

Retail Research	IPO Note
Sector: Auto Ancillary	Price Band (Rs): 1,287 – 1,352
02 <sup>nd</sup> March 2026	Recommendation: SUBSCRIBE for Long Term

## SEDEMAC Mechatronics Ltd.

### Company Overview:

**SEDEMAC Mechatronics Ltd. (SML)** is a Pune-based technology company specializing in the design, manufacture and supply of advanced, control-intensive Electronic Control Units (ECUs) for mobility and industrial applications. The company serves leading OEMs across India, the United States, and Europe with innovative, in-house developed technologies. SML holds strong market positions in ISG ECUs for two-wheelers and genset controllers. Its R&D-driven approach, supported by a highly skilled engineering team and multiple patents, enables consistent product innovation. It maintains strong, long-term partnerships by integrating proprietary solutions into client platforms and supporting them throughout the product lifecycle. Its product portfolio consists of Integrated Starter Generator (ISG) ECU, Electronic Fuel Injection (EFI) ECU, ISG+EFI ECU, EV motor controllers, and Genset Control Units. It operates two advanced manufacturing facilities and dedicated technical centers in Pune, enabling end-to-end development, testing, and high-precision production of its control-intensive technologies.

### Key Highlights:

**1. Leadership in Control-Intensive ECU Technology:** SML is a leading Tier-I supplier of advanced, control-intensive ECUs serving major OEMs. Its portfolio spans mobility (2W/3W, EVs, LCVs) and industrial applications (gensets, power tools). The company has crossed 10 million controller units sold cumulatively by Dec'2025, showcasing strong domain expertise and high-volume execution. TVS motor has been the company's largest client and drives significant portion of business.

**2. Strong Market Position:** The company commands 35% market share in India's ISG ECU segment for 2W/3W vehicles and 75–77% share in the Indian genset controller market for 9MFY26. It also holds a meaningful 14% global market share in genset controllers and EFI ECUs in FY25.

**3. Innovation-Led Growth with Strong R&D Backbone:** The company operates a DSIR-approved R&D center, backed by 12 granted patents and 11 more in the approval stage. With sustained R&D investment of 6.7–10.3% of revenue, the company continues to drive rapid innovation and deep integration with OEM product development. It was the first company in India to develop, design and manufacture sensor less commutation (SLC) based ISG ECUs for two-wheeler / 3-wheelers (2/3Ws) internal combustion engine (ICE) powered vehicles.

**4. High Technical Barriers and Switching Costs:** The company's solutions are "designed-in" during the early R&D phases of an OEM's platform. Because these components are fundamental to the equipment's function, switching costs for OEMs are technically and commercially high, providing long-term revenue visibility. Its lifecycle-wide support ensures dependable performance and strengthens customer confidence in mission-critical applications. Its key clientele includes TVS Motor, Hero MotoCorp, Bajaj Auto, Mahindra, Kirloskar Oil Engines, and Generac, among others.

**Valuation:** SML is a leading critical application auto component manufacturer specialising in technology intensive components such as ISG ECU, EFI ECU and ISG+EFI ECU. It designs, develops and manufactures these components in-house with a focus on R&D. The criticality of the product portfolio and OEM approvals creates high entry barriers. Revenue/EBITDA/PAT growth CAGR stands at 34%/64%/123% respectively between FY23-FY26E annualised. At the upper price band of the issue price of Rs 1,352, the stock is valued at 62.6x FY26E P/E on annualised basis. We recommend investors to SUBSCRIBE to the issue for long term. Listing/short term gains are unlikely.

Issue Details	
Date of Opening	4 <sup>th</sup> March 2026
Date of Closing	6 <sup>th</sup> March 2026
Price Band (Rs)	1,287 – 1,352
Issue Size (Rs cr)	~1,087.5 @UB
Fresh Issue (Rs cr)	-
Offer for sale (Rs cr)	~1,087.5 @UB
Total issue size	80,43,300 Shares
Face Value (Rs)	10.0
Post Issue Market Cap (Rs cr)	5,684 - 5,971
BRLMs	ICICI Securities Ltd., Avendus Capital Private Ltd., Axis Capital Ltd.
Registrar	MUFG Intime India Pvt. Ltd.
Bid Lot	11 shares and in multiple thereof
QIB shares	50%
Retail shares	35%
NII shares	15%
Employee Discount (Rs)	128

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	1,16,98,500	26.5
Public & Others	3,24,63,000	73.5
<b>Total</b>	<b>4,41,61,500</b>	<b>100.0</b>

