Retail Research	IPO Note
Sector: Railway Equipment	Price Band (Rs): 400 – 425
28th July 2026	Recommendation: SUBSCRIBE for Long Term*

MV Electrosystems Ltd

Company Overview:

MV Electrosystems Ltd. (MVEL) is engaged in the design, development, assembly and manufacturing of electrical systems & power electronics equipment in railway rolling stock and traction applications. The company designs, develops, and manufactures propulsion systems, including IGBT converters, auxiliary converters, vehicle control units, and driver display units, along with cable protection and interconnect products.

Key Highlights:

1. **Approved supplier of 3-Phase Propulsion Equipment:** MVEL has designed and developed indigenously IGBT based 3-Phase Drive Propulsion Systems which have been approved by Chittaranjan Locomotive Works (CLW) & Research Designs and Standards Organization (RDSO). Pursuant to the approval, the company is eligible to participate in tenders as a bulk supplier. For the tenders issued by Indian Railways through its production units, during FY26, MVEL received orders for ~27% of the net procurable quantity under the said tenders. This equipment includes traction converter-inverter system, auxiliary converter, vehicle control units/train control management system and driver display units; all of which are designed and developed by the company indigenously.

2. **Strong in-house Research, Design & Development (RD&D) capabilities:** MVEL's assembling cum manufacturing facility is based at Haryana, India (Unit 1) and its operations are supported by the dedicated in-house RD&D centre based at Faridabad, Haryana. Unit 1 holds all valid registrations required for the manufacturing of propulsion equipment, with an installed dedicated test set-up for testing propulsion equipment prior to dispatch and is further approved by RDSO. With dedicated focus on production of 3-Phase Propulsion Equipment in Unit 1, the company plans to shift the manufacturing operations for cable protection & interconnected products from Unit 1 to the Unit 2 to be set up in proximity to the existing unit. MVEL also plans to install 3 test setups at Unit 2, increasing the annual testing and dispatch capacity. Additionally, the company is also extending its RD&D capabilities to build IGBT based 3-Phase Drive Propulsion System with composite converter, hotel load converter, and IGBT based Three Phase Electrics for AC EMUs/ Mainline EMUs.

3. **Significant entry barriers:** The railway industry is characterized by substantial entry barriers which arise from a combination of stringent & long process of product development and safety approvals, technology complexity, long qualification cycles & vendor approvals, among others. In order to supply propulsion equipment to its customer, MVEL is required to undergo a part-by-part testing process for each of the propulsion sub-system given the critical nature of propulsion equipment. Further, the competency of Foreign Designs & imports has reduced due to increased emphasis of the government on Make in India. As a result, MVEL does not have to incur any cost on account of royalty or technology fees payable led by their indigenously designed and developed technology for its propulsion equipment. Hence, the company enjoys inherent cost advantage against the suppliers who are either multinational companies or domestic companies dependent on their foreign collaborators for supplying propulsion technology.

View & Valuation: MVEL stands as a key player within India's rail infrastructure transition by the virtue of its indigenous in-house design & development of 3-Phase Propulsion Equipment. As Indian Railways progresses towards modernization, the need for advanced power conversion systems including propulsion equipment will continue to prevail. While the company reported a net loss of ~Rs 13 cr in FY26, it remains a favorable candidate for turnaround given its robust executable order book of ~Rs 922 cr for Propulsion Equipment (as of Jun'26), combined with the receipt of approval from CLW. Additionally, the 5-year procurement estimation of Propulsion Equipment by Indian Railways (~Rs 19,797 cr) appears to be a suitable TAM for the company. Further, the mobilization of IPO proceeds towards working capital requirements shall aid in reporting improved performance starting 2HFY27 as the company aims to increase its propulsion system production from 20 sets per month currently to ~50 sets per month. Hence, considering MVEL's robust growth prospects, we recommend investors to SUBSCRIBE to the issue for long term investment horizon.

