



IPO REPORT



UNIMECH AEROSPACE AND MANUFACTURING

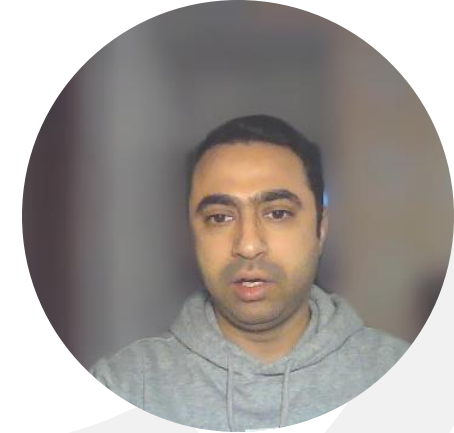
25 DEC 2024

VISHAL TREHAN

Your Partner for Stock Market
Investments

Reg. Number INH000016816

ABOUT THE ISSUE



Issue Date	23 Dec, 2024 to 26 Dec, 2024
Price Band	₹745-₹785
BidLot	19 shares
Issue Size	₹474 - 500 cr
No. of Shares (Post Issue)	5.08 cr
Offer for Sale	50%
Fresh issue	50%
Post-Issue Implied Market Cap	~₹4000 cr
Listing at	BSE, NSE





UNIMECH AEROSPACE

A global high precision engineering solutions company specializing in manufacturing of complex products with “build to print” and “build to specifications” offering, which involves machining, fabrication, assembly, testing and creating new products basis the specific requirements of our clients for the aerospace, defence, energy and semi-conductor industries

AERO ENGINE TOOLING



AIR FRAME TOOLING



COMPLEX COMPONENT AND SUBSYSTEMS



IN-HOUSE MANUFACTURING CAPABILITIES

- **Possess unique “build to print” and “build to specifications” capabilities.**
- *i. Build to Print – We manufacture the products basis the specific designs and drawings shared by our clients;*
- *ii. Build to Specifications – We assist our clients in designing and manufacturing products basis certain specifications and descriptions of the clients requirement and the expectations of the functions to be performed by such products.*
- **Two manufacturing facilities, Unit I and Unit II, in Bangalore which is spread across an aggregate area of over 1,20,000 sq ft.**
 - *Unit I in Peenya, Bangalore, is spread across an area of over 30,000 sq. ft. and our*
 - *Unit II facility in Devanahalli is situated in a Special Economic Zone (“SEZ”) near Bangalore International Airport which is spread across an area of over 90,000 sq. ft*
- **Facilities are accredited with AS 9001D, BS EN ISO 9001 and ISO 45001:2018**



Machining



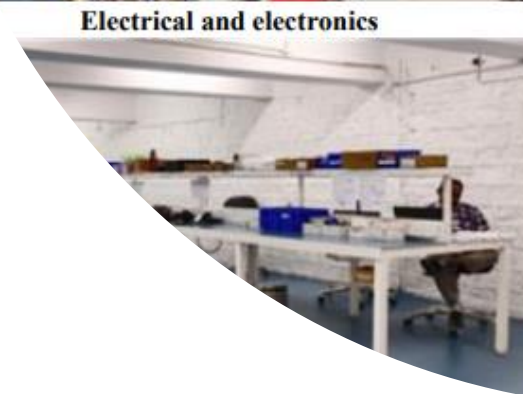
Large CNC



Fabrication



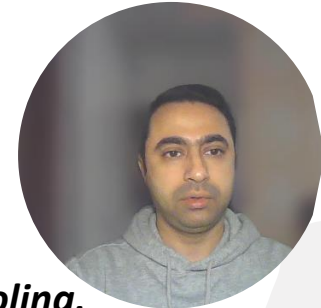
Special



Electrical and electronics



Inspection



PRODUCT PORTFOLIO

- Our product portfolio includes, inter alia, engine lifting and balancing beams, assembly, disassembly and calibration tooling, ground support equipment, airframe assembly platforms, engine transportation stands, mechanical & electro-mechanical turnkey systems, and precision components