Post Issue @ Upper Price Band	No. of Shares	%
Promoter & Promoter Group	1,15,86,000	26.2
Public & Others	3,25,75,500	73.8
<b>Total</b>	<b>4,41,61,500</b>	<b>100.0</b>

Source: RHP, SBICAP Securities Research

Selling Shareholder via OFS	Classification	No. of Shares
Manish Sharma	Promoter	45,000
Ashwini Amit Dixit	Promoter	67,500
A91 Emerging Fund II LLP	Public	24,10,650
NRJN Family Trust	Public	10,50,000
Xponentia Opportunities Fund II	Public	10,43,550
Mace Pvt. Ltd.	Public	7,65,900
360 One Special Opportunities Fund	Public	6,80,850
360 One Monopolistic Market Intermediaries Fund	Public	4,72,500
HDFC Life Insurance Co Ltd	Public	4,25,700
Xponentia Opportunities Ltd	Public	4,25,250
Other Investors	Public	6,56,400
<b>Total</b>	-	<b>80,43,300</b>

Source: RHP, SBICAP Securities Research

## Key Financials & KPIs

Particulars (Rs cr)	FY23	FY24	FY25	9MFY26
Revenue from operations	423.0	530.7	658.4	770.7
EBITDA	47.4	77.9	120.9	156.4
PAT	8.6	5.9	47.0	71.5
EBITDA Margin (%)	11.2	14.7	18.4	20.3
PAT Margin (%)	2.0	1.1	7.1	9.3
RoE (%)	7.5	4.7	15.5	-
RoCE (%)	10.7	17.2	22.6	-
P/E (x)*	696.4	1,015.8	126.9	-
EV/EBITDA (x)	128.1	78.5	49.7	-
EV/Sales (x)	14.4	11.5	9.1	-
P/BV (x)	51.9	48.1	19.7	-
Total Debt / Equity	1.0	1.2	0.2	0.1
Critical Components contribution to revenue from operations (%)	72.2	77.1	80.1	86.5
Imported Raw materials cost as % of Total Expenses (%)	52.8	54.4	50.9	50.2
R&D exp. as % of Revenue from operations (%)	10.3	9.5	6.7	7.0

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

Source: RHP, SBICAP Securities Research

## Risk Factors

- A. Significant Customer Concentration:** A large portion of revenue is concentrated with a very small number of customers. In particular, TVS Motor Company Ltd. ('TVS Motor') contributed 75.5%, 80.5%, 83.5%, and 79.1% of SML's revenue in 9MFY26, FY25, FY24, and FY23, respectively. TVS Motor is not contractually required to make a minimum purchase or to source products exclusively from SML. The Top 10 customers contributed 98.7% of revenue in 9MFY26. Any loss or reduction in orders from this key OEM client would severely impact the business.
- B. Dependence on the Mobility Segment:** The company is heavily reliant on the mobility sector (2/3W vehicles), which accounted for 84.6% of revenue in 9MFY26. Any cyclical downturn or regulatory changes in this industry could materially affect operations.
- C. Exposure to Electrification Shifts:** While the company has electric vehicle (EV) offerings, contributing 7.2% in mobility segment revenue in 9MFY26, its dependence is largely tied to products for internal combustion engine (ICE) vehicles. Rapid electrification of the 2/3W industry may reduce demand for its core ICE-specific components if its EV solutions do not gain equivalent market traction.
- D. Supply Chain and Geopolitical Risks from China:** SML imports critical raw materials, including semiconductors and printed circuit boards (PCBs), from China. In 9MFY26, imports from China constituted 8.2% of total purchases. This makes the company vulnerable to trade restrictions, tariffs, and supply disruptions.
- E. Need for Continuous R&D Investment:** It must consistently invest in advanced R&D to keep pace with rapid technological change, evolving industry standards, and intensifying competition, making sustained innovation essential to preserve its technological edge and long-term market relevance.
- F. Raw Material Supplier Dependence:** There is a high reliance on a limited number of suppliers. Purchases from the top 10 suppliers constituted 63.6% of total purchases in 9MFY26. Any inability of these suppliers to fulfil orders could disrupt production.

## Growth Strategies

- Scaling control-intensive technologies across high-volume mobility and industrial sectors in global markets.
- Driving differentiation through continuous innovation in sensorless motor control and rare-earth-free motor technologies to maintain technological leadership.
- Enhancing per-vehicle value by increasing electronic content through integrated solutions, such as combined ISG-EFI controller suites, to deliver greater functionality and system-level efficiency.
- Strengthening collaborations with global OEMs to enable faster technology validation and market adoption.

