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(Please scan the QR code to view the RHP)

UNIMECH AEROSPACE AND MANUFACTURING LIMITED

Our Company was originally incorporated as "Unimech Aerospace and Manufacturing Private Limited" under the provisions of the Companies Act, 2013 pursuant to a certificate of incorporation dated August 12, 2016, issued by the Central Registration Centre, for and on behalf of the Jurisdictional Registrar of Companies, Karnataka at Bangalore ("RoC"). The name of our Company was subsequently changed to "Unimech Aerospace and Manufacturing Limited", upon conversion of our Company from a private limited to a public limited company, pursuant to a board resolution dated February 14, 2024, and a shareholders' resolution dated March 4, 2024. A fresh certificate of incorporation dated June 21, 2024, was issued by the RoC. For further details of change in name and Registered Office of our Company, please refer to the section titled "History and Certain Corporate Matters – Brief history of our Company" and "History and Certain Corporate Matters – Changes in the Registered Office of our Company" on page 235 of the red herring prospectus dated December 16, 2024 ("RHP" or "Red Herring Prospectus") filed with the ROC.

Registered and Corporate Office: 538, 539, 542 & 543, 7th Main of Peenya IV Phase Industrial Area, Yeshwanthpur Hobli, Bangalore North Taluk - 560058, Bangalore, Karnataka, India. Telephone: 080-4204 6782; Contact Person: Krishnappayya Desai, Company Secretary and Compliance Officer; E-mail: investorrelations@unimechaerospace.com; Website: www.unimechaerospace.com; Corporate Identity Number: U30305KA2016PLC095712

OUR PROMOTERS: ANIL KUMAR P, RAMAKRISHNA KAMOJHALA, MANI P, RAJANIKANTH BALARAMAN, PREETHAM S V

INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹5 EACH ("EQUITY SHARES") OF UNIMECH AEROSPACE AND MANUFACTURING LIMITED (OUR "COMPANY" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE) (THE "OFFER PRICE") AGGREGATING UP TO ₹ 5,000.00 MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹5 EACH BY OUR COMPANY AGGREGATING UP TO ₹ 2,500.00 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹5 EACH AGGREGATING UP TO ₹ 2,500.00 MILLION (THE "OFFER FOR SALE"), COMPRISING UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹5 EACH AGGREGATING UP TO ₹ 450.00 MILLION BY RAMAKRISHNA KAMAJHOLA, UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹5 EACH AGGREGATING UP TO ₹ 450.00 MILLION BY MANI P, UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹5 EACH AGGREGATING UP TO ₹ 450.00 MILLION BY RAJANIKANTH BALARAMAN, UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹5 EACH AGGREGATING UP TO ₹ 300.00 MILLION BY PREETHAM S V AND UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹5 EACH AGGREGATING UP TO ₹ 850.00 MILLION BY RASMI ANIL KUMAR (REFERRED TO AS THE "SELLING SHAREHOLDERS" AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE "OFFERED SHARES"). THE OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹5 EACH, AGGREGATING UP TO ₹15.00 MILLION, FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES NOT EXCEEDING 5% OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL (THE "EMPLOYEE RESERVATION PORTION").

DETAILS OF THE SELLING SHAREHOLDERS, OFFER FOR SALE AND WEIGHTED AVERAGE COST OF ACQUISITION			
NAME OF THE SELLING SHAREHOLDERS	TYPE	NO. OF EQUITY SHARES OFFERED	WACA PER EQUITY SHARE (₹)
Ramakrishna Kamojhala	Promoter Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 5 each aggregating up to ₹ 450.00 million	0.24
Mani P	Promoter Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 5 each aggregating up to ₹ 450.00 million	0.24
Rajanikanth Balaraman	Promoter Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 5 each aggregating up to ₹ 450.00 million	0.24
Preetham S V	Promoter Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 5 each aggregating up to ₹ 300.00 million	0.24
Rasmi Anil Kumar	Promoter Group Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 5 each aggregating up to ₹ 850.00 million	2.30

WACA: Weighted Average Cost of Acquisition

As certified by Vishnu Daya & Co LLP, Independent Chartered Accountants, with firm registration number 008456S, by way of their certificate dated December 16, 2024

We are an engineering solutions company specializing in manufacturing and supply of critical parts such as aero tooling, ground support equipment, electro-mechanical sub-assemblies and other precision engineered components for aerospace, defence, energy, and semiconductor industries.

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.

QIB Portion: Not more than 50% of the Net Offer | Non-Institutional Portion: Not less than 15% of the Net Offer | Retail Portion : Not less than 35% of the Net Offer

Employee reservation portion: Up to [●] Equity Shares Aggregating upto ₹. 15.00 Million

PRICE BAND: ₹ 745 TO ₹ 785 PER EQUITY SHARE OF FACE VALUE OF ₹ 5 EACH

THE FLOOR PRICE IS 149 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 157 TIMES THE FACE VALUE OF THE EQUITY SHARES

THE PRICE/EARNINGS RATIO BASED ON DILUTED EPS FOR FY 2024 FOR OUR COMPANY AT THE UPPER END OF THE PRICE BAND IS AS HIGH AS 59.33 TIMES AND THE LOWER END OF THE PRICE BAND IS 56.31 TIMES AS COMPARED TO

THE AVERAGE INDUSTRY PEER GROUP P/E RATIO FOR FY 2024 OF 101.98 TIMES FOR DETAILS

PLEASE REFER TO "BASIS FOR OFFER PRICE" SECTION ON PAGE 145 OF THE RHP

BIDS CAN BE MADE FOR A MINIMUM OF 19 EQUITY SHARES AND IN MULTIPLES OF 19 EQUITY SHARES THEREAFTER

In accordance with the recommendation of Independent Directors of our Company, pursuant to their resolution dated December 17, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the "Basis for Offer Price" section on page 145 of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in the "Basis for Offer Price" section on page 145 of the RHP and provided below in the advertisement.

IN MAKING AN INVESTMENT DECISION AND PURCHASE IN THE OFFER, POTENTIAL INVESTORS MUST ONLY RELY ON THE INFORMATION INCLUDED IN THE RHP AND THE TERMS OF THE OFFER, INCLUDING THE RISKS AND MERITS INVOLVED AND NOT RELY ON ANY OTHER EXTERNAL SOURCES OF INFORMATION ABOUT THE OFFER AVAILABLE IN ANY MANNER.

RISK TO INVESTORS

(For details refer to section titled "Risk Factors" on page 28 of the RHP)

- Revenue concentration from the aerospace sector:** A significant portion of our total revenue from operations is attributable to the aerospace sector wherein we manufacture products pertaining to aero engine tooling and airframe tooling. Any adverse changes in the aerospace sector could adversely impact our business, results of operations and financial condition.

The table below sets forth the contribution from the aerospace sector for the period indicated:

Particulars	For the six months ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations
Revenue from aerospace sector	1,185.42	98.25	2,074.12	99.35%	891.79	94.70%	348.38	95.84%

- Concentration of revenue in top 5 customer :** We are dependent on our top five customers and the loss of any of these customers or a significant reduction in purchases by any of them could adversely affect our business, results of operations and financial condition.

The table below sets forth the revenue derived from our top 5 customers during the for the period indicated:

Particulars	For six months ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations	Amount (₹ million)	% of total revenue from operations
Top 5 customers	1,141.61	94.62%	2,021.01	96.80%	884.00	93.88%	323.39	88.97%

- Risk related to exports and foreign currency fluctuation:** Our business is dependent on exports and the performance of geographies where we supply our products. Any adverse changes in the conditions affecting the industries in global markets in which our products are supplied, including our key markets such as United States and Germany, can adversely impact our business, cash flows, results of operations and financial condition. Also, we are exposed to foreign currency exchange rate fluctuations. As on date of this Red Herring Prospectus, our Company does not have a hedging policy in place and hence, we may not be able to hedge our risk exposures, particularly during volatile interest rate environments which may have an adverse effect on our results of operations and profitability, independent of our operating results.

