



Wednesday, 6th Nov 2024

# Nibe Limited

Defence and Aerospace

CMP: ₹1933.00/-

## Company Overview

Established in 2021. Nibe Ltd is in the business of manufacturing critical components for Defence, E-Vehicles and Software Development. The company is engaged in the business of Fabrication and Machining of components used in Defence Sector as well as assembly of components of E Vehicles. It also offers strategic products and related research advancements in the E-Vehicles division and the BVM R&D Foundation. In the defence segment its clients include all three Indian defence forces, it also serves L&T Defence. In Feb 2024 it inaugurated its new production facility at its plant in Pune to produce a wide array of equipment covering diverse metallurgy. In Jan 2023 company inaugurated its 2nd VMC Machine at the Manufacturing facility capable of machining critical large size components like missile launcher, sub frames, launching platforms in Defence, Space and Aerospace Applications.

## Researchers:

[Vikrant Bhosle](#) [LinkedIn](#) [Mail](#)



## Market Data:

Market Cap	₹ 2,539 Cr
Enterprise Value	₹ 2,597 Cr
Book Value	₹ 112
Debt to Equity	0.50
P/E	99.6
EBITDA Margin(%)	18.7
ROE	15.8%
ROCE	16.8%

## In a nutshell:

June'24 Revenue	110.06 Cr
TTM Profit CAGR	482%
PAT	7.88 Cr
Total Assets	316.21 Cr
EPS (TTM)	20.06
Promoter Holding	49.96%

## Business Overview of Nibe Limited

- **Founded:** Established in 2021 under the leadership of Mr. Ganesh Ramesh Nibe, Nibe Limited stands as a pioneering entity in technology and sustainability.
- **History of Company:** Nibe Limited (formerly known as Kavita fabrics Limited) was incorporated in 2005 as a Private Company. Subsequently, the company was converted into a Public Company in 2012 and the Company name was changed to Nibe Limited in year 2020.
- **Core Business:** The company specialises in manufacturing a wide spectrum of critical components catering to the defence industry. In addition to this, the company also offers strategic products and related research advancements in the E-Vehicles division and the BVM R&D Foundation.
- **Key Segments:**
  - Defence and Aerospace:** Nibe Defence and Aerospace Limited is a state of the art, new integrated defence Components manufacturing plant in Chakan, Pune. The plant manufactures a wide spectrum of critical components catering to the defence industry. The objective of Nibe Defence and Aerospace Limited is to strengthen strategic self-reliance under the Flagship Atma Nirbhar Bharat Initiative.

## Shareholding



■ Promoter Holding ■ Public  
■ Foreign Investors ■ Corporate

**E-motors:** The company through its subsidiary Nibe E-Motor deals in E-Bicycle, E-Rickshaw, Batteries and Motors, Hybrid PCU, Solar Induction Cooker, Water Treatment Unit

**BVM Research Center and Foundation:** BVM Research Centre and Foundation, based in Pune, has in-house research and development capabilities. company has developed Hybrid PCU, EV Solution, Control Panels, Rugged Mobile Handset, Supercapacitor, Lithium-ion Battery, Lithium-Graphite Battery

- **Market Position:** Nibe Limited is listed on BSE , part of the BSE small cap index. The company's manufacturing plant serves as the backbone of its operations, catering exclusively to the defence industry. It has all three of the defence forces as its clients.
- **Subsidiaries:** Nibe Limited has the following subsidiaries, Nibe Automobile Limited, Nibe Defence and Aerospace Limited, Nibe Technologies Private Limited, Karmayogi Manufacturing Private Limited and Nibe Meson Naval Limited. In addition to these the company has a step down subsidiary , : Nibe Aeronautics Limited.

