



I P O R E S E A R C H D E S K

RESEARCH REPORT DATED 2 AUGUST 2026

MV Electrosystems Limited

Mainboard IPO — Research Note

BHNI Desk · Listing & Momentum Mandate

Issue Dates 30 Jul – 3 Aug 2026
Price Band ₹400 – ₹425 per share
Lot Size 34 shares (₹14,450)
Issue Size ₹290 Cr · 100% Fresh Issue

S E C T O R Railway & Defence Power Electronics	F I N A N C I A L S Rev ₹49.8 Cr FY26 (–23%) · PAT –₹12.6 Cr
V A L U A T I O N S No P/E (loss) · P/B ~13.9x · ~23x sales	D E M A N D Anchor ₹130 Cr, Kotak MF 40% · Retail 42x
G M P +₹113 / +26.6% over ₹425 (2 Aug, indic.)	R E C O M M E N D A T I O N APPLY (listing gains)

I P O R E S E A R C H D E S K

2. Executive Summary

MV Electrosystems builds IGBT-based propulsion equipment for electric locomotives — traction converter-inverters, vehicle control units, and switchgear for coaches and EMUs — out of a single plant at Palwal, Haryana. It is an import-substitution play on Indian Railways' traction electronics. The financials do not yet back the theme: FY26 revenue of ₹49.8 crore fell 23% year-on-year and the company slipped to a ₹12.6 crore loss after two years of wafer-thin profit.

The issue is 100% fresh — no OFS — so no existing investor is cashing out, which counts for something on a small book. The anchor round is the tell. ₹130 crore covered by fourteen names, with Kotak Mutual Fund taking 40% across three schemes, and Subhkam, 360 One, Ashika and a cluster of small-cap momentum funds filling the rest. GMP has held in a ₹100–113 band, roughly 24–27% over the ₹425 cap. Retail was already 42x by Day 2 and the NII buckets are building fast; only QIB, at 0.96x, is waiting for the last day — as it always does.

The call is APPLY, strictly for the listing. We are here for the pop, not the P&L. At ~23x sales with no earnings this is not a name we would hold for a single day past the momentum window; but the setup — theme, GMP, anchor, demand — is built for a listing-day print, and the base rate on a book like this supports a 15–20% gain if the tape holds on 6 August.

Recommendation	Listing-Day View
APPLY (listing gains)	Positive — GMP-implied +15–25%; book the gain into strength on the listing print

3. Company Overview & Business Model

MV Electrosystems makes power-electronics and electromechanical equipment for rolling stock. The flagship product is indigenous IGBT-based three-phase drive propulsion equipment for electric locomotives — the traction converter-inverter and the vehicle control unit that sit at the heart of a modern loco's drive train. Around that core it builds switchgear panels for coaches and EMUs, cable protection systems, and allied electrical components.

This is a B2G/B2B business in all but name: the customer is Indian Railways and its production units, reached either directly or through the rolling-stock supply chain. Revenue is tender- and order-driven, so it is lumpy by construction — a strong execution year can mask weak order intake, and a slipped tender can push a full year of revenue into the next. That lumpiness is exactly what the three-year print shows.

Everything runs out of one facility at Palwal, Haryana, paired with an in-house R&D centre that is the real asset here — the pitch is indigenisation of traction electronics that were historically imported. The promoter group is Mohit Vohra together with the Dhawan family (Amit, Sumit, Rahul and Sonali) and Ramendra Pratap Singh.

What could break it: single-plant, single-customer-ecosystem concentration, and a technology-heavy product where any qualification slip or delayed railway tender defers revenue by a year. The FY26 loss is the signal that execution and fixed-cost absorption are not yet steady.

4. Market Position & Client Base

The moat, such as it is, is regulatory and technical. Qualifying an IGBT propulsion system for Indian Railways is a slow, approval-heavy process, and once a vendor is in, switching costs are real. That is the bull case for a small specialist. The flip side is that the addressable customer is effectively a single institutional buyer with monopsony power over price and payment terms — which shows up directly in working-capital intensity, and is why ₹180 crore of the raise goes straight to long-term working capital.