Below are the details of our revenue from operations across various geographic regions and as a percentage of our total revenue for the period indicated:

Geography	Six-months period ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue from operations	% of total revenue from operations	Revenue from operations	% of total revenue from operations	Revenue from operations	% of total revenue from operations	Revenue from operations	% of total revenue from operations
For Our Company								
With in India	52.29	4.33	49.26	2.36	45.21	4.80	32.48	8.94
Outside India	1,154.27	95.67	2,038.49	97.64	896.45	95.20	331.01	91.06
For Material Subsidiary								
With in India	2.92	0.29	2.64	0.14	7.03	1.02	3.51	1.42
Outside India	1,004.05	99.71	1,862.69	99.86	685.13	98.98	243.13	98.28

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- Risk related to dependency on Material Subsidiary:** A significant part of our operations are conducted through our Material Subsidiary, Innomech Aerospace Toolings Private Limited ("Innomech"), and we are dependent on the operating income and cash flows generated by Innomech. Any loss or reduction in the business attributable to our subsidiary, or a change in our shareholding in Innomech, could have a material adverse effect on our business, prospects, results of operations, cash flows and financial condition on a consolidated basis.

Set out below are the details of our revenue from operations which is attributable to Innomech for the period indicated:

Particulars	Six months ended September 30, 2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Total revenue of Innomech (₹ million)	% of our total consolidated revenue from operations	Total revenue of Innomech (₹ million)	% of our total consolidated revenue from operations	Total revenue of Innomech (₹ million)	% of our total consolidated revenue from operations	Total revenue of Innomech (₹ million)	% of our total consolidated revenue from operations
Revenue from operations	1,006.97	83.46	1,865.33	89.35	692.16	73.50	247.38	68.06

- Negative cash flows in past periods:** We have experienced negative cash flows from investing and financing activities in previous periods and cannot assure you that we will not experience negative cash flows in future periods. Negative cash flows may adversely affect our financial condition, results of operations and prospects.

The following table sets forth certain information relating to our cash flows as per the Restated Consolidated Financial Information for the period indicated:

Particulars	Six months ended September 30, 2024 (₹ million)	Fiscal		
		2024	2023	2022
Net cash generated from operating activities	500.26	236.33	13.54	15.28
Net cash generated from / (used in) investing activities	(3,359.70)	(239.22)	(59.19)	8.15
Net cash generated from / (used in) financing activities	2,863.07	55.80	29.36	(1.68)
Cash and cash equivalents at the end of the year	75.48	71.78	18.75	34.49

- Majority of net proceeds will be utilized for investment in Material Subsidiary:** Majority of the Net Proceeds i.e. 67.60% of our Net Proceeds, will be utilised for the Material Subsidiary by funding its capital expenditure, working capital requirements and repayment of its outstanding debt. Any deviation or failure in achieving these objectives may adversely impact the anticipated returns from the issue proceeds which could directly affect the consolidated financial performance of our Company.
- Risk related to working capital cycle:** Our business works on a longer gestation period wherein, there is considerable time gap of 7 to 28 weeks between the receipt of order and the payment, thereby, affecting our working capital requirements.
- Risk related to future growth :** While we have achieved substantial revenue growth and expanded manufacturing capacity in recent years, it's important to note that our historical growth rate is partially attributed to a relatively small revenue base. We experienced substantial increase in our revenue from operations i.e. 121.71% in Fiscal 2024 as compared to Fiscal 2023 and such growth may not be replicated in future or be indicative of our Company's future financial performance. There is no assurance that we can sustain this high growth rate in the future. Market conditions, competitive pressures, and economic factors could impact our ability to achieve similar growth levels going forward.
- No long-term raw material supply agreements:** Our business and profitability is substantially dependent on the availability and cost of our raw materials, and any disruption to the timely and adequate supply of raw materials, or volatility in the prices of raw materials may adversely impact our business, results of operations and financial condition. We depend on these third-party suppliers of raw materials and do not have firm commitments for supply or exclusive arrangements with any of our suppliers and are required to pay advances from time to time. The absence of long-term contracts or exclusive arrangements and non-recovery of advances, exposes us to potential supply chain disruptions which could significantly impact our production capacity, leading to delays in order fulfilment and potential loss of revenue.
- Risk related to proposed expansion in Material Subsidiary:** Our proposed expansion plans relating to the manufacturing facilities in our Material Subsidiary facility, proposed investment in new facility by our Company in Bengaluru, Karnataka and are subject to the risk of unanticipated delays in implementation and cost overruns.
- Lengthy customer-onboarding cycle :** Our process of onboarding a customer can take up to three years, which may cause delays in revenue generation and dependency on trust-building for scaling operations and adversely harm our financial condition and future results of operations.
- Acquisition of equity by one of the Promoter in last one year:** Our Promoter, Anil Kumar P had acquired Equity Shares in the Company on March 29, 2024, which may influence investor perception.
- No long-term agreements with customers:** We generally do business with our

customers on a purchase order basis and our customers do not make long-term commitments/ agreements with us and may cancel or change the purchase order as per their production requirements. Such cancellations or changes may adversely affect our financial condition, cash flows and results of operations.

- The Offer for Sale comprises 50% of the total Offer size:** The Offer of [●] Equity Shares aggregating up to ₹ 5,000.00 million, comprises a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 2,500.00 million, and an Offer for Sale of up to [●] Equity Shares aggregating up to ₹ 2,500.00 million by the Selling Shareholders. The Offer for Sale comprises 50% of the total Offer size. Our Company will not receive any proceeds from the Offer for Sale.
- The Offer Price of our Equity Shares,** our market capitalization to total income and our Price to Earning ratio at Offer Price may not be indicative of the market price of the Equity Shares after the Offer.

Particulars	Ratio vis-à-vis Floor Price (₹ 745)	Ratio vis-à-vis Cap Price (₹ 785)
Market capitalization to total income	18.21	19.12
Price to Earning (Diluted)	56.31	59.33
Price to Book Value	149	157

- Weighted average cost of acquisition for all specified securities transacted over the three years, 18 months and one year preceding the date of the Red Herring Prospectus Period**

Period	Weighted average cost of acquisition per Equity Share (in ₹)* ^{(1) (2)}	Cap Price is 'x' times the weighted average cost of acquisition [^]	Range of acquisition price per Equity Share: lowest price - highest price (in ₹)*
Last one year preceding the date of this Red Herring Prospectus	54.85	14.31	Nil - 681.74
Last 18 months preceding the date of this Red Herring Prospectus	54.91	14.30	Nil - 5,495.00 ⁽³⁾
Last three years preceding the date of this Red Herring Prospectus	54.91	14.30	Nil - 5,495.00 ⁽³⁾

^{*}As certified by Vishnu Daya & Co LLP, Independent Chartered Accountants, with firm registration number 008456S, by way of their certificate dated December 16, 2024.

⁽¹⁾Pursuant to a resolution passed by the Board on December 22, 2023 and a resolution passed by the shareholders on December 23, 2023, each equity share of face value of ₹100 each has been split into 20 Equity Shares of face value of ₹ 5 each. Accordingly, the issued, subscribed and paid up capital of the Company was sub-divided from 1,04,774 equity shares of face value of ₹ 100 each to 20,95,480 Equity Shares of face value of ₹ 5 each. The cost for computation of the average price is considered as 'Nil' towards share split.

⁽²⁾The Board of Directors pursuant to a resolution dated December 26, 2023 and Shareholders pursuant to special resolution dated December 27, 2023, have approved the issuance of 4,19,09,600 bonus Equity Shares in the ratio of twenty Equity Shares for every one existing fully paid up equity share. The average cost of acquisition per equity share has been adjusted for such bonus issuance and cost is considered as 'Nil'. Cost of acquisition for sub-divided shares is considered as 'Nil'.

