

Retail Research	IPO Note
Sector: Capital Goods	Price Band (Rs): 533 – 561
18th August 2025	Recommendation: SUBSCRIBE

Mangal Electrical Industries Ltd

Company Overview:

Mangal Electrical Industries Ltd (MEIL) manufactures and supplies critical components for transformers, which are used in electricity transmission and distribution. Its products such as CRGO (Cold Rolled Gran Oriented) laminations, amorphous cores, ICBs (Immersed Circuit Breaker) and coils form part of small transformer, distribution transformer or large transformers & generators. The company's wide product basket—from CRGO laminations & amorphous cores to transformers and EPC services—makes it a one-stop solution provider in the transformer value chain. Strong backward and forward integration, supported by NABL/PGCIL approvals, provides MEIL with sustainable competitive advantages. As of Jun'25, MEIL's order book stood at Rs 294.2 cr.

Key Highlights:

1. Leadership & Strong positioning: MEIL operates across the full value chain – processing CRGO and amorphous materials, manufacturing transformer components, making transformers (single-phase 5 kVA to three-phase 10 MVA), and executing EPC projects for substations. It has 5 plants in Rajasthan with capacities of 16,200 MT for CRGO, 10,22,500 kVA for transformers, 75,000 ICBs units and 2,400 MT amorphous units annually. Further, the company is enhancing transformer approvals to 132 kV class, adding CRGO/transformer capacity and increasing transformer tank production – funded partly by the Rs 400 cr IPO fresh issue. This will allow MEIL to scale up in higher-value segments. Additionally, the company received PGCIL approval for processing & manufacturing of transformers/reactors up to 765 kV class.

2. Diversified customer base: The company serves 100+ clients, including PSUs (BHEL, Transformers & Electricals Kerala), global transformer majors (Voltamp Oman, MTM Malaysia, Arab Trans Egypt) and private players (Siemens, Indotech). Recently, it entered the US market, expanding its export reach. This diversified mix reduces concentration risk.

3. Strong backward and forward integration: MEIL's backward integration (in-house CRGO, amorphous, ICB processing) helps reduce costs and dependence on external suppliers, while forward integration (transformer manufacturing, EPC) enhances margins and captures a bigger share of the power T&D value chain.

Valuation: The company is valued at an FY25 P/E of 32.8x at post-issue capital at the upper price band respectively. Revenue/EBITDA/PAT grew at 29%/47%/73% CAGR during FY22–25. ROE was 34% and ROCE 25%, among the best in the sector. Leverage is moderate at 0.92x debt/equity. The transformer industry in India is projected to report ~8% CAGR till FY30, driven by Rs 9.16 lakh cr of T&D capex under the National Electricity Plan, renewable integration (500 GW target) and 100% railway electrification. CRGO component demand too is set to grow at ~8% CAGR from FY24-FY30E. MEIL, with approvals up to 765 kV, is well-positioned to capture this demand. We recommend investors to SUBSCRIBE to the issue at cut-off price.

Issue Details	
Date of Opening	20 th August 2025
Date of Closing	22 nd August 2025
Price Band (Rs)	533 – 561
Offer for sale (no. of shares)	-
Fresh Issue (Rs cr)	400.0
Issue Size (Rs cr)	400.0
No. of shares	71,30,124 @upper price band
Face Value (Rs)	10.0
Post Issue Market Cap (Rs cr)	1,493 – 1,550
BRLMs	Systematix Corporate Services Ltd
Registrar	Bigshare Services Pvt Ltd
Bid Lot	26 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NII shares	15%

Objects of Issue	
Particulars	Estimated utilization from net proceeds (Rs cr)
Repayment/ prepayment, in full or in part, of certain outstanding borrowings availed by the company	101.3
Capital expenditure including civil works of the company for expanding the facility at Unit IV situated at Reengus Sikar District, Rajasthan	87.9
Funding working capital requirements of the company	122.0
General corporate purpose*	-
Net proceeds from the issue*	-

**To be finalized upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC. 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	2,05,00,000	100.0
Public & Others	-	-
Total	2,05,00,000	100.0

