiliary converters, vehicle control units (VCUs)/train control management systems (TCMS), and driver display units, all developed to meet international safety and performance standards. The company's microprocessor-based modular VCU enables end-to-end traction and propulsion control with real-time monitoring and advanced fault diagnostics. Commercial supplies of the 3-phase propulsion equipment to Indian Railways commenced in March 2026.

GEPL's Insights & Investment Thesis:

- MV Electrosystems Ltd has indigenously developed IGBT based 3-phase propulsion system, which has been approved by Chittaranjan Locomotive Works (CLW) and Indian Railways. The company is now eligible to participate in tenders issued by Indian Railways.
- The company is focusing on High-Value Products and opportunity to enter into rolling stock manufacturing capabilities. It is expanding its manufacturing capabilities, while reducing operating costs and improving operating efficiencies.
- The company will be utilizing IPO proceeds for working capital requirement, has robus order book, and IGBT based 3-phase propulsion system. However, the company has made a loss in FY26, therefore, we recommend a "**Subscribe for listing gains**" rating for issue.

Business Highlights & Services

MV Electrosystems operates at the heart of India's railway infrastructure modernization, benefiting from broad-gauge electrification, the government's Make in India procurement push, network expansion, and the development of high-speed rail corridors. The company's successful in-house design and development of IGBT-based 3-phase propulsion equipment for 6,000 HP electric locomotives marks a significant technological milestone and provides a strong foundation for expanding into next-generation, energy-efficient railway power conversion systems. As Indian Railways continues to focus on higher-speed, more efficient rolling stock, demand for advanced propulsion and power electronics solutions is expected to grow. Supporting this opportunity is the company's integrated R&D center in Faridabad, Haryana, which houses multidisciplinary expertise across power hardware, control hardware, traction power software, and mechanical design. This in-house capability enables MV Electrosystems to independently develop complex railway systems without relying on external design partners, positioning it to introduce advanced solutions such as composite converters, hotel load converters, and distributed power conversion systems for MEMUs, EMUs, Vande Bharat trains, metro rail projects, and future railway modernization initiatives.

Manufacturing one of the most technologically complex subsystems in a locomotive, the propulsion system, provides MV Electrosystems with a strong competitive advantage. This expertise enables the company to manufacture less complex railway electrical systems efficiently at scale, strengthening its long-term relationship with Indian Railways while enhancing its ability to compete with global players.

Going forward, the company intends to leverage its capabilities in power electronics and system engineering to expand both its product portfolio and market presence. Within the railway segment, it plans to introduce advanced solutions such as hotel load converters, IGBT-based propulsion systems for EMUs, MEMUs, Vande Bharat trainsets, metro rail systems, and other electrical and electronic assemblies. Expanding its portfolio of approved products is expected to increase its share of business with Indian Railways, driving sustainable revenue growth and improving long-term revenue visibility. Beyond railways, MV Electrosystems is diversifying into adjacent high-growth sectors by developing power conversion solutions for renewable energy, industrial and commercial applications, energy storage systems, and electric mobility and EV charging infrastructure, creating new avenues for domestic and international growth.

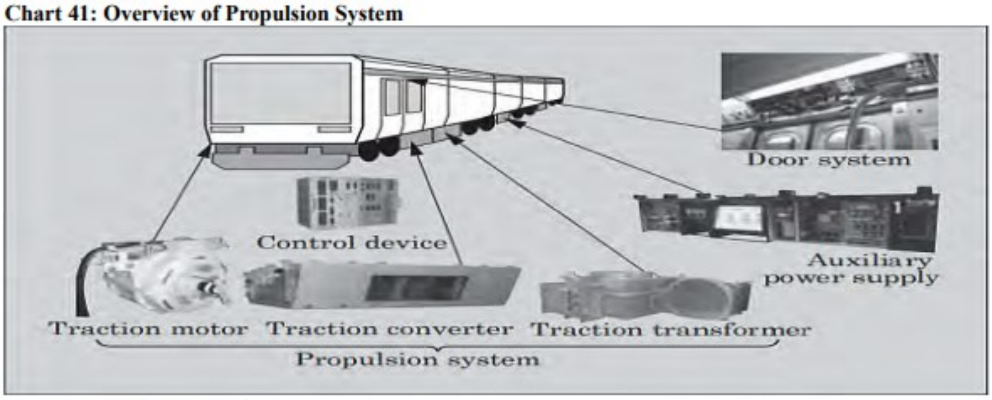
Indian Railways is shifting from its traditional component-wise procurement model to a system-level sourcing approach. In March 2025, the Railway Board directed Chittaranjan Locomotive Works (CLW) and Banaras Locomotive Works (BLW) to procure 100 integrated propulsion kits, each comprising multiple critical locomotive subsystems rather than individual components. The tender also includes a 35-year annual maintenance contract, enhancing long-term revenue visibility for suppliers. This transition presents a significant growth opportunity for MV Electrosystems. As an approved manufacturer of IGBT-based 3-phase propulsion systems, the company is well positioned to expand into the development and supply of complementary subsystems, including bogies, suspension and transmission systems, transformers, cooling units, traction motors, TCMS components, cable harnesses, connectors, electrical schematics, and other RDSO-specified equipment. Future integrated kits may also incorporate hotel load converters, further expanding the addressable opportunity. The move toward integrated system procurement is expected to accelerate product diversification, increase the company's share of business with Indian Railways, and strengthen its position as a comprehensive propulsion and power systems solutions provider. By participating at the system integration level, MV Electrosystems can broaden its role beyond individual components, creating a strategic pathway into higher-value rolling stock manufacturing and integration capabilities.