⁽³⁾Not adjusted for share split pursuant to a resolution passed by the Board on December 22, 2023 and a resolution passed by the share holders on December 23, 2023 and for bonus issue pursuant to the Board of Directors resolution dated December 26, 2023 and Shareholders pursuant to special resolution dated December 27, 2023.

- The two BRLMs associated with the Offer have handled 21 public issues in the past three Financial Years, out of which 6 issues closed below the Offer price on the listing date.**

Name of BRLMs	Total Public Issues	Issued Closed below the Offer on Price Listing Date
Anand Rathi Advisors Limited*	4	1
Equirus Capital Private Limited*	16	5
Common Issues of above BRLMs	1	Nil
Total	21	6

^{*}Issues handled where there were no common BRLMs

BID/OFFER
PERIOD

ANCHOR INVESTOR BIDDING DATE : FRIDAY, DECEMBER 20, 2024

BID/OFFER OPENS ON MONDAY, DECEMBER 23, 2024*

BID/OFFER CLOSES ON THURSDAY, DECEMBER 26, 2024*

^{*} Our Company in consultation with the BRLMs, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Offer Opening Date.

^{*} UPI mandate end time and date shall be at 5:00 pm on the Bid/Offer Closing Date.

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BASIS FOR OFFER PRICE

The Price Band and Offer Price will be determined by our Company, in consultation with the BRLMs, based on assessment of market demand for the Equity Shares offered through the Book Building Process and based on the quantitative and qualitative factors described below. The face value of the Equity Shares is ₹ 5 each and the Offer Price is 149 times the face value at the lower end of the Price Band and 157 times the face value at the higher end of the Price Band. Investors should also refer to **“Our Business”, “Risk Factors”, “Summary Financial Information”, “Restated Consolidated Financial Information” and “Management’s Discussion and Analysis of Financial Position and Results of Operations”** on pages 204, 28, 86, 271 and 330, respectively, to have an informed view before making an investment decision.

Qualitative factors

We believe that some of the qualitative factors which form the basis for computing the Offer Price are:

- We are a global high precision and engineering solutions company with capabilities to manufacture under two models: (i) build to print and (ii) build to specifications, for our customers. (Source: F&S Report)
- We have established ourselves as an approved supplier for various industry leaders in aerospace, defence, semi-conductor and energy sectors; (Source: F&S Report)
- We have developed and have a potential to further evolve our facilities to cater to all the specific and changing needs and requirements of the customers with respect to the products we make and for the industry we supply products to, allowing us to provide customized and tailored solutions ;
- We are a leading exporter of aerospace components, with exports significantly contributing to our overall revenue; (Source: F&S Report)
- We have a global delivery service model for supplying products to our customers, which includes logistical support and direct export to various companies including USA and Europe;
- We are a key link in the global supply chain for global aerospace, defence, semi-conductor and energy OEMs and their licensees for the supply of critical parts like aero tooling, ground support equipment, electro-mechanical sub-assemblies and other precision engineered components; (Source: F&S Report)
- We have established a sub-contractor ecosystem with vendors who undertake aspects of our manufacturing process with limited complexity, enabling us to concentrate on critical aspects of the manufacturing process; and
- We are led by a qualified and experienced management team who are supported by a motivated and hard-working team of engineers and other members.

For further details, see **“Our Business – Our Strengths”** on page 206 of the Red Herring Prospectus.

Quantitative factors

Certain information presented below relating to our Company is derived from the Restated Consolidated Financial Information. For further information, see **“Restated Consolidated Financial Information”** and **“Other Financial Information”** on page 271 and 323 of the Red Herring Prospectus.

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

1. Basic and Diluted Earnings/Loss per Share (“EPS”), as adjusted for change in capital As derived from the Restated Consolidated Financial Information:

Financial Year/Period ended	Basic EPS (₹)	Diluted EPS (₹)	Weight
March 31, 2024	13.23	13.23	3
March 31, 2023	5.19	5.19	2
March 31, 2022	0.77	0.77	1
Weighted Average	8.47	8.47	
For the six months period ended September 30,2024*	8.49	8.49	

*Not annualized

Notes:

- The face value of each Equity Share is ₹ 5.
- Basic Earnings per share = Net profit after tax (loss after tax) as restated / Weighted average number of equity shares outstanding during the financial period/year.
- Diluted Earnings per share = Net profit after tax (loss after tax) as restated / Weighted average number of potential equity shares outstanding during the financial period/year.
- Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year / Total of weights.

2. Price/Earning (“P/E”) ratio in relation to price band of ₹ 745 to ₹ 785 per Equity Share:

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on diluted EPS as per the Restated Consolidated Financial Information for the financial year ended March 31, 2024	56.31	59.33
Based on diluted EPS as per the Restated Consolidated Financial Information for the financial year ended March 31, 2023	143.55	151.25
Based on diluted EPS as per the Restated Consolidated Financial Information for the financial year ended March 31, 2022	967.53	1,019.48

3. Industry Peer Group P/E ratio

Based on the peer group information (excluding our Company) given below in this section, the highest P/E ratio, the lowest P/E ratio and the average P/E ratio as on September 30, 2024 and March 31, 2024.

	P/E Ratio (As on 30 September, 2024)*	P/E Ratio (As on 31 March, 2024)
Highest	273.47	157.49
Lowest	147.98	44.24
Average	222.44	101.98

Notes:

(i) * not annualized. (ii) The highest and lowest industry P/E shown above is based on the peer set provided below under “Comparison with listed industry peers”. The industry average has been calculated as the arithmetic average P/E of the peer set provided below.

P/E figures for the peer are computed based on closing market price as on December 03, 2024, divided by Diluted EPS (on consolidated basis) based on the financial results declared by the peers available on website of www.bseindia.com for the Financial Period ending September 30th 2024 and March 31st 2024.

4. Average return on Net Worth (RoNW)

As per the Restated Consolidated Financial Information:

Financial Period/Year ended	RONW (%)	Weight
March 31, 2024	53.53%	3
March 31, 2023	46.70%	2
March 31, 2022	12.26%	1
Weighted Average	44.38%	
For the six months ended September 30,2024*	9.92%	

* Non annualised.

Notes:

- Weighted average = Aggregate of year-wise weighted Net Worth divided by the aggregate of weights i.e. ((Net Worth x Weight) for each year) / (Total of weights)
- Return on Net Worth (%) = Net profit after tax, as restated / Net worth as restated as at financial period/year end.
- Net worth means the aggregate value of the paid up share capital of the Company and all reserves created out of profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, miscellaneous expenditure not written off, as per the restated balance sheet, but does not include reserves created out of revaluation of assets, capital reserve, foreign currency translation reserve, write-back of depreciation as at financial period /year end, as per Restated Financial Statement of Assets and Liabilities of the Company.

5. Net Asset Value (NAV) per Equity Share based on last Balance Sheet date

NAV per Equity Share	(₹)
As on September 30, 2024	85.65
After the completion of the Offer	
At Floor Price	125.44
At Cap Price	125.86
At Offer Price	125.86

Notes:

- Offer Price per Equity Share will be determined on conclusion of the Book Building Process.
- Net asset value per share= Net worth as restated / Number of equity shares as at financial period/ year end

6. Comparison with listed industry peers

We understand that listed industry peers of the Company have been identified as MTAR Technologies Limited, Azad Engineering Limited, Paras Defence & Space Technologies Limited, Dynamicatic Technologies Limited and Data Patterns (India) Limited (the ‘Industry Peers’).