Post Issue @ Lower Price Band	No. of Shares	%
Promoter & Promoter Group	2,05,00,000	73.2
Public & Others	75,04,690	26.8
Total	2,80,04,690	100.0

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	2,05,00,000	74.2
Public & Others	71,30,125	25.8
Total	2,76,30,125	100.0

Source: RHP, SSL Research

Key Financials

Particulars (Rs cr)	FY23	FY24	FY25
Revenue from operations	354.3	449.5	549.4
EBITDA	44.4	42.6	81.8
PAT	24.7	20.9	47.3
EBITDA Margin (%)	12.5	9.5	14.9
PAT Margin (%)	7.0	4.7	8.6
RoE (%)	26.3	18.2	29.2
RoCE (%)	23.2	19.9	25.3
P/E (x)*	46.5	54.9	24.3

**Note: Pre-issue P/E based on upper price band*

Source: RHP, SSL Research

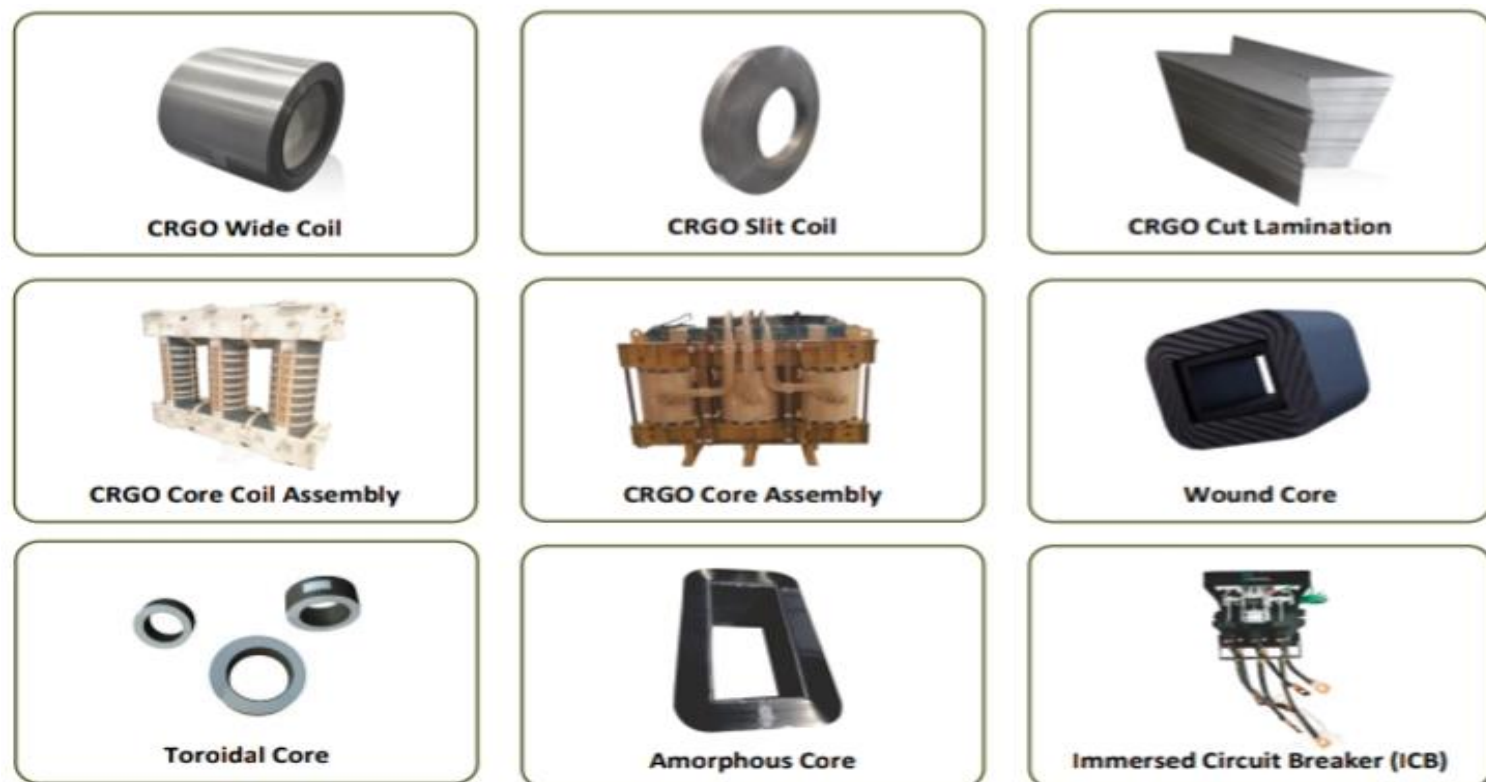
Risk Factors

- Raw material price volatility:** The company's operations are dependent upon the price and availability of the raw materials that it requires for the production of CRGO products and manufacturing transformers. Its primary raw materials include steel, aluminum, copper, galvanized iron, packing material, insulation paper, etc. Although, the company has been able to pass on the price increases to its customers, there is no guarantee that it may continue in the future. Additionally, the company does not have any direct hedging policy in place for mitigating price fluctuations. Thus, increases or fluctuations the raw material prices may have a material adverse effect on the company's business.
- Dependency on performance of CRGO products and transformer components:** MEIL derives most of its revenue (~23% of total revenue in FY25) from the processing of transformer components and manufacturing of transformers. The manufacturing of transformers forms the core of its operations. As a result, the company's business and financial condition is heavily dependent on the performance of the market globally and domestically.