***Looking at the potential turnaround nature of the business, investors should note that it will fit in a high risk, high-return investment matrix.**

Issue Details	
Date of Opening	30th July 2026
Date of Closing	03rd August 2026
Price Band (Rs)	400 – 425
Fresh Issue (Rs cr)	290
Offer for sale (Rs cr)	-
Issue Size (Rs cr)	290
No. of shares	68,23,529 @upper price band
Face Value (Rs)	5
Post Issue Market Cap (Rs cr)	1,108 – 1,160
BRLMs	Sundae Capital Advisors Pvt Ltd
Registrar	KFin Technologies Ltd
Bid Lot	34 shares and in multiple thereof
QIB shares	75%
NII shares	15%
Retail shares	10%

Objects of Issue

Particulars (Rs cr)	Estimated utilization from net proceeds
Funding long-term working capital requirements	180
Investment in research design and development activities for new power electronic equipment	21
General corporate purposes*	-
Net proceeds from fresh issue*	**-**

**The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

Shareholding Pattern

Pre-Issue	No. of Shares	%
Promoter & Promoter Group	1,57,37,200	76.9
Public & Others	47,22,000	23.1
Total	**2,04,59,200**	**100.0**

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	1,57,37,200	57.7
Public & Others	1,15,45,529	42.3
Total	**2,72,82,729**	**100.0**

Source: RHP, SSL Research

Key Financials

Particulars (Rs cr)	FY24	FY25	FY26
Revenue from operations	50	63	49
EBITDA	6	7	(10)
EBITDA Margin (%)	11.6	11.0	(20.8)
PAT	1	1	(13)
PAT Margin (%)	1.1	2.2	(25.5)
EPS	0.3	0.7	(6.2)
RoE (%)	3.9	6.9	(20.2)
RoCE (%)	8.1	12.0	(11.8)
P/E (x)*	1,365.0	701.2	-

Note: Pre-issue P/E based on upper price band
Source: RHP, SSL Research

Risk Factors

- **Customer concentration:** As of FY26, the company's top 5/top 3 customers contributed ~87%/83% to the total revenue. Additionally, the top one customer i.e. Indian Railways, accounted for ~77% of the company's FY26 total revenue. Thus, cancellation of orders or delay/reduction in orders could impact the business.

- **Regulatory & Compliance risk:** The company is required to obtain and hold relevant statutory and regulatory approvals, licenses, permits and registrations for its operations. Additionally, the company may need to apply for renewals or seek fresh approvals/licenses/permits from time to time. Any delay or failure in doing so, or non-compliance with applicable laws, could adversely affect its operations.

- **Raw material import risk:** The company relies on imports for certain raw material (Gate Bipolar Transistors, capacitors, semiconductors, micro processors, thyristor, etc) for its present products. Further, for 3-Phase Propulsion Equipment, the company will import raw material or electronic components from countries such as China, UK, Hong Kong & Singapore and also source imported raw material from local suppliers/office of such foreign suppliers. Additionally, as of FY26, the company's top 5/top 3 suppliers contributed ~73%/59% to the total cost of materials consumed, while the top one supplier accounted for ~39%.

- **Dependency on Research & Development (R&D):** The company's success significantly depends on the ability to develop and commercialize new electrical equipment & power electronics systems for usage in railways industry, in India and overseas market. At present, the company is undertaking research, design & development activities to develop and obtain approvals of new propulsion systems/projects required by Indian Railways, which require significant expenditure and capital outlay, and carry the risk of not yielding intended results in a timely manner or at all.

- **Promoter Cross-Holdings may create conflict risks:** Promoters and Directors hold interests in other listed and unlisted companies, which may result in conflicts of interest and create concerns regarding allocation of business opportunities.

Growth Strategies

- 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.

- Expand manufacturing capabilities, while reducing operating costs and improving operating efficiencies.

- Focus on High-Value Products and opportunity to enter into rolling stock manufacturing capabilities.

