

Omnitech Engineering Ltd - IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
25 February 2026	27 February 2026	₹216 to ₹227	Subscribe

Investment Summary

Omnitech Engineering Limited is a precision engineering manufacturer focused on high-accuracy metal components and integrated mechanical systems for demanding end-markets. Operating from three CNC-enabled facilities in Gujarat, the Company supports customers across sectors such as aerospace, energy, automotive, and industrial equipment. Its capabilities span design and prototyping through machining, assembly, and integration, enabling delivery of complex, customer-specific parts. A key investment positive is its strong, long-term relationships with global customers, built through consistent quality and reliable execution. This track record has translated into repeat orders and steady customer retention across multiple industries. With exports to 24 countries and a broad international client base, Omnitech is positioned to benefit from increasing global outsourcing to India. Founder-led management with deep machining experience further supports operational discipline and growth execution. Overall, the Company offers a scalable manufacturing platform with proven credibility among international clients.

Company Overview

Omnitech Engineering Limited is an India-based manufacturing and engineering solutions company specializing in high-precision metal components and integrated mechanical systems. Founded in 2006 as a partnership firm and converted into a public company in 2024, the Company has built nearly two decades of machining and fabrication expertise. Headquartered in Rajkot, Gujarat, Omnitech operates three manufacturing facilities at Metoda and Chhapara, Padavala, and Rajkot, equipped with advanced CNC infrastructure including VMCs, TMCs, and sliding headstock machines. The Company offers capabilities across mechanical design, prototyping, precision machining, assembly, and system integration, enabling it to deliver bespoke, performance-critical parts and solutions. Its product focus spans energy, motion control and automation, and industrial equipment systems, serving customers across industries such as automotive, aerospace, pharmaceuticals, food processing, and general manufacturing. Omnitech's facilities are aligned to international quality requirements for demanding sectors like aerospace and oil & gas. The Company is led by founder Udaykumar Arunkumar Parekh, who brings over 19 years of machining experience. With a strong international footprint, it serves over 256 customers across 24 countries, including key markets such as the United States, Germany, and the UAE, and more than 75% of its revenue is derived from operations outside India, highlighting its export-oriented business model.

Business Model

Omnitech Engineering Limited operates as a specialist manufacturer of high-precision metal components and complex assemblies used in safety-critical industrial equipment. The Company handles everything from tiny parts weighing only a few grams to massive components weighing over 500 kilograms. They serve several vital sectors, including energy (such as oil and gas), industrial automation, and heavy machinery systems. By focusing on these high-demand industries, the Company provides essential products like valves, actuators, and rig components that must meet extremely strict performance and quality standards.

A key part of their business model is an export-driven strategy, where the vast majority of their revenue is generated from international markets such as the United States and Europe. The Company maintains long-term relationships with global original equipment manufacturers (OEMs), serving more than 256 customers across 24 different countries. To support these global clients efficiently, they utilize a global delivery model that includes a dedicated subsidiary and warehouse in Houston, USA, along with localized sales representatives. Their success relies heavily on repeat business, with a very high percentage of their sales consistently coming from established, loyal customers.

The Company operates three specialized manufacturing facilities in Rajkot, Gujarat, which provide a complete range of services from initial design and prototyping to testing and final assembly. They utilize advanced technologies like CNC

machines, industrial robots, and real-time monitoring software to ensure high repeatability and efficient production. Looking forward, they are expanding their model through backward and forward integration, which includes adding their own metal forming capabilities and developing specialized manufacturing automation software. This integrated approach allows them to offer end-to-end solutions, which reduces lead times and makes them a more reliable partner for large industrial firms.

Industry Outlook

The global precision engineering market, valued at USD 269.1 billion in CY2024, is expected to see its growth accelerate to a 9.9% CAGR between 2025 and 2028, reaching an estimated USD 395.4 billion. In India, the domestic precision engineering sector is projected to expand even faster at an 11.6% CAGR through FY2029, with exports anticipated to grow at a steady 7.7% CAGR during the same timeframe. This robust outlook is primarily fueled by technological advancements such as Industry 4.0 and AI, increasingly stringent quality requirements in safety-critical sectors like aerospace, defense, and energy, and global efforts toward sustainability. Additionally, India is uniquely positioned to benefit from "China+1" and "Europe+1" supply chain diversification strategies, leveraging its large pool of skilled engineers and supportive government initiatives like the Production-Linked Incentive (PLI) scheme and "Make in India".

Investment Rationale

Strong Relationships with Major Global Customers

Omnitech has a proven track record of keeping its clients for a long time by consistently delivering high-quality products. They have built long-standing partnerships with important international companies across many different industries. Their ability to meet strict quality standards and provide customized parts has led to many repeat orders, which proves that customers trust their work.

Global Delivery Model Supporting International Sales

The Company successfully manages an export-focused business, serving customers in 24 different countries, including the United States and Germany. They have established a specialized warehouse in Houston, USA, through a subsidiary to better serve their North American clients. This global setup allows them to understand and integrate deeply into their customers' international supply chains.

Advanced Manufacturing Facilities with Strategic Locations

Omnitech operates three large manufacturing sites that offer high production capacity and the flexibility to create various types of components. These facilities are located near the Mundra Port in Gujarat, which makes it very efficient to import raw materials and export finished goods. Being situated in a strong industrial area also gives them easy access to a skilled labor force and a local base of suppliers.