MV Electrosystems' existing assembly-cum-manufacturing facility at Baghola, Palwal, Haryana (Unit 1) manufactures electrical and control panels, switchboard cabinets, junction boxes, and cable protection and management products. The facility holds all necessary regulatory approvals, including RDSO certification, to manufacture and supply propulsion equipment to Indian Railways, eliminating the need for any additional approvals. To strengthen quality assurance and reduce reliance on third-party testing, the company has established a dedicated in-house propulsion testing facility at Unit 1. The setup enables comprehensive testing of critical performance parameters, including voltage, current, load endurance, thermal stability, and operational efficiency before dispatch. In March 2026, the company also commissioned a Surface Mount Technology (SMT) line for in-house PCB assembly, supporting the production of vehicle control units (VCUs), power electronic modules, and other control electronics used in propulsion systems. This backward integration is expected to enhance quality control, shorten production lead times, and improve cost efficiency. Following the approval of its IGBT-based 3-phase propulsion equipment by Indian Railways, MV Electrosystems became eligible to participate as a bulk supplier in railway tenders. During FY2025-26, the company secured orders representing 27.12% of the net procurable quantity under propulsion equipment tenders issued by Chittaranjan Locomotive Works (CLW), Banaras Locomotive Works (BLW), and Patiala Locomotive Works (PLW). With such tenders typically floated annually to support rolling stock expansion, the company is well positioned to capitalize on recurring procurement opportunities.

Customer-wise revenue mix

Nature of Customers	FY26		FY25		FY24	
	Amount (in Cr)	%	Amount (in Cr)	%	Amount (in Cr)	%
Indian Railways (through Zonal railways / their divisions / production units)	37.9	76.2%	45.7	70.7%	33.9	67.0%
OEM Suppliers to Indian Railways / Private Sector	11.5	23.1%	16.9	26.2%	16.1	31.8%
Other Income	0.4	0.7%	2.0	3.1%	0.6	1.2%
Total	**49.8**	**100%**	**64.6**	**100%**	**50.6**	**100%**

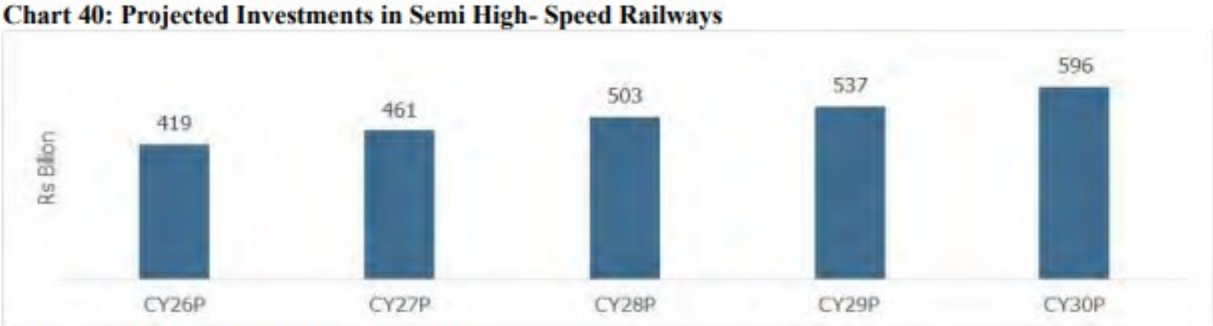
Chart 41: Overview of Propulsion System



Source: CareEdge Research

Industry Outlook

Chart 40: Projected Investments in Semi High- Speed Railways



Source: CareEdge Research, Maia Research

Chart 45: Indian Railway Propulsion Equipment Market (by Application)

Source: MAIA Research, CareEdge Research

Peers Comparison

Name of the company	Face Value (₹)	Total Revenue (₹ Cr)	EPS	NAV (₹)	P/E (x)	RoNW(%)
MV Electrosystems Ltd	**5**	**49.4**	**-6.5**	**30.58**	**NA**	**-20.29**
Peers Group						
Hind Rectifiers Ltd	2	999.1	13.1	60.69	88.8	21.37

Company's Competitive Strength

- Engineering and systems design focused railways company with strong in-house research, design & development capabilities for highly engineered and complex railway systems, combining precision and domain expertise.
- Ability to create precision driven design & development capabilities and safety critical & complex railway electric equipment acts as high barriers to entry in this segment.
- Long-standing and deep relationship with Indian Railways.
- Experienced Promoter and management team with strong implementation skills and operational effectiveness.

Key Strategies Implemented by Company

- Leverage domain experience and capabilities by continuing to diversify product base and increase penetration across different global regions & synergetic potential applications like Renewable Energy Projects, Industrial & Commercial Power Conversion Systems, Energy Storage Systems, Electric Mobility & Charging Infrastructure.
- Development and / or acquisition of new products that are used in conjunction with propulsion equipment in line with the newer opportunities under Indian Railways.
- Increase manufacturing capabilities, reduce operating costs and improve operating efficiencies.
- Make in India and focus on developing in-house intellectual property rights.
- Scalable Business Model with Focus on High-Value Products and opportunity to enter into rolling stock manufacturing capabilities.

Particular (INR in Cr)	FY26	FY25	FY24
Equity Capital	10	9	7
Reserves and Surplus	52	9	9
Net Worth	63	18	17
Revenue	50	65	51
Growth (%)	-23%	28%	
EBITDA	-10	9	6
EBITDAM (%)	-20%	14%	13%
PAT	-13	1	1
PATM (%)	-25.3%	2.2%	1.1%
ROE (%)	-31.6%	8.0%	4.4%
ROCE (%)	-17.7%	22.1%	14.1%

Notes

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