Product Portfolio

Propulsion Equipment

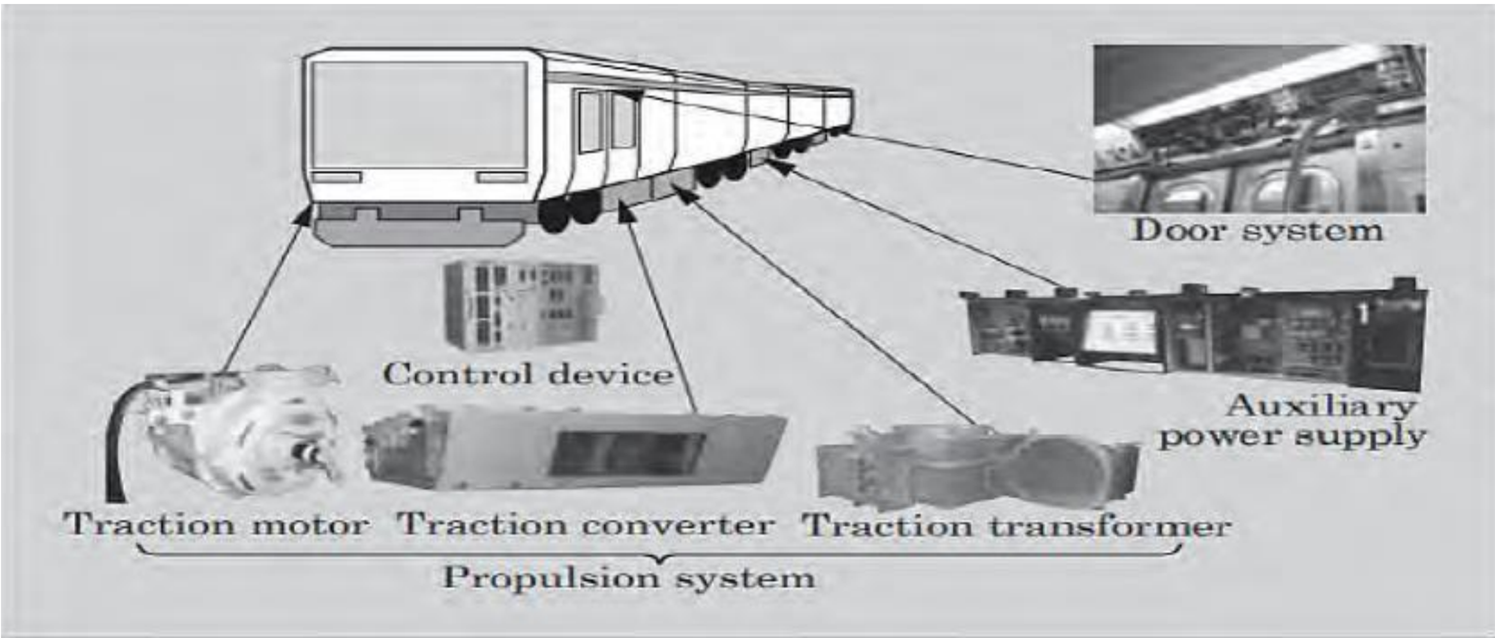
- Rolling Stock Converter – Inverter Systems
- Train Control Management Systems / Vehicle Control Units
- Driver Displays & Embedded Systems
- Power / Control Panels & Switchgear
- Overhead Electrification & Measurement Products

Cable Assemblies

- Interconnect Products & Cable Assemblies
- Cable Protection & Management Products