## Existing & Under Development Product Portfolio – SEDEMAC Mechatronics

### Mobility

#### Engine-powered Two and Three Wheelers



#### E-bikes



#### Small electric vehicles for e-scooters, e-rickshaws, and e-LCVs



#### Commercial Vehicles



### Generators



\* Currently in production and ready for commercial production

Source: RHP, SBICAP Securities Research

## Segmental Revenue Industry Wise – SEDEMAC Mechatronics

Particulars	FY23		FY24		FY25		9MFY26	
	Rs cr	% of Rev						
Mobility Segment	340.0	80.4	454.4	85.6	564.1	85.7	652.2	84.6
Industrial Segment	83.0	19.6	76.2	14.4	94.2	14.3	118.5	15.4
<b>Revenue from Operations</b>	<b>423.0</b>	<b>100.0</b>	<b>530.7</b>	<b>100.0</b>	<b>658.4</b>	<b>100.0</b>	<b>770.7</b>	<b>100.0</b>

Source: RHP, SBICAP Securities Research

## Segmental Volumes Industry Wise – SEDEMAC Mechatronics

Particulars	FY23	FY24	FY25	9MFY26
<b>Mobility</b>				
ISG, EFI, ISG+EFI ECUs (control-intensive)	12,77,856	17,54,664	22,28,133	24,71,016
EV Motor Control Units (control-intensive)	786	9,913	9,364	45,731
<b>Total (A)</b>	<b>12,78,642</b>	<b>17,64,577</b>	<b>22,37,497</b>	<b>25,16,747</b>
<b>Industrial</b>				
Genset Controllers (control-intensive)	1,32,745	1,28,305	1,20,924	1,19,684
Genset EFI ECUs (control-intensive)	13,768	24,457	80,083	2,21,616
<b>Total (B)</b>	<b>1,46,513</b>	<b>1,52,762</b>	<b>2,01,007</b>	<b>3,41,300</b>
<b>Total (A+B)</b>	<b>14,25,155</b>	<b>19,17,339</b>	<b>24,38,504</b>	<b>28,58,047</b>

Source: RHP, SBICAP Securities Research

## Mobility Revenue Segmental Break-up – SEDEMAC Mechatronic

Particulars	FY23		FY24		FY25		9MFY26	
	Rs cr	% of Rev						
Two Wheelers	316.8	93.2	425.0	93.5	526.8	93.4	529.0	81.1
Three Wheelers	22.4	6.6	27.2	6.0	37.0	6.6	119.4	18.3
Other Products	0.8	0.2	2.3	0.5	0.4	0.1	3.8	0.6
<b>Revenue Generated From Mobility Segment</b>	<b>340.0</b>	<b>100.0</b>	<b>454.4</b>	<b>100.0</b>	<b>564.1</b>	<b>100.0</b>	<b>652.2</b>	<b>100.0</b>

