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CM RATING 44 /100

Sedemac Mechatronics

Makers of essential products for equipment to work

Mechatronics player focused on design and manufacturing of critical, control intensive products for auto and gensets

Sedemac Mechatronics, promoted by Prof. Shashikanth Suryanarayanan, Amit Arun Dixit, Manish Sharma and Anaykumar Avinash Josh is engaged in design and supply critical, control-intensive electronic control units to major vehicle and industrial equipment manufacturers in India, the United States, and Europe. Main products of the company include ISG ECUs, EFI ECUs, combined ISG+EFI ECUs, MCUs for electric vehicles, electric machines (magnetos / motors) for both engine-powered and electric bicycles and 2/3W and GCs. In generator/genset controls market the company is offering a comprehensive portfolio that includes: (i) supervisory auto mains failure GCs; (ii) EFI ECUs; (iii) battery chargers; (iv) eGov controllers; and (v) digital automatic voltage regulators. The company is also now engaged with OEMs on the supply of 'Magnetos', the electric machines or motors used alongside its ISG/ISG+EFI ECUs for engine-powered vehicles.

The company gets about 86.53% and 80.09% of its revenue from operations from sales of critical, control-intensive products in 9mFY26 and FY25 respectively.

Critical-to-the-application components are those without which a piece of equipment cannot fulfill its primary function for the end user. For example, an ECU supporting electronic fuel injection ("EFI") in an engine-powered vehicle or a motor control unit ("MCU") in an electric vehicle is indispensable for mobility; if it fails, the vehicle will not move. Within critical-to-the-application components, the company focuses on "control-intensive" components that are application specific and manage complex systems in real time.

The company is the first in India to develop, design and manufacture sensor less commutation ("SLC") based integrated starter generators ("ISG") ECUs for two-wheeler / 3-wheelers ("2/3Ws") internal combustion engine ("ICE") powered vehicles. It have shipped sensor less ISG ECUs, and ECUs integrating the functionality of ISG with electronic fuel injection ("ISG+EFI") ECUs for more than 9.2 million small engine 2/3Ws between Fiscal 2018 and nine months ended December 31, 2025.

Sales of ISG ECU, and integrated ECUs combining ISG and Electronic Fuel Injection Electronic Control ("ISG+EFI ECU") products in the two/three-wheeler (2/3W) industry contributed 63.98% and 64.34% of revenue from operations during 9mFY26 and FY25 respectively.

The company pioneered the introduction of integrated electronic governing ("eGov") technology in genset controllers in India. It introduced electronic governing ("eGov") as an integrated feature into genset controllers in 2014.

The company held approximately 35% market share of domestic ISG ECU market (for 2W and 3W combined) in terms of volume and are amongst the top 4 players for the nine months ended December 31, 2025.

The company is the largest supplier of genset controllers in India with a market share of approximately 75%-77% during the nine months ended December 31, 2025. It is also are amongst the key global players with a market share of 14% globally with its offerings of genset controllers and EFI ECUs for this market for Fiscal 2025.

Of the revenue from operations in 9mFY26 and FY25 about 84.63% and 85.69% respectively came from sales from mobility segment and balance 15.37% and 14.31% came from industrial segment.

The company is an Indian Tier-I supplier, selling directly to the OEMs, integrating its proprietary solutions into their platforms with deep technical engagement, and supporting these solutions through the lifecycle of the products. Its relationship with customers is built on providing innovation through fresh technologies thereby enabling its customers to remain competitive in their markets.

The company is among few Indian-origin suppliers who have repeatedly initiated, introduced, and scaled such breakthrough innovations.

It introduced the launch of SmartIgn technology in 2012, which eliminated the need for throttle position sensors in carburetted two- and three-wheelers, delivered reliability and cost benefits. The introduction and scale-up of integrated electronic governing in genset controllers in 2014 which made electronic governing affordable across all gensets. The development and market scaling, since 2018, of sensorless commutation (“SLC”) based motor control, that enabled robust, and reliable ISG systems for two- and three-wheelers including for motorcycles that are mostly built with oil-dipped magnetos.

The company develops and offers proprietary technologies through a chronological model, working closely with key “anchor” customers, i.e. key early customers who are willing to help us test, validate, and potentially adopt our new technologies across their organizations to commercialize new propositions.

The issue & object of the issue

The issue comprise only of offer for sale of 8043300 equity shares [of which promoters is 112500 equity shares and balance by investor selling shareholders]. The object of the issue is providing exit option for ISS by listing of equity shares in the exchange.

Strength

Main products of the company use innovative, in-house technologies and are essential for equipment to work such as ECUs for vehicles and generators. Have been first-to-market on several of its key differentiated, control-intensive propositions, creating strong entry barriers for potential competitors.

Majority of its revenue from operations is attributed to products which incorporate novel control technologies that are conceived and developed entirely in-house, enabling it to offer fresh proprietary solutions that provide distinct value to end-users or OEM customers. Several of these unique technologies (as described in detail below in this section) have achieved widespread adoption across the sectors the company serves.

One of the top players in the ISG ECU market for 2W and 3W (combined) and the largest supplier of gen-set controllers in India.

It serve leading OEMs in different regulatory driven sectors like gensets, 2/3W engine powered industry and electric 2/3W industry.

Agility at scale is derived from complete ownership of product design, engineering, and manufacturing enables rapid innovation and swift market response.