Based on our review of the audited Financial Information of such Industry Peers for their last audited financial period i.e. March 31, 2024 and for six months period ended September 30, 2024, we confirm: (a) the highest P/E ratio, the lowest P/E ratio and the average P/E ratio and (b) the additional details as set forth below:

Name of the Company	Standal-one/Consolidated	Total Revenue (₹ in millions)	Face Value per Equity Share (₹)#	Closing price as on December 03, 2024	P/E (As on 30 September, 2024)#	P/E (As on 31 March 2024)	EPS (Basic and Diluted) (₹)#	RoNW (%)#	NAV (₹ per share)#	Profit after tax (₹)* #	EBITDA#	Profit Margin#	Borrowings	Net Worth (₹ in Millions)
Unimech Aerospace and Manufacturing Limited	Consolidated	1,206.56	5	NA	NA	NA	8.49	9.92%	85.65	386.80	488.28	32.06%	747.14	3,900.98
MTAR Technologies Limited	Consolidated	3,184.52	10	1,787.65	237.09	98.01	7.54	3.32%	227.42	232.01	534.30	7.29%	1,836.87	6,995.31
Azad Engineering Limited	Consolidated	2,099.44	2	1,763.90	273.47	157.49	6.45	5.57%	115.50	380.05	729.00	18.10%	1,483.05	6,827.73
Paras Defence & Space Technologies Limited	Consolidated	1,706.60	10	1,089.15	147.98	132.50	7.36	5.71%	120.45	268.10	468.70	15.71%	678.20	4,697.40
Dynamicatic Technologies Limited	Consolidated	7,077.00	10	7,936.75	230.12	44.24	34.49	3.32%	1,038.98	234.20	810.90	3.31%	4,316.50	7,056.20
Data Patterns (India) Limited	Consolidated	1,951.00	2	2,520.75	223.67	77.68	11.27	4.67%	241.07	630.70	714.80	32.33%	-	13,496.20

*Profit after Tax considered excluding other comprehensive income/(loss) and including exceptional items and share of profit/loss from associates.

#Not annualised

Source: All the financial information for listed industry peer mentioned above is on a consolidated basis and is sourced from the filings made with stock exchanges available on www.bseindia.com for the Financial Year/Period ending 30th September 2024 and 31st March 2024.

Source for Unimech Aerospace and Manufacturing Limited: Based on the Restated Consolidated Financial Information for the year/period ended September 30, 2024.

Notes:

- P/E Ratio has been computed based on the closing market price of equity shares on December 03, 2024, divided by the Diluted EPS
- Return on Net Worth (%) = Net profit after tax, as restated / Net worth as restated as at financial period/year end.
- Net worth means the aggregate value of the paid up share capital of the Company and all reserves created out of profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, miscellaneous expenditure not written off, as per the restated balance sheet, but does not include reserves created out of revaluation of assets, capital reserve, foreign currency translation reserve, write-back of depreciation as at financial period /year end, as per Restated Financial Statement of Assets and Liabilities of the Company.
- NAV is computed as the closing net worth divided by the closing outstanding number of equity shares.

The computation of P/E ratio for each of the industry peers above has been set out as Annexure A.

Further, the book value of the Equity Shares of the Company is Rs. 85.65 per share.

Brief Business Profile of the listed peers:

- **Azad Engineering Limited** is based in Hyderabad, Telangana. It specializes in manufacturing high precision engineering components. The company’s core manufacturing focuses on precision forging and machining in aerospace, defence, energy, and oil and gas industries. Japan, USA and France accounts to the key countries of export (Source: F&S Report).
- **Dynamicatic Technologies Limited** is an Indian precision engineering company based in Bangalore, India and have manufacturing facilities and subsidiaries in US, UK and Germany. The company operated in three segments namely the hydraulics, metallurgy and the aerospace and defence segment. The aerospace and defence segment accounts to nearly 33% of the overall revenue of the company. Dynamicatic Technologies’ clients include Airbus and Boeing, for the supply of critical components (Source: F&S Report).
- **MTAR Technologies Limited**, a precision engineering company, is a renowned player in the industry, specializing in the manufacturing of mission-critical precision components. It was established in 1970, and works closely in the Indian Civilian Nuclear Power program, Indian Space program, Indian Defence, Global Defence, and Global Clean Energy sectors. The company’s services include precision machining, assembly, testing, quality control, and specialized fabrication (Source: F&S Report).
- **Paras Defence & Space Technologies Ltd.** is a prominent Indian company specializing in defense engineering and space technologies, with over 40 years of experience. A key player in the Make in India initiative, it focuses on designing, developing, and manufacturing a variety of defense products across four primary sectors: Defence & Space Optics, Defence Electronics, EMP Protection Solutions, and Heavy Engineering. As the only Indian manufacturer of infrared optics in large volumes, Paras Defence plays a vital role in critical defense and space programs. With advanced facilities and a strong emphasis on R&D, the company employs over 600 professionals dedicated to enhancing India’s defense capabilities and national security (Source: F&S Report).
- **Data Patterns (India) Limited**, founded in 1998 and headquartered in Chennai, Tamil Nadu, is a key player in the defense and aerospace electronics sector. This vertically integrated company serves the indigenous defense products industry in India and has a proven track record of delivering high-reliability products. Data Patterns is noted for its capability to execute complex programs swiftly, its diverse portfolio includes COTS Boards, ATE and Test systems, Space Systems, and Radio Frequency and Microwave solutions, designed for rugged applications and automatic test equipment platforms. Recognized for their quick turnaround times, Data Patterns continues to uphold its reputation in the defense and aerospace electronics industry (Source: F&S Report).

7. Description on the historic use of the KPIs by our Company to analyze, track or monitor the operational and/or financial performance of our Company

In evaluating our business, we consider and use certain KPIs, as presented above, as a supplemental measure to review and assess our financial and operating performance. The presentation of these KPIs is not intended to be considered in isolation or as a substitute for the Restated Consolidated Financial Information. We use these KPIs to evaluate our financial and operating performance. Some of these KPIs are not defined under Ind AS and are not presented in accordance with Ind AS. These KPIs have limitations as analytical tools.

Further, these KPIs may differ from the similar information used by other companies and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation. Although these KPIs are not a measure of performance calculated in accordance with applicable accounting standards, our Company’s management believes that it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance, when taken collectively with financial measures prepared in accordance with Ind AS.

Explanation for the KPIs metrics

The list of our KPIs along with brief explanation of the relevance of the KPIs for the business operations of our Company is set out below:

Sr. No.	KPI	Explanation
1.	Revenue from operations	Revenue from operations represents the scale of the business as well as provides information regarding the overall financial performance.
2.	Revenue from operations Growth (%)	Revenue Growth (%) represents year-on-year growth of the business operations in terms of revenue generated by the Company.
3.	Revenue from customers outside India	Revenue from customers outside India indicates the company’s ability to generate sales from international markets. It helps in understanding the geographical diversification of the company’s revenue sources.
4.	Gross profit	Gross profit represents the difference between revenue from operations and the cost of goods sold. It provides insight into the efficiency of production and the profitability of the core business activities.
5.	Gross Margin	Gross Margin is the ratio of gross profit to revenue, expressed as a percentage. It measures how efficiently a company is producing and selling its products, showing the percentage of revenue that exceeds the cost of goods sold
6.	EBITDA	EBITDA provides a comprehensive view of the Company’s financial health as it considers all sources of the income (excluding non – operating income).
7.	EBITDA Growth	EBITDA Growth (%) measures the year-on-year growth in EBITDA, reflecting the company’s operational performance and profitability over time, excluding the effects of financing decisions.
8.	EBITDA Margin	EBITDA Margin (%) is a financial ratio that measures the profitability as a percentage of its operating income.
9.	Profit after tax for the period / year	PAT represents the profit/loss that the Company makes for the financial year or during a given period. It provides information regarding the overall profitability of the business.
10.	Profit Margin	PAT Margin (%) is an indicator of the overall profitability of the business and provides the financial benchmarking against peers as well as to compare against the historical performance of the business.
11.	Return on Capital Employed	Return on Capital Employed (ROCE) measures the company’s profitability and the efficiency with which its capital is employed. It indicates the returns generated from the capital invested in the business.
12.	Return on Equity	Return on Equity (RoE) measures the company’s profitability and the efficiency with which its net worth is employed. It indicates the returns generated from the net worth invested in the business.
13.	Number of Plants	Number of plants indicates the number of manufacturing facilities where business operations are carried out
14.	Installed Capacity (No. of Hours)	Installed capacity is the aggregate installed capacity of a company’s facilities to manufacture products
15.	Number of Customers	The Number of Customers measures the total count of customers with whom the company has carried our revenue generating business during a specific year
16.	Number of Countries	Number of Countries is the total number of countries where the company has shipped its products to in a particular year
17.	Customer Concentration (top 5)	Customer Concentration (top 5) is an indicator used to measure the concentration of revenue from top 5 customers of the company in a particular year
18.	Customer Concentration (top 10)	Customer Concentration (top 10) is an indicator used to measure the concentration of revenue from top 10 customers of the company in a particular year
19.	Trade Receivable Days	Trade Receivable Days is the number of days taken to collect payments from a company’s customers based on the revenue from operations
20.	Trade Payable Days	Trade payables days is the number of days taken to pay a company’s suppliers or creditors based on purchases
21.	Inventory Days	Inventory Days measures the number of days inventory is held for before shipping out or making sales
22.	Cash Conversion Cycle (Days)	Cash Conversion cycle is a measure of how long it takes a company to convert its working capital i.e trade payables, trade receivables and inventory into revenue