- Customer & Supplier concentration risk:** The company does not enter into definitive agreements with its customers or suppliers and operate on a purchase order basis. These customer/suppliers may terminate their relationships with the company at a short notice due to various reasons including insufficient demand or availability of raw materials. Therefore, the company may face delays and added costs. As of FY25, the company's top 10 customers/suppliers contributed ~50%/61% to the total revenue/total supplies respectively.

Growth Strategies

- Expand manufacturing capacity at existing facilities.
- Enhancement of capacity by qualifying for 765 kV class approval issued by PGCIL.
- Collaborating with CRGO mill suppliers.
- Expanding existing product portfolios.
- Growing customer base through diversification into new geographies.

Product Offerings – Transformer Components



Source: RHP, SSL Research

Total Effective Installed Capacity - Mar'25

Particulars	Effective Installed Capacity
CRGO Processing	16,200 MT
Transformers	10,22,500 kVA
Immersed Circuit Breaker (ICB)	75,000 units
Amorphous	2,400 MT
Transformer Tanks	N/A*

*Transformer Tanks function for captive use, and its installed capacity is not represented from a finished product perspective.

Source: RHP, SSL Research

Effective Installed Capacity – Unit wise

Unit	Products manufactured/processed	Effective installed capacity (Mar'25)
Unit 1	CRGO	3,000 MT
Unit 2	Transformer tanks up 25kVA for internal consumption and fabrication unit	N/A*
Unit 3	ICB and CRGO	75,000 units/900 MT
Unit 4	Transformers, CRGO and Amorphous	10,22,500 kVA/12,000 MT/2,400 MT
Unit 5	CRGO	300 MT

*Unit II functions as a captive unit, and its installed capacity is not represented from a finished product perspective.

Source: RHP, SSL Research

Revenue Split – Segment wise

Product	FY23		FY24		FY25	
	Rs cr	% of TR	Rs cr	% of TR	Rs cr	% of TR
Transformer Components	230.2	65.0%	323.4	72.0%	387.0	70.4%
Manufacturing Transformers	93.6	26.4%	99.0	22.0%	127.0	23.1%
EPC and others*	30.5	8.6%	27.0	6.0%	35.4	6.4%
Total Revenue (TR)	354.3	100.0%	449.5	100.0%	549.4	100.0%

*Others represent sale of scrap from various products manufactured by the Company

Source: RHP, SSL Research

Revenue Split – Area Wise (India)

