



IPO Note

Unimech Aerospace and Manufacturing Limited

Recommendation: **APPLY!**



IPO Details

Opening Date	Dec 23, 2024
Closing Date	Dec 26, 2024
Allotment Date	Dec 27, 2024
Listing Date	Dec 31, 2024
Stock Exchange	BSE, NSE
Lot Size	19 Shares
Issue Price Per Share	₹745 to ₹785
Issue Size	500.00 Cr.
Fresh Issue	250.00 Cr.
Offer for Sale	250.00 Cr.
	₹ 14,915 -
Application Amt	₹ 1,93,895 (19 to 247 shares)

INDUSTRY – Precision Engineered Component Avg. PE ratio as per RHP – 101.98

	KPIs (In Crores)			
KPI's	FY 22	FY 23	FY 24	Sep-24
Revenue	36.35	94.17	208.78	120.66
EBITDA	7.73	34.56	79.19	48.83
Net Profit	3.39	22.81	58.13	38.68
RoCE	12.51%	50.35%	61.70%	12.67%*
ROE	12.26%	46.70%	53.53%	11.40%*
P/E	1,019.48	151.25	59.33	51.61*

*Annualized

Promoter Share Holding Pattern

Pre-Issue	Post Issue
91.83%	79.82%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	13.23	15.21
BVPS	24.68	133.47
P/E	59.33	51.61
P/BV	31.81	5.88
Mkt Cap (In Cr)	3,742.27	3,992.27

*Annualized

Company Background -

- **Incorporation:** Incorporated in 2016, company's registered office is located at Bangalore, Karnataka.
- **Business Activity:** Unitech Aerospace and Manufacturing Limited is engaging in the manufacturing of complex tools like mechanical assemblies, electro-mechanical systems, and components for aeroengine and airframe production.
- **Revenue Stream:** Company has export driven model with exports contributing to 97% of it's revenue in FY 24.
- **Human Resource:** As of Sep 30, 2024, company had 622 employees on it's payroll including the contract workers.

Objects of the Issue -

- Funding of capital expenditure for expansion through purchase of machineries and equipment by the Company
- Funding working capital requirements of the Company
- Investment in Material Subsidiary for: (i) purchase of machineries and equipment; (ii) funding its working capital requirements; and (iii) repayment / prepayment, in full or part, of certain borrowings availed by our Material Subsidiary
- General corporate purposes

Promoters Name -

Anil Kumar P, Ramakrishna Kamojhala, Mani P, Rajanikanth Balaraman, Preetham S V

Rationale for recommendation -

- ✓ Growing Industry with government support.
- ✓ Growing Profitability margins.
- ✓ Growing Return margins.

Lead Managers -

Anand Rathi Advisors Limited
Equirus Capital Private Limited

Registrar -

Kfin Technologies Limited

Business Overview –

Company is an engineering solutions company specializing in manufacturing and supply of critical parts such as aero tooling, ground support equipment, electro-mechanical sub-assemblies and other precision engineered components for aerospace, defence, energy, and semiconductor industries. They possess “build to print” capabilities, wherein they manufacture products based on client designs, and “build to specifications” capabilities, wherein we assist clients in designing the products to be manufactured basis specifications. They supply high precision and critical components to major OEMs and their licensees worldwide.

Export-Driven Global Delivery Model

Below are the financial details of revenue from exports and domestic operations for the six months ended September 30, 2024, and Fiscal Years 2024, 2023, and 2022:

Geography	Sep-24	%	FY 2024	%	FY 2023	%	FY 2022	%
Within India	5.22	4.33%	4.92	2.36%	4.52	4.80%	3.24	8.94%
Outside India	115.42	95.67%	203.84	97.64%	89.64	95.20%	33.01	91.06%
Total	120.65	100.00%	2,08.77	100.00%	94.16	100.00%	36.34	100.00%

Revenue by Geographic Region

The revenue from operations by geographical spread highlights the company’s dominant presence in international markets:

Geography	Sep-24	%	FY 2024	%	FY 2023	%	FY 2022	%
India	5.22	4.33%	4.92	2.36%	4.52	4.80%	3.24	8.94%
United States	99.59	82.55%	192.45	92.19%	72.41	76.91%	27.76	76.38%
Germany	15.79	13.09%	11.34	5.43%	17.21	18.28%	5.15	14.17%
United Kingdom	0.037	0.03%	Nil	Nil	Nil	Nil	0.091	0.25%
Others	Nil	Nil	0.05	0.02%	0.009	0.01%	0.096	0.27%

Revenue by Top Customers

The top customers accounted for a significant portion of total revenue; one customer contributes to 58.89% of the revenue with two of them contributing 26.57% of the revenue.