## Management Overview of NIBE Limited

- [Ganesh Ramesh Nibe](#)- **Managing Director and Chairman**  
Mr. Ganesh Ramesh Nibe is the Chairman and Managing Director of the Nibe Group, initially starting as a small entrepreneur in the sugar cane juice and furnace oil distribution businesses. After completing engineering education, he entered the electrical substation sector, eventually founding his contracting business in 2013. In 2021, he strategically entered critical heavy defence component fabrication, leading to the establishment of Nibe Limited with four plants in Pune and Bengaluru.
- [Balakrishnan Swamy](#)- **CEO & CTO**  
Mr. Balakrishnan Swamy is a highly accomplished engineer with a Masters from Technical University, Berlin, specializing in Manufacturing Engineering. He boasts a rich background in aerospace with experience at Boeing, USA, and as a Founder in defense systems manufacturing. His expertise lies in strategic technology integration, leadership, and effective communication for business success.
- [Ranjana Mimani](#)- **Director**  
She is a qualified Company Secretary with a post qualification experience of more than 20 years. She is having over two decades of experience in Corporate Laws, Admin, HR & Risk Management across various industries. Mrs. Ranjana Manoj Mimani was appointed on Board of Nibe Limited on 28.08.2023.



- [Dr. Dasharath Ram](#)-Director

Dr. Dasharath Ram has 35 years of experience in prototype fabrication of missile hardware, manufacturing process and technology development and he is a gold medalist from NIT, Allahabad. He did his Master degree in “Advanced Manufacturing Technology” from Cranfield Institute of Technology U.K. and Ph.D. in “Production Engineering” from Bharthiar University, Coimbatore. He has developed various missile hardware systems and build integration infrastructure for BrahMos missile system. Dr. Dasharath Ram, a senior scientist with Defence Research and Development Laboratory (DRDL).



## Industry Overview: Aerospace and Defense

**The Aerospace and Defence sector in India is at an inflection point**, given the modernisation and indigenisation programmes being undertaken by all the three services of one of the largest military forces in the world. The Ministry of Defence in India has laid out an expansive plan for modernisation of obsolete equipment through the long-term perspective plans, capability plans, capability roadmaps and capital acquisition plans.

India being one of the **largest importers of arms and defence platforms**, the three services, supported by specialised inter-service commands and institutions, have collectively taken upon themselves to be harbingers of ‘**Make in India**’ for hardware and infrastructure being inducted into their fold.

The Government of India had also identified **the Aerospace and Defence sector as a focus area for the ‘Make in India’ (i.e. ‘Aatmanirbhar Bharat’) programme** has taken considerable steps to push forth the establishment of indigenous manufacturing infrastructure supported by requisite research and development ecosystem. This is thoroughly evident in the substantial changes introduced in the defence policy framework in 2020, which is now based on the cornerstone of indigenous manufacturing and value addition. With India also opening its space sector for private and foreign participation, this domain could further help in establishing long term opportunities and partnerships, capitalising the synergies in defence and space.

**One development supporting the above is the establishment of two defence corridors at Uttar Pradesh and Tamil Nadu.** These two corridors shall focus upon development of indigenous manufacturing capabilities and in turn become the springboard for all development activities undertaken by the government in the sector.

The market opportunities and offset clauses in the government’s defence procurement policies have attracted several global players to set up operations and form joint ventures in India. These include leaders like Airbus, BAE, Boeing, Collins Aerospace, Dassault Aviation, Israel Aerospace Industries, Pilatus, Lockheed Martin, Raytheon, Rafael, Safran and Thales.

The path breaking **Tata-Airbus joint venture** for manufacturing the military transport plane, C295, will result in the full development of a complete industrial ecosystem. Involving all stages of the complete lifecycle of the aircraft, it will comprise manufacturing, assembly, testing, qualification, delivery and maintenance. Over 60 percent of the more than 30,000 detail parts, sub-assemblies, and component assemblies will be manufactured locally involving over two dozen MSME suppliers in this first-of-its-kind ‘Make in India’ aerospace programme in the private sector. In addition, an indigenously developed electronic warfare (EW) suite developed by BEL and Bharat Dynamics will be deployed on these crafts. However several critical systems

such as engines, landing gear, avionics, and the EW suite will continue to be provided by Airbus for integration into the aircraft.

