

## Company Overview

Mangal Electrical Industries Limited (MEIL) is engaged in processing transformer components, including transformer laminations, CRGO slit coils, amorphous cores, coil and core assemblies, wound and toroidal cores, and oil-immersed circuit breakers. The company also trades in CRGO and CRNO coils, as well as amorphous ribbons. In addition, it manufactures transformers ranging from single-phase 5 KVA to three-phase 10 MVA units and offers EPC services for setting up electrical substations for the power sector. The company operates five production facilities in Rajasthan with an aggregate annual capacity of 16,200 MT for CRGO processing, 10,22,500 KVA for transformers, 75,000 units for oil-immersed circuit breakers, and 2,400 MT for amorphous units. The company is NABL, PGCIL, and NTPC approved, with ISO 9001:2015 and ISO 14001:2015 certifications. The company serves a mix of government and municipal utilities, including Ajmer Vidyut Vitran Nigam and Jaipur Vidyut Vitran Nigam, as well as private players like Voltamp Transformers and Western Electrotrans. It has a pan-India presence and exports to markets such as the Netherlands, UAE, Oman, USA, Italy, and Nepal. In FY25, the company reported domestic revenue of Rs. 5,326.5 million, with the western region contributing the largest share at 61.4%, followed by the northern region at 23.5%, followed by the southern region at 13.9%, and the eastern region accounted for 1.2%. As on June 30, 2025, the company's order book stood at Rs. 2,941.9 million, representing healthy portions of ongoing contracts across business segments.

## Objects of the issue

The company proposes to utilize net proceeds towards funding the following objects:

- ⇒ Repayment/prepayment, in full or in part, of certain outstanding borrowings availed by the company;
- ⇒ Capital expenditure, including civil works for expanding the facility at Unit IV situated at Reengus, Sikar District, Rajasthan, to optimise space usage and increase storage capacity;
- ⇒ Funding of working capital requirements; and
- ⇒ General corporate purposes.

## Investment Rationale

### Integration across the value chain to drive efficiency and margins

A key differentiator for MEIL is its strong backward and forward integration. On the backward integration front, in-house processing of CRGO, amorphous materials, and ICB ensures consistent quality, supply chain stability, and cost control. On the forward integration side, the company leverages its transformer manufacturing capabilities and EPC services, creating a seamless value chain from raw material processing to project execution. This integration not only reduces dependence on external suppliers but also enhances operational efficiency, supports margin expansion, and strengthens customer stickiness through lifecycle support. Combined with regulatory approvals such as NABL, NTPC, and PGCIL (including 765 kV class), the company is effectively positioned to capture opportunities from India's ongoing transmission capacity expansion. Planned capacity additions at its Rajasthan facilities will further enhance scalability, reinforcing its positioning as an efficient and fully integrated power infrastructure solutions provider.

### Diversified customer base and product expansion to drive growth and sales resilience

The company's diverse customer mix, spanning government utilities, industrial conglomerates, and private energy producers across India and global markets, provides revenue resilience and scalability. It has successfully built export presence in geographies such as the USA, UAE, and Europe, and aims to expand its presence by entering new markets while maintaining long-standing relationships with domestic clients. Looking ahead, the company plans to expand its product portfolio with innovative, high-efficiency transformer solutions aligned to renewable energy and infrastructure demand. In parallel, it is pursuing collaborations with CRGO mill suppliers to strengthen its raw material security and product performance. The recent PGCIL approval for 765 kV class manufacturing will further enhance its ability to take on larger, more complex projects.

## Issue Details

Offer Period	20th August, 2025 - 22nd August, 2025
Price Band	Rs. 533 to Rs. 561
Bid Lot	26
Listing	BSE & NSE
Issue Size (no. of shares in mn)	7.1
Issue Size (Rs. in bn)	4
Face Value (Rs.)	10

## Issue Structure

QIB	50%
NIB	15%
Retail	35%

BRLM	Bigshare Services Pvt. Ltd.
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Registrar	Systematix Corporate Services Ltd.
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Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	100.0%	74.2%
Public	0.0%	25.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

(Assuming issue subscribed at higher band)

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# Mangal Electrical Industries Ltd.

## Valuation

MEIL is an integrated player in the power infrastructure sector, engaged in transformer component processing, transformer manufacturing up to 10 MVA, and EPC solutions for substations. The Indian transformer industry is estimated at Rs. 353.9 billion in FY25, with demand expected to accelerate further on the back of rising electricity consumption, renewable energy integration, and expansion of the power transmission and distribution network. Government-led initiatives such as the Revamped Distribution Sector Scheme, Green Energy Corridor, and One Nation-One Grid provide an enabling policy environment. With established approvals (PGCIL, NTPC, NABL), diversified clientele, strong order book visibility, and a growing export presence, the company is well-positioned to capitalise on this industry tailwind and sustain long-term growth. Financially, the company delivered a revenue CAGR of 24.5% over FY2023-FY25 period, alongside margin expansion (EBITDA from 12.5% to 14.9% and PAT from 7.0% to 8.6%). Despite a softer FY24, impacted by lower inventory levels and higher operating costs, performance rebounded strongly in FY25. Return ratios remain robust with ROE/ROCE at 29.2%/24.7%, while leverage has reduced with D/E declining from 1.0x to 0.9x. Moreover, around 25% of IPO proceeds are reserved for debt repayment, which should further strengthen the balance sheet and enhance profitability. In comparison to its peers, the company maintains a higher scale, while commanding better return ratios compared to them. **On the upper price band, the issue is valued at a P/E ratio of 24.3x based on FY25 earnings, which is cheaper in comparison to its peers. Thus, considering the company's strong growth prospects and favourable market positioning, we recommend a "SUBSCRIBE" rating for this issue.**