Vendor and Subcontractor Ecosystem




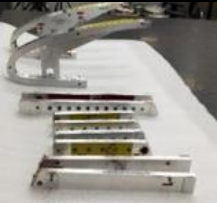








- The vendor ecosystem consists of **42 vendors** with **118 machines** as of September 30, 2024.
- Subcontractors handle machining and special processes, allowing the company to focus on critical tasks.
 - In-house vendors operate directly on factory premises, ensuring quality and integration.
 - Subcontractors focus on non-critical tasks to optimize in-house capacity.











Revenue by Industry Segment:

Segment	Sept-2024	%	FY 2024	%	FY 2023	%	FY 2022	%
Aero-tooling	118.542	98.25%	207.41	99.35%	89.17	94.70%	34.84	95.84%
Precision Components & Others	2.11	1.75%	1.36	0.65%	4.98	5.30%	1.51	4.16%

- A dedicated team of **164 engineers** ensures process innovation and technological development.

Product portfolio

Aero Engine Tooling			Airframe Tooling		
Product Image	Product	Description	Product Image	Product	Description
	Engine Lifting and Balancing Beams	Precision tool for safe handling of engine assemblies during maintenance.		Lateral Spar Assembly Drilling Jig- Airframe Tooling	Precision tool for accurately drilling holes on critical airframe components.
	Fixture to Lift and Turn - HP Compressor AFT Spool	Lifts and rotates the high-pressure compressor aft spool in aircraft engines during maintenance.		Drill Jig - Airframe Tooling	Specialized jig for drilling key parts like skin panels, ribs, and wingtip stiffeners in aircraft
	Oil Tubes Alignment Fixture	Aligns C-Sump tubes in aircraft engines with high precision for proper assembly		Airframe Assembly Platforms - Aero Support Platform	Operator-friendly platform for accessing specific aircraft areas during assembly and maintenance.
			Precision Parts – end use in Defence		
	Fixture to Torque Nut of Booster Shaft	Tightens booster shaft nuts, tackling challenges like machining splines on hard materials.		Head End Dome	High-precision dome achieving perfect alignment and smooth finish for critical defence applications.
	Radial Cantering Support	Secures components like fan and turbine assemblies during engine maintenance.		Missile Component	Lightweight missile part with a 0.4 mm thin wall, crafted to resist deformation during production.
	Fixture to Lift Fan Assembly	Manages assembly of Leap 1A and 1B fans with advanced fabrication techniques.		Manifold	Complex missile component designed with extreme precision to meet stringent defence requirements.

			Precision Sub System		
	Fixture Installation HPT FWD Outer Seal	Installs HPT forward outer seals with a precision parallelism of 10 microns.		Rocker Arm - HMC CDA-Critical Component - Automotive	Key engine part that transfers pushrod motion to open or close intake and exhaust valves in vehicles.
	Strongback Fixture for LPT Assembly	Facilitates safe handling and transport of low-pressure turbine assemblies.		Complex Electro-Mechanical Assemblies- Drive Mechanism for Nuclear Energy	Controls the movement of rods that manage nuclear reactions in reactors for safe energy production.
			Semiconductor		
	Fixture – Hydraulic Expander	Ensures synchronized hydraulic expansion and spring-loaded retraction of components.		MTG Block - Function critical part for Semiconductor or Manufacturing	Precisely machined part used in semiconductor manufacturing machines to direct fluid flow and ensure design feasibility during R&D.
	Hydraulic Manifold Kit	Features complex 5-axis machining for engine stand operations with over 150 interconnected holes.		TCU Block - Function critical part for Semiconductor Manufacturing	A critical machined component in semiconductor machines that manages fluid flow for operations, also vital for testing designs in R&D phases.
	Heater for Adapter LPT Shaft Installation	Handles distortion-controlled welding for precise low-pressure turbine shaft installation.		Test Assembly Setup - Testing Setup	Custom setup for testing semiconductor machine subsystems, helping verify designs and performance during R&D.