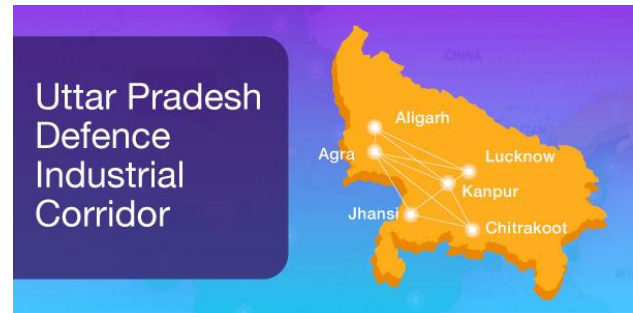
## Key Growth Drivers for Aerospace and Defense Industry

### Defence Industrial Corridors in India

Spanning Uttar Pradesh and Tamil Nadu, these corridors foster manufacturing, reduce imports, and drive exports.

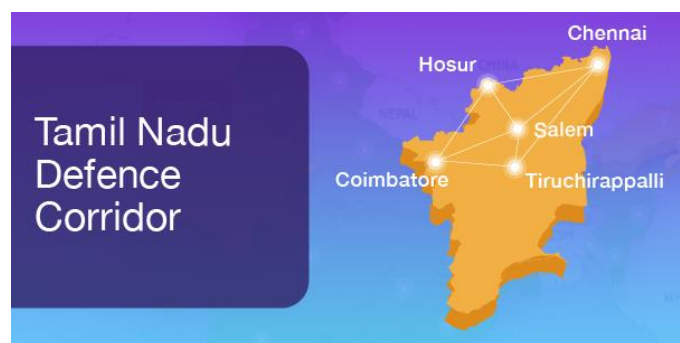
#### UTTAR PRADESH DEFENCE INDUSTRIAL CORRIDOR

- The Uttar Pradesh Defence Industrial Corridor is being set up by the Uttar Pradesh Expressways Industrial Development Authority (UPEIDA). It consists of the following six nodal points with the potential to develop defence industries in the corridor:
  1. Agra
  2. Aligarh
  3. Lucknow
  4. Kanpur
  5. Chitrakoot
  6. Jhansi
- Plug and Play support will be provided to the industries in the corridor, which will consist of the following facilities:
  1. Connectivity with 4-lane heavy-duty highway connected with Bundelkhand Expressway and Delhi-Jhansi
  2. Assured water supply and uninterrupted electricity (132 KVA) along with pelican wire fencing boundary wall at the site
  3. Single Window approvals and clearances to Defence and Aerospace (D&A) manufacturing units via Nivesh Mitra, the single window system of the state
  4. Labour Permits for D&A industry towards flexible employment conditions
  5. Simple Procedures and rationalised regulatory regime with easy reimbursement of incentives and subsidies



#### TAMIL NADU DEFENCE CORRIDOR

- The Tamil Nadu Defence Corridor, being set up by the Government of Tamil Nadu, consists of the following five nodal points:
  1. Chennai
  2. Hosur
  3. Salem
  4. Coimbatore
  5. Tiruchirappalli
- The State holds the following strategic advantages which makes it a suitable destination for a defence corridor:
  1. The large coastal line which has four large seaports (three government and one private) and 22 minor ports
  2. The state has four international airports at Chennai, Coimbatore, Trichy, Madurai; and two domestic airports at Tuticorin and Salem
  3. A power surplus state with renewable energy capacity of 11,113 MW
  4. Tamil Nadu's capital city Chennai is connected to the world by three submarine cables providing a bandwidth of 14.8 Tbp
  5. A destination of choice for Korean investors; the state is the largest Recipient of Korean Foreign Direct Investment (FDI) to India



India’s Defence Export Revolution

India’s defence production reached a new high in FY 2023-24, with growth amounting to approximately ₹1.27 lakh crore, marking a 16.8% increase over the previous fiscal year. Of this, 79.2% was contributed by Defence Public Sector Undertakings (DPSUs) and other public sector units, while the private sector accounted for 20.8%.

