

Unimech Aerospace and Manufacturing Limited

Aero-Tooling | India

IPO | 22 December 2024

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About the Company

Incorporated in the year 2016, **Unimech Aerospace and Manufacturing Limited (UAML)** offers “build to print” and “build to specifications” involving machining, fabrication, assembly, testing and creating new products based on customer specifications. UAML manufactures complex tooling, mechanical assemblies, electro-mechanical turnkey systems, and precision components extensively utilized in aeroengine and airframe tooling for production, MRO (maintenance, repair, and overhaul), and line maintenance activities.

Higher investments in aerospace and nuclear energy

International tourism is in strong upswing and an increase in overall global market for tourism and travel leading to increase in aerospace market which helps strong order forecast for new passenger & freighter aircrafts globally leading to an increase in demand for new aero-tooling, airframe production and components. Our domestic policies like focus on the UDAN scheme and airport development projects, higher defence allocation, commercial aircraft sizing and forecast would continue to keep the order momentum in high growth areas.

Advanced manufacturing facilities with high barriers to entry

UAML offers “build to print” and “build to specifications” capabilities of delivering high quality precision engineering solutions through its two manufacturing facilities in Bangalore spread across an aggregate area of over 1,20,000 sq. ft. and have a combined annual installed capacity of 1,65,945 hours per annum, with a capacity utilization of 94.7% pa. UAML have manufactured 2,999 SKUs in tooling and precision complex sub-assemblies’ category and 760 SKUs in the precision machined parts category, supplying to more than 26 customers across 7 countries. Given the complex production process, and lengthy approval process, establishing relationships with original equipment manufacturers (OEMs) ensuring high quality is a significant hurdle for new entrants to become approved suppliers.

Expanding new markets and clients

UAML is a key link in the global supply chain and with over 90% of our sales derived from exports to global OEMs and their licensees with serve numerous clients within the USA, highlighting the strategic necessity of establishing closer proximity to ensure efficient product delivery, reduced costs, improve customer experience for existing clientele and the attraction of new clients in newer geographies and markets. UAML is exploring two primary approaches: establishing tooling inventory and warehousing in the USA and setting up a manufacturing presence either through acquisition or organic growth for timely delivery enhancing overall experience and satisfaction of clients.

Financials in brief

On the financial front, the company reported a turnover of Rs 36 Crs, Rs 94 Crs and Rs 209 Crs for FY21, FY22 and FY23 respectively, on a consolidated basis. It posted net profit of Rs 3 Crs, Rs 23 Crs and Rs 58 Crs respectively for the aforementioned period, witnessing improvement in margins and a strong CAGR of 140% in revenues and 314% for net profit for FY 22-24. For H1FY25, UAML has reported revenues of 120.6 Crs and PAT of 38.6 Crs with EBITDA margins improving to 40% while it recorded the highest RocE and RoE and high fixed asset ratio.

Our View

UAML is a global high-precision engineering solutions company specializing in complex manufacturing solutions for the aerospace, defence, energy, and semiconductor industries. UAML is enhancing its global footprint in strategic regions and expanding to new markets for new clients, capturing a higher market share from existing customers utilizing its capacity expansion and collaborative manufacturing for its growth in MRO markets and aircraft fleet with a higher fixed asset turnover ratio in the coming years. UAML is also focusing on inorganic growth through acquisitions and partnerships with customers for the end use in various sectors like defence, automotive and energy sectors improving its consistent financial performance in the coming years. **Hence, we recommend a SUBSCRIBE to the issue.**

IPO Details

Price Band (Rs)	745-785
Face Value (Rs)	5
Issue Open/Closing Date	23-Dec-24/26-Dec-24
Fresh Issues (Crs)	250.0
OFS (Crs)	250.0
Total Issue (Crs)	500.0
Minimum Bid Qty. (Nos)	19
QIB / HNI / Retail	50%/15%/35%
Implied Market Cap (Rs Crs)*	3992

*At higher band

Object of the Issue

- Funding of capital expenditure for expansion through purchase of machineries and working capital.
- Investment in subsidiaries to fund purchase of machinery and working capital requirements.
- Repayment/pre-payment in full or in part of certain borrowings.

Strengths

- Approved supplier for various industry leaders in aerospace, defence, semiconductor and energy sectors.
- leading exporter of aerospace components, with exports significantly contributing to our overall revenue.
- Global high precision and engineering solutions company with capabilities to manufacture build to print and build to specifications.
- Qualified and experienced management team.

Key Risks

- Any adverse changes in the aerospace sector could adversely impact business.
- High dependence on top 5 customers as sales are largely dependent on them.