Product Image	Product
	Radial Centering Support
	Fixture to Lift Fan Assembly
	Fixture Installation HPT FWD Outer Seal
	Strongback Fixture for LPT Assembly
	Fixture Hydraulic Expander

Aero Engine tooling

Product Image	Product
	Engine lifting and balancing beams
	Fixture to lift and turn - hp compressor aft spool
	Oil Tubes Alignment Fixture
	Fixture to Torque Nut of Booster Shaft

Product Image	Product
	Hydraulic Manifold Kit
	Heater for adapter LPT Shaft installation

Airframe tooling

Product Image	Product
	Lateral Spar Assembly
	Drill Jig
	Airframe Assembly Platforms

Precision Part

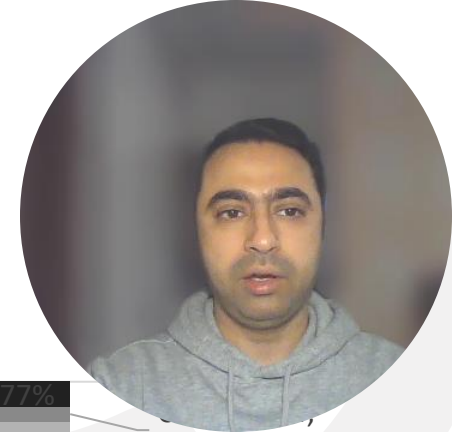
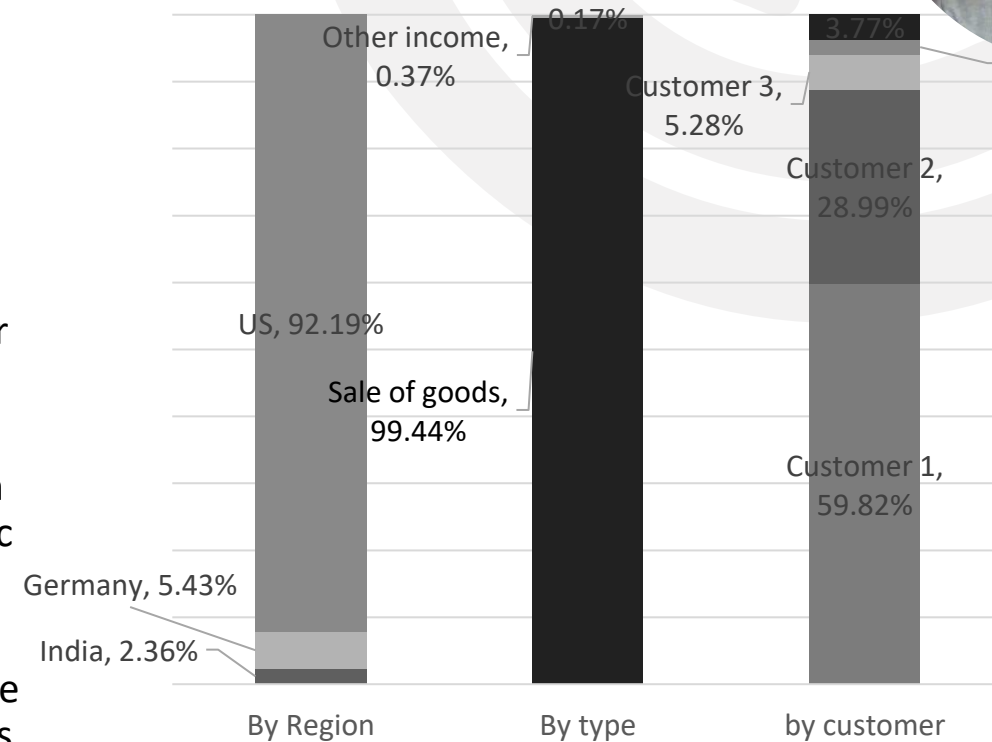
Product Image	Product
	Head End Dome
	Missile Component
	Missile Component