Business Strategies -

1. The company is expanding its global footprint with 90% of sales from exports. In FY2024, revenue reached ₹1,154.27 million. It aims to establish a manufacturing presence in the USA and expand in Europe.
2. The company is enhancing market penetration by establishing local MROs in India, increasing SKUs from 932 in FY2022 to 1,210 in FY2024, and targeting growth in the engine MRO market, expected to grow at a 4.5% CAGR. This strategy expands service offerings, reduces lead times, and captures larger wallet share.
3. The company is expanding capacity with two facilities in Bangalore, totaling 120,000 sq. ft. and plans for a 4-acre Tech Park. It has formed a strategic alliance with Dheya Engineering for exclusive production of micro gas turbines. Collaborations with global and local manufacturers aim to enhance capabilities, drive innovation, and expand market presence in Europe and beyond.
4. The company is focusing on inorganic growth through strategic acquisitions, particularly in the USA, to enhance capabilities, diversify products, and expand market presence. It raised ₹2,500 million in July 2024 for this purpose.
5. The company is expanding its product development in high-mix, low-volume industries like semiconductor equipment, medical devices, and robotics. By leveraging capabilities in "build to print" and "build to specification," it manufactured 2,999 SKUs in tooling and 760 SKUs in precision parts between FY 2022 and Sept 2024. Precision tooling, including equipment like dies and fixtures, is central to the strategy.

Risk Factors -

The company highly depends on top 5 customers for majority of their revenue generation contributing to 94.62%, 96.80%, 93.88% and 88.97% for Sep-24, FY24, FY23 and FY22 respectively.

The company has 1 case against it amounting to Rs. 0.09 Cr.

The promoters/ directors have 3 cases against them for criminal matters amounting to Rs. 0.6 Cr.

The subsidiaries have 1 case against it amounting to Rs. 2.86 Cr.

INDUSTRY OVERVIEW - Precision Engineered Components (PEC)

Precision Engineered Components (PEC) are critical in applications requiring exacting standards of accuracy, durability, and performance. These components are integral to industries such as aerospace, automotive, semiconductor manufacturing, and energy. Designed with tolerances measured in microns, PECs are manufactured using advanced technologies like CNC machining, micro-system technology, and high-precision engineering techniques.

Global Market Segmentation and Growth Drivers

Sector	2024E Market Size (USD Billion)	2028F Market Size (USD Billion)	CAGR	Key Growth Drivers
Automotive (Braking/Transmission)	167.27	350.47	20.3%	Growth in Asian automotive markets
Aerospace & Defence	125.67	189.67	10.8%	Increased defence budgets and technological advancements
Semiconductor Manufacturing	29.04	45.67	11.99%	Rising demand for electronics
Nuclear Power Electromechanical	16.80	25.20	10.1%	Ongoing global nuclear projects
Total PEC Market	338.78	611.01	15.89%	

Key Industry Segments
Aerospace & Defence

- **Applications:** Engine systems, flight control systems, aerostructures, fuel systems, and environmental control systems.
- **Market Dynamics:** North America leads with 59% of the 2024E market, supported by Boeing's operations and military expenditure. Europe contributes 27.4%, driven by Airbus and defence programs. Asia and Latin America are growth-phase markets, fueled by increasing local capabilities and government investments.
- **Materials and Challenges:** Titanium, aluminium, and specialized alloys dominate due to high strength-to-weight ratios, necessitating advanced tooling and machining capabilities.

Automotive Components

- Focused on high-volume manufacturing of gears, clutches, differentials, and shafts. Asia's burgeoning automotive industry remains the primary growth engine, complemented by advancements in electric vehicle technology.

Semiconductor Manufacturing

- **Applications:** Deposition chambers, lithography machines, and metrology systems.
- **Key Players:** Taiwan, South Korea, and Japan dominate chip production.
- **Market Trends:** Asia accounts for 66.5% of global semiconductor manufacturing, growing at 12.5% CAGR. India is emerging as a notable player, focusing on precision components for chip fabrication.
- **Precision Standards:** Sub-nanometer tolerances and ultra-clean environments necessitate cutting-edge engineering.