8. Key Performance Indicators

The table below sets forth the details of KPIs that our Company considers have a bearing for arriving at the basis for the Offer Price. All the KPIs disclosed below have been approved by a resolution of our Audit Committee dated December 16, 2024 and the Audit Committee has confirmed that verified and audited details of all the KPIs pertaining to our Company that have been disclosed to earlier investors at any point of time during the three years period prior to the date of filing of this Red Herring Prospectus have been disclosed in this section. Further, the KPIs herein have been certified by Vishnu Daya & Co LLP, Independent Chartered Accountants pursuant to certificate dated December 16, 2024. This certificate has been included as a material document for inspection in connection with the Offer. See “Material Contracts and Documents for Inspection” on page 434.

The KPIs disclosed below have been used historically by our Company to understand and analyze the business performance, which in result, help it in analyzing the growth of various verticals in comparison to its peers.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once a year (or any lesser period as may be determined by our Board), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchanges or till the utilisation of the Offer Proceeds as per the disclosure made in the section “Objects of the Offer” on page 115, whichever is later, or for such other duration as required under the SEBI ICDR Regulations.

(in ₹ million, unless stated otherwise)

Particulars	Six months ended September 2024	Financial year ended March 31,2024	Financial year ended March 31,2023	Financial year ended March 31,2022
Key Financial Metrics:				
Revenue from operations	1206.56	2,087.75	941.66	363.49
Revenue from operations growth (%) ⁽ⁱ⁾	-	121.71%	159.06%	-*
Gross profit ⁽ⁱⁱ⁾	854.01	1,375.93	677.69	263.29
Gross Margin ⁽ⁱⁱ⁾ (%)	70.78%	65.90%	71.97%	72.43%
EBITDA ⁽ⁱⁱⁱ⁾	488.28	791.86	345.63	77.25
EBITDA Margin ⁽ⁱⁱⁱ⁾ (%)	40.47%	37.93%	36.70%	21.25%
Profit after tax for the period / year	386.80	581.34	228.13	33.92
Profit Margin ⁽ⁱⁱⁱ⁾ (%)	32.06%	27.85%	24.23%	9.33%
Fixed Asset Turnover Ratio ^(iv) (Times)	1.96\$	5.16	3.51	-**
Return on Capital Employed ^(v) (ROCE) (%)	9.69%\$	54.36%	42.87%	10.34%
Return on Equity ^(vi) (%)	9.92%\$	53.53%	46.70%	12.26%
Number of Plants#	2	2	2	2
Installed Capacity# (No. of Hours)	***1,65,945	2,22,990	1,25,100	99,810
Number of Customers	16	16	15	18
Number of Countries	5	5	5	5
Operating Metrics:				
Customer Concentration (top 5)	94.62%	96.80%	93.88%	88.97%
Customer Concentration (top 10)	99.09%	99.45%	98.11%	96.67%
Trade Receivable Days ^(vii)	64	82	125	75
Trade Payable Days ^(viii)	87	66	68	98*
Inventory Days ^(ix)	104	101	218	163
Cash Conversion Cycle ^(x) (Days)	81	117	275	140

*Not included as the comparative period figures under INDAS for FY 2021 as on March 31, 2021 are not available

** Not included as the comparative period figures under INDAS for FY 2021 as on March 31, 2021 are not available which will be used for calculating the Average Fixed Assets

Number of plants and installed capacity (no. of hours) is derived based on the ICE certificate dated December 06, 2024

^ Opening stock for the year ended March 31, 2022 has not been considered as the closing stock under INDAS for the year ended March 31, 2021 is not available

***Installed Capacity is for half year ended September 30, 2024

\$Not Annualised

Comparison of KPIs based on additions or dispositions to our business

Our Company has not made any additions or dispositions to its business during the periods that are covered by the KPIs except for the disinvestment of Unimech Healthcare Private Limited. For further details, see “History and Certain Corporate Matters- Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. since incorporation” on page 237.

Comparison with listed industry peers

Based on our review of the financial year end March 31, 2024, we confirm: (a) the highest P/E ratio among the Industry Peers was 157.49x, while the lowest P/E ratio was 44.24x, and the average P/E ratio was 101.98x; and (b) the additional details as set forth below:

Six months period ended September 30, 2024

Particulars	Unimech Aerospace and Manufacturing Limited	MTAR Technologies Limited	Azad Engineering Limited	Paras Defence & Space Technologies Limited	Dynamicatic Technologies Limited	Data Patterns (India) Limited
Revenue from operations	1,206.56	3184.52	2099.44	1706.60	7,077.00	1,951.00
Revenue from operations growth (%) ⁽ⁱ⁾	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Gross profit ⁽ⁱⁱ⁾	854.01	1516.98	1787.78	895.20	3817.30	1443.80
Gross Margin ⁽ⁱⁱ⁾	70.78%	47.64%	85.16%	52.46%	53.94%	74.00%
EBITDA ⁽ⁱⁱⁱ⁾	488.28	534.30	729.00	468.70	810.90	714.80
EBITDA Margin ⁽ⁱⁱⁱ⁾	40.47%	16.78%	34.72%	27.46%	11.46%	36.64%
Profit after tax for the period / year	386.80	232.01	380.05	268.10	234.20	630.70
Profit Margin ⁽ⁱⁱⁱ⁾	32.06%	7.29%	18.10%	15.71%	3.31%	32.33%
Fixed Asset Turnover Ratio ^(iv)	1.96\$	0.94\$	0.78\$	0.97\$	1.05\$	1.25\$
Return on Capital Employed ^(v)	9.69%\$	4.47%\$	7.23%\$	7.35%\$	4.04%\$	4.81%\$
Return on Equity ^(vi)	9.92%\$	3.32%\$	5.57%\$	5.71%\$	3.32%\$	4.67%\$
Number of Plants 2	NA	NA	NA	NA	NA	NA
Installed Capacity (No. of Hours)	1,65,945	NA	NA	NA	NA	NA
Number of Customers	16	NA	NA	NA	NA	NA
Number of Countries	5	NA	NA	NA	NA	NA
Customer Concentration (top 5)	94.62%	NA	NA	NA	NA	NA
Customer Concentration (top 10)	99.09%	NA	NA	NA	NA	NA
Trade Receivable Days (10)	64	120	197	277	64	322
Trade Payable Days (11)	87	113	181	241	108	47
Inventory Days (12)	104	354	903	348	182	1,193
Cash Conversion Cycle (13) (Days)	81	361	919	384	139	1,468