Source: RHP, SBICAP Securities Research

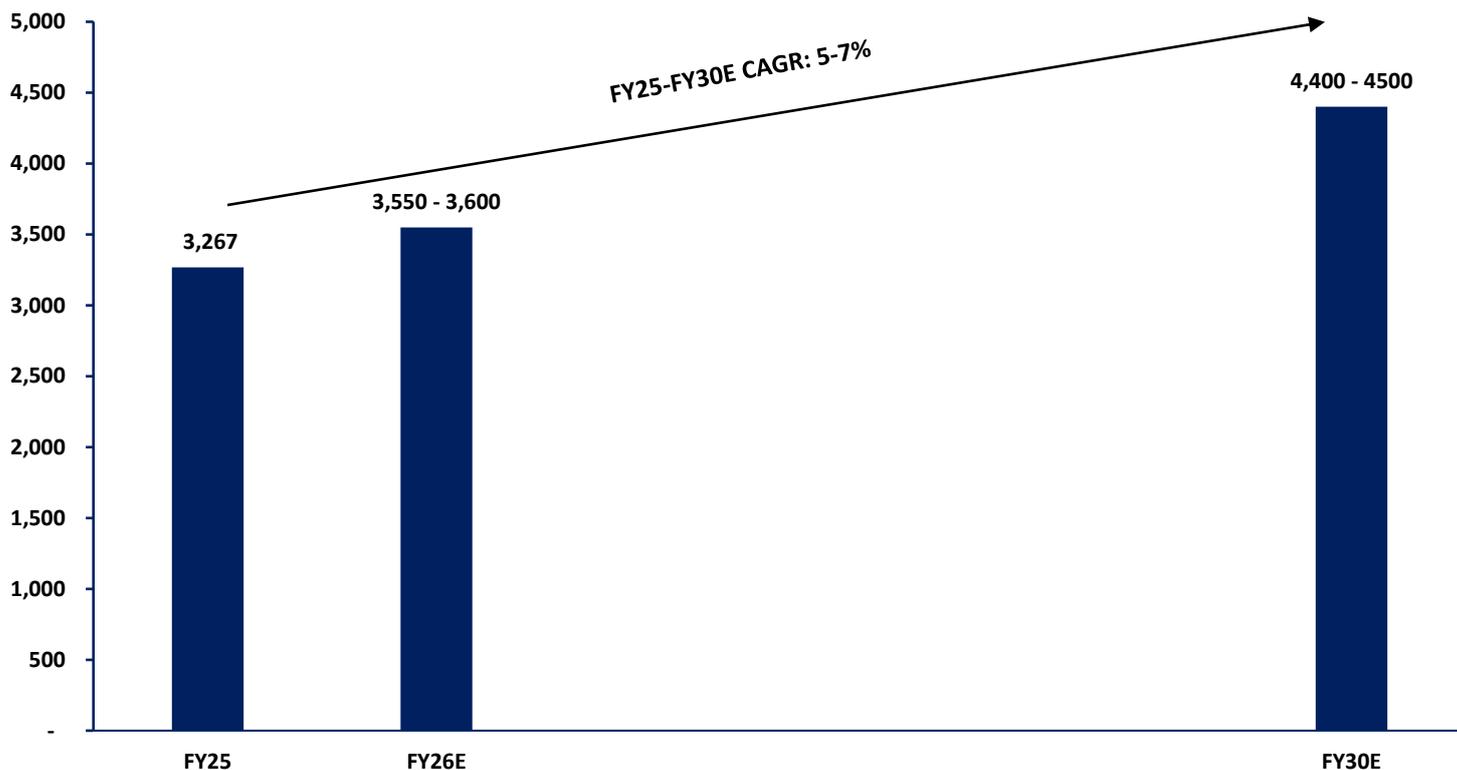
## Capacity & Utilization Details – SEDEMAC Mechatronic

Capacity x Capacity Utilisation	FY23	FY24	FY25	9MFY26
<b>Manufacturing Facility - 1</b>				
Installed Capacity (in mn units)	2.5	3.0	4.0	4.3
Capacity Utilisation (%)	76.0	74.8	76.4	93.4
<b>Manufacturing Facility - 2</b>				
Installed Capacity (in mn units)	4.4	4.4	4.4	4.4
Capacity Utilisation (%)	80.3	85.3	85.4	81.3