Energy and Power Equipment

- **Gas Turbines:** Estimated 2023 market size of USD 20.34 billion, projected to reach USD 25.67 billion by 2028F (CAGR: 4.65%). Europe leads demand (40%), with North America and China collectively contributing another 40%. Tooling for manufacturing is projected to grow at 6.85% CAGR, driven by advancements in compressor blades and turbine discs.
- **Nuclear Power Components:** Asia Pacific dominates, accounting for 84% of electromechanical subsystem demand (2024E-2028F). Precision engineering focuses on components like fuel channel fittings and shield plug assemblies using materials like stainless steel and carbon steel.

Market Trends

- Low-Volume, High-Mix Products: Aerospace and defence PECs emphasize customization, with demand for ground support tooling.
- Medium-Volume, Medium-Mix: Automotive PECs focus on scalability, ensuring economic viability.
- High-Volume, Low-Mix: Semiconductor PECs prioritize precision and throughput for mass production.

Emerging Opportunities and Challenges

- Opportunities:
 - Expanding nuclear power initiatives and India's push for indigenization in defence and energy sectors.
 - Growing adoption of PECs in semiconductor manufacturing due to global chip shortages.
- Challenges:
 - Intense competition in mature markets like North America and Europe.
 - Supply chain dependencies for critical materials and components, particularly in nuclear energy.

Key Management -

Key Management Persons Name -	Anil Kumar P
Age	43
Designation and No. of experience	Promoter, Chairman and Managing Director, 20+ years of experience in manufacturing sector
Qualification	Diploma in mechanical engineering (GL), Bachelor's degree of technology in mechanical engineering (computer integrated manufacturing)
Responsibility	Responsible for the business development functions in the Company
Other Directorships	Innomech Aerospace Toolings Private Limited and Dheya Engineering Technologies Private Limited

Key Management Persons Name -	Ramakrishna Kamojhala
Age	46
Designation and No. of experience	Promoter, Whole-time Director and Chief Financial Officer (CFO), 13+ years of experience in financial and secretarial field in the aerospace manufacturing sector
Qualification	Member of ICAI, ICMAI and ICSI, Master's degree in business administration, participated in the Middle Management Programme of the 3-Tier Programme for Management Development
Responsibility	Responsible for finance and compliance functions in the Company
Other Directorship	Innomech Aerospace Toolings Private Limited

Key Management Persons Name -	Mani P
Age	47
Designation and No. of experience	Promoter and Whole-time Director, 19+ years of experience in business operations
Qualification	Bachelor's degree of technology in mechanical engineering (computer integrated manufacturing and master's degree in business administration
Responsibility	Responsible for business operation functions in the Company
Other Directorships	Innomech Aerospace Toolings Private Limited

Key Management Persons Name -	Rajanikanth Balaraman
Age	48
Designation and No. of experience	Promoter and Whole-time Director, 26+ years of experience in software engineering
Qualification	Bachelor's degree in engineering
Responsibility	Responsible for the growth, information technology and business development functions of the Company
Other Directorships	Innomech Aerospace Toolings Private Limited and Dheya Engineering Technologies Private Limited

Key Management Persons Name -	Preetham S V
Age	45
Designation and No. of experience	Promoter and Whole-time Director, 19+ years of experience in manufacturing sector
Qualification	Bachelor's degree in engineering in industrial production
Responsibility	Responsible for the People and key account management functions of the Company
Other Directorships	Innomech Aerospace Toolings Private Limited

- Mukund Srinath, aged **64**, Independent **Director** since **July 3, 2024**, is a **fellow member** of the Institute of Company Secretaries of India with over **34 years of experience** in legal and secretarial areas. He holds a **bachelor's degree in commerce and law** from **Bangalore University** and previously held leadership roles at **Capgemini Technologies Services India Limited** and others.
- Ashok Tandon, aged **69**, also an **Independent Director** since **July 3, 2024**, brings **32 years of experience** in legal and corporate secretarial roles. He is a **fellow member** of the Institute of Company Secretaries of India and holds degrees in commerce and law. He has worked at **Hindustan Aeronautics Limited** and other firms.