Precision Sub System

Product Image	Product
	Rocker Arm - HMC CDA
	Complex Electro-Mechanical Assemblies

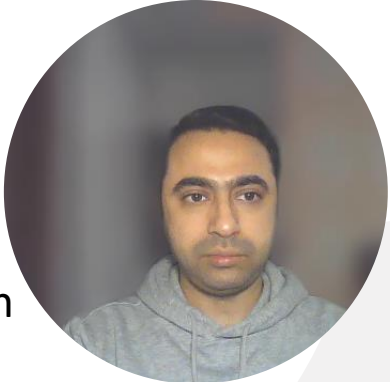
REVENUE SPLIT

- Majority of revenue is coming from US and >95% of revenue is coming from top 10 customers, which is not good and results in high dependance on contracts from them
- Operational challenges related to high lead times due to geographical distance and lack of direct access to the US market.
- To overcome this, they are exploring two primary approaches: establishing tooling inventory and warehousing in the USA and setting up a manufacturing presence either through acquisition or organic growth.
- They procure wide range of raw materials from India (~62%) like carbon steels, alloy steels, aluminum, etc. For standard parts such as hoist ring, hydraulic cylinders, lifting slings & shackles, hydraulic gear, etc that are not available locally, are imported from trusted suppliers in the USA.
- They supply to 4 out of the 6 approved licensees, globally, who are responsible for manufacturing tooling equipment for aero engines used in narrow body and wide body civil aircrafts.

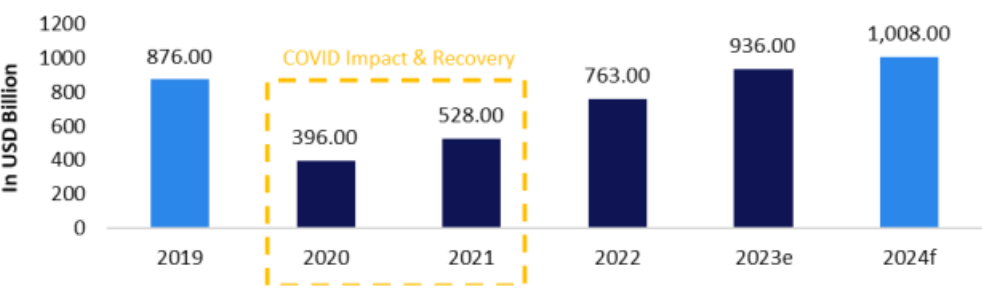


SECTOR OUTLOOK

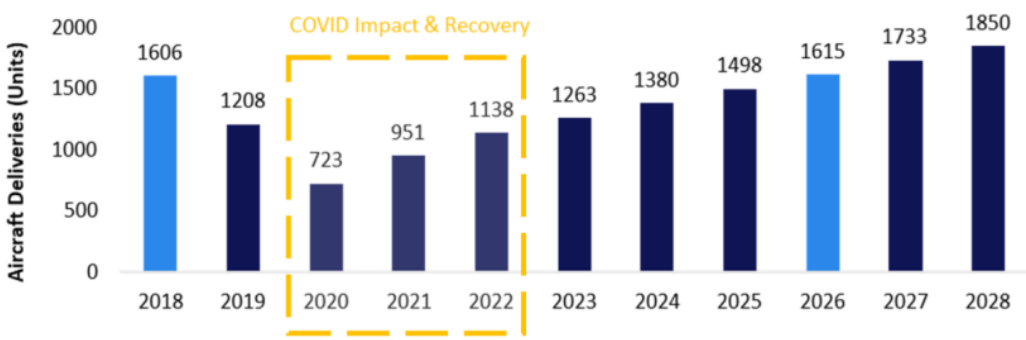
- After a fall during the COVID period end markets have picked up pace and expected to continue growth in next couple of years as well which is expected to help generate more orders for the company