Product	FY23		FY24		FY25	
	Rs cr	% of TDR	Rs cr	% of TDR	Rs cr	% of TDR
West	160.7	51.2%	271.9	62.8%	327.0	61.4%
North	99.7	31.7%	70.6	16.3%	125.0	23.5%
South	53.6	17.1%	86.0	19.9%	74.2	13.9%
East	0.1	0.0%	4.6	1.1%	6.3	1.2%
Total Domestic Revenue (TDR)	314.1	100.0%	433.1	100.0%	532.7	100.0%

Source: RHP, SSL Research

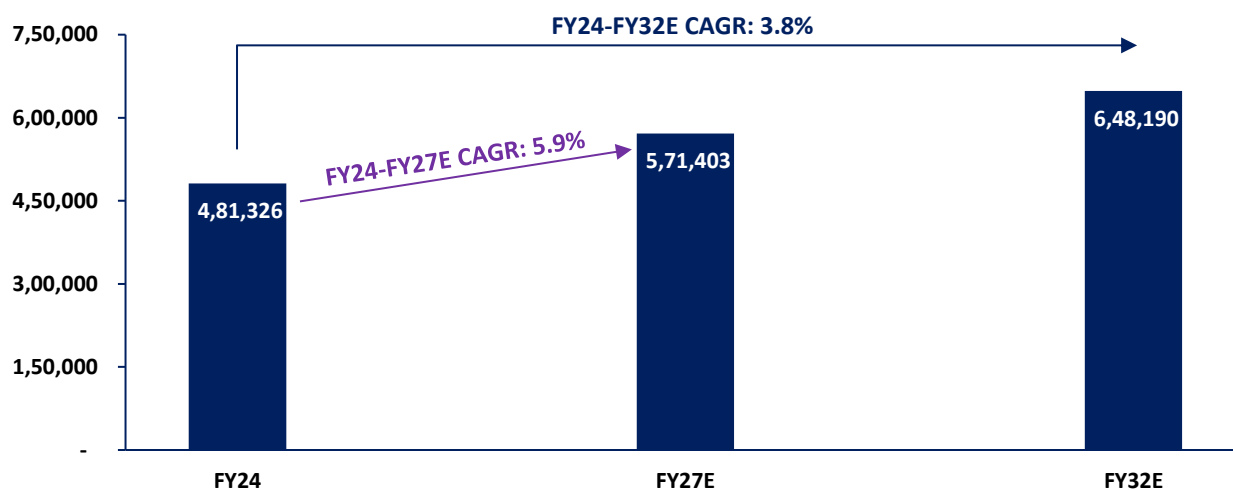
Customer Base

Category	Customer Type	Customers
Industrial Project Utility	Domestic	Transformer and Rectifiers India, Shirdi Sai Electrical, SIEMENS, Indotech, Venkateshwarao Electricals
	Global	Voltamp Oman, MTM Malaysia
Infrastructure Developers	Domestic	Transformer and Rectifiers India, TBEA, Hammond, Shirdi Sai Electrical, Crompton Greaves
Public Sectors	Domestic	BHEL, Transformers and Electricals Kerala, Andrew Yule & Co., Karnataka Vidyuth Karkhane
	Global	Arab Trans Egypt