Continued ability to innovate, scale, and embed differentiated technologies.

Growing market of for critical control intensive products.

Weakness

TVS Motors is the top customer accounting for 75.48% and 80.46% of revenue in 9mFY26 and FY25 respectively. Top 3/10 customers account for 91.22%/98.67% in 9mFY26 and 87.76%/98.19% in FY25 respectively. This show high concentration of business in few customers.

Any downturn, cyclical fluctuation, or adverse development in auto sector or gensets (in India & globally) could materially impact the business, results of operations, and financial condition.

Significant changes in the Indian two/three-wheeler (2/3W) industry arising from electrification, including shifts in component value and industry structure, could negatively impact the business.

Dependence on a single product line comprising ISG, EFI and ISG+EFI ECUs also creates operational and supply chain risks. Any reduction in demand or shift to alternative technologies could materially impact our business, results of operations, and financial condition.

Technological transition i.e. Shift towards cleaner, smarter and more flexible technologies in case of genset segment as well as tighter emission norms on diesel generators pose challenges.

Significant reliance on imports for materials such as semiconductors & PCBs. Thus any disturbance in supply chain and availability will impact the production and financials of the company.

High customer concentration in the domestic market, resulting from its anchor customer-focused strategy, exposes it to specific risks that may adversely affect the business of the company.

Statutory Auditor has included certain observations in their audit reports on the audited financial statements for Fiscals 2025 and 2024.

Revenue from United States as a percentage of revenue from operations stood at 8.64% and 5.65% for 9mFY26 and FY25 respectively.

Valuation

Revenues of the company for the fiscal ended March 2025 were up by 24% to Rs 658.36 crore driven by improved sales performance across both the mobility and industrial segments. But with operating profit margin stand expanded by 370 bps to 18.4%, the growth at operating profit was 55% to Rs 120.90 crore. Other income was down 20% (to Rs 4.17 crore), the interest cost was down 69% (to Rs 12.03 crore) and depreciation was up 26% to Rs 45.34 crore. The sharp reduction in interest cost was driven primarily by the absence of interest expense on compulsory convertible preference shares in Fiscal 2025, compared with ? 25.500 crore in Fiscal 2024, as a result of conversion into equity in May 2024. Thus PBT was up 668% to Rs 67.70 crore. While revenue from operations grew by 24.07% in FY25 total expenses grew by only 12.85%, resulting in a substantial improvement in profitability. Finally, PAT was jumped up by 700% to Rs 47.05 crore.

For the nine month ended Dec 2025, the net profit was Rs 71.50 crore on sales of Rs 770.67 crore.

The EPS on expanded equity (on the upper price band) for FY2025 was Rs 10.7 and the annualized EPS for 9mFY26 was 21.6. The PE on upper price band works out to 126.4 times of its FY25 EPS and 62.6 times of its annualised 9mFY26 EPS. The P/BV stood at 14.5 times and EV/sales stood at 9.1 times of its FY25 sales.

The company has no comparable peers with exact business/product profile. India Nippon Electricals that has EFI ECU in its product portfolio quotes at a PE of 19 times of its EPS for TTM period ended Dec 2025. Varroc Engineering quotes at a TTM PE of 32.8 times. But the company has given Bosch, ZF Commercial Vehicle Control Systems, Sona BLW Precision Forgings and Schaeffler India as peers and these companies quotes at a PE of 46.5 times, 57 times, 50.9 times and 58.5 times of their TTM EPS for period ended Dec 2025.

Sedemac Mechatronics : Re-stated Consolidated Financials				
	2303 (12)	2403 (12)	2503 (12)	2512 (9)
Sales	423.03	530.65	658.36	770.67
OPM (%)	11.2	14.7	18.4	20.3
OP	47.40	77.88	120.90	156.43
Other income	6.84	5.24	4.17	4.64
PBIDT	54.24	83.12	125.07	161.07
Interest	16.04	38.45	12.03	7.22
PBDT	38.20	44.68	113.04	153.85
Depreciation	30.19	35.86	45.34	45.58
PBT	8.01	8.81	67.70	108.27
EO Exp	0.00	0.00	0.00	0.00

PBT after EO	8.01	8.81	67.70	108.27
Tax	-0.57	2.94	20.65	36.77
PAT	8.57	5.88	47.05	71.50
Share of Profit from Associates	0.00	0.00	0.00	0.00
Minority Interest	0.00	0.00	0.00	0.00
Net profit after MI	8.57	5.88	47.05	71.50
EPS (Rs)*	1.9	1.3	10.7	21.6
* on post IPO fully dilluted equity (on upper price band) of Rs 44.16 crore. Face Value: Rs 10				
EPS is calculated after excluding EO and relevant tax				
Figures in Rs crore				
Source: Capitaline Corporate database				

Sedemac Mechatronics : Issue Highlights	
Fresh Issue (Rs crore)	0
Offer for sale (in nos.)	8043300
Price band (Rs.) **	
Upper	1352
Lower	1287
Post-issue equity (Rs crore)	
in Upper price band	44.16
in Lower Price Band	44.16
Post-issue promoter (including promoter group) stake (%)	26.24
Minimum Bid (in nos.)	11
Issue Open Date	04-03-2026
Issue Close Date	06-03-2026
Listing	BSE, NSE
Rating	44 /100