

Recommendation	Neutral
Price Band	Rs 533-561
Bidding Date	20 Aug - 22 Aug, 2025
Book Running Lead Manager	Systematix Corp Services Ltd
Registrar	Bigshare Services Private Ltd
Sector	Capital Goods

#### Minimum Retail Application- Detail At Cut off Price

Number of Shares	26
Minimum Application Money	Rs. 14586
Payment Mode	ASBA

Financials (Rs Cr)	FY24	FY25
Total Income	449	549
EBITDA	43	82
PAT for the year	21	47

Valuations (FY25)	Upper Band
Market Cap (Rs Cr)	1,550
Adj EPS	17
PE	33
EV/ EBITDA	21
Enterprise Value(Rs Cr)	1699

Post Issue Shareholding Pattern	
Promoters	74.2%
Public/Other	25.8%

Offer structure for different categories	
QIB	50%
Non-Institutional	15%
Retail	35%
Post Issue Equity (cr)	27.6
Issue Size (Rs in cr)	400
Face Value (Rs)	10

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#### BACKGROUND

Mangal Electrical Industries is engaged in manufacturing transformer components, transformers (5 KVA–10 MVA), and providing EPC services for substations. It operates five production units in Rajasthan with significant capacity for CRGO processing, amorphous cores, circuit breakers, and transformers. The company holds NABL, PGCIL, ISO, and NTPC approvals, ensuring high quality and compliance. Its customer base includes government utilities, private players, and exports to Europe, the Middle East, and the US.

#### Details of the Issue:

The public issue consists of fresh issue up to Rs 400 Cr. Company proposes to utilize the Net Proceeds towards:-

- Repayment of certain outstanding borrowings :- 101.27 Cr
- Capital expenditure :- 87.86 Cr
- Funding working capital requirements :- 122 Cr

#### Investment Rationale:

- Strong Leadership and Experienced Management
- Key Approvals and Certifications Strengthen Market Position
- Diversified Customer Base Ensures Stability
- Backward and Forward Integration Boosts Efficiency
- Consistent Track Record of Growth

#### Valuation and Recommendation:-

In peer comparison, Mangal Electrical has delivered faster growth (25% revenue CAGR vs 11% for peers) and stronger profitability (EBITDA margin 14.9% vs 12%). Returns are also better, with ROE at 29.2% compared to the peer average of 14%. However, valuations appear expensive at 32.8x P/E and 20.8x EV/EBITDA, compared to peer averages of 28.9x and 19.4x. Considering the high valuations and associated risks, we assign a **Neutral** rating to the IPO.

Financials	FY23	FY24	FY25
Net Revenues	354	449	549
Growth (%)	-	26.9%	22.2%
EBITDA	44	43	82
EBITDA Margin (%)	12.5%	9.5%	14.9%
PBT	33	28	64
Adjusted PAT	25	21	47
EPS	8.95	7.58	17.12
ROCE	23.2%	19.9%	25.3%
EV/Sales	4.8	3.8	3.1
EV/EBITDA	38.2	39.9	20.8
P/E	62.7	74.0	32.8

Source: Company data, NBRR

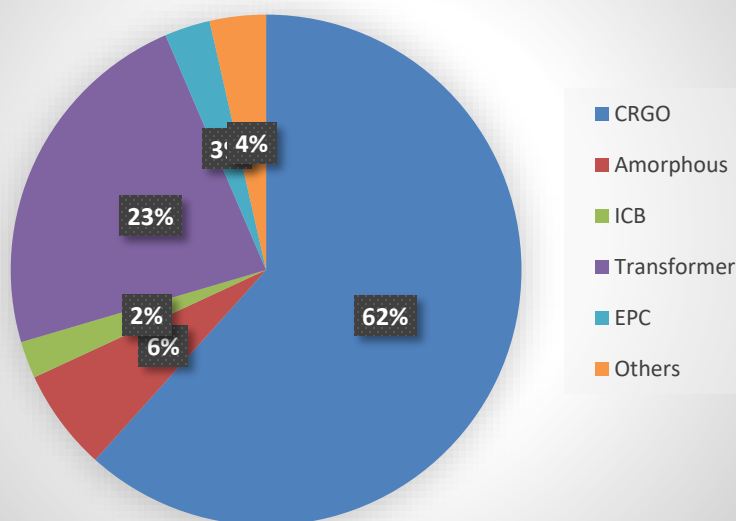
## Company Background

Mangal Electrical Industries is a power infrastructure company specializing in transformer components, transformers, and EPC services for substations. Its product range includes CRGO and CRNO coils, laminations, amorphous cores, core assemblies, wound and toroidal cores, and oil-immersed circuit breakers. The company also trades CRGO and amorphous ribbons while offering transformers from 5 KVA to 10 MVA. It operates five manufacturing facilities in Rajasthan with large capacities for CRGO processing, transformer manufacturing, amorphous units, and circuit breakers. Unit II functions as a captive unit producing transformer tanks for in-house use. The company plans to expand Unit IV to strengthen manufacturing capacity.