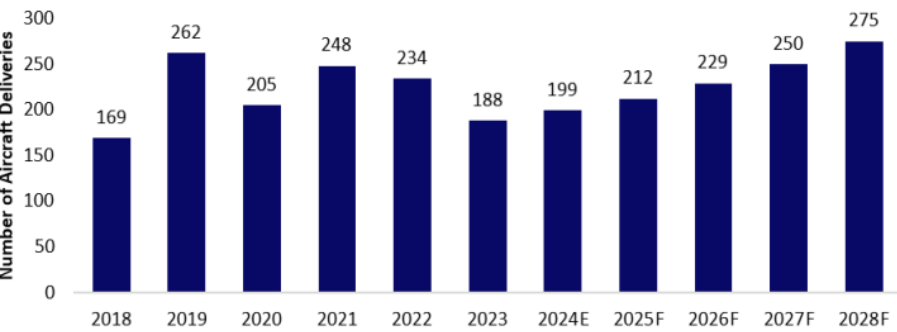
Total Global Spend on Air Travel, 2019-2024 (In USD Billion)



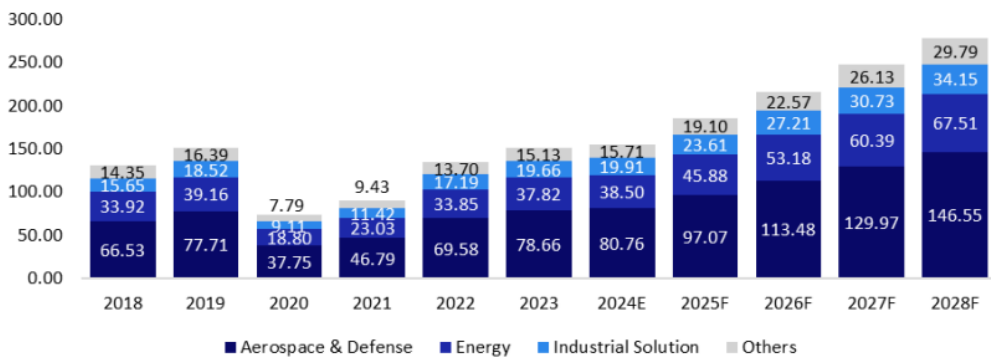
Global Commercial Aircraft Deliveries (in Unit Volume), 2018-2028



Defence Aircraft Deliveries, 2018- 2028F



Global Precision Manufacturing Tooling Market, (By USD Billion), 2018-2028F



Key Financial Highlights

- *FY24 revenue increase is primarily due to increase in total annualized capacity (including capacity of our Material Subsidiary) by 78.25% to 222,990 hours from 125,100 hours in in FY23 and number of purchase orders increased by 70.10% to 3,174 for FY24 from 1,866 in FY23.*
- *Company has increase its profit margins in last 2 years which is clearly aiding its improved RoE and so it better balance position*



Period Ended	FY	FY	FY
	31-Mar-22	31-Mar-23	31-Mar-24
P&L Key Stats			
Revenue	37.08	94.93	213.79
Profit After Tax	3.39	22.81	58.13
% of sales	9.1%	24.0%	27.2%
Return on Equity (%)	12.3%	59.6%	73.9%
Balance Sheet Key Stats			
Net Worth	27.66	48.85	108.6
Reserves and Surplus	26.62	47.8	86.59
Total Borrowing	17.12	22.26	28.86
Debt to Equity Ratio (in times)	0.62	0.46	0.27