Source: RHP, SBICAP Securities Research

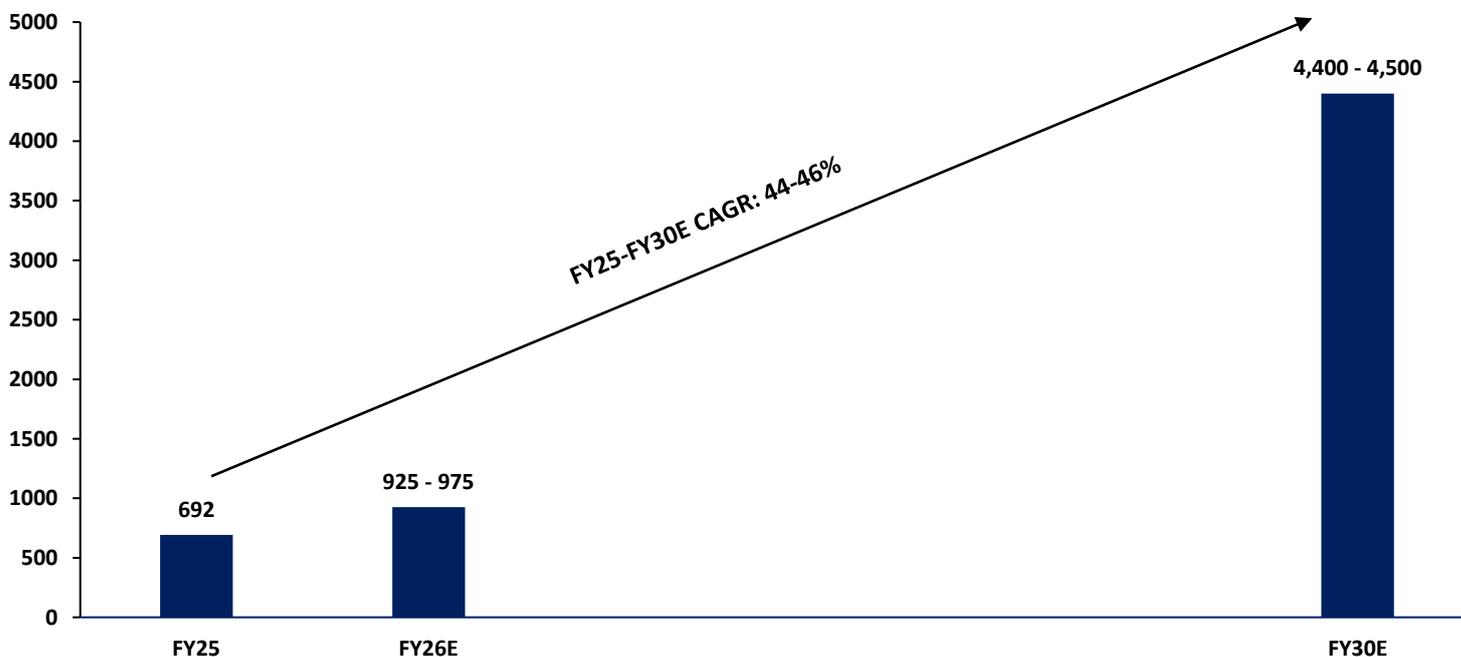
## Industry Overview

**EFI ECU in ICE vehicles market size in India (value) - FY25-2030E (in Rs cr)**



Source: RHP, SBICAP Securities Research

**MCU in EVs market size in India (value) - FY25-FY30E (in Rs cr)**



Source: RHP, SBICAP Securities Research

## Financial Snapshot

INCOME STATEMENT				
Particulars (Rs cr)	FY23	FY24	FY25	9MFY26
<b>Revenue from Operations</b>	<b>423</b>	<b>531</b>	<b>658</b>	<b>771</b>
YoY growth (%)	-	25.4%	24.1%	-
COGS (incl Stock Adj)	303	363	411	474
<b>Gross Profit</b>	<b>120</b>	<b>168</b>	<b>248</b>	<b>296</b>
<b>Gross margin (%)</b>	<b>28.3%</b>	<b>31.6%</b>	<b>37.6%</b>	<b>38.5%</b>
Employee Cost	32	43	61	66
Other Operating Expenses	40	47	65	74
<b>EBITDA</b>	<b>47</b>	<b>78</b>	<b>121</b>	<b>156</b>
<b>EBITDA margins (%)</b>	<b>11.2%</b>	<b>14.7%</b>	<b>18.4%</b>	<b>20.3%</b>
Other Income	7	5	4	5
Interest Exp.	16	38	12	7
Depreciation	30	36	45	46
<b>PBT</b>	<b>8</b>	<b>9</b>	<b>68</b>	<b>108</b>
Exceptional item	-	-	-	-
Tax	(1)	3	21	37
<b>PAT</b>	<b>9</b>	<b>6</b>	<b>47</b>	<b>71</b>
<b>PAT margin (%)</b>	<b>2.0%</b>	<b>1.1%</b>	<b>7.1%</b>	<b>9.3%</b>
<b>EPS (Rs)</b>	<b>1.9</b>	<b>1.3</b>	<b>10.7</b>	<b>16.2</b>

