



MSEARCH

IPO OFFERING

MTAR TECHNOLOGIES LTD



About Company

Recommendation: Subscribe for Long Term

MTAR Technologies Limited (MTAR) is a leading precision engineering solutions company. It is engaged in the manufacture of mission critical precision components with close tolerances (5-10 microns), and in critical assemblies to serve projects of high national importance, through their precision machining, assembly, testing, quality control, and specialized fabrication competencies, some of which have been indigenously developed and manufactured. It caters to industries such as nuclear, space and defence, and clean energy sectors. As on date it has 7 state-of-the-art manufacturing facilities in Hyderabad, Telangana.

Price Band	: Rs. 574 to 575 per share
Bid Lot size	: 26 Shares
Issue size	: Rs. 596 Cr
Issue Opens	: March 3 rd 2021, Wednesday
Issue Closes	: March 5 th 2021, Friday
Min App Amount	: Rs. 14,950/- at upper band

Important Note: All retail applications compulsory in UPI mode*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

Msearch View: We believe MTAR Technologies Ltd IPO gives investors an opportunity to invest in a company which is a leader in vital precision engineering solutions in India serving programs of national importance. We are optimistic on this company as it has constantly contributed to the Indian civilian nuclear power program, Indian space program, Indian & global defense and aerospace sector, as well as to the global clean energy sector. With this it has built strong clientele base with long term relationship which includes renowned names such as DRDO, HAL, ISRO, etc. Also it's engineering capability that has enabled it to consistently offer quality complex precision manufactured components and assemblies within stipulated timelines and at a reasonable cost in most cases, allowing it to forge a robust relationship with customers. **On valuations parse at upper price band (Rs 575/-), the issue is asking for a market cap of Rs 1769 Cr with PE (annualised FY21) ~44x and P/BV stands at ~5.8x which seems the issue is aggressively priced while we believe the valuation is justified as it comes under Make in India and Atma Nirbhar Bharat program which has limited competition for the products they manufacture. It also plans to explore opportunities in the overseas market, which is expected to support growth over the long term. Hence, based on all the above rationale we advise investors to "SUBSCRIBE" MTAR Technologies Ltd IPO with medium to long term perspective as well as it has potential to generate healthy listing gains as markets always reward a player who has high visibility and growth potential.**



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BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	2018	2019	2020	9M FY20	9M FY21
Equity Share Capital	28	28	27	28	27
Reserves as stated	177	207	198	211	219
Net worth as stated	205	235	225	239	245
Revenue from Operations	160	184	214	152	177
Revenue Growth (%)	-	15.08%	16.39%	-	16.49%
EBITDA as stated	33	56	62	45	54
EBITDA %	20.44%	30.10%	28.57%	29.08%	30.20%
Profit Before Tax	17	41	45	33	40
Net Profit for the period	5	39	31	22	28
Net Profit (%) as stated	3.4%	21.34%	14.65%	14.75%	15.83%
EPS (₹)	1.92	13.89	11.11	7.96	10.49

Source: Company RHP