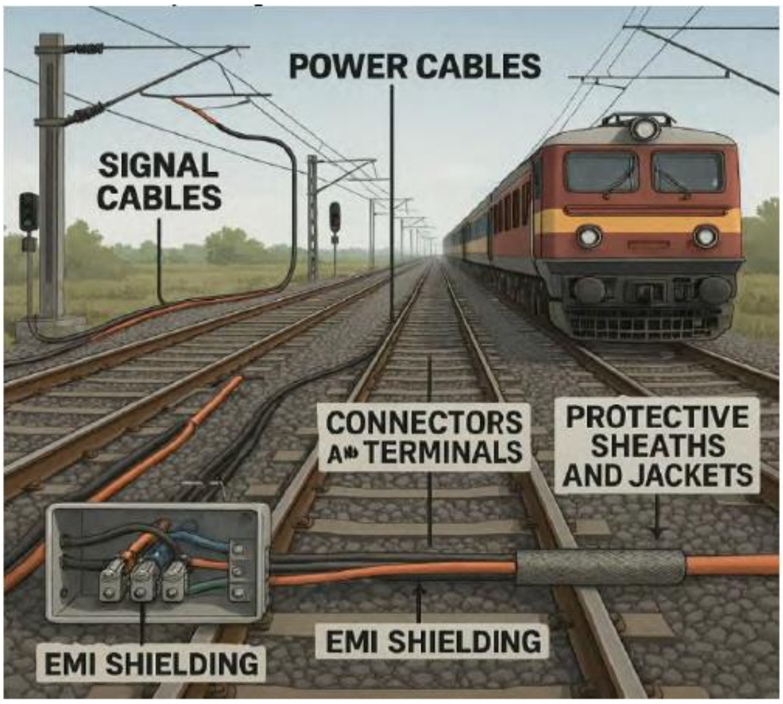
Source: RHP, SSL Research

Overview of Propulsion System



Source: RHP, SSL Research

Key Components of Cable Assemblies



Source: RHP, SSL Research

Revenue Split – Type of Customer

Nature of Customers	FY24		FY25		FY26	
	Rs cr	% of RFO	Rs cr	% of RFO	Rs cr	% of RFO
Indian Railways	34	34	67.8%	46	73.0%	38
OEM Suppliers to Indian Railways / Private Sector	16	16	32.2%	17	27.0%	12
Revenue from Operations (RFO)	**50**	**50**	**100.0%**	**63**	**100.0%**	**49**

Source: RHP, SSL Research

Order Book (as of Jun'26)

Product	No. of units	Total order value - excl. GST (Rs cr)
3-Phase Propulsion Equipment (excl. AMC)	564	922
Under developmental category* (excl. AMC)	-	90
Total	**-**	**1,011**

Order book under developmental category for Microprocessor Controlled IGBT based 3 Phase Propulsion Equipment for MEMU (On Board - 12 Car Rakes), Composite Converter and Hotel Load Converter.
For the above orders under developmental category, the product to be supplied will undergo required test(s) with RDSO / Indian Railways and once approved, the company can commence bulk supplies and participate in new tenders under Approved Category.
Source: RHP, SSL Research

Estimation for procurement of Propulsion Equipment for the next 5 years*

Production Unit of Indian Railways	No. of Propulsion Equipment	Value (Rs cr)
Chittranjan Locomotive Works	6,000	11,850
Banaras Locomotive Works	2,500	4,881
Patiala Locomotive Works	1,500	3,067
Total	**10,000**	**19,797**

as available on GeM portal
Source: RHP, SSL Research

Summary of Tenders participated in by MV Electrosystems

Particulars	FY24		FY25		FY26	
	No. of Bids/Tender	Rs cr	No. of Bids/Tender	Rs cr	No. of Bids/Tender	Rs cr
Bids / Tenders participated	233	3,588	435	4,631	462	4,996
Bids / Tenders awarded	71	32	115	218	75	1,002
Bid / Tenders success ratio	30.5%	0.9%	26.4%	4.7%	16.2%	20.1%