Recommendation: **APPLY**

- Vidya Rajarao, aged **52, Independent Director** since **July 3, 2024**, is a **Certified Fraud Examiner** with expertise in finance. She serves on the boards of **RSB Transmissions (I) Ltd** and **Fraudopedia Private Limited**.
- Pavan Krishnamurthy, aged **53, Independent Director**, has financial and healthcare expertise. He's associated with **Sakhatech Information Systems** and **Apollo Home Healthcare**.
- Sridhar Ranganathan, aged **54, Independent Director**, holds an **Executive MBA** and has extensive experience in consulting and healthcare.

FINANCIAL SNAPSHOT**Statement of Profit and Loss****Amt in Crores**

Particulars	FY 22	FY 23	FY 24	Sep-24
Revenue from Operations	36.35	94.17	208.78	120.66
Other Income	0.73	0.76	5.01	6.92
Total Income	37.08	94.93	213.79	127.58
Expenses				
Cost of Material Consumed	8.93	29.75	48.63	26.66
Purchases of stock-in-trade	-	1.05	0.61	-
Changes in Inventories of WIP, Finished Goods & Stock in Trade	-1.80	-11.82	-4.97	-0.84
Sub-contracting Expenses	2.89	7.41	26.91	9.43
Employee benefits expense	8.27	15.61	32.44	23.58
Finance Cost	1.64	1.88	3.23	2.17
Depreciation and Amortization expense	3.10	4.08	4.46	3.77
Other Expenses	10.34	17.60	25.97	12.99
Total Expenses	33.36	65.57	137.29	77.77
EBITDA	7.73	34.56	79.19	48.83
EBITDA Margin	21.25%	36.70%	37.93%	40.47%
Profit/(Loss) before tax	3.72	29.37	76.50	49.81
Tax Expense				
Current tax				
Tax expense for the period/ year	0.98	5.78	15.46	10.09
Tax expense pertaining to earlier period/ year	-	-	2.90	1.14
Deferred Tax (credit) for earlier year	-0.66	0.78	0.01	-0.10
Total Tax Expense	0.33	6.55	18.37	11.13
Profit/(Loss) for the year	3.39	22.81	58.13	38.68
Net Profit Margin	9.15%	24.03%	27.19%	30.32%

Statement of Assets and Liabilities**Amt in Crores**

Particulars	FY 22	FY 23	FY 24	Sep-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	1.04	1.04	22.00	23.84
Other Equity	26.62	47.80	86.59	366.26
Total Equity	27.66	48.85	108.60	390.10
2. Non-current liabilities				
Financial Liabilities				
(i) Borrowings	5.77	4.59	12.52	39.57
(ii) Lease Liabilities	1.77	0.95	-	1.88
Provisions	1.80	6.02	-	0.15
Deferred tax liabilities	-	0.14	-	-
Total Non-current liabilities	9.34	11.70	12.52	41.60
3. Current liabilities				
Financial Liabilities				
(i) Borrowings	11.35	17.67	16.34	35.14
(ii) Lease Liabilities	1.07	0.82	1.04	1.03
(iii) Trade Payables				
(a) Outstanding Dues to MSME	0.97	1.66	2.33	3.23

Particulars	FY 22	FY 23	FY 24	Sep-24
(b) Outstanding Dues to other than MSME	3.16	5.27	11.19	13.81
(iv) Other Financial Liabilities	1.07	3.44	3.37	16.01
Provisions	0.50	1.23	19.57	5.63
Current Tax liabilities	0.99	2.01	-	1.07
Other current liabilities	0.79	0.69	0.68	1.64
Total Current liabilities	19.88	32.80	54.52	77.57
Total Liabilities	29.22	44.50	67.04	119.17
Total Equity and Liabilities	56.88	93.34	175.63	509.27
ASSETS				
1. Non-current assets				
Property, Plant and Equipment	16.03	21.57	45.07	62.21
Right-to-use assets	8.28	7.09	6.29	8.30
Capital work-in-progress	3.03	0.04	0.02	21.91
Intangible Assets	0.36	0.27	0.64	0.52
Financial Assets				
(i) Investments	-	-	-	78.02
(iii) Other financial assets	3.08	0.69	0.88	1.16
Income Tax Assets (Net)	0.07	0.04	-	0.56
Deferred Tax Assets (net)	0.75	0.68	0.56	0.68
Other non-current assets	-	0.21	8.51	25.92
Total Non-Current assets	31.59	30.57	61.98	199.27
2. Current assets				
Inventories	4.72	15.77	19.73	20.05
Financial Assets				
(i) Investments	-	-	-	224.66
(i) Trade receivables	7.52	32.13	46.84	42.52
(ii) Cash and cash equivalents	3.45	1.88	7.18	7.55
(iii) Bank balances other than (ii)	4.03	2.19	0.46	2.54
(iii) Other financial assets	1.76	6.00	23.90	0.21
Current tax assets (net)	0.22	-	3.96	0.70
Other Current Assets	3.59	4.81	11.58	11.77
Total Current assets	25.28	62.77	113.66	309.99
Total Assets	56.88	93.34	175.63	509.27