## Key Risks:

- ⇒ Approximately 71% of MEIL's revenue is concentrated in just three states; Gujarat, Rajasthan, and Uttar Pradesh. This high reliance on a few geographical markets introduces a degree of concentration risk.
- ⇒ The cost of raw material highly influence the company's operations, as they are subject to high volatility.
- ⇒ The company is highly vulnerable to any disruption, breakdown or shutdown of its manufacturing facilities which are concentrated in Rajasthan.

# Mangal Electrical Industries Ltd.

## Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
<b>Revenue</b>			
Revenue from operations	3,543	4,495	5,494
<b>Total Revenue</b>	<b>3,543</b>	<b>4,495</b>	<b>5,494</b>
<b>Expenses</b>			
Cost of materials consumed	2,713	3,284	3,709
Purchase of stock in trade	200	247	419
Changes in inventories of work in progress and finished goods	-234	101	18
Employee benefits	161	196	235
Other expenses	258	240	295
<b>Total Operating Expenses</b>	<b>3,099</b>	<b>4,069</b>	<b>4,676</b>
<b>EBITDA</b>	<b>444</b>	<b>426</b>	<b>818</b>
Depreciation & amortization	37	41	49
<b>EBIT</b>	<b>407</b>	<b>385</b>	<b>769</b>
Finance costs	113	131	152
Other income	35	26	20
<b>Profit before Exceptional Items</b>	<b>329</b>	<b>281</b>	<b>637</b>
Exceptional item	0	0	0
<b>PBT</b>	<b>329</b>	<b>281</b>	<b>637</b>
Income tax pertaining to earlier years	85	79	158
Deferred tax	-4	-8	6
<b>Total Tax</b>	<b>81</b>	<b>72</b>	<b>164</b>
<b>Net Profit</b>	<b>247</b>	<b>209</b>	<b>473</b>
<b>Diluted EPS</b>	<b>12.1</b>	<b>10.2</b>	<b>23.1</b>

Source: RHP, BP Equities Research

## Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Cash Flow from operating activities	274	366	-301
Cash flow from/(used in) investing activities	42	-126	-183
Net cash flows (used in) / from financing activities	-337	-176	418
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-21</b>	<b>63</b>	<b>-66</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>28</b>	<b>7</b>	<b>70</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>7</b>	<b>70</b>	<b>4</b>

Source: RHP, BP Equities Research

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## Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	335	394	392
Intangible assets	4	3	2
Intangible asset under development	0	0	3
Capital work in progress	0	16	86
Financial assets	0	0	0
(i) Other financial assets	79	97	135
Other non-current assets	3	1	34
Deferred tax assets	15	23	17
<b>Total Non Current assets</b>	<b>437</b>	<b>534</b>	<b>670</b>
<b>Current Assets</b>			
Inventories	819	829	1,483
Financial assets	0	0	0
(i) Trade receivables	874	883	1,293
(ii) Cash and cash equivalents	1	68	4
(iii) Bank balances other than (ii) above	6	3	0
(iv) Other financial assets	0	2	3
Other current assets	75	146	211
<b>Total Current Assets</b>	<b>1,776</b>	<b>1,932</b>	<b>2,995</b>
<b>Total Assets</b>	<b>2,213</b>	<b>2,465</b>	<b>3,665</b>
<b>Equity and Liabilities</b>			
Equity share capital	145	145	205
Other equity	735	945	1,417
Share capital pending for allotment pursuant to merger	60	60	0
<b>Total Equity</b>	<b>940</b>	<b>1,150</b>	<b>1,622</b>
<b>Non-Current Liabilities</b>			
Financial liabilities			
(i) Borrowings	440	186	115
Provisions	18	20	23
<b>Total Non-Current Liabilities</b>	<b>458</b>	<b>205</b>	<b>138</b>
<b>Current Liabilities</b>			
Financial liabilities			
(i) Borrowings	526	736	1,376
(ii) Trade payables	0	0	0
Total outstanding dues of micro enterprises and small enterprises	25	47	38
Total outstanding dues of creditors other than micro and small enterprises	173	215	327
(iii) Other financial liabilities	14	20	26
Other current liabilities	38	58	123
Provisions	12	12	14
Current tax liabilities (Net)	25	22	1
<b>Total Current Liabilities</b>	<b>815</b>	<b>1,110</b>	<b>1,905</b>
<b>Total Liabilities</b>	<b>1,273</b>	<b>1,316</b>	<b>2,043</b>
<b>Total Equity and Liabilities</b>	<b>2,213</b>	<b>2,465</b>	<b>3,665</b>

Source: RHP, BP Equities Research

## Disclaimer Appendix

**Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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