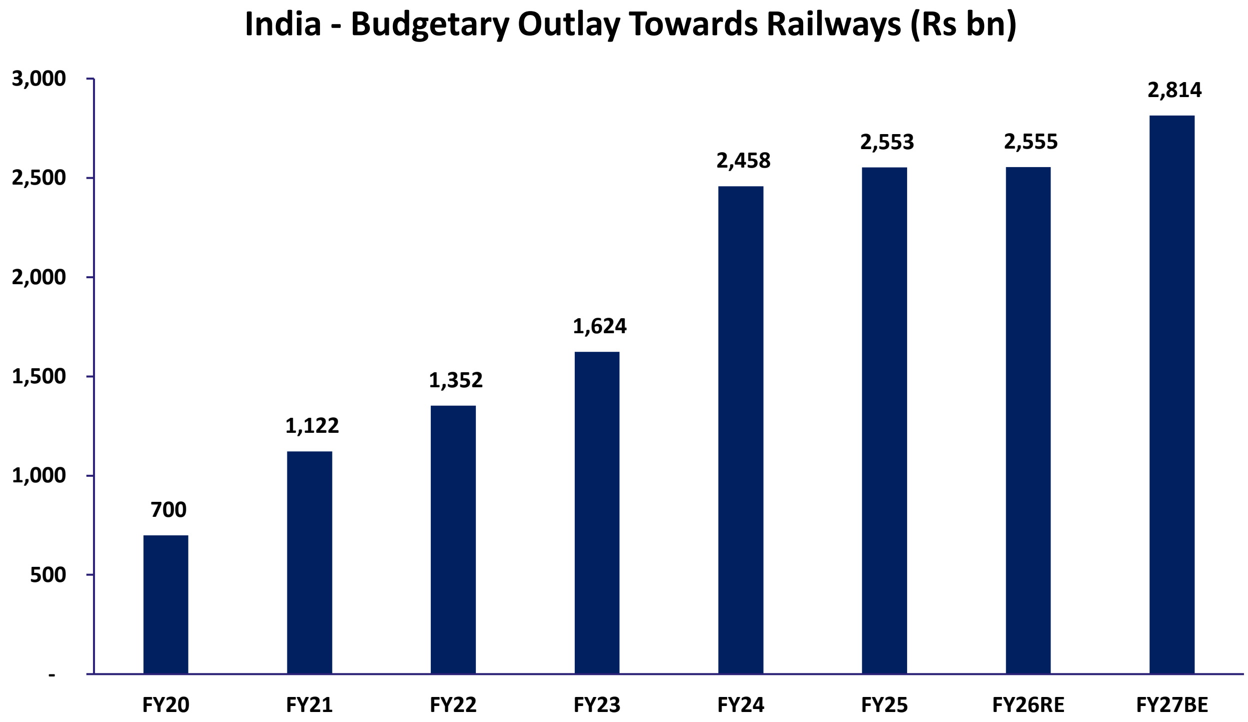
Source: RHP, SSL Research

Operational Performance

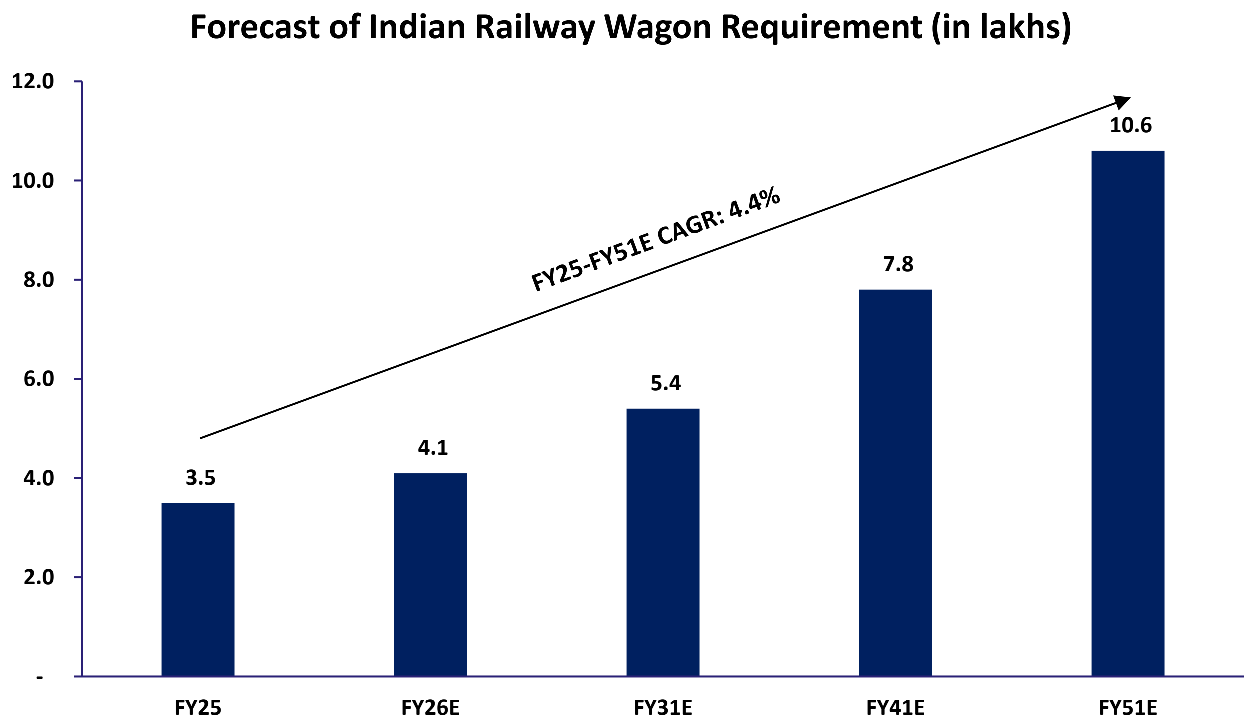
Final Product	Installed Capacity	Capacity Utilization		
		FY24	FY25	FY26
Switch Board Cabinet Panel	1,650	100.0%	98.4%	100.0%
Cable Protection Conduit Tubing	19,50,000	76.9%	84.6%	46.2%
Conduits End Fittings	2,25,000	82.2%	93.3%	51.0%
Expandable Cable Jackets	6,60,000	87.9%	86.4%	71.5%
Propulsion System	114	-	-	2.6%