\$Not Annualised

2023-24

Particulars	Unimech Aerospace and Manufacturing Limited	MTAR Technologies Limited	Azad Engineering Limited	Paras Defence & Space Technologies Limited	Dynamic Technologies Limited	Data Patterns (India) Limited
Revenue from operations	2,087.75	5,807.52	3,407.71	2,535.00	14,293.30	5,198.00
Revenue from operations growth (%) ⁽ⁱ⁾	121.71%	1.22%	35.40%	13.97%	8.63%	14.63%
Gross profit ⁽ⁱⁱ⁾	1,375.93	2,783.64	2,947.49	1,329.10	7,611.80	3,546.80
Gross Margin ⁽ⁱⁱⁱ⁾	65.90%	47.93%	86.49%	52.43%	53.25%	68.23%
EBITDA ^(iv)	791.86	1,126.39	1,165.88	510.60	1,594.10	2,216.20
EBITDA Margin ^(iv)	37.93%	19.40%	34.21%	20.14%	11.15%	42.64%
Profit after tax for the period / year	581.34	561.13	585.80	300.30	1,218.10	1,816.90
Profit Margin ^(iv)	27.85%	9.66%	17.19%	11.85%	8.52%	34.95%
Fixed Asset Turnover Ratio ^(v)	5.16	1.84	1.44	1.57	2.32	4.02
Return on Capital Employed ^(vi)	54.36%	10.32%	14.08%	7.42%	8.26%	15.52%
Return on Equity ^(vi)	53.53%	8.30%	9.08%	6.77%	18.24%	13.72%
Number of Plants	2	8	4	2	9	1
Installed Capacity (No. of Hours)	2,22,990 ⁴	NA	NA	NA	NA	NA
Number of Customers	16	NA	NA	NA	NA	NA
Number of Countries	5	NA	NA	NA	4	NA
Customer Concentration (top 5)	96.80%	NA	NA	NA	NA	72.00%
Customer Concentration (top 10)	99.45%	NA	NA	NA	NA	NA
Trade Receivable Days ^(vii)	82	92	182	285	76	280
Trade Payable Days ^(viii)	66	78	208	140	103	93
Inventory Days ^(ix)	101	420	1,055	455	167	590
Cash Conversion Cycle (13) (Days)	117	434	1,028	600	140	777

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BASIS FOR OFFER PRICE

2022-23

Particulars	Unimech Aerospace and Manufacturing Limited	MTAR Technologies Limited	Azad Engineering Limited	Paras Defence & Space Technologies Limited	Dynamic Technologies Limited	Data Patterns (India) Limited
Revenue from operations	941.66	5,737.51	2,516.75	2,224.26	13,157.70	4,534.50
Revenue from operations growth (%) ⁽¹⁾	159.06%	78.18%	29.42%	21.84%	4.98%	45.87%
Gross profit ⁽²⁾	677.89	3,042.41	2,215.24	1,170.63	6,847.50	2,825.40
Gross Margin ⁽³⁾	71.97%	53.03%	88.02%	52.63%	52.04%	62.31%
EBITDA ⁽⁴⁾	345.63	1,539.74	722.78	567.41	1,812.60	1,718.10
EBITDA Margin ⁽⁵⁾	36.70%	26.84%	28.72%	25.51%	13.78%	37.89%
Profit after tax for the period / year	228.13	1,034.19	84.73	359.40	427.90	1,239.90
Profit Margin ⁽⁶⁾	24.23%	18.03%	3.37%	16.16%	3.25%	27.34%
Fixed Asset Turnover Ratio ⁽⁷⁾	3.51	2.36	1.39	1.59	2.37	5.81
Return on Capital Employed ⁽⁸⁾	42.87%	17.72%	11.04%	10.63%	9.55%	13.99%
Return on Equity ⁽⁹⁾	46.70%	16.68%	4.15%	8.70%	7.90%	10.62%
Number of Plants	2	7	4	2	9	1
Installed Capacity (No. of Hours)	1,25,100 ^A	NA	57,98,144	NA	NA	NA
Number of Customers	15	75	NA	NA	NA	NA
Number of Countries	5	3	11	10	NA	5
Customer Concentration (top 5)	93.88%	NA	63.11%	51.00%	NA	NA
Customer Concentration (top 10)	98.11%	NA	79.76%	NA	NA	NA
Trade Receivable Days ⁽¹⁰⁾	125	133	172	247	71	308
Trade Payable Days ⁽¹¹⁾	68	220	252	86	120	75
Inventory Days ⁽¹²⁾	218	524	1,042	324	173	412
Cash Conversion Cycle ⁽¹³⁾ (Days)	275	436	962	484	125	645

2021-22

Particulars	Unimech Aerospace and Manufacturing Limited	MTAR Technologies Limited	Azad Engineering Limited	Paras Defence & Space Technologies Limited	Dynamic Technologies Limited	Data Patterns (India) Limited
Revenue from operations	363.49	3,220.06	1,944.67	1,825.62	12,533.70	3,108.50
Revenue from operations growth (%) ⁽¹⁾	-	30.67%	58.46%	27.37%	12.09%	38.80%
Gross profit ⁽²⁾	263.29	2,057.55	1,737.05	1,008.12	6,383.30	2,247.80
Gross Margin ⁽³⁾	72.43%	63.90%	89.32%	55.22%	50.93%	72.31%
EBITDA ⁽⁴⁾	77.25	944.26	622.68	518.59	1,692.30	1,410.40
EBITDA Margin ⁽⁵⁾	21.25%	29.32%	32.02%	28.41%	13.50%	45.37%
Profit after tax for the period / year	33.92	608.74	294.57	270.77	320.60	939.70
Profit Margin ⁽⁶⁾	9.33%	18.90%	15.15%	14.83%	2.56%	30.23%
Fixed Asset Turnover Ratio ⁽⁷⁾	-	1.78	1.47	1.26	2.21	7.89
Return on Capital Employed ⁽⁸⁾	10.34%	13.01%	15.43%	10.13%	9.99%	23.12%
Return on Equity ⁽⁹⁾	12.26%	11.71%	24.55%	7.16%	8.41%	16.36%
Number of Plants	2	7	2	2	8	1
Installed Capacity (No. of Hours)	99,810 ^A	NA	464,898	NA	NA	NA
Number of Customers	18	65	NA	NA	NA	NA
Number of Countries	5	11	NA	5	NA	NA
Customer Concentration (top 5)	88.97%	NA	54.82%	58%	NA	NA
Customer Concentration (top 10)	96.67%	NA	73.64%	NA	NA	NA
Trade Receivable Days ⁽¹⁰⁾	75	154	140	246	61	233
Trade Payable Days ⁽¹¹⁾	98*	105	285	72	129	143
Inventory Days ⁽¹²⁾	163	535	1,009	297	152	508
Cash Conversion Cycle ⁽¹³⁾ (Days)	140	584	864	471	84	597

*Opening stock for the year ended March 31, 2022 has not been considered as the closing figures under INDAS for FY 2021 as on March 31 2021 are not available.

**Not included as the comparative period figures under INDAS for FY 2021 as on March 31, 2021 are not available which will be used for calculating the Average Fixed Assets

^ Number of plants and installed capacity (no. of hours) is derived based on the ICE certificate dated December 06, 2024.

Notes: Formula for ratios are as below:

- Revenue from operations growth (year on year) means the annual growth in Revenue from operations.
- Gross Profit is calculated as Revenue from operations less Cost of Goods Sold. Cost of goods sold is the sum of Cost of materials consumed, Purchases of stock-in-trade and increase/decrease in inventories and sub-contracting cost.
- Gross Margin is calculated as Gross Profit divided by Revenue from Operations.
- EBITDA is calculated as restated profit before tax plus finance costs, depreciation and amortisation expense less other income.
- EBITDA Margin is calculated as EBITDA divided by Revenue from Operations.
- Profit Margin is calculated as restated profit after tax for the year divided by Revenue from Operations.
- Fixed Asset Turnover Ratio is calculated as Revenue from operations divided by Average Fixed Assets. Average Fixed Assets is calculated as the average of Property, plant and equipment, Intangible assets and Right-of-use assets of previous two Financial Years.
- Return on Capital Employed is calculated as Earnings before Interest and Tax less other income divided by the sum of Total Equity and Total Debt
- Return on Equity is calculated as Profit After Tax divided by Total Equity
- Trade Receivable days is calculated as Trade receivable outstanding at the end of the year divided by Revenue from operations for the year multiplied by 365 for the fiscal year and multiplied by 365/2 for the six months ended September 30, 2024
- Trade Receivable days is calculated as Trade receivable outstanding at the end of the year divided by Revenue from operations for the year multiplied by 365 for the fiscal year and multiplied by 365/2 for the six months ended September 30, 2024
- Trade Payable days is calculated as Trade payables outstanding at the end of the year divided by Total Purchases made for the year multiplied by 365 for the fiscal year and multiplied by 365/2 for the six months ended September 30, 2024

For further details, please see "BASIS FOR OFFER PRICE" beginning on page 145 of the RHP.

