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MV Electrosystems Limited

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IPO Note

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Technology & Innovation Driven Company engaged in providing end to end Solutions for Railway

MV Electrosystems Limited is a Haryana-based, technology-driven company engaged in the design, development, assembly and manufacturing of electrical and power electronics equipment used in railway rolling stock, including IGBT-based 3-Phase Drive Propulsion equipment for electric locomotives, switchgear panels for railway coaches and EMUs, cable protection and management products, and electrical components, systems and sub-systems. Incorporated on July 03, 2009 as MV Electrosystems Private Limited at Delhi and subsequently converted into a public limited company vide fresh certificate of incorporation dated November 26, 2021, the company operates an assembling-cum-manufacturing facility at Village Baghola, Palwal, Haryana, supported by a dedicated in-house Research, Design & Development Centre at Faridabad, Haryana.

MV Electrosystems operates within India's rail infrastructure transition, driven by mandated broad-gauge electrification, Make-in-India procurement requirements and network expansion including upcoming high-speed corridors. The Indian railway propulsion equipment market grew from USD 561.1 million in CY20 to USD 937.0 million in CY25 (10.8% CAGR) and is projected to reach USD 1,249.3 million by CY30P. The company received final prototype clearance from CLW, Indian Railways on September 15, 2025 for its indigenously designed 3-Phase Propulsion Equipment—comprising traction converters, auxiliary converters, vehicle control units and driver display units—and commenced commercial supplies in March 2026. Unit 1 has an installed capacity of 114 propulsion equipment per annum, with the proposed Unit 2 at Nangla Bhiku, Palwal assessed at 171 propulsion systems annually. Its R&D Centre received DSIR recognition on June 12, 2026.

Financially, the company is in a transition year. Revenue from Operations stood at INR 49.43 crore in FY26 against INR 62.64 crore in FY25, a decline of approximately 21.1% YoY, as the business pivoted from legacy components towards propulsion. The company reported an EBITDA loss of INR 9.94 crore (EBITDA margin of -19.97%) and a Loss After Tax of INR 12.63 crore (PAT margin of -25.36%), against a PAT of INR 1.40 crore in FY25, reflecting front-loaded R&D, employee and capacity costs incurred ahead of propulsion revenue ramp-up. ROE stood at -31.55% and ROCE at -17.69%, with debt-to-equity improving to 0.80x.

MV Electrosystems' key strengths include strong in-house research, design and development capabilities across power electronics, embedded systems and thermal design; proprietary indigenous technology free of royalty or technology-fee outflows; high regulatory entry barriers via RDSO/CLW approval pathways; a long-standing relationship with Indian Railways (76.72% of FY26 revenue); and an experienced promoter group led by Mohit Vohra with over 17 years of railway industry experience. Executable orders in hand for propulsion equipment stood at INR 989.32 crore (excluding GST) as on June 30, 2026, supplemented by developmental-category orders of INR 94.72 crore including a MEMU letter of acceptance from Modern Coach Factory, Raebareli.

Industry	Capital Goods / Industrials

Scrip Details	
Listing	BSE & NSE
Open Date	July 30, 2026
Close Date	Aug 03, 2026
Price Band	INR 400 -425
Face Value	INR 5
Market Lot	34 Shares
Minimum Lot	1

Issue Structure	
Issue Size (INR cr)	INR 290.0
Issue Size sh. (in cr.)	0.68
QIB Share (%)	≥ 75%
Non-Inst Share (%)	≤ 15%
Retail Share (%)	≤ 10%
Pre-Issue sh. (in cr.)	2.05
Post Issue sh. (in cr.)	2.72
Post Issue Market Cap (in cr)	1,159.52

Shareholding (%)	Pre (%)	Post (%)
Promoter	76.9	57.7
Public	23.1	43.3
TOTAL	**100**	**100**

Key Consolidated Financial Data (INR Cr, unless specified):

	Revenue	EBITDA	PAT	EBITDA (%)	PAT (%)	Adj EPS (₹)	Adj BVPS (₹)	RoE (%)	RoIC (%)	EV/EBITDA (X)	P/BV (X)	P/E (X)
FY24	50.0	6.2	0.6	12.4	1.1	0.2	6.0	3.4	7.7	191.0	70.3	2,081.7
FY25	62.6	7.4	1.4	11.9	2.2	0.5	6.6	7.8	8.7	159.8	64.7	826.5
FY26	49.4	(9.7)	(12.6)	(19.5)	(25.6)	(4.6)	22.9	(20.2)	(11.6)	(121.2)	18.5	(91.8)

Source: Ventura Research & Company update

Issue Structure and Offer Details:

MV Electrosystems IPO is a book build issue of INR 290.00 crores. The issue is entirely a fresh issue of 0.68 crore shares of INR 290.00 crore.