Key Financials

(Rs Crs)	FY22(12)	FY23(12)	FY24(12)
Revenue	36	94	209
EBITDA	8	35	79
EBITDA Margin (%)	21.3	36.7	37.9
PAT	3	23	58
PAT Margin (%)	9.3	24.2	27.8
RoE (%)	12.3	46.7	53.5
RoCE (%)	10.3	42.9	54.4
Networth	28	49	109
Borrowings	17	22	29
F/A T/o ratio	-	3.5	5.2

Source: RHP

Head Research:

Vikas Inder Jain

Contact : (022) 41681200


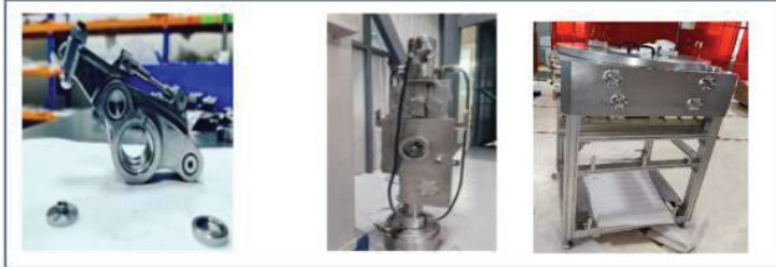
Email : vikas.i.jain@relianceada.com

Exhibit 1: Product Offerings | Aero-tooling

Segment	Product
Aero-engine tool	
Airframe tooling	

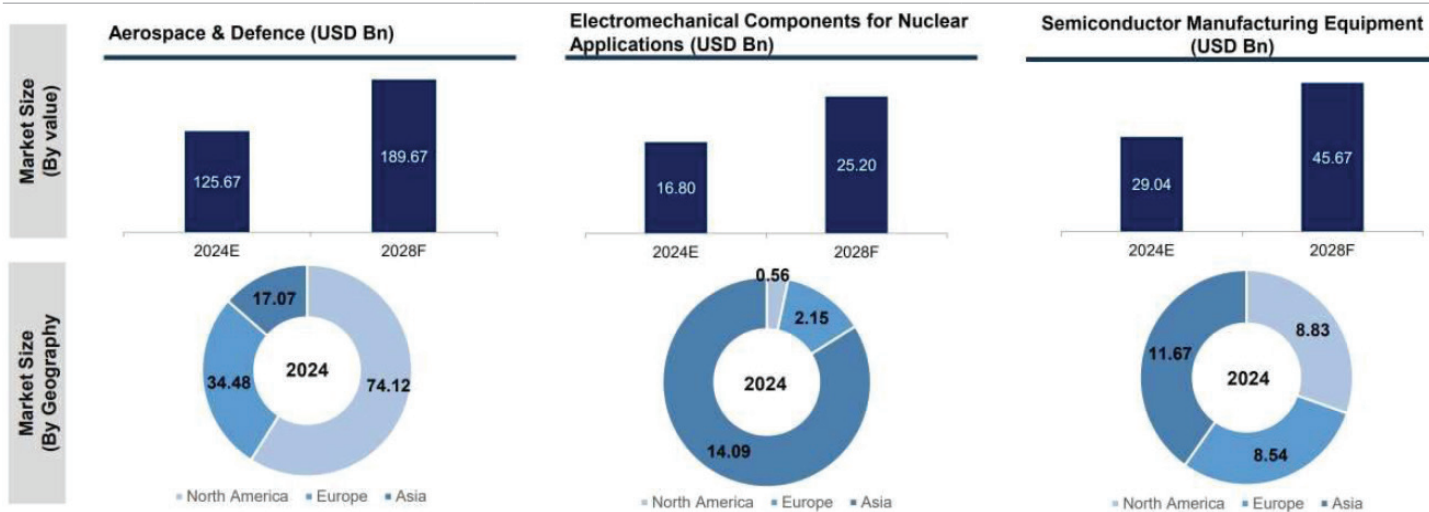
Source: RHP

Exhibit 2: Product Offerings - Precision components & others

Segment	Product
Precision Parts	
Precision Sub System	

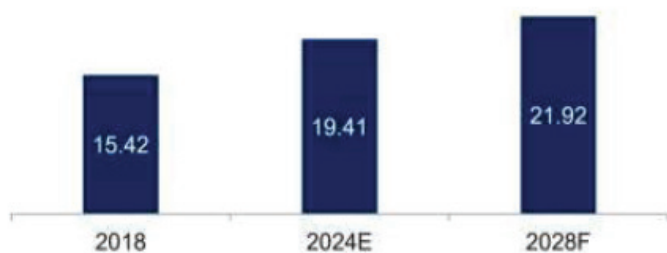
Source: RHP

Exhibit 3: Overview of the global precision engineered components



Source: RHP

Exhibit 4: Global MRO Tooling Market (USD Bn)



Source: RHP

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