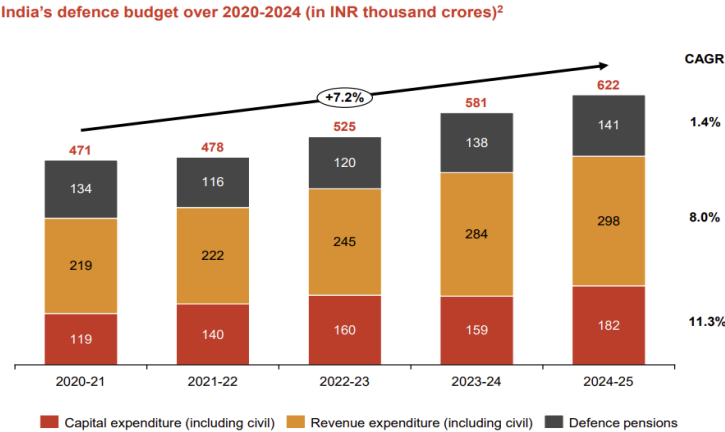
India’s once minimal defence exports have now grown to approximately ₹21,083 crores in 2023-2024, a 32.5% increase over the previous fiscal’s ₹15,920 crores. India’s defence exports have grown more than 30 times over the past decade, with the country now supplying defence products to over 90 countries. These exports include ammunition, small arms, bulletproof jackets and helmets, electronic items, armoured vehicles, lightweight torpedoes, simulators, drones, and fast-attack vessels. Surprisingly, the United States has emerged as the largest destination for Indian defence exports. The US accounts for nearly 50% of India’s total defence exports. Other major importers include Myanmar, Israel, and Armenia. To enhance defence exports, DRDO has adopted a strategy centered on technology transfer and collaboration with India’s private sector. It has successfully transferred technology for various systems to Indian defence manufacturers, allowing for large-scale production aimed at export.



Union Budget 24-25

The budgetary allocation (excluding pensions) for 2024-25 has seen an increase of 8.6% over the last year and, including pensions, the growth stands at 7.1%. Driven by geopolitical conflicts, a more pronounced regional threat perception and the need to strengthen the capabilities of the Armed Forces - the defence budget received an allocation of INR 4,80,736 crore (including civil expenditure of the Ministry of Defence) and a total budget of INR 6,21,941 crore after including pension. This is ~12.9% of the total Budget making it the highest allocation amongst all departments.

The growth in capital budget (15% growth over last year) has outpaced the revenue budget growth (5.1% growth over the last year) indicating a clear focus on modernisation of the Armed Forces. There is also a clear focus on technology development (assistance for prototype development under Make category). A budget of INR 1,797 crore has been estimated for technology development support along with a focus on ensuring consistent supply of strategic and critical minerals. In the direction of strengthening indigenous industrial capability, the seven new defence public sector units (DPSUs) have received a capital budget allocation of INR 1,494 crore - 14% growth in comparison to last year’s budget. With a focus on fostering research and development (R&D) and technology development in defence, INR 13,208 crore has been allocated under the capital budget for R&D - 2.7% increase over last year’s budget



source: pwc union budget 2024



## Business Overview and projects

The company has strategically set-up two plants in Pune and one plant in Bangalore. Plant 1 in Pune is underlining the Company's commitment to delivering high-quality products and services in this sector. Plant 2 is dedicated to the production of heavy fabricated structures, Missile Complex, Small Arms Production. Plant in Bangalore is dedicated to Electronics Manufacturing. The Company primarily focused on precision weapons, surveillance communication equipment, Protective Vehicles, Defensive/ Deterrence Systems and Components.