It holds NABL and PGCIL approvals, ISO certifications, and NTPC accreditation, reflecting strong compliance with quality standards. Advanced German machinery from Brockhaus Messtechnik ensures precision and efficiency in production. The company serves a mix of government utilities, state discoms, and private players like Voltamp Transformers and Western Electrotrans, along with exports to Europe, the Middle East, and the US. In FY25, revenue was geographically concentrated, with over 60% from western India, mainly Gujarat and Rajasthan. Mangal Electrical markets products under its established “Mangal Electrical” brand, recognized with the Best Employer Brand Award – Rajasthan in 2022. As of June 2025, its order book stood at ₹2,942 Cr, providing healthy revenue visibility. It has successfully executed turnkey EPC projects under RGGVY and DDUGJY schemes in Rajasthan and high-voltage substation projects in Uttar Pradesh. Currently, it is executing four projects worth ₹2,146 Cr under RDSS and other state programs.

The company benefits from the leadership of Chairman and MD, Rahul Mangal, with over 35 years of experience, supported by Aniketa Mangal and a professional management team. Its diversified product portfolio supports India’s growing power sector needs, covering distribution, transmission, and renewable energy-linked infrastructure. By combining strong technical expertise, wide customer relationships, and a robust order book, Mangal Electrical is well-positioned to capture growth opportunities in the expanding power infrastructure industry.

**Revenue Breakup FY25**



## **Investment Rationale**

### **Strong Leadership and Experienced Management**

Mangal Electric is led by promoters with over 35 years of experience in the power infrastructure industry. Chairman & MD, Rahul Mangal, has steered the company since inception, while Aniketa Mangal has helped expand operations and streamline processes. The leadership team is supported by a qualified senior management with deep industry knowledge. Their collective expertise helps in anticipating market trends and ensuring operational efficiency. This alignment of vision and execution has enabled the company's sustained growth and financial stability.

### **Key Approvals and Certifications Strengthen Market Position**

The company has secured critical certifications like NABL, ISO 9001:2015, ISO 14001:2015, and NTPC approvals, underscoring its focus on quality. It has also received PGCIL approval for transformer and reactor processing up to 765 kV class, a distinction available to limited players. These approvals enhance credibility and allow the company to cater to both domestic and global customers. Mangal Electric works with reputed names like Siemens, BHEL, Crompton Greaves, and Voltamp Oman. Such certifications and clientele reinforce its position as a leading transformer and component manufacturer in India.

### **Diversified Customer Base Ensures Stability**

Mangal Electric serves a wide range of customers including power utilities, industrial companies, public sector enterprises, and global clients. This diverse base helps reduce dependency on any single sector and provides multiple revenue streams. The company has a strong presence across India and exports to markets like USA, UAE, Italy, and Oman. Such geographic and sector diversification enhances resilience against market fluctuations. It also ensures visibility of long-term growth, making the customer mix a strong competitive advantage.

### **Backward and Forward Integration Boosts Efficiency**

The company has built strong backward integration by processing key raw materials like CRGO, amorphous metals, and ICBs in-house. This ensures cost control, quality consistency, and reduced reliance on suppliers. On the forward side, it integrates transformer manufacturing with EPC projects, providing end-to-end solutions. This seamless value chain improves delivery timelines, customer satisfaction, and margins. Such integration strengthens competitiveness and supports sustainable growth in the power infrastructure sector.

### **Consistent Track Record of Growth**

Mangal Electric has consistently delivered revenue and profit growth, even during challenging market conditions. Its ability to adapt to industry trends, expand its product portfolio, and capture opportunities in domestic and global

Markets has driven this success. The company has been profitable since inception, reflecting its operational strength and strategic execution. Its growth story is supported by diversification across sectors like power, industrial, infrastructure, and renewables. This proven track record underlines financial stability and positions the company for long-term expansion.

## **Risk/Concerns**

### **Raw Material Price Volatility**

Key raw materials such as copper, aluminum, and steel form a large portion of costs. Their prices fluctuate frequently due to global demand-supply factors and are beyond the company's control. Although some cost pass-through is possible, sharp price increases may not always be absorbed by customers. This directly puts pressure on margins and profitability.

### **Intense Competition in Transformer Industry**

The transformer and component industry is highly competitive with large and small players. Price pressure in tender-based contracts limits margin expansion. Stronger competitors with better technology or pricing can reduce market share.

### **Project Execution and Customer Concentration Risks**

A large part of the order book comes from government utilities and select large clients. Delays in project execution or payments from these clients can create financial stress. High customer concentration reduces business flexibility.

### **Peer Expansion Lead to Market Oversupply**

Capacity expansion by peers may lead to oversupply in the transformer industry, putting pressure on prices and margins. This could reduce the company's pricing power and affect profitability.