Source: RHP, SSL Research

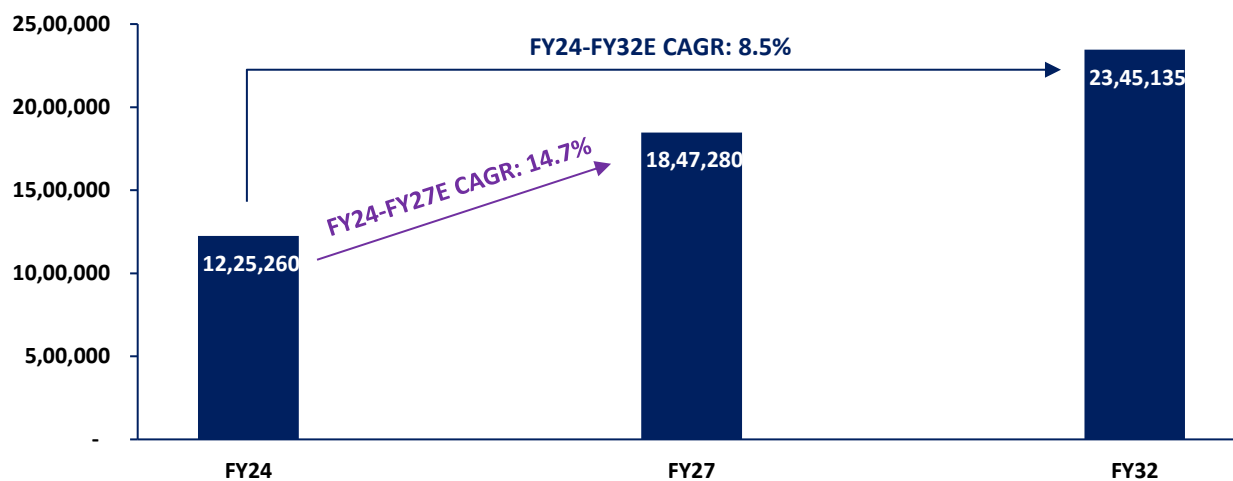
Industry Overview

India - Transmission Network (ckm)



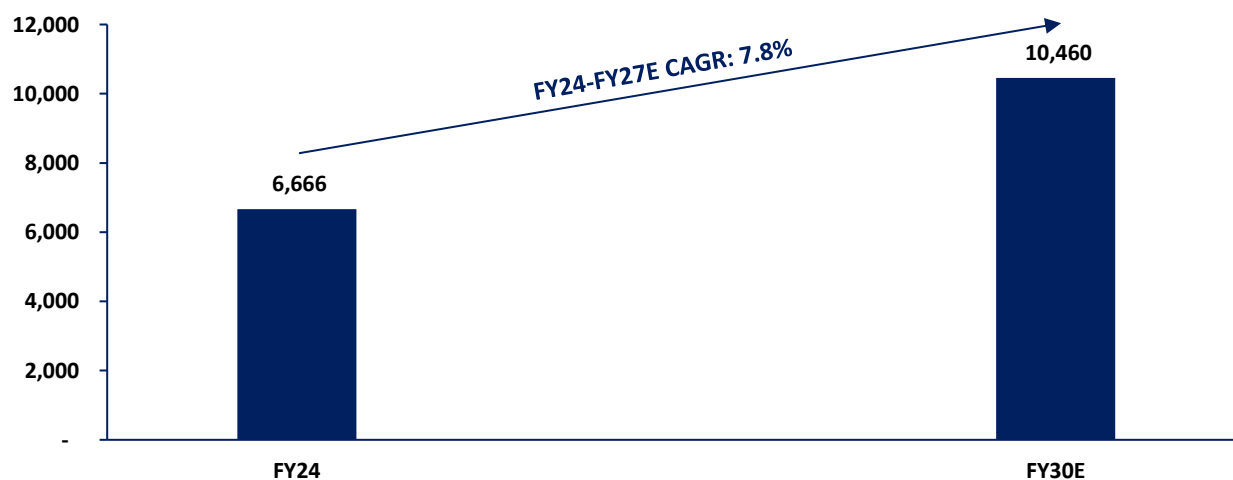
Source: RHP, SSL Research

Transformer capacity (MVA)



Source: RHP, SSL Research

CRGO Transformer Component Industry (Rs cr)



Source: RHP, SSL Research

Financial Snapshot

INCOME STATEMENT			
Particulars (Rs cr)	FY23	FY24	FY25
Revenue from Operations	354	449	549
YoY growth (%)	-	26.9%	22.2%
COGS (incl Stock Adj)	268	363	415
Gross Profit	86	86	135
Gross margins (%)	24.4%	19.2%	24.5%
Employee Cost	16	20	23
Other Operating Expenses	26	24	30
EBITDA	44	43	82
EBITDA margins (%)	12.5%	9.5%	14.9%
Other Income	4	3	2
Interest Exp.	11	13	15
Depreciation	4	4	5
PBT	33	28	64
Tax	8	7	16
PAT	25	21	47
PAT margin (%)	7.0%	4.7%	8.6%
EPS (Rs)	12.1	10.2	23.1