Diverse Product Range and Development Skills

The Company offers a wide variety of products made from many different materials, including titanium, aluminum, and specialized alloys. Their advanced machining skills allow them to create complete, ready-to-use assemblies, which helps reduce waiting times for their clients. With 19 years of expertise, they can design and prototype custom parts that meet the specific technical needs of each customer.

Experienced Leadership and Management Team

The Company is led by its founder, Udaykumar Arunkumar Parekh, who brings more than 19 years of deep expertise in the machining industry. He is supported by a board of directors and a management team that have extensive experience in engineering, banking, and legal compliance. This strong leadership helps the Company identify new business opportunities and achieve its growth goals.

Proven Track Record of Financial Growth

Omnitech has shown consistent financial success that matches the steady expansion of its global customer base. The Company's revenue from operations grew at a steady rate (CAGR) of 39.06% between 2023 and 2025, highlighted by a massive 92.45% increase in sales between 2024 and 2025. They have achieved this significant growth while maintaining strong EBITDA margins of over 34% throughout the last three financial years. To ensure they can keep up with

increasing demand from their clients, the company has reinvested over ₹ 3,062 million into advanced machinery and new equipment between 2023 and September 2025 to significantly expand its manufacturing capacity.

Key Risks

Significant Revenue Concentration from a Few Customers

The Company is heavily reliant on a small group of clients, with its top 10 customers contributing 56.04% of total revenue in the six months ended September 30, 2025. The loss of any of these major customers, or a significant reduction in their orders due to factors like changes in their outsourcing strategies or financial hardship, would have a massive negative impact on the Company's business and cash flows.

Geographic Concentration of Manufacturing Facilities

All three of the Company's existing manufacturing units, as well as its two proposed new facilities, are located in a single area: Rajkot, Gujarat. This concentration makes the entire business vulnerable to local disruptions such as natural calamities (e.g., the floods faced in Fiscal 2025), changes in local government policies, or labor strikes in the region, which could halt all production simultaneously.

Reliance on a Limited Number of Suppliers

Omnitech depends on a small number of suppliers for primary materials like specialized steel and titanium, and it does not have long-term contracts with them. In the six months ended September 30, 2025, the top 10 suppliers accounted for 42.92% of all material purchases. Any disruption in supply from these key vendors or an inability to find alternatives on similar terms could lead to production delays and an inability to meet customer deadlines.

Heavy Dependence on the Energy Industry

A substantial portion of the Company's future business is tied to a single sector; as of September 30, 2025, 74.07% of the total Order Book (₹ 13,072.30 million) was from the energy segment, primarily oil and gas. This makes Omnitech highly sensitive to the health of the global oil and gas industry, where performance is dictated by volatile factors like crude oil prices and environmental regulations.

Financial Risk from Indebtedness and Recallable Unsecured Loans

The Company has high levels of debt, with total borrowings reaching ₹ 3,829.13 million as of September 30, 2025. Furthermore, it has ₹ 279.20 million in unsecured loans from its Promoters and Promoter Group that are repayable on demand. If these loans are recalled suddenly, the Company might face a liquidity crisis or be forced to borrow at much higher interest rates, impacting its overall profitability.

Financial Snapshot

Metric	In (Cr)		
	FY23	FY24	FY25
Revenue from Operations	177	178	343
EBITDA	63	65	118
EBITDA Margin	35.6%	36.52%	34.40%
Profit After Tax(PAT)	32	19	44
PAT Margin	18.08%	10.67%	12.83%
Basic EPS(₹)	3.04	1.81	4.18

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Omnitech Engineering Ltd
IPO Issue Size	Total Issue Size: ₹583 Cr Fresh Issue of ₹418 Cr+ Offer for Sale of ₹165 Cr
Price Band	₹216 – ₹227 per share
Face Value	₹5 per share
Post-Issue Market Cap	Approx. ₹2807 Cr
IPO Opening Date	25 Feb 2026
IPO Closing Date	27 Feb 2026
Listing	NSE/ BSE
Promoter Holding(Pre/Post)	Pre-IPO: ~94% → post-IPO: ~74%
Book Running Lead Managers	Equirus Capital Pvt Ltd
Use of Proceeds	<ul style="list-style-type: none"> • Debt Repayment: 50 Cr • Capex & Funding new projects: 252.25 Cr • General Corporate Purposes

Valuation and Recommendation

At the upper price band of **₹227 per share**, Omnitech Engineering is valued at a post-issue **market capitalization** of approximately **₹2807 crore**. Based on **FY25 EPS (Rs 4.18)**, the stock is trading at a Price-to-Earnings (**P/E**) ratio of **~54x** and an **EV/EBITDA** multiple of **~26 x**, which appears fully priced. However, the Company's strong return metrics (ROE ~21.55%), robust revenue CAGR of 39.06% (FY23–FY25), and improving profitability support the valuation to some extent. Looking ahead, if the company successfully executes its post-IPO plans, particularly around debt reduction and operational scaling could translate into stronger cash flows, a cleaner balance sheet, and improved operating leverage over the medium to long term. Overall, we believe Omnitech remains a quality growth play where outcomes are likely to be driven by delivery rather than re-rating; accordingly, we assign a "Subscribe" rating for medium-to-long-term horizon with the key monitorables being margin sustainability, order/book conversion, and pace of debt reduction.

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