On positioning, the company is a sub-scale specialist riding the railway indigenisation and electrification theme — locomotive production ramp, Vande Bharat, Kavach-adjacent electronics. It is nowhere near the scale of its one listed comparable. Client concentration is high by the nature of the sector; the disclosed customer book is narrow, and we would flag that as a structural feature of the industry rather than a company-specific failing — but a risk to underwrite all the same.

5. Revenue Model & Order Profile

Geography is not a variable here — this is a single-plant, domestic-only manufacturer with no meaningful export or currency exposure to model. What matters instead is the shape of the revenue. Sales are recognised against rolling-stock orders and railway tenders, which makes the top line inherently order-book dependent and back-ended within a financial year.

The consequence is limited forward visibility at the RHP stage and a working-capital cycle stretched by a large, slow-paying institutional buyer. That combination — lumpy revenue against a cash-hungry balance sheet — is the operating reality behind the FY26 step-down, and it is why the fresh-issue proceeds skew so heavily toward working capital rather than capacity.

6. Innovation & R&D

The R&D story is the equity story — strip it out and there is little to justify the price. The company has developed proprietary traction converter-inverter and vehicle-control-unit technology, the electronic brain of a locomotive's drive system, in a segment historically served by imports. That IP is the defensible core and the whole basis of the indigenisation pitch.

₹21 crore of the fresh issue is earmarked to extend R&D into new power-electronic equipment. For a company this size that is a meaningful commitment, and it is the line item that a thematic buyer is really underwriting. Our caveat: deep-tech R&D in traction electronics is long-cycle and qualification-gated, so the payoff — if it comes — sits well beyond the listing window this desk trades. For the listing itself, the IP matters as narrative fuel, not as a near-term earnings lever.

7. IPO Structure & Use of Proceeds

Issue Structure

Particulars	Amount (₹ Cr)	% of Total
Fresh Issue	290.00	100%
Offer for Sale (OFS)	Nil	0%
Total Issue Size	290.00	100%

Use of Proceeds (Fresh Issue)

Objective	Amount (₹ Cr)	% of Fresh Issue
Long-term working capital	180.00	~62%
Investment in R&D — new power electronic equipment	21.00	~7%
General corporate purposes	~89.00	~31%
Total	290.00	100%

OFS at 0% of the issue. Every rupee raised goes onto the company's own balance sheet, and no existing shareholder is selling into the IPO. On a small book this is a genuine positive — there is no insider-exit signal to read against the demand.

The issue is split in the standard mainboard proportion: QIB not less than 75% of the net issue (inclusive of the anchor portion), NII 15% — two-thirds to bHNI (>₹10 lakh) and one-third to sHNI (₹2–10 lakh) — and Retail not more than 10%. The anchor round placed 30,70,587 shares at ₹425, a ₹130.5 crore book. The issue is run by a single book-running lead manager, Sundae Capital Advisors; the track record is dealt with in Section 10.

8. Financial Performance Analysis

Profit & Loss (₹ Cr)

Particulars	FY24	FY25	FY26
Revenue from Operations	50.57	64.64	49.79
Growth (%)	—	+28%	-23%
PAT	0.56	1.40	-12.63
PAT Margin (%)	1.1%	2.2%	-25.4%
EBITDA Margin (%)	~positive	~positive	-20.0%

Balance Sheet Snapshot (₹ Cr)

Particulars	FY24	FY25	FY26
Net Worth	16.53	17.91	62.57
Total Assets	65.58	74.12	145.74
D/E (x)	—	—	0.80
RoNW (%)	3.4%	7.8%	-20.3%

The trajectory is the problem. Revenue climbed from ₹50.6 crore to ₹64.6 crore between FY24 and FY25, then gave it all back and more — down 23% to ₹49.8 crore in FY26. Profit followed it off the cliff: a ₹1.4 crore PAT in FY25 became a ₹12.6 crore loss. On a normalised basis this is a sub-scale, order-lumpy manufacturer whose most recent year went backwards on both the top and bottom line heading into its own IPO.