Source: RHP, SSL Research

Industry Overview

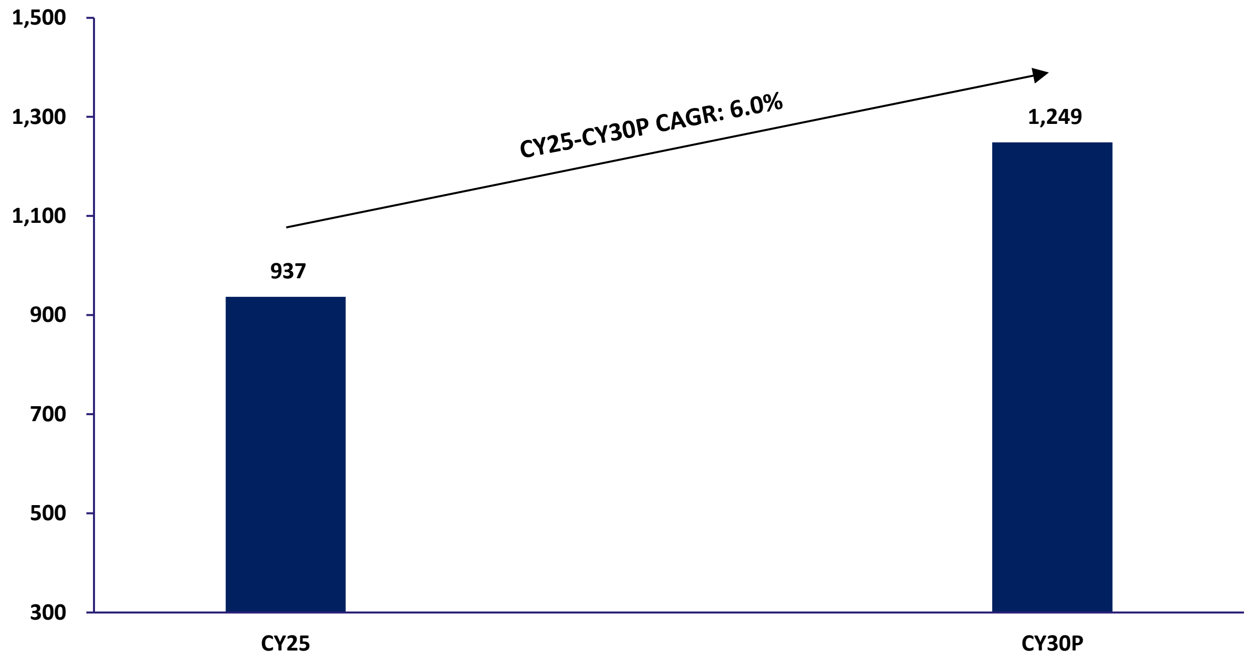


Source: RHP, SSL Research



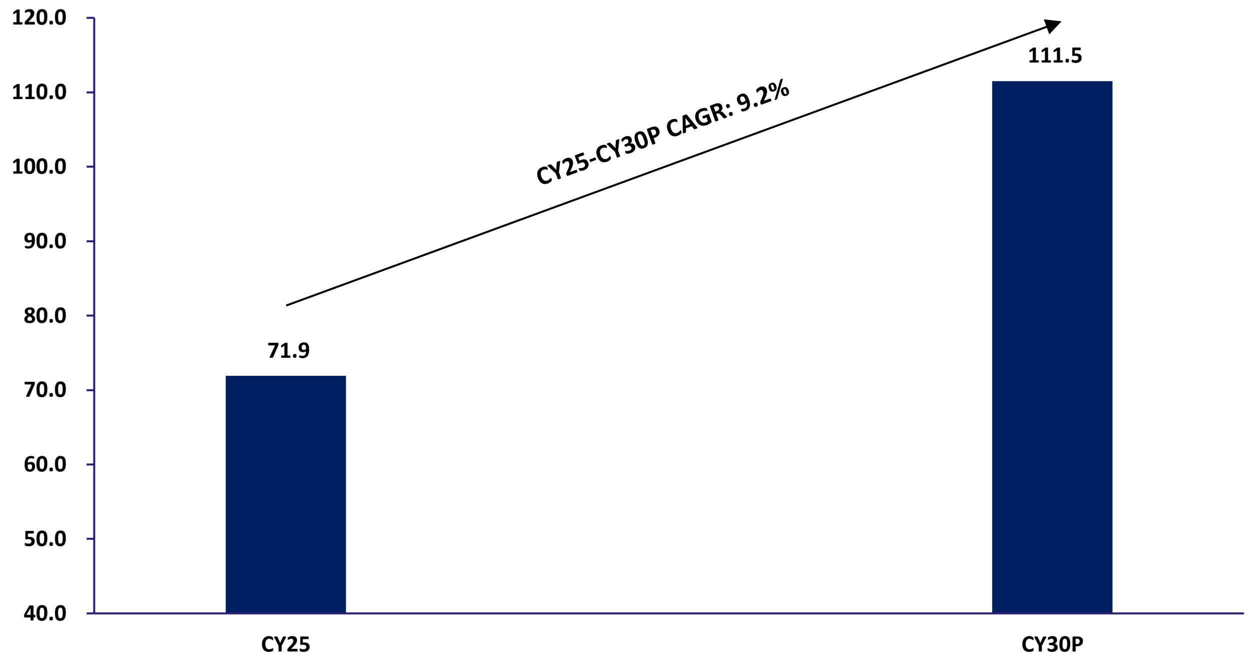
Source: RHP, SSL Research

India - Railway Propulsion Equipment Market (USD mn)



Source: RHP, SSL Research

India - Railway Cable Assemblies Market (USD mn)



Source: RHP, SSL Research

Financial Snapshot

INCOME STATEMENT			
Particulars (Rs cr)	**FY24**	**FY25**	**FY26**
Revenue from Operations	**50**	**63**	**49**
YoY growth (%)	-	*25.4%*	*(21.1%)*
COGS (incl Stock Adj)	26	37	35
Gross Profit	**24**	**25**	**15**
Gross margin (%)	***47.6%***	***40.5%***	***29.4%***
Employee Cost	9	10	14
Other Operating Expenses	9	9	11
EBITDA	**6**	**7**	**(10)**
EBITDA margins (%)	***11.6%***	***11.0%***	***(20.8%)***
Other Income	1	2	0
Interest Exp.	2	3	3
Depreciation	3	3	3
PBT	**1**	**2**	**(17)**
Exceptional item	(0)	0	-
Tax	0	1	(4)
PAT	**1**	**1**	**(13)**
PAT margin (%)	***1.1%***	***2.2%***	***(25.5%)***
EPS (Rs)	**0.3**	**0.7**	**(6.2)**