During the financial year 2023-24, the Company has commenced the commercial production of its state of art and first in India 16 Mtr. VMC Machine of make Zayer, Spain equipped with the latest Siemens control system, 840D, with machine feature X-16 Mtr, Y-5.75Mtr, Z-1.75 Mtr ensuring unparalleled precision and efficiency, equipped with universal head 1X360 deg accuracy and repeatability with 7 microns. This machine is capable of machining critical large size components like missile launcher, sub frames, launching platforms in Defence, Space and Aerospace applications

Nibe has also executed 'Licensing Agreement' to use technology of Solar Heated Shelters which has been developed by DRDO. DRDO grants a non-exclusive license for 10 years from date of its execution to utilize the technology for manufacture of Solar Heated Shelters in India and for sale in licensing region.

### Company outlook on Industry Environment

The Indian defence industry is likely to accelerate with rising concerns about national security. Demand for defence equipment in India has been growing due to the ongoing territorial disputes with Pakistan and China along the Western, Northern and Eastern borders of the country. Over the last five years, India has been ranked among the top importers of defence equipment to gain technological advantages over rival countries such as China and Pakistan.

In the Interim Budget 2024-25, US\$ 2.9 billion (Rs. 23,855 crore) was allocated to DRDO, while a corpus of US\$ 12.0 billion (Rs. 1 lakh crore) was earmarked for Deep Tech, offering long-term loans to tech-savvy companies to foster innovation in defence technologies within India.

## Business Strategy

### Key Projects

- **Earth Observation Satellite Constellation :**

Nibe Space Pvt. Ltd. announced its vision to establish India's first multi sensor , all weather , high-revisit Earth Observation Satellite Constellation in September 2024. With an aim to strengthen India's self-reliance in the strategically crucial defence-space sector , NSPL signed Memoranda of Understandings/agreements for a consortium of key Indian and global partners, including Larsen and Toubro , CENTUM, Agnikul, Skyroot, SpaceFields, SISIR, CYRAN and Thales Alenia Space through this landmark initiative. With committed funding and strong R&D investments, NSPL is dedicated to addressing the space-based earth observation needs of Indian stakeholders while building the first private constellation of India.

- **Purchase Order from L&T:**

The company has received a purchase order from L&T Ltd for Machining of Modular Bridge Structure and Assembly amounting to Rs ~130 Cr in various tranches.

- **Contribution to India's Defence Forces:**

The company's plant in Pune , a 250,000 square feet shop floor will produce components for a new generation of Indian weaponry , Pinaka rocket launchers and medium range surface-to-air missiles (MR-SAMs). When L&T won the contract to build 100 K-9 Vajra self-propelled howitzers for the Indian Army, Nibe pitched to build the Vajra's hull and turret. The Nibe facility has set-up a joint venture with Sig Sauer, USA, (a world renowned firearms and weapons manufacture of premier global military, law enforcement and commercial users) to manufacture weapons and defence products for the Indian

military, paramilitary, security and Police Services. Nibe and Sig Sauer will hold in the ratio of 51:49.

## Recent Corporate Actions

The company's proposed manufacturing facility at MIDC, Shirdi has been granted mega project status. The facility is intended to manufacture aircraft parts such as Vertical Stabilizer, Horizontal Stabilizer, Wings, Jet Engine, Cockpit, Fuselage (Body), Slats, Spoiler, Aileron, Flaps, Elevator, Rudder etc. at a proposed investment of Rs. 1200 crores.