Cash Flow Statement				Amt in Crores
Particulars	FY 22	FY 23	FY 24	Sep-24
Net Cash Flow from Operating Activities	1.53	1.35	23.63	50.03
Net Cash Flow from Investing Activities	0.82	-5.92	-23.92	-335.97
Net Cash Flow from Financing Activities	-0.17	2.94	5.58	286.31

Key Ratios

Per Share Data	FY 22	FY 23	FY 24	FY 25*	Valuation Ratios (x)	FY 22	FY 23	FY 24	FY 25*
Diluted EPS	0.77	5.19	13.23	15.21	EV/EBITDA	4.83	1.94	1.64	6.85
BV per share	2,653.55	4,686.27	24.68	133.47	Market Cap / Sales	109.83	42.40	19.12	16.54
Operating Ratios					P/E	1,019.48	151.25	59.33	51.61
EBITDA Margins	21.25%	36.70%	37.93%	40.47%	Price to Book Value	0.30	0.17	31.81	5.88
PAT Margins	9.15%	24.03%	27.19%	30.32%	Solvency Ratios				
Inventory days	47.44	61.13	34.50	30.41	Debt / Equity	0.62	0.46	0.27	0.10
Debtor days	75.46	124.54	81.89	64.49	Current Ratio	1.27	1.91	2.08	4.00
Creditor days	146.01	84.23	100.39	119.27	Quick Ratio	1.03	1.43	1.72	3.74
Return Ratios					Asset Turnover	0.64	1.01	1.19	0.24
RoCE	12.51%	50.35%	61.70%	12.67%	Interest Coverage Ratio	2.82	9.31	39.91	20.77
RoE	12.26%	46.70%	53.53%	11.40%					

PEER ANALYSIS

Particulars	Unimech Aerospace and Manufacturing Limited			MTAR Technologies Limited			Azad Engineering Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	9.3%	24.2%	27.8%	18.4%	17.4%	9.6%	14.8%	3.2%	15.7%
EBITDA Margin	21.3%	36.7%	37.9%	31.2%	29.2%	20.2%	33.7%	31.4%	39.9%
RoCE	10.7%	49.7%	61.7%	15.8%	21.4%	11.9%	21.0%	14.9%	18.3%
ROE	12.3%	46.7%	53.5%	11.7%	16.7%	8.3%	24.6%	4.2%	9.1%
EPS (INR)	0.77	5.19	13.23	19.79	33.62	18.24	29.46	8.93	16.97
P/E	1019.48	151.25	59.33	88.56	47.04	92.31	0.00	0.00	80.60

Particulars	Unimech Aerospace and Manufacturing Limited			Paras Defence & Space Technologies Limited			Dynamatic Technologies Limited		
	FY 22	FY 22	FY 22	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	9.3%	24.2%	27.8%	14.6%	15.6%	12.2%	1.2%	3.2%	7.8%
EBITDA Margin	21.3%	36.7%	37.9%	29.9%	28.6%	23.6%	13.0%	14.6%	17.2%
RoCE	10.7%	49.7%	61.7%	11.2%	12.5%	10.3%	10.6%	13.4%	20.1%
ROE	12.3%	46.7%	53.5%	7.2%	8.7%	7.2%	4.1%	7.9%	18.2%
EPS (INR)	0.77	5.19	13.23	7.86	9.25	8.22	24.40	65.16	179.36
P/E	1019.48	151.25	59.33	81.92	50.85	74.43	91.25	42.39	41.58

Competition -

Technological Influences

The aerospace tooling industry is shaped by advancements in materials science, automation, and precision engineering. Established European and American manufacturers lead in adopting cutting-edge technologies, allowing for shorter lead times and superior production capabilities. Competing requires sustained investment in research and development.