Benchmarking



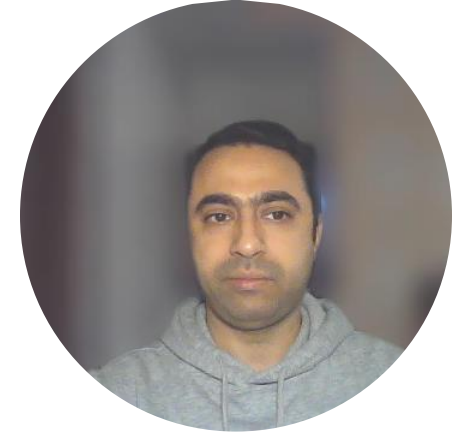
- Unimech is the fastest growing company, having recorded the highest revenue growth with a CAGR of 139.7% between FY 2022 - 2024, and
- has achieved one of the highest EBITDA and PAT margins amongst the listed peers
- Unimech has recorded the highest ROCE and ROE in FY2024 amongst the listed peers
- At ~68x PE IPO is reasonable priced. Due to market focus in this sector there could be a premium listing so you can apply for listing gains, but due to dependence on orders few customers I don't see any reason to invest for long term***




	Azad Engineering Limited	Dynamics Technologies Limited	MTar	Paras Defence	Data Patterns	Unimech
Headquarters	Hyderabad	Chennai	Hyderabad	Navi Mumbai	Chennai	Bengaluru
Company Type	Public	Public	Public	Public	Public	Private
Revenue from operations INR Mn)	3407.71	14293.3	5807.52	2535.00	5198	2087.75
EBITDA	1165.88	1594.1	1,127	510.60	2216.2	791.85
EBITDA Margin	34.2%	11.2%	19.4%	20.1%	42.6%	37.9%
PAT	585.8	1218.1	561.13	300.30	1817	581.34
PAT Margins	17.2%	8.5%	9.7%	11.8%	35.0%	27.9%
ROCE	14.1%	8.3%	10.3%	7.4%	15.5%	54.4%
ROE	9.1%	18.2%	8.3%	6.8%	13.7%	53.5%
Working Capital Days	271	107	266	414	432	117
FATR	1.44	2.32	1.84	1.57	4.02	5.16
Key Industries	Power, Aerospace, Oil & Gas, Automobile Industries	Aerospace, Automotive, Hydraulic, Security Assemblers	Space, Nuclear, Defence, Aerospace, Marine	Defense, Space Research, Electronics	Engineering Services, Cabling, Testing, Space	Aerospace, Defense, Power generation, Semiconductor

Revenue CAGR FY22-24	32.4%	6.8%	6.8%	18%	29%	139%
% Exports revenue	80%+	75%	60-80%	<20%	<20%	90%+
P/E	142.1x	60.6x	137.6x	89.5x	75.2x	68.7x






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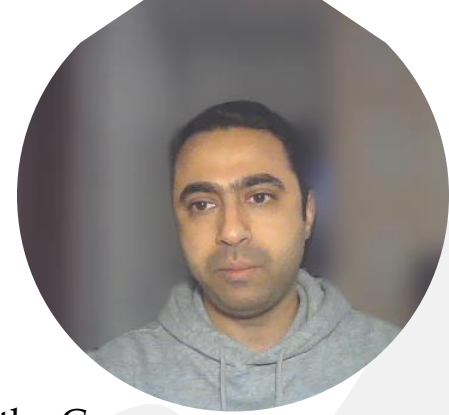
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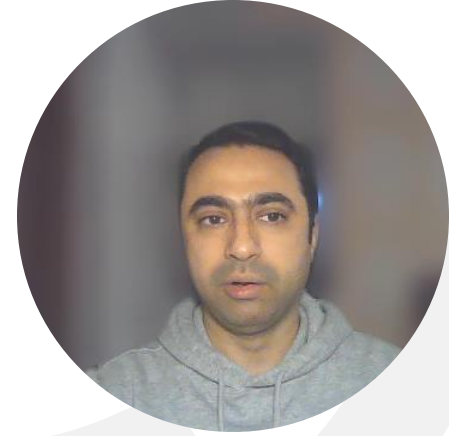
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