## Valuation and Recommendation

Mangal Electrical Industries is engaged in transformer components, transformers, and EPC services, supported by five manufacturing facilities. The company benefits from experienced leadership, key approvals such as PGCIL and NABL, and a diversified customer base across utilities, industries, and exports. At the same time, the business faces challenges, including exposure to raw material price volatility in copper and steel, intense competition in the transformer industry, and high dependence on government utilities for a large part of its order book.

In peer comparison, Mangal Electrical has delivered faster growth (25% revenue CAGR vs 11% for peers) and stronger profitability (EBITDA margin 14.9% vs 12%). Returns are also better, with ROE at 29.2% compared to the peer average of 14%. However, valuations appear expensive at 32.8x P/E and 20.8x EV/EBITDA, compared to peer averages of 28.9x and 19.4x. Considering the high valuations and associated risks, we assign a **Neutral** rating to the IPO.

## Listed Peers

FY 25	Jay Bee Laminates	Vilas Trans	Average	Mangal Electric
Revenue	367	353	360	549
CAGR (FY23-FY25)	14%	8%	11%	25%
EBITDA Margin	11.7%	12.7%	12%	14.9%
Asset Turns (x)	2.1	1.2	1.7	1.8
Wkg Cap Days	115	112	113.5	72
ROCE	23.8%	17.1%	20%	25.3%
ROE	16.9%	11.8%	14%	29.2%
Debt/Equity	0.2	0.04	0.1	0.9
EV/EBITDA	12.3	26.5	19.4	20.8
P/E	19.9	37.9	28.9	32.8
Price/Sales	1.4	3.7	2.5	2.8

Source: Company Data, NBRR

## Financials

### Consolidated Nos

P&L (Rs. Cr)	FY23	FY24	FY25
Net Revenue	354	449	549
% Growth	-	27%	22%
Cost of goods sold	268	363	415
% of Revenues	75.6%	80.8%	75.5%
Employee Cost	16	20	23
% of Revenues	4.6%	4.4%	4.3%
Other expenses	26	24	30
% of Revenues	7.3%	5.3%	5.4%
EBITDA	44	43	82
EBITDA Margin	12.5%	9.5%	14.9%
Depreciation	4	4	5
Other Income	4	3	2
Interest	11	13	15
Exceptional item	0	0	0
PBT	32.9	28.1	63.7
Tax	8	7	16
Tax rate	25%	25%	26%
Adj PAT	25	21	47
% Growth	-	-15%	126%
EPS (Post Issue)	9.0	7.6	17.1

Ratios & Others	FY23	FY24	FY25
Debt / Equity	1.0	0.8	0.9
EBITDA Margin (%)	13%	9%	15%
PAT Margin (%)	7%	5%	9%
ROE (%)	26%	18%	29%
ROCE (%)	23%	20%	25%

Turnover Ratios	FY23	FY24	FY25
Debtors Days	90	72	86
Inventory Days	84	67	99
Creditor Days	20	21	24
Asset Turnover (x)	1.9	2.2	1.8

Valuation Ratios	FY23	FY24	FY25
Price/Earnings (x)	63	74	33
EV/EBITDA (x)	38	40	21
EV/Sales (x)	5	4	3
Price/BV (x)	16	13	10

Source: Company Data, NBRR

Balance Sheet (Rs. Cr)	FY23	FY24	FY25
Share Capital	15	15	21
Other Equity	79	100	142
Minority Interest	0	0	0
Networth	94	115	162
Total Loans	97	92	149
Other non-curr liab.	2	2	2
Trade payable	20	26	37
Other Current Liab	9	11	16
Total Equity & Liab.	221	247	366
Property, Plant and Equipme	33	39	39
CWIP	0	2	9
Goodwill/Other Intangible a	0	0	0
Non Currrent Financial asse	8	10	14
Other non Curr. assets	2	2	5
Inventories	82	83	148
cash and cash equivalents	0	7	0
Bank bal	1	0	0
Investments+loans	0	0	0
Trade receivables(debtor)	87	88	129
Other Current assets	8	15	21
Total Assets	221	247	366

Cash Flow (Rs. Cr)	FY23	FY24	FY25
Profit Before Tax	33	28	64
Provisions & Others	0	0	0
Op. profit before WC	50	47	85
Change in WC	-16.0432	-2	-97
Less: Tax	-6	-8	-18
CF from operations	27	37	-30
Purchase/Sale of fixed asset	-3	-11	-12
Changes in Other Non Cu	7	-2	-7
Interest, dividend and other	1	1	1
CF from Investing	4	-13	-18
Proceeds from borrowing	-13	-25	-7
Proceeds from borrowing	-9	21	64
interest & div paid	-11	-13	-15
CF from Financing	-34	-18	42
Net Change in cash	(2)	6	(7)
Cash & Bank at beginning	3	1	7
Cash & Bank at end	1	7	0.4

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