BALANCE SHEET				
Particulars (Rs cr)	FY23	FY24	FY25	9MFY26
<b>Assets</b>				
Net Block	61	83	115	164
Capital WIP	3	3	4	1
Intangible Assets	52	51	69	64
Intangible Assets under development	41	59	49	68
Right of use assets	23	18	13	22
Other Non-current Assets	30	29	27	22
<b>Current Assets</b>				
Current Investment	-	-	19	4
Inventories	90	118	135	147
Trade receivables	15	27	44	143
Cash and Bank Balances	9	7	8	12
Other Current Assets	8	8	8	30
<b>Total Current Assets</b>	<b>121</b>	<b>160</b>	<b>215</b>	<b>336</b>
<b>Current Liabilities &amp; Provisions</b>				
Trade payables	66	77	86	143
Other current liabilities	10	23	27	28
Short-term provisions	2	2	5	10
<b>Total Current Liabilities</b>	<b>78</b>	<b>101</b>	<b>118</b>	<b>180</b>
<b>Net Current Assets</b>	<b>43</b>	<b>59</b>	<b>97</b>	<b>156</b>
Assets Classified as held for sale	-	-	-	-
<b>Total Assets</b>	<b>253</b>	<b>301</b>	<b>373</b>	<b>496</b>
<b>Liabilities</b>				
Share Capital*	0	0	0	44
Reserves and Surplus	115	124	303	367
<b>Total Shareholders Funds</b>	<b>115</b>	<b>124</b>	<b>303</b>	<b>410</b>
Minority Interest	-	-	-	-
<b>Total Debt</b>	<b>110</b>	<b>151</b>	<b>50</b>	<b>47</b>
Long Term Provisions	4	5	4	4
Lease Liabilities	24	19	15	24
Other Long-Term Liabilities	1	2	2	5
Net Deferred Tax Liability	-	-	-	5
<b>Total Liabilities</b>	<b>253</b>	<b>301</b>	<b>373</b>	<b>496</b>

\*Rounded off

CASHFLOW STATEMENT				
Particulars (Rs cr)	FY23	FY24	FY25	9MFY26
Cash flow from Operating Activities	78	61	91	67
Cash flow from Investing Activities	(51)	(59)	(105)	(80)
Cash flow from Financing Activities	(24)	(1)	13	19
Free Cash Flow	22	(6)	5	(39)

RATIOS			
Particulars	FY23	FY24	FY25
<b>Profitability</b>			
Return on Capital Employed	10.7%	17.2%	22.6%
Return on Equity	7.5%	4.7%	15.5%
<b>Margin Analysis</b>			
Gross Margin	28.3%	31.6%	37.6%
EBITDA Margin	11.2%	14.7%	18.4%
Net Profit Margin	2.0%	1.1%	7.1%
<b>Short-Term Liquidity</b>			
Current Ratio (x)	0.8	0.8	1.5
Quick Ratio (x)	0.2	0.2	0.6
Avg. Days Sales Outstanding	13	19	24
Avg. Days Inventory Outstanding	109	118	120
Avg. Days Payables	65	62	58
Fixed asset turnover (x)	3.1	3.5	3.3
Debt-service coverage (x)	0.2	0.2	1.3
<b>Long-Term Solvency</b>			
Total Debt / Equity (x)	1.0	1.2	0.2
Interest Coverage Ratio (x)	1.5	1.2	6.6
<b>Valuation Ratios*</b>			
EV/EBITDA (x)	128.1	78.5	49.7
P/E (x)	696.4	1,015.8	126.9
P/B (x)	51.9	48.1	19.7
EV/Sales (x)	14.4	11.5	9.1
P/Sales (x)	14.1	11.3	9.1

*\*Valuation ratios are based on pre-issue capital at the upper price band*

*Source: RHP, SBICAP Securities Research*

## Peer Comparison – FY25

Particulars (Rs cr)	Sedemac Mechatronics Limited	Bosch Ltd	ZF Commercial Vehicle Control Systems India Ltd	Sona BLW Precision Forgings Ltd	India Nippon Electricals Ltd
CMP (Rs)	1,352	36,381	15,183	532	823
Mkt Cap.	5,971	1,07,322	28,787	33,076	1,862
Enterprise Value	6,012	1,06,814	27,322	31,787	1,838
Sales	658	18,087	3,804	3,546	845
EBITDA	121	2,310	626	967	94
Net Profit	47	2,012	453	585	82
EBITDA Margin (%)	18.4	12.8	16.5	27.3	11.1
Net Profit Margin (%)	7.1	11.1	11.9	16.5	9.7
RoE (%)	15.5	14.6	14.1	10.6	11.5
RoCE (%)	22.6	19.9	19.1	15.1	14.5
P/E (x)	126.9	53.3	63.5	56.5	22.7
EV/EBITDA (x)	49.7	46.2	43.6	32.9	19.6
EV/Sales (x)	9.1	5.9	7.2	9.0	2.2

Source: RHP, Exchange Filings, SBICAP Securities Research

For SEDEMAC Mechatronics 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.

CMP for peer companies is closing price as of 27th February, 2026.

**SBICAP Securities Limited**

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