THE EQUITY SHARES OF OUR COMPANY WILL GET LISTED ON MAIN BOARD PLATFORM OF BSE AND NSE

In case of any revision in the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Offer Period not exceeding a total of 10 Working Days. In cases of force majeure, banking strike or similar unforeseen circumstances, our Company may, in consultation with the Book Running Lead Managers, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of one Working Day, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the Book Running Lead Managers and at the terminals of the other members of the Syndicate and by intimation to the other Designated Intermediaries and the Sponsor Bank(s), as applicable.

The Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "SCRR"), read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"), provided that our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis by our Company, in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations (the "Anchor Investor Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors ("Anchor Investor Allocation Price"). In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion (other than the Anchor Investor Portion) (the "Net QIB Portion"). Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, subject to valid Bids being received at or above the Offer Price, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders ("Non-Institutional Portion"), in accordance with the SEBI ICDR Regulations, of which one-third of the Non-Institutional Portion shall be available for allocation to Bidders with an application size of more than ₹ 0.20 million and up to ₹ 1.00 million and two-thirds of the Non-Institutional Portion shall be available for allocation to Bidders with an application size of more than ₹ 1.00 million and under-subscription in either of these two sub-categories of the Non-Institutional Portion may be allocated to Bidders in the other sub-category of the Non-Institutional Portion in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, not less than 35% of the Net Offer shall be available for allocation to Retail Individual Portion ("Retail Portion"), in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, Equity Shares will be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids being received from them at or above the Offer Price. All Bidders (except Anchor Investors) shall mandatorily participate in the Offer only through the Application Supported by Blocked Amount ("ASBA") process and shall provide details of their respective bank account (including UPI ID (defined hereinafter) in case of UPI Bidders (defined hereinafter) in which the Bid Amount will be blocked by the Self Certified Syndicate Banks ("SCSBs") or by the Sponsor Bank(s) or pursuant to the UPI Mechanism, as the case may be. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, see "Offer Procedure" on page 396 of the RHP.

Bidders/Applicants should ensure that DP ID, PAN and the Client ID and UPI ID (for UPI Bidders bidding through UPI Mechanism) are correctly filled in the Bid cum Application Form. The DP ID, PAN and Client ID provided in the Bid cum Application Form should match with the DP ID, PAN, Client ID and UPI ID available (for UPI Bidders) in the Depository database, otherwise, the Bid cum Application Form is liable to be rejected. Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form is active. Bidders/Applicants should note that on the basis of the PAN, DP ID, Client ID and UPI ID (for UPI Bidders bidding through the UPI mechanism) as provided in the Bid cum Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories.

ASBA* | Simple, Safe, Smart way of Application!!!

*Applications Supported by Blocked Amount ("ASBA") is a better way of applying to offers by simply blocking the fund in the bank account. For further details, check section on ASBA. Mandatory in public issues. No cheque will be accepted.



UNITED PAYMENTS INTERFACE

ASBA has to be availed by all the investors except Anchor Investors. UPI may be availed by (i) Retail Individual Bidders in the Retail Portion; (ii) Non-Institutional Bidders with an application size of up to ₹ 500,000 in the Non-Institutional Portion. For details on the ASBA and UPI process, please refer to the details given in the Bid Cum Application Form and abridged prospectus and also please refer to the section "Offer Procedure" on page 396 of the RHP. The process is also available on the website of Association of Investment Bankers of India ("AIBI") and Stock Exchanges and in the General Information Document. The Bid Cum Application Form and the Abridged Prospectus can be downloaded from the websites of BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), and together with BSE, the "Stock Exchanges" and can be obtained from the list of banks that is displayed on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFPI=yes&intmid=35 and <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFPI=yes&intmid=43>, respectively as updated from time to time. For the list of UPI apps and banks live on IPO, please refer to the link: www.sebi.gov.in. UPI Bidders Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appear on the website of SEBI, as updated from time to time. ICICI Bank Limited and Axis Bank Limited have been appointed as the Sponsor Banks for the Offer. In accordance with the requirements of SEBI circular dated November 1, 2018 as amended. For Offer related queries, please contact the Book Running Lead Manager ("BRLMs") on their respective email IDs as mentioned below. For UPI related queries, investors can contact NPCI at the toll free number: 18001201740 and mail id: ipo.upi@npci.org.in.

- Inventory days is calculated as Inventory outstanding at the end of the year divided by Total Cost of Goods Sold multiplied by 365 for the fiscal year and multiplied by 365/2 for the six months ended September 30, 2024
- Cash conversion cycle is calculated Days of Inventory outstanding plus days of sales outstanding minus days payables outstanding.

9. Past Primary/ Secondary Transactions

Following are the primary/secondary transactions in the last three years preceding the date of Red Herring Prospectus:

Date of allotment	Type of transaction	Name of acquirer	No. of equity shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of transaction	Nature of consideration	Total Consideration (in Rs. Million)
01-07-2023	Primary	Shakunthala B	272	100	5495	Conversion of CCD into Equity Shares	Conversion of CCD into Equity Shares	1.49
01-07-2023	Primary	Shankar Javaregowda	272	100	5495	Conversion of CCD into Equity Shares	Conversion of CCD into Equity Shares	1.49
Sub-division of the face value of the Company's equity shares from ₹ 100 each to ₹ 5 each on December 23, 2023. Consequently, 1,04,774 equity shares of ₹ 10 each was sub-divided into 20,95,480 equity shares of ₹ 5 each.								
28-12-23	Primary	Rashmi Anilkumar	1,41,75,600	5	-	Bonus Issue	NA	-
28-12-23	Primary	Ramakrishna Kamohala	75,04,400	5	-	Bonus Issue	NA	-
28-12-23	Primary	Mani Puttam	75,04,400	5	-	Bonus Issue	NA	-
28-12-23	Primary	Preetham Venkatesh Shimoga	50,03,200	5	-	Bonus Issue	NA	-
28-12-23	Primary	Rajanikanth Balaraman	75,04,400	5	-	Bonus Issue	NA	-
28-12-23	Primary	Shakunthala B	1,08,800	5	-	Bonus Issue	NA	-
28-12-23	Primary	Shankar Javaregowda	1,08,800	5	-	Bonus Issue	NA	-
29-03-24	Secondary	Rasmi Anil Kumar	-1,33,44,200	5	-	Share transfer	Gift	-
29-03-24	Secondary	Anil Kumar Puttam	1,33,44,200	5	-	Share transfer	Gift	-
19-07-24	Primary	Value Quest S C A L E Fund	14,66,836	5	681.74	Preferential issue	Cash	1,000.00
19-07-24	Primary	Evolence India Fund	14,66,836	5	681.74	Preferential issue	Cash	1,000.00
19-07-24	Primary	Steadview Capital Mauritius Limited	7,33,418	5	681.74	Preferential issue	Cash	500.00

With reference to above table, WACA, Floor Price and Cap Price:

Please see below details of the weighted average cost of acquisition, based on the details set out in above table, as compared to the floor price and cap price:

Type of transaction	WACA (in ₹)	Floor Price (₹ 745)*	Cap Price (₹ 785)*
Primary Issuance	54.91	13.57 times	14.30 times
Secondary Issuance	-	-	-

10. Justification for Basis of Offer Price

- (a) Explanation for the Cap Price being 14.30 times of weighted average cost of acquisition of Equity Shares that were issued by our Company or acquired or sold by our Promoters, the members of the Promoter Group and the Selling Shareholders by way of Primary and Secondary Transactions in the last 18 months preceding the date of this Red Herring Prospectus compared to our Company's KPIs and financial ratios for the six month period ended September 30, 2024 and Fiscals 2024, 2023 and 2022.