Issue Structure	
Investor Category	**Allocation**
QIB	**Not less than 75% of the Net Issue**
NII (HNI)	**Not more than 15% of the Net Offer**
Retail	**Not more than 10% of the Net Issue**

Number of shares based on a higher price band of INR 425

Source: Company Reports

Objects of the Issue:

1. **Funding long-term working capital requirements of the Company – INR 180 Cr.**
2. **Investment in research design and development activities for new power electronic equipment – INR 21**
3. **Cr.**
4. **General corporate purposes**

Financial Summary

Fig in INR Cr (unless specified)	FY24	FY25	FY26
Income Statement			
Revenue	50.0	62.6	49.4
YoY Growth (%)	*(26.6)*	*25.4*	*(21.1)*
Raw Material Cost	26.2	37.3	34.9
RM Cost to Sales (%)	*52.4*	*59.5*	*70.6*
Employee Cost	9.1	9.5	13.1
Employee Cost to Sales (%)	*18.2*	*15.1*	*26.6*
Other Expenses	8.5	8.5	11.1
Other Exp to Sales (%)	*16.9*	*13.5*	*22.4*
EBITDA	6.2	7.4	(9.7)
Margin (%)	*12.4*	*11.9*	*(19.5)*
YoY Growth (%)	*0.3*	*19.5*	*0.0*
Depreciation & Amortization	2.8	3.5	3.4
EBIT	3.4	4.0	(13.0)
Margin (%)	*6.8*	*6.3*	*(26.3)*
YoY Growth (%)	*(6.3)*	*17.1*	*0.0*
Other Income	0.6	2.0	0.4
Bill discounting & other charges	2.9	3.6	4.1
Fin Charges Coverage (X)	1.2	1.1	(3.1)
Exceptional Item	(0.1)	0.2	0.0
PBT	1.0	2.6	(16.8)
Margin (%)	*2.0*	*4.1*	*(34.0)*
YoY Growth (%)	*(42.4)*	*152.5*	*(754.9)*
Tax Expense	0.5	1.2	(4.2)
Tax Rate (%)	*45.2*	*45.3*	*24.8*
PAT	0.6	1.4	(12.6)
Margin (%)	*1.1*	*2.2*	*(25.6)*
YoY Growth (%)	*(53.2)*	*151.9*	*(1,000.1)*
Min Int/Sh of Assoc	0.0	0.0	0.0
Net Profit	0.6	1.4	(12.6)
Margin (%)	*1.1*	*2.2*	*(25.6)*
YoY Growth (%)	*(53.2)*	*151.9*	*(1,000.1)*
Balance Sheet			
Share Capital	7.4	9.1	9.1
Total Reserves	9.1	8.8	53.4
Shareholders Fund	16.5	17.9	62.6
Long Term Borrowings	7.2	5.1	9.5
Deferred Tax Assets / Liabilities	(0.9)	(1.7)	(5.8)
Other Long Term Liabilities	5.5	4.8	5.1
Long Term Trade Payables	0.0	0.0	0.0
Net Current Liabilities	37.3	47.9	74.4
Total Liabilities	65.6	74.1	145.7
Net Block	12.9	11.9	27.0
Capital Work in Progress	0.7	0.2	1.9
Intangible assets under development	0.0	0.0	0.0
Non Current Investments	0.0	0.0	0.0
Long Term Loans & Advances	0.4	0.4	1.5
Other Non Current Assets	0.5	0.5	0.7
Net Current Assets	51.0	61.1	114.6
Total Assets	65.6	74.1	145.7

Fig in INR Cr (unless specified)	FY24	FY25	FY26
Per share data & Yields			
Adjusted EPS (INR)	0.2	0.5	(4.6)
Adjusted Cash EPS (INR)	1.2	1.8	(3.4)
Adjusted BVPS (INR)	6.0	6.6	22.9
Adjusted CFO per share (INR)	(1.9)	1.8	(21.1)
CFO Yield (%)	(0.4)	0.4	(5.0)
Adjusted FCF per share (INR)	(2.8)	1.8	(26.6)
FCF Yield (%)	(0.7)	0.4	(6.3)
Solvency Ratio (X)			
Total Debt to Equity	1.7	1.5	0.2
Net Debt to Equity	1.7	1.5	0.2
Net Debt to EBITDA	4.4	3.7	(1.2)
Return Ratios (%)			
Return on Equity	3.4	7.8	(20.2)
Return on Capital Employed	4.2	4.8	(8.7)
Return on Invested Capital	7.7	8.7	(11.6)
Working Capital Ratios			
Payable Days (Nos)	91	108	162
Inventory Days (Nos)	179	185	498
Receivable Days (Nos)	92	85	77
Net Working Capital Days (Nos)	180	162	413
Net Working Capital to Sales (%)	49.3	44.4	113.2
Valuation (X)			
P/E	2,081.7	826.5	(91.8)
P/BV	70.3	64.7	18.5
EV/EBITDA	191.0	159.8	(121.2)
EV/Sales	23.8	18.9	23.7
Cash Flow Statement			
PBT	1.0	2.6	(16.8)
Adjustments	5.6	6.8	11.1
Change in Working Capital	(11.4)	(3.2)	(56.0)
Less: Tax Paid	(0.5)	(1.2)	4.2
Cash Flow from Operations	(5.2)	5.0	(57.5)
Net Capital Expenditure	(4.1)	(2.0)	(18.2)
Change in Investments	0.6	0.5	0.3
Cash Flow from Investing	(3.6)	(1.5)	(17.9)
Change in Borrowings	6.2	(0.1)	22.3
Less: Finance Cost	(2.9)	(3.6)	(4.1)
Proceeds from Equity	3.3	0.0	57.4
Buyback of Shares	0.0	0.0	0.0
Dividend Paid	0.0	0.0	0.0
Cash flow from Financing	6.6	(3.6)	75.5
Net Cash Flow	(2.2)	(0.1)	0.1
Transfer on account of scheme/Forex effect	0.0	0.0	0.0
Opening Balance of Cash	2.4	0.2	0.1
Closing Balance of Cash	0.2	0.1	0.2

Source: Ventura Research

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