IPO REVIEW

Omnitech Engineering IPO

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- The company is engaged in the manufacturing of high prevision engineered components and assemblies and supplying to global markets.
- For FY24, it marked degrowth, where its top line declined marginally, its bottom line witnessed drastic fall. This is attributed to setting up of new unit.
- It has orders worth Rs. 1764+ cr. as of September 30, 2026.
- Based on its recent financial data, the issue appears fully priced.
- Well-informed investors can park funds for medium to long term.

About the Company

Omnitech Engineering Ltd. (OEL) is one of the key manufacturers of high precision engineered components and assemblies supplying to global customers across industries such as energy, motion control & automation, industrial equipment systems, metal forming and other diversified industrial applications. With 19 years of experience, the company manufactures highly engineered precision machined components and assemblies that are majorly utilized towards safety critical applications.

It manufactures a wide range of components ranging from weight of 0.003 kg to 503.33 kg, diameter

of 1.27 centimeter to 1 meters and length of 0.2 centimeter to 10 meters which helps it cater to the diverse requirements of its marquee customer base. As per the ICRA Report, it is one of India’s fastest growing manufacturers of high precision engineered components and assemblies amongst the identified peer set, in terms of revenue from operations, with an increase of 92.45% between Fiscal 2024 and Fiscal 2025 and a CAGR of 39.06% between Fiscal 2023 and Fiscal 2025. During 6 months ended September 30, 2025, Fiscals 2025, 2024 and 2023, it supplied customized high precision engineered components and assemblies to over 256 customers across 24 countries including United States of America, India, United Arab Emirates, Germany, Bulgaria, Sweden, United Kingdom, France, Australia and Canada.

OEL’s products find applications in industries such as (i) Energy which includes supplies with end application primarily in oil & gas, wind energy and power sector; (ii) Motion Control and Automation which primarily includes supplies with electro-mechanical systems to end applications primarily in drives and motors, flow control, motion control, sensors, automation and hydraulics; (iii) Industrial Equipment Systems which includes supplies with end application primarily in aerospace ground support equipment, construction equipment, machineries for diverse applications, and components for winches and hoists; and (iv) Others which includes supplies with end application primarily in metal

forming and other diversified industrial applications.

As of September 30, 2025, the company had an Order Book of Rs. 1764.78 cr., which constituted 551.00% of its revenue from sale of products and services for Fiscal 2025. As of the said date, the company had 1807 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of equity shares of Rs. 5 each worth Rs. 583.00 cr. (approx. 25682819 equity shares at the upper cap). The IPO consists of fresh equity shares issue worth Rs. 418.00 cr. (Approx. 18414097 shares at the upper cap), and an offer for sale (OFS) worth Rs. 165.00 cr. (approx. 7268722 equity shares at the upper cap). The company has announced a price band of Rs. 216 – Rs. 227 per equity shares of Rs. 5 each. The issue opens for subscription on February 25, 2026, and will close on February 27, 2026. The minimum application to be made is for 66 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 20.77% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 50.00 cr. for repayment/prepayment of certain borrowings, Rs. 132.84 cr. capex on new facility 1, Rs. 100.71 cr. capex on facility 2, Rs. 18.70 cr. capex on purchase of solar plant for captive use and new equipment/machinery for facility 2, and the rest for general corporate purposes.

The company has reserved equity shares worth Rs. 1.00 cr. (approx. 44053 equity shares based on upper cap), and offering them a discount of Rs. 11 per share. From the rest, it has allocated not less than 50% for QIBs, not more than 15% for HNIs and not more than 35% for Retail Investors.

The joint Book Running Lead Managers (BRLMs) to this issue are Equirus Capital Pvt. Ltd., and ICICI Securities Ltd., while MUFG Intime India Pvt. Ltd., is the registrar to the issue. Equirus Securities Pvt. Ltd. is a syndicate member.

After converting initial equity shares at par, the company has issued further equity shares in the price range of Rs. 122 – Rs. 210 per share (based on Rs. 5 FV) between March 2024, and January 2025. It has also issued bonus shares in the ratio of 9 for 1 in March 2024. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. Nil, and Rs. 0.05 per share.

Post-IPO, its current paid-up equity capital of Rs. 52.63 cr. will stand enhanced to Rs. 61.83 cr. Based on the upper cap of the IPO price band; the company is looking for a market cap of Rs. 2807.17 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit, of Rs. 183.71 cr. / Rs. 32.29 cr. (FY23), Rs. 181.95 cr. / Rs. 18.91 cr. (FY24), and Rs. 349.71 cr. / Rs. 43.87 cr. (FY25). For H1 of FY26 ended on September 30, 2025, it earned a net profit of Rs. 27.78 cr. on a total income of Rs. 236.69 cr. The company witnessed heavy setback in bottom line for FY24. OEL’s borrowings of Rs. 382.91 cr. as of September

30, 2026, raise concern. However, the rising activity post contribution from new unit, management is well set to clear the outstanding periodically in coming few years.

According to the management, setback for FY24 is attributed to their new most modern plant installation that also needed major funding, which was met by borrowings. Now that new facility is in place and operating as per schedule, we have witnessed steady growth from FY25 onwards and also is reflected in its order on hand worth Rs.1764+ cr. The management is confident of maintaining the growth and trends of earnings in coming years. Their top line has around 75% export earnings and the rest from domestic markets. The repeat orders are around 85+% on an average. These trends will continue going forward, they opined.

For the last three fiscals, the company has posted an average EPS of Rs. 3.30 and an average RoNW of 27.71 %. The issue is priced at a P/BV of 10.29 based on its NAV of Rs. 22.07 as of September 30, 2025, and at a P/BV of 13.73 based on its post-IPO NAV of Rs. 16.53 per share (at the upper cap).

If we attribute FY26 annualized earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 50.56. Based on FY25 earnings, the P/E stands at 63.94. Thus, the issue appears fully priced.

For the reported periods, the company has posted PAT margins of 17.58% (FY23), 10.39% (FY24), 12.54% (FY25), 11.74% (H1-FY26), and RoCE margins of 35.85%, 14.75%, 16.08%, 9.19% respectively, for reported periods.

Dividend Policy

The company has not declared any dividends for the referred periods of the offer document. It has already adopted a dividend policy in May 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Azad Engg., Unimech Aerospace, PTC Ind., MTAR Techno, Dynamatic Techno, as its listed peers. They are currently trading at a P/E of 90.3, 69.5, 401.0, 166.0, and 144.0 (as of February 20, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

The two BRLMs associated with this issue have handled 85 issues in the last three fiscals, out of which 22 issues closed below the issue price on listing date.

Conclusion / Investment Strategy

OEL is engaged in the manufacturing of high prevision engineered components and assemblies and supplying to global markets. For FY24, it marked degrowth, which its top line declined marginally, its bottom line witnessed drastic fall. This is attributed to setting up of new plant. It has orders worth Rs. 1764+ cr. as of September 30, 2026. Based on its recent financial data, the issue appears fully priced. Well-informed investors can park funds for medium to long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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