



IPO DETAILS

Issue Date	03 rd Mar-05 th Mar 2021
Price Band	Rs 574-575 per Share
Bid Lot	26 & in multiple thereof
Face Value	Rs 10/Share
Listing	BSE, NSE
Issue Size	10,372,419 Eq Shares
Fresh Issue	2148149 Eq Shares
Offer For sale	8224,270 Eq Shares
Pre Issue Eq Shares	28611442 Eq Shares
Post Issue Eq Shares	30759591 Eq Shares
BRLM	JM Financial Limited, IIFL Securities Limited
Registrar	KFin Technologies Private Limited

Company manufactures hi precision indigeneous components, subsystems, assemblies having components with close tolerances(5-10 microns), to serve projects of high national importance. Company sderved the sectors like Nuclear, Space & Defence & clean energy.

What we like:

Healthy Order book: Company's aggregate Order Book as on December 31, 2020 was ₹ 3,361.91 million, comprising Order Book in the clean energy sector, the nuclear sector and the space and defence sectors of ₹ 801.86 million, ₹ 931.86 million and ₹ 1,606.10 million, respectively. Historically, company's Order Book was ₹ 2,018.58 million, ₹ 2,437.44 million and ₹ 3,451.34 million, as on March 31, 2018, March 31, 2019 and March 31, 2020, respectively.

Strong Customer Base: Company's customers include some of India's leading organizations in the nuclear, and space and defence sectors such as the NPCIL, Indira Gandhi Centre for Atomic Research, ISRO, and the DRDO, among others. In addition, company also supply its products to international companies such as Bloom Energy and an Israeli defense technology company, among others.

Decent financial performance : Company's total income has grown at a CAGR of 16.56% during the last three Fiscals, from ₹ 1,605.45 million in Fiscal 2018 to ₹ 2,181.42 million in Fiscal 2020. Company's EBITDA has grown at a CAGR of 37.80% from Fiscal 2018 to Fiscal 2020. In the Fiscals ended 2018, 2019 and 2020, and in the nine months ended December 31, 2019 and in the nine months ended December 31, 2020, company's return on capital employed was for 9.59%, 16.96%, 19.78%, 13.90% and 14.20%, respectively. Further, as on March 31, 2020 and as on December 31, 2020, company's debt equity ratio was merely at 0.13 and 0.27, respectively, as compared to 0.07 as on December 31, 2019, 0.12 as on Fiscal 2019 and 0.10 as on Fiscal 2018.

Wide product portfolio: As on December 31, 2020, company's major product portfolio includes three kinds of products in the clean energy sector, 14 kinds of products in the nuclear sector and six kinds of products in the space and defence sectors.

Valuation

Company is bringing the issue at p/e multiple of approx 49x at higher end of price band of Rs 574-575/share on FY20 PAT basis.

MTAR Technologies is a leading precision engineering solutions company & has offerings in the clean energy, nuclear and space and defence sectors where company manufacture critical and differentiated engineered products with a healthy mix of developmental and volume-based production, customized to meet the specific requirements of customers. Company's financial performance looks strong with healthy balance sheet position .Company has wide product portfolio along with marquee customer base & robust order book which gives strong revenue visibility going forward.

Hence we recommend investor to subscribe the issue for short & long term .



PEERS DATA

Company	Year	Op Inc	OPBDIT	PAT	Op Margin	Net Margin%	ROCE	Gearing	Int Coverage	Current ratio
			Rs Mn			%			Times	
Mahindra Defence	FY20	3703	420	190	13.7	6.2	16.3	0.0	33.4	2.2
Alpha Design Technologies	FY19	2325	299	65	12.9	2.8	9.4	0.2	2.5	1.9
Vem Technologies	FY19	1555	355	86	22.8	5.5	15.1	0.9	2.5	1.1
CIM Tools	FY19	1516	336	153	22.1	10.1	17.8	1.7	3.9	1.2
MTAR Technologies	FY20	2138	609	300	28.5	14.0	19.2	0.1	13.1	1.5
Schaeffler India	2019	43668	6407	3676	14.7	8.4	18.8	0.0	154.8	3.6
SKF India	FY20	28494	3570	2890	12.5	10.1	21.7	0.0	48.0	3.4
Timken India	FY20	16215	3731	2461	23.0	15.2	20.3	0.0	140.5	3.7
Godrej & Boyce	FY20	114078	8441	2241	7.4	2.0	4.7	0.4	4.0	1.2
L&T	FY20	1460368	236535	108942	16.2	7.5	18.1	2.2	2.5	1.2

(Source : RHP)

