PRIME RESEARCH
Empowering decisions

HDFC securities
Powering India's Investments

# IPO Snapshot

**July 29, 2026**

## MV Electrosystems Limited

**Issue Snapshot:**
Issue Open: July 30 – August 03, 2026

Price Band: Rs. 400 –425

*Issue Size: Up to Rs 290.0 cr

Reservation for:

| | | |
|---|---|---|
| QIB | atleast | 75% eq sh |
| Non-Institutional | upto | 15% eq sh |

((including 1/3rd for applications between Rs.2 lakhs to Rs.10 lakhs))

| | | |
|---|---|---|
| Retail | upto | 10% eq sh |

Face Value: Rs 5

Book value: Rs 30.58 (March 31, 2026)

Bid size: - 34 equity shares and in multiples thereof

100% Book built Issue

**Capital Structure**:
Pre Issue Equity: Rs. 10.23 cr
*Post issue Equity: Rs. 13.64 cr

Listing: BSE & NSE

Book Running Lead Manager: Sundae Capital Advisors Private Limited

Sponsor Bank: HDFC Bank Ltd and Kotak Mahindra Bank Ltd

Registrar to issue: Kfin Technologies Limited.

**Shareholding Pattern**

| Shareholding Pattern | Pre issue % | Post issue % |
|---|---|---|
| Promoter and Promoter Group | 76.92 | 57.68 |
| Public | 23.08 | 42.32 |
| **Total** | 100.0 | 100.0 |

*=assuming issue subscribed at higher band
Source for this Note: RHP

**Background & Operations:**

MV Electrosystems Limited (MVEL) is a technology-driven manufacturer of electrical and power electronics equipment for railway rolling stock, with a focus on design, development, assembly, and in-house manufacturing of advanced systems such as IGBT-based 3-phase drive propulsion equipment, switchgear panels for railway coaches and EMUs, cable protection and management products, and other electrical components, systems, and sub-systems. The company's core positioning is anchored in indigenous engineering capability and the development of complex railway power electronics solutions tailored to Indian Railways' evolving requirements.

A key milestone for MVEL was the approval received from CLW, Indian Railways, on September 15, 2025, for its in-house designed and developed IGBT-based 3-phase drive propulsion equipment. This system includes the traction converter-inverter system, auxiliary converter, vehicle control units / train control management system, and driver display units, all developed internally to meet international safety and performance standards. The Vehicle Control Unit is built on a high-performance, microprocessor-based modular architecture that enables full traction and propulsion control of locomotive-hauled trains, while also providing continuous monitoring and extensive fault diagnostics. This approval is important because it validates both the technical capability and the product readiness of MVEL's proprietary solution.

Commercialization of this product began in March 2026, when the company commenced supplies to Indian Railways for 3-phase propulsion equipment. This marks a meaningful transition from development and validation to revenue-generating execution, and it strengthens MVEL's role as a domestic supplier of advanced railway propulsion technology. In parallel, the company's R&D Centre was recognized by DSIR, Ministry of Science and Technology, Government of India, on June 12, 2026, which further reinforces the credibility of its research and development capabilities.

MVEL operates within a structurally supportive environment driven by broad-gauge electrification, Make-in-India procurement priorities, network expansion, and the development of high-speed rail corridors. As Indian Railways continues to prioritize speed, energy efficiency, safety, and indigenization, demand for advanced power conversion systems is expected to remain strong. In this context, MVEL's in-house design and development capabilities for 6000 HP locomotive propulsion equipment represent a strategic advantage, as they reduce dependency on external design houses and position the company to participate in future technology upgrades across railway platforms.

The company's research, design, and development centre in Faridabad, Haryana, is supported by a multidisciplinary team with expertise in power hardware, control hardware, traction power software, and mechanical design. This capability base enables MVEL to engineer complex systems and sub-systems independently, which is critical in a sector where product reliability, safety compliance, and customization are essential. Going ahead, this foundation should help MVEL expand into newer power electronics solutions, including composite converters, hotel load converters, and distributed power conversion systems for MEMUs, EMUs, Vande Bharat trains, and metro applications, while also addressing sustainability-led technology upgrades.

Financially and operationally, MVEL appears to be building scale. As of June 30, 2026, its order book stood at Rs. 921.64 crore, a level significantly higher than its historical revenues, indicating strong visibility for future execution and a potentially meaningful revenue ramp-up. As of May 31, 2026, the company had 206 employees on payroll, suggesting a relatively focused but technically equipped organization. Overall, MVEL is emerging as a domestic railway technology player with proprietary product capability, regulatory validation, and a strong order pipeline, all of which position it well to benefit from India's ongoing rail modernization cycle.

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), 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.