BALANCE SHEET			
Particulars (Rs cr)	**FY24**	**FY25**	**FY26**
Assets			
Net Block	7	7	21
Capital WIP	-	-	2
Right of use assets	6	5	6
Intangible Assets	0	0	0
Other Non-current Assets	13	14	19
Current Assets			
Inventories	24	32	67
Trade receivables	13	15	10
Cash and Bank Balances	0	0	0
Other Current Assets	1	2	20
Total Current Assets	**39**	**48**	**98**
Current Liabilities & Provisions			
Trade payables	12	19	22
Other current liabilities	3	4	5
Short-term provisions	0	0	0
Total Current Liabilities	**15**	**23**	**27**
Net Current Assets	**23**	**26**	**72**
Total Assets	**50**	**51**	**119**
Liabilities			
Share Capital	7	9	10
Reserves and Surplus	9	9	52
Total Shareholders Funds	**17**	**18**	**63**
Total Debt	28	28	50
Long Term Provisions	1	1	2
Lease Liabilities	5	5	5
Total Liabilities	**50**	**51**	**119**

Cash Flow Statement (Rs cr)	FY24	FY25	FY26
Cash flow from Operating Activities	(52)	50	(575)
Cash flow from Investing Activities	(36)	(15)	(179)
Cash flow from Financing Activities	66	(36)	755
Free Cash Flow	(94)	30	(757)

RATIOS			
Particulars	**FY24**	**FY25**	**FY26**
Profitability			
Return on Capital Employed	8.1%	12.0%	(11.8%)
Return on Equity	3.9%	6.9%	(20.2%)
Margin Analysis			
Gross Margin	47.6%	40.5%	29.4%
EBITDA Margin	11.6%	11.0%	(20.8%)
Net Profit Margin	1.3%	2.0%	(25.5%)
Short-Term Liquidity			
Current Ratio (x)	1.1	1.1	1.5
Quick Ratio (x)	0.4	0.4	0.5
Avg. Days Sales Outstanding	92	85	77
Avg. Days Inventory Outstanding	179	185	498
Avg. Days Payables	91	108	162
Fixed asset turnover (x)	7.3	9.2	2.3
Debt-service coverage (x)	0.1	0.2	(0.2)
Long-Term Solvency			
Total Debt / Equity (x)	1.7	1.5	0.8
Interest Coverage Ratio (x)	1.4	1.8	(3.8)
Valuation Ratios*			
EV/EBITDA (x)	154.7	129.7	-
P/E (x)	1,365.0	701.2	-
P/B (x)	52.6	48.5	13.9
EV/Sales (x)	18.0	14.3	18.6
Market Cap/Sales (x)	17.4	13.9	17.6

Valuation ratios are based on pre-issue capital at the upper price band
Source: RHP, SSL Research

Peer Comparison – FY26

Particulars (Rs cr)	MV Electrosystems Ltd	Hind Rectifiers Ltd
CMP (Rs)	425	1,304
Mkt Cap.	1,160	4,624
Enterprise Value	919	4,863
Revenue from Operations	49	999
EBITDA	(10)	85
Adj. Net Profit	(13)	46
EBITDA Margin (%)	(20.8)	8.5
Net Profit Margin (%)	(25.5)	4.6
RoE (%)	(11.8%)	22.2
RoCE (%)	(20.2%)	16.3
P/E (x)	-	99.6
EV/EBITDA (x)	-	56.1
EV/Sales (x)	18.6	4.9

For MV Electrosystems Limited, the Market Cap, P/E(x), EV/EBITDA (x), EV/Sales (x) are calculated on post-issue equity share capital based on the upper price band.

There are no listed companies of similar size of operations and revenue that holds proprietary ownership for the technical design and in-house developed IGBT based 3-Phase Drive Propulsion System as MV Electrosystems Limited. Only one listed company, namely Hind Rectifiers Limited has developed such propulsion system in-house, as per publicly available disclosure, which is pending for requisite approval(s). Hence, Hind Rectifiers Limited has been identified as peerset for the company.

CMP for peer company is closing price as on 28th July, 2026

Source: RHP, Exchange Filings, SSL Research

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