Social Influences

An aging workforce in Western countries presents opportunities for regions like India, which has a younger, technically proficient labor pool. However, retaining talent demands competitive wages and continuous professional development.

Macroeconomic Influences

Economic cycles influence aerospace spending, with downturns reducing budgets and increasing competition. Conversely, economic growth in emerging markets opens expansion opportunities.

Porter's Five Forces

- Competitive Rivalry:** Dominated by established European and American players, leading to intense competition.
- Threat of New Entrants:** High entry barriers due to capital and regulatory requirements, limiting new competition.
- Bargaining Power of Suppliers:** Suppliers of specialized materials exert significant influence.
- Bargaining Power of Customers:** Major aerospace manufacturers hold substantial bargaining power.
- Threat of Substitutes:** Low, though 3D printing may impact tooling methods.

Industry Life Cycle & Experience Curve

The aerospace tooling sector is mature, offering scale advantages to established firms. New entrants must invest heavily to compete on the same level.

Opportunities in the Semiconductor Sector

India's semiconductor industry is growing rapidly, with government initiatives and investments from companies like NXP Semiconductors and Tata Group.

LEAD MANAGER TRACK RECORD -

The lead managers to the issue are Anand Rathi Securities Limited and Equirus Capital Private Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

Anand Rathi Securities Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Azad Engineering Limited	740.00	524.00	Dec 28, 2023	1,698.70
2.	Suraj Estate Developers Limited	400.00	360.00	Dec 26, 2023	580.00
3.	Electronics Mart India Limited	500.00	59.00	Oct 17, 2022	165.05
4.	Anand Rathi Wealth Limited	660.00	550.00	Dec 14, 2021	3,929.00
5.	Paras Defence And Space Technologies Limited	170.78	175.00	Oct 01, 2021	997.60

The company has handled 5 mandates in the past three years (including the current year).

Equirus Capital Private Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Godavari Biorefineries Limited	554.75	352.00	Oct 30, 2024	324.30
2.	Kross Limited	500.00	240.00	Sep 16, 2024	209.70
3.	ECOS (India) Mobility & Hospitality Limited	601.20	334.00	Sep 04, 2024	281.85
4.	DEE Development Engineers Limited	418.01	203.00	June 26, 2024	317.40
5.	Capital Small Finance Bank Limited	523.07	468.00	Feb 14, 2024	273.60

The company has handled 17 mandates in the past three years (including the current year).

*CMP for the above-mentioned companies is taken as of 24th Dec 2024.

As per the offer document, the above-mentioned mandates Suraj Estate Developers Limited, Godavari Biorefineries Limited and Capital Small Finance Bank Limited have opened at a discount and remaining all have opened at a premium on the listing day.

Recommendation -

The Indian aerospace and defense industry is poised for significant growth, with market opportunities expected to rise at a 14% compound annual growth rate (CAGR) from FY24 to FY30.

Additionally, the export defense prospects for Indian companies are projected to grow at a CAGR of 18% between FY24 and FY30, with defense exports having increased 14 times from FY17 to FY24, reaching \$2.6 billion.

Given the company's impressive growth trajectory, with a CAGR of 140% and substantial improvements in EBITDA and PAT margins, it is well-positioned to capitalize on the expanding aerospace and defence sector. The consistent and growing demand in this industry, coupled with India's initiatives to boost domestic manufacturing, presents a significant opportunity. The company's substantial revenue from exports indicates adherence to international quality standards, further enhancing its credibility.

However, potential investors should exercise caution due to the high valuation of the IPO. It may be prudent to wait for a more favourable price point before applying. Nonetheless, the company's strong performance metrics and the positive industry outlook make it

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The analysis and recommendations are based on the current market and company-specific scenario, along with the data available in the prospectus. Market and company-specific conditions may change after the company's listing, potentially impacting its performance and outlook. We will not be providing any follow-up reports or updates on this analysis post-listing.

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