Under the Mega Project Status, in addition to various benefits available to the Company as per package Scheme of Incentives Policy, 2019, 300 acres of land would also be made available to the Company by MIDC, Shirdi for this project

The company has received Two Purchase Orders from one of the leading Infra and Defence Company for supply of FCR Trailers and Shelters including surface treatment and Air Conditioning for a total consideration of Rs. 79,63,42,985/-

## Financials

### Profit & Loss overview:

<i>Nibe Limited (figures in Rs. Cr.)</i>			
<i>Profit &amp; Loss</i>	Particular	FY 22-23	FY 23-24
	Sales	105	282
	YoY Growth(%)		168%
	Expenses	93	246
	Operating Profit	12	36
	YoY Growth(%)		200%
	OPM(%)	11%	13%
	Other Income	-2	4
	Interest	3	7
	Depreciation	4	6
	Profit before Tax	3	26
	YoY Growth(%)		767%
	Tax	1.56	7.54
	Net Profit	1.44	18.46
	NPM	1.37%	9.21%
	YoY Growth(%)		572%

### Profit & Loss Statement

- Sales: Grew significantly from Rs. 105 Cr to 282 Cr. , showing a 168% increase
- Operating Profit (OP): Increased from Rs. 12 Cr. to Rs. 36 Cr. showing a 200% increase
- Margins: Operating margin increased from 11% to 13% , showing that the company is profitable and is improving cost management.
- Net Profit: Net profit grew exponentially from Rs 1.44 Cr. to Rs 18.46 Cr.
- NPM: Improved from 1.37% to 9.21% , the company is becoming increasingly profitable .

## **Balance Sheet**

<b><i>Nibe Limited(figures in Rs. Cr)</i></b>			
<b><i>Balance Sheet</i></b>	<b>Particular</b>	<b>FY 22-23</b>	<b>FY 23-24</b>
	Equity Capital	12	13
	Reserves	52	134
	Borrowings	49	73
	YoY Growth(%)		49%
	Other Liabilites	40	95
	Total Liabilities	153	316
	Fixed Assests	35	119
	Capital Work in Progress	10	22
	Investments	1	17
	Other Assets	107	158
	Total Assets	153	316
	YoY Growth(%)		106%
	Receivables	35	42
	Inventory	9	23

### **Balance sheet overview:**

#### **Reserves:**

- Significant growth in reserves, from Rs 52 Cr. to Rs 134 Cr. , indicates retained earnings and reinvestment into the company, reflecting the company's strong financial health.

#### **Borrowings:**

- Borrowings saw a 49% increase , thus the company has increased its debt, possibly to finance its upcoming projects.

#### **Net Block (Fixed Assets):**

- Fixed Assets increased from Rs 35 Cr. to Rs 119 Cr. which reflects capital investment, possibly in new machinery or infrastructure, indicating expansion plans.

#### **Receivables & Inventory:**

- Receivables: The increase in receivables from Rs 35 Cr. to Rs 42 Cr. could reflect either strong sales growth or slower collection cycles.
- Inventory: Similarly, inventory growth from Rs 9 Cr. to Rs 23 Cr. points to higher stock levels, potentially for meeting rising demand or future sales expansion.

### **Cash Flow Overview:**

<b><i>Nibe Limited(figures in Rs. Cr)</i></b>			
<b><i>Cash Flows</i></b>	<b>Particular</b>	<b>FY 22-23</b>	<b>FY 23-24</b>
	Cash from Operating Activity	-31	18
	YoY Growth(%)		272%
	Cash from Investing Activity	-56	-124
	Cash from Financing Activity	96	111
	Net Cash Flow	9	5
	YoY Growth(%)		-44%



## **Cash Flow Analysis**

### **Cash from Operating Activities:**

- Cash from operations has gone from negative to positive , this shows that last year the company required large amount of capital , and this year, possibly due to completion of projects and payments it is in net positive .

### **Cash from Investing Activities:**

- The steep rise in cash used for investing in 2024 aligns with the increase in fixed assets, indicating significant capital expenditure for business expansion.