Revenue & Profitability

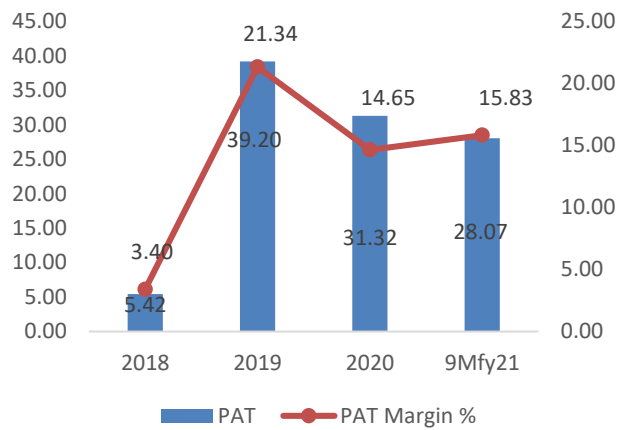
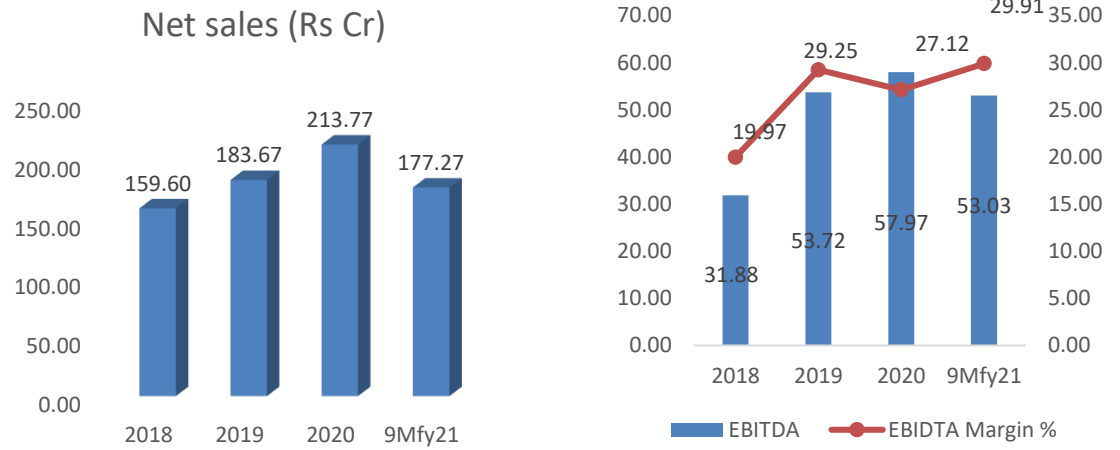
Company	Year	Op Inc	OPBDIT	PAT	Op Margin	Net Margin	CAGR FY16-FY20		
			Rs Mn				OI	OPBDIT	PAT
							%		
Alpha Design %	FY15	2289	223	121	9.7%	5.3%	-3%	0%	-19%
	FY19	2325	299	65	13%	2.8%			
Mahindra Defence	FY16	385	(43)	-24.8	-11%	-6.5%	68%	N.A	N.A
	FY20	3073	420	190	13.7%	6.2%			
MTAR Technologies	FY16	815	123	2.0	15%	0%	27%	49%	258%
	FY20	2138	609	300	28.5%	14.0%			
Sika Interplant Systems %	FY15	412	32	19	8%	5%	11%	28%	39%
	FY19	628	88	72	14%	11%			
VEM Technologies %	FY15	1823	338	235	19%	9%	-4%	1%	-12%
	FY19	1555	355	139	22.8%	5.5%			
Schaeffler India	2016	17946	3026	1951	17%	11%	25%	21%	17%
	2019	43668	6407	3676	14.7%	8.4%			
SKF India	FY16	30025	3783	2472	13%	8%	-1%	-1%	4%
	FY20	28494	3570	2890	12.5%	10.1%			
Timken India	FY16	10468	1518	918	15%	9%	12%	25%	28%
	FY20	16215	3731	2461	23.0%	15.2%			

(Source : RHP)



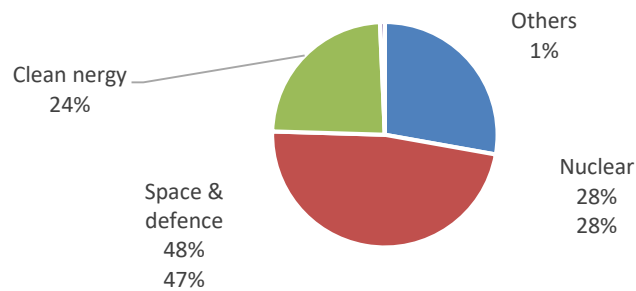
INVESTMENT RATIONALE

Strong financial performance



Healthy Order Book

Order Book Mix Of Rs 3362 Mn as at Dec'20





ABOUT COMPANY

Product Offerings:

Customer Sector	Product	Application
Clean Energy Sector	Power Units	Acts a a reactor for fuel cells
	Fuel Machining head	Involves manufacture and assembly of 600 components .Used for loading & unloading of fuel bundles in nuclear reactor
Nuclear Sector	Bridge & column	Moves fuel machining head in sideways & vertical directions to allow loading & unloading of the various nuclear fuel bundles in the nuclear sector
	Grid Plate	Consists of 1758 holes in top & bottom plate & is used for resting the fuel sub-assemblies in prototype fast broader reactor
	Sealing plug , shielding plug ,liner tubes & end fittings	Involves assembly of large number of components and used in the core of civilian reactor
	Drive Mechanism	The drive mechanisms are critical and even a slight deviation in the end product is not acceptable as they are used for regulating purpose and shutdown of nuclear reactors under normal and undesirable operating conditions
	Top hatch cover beams and deck plate assembly	Requires high positional and dimensional accuracies
	CHAS	Used for inspection in fuel machining vault. CHAS is one of the few products where the detailed design is also developed by company apart from manufacturing and assembly
	Ball screws and water	Import substitutes used in various assemblies such as actuators etc. in the reactor
Space & Defence sectors	Base shroud assembly and air frames	Used in Agni missiles such as A1, A2 A3, A4, A5, A1 P.
	Actuator assembly component.	Used in space launch vehicles
	Components for LCA	Actuators used in landing gear and flaps of LCAs
	Various missile parts	Used in various missile programs undertaken by DRDO
	Valves	Used in satellites. Latchable series redundant valves ("LSRV") is an example of an electro-pneumatic valve, manufactured by company, which is used in satellites and weighs between 300 - 310 grams
	Electro-pneumatic modules	Used in space launch vehicles – PSLV and GSLV for various space missions such as Chandrayaan-II and Mangalyaan
	Liquid propulsion engines	
	Cryogenic engines (turbo pumps, booster pumps, gas generators and injector heads for such engines)	
	Ball screws and water lubricated bearings	Import substitutes used in various assemblies such as actuators etc. in space launch vehicles, missiles etc.
Ball screws and water lubricated bearings		



Risk Factors:

Company's competitors in nuclear sector are Larsen & Toubro Heavy Engineering and Godrej & Boyce Manufacturing Company Limited and in the space and defence sectors are Larsen & Toubro, Godrej & Boyce Manufacturing Company Limited, Hindustan Aeronautics Limited, and Walchandnagar Industries. Failure to compete effectively may have an adverse impact on company's business, financial condition, results of operations and cash flows.

Objects of Issue:

Company proposes to utilise the Net Proceeds from the Fresh Issue and the proceeds of the Pre-IPO Placement towards funding the following objects:

1. Repayment / prepayment in full or in part, of borrowings availed by company
2. Funding working capital requirements; and
3. General corporate purposes.

Financial Statement

(Rs Cr)

Particulars	FY18	FY19	FY20	9MFY21
Total Income	159.60	183.67	213.77	177.27
Total Exp	127.72	129.96	155.81	124.24
EBIDTA	31.88	53.72	57.97	53.03
Other Income	0.95	2.24	4.37	0.72
Depreciation	11.21	11.23	12.05	9.33
EBIT	21.62	44.72	50.29	44.43
Interest	4.46	4.46	4.75	4.83
PBT	17.16	40.26	45.53	39.60
E/O Items	0.00	-1.29	0.00	0.00
PBT	17.16	41.55	45.53	39.60
Sh Of Profit in Asso	0.00	0.00	0.00	0.00
PBT	17.16	41.55	45.53	39.60
Tax	11.73	2.36	14.22	11.53
PAT	5.42	39.20	31.32	28.07
Eq Cap	28.21	28.21	26.76	26.76
Net Worth	205.52	234.98	225.08	245.62
Eq Shares	2.82	2.82	2.68	2.68
EPS	1.92	13.89	11.70	10.49
Book Value	72.84	83.29	84.11	91.79
ROE	2.64	16.68	13.91	11.43
EBIDTA Margin %	19.97	29.25	27.12	29.91
PAT Margin %	3.40	21.34	14.65	15.83

Source:RHP

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