**Objects of Issue:**
The Issue comprises of fresh Issue of Equity Shares by the Company.

**Fresh Issue**
MVEL proposes to utilise the Net Proceeds from the Issue towards the following objects:

- Funding long-term working capital requirements of the Company;
- Investment in research design and development activities for new power electronic equipment;
- General corporate purposes

In addition, the Company expects to receive the benefits of listing of Equity Shares on the Stock Exchanges including enhancing its Company's visibility and brand image among its existing and potential customers and creating a public market for the Company's Equity Shares in India.

**Requirement of funds and utilisation of Net Proceeds**

| Particulars | Estimated utilisation from Net Proceeds (Rs. in million) |
|---|---|
| Funding long-term working capital requirements of the Company | 1,800.00 |
| Investment in research design and development activities for new power electronic equipment | 210.00 |
| General corporate purposes | * |
| **Net Proceeds** | * |

**Competitive Strengths**

- 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

**Business Strategy:**

- 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.

**Key Concerns**

- The company derives a substantial portion of its revenue from a limited number of customers, with Indian Railways being the single largest customer accounting for 76.72% (Rs.379.22 million) in FY 2026, 72.96% (Rs.457.00 million) in FY 2025, and 67.80% (Rs.338.69 million) in FY 2024 of total operating revenue.

- Most business is conducted on a purchase order basis or through periodic tenders without long-term contracts, leading to significant quarterly and seasonal revenue fluctuations that make historical comparisons unreliable.

- The business requires numerous licenses, permits, and factory registrations (such as power load enhancement applications with Dakshin Haryana Bijli Vitran Nigam Limited), and any failure or delay in obtaining or renewing them could halt operations.

- The manufacturing facilities (Unit 1, proposed Unit 2, and the R&D Centre) are entirely concentrated in the state of Haryana, exposing operations to regional disruptions, natural disasters, local labor unrest, and state-specific regulatory changes.

- The company is in the process of shifting its cable protection and interconnected products manufacturing from Unit 1 to Unit 2 in Nangla Bhiku, Palwal, while installing new machinery and test setups, carrying risks of cost overruns and delays.

- Significant purchase orders aggregating to Rs.7,376.60 million (excluding GST and AMC) for 450 units of 3-Phase Propulsion Equipment were received from Indian Railways units (CLW, BLW, PLW) in FY 2026, alongside an executable order book of Rs.9,216.40 million as of June 30, 2026, which risk delays or penalties if unexecuted.

- There are no direct listed peers of similar size that manufacture propulsion equipment, making qualitative and quantitative peer comparisons difficult (Hind Rectifiers Limited is used as a proxy peer).

- Certain equity shares were issued via private placement and transferred by promoters in the preceding year at prices significantly lower than the upcoming Issue Price.

- The company experienced negative net cash flows from operating activities of Rs.(575.45) million in FY 2026 and Rs.(52.15) million in FY 2024, primarily due to inventory accumulation, supplier advances after prototype clearance, and working capital constraints.

- Customer contracts include liquidated damage clauses for delays, resulting in past penalty payouts of Rs.4.07 million (FY 2026), Rs.2.52 million (FY 2025), and Rs.0.47 million (FY 2024), backed by outstanding bank guarantees worth Rs.30.62 million as of March 31, 2026.

- Key electronic components (such as IGBTs, DC link capacitors, semiconductors, and microprocessors) rely on imports from foreign countries including China, the UK, Hong Kong, and Singapore, exposing the supply chain to geopolitical and trade tariff risks (with total imports reaching 19.12% of revenue in FY 2026).

- The top supplier accounted for 39.24% (Rs.136.86 million) and the top five suppliers accounted for 73.20% (Rs.255.29 million) of total material costs consumed in FY 2026 without long-term supply agreements.

- The company has faced past discrepancies and delays regarding company law filings (such as preferential allotment procedures under Section 42 and 62 of the Companies Act, 2013, and compounding applications filed before the ROC), delayed MSME payments, and past lapses under the POSH Act and fire safety regulations.

- Contingent liabilities not provided for stood at Rs.35.42 million as of March 31, 2026 (including bank guarantees of Rs.30.62 million and disputed GST liabilities of Rs.4.80 million), representing 5.66% of total equity.

- Engineering, research, design, and development expenses aggregated to Rs.78.95 million in FY 2026 (15.97% of operating revenue), and unsuccessful trials or delayed approvals for new propulsion systems could undermine these investments.

- The company requires massive working capital for inventory build-up and bank guarantees, reflected in a net working capital of Rs.312.78 million and a sharply reduced net working capital turnover ratio of 1.58 in FY 2026.

**Disclosure & Disclaimer:**

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. This report may have been refined using AI tools to enhance clarity and readability.

Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the Company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the Company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

Please note that HDFC Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from t date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.