### **Cash from Financing Activities:**

- The inflow of cash from financing activities increased from Rs 96 Cr. to Rs 111 Cr. , it suggests that the company is raising funds, possibly through debt or equity, to support its operations or growth initiatives. This is also supported by an increase in borrowings.

### **Net Cash Flow:**

- The net cash flow though positive , shows a 44% decrease from last year , in spite of increased inflow from financial and operational activity , this shows increase in investments and operational cash burn.

### **Key takeaways:**

**Revenue Growth:** Nibe Limited has shown impressive top-line growth, supported by increase in demand for manufacturers in the defence sector.

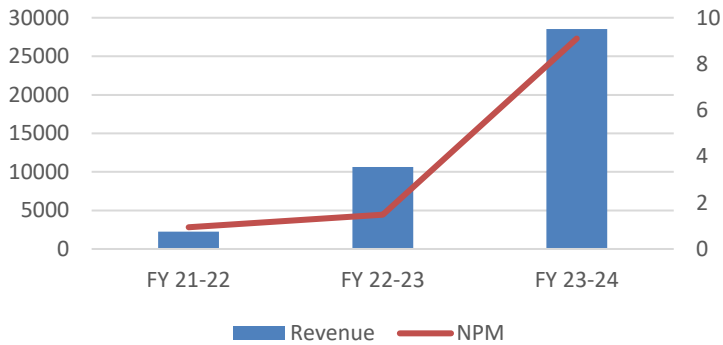
**Profitability Trends:** Increase in both Operating Profit Margin and Net Profit Margin , signals that the company is profitable.

**Increase in Debt:** There is an increase in debt which can be observed but it is not necessarily a negative point as the defence and aerospace industry required large investment in machinery , infrastructure , land etc. and the debt maybe to finance the company's future projects.

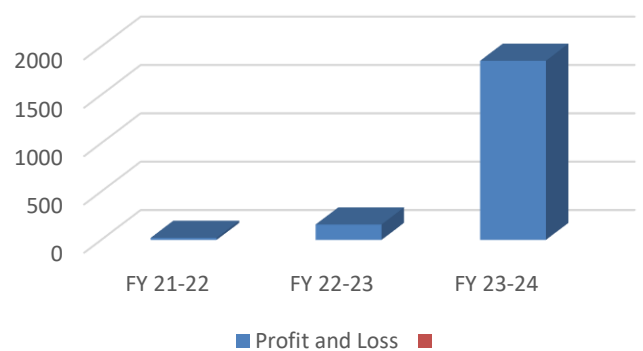
**Liquidity and Cash Flow:** Liquidity has improved , so has the cash flow from operating activity from negative in 2023 to positive in 2024 . Both are positive signals for the company.

# Story in Graphs

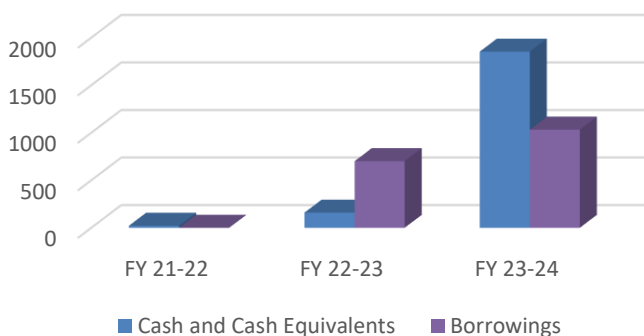
Revenue(in lakhs) and NPM(%)



