

Rating: Neutral

Issue Offer

Total issue size: INR 5,830 Mn (25.68 Mn shares) - which consists of a fresh issue of INR 4,180 Mn and Offer for sale of INR 1,650 Mn only.

Issue Summary

Price Band INR	216-227
Face Value INR	5
Implied Market Cap INR Mn.	28,071.7
Market Lot.	66
Issue Opens on	Feb 25, 2026
Issue Close on	Feb 27, 2026
No. of share pre-issue	105,249,680
No. of share post issue	123,663,777
Listing	NSE, BSE

Issue Break-up %

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

Registrar

MUFG Intime India Pvt.Ltd.

Book Running Lead Managers

Equirus Capital Pvt.Ltd.
ICICI Securities Ltd.

	Pre-Issue	Post-Issue
Promoters	94.08%	74.19%
Public & Others	5.92%	25.81%

Object of the issue	Exp Amt (INR Mn)
➤ Funding for setting up new projects at Proposed Facility 1	1,328.44
➤ Funding for setting up new projects at Proposed Facility 2	1,007.14
➤ Repayment and/or pre-payment, in full or part, of certain borrowings availed by the company	500.00
➤ Funding for solar plants and purchase of equipment.	186.98

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Omnitech Engineering produces parts for the energy, automation, industrial equipment and metal forming sectors. The company functions through 4 segments, primarily driven by the Energy segment (42%), followed by Motion Control & Automation (36%) and then Industrial Equipment Systems (20%). As of Sep'25, the company had an order book of INR 17,647.8 Mn, which is approximately 5 times the FY25 revenue, with 74% of the order book in the Energy segment. The company is export-driven with ~75% of FY25 revenue from international markets, mainly the US and serves 256+ clients across 24 countries, including SLB, Halliburton, Suzlon and Jyoti CNC with ~97% repeat revenue in H1FY26. It operates 3 Gujarat-based facilities with 7,200 TPA fabrication capacity and 2.43 Mn machine hours and is well placed to benefit from the global precision engineering market growing at 9.9% CAGR till 2028, supported by strong demand from energy, aerospace and industrial machinery.

Investment Rationale:

Large Order Book Provides Multi-Year Revenue Visibility: The company's sharply expanding order book, which stood at INR 17,647.84 Mn as of September 30, 2025, equivalent to 551% of FY25 revenue; a massive jump from INR 2,836.85 Mn in FY25 and INR 839.32 Mn in FY24. The order book is also diversified across industries, with energy accounting for ~74%, industrial equipment ~21%, and automation segments contributing the balance. Such visibility significantly reduces demand risk and supports strong revenue growth over the next 2-3 years. The magnitude of the order book relative to revenue suggests the company is entering a hyper-growth phase, likely driven by global outsourcing trends and deeper penetration into existing customers.

Increasing Presence in Energy Segment: The company caters to multiple industrial verticals including energy, motion control & automation, and industrial equipment systems, reducing cyclical risk associated with dependence on a single sector. Over time, revenue contribution has shifted meaningfully toward the energy segment, which increased from 26.78% in FY23 to 42.35% in FY25, and further to 50.53% in H1FY26. Energy sector exposure is particularly attractive given long product qualification cycles and higher switching costs, which create entry barriers and enhance customer stickiness. Meanwhile, continued participation in automation and industrial equipment maintains diversification benefits.

Strong Global Customer Relationships and High Repeat Business: The company supplies to 256 customers across 24 countries, with exports contributing ~75% of revenue in FY25. Importantly, repeat customers accounted for 79.78% of revenue in FY25, rising to 96.87% in H1FY26, demonstrating strong retention and recurring demand visibility. Long-term partnerships with global players such as Halliburton Energy Services, Inc. and recognition from companies like Dover Corporation and John Bean Technologies Corporation reinforce credibility and execution capabilities.

Valuation and View:

The company operates in the precision engineering components space, where the global market is expected to grow from about USD 269 Bn in 2024 to nearly USD 395 Bn by 2028, driven by automation, energy transition and increasing quality requirements across industries. The company has already demonstrated rapid growth, with revenue rising sharply over the last few years, and it is looking to sustain this momentum by expanding machining capacity across its three facilities, improving utilisation levels, and adding fabrication capabilities to supply more value-added assemblies. It is also targeting new high-potential sectors such as aerospace, defence, semiconductors and railways, while strengthening its presence in existing industrial segments. On the geographic front, Omnitech plans to build additional overseas warehouses in the US, Europe and the Middle East to enhance customer servicing and win new orders, building on the strong growth already seen in North America. **At the upper band of INR 227, the issue is valued at a P/E ratio of 64x, based on a FY25 EPS of INR 3.55. We are recommending a "Neutral" rating for this issue.**

Exhibit: Financial Performance

Particulars (IN R Mn)	FY23	FY24	FY25
Revenue	1773.3	1781.8	3429.1
Growth (%) YoY		0.47%	92.45%
EBITDA	634.6	649.4	1176.5
Margins (%)	35.78%	36.44%	34.305
PAT/(Loss)	322.9	189.1	438.7
Margins (%)	18.20%	10.61%	12.79%
Debt	888.11	2,304.87	3,306.27

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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