ArihantCapital
Generating Wealth

# IPO Note
27th Feb 2026

## Sedemac Mechatronics Ltd

**Neutral**

**Rating: Neutral**

## Issue Offer

Total issue size: INR 10,870 Mn (44.16 Mn shares), which consists of Offer for sale only.

| Issue Summary | |
|---|---|
| Price Band INR | 1287-1352 |
| Face Value INR | 10 |
| Implied Market Cap INR Mn. | 59706.3 |
| Market Lot. | 11 |
| Issue Opens on | Mar 04, 2026 |
| Issue Close on | Mar 06, 2026 |
| No. of share pre-issue | 44,161,500 |
| No. of share post issue | 44,161,500 |
| Listing | NSE, BSE |

| Issue Break-up % | |
|---|---|
| QIB Portion | ≤50 |
| Retail Portion | ≥35 |
| NII Portion | ≥15 |

**Registrar**

MUFG Intime India Pvt.Ltd.

**Book Running Lead Managers**

ICICI Securities Ltd.
Avendus Capital Private Ltd.
Axis Capital Ltd.

| | Pre-Issue | Post-Issue |
|---|---|---|
| Promoters | 26.49% | 8.28% |
| Public & Others | 73.51% | 91.72% |

| Object of the issue | Exp Amt (INR Mn) |
|---|---|
| ➢ The IPO consists of an OFS only. The company is not getting any cash from OFS issue. All the money from selling these shares will go straight to the current shareholders who are selling their stakes. | 10,870.00 |

Sedemac Mechatronics Limited is a Pune-based Tier-1 supplier founded in 2007, specializing in electronic controllers and mechatronic systems for mobility and industrial applications. The company operates across 2 key segments: Mobility and Industrial, offering products such as ISG and EFI ECUs, EV Motor Control Units, genset controllers, and integrated eGov systems, with strong leadership in ISG ECUs and genset controllers in India. It has shipped over 9.2 Mn ECUs since FY18 and scaled its EV MCU volumes to 45,731 units in 9MFY26, reflecting rapid EV traction. With 2 technical centres, expanding manufacturing capacity in Pune, and 12 granted patents globally, the company combines in-house hardware, software, and mechanical design capabilities to serve marquee clients including TVS Motor Company and Bajaj Auto.

### Investment Rationale:

**Diversified Yet Mobility-Led Revenue Profile with Export Strength:** The company operates across mobility and industrial segments, with mobility contributing the majority of revenue while industrial provides diversification and export leverage. Revenue from the mobility segment increased from INR 3,399.83 Mn in FY23 to INR 5,641.32 Mn in FY25 and INR 6,521.78 Mn in 9MFY26. Mobility consistently accounted for over 85% of revenue in FY24 and FY25, and 84.63% in 9MFY26. Notably, 46.29% of genset control-intensive units shipped in FY25 were exported, increasing to 68.85% in 9MFY26. This strong export mix enhances geographical diversification, reduces reliance on domestic cycles, and positions the company as a global niche technology supplier.

**Market Leadership in High-Value, Control-Intensive ECUs:** SEDEMAC has built a strong leadership position in control-intensive, critical-to-application electronic control units (ECUs), which form the backbone of its revenue profile. Revenue from critical, control-intensive products increased from INR 3,054.45 Mn in FY23 to INR 5,272.55 Mn in FY25, and further to INR 6,668.26 Mn in 9MFY26. This segment expanded from 72.20% of revenue in FY23 to 80.09% in FY25 and 86.53% in 9MFY26. The company holds ~35% market share in the domestic ISG ECU market (2W and 3W combined) and is among the top 4 players for 9MFY26. Additionally, it commands 75%–77% domestic market share in genset controllers and ~14% global market share in this category in FY25. This dominant positioning in niche, high-entry-barrier segments underpins sustainable competitive advantage and pricing power.

**Scale, Installed Base and Deep OEM Integration:** The company has achieved significant operating scale, with cumulative sales exceeding 10 Mn control-intensive products as of December 31, 2025. In FY25 alone, it shipped over 2.24 Mn control-intensive ECUs for engine-powered and electric vehicles, contributing 79.23% of revenue from the 2W/3W automotive market. Additionally, it shipped more than 200,000 control-intensive products for the genset industry in FY25, contributing 85.17% of genset industry revenue. In 9MFY26, shipments rose to 2.52 Mn automotive ECUs and 341,300 genset-related control-intensive products. As an Indian Tier-I supplier directly serving OEMs and integrating proprietary solutions into core product platforms, the company benefits from long product lifecycles and embedded relationships.

### Valuation and View:

The company already holds meaningful domestic leadership in ISG ECUs and genset controllers, while the EV MCU segment is scaling sharply from a low base, indicating early traction in a high-growth market. Industry tailwinds remain favorable, with the ISG market expected to grow at low-to-mid teens CAGR, the domestic EFI ECU market expanding steadily, and the EV motor controller market projected to grow at over 40% CAGR over the next few years. Stricter emission norms and hybridization trends further support demand across both mobility and industrial segments. While customer concentration and import dependency remain key monitorables, expanding manufacturing capacity, strong OEM integration, and diversification into EVs, gensets, and industrial applications provide multi-year revenue visibility and structural growth potential. **At the upper band of INR 1,352, the issue is valued at a P/E ratio of 126.91x, based on a FY25 EPS of INR 10.65. We are recommending a "Neutral" rating for this issue.**

**Exhibit: Financial Performance**

| Particulars (INR Mn) | FY23 | FY24 | FY25 |
|---|---|---|---|
| **Revenue** | **4,230.28** | **5,306.53** | **6,583.63** |
| Growth (%) YoY | - | 25.44% | 24.06% |
| **EBITDA** | **542.40** | **831.24** | **1,250.68** |
| Margins (%) | 12.82% | 15.66% | 18.99% |
| **PAT/(Loss)** | **85.73** | **58.78** | **470.45** |
| Margins (%) | 2.03% | 1.11% | 7.15% |
| **Debt** | **1,096.07** | **1,506.18** | **496.18** |


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| Stock Rating Scale | Absolute Return |
|---|---|
| BUY | >20% |
| ACCUMULATE | 12% to 20% |
| HOLD | 5% to 12% |
| NEUTRAL | -5% to 5% |
| REDUCE | -5% to -12% |
| SELL | <-12% |

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