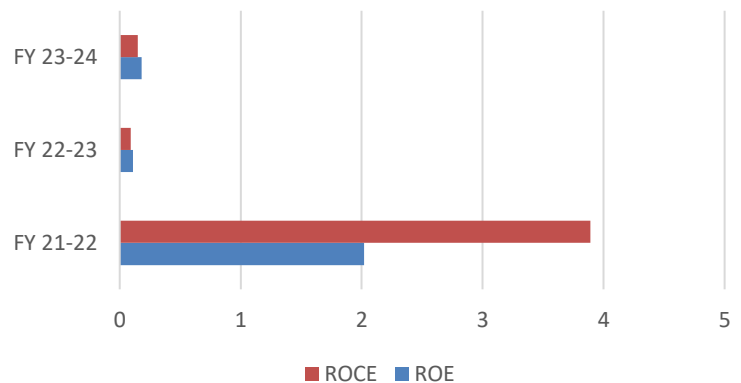
Profit and Loss (in Lakhs)



Borrowings & Cash and Cash Equivalents



ROE(%) & ROCE (%)



## Strengths:

- Strong Revenue Growth:** Nibe Limited has demonstrated impressive revenue growth, with sales increasing from ₹105 Cr to ₹282 Cr, reflecting a 168% YoY growth, indicating robust demand in the defense and aerospace sectors.
- Improving Profitability:** The company has improved its operating profit margin from 11% to 13% and net profit margin from 1.37% to 9.21%, suggesting effective cost management and enhanced operational efficiency.
- Strategic Government Support:** The alignment with the Indian government's focus on "Make in India" and indigenous manufacturing in defense provides Nibe with significant market opportunities, including participation in key defense projects and collaborations with established players.
- Diverse Client Base:** With clients across all three Indian defense forces and established companies like L&T Defence, Nibe benefits from a diversified client portfolio that reduces dependency on any single customer and enhances revenue stability.

### Weaknesses:

1. **High Debt Levels:** The increase in borrowings from ₹49 Cr to ₹73 Cr indicates rising debt, which could pose a risk if not managed carefully, especially in a capital-intensive industry like defense.
2. **Negative Cash Flow from Investing Activities:** The substantial cash outflow for investing activities, which increased to ₹124 Cr, suggests significant capital expenditure that may strain short-term liquidity, impacting operational flexibility.
3. **Dependence on Defense Contracts:** The company's heavy reliance on defense contracts could be a weakness, as fluctuations in government defense spending or changes in policy could directly affect revenue stability and growth prospects.
4. **Increasing Inventory Levels:** The significant rise in inventory from ₹9 Cr to ₹23 Cr may indicate potential overproduction or slower sales cycles, which could lead to higher holding costs and impact liquidity if not managed effectively.
5. **Global Economic Condition:** Challenges on inflation and supply chain persists globally. These macroeconomic conditions remain critical to business growth of the Company. Central banks globally are increasing rates to cool down inflation. This may have an adverse impact on the Company's end customers demand and subsequently impact growth.

## Ratio Analysis

Ratio Analysis	Mar-24	Mar-23
Current Ratio	2.06	1.43
Debt-Equity Ratio	0.37	0.27
Return on Equity	0.18	0.11
Inventory Turnover Ratio	14.14	7.56
Trade Receivables Turnover Ratio	7.57	5.50
Trade Payable Turnover Ratio	15.20	16.62
Net Capital Turnover Ratio	4.42	4.77
Net Profit Ratio	0.08	0.04
Return on Capital	0.15	0.09
Return of Investment	0.15	0.13

**Nibe Limited** shows increased short term liquidity , indicated by the current ratio which increased from 1.46 to 2.06 this suggests that the company is in a better position to cover its short-term liabilities with its current assets, enhancing its financial stability.

The **debt-equity ratio** rose from 0.27 to 0.37, reflecting a higher level of debt relative to equity. While this indicates increased leverage, it may also signal a greater risk profile if not managed properly, especially in a capital-intensive industry.

**ROE** improved significantly from 11% to 18%, demonstrating enhanced profitability and effective management of shareholders' equity. This increase is a positive indicator of the company's ability to generate returns for its investors.

The **inventory turnover** ratio increased from 7.56 to 14.14, suggesting that Nibe Limited is managing its inventory more efficiently. This could indicate strong sales and effective inventory management