Net worth tells you where the strength on the balance sheet came from. It jumped from ₹17.9 crore to ₹62.6 crore in FY26 — not from retained earnings (the year was a loss) but from a pre-IPO capital infusion. Debt-to-equity sits at a manageable 0.80, and the ₹290 crore fresh raise will recapitalise the business several times over. That fixes the funding position; it does nothing for the earnings quality.

The honest read: nothing in the trailing three-year print underwrites a ₹1,160 crore market capitalisation. This is precisely why we ring-fence the call to the listing and refuse to carry a hold view — the numbers give you no floor to stand on if momentum fails.

9. Valuation

Company	P/E (FY26)	P/B	RoNW %	Revenue (₹ Cr)
MV Electrosystems Limited (at ₹425)	N.M. (loss)	~13.9x	-20.3%	49.8
Hind Rectifiers (listed peer)	88.8x	—	21.4%	999.1

There is no clean earnings multiple to anchor to, because there are no earnings — you are being asked to underwrite roughly 23x FY26 sales for a business that just printed a loss on shrinking revenue. On any fundamental screen that is expensive to the point of being un-underwritable, and we will not dress it up otherwise. The single listed comparable, Hind Rectifiers, trades at a punchy 88x — but it is profitable, twenty times larger by revenue, and earning a 21% return on net worth. The comparison flatters MV on the headline multiple and buries the fact that one company makes money and the other does not.

The only frame in which ₹425 works is a scarcity re-rate — few listed pure-plays on railway traction electronics, a policy tailwind, and a thematic bid willing to pay for the story ahead of the numbers. That is a momentum argument, not a valuation one. We are comfortable acting on it for a listing trade and not a rupee beyond.

10. Demand, Application Break-up, Anchor Quality & BRLM Track Record

10.1 Subscription Trajectory (× subscribed)

Category	Day 1 (30 Jul)	Day 2 (31 Jul)	Day 3 (3 Aug)
QIB (ex-anchor)	0.87	0.96	Pending
NII — bHNI (>₹10 L)	2.89	13.25	Pending
NII — sHNI (₹2–10 L)	6.20	23.19	Pending
Retail (RII)	12.68	42.17	Pending
Overall	3.87	12.71	Pending

Demand is broad and building. Retail is running hot at 42x by Day 2 and both HNI buckets are ballooning. The one soft spot is QIB ex-anchor at 0.96x — institutions beyond the anchor names have not yet shown up, and the final-day QIB fill is the number to watch on 3 August. The bHNI bucket, at 13.25x, is the least-subscribed of the three retail-facing categories — which, for a PAN-maximisation strategy, is where it gets interesting.

10.2 Application-Wise Break-up (Approx. No. of Applications)

Category	Reserved (Slots)	Applied (Approx. Apps)	Times
NII — bHNI (>₹10 L)	1,434	3,695	2.58x
NII — sHNI (₹2–10 L)	717	15,682	21.87x
Retail (RII)	20,069	6,86,648	34.21x

This is the application-count view — how many applications are actually competing for each bucket's slots — distinct from the value-subscription multiples in 10.1, and it is where the bHNI case earns its strength. On an application basis the bHNI bucket is subscribed just 2.58x, roughly 3,695 applications against 1,434 slots — far less contested than sHNI at 21.87x or retail at 34.21x. Large-ticket HNI applications are fewer in number, so each bHNI application stands a materially better chance in the draw than a small-ticket one. That is exactly why spreading across PANs in this bucket is the right structure.

To bid in the bHNI (>₹10 L) category, the minimum application is 70 lots — 2,380 shares — at the ₹425 cut-off price, an application value of ₹10,11,500 per PAN.

These figures are indicative and approximate, drawn from Day-2 cut-off bidding data; the buckets move on the final day (3 August) and exact counts are confirmed only at the basis of allotment on 4 August.