BALANCE SHEET			
Particulars (Rs cr)	FY23	FY24	FY25
Assets			
Net Block	33	39	39
Capital WIP	-	2	9
Intangible Assets	0	0	0
Other Non-current Assets	10	12	19
Current Assets			
Inventories	82	83	148
Trade receivables	87	88	129
Cash and Bank Balances	1	7	0
Other Current Assets	8	15	21
Total Current Assets	178	193	299
Current Liabilities & Provisions			
Trade payables	20	26	37
Other current liabilities	8	10	15
Short-term provisions	1	1	1
Total Current Liabilities	29	37	53
Net Current Assets	149	156	247
Total Assets	192	209	314
Liabilities			
Share Capital	15	15	21
Reserves and Surplus	79	100	142
Total Shareholders Funds	94	115	162
Total Debt	97	92	149
Long Term Provisions	2	2	2
Total Liabilities	192	209	314

Cash Flow Statement (Rs cr)	FY23	FY24	FY25
Cash flow from Operating Activities	27	37	(30)
Cash flow from Investing Activities	4	(13)	(18)
Cash flow from Financing Activities	(34)	(18)	42
Free Cash Flow	24	25	(42)

RATIOS			
Particulars	FY23	FY24	FY25
Profitability Ratios (%)			
Return on Capital Employed	23.2%	19.9%	25.3%
Return on Equity	26.3%	18.2%	29.2%
Margin Analysis (%)			
Gross Margin	24.4%	19.2%	24.5%
EBITDA Margin	12.5%	9.5%	14.9%
Net Profit Margin	7.0%	4.7%	8.6%
Short-Term Liquidity			
Current Ratio (x)	2.2	1.7	1.6
Quick Ratio (x)	1.2	1.0	0.8
Avg. Days Sales Outstanding	90	72	86
Avg. Days Inventory Outstanding	112	83	131
Avg. Days Payables	23	24	29
Fixed asset turnover (x)	10.6	11.4	14.0
Debt-service coverage (x)	0.4	0.4	0.5
Long-Term Solvency			
Total Debt / Equity (x)	1.0	0.8	0.9
Interest Coverage Ratio (x)	3.9	3.1	5.2
Valuation Ratios*			
EV/EBITDA (x)	28.0	29.0	15.9
P/E (x)	46.5	54.9	24.3
P/B (x)	12.2	10.0	7.1
EV/Sales (x)	3.5	2.7	2.4
P/Sales (x)	3.2	2.6	2.1

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

Peer Comparison – FY25

Particulars (Rs cr)	Mangal Electrical Industries Ltd	Vilas Transcore Ltd [#]	Jay Bee Laminations Ltd [#]
CMP (Rs)	561.0	521.0	222.0
Sales	549.4	353.0	367.0
EBITDA	81.8	45.0	43.0
Net Profit	47.3	34.0	25.0
Mkt Cap.	1,550.1	1,275.0	502.0
Enterprise Value	1,298.7	1,174.4	523.6
EBITDA Margin (%)	14.9	12.7	11.7
Net Profit Margin (%)	8.6	9.6	6.8
P/E (x)	32.8	37.5	20.1
EV/EBITDA (x)	15.9	26.1	12.2
RoE (%)	29.2	11.8	16.9
RoCE (%)	25.3	14.4	23.9
EV/Sales (x)	2.4	3.3	1.4

For Mangal Electrical Industries 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.

RoE and RoCE calculated on Pre-issue capital

Vilas Transcore Ltd and Jay Bee Laminations Ltd are listed on the NSE SME platform.

CMP for peer companies is live price as on 18th August, 2025

Source: RHP, Exchange Filings, SSL Research

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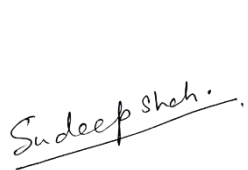
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