Please refer to point 7 above for further details of key performance indicators.

- (b) Explanation for Cap Price being 14.30 times of weighted average cost of acquisition of Equity Shares that were issued by our Company or acquired by our Promoters, the members of the Promoter Group and the Selling Shareholders by way of Primary and Secondary Transactions in the last 18 months preceding the date of this Red Herring Prospectus in view of external factors, if any, which may have influenced the pricing of the Issue

Qualitative factors

We believe that some of the qualitative factors which form the basis for computing the Offer Price are:

- We are a global high precision and engineering solutions company with capabilities to manufacture under two models: (i) build to print and (ii) build to specifications, for our customers. (Source: F&S Report)
- We have established ourselves as an approved supplier for various industry leaders in aerospace, defence, semi-conductor and energy sectors. (Source: F&S Report)
- We have developed and have a potential to further evolve our facilities to cater to all the specific and changing needs and requirements of the customers with respect to the products we make and for the industry we supply products to, allowing us to provide customized and tailored solutions;
- We are a leading exporter of aerospace components, with exports significantly contributing to our overall revenue. (Source: F&S Report)
- We have a global delivery service model for supplying products to our customers, which includes logistical support and direct export to various companies including USA and Europe;
- We are a key link in the global supply chain for global aerospace, defence, semi-conductor and energy OEMs and their licensees for the supply of critical parts like aero tooling, ground support equipment, electro-mechanical sub-assemblies and other precision engineered components; (Source: F&S Report)
- We have established a sub-contractor ecosystem with vendors who undertake aspects of our manufacturing process with limited complexity, enabling us to concentrate on critical aspects of the manufacturing process; and
- We are led by a qualified and experienced management team who are supported by a motivated and hard-working team of engineers and other members.

For further details, see "Our Business – Our Strengths" on page 206 of the Red Herring Prospectus.

*To be included in Prospectus Stage

(c) The Offer price is [•] times of the face value of the Equity Shares

The Offer Price of [•] has been determined by our Company in consultation with the BRLMs based on the demand from investors for the Equity Shares through the Book Building process. Our Company in consultation with the BRLMs is justified of the Offer Price in view of the above qualitative and quantitative parameters. Investors should read the above-mentioned information along with "Risk Factors", "Our Business", "Management Discussion and Analysis of Financial Position and Results of Operations" and "Restated Consolidated Financial Information" on pages 28, 204, 330 and 271, respectively, to have a more informed view. The trading price of the Equity Shares should decline due to the factors mentioned in the "Risk Factors" on page 28 and you may lose all or part of your investments.

Investors must ensure that their PAN is linked with Aadhaar and are in compliance with the notification issued by Central Board of Direct Taxes notification dated February 13, 2020 and read with press releases dated June 25, 2021, read with press release dated September 17, 2021 and CBDT circular no.7 of 2022, dated March 30, 2022 read with read with press releases dated June 25, 2021, September 17, 2021, March 30, 2022, March 28, 2023, and any subsequent press releases in this regard.

CONTENTS OF THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY AS REGARDS ITS OBJECTS: For information on the main objects of our Company, investors are requested to see "History and Certain Corporate Matters" on page 235 of the RHP. The Memorandum of Association of our Company is a material document for inspection in relation to the Offer. For further details, see "Material Contracts and Documents for Inspection" beginning on page 434 of the RHP.

LIABILITY OF THE MEMBERS OF OUR COMPANY: Limited by shares.

AMOUNT OF SHARE CAPITAL OF OUR COMPANY AND CAPITAL STRUCTURE: As on the date of the RHP, the authorised share capital of our Company is ₹ 300,000,000 divided into 60,000,000 Equity Shares of face value of ₹ 5 each. The issued, subscribed and paid-up Equity share capital of our Company is ₹ 238,360,850 divided into 47,672,170 Equity Shares of face value of ₹ 5 each. For details of the capital structure of our Company, see "Capital Structure" beginning on page 101 of the RHP.

NAMES OF THE INITIAL SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY AND THE NUMBER OF EQUITY SHARES SUBSCRIBED BY THEM: The names of the initial signatories of the Memorandum of Association of our Company along with their allotment are: Allotment of 18,000 equity shares of face value of ₹ 100 each to Ramakrishna Kamohala, 18,000 equity shares of face value of ₹ 100 each to Mani P, 12,000 equity shares of face value of ₹ 100 each to Preetham S V and 34,000 equity shares of face value of ₹ 100 each to Rasmi Anil Kumar. For details of the share capital history and capital structure of our Company see "Capital Structure" beginning on page 101 of the RHP.

LISTING: The Equity Shares to be offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company received an in-principle approval from each of the BSE and the NSE for the listing of the Equity Shares pursuant to each of the letters dated October 24, 2024. For the purpose of the Offer, BSE is the Designated Stock Exchange. A signed copy of the Red Herring Prospectus and the Prospectus will be filed with the RoC in accordance with Section 26(4) and 32 of the Companies Act, 2013. For details of the material contracts and documents that will be available for inspection from the date of the Red Herring Prospectus up to the Bid/Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 436 of the RHP.

DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI"): SEBI only gives its observations on the offer documents and this does not constitute approval of either the Offer or the specified securities stated in the Offer Document. The investors are advised to refer to page 377 of the RHP for the full text of the disclaimer clause of SEBI.

DISCLAIMER CLAUSE OF BSE: It is to be distinctly understood that the permission given by BSE Limited should not in any way be deemed or construed that the RHP has been cleared or approved by BSE Limited nor does it certify the correctness or completeness of any of the contents of the RHP. The investors are advised to refer to the page 379 of the RHP for the full text of the disclaimer clause of BSE.

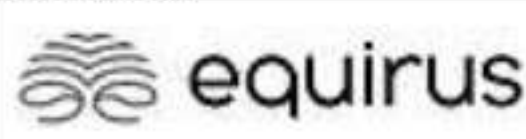
DISCLAIMER CLAUSE OF NSE: It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to page 380 of the RHP for the full text of the disclaimer clause of NSE.

GENERAL RISKS: Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of the Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 28 of the RHP.

BOOK RUNNING LEAD MANAGERS



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Investor Grievance E-mail: grievance.ecm@rathi.com
Website: www.anandrathiib.com
Contact Person: Arpan Tandon / Shivani Tapadia
SEBI Registration No.: INM000010478



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SEBI Registration No.: INR000000221

COMPANY SECRETARY AND COMPLIANCE OFFICER

Krishnappayya Desai
538, 539, 542 & 543, 7th Main of Peenya IV Phase Industrial Area, Yeshwanthpur Hobli, Bangalore North Taluk - 560058, Bangalore, Karnataka, India
Tel: 080-4204 6782
E-mail: investorrelations@unimechaerospace.com

Investors may contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related grievances including non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, investors may also write to the BRLMs.

AVAILABILITY OF THE RHP: Investors are advised to refer to the RHP and the "Risk Factors" beginning on page 28 of the RHP before applying in the Offer. A copy of the RHP is available on the website of SEBI at www.sebi.gov.in and is available on the websites of the BRLMs, Anand Rathi Advisors Limited at www.anandrathiib.com and Equirus Capital Private Limited at www.equirus.com respectively, the website of the Company, UNIMECH AEROSPACE AND MANUFACTURING LIMITED at [www.unimechaerospace.com</](http://www.unimechaerospace.com)