10.3 Grey Market Premium

GMP has held around ₹100–113, or roughly 24–27% over the ₹425 cap, with the latest read near ₹113 (≈26.6%) on 2 August — an implied listing near ₹525–538. Treat that number for exactly what it is: an

unofficial, thinly-traded indication set by a handful of dealers, with no settlement obligation behind it and the capacity to move — or vanish — intraday. It tells you sentiment is warm. It does not tell you where the stock opens, and it is not something to size an application against.

10.4 Anchor Quality — the Backtest

Anchor (matched, 7-yr base)	Prior Issues	Avg Listing Gain	Typical P/E
Kotak Mahindra Mutual Fund	109	+25.8%	~41x
Subhkam Ventures	12	+26.6%	~31x
Founders Collective Fund	11	+26.1%	~22x
Finavenue	12	+20.0%	~38x
Ashika (Global Securities)	13	+18.4%	~35x
Meru Investment	17	+18.4%	~29x
360 One (non-MF vehicle)	51	+10.7%	~130x

This book is better than a ₹290 crore issue from an unknown single bookrunner has any right to pull. Kotak Mutual Fund anchoring 40% across three schemes is the data point that matters — in our seven-year base, Kotak MF has sat in 109 mainboard anchor rounds at an average +25.8% listing-day gain. Around it sit Subhkam and Founders Collective (both ~+26% historically) and a cluster of small-cap momentum funds — Finavenue, Shine Star, Ashika and Meru — that habitually enter hot, heavily-oversubscribed small issues (average subscription of 50–79x on their prior picks) and flip the listing. That is precisely the crowd you want in a momentum name, and precisely the profile of a listing-day pop.

Two caveats keep it honest. These funds typically buy at an average P/E of 30–40x; MV has no P/E at all, so they are underwriting the theme, not the numbers. And 360 One's non-MF vehicle — 51 prior issues, an average P/E near 130x and a softer +10.7% average listing gain — is the one name in the book with a history of paying up for expensive issues that then list tamely. Net of both, this is a genuinely supportive anchor book for a listing trade. It does not make the company cheap, and its presence is a smaller positive than the same list would be on a 30x-earnings issue.

10.5 BRLM Track Record — the Backtest

Sundae Capital Advisors is the sole book-running lead manager, and it is thin on the mainboard — but its one prior mainboard mandate is a recent and encouraging one. Sundae ran Quadrant Future Tek in January 2025, which debuted at roughly a 29% premium (28.97%) and closed its first session up about 53%. That is a single data point rather than a track record, and Sundae is still predominantly an SME-side banker, so we would not lean on it too hard. It is, however, a fresh and successful mainboard precedent rather than a stale one. The anchor book still carries the institutional signal here; the lead's single prior print is a modest tailwind, not the main event.

Strong anchor participation and a lead's prior record reduce listing risk; they do not eliminate it.

11. Risk Factors

1. [PRIMARY CONCERN] Valuation with no earnings to anchor it

At ~23x FY26 sales, no P/E and a fresh loss, there is no fundamental floor beneath ₹425. If listing-day momentum fails to show up, nothing in the financials catches the price — it can de-rate hard and fast, because the whole valuation rests on theme and sentiment.

2. FY26 loss on shrinking revenue

Revenue fell 23% and the company swung to a ₹12.6 crore loss in its most recent year. A manufacturer going backwards on both lines into its IPO is a genuine quality flag, not a one-off you can wave away.

3. Listing Volatility Warning

Even with a warm GMP and a Kotak-led anchor book, small mainboard issues in this regime swing violently on the print and through the first few sessions. A soft open, a broad-market gap-down on 6 August, or thin day-one volume can undo the entire setup regardless of how the book looked. We do not consider this a risk-free recommendation.

4. **Single-plant, single-ecosystem concentration.** One facility at Palwal and effectively one customer ecosystem — Indian Railways. Any disruption, from a qualification slip to a plant issue to a delayed tender, lands on the entire P&L at once.
5. **Order lumpiness and thin forward visibility.** Tender-driven revenue is lumpy by nature; the trailing three years show how a single year can reverse. Visibility at the RHP stage is limited, which makes any forward underwriting speculative.
6. **Working-capital intensity.** ₹180 crore — 62% of the raise — funds long-term working capital, which tells you how cash-hungry the model is against a monopsony buyer with long payment cycles. The IPO relieves it; the structural intensity remains.
7. **QIB softness ex-anchor.** QIB excluding the anchor was 0.96x at Day 2 — institutions beyond the anchor names are lukewarm. The final-day QIB fill matters; a weak print there would undercut the anchor signal the bull case leans on.
8. **Thin BRLM pedigree on the mainboard.** A single SME-oriented bookrunner with one prior mainboard issue offers limited institutional support and stabilisation depth if the listing wobbles.
9. **Grey-market dependence.** The bull case leans heavily on a GMP that is unofficial, thin and reversible. Sentiment-led setups unwind quickly, and the premium can compress before listing.
10. **Tight free float.** The fresh issue is roughly a quarter of post-issue capital. A tight float cuts both ways — it can sharpen the up-move on listing and just as easily sharpen the reversal.

12. Investment Strengths & Positive Indicators

- 1. 100% fresh issue, zero OFS.** No promoter or investor is selling into the IPO — the entire ₹290 crore goes onto the balance sheet. On a small book, the absence of an exit signal is a real positive and rare enough to note.
- 2. Marquee anchor lead.** Kotak MF taking 40% across three schemes, in a book that historically averages ~+25% listing gains, is the single strongest data point in the setup and the anchor of the listing thesis.
- 3. Strategic import-substitution theme.** Indigenous IGBT traction propulsion for locomotives is a national-priority niche with very few listed pure-plays. The scarcity-and-theme argument is real even where the numbers are not yet.
- 4. Balance-sheet recapitalisation.** The ₹290 crore fresh infusion onto a ₹63 crore net worth transforms the funding position and removes working capital as a near-term constraint — supportive for the post-listing narrative.
- 5. Broad, warm demand.** Retail at 42x and both NII buckets building fast by Day 2, with GMP holding near 25%, point to a well-bid listing rather than a manufactured one.
- 6. Defensible in-house IP.** Proprietary traction converter-inverter and vehicle-control-unit technology is the genuine core, and ₹21 crore of the raise deepens it — the part of the story a thematic buyer is really paying for.
- 7. Multi-year sector tailwind.** Railway electrification, the locomotive production ramp and indigenisation policy give the theme a long runway, which keeps momentum interest alive around the listing.

13. Final Recommendation & Conclusion

R E C O M M E N D A T I O N

APPLY (listing gains)

The five pillars line up the way a listing trade wants them, even as the fundamentals argue the other way. Financial quality is poor — a loss-making year on shrinking revenue. Valuation is rich to the point of being un-underwritable on any earnings frame. But the GMP is warm and stable at around 25%, demand is broad and building across retail and both HNI buckets, and the OFS is zero, so no insider is using this issue to exit. On a listing-and-momentum mandate, demand and the anchor signal outweigh a valuation we would only be pricing if we intended to hold. We do not.

For the BHNI applying across multiple PANs, this is the correct bucket. bHNI is the least-subscribed of the retail-facing categories, so each PAN stands its best chance here — the client's read is sound. Size it to the capital you can block, not to the GMP: every application is placed at the bHNI minimum of 2,380 shares (70 lots, ₹10,11,500) and a successful one is allotted the minimum ~₹2.0 lakh parcel, and the draws are independent, so more PANs mean a higher chance of at least one allotment. Book the gain on the listing print if it opens in the +15–20% zone.

BHNI Guidance

Investor Category	Guidance	Allocation Approach
BHNI	APPLY (listing gains)	Full allocation across all available PANs at the bHNI minimum; size to blockable capital, not to GMP

14. Standard Disclaimer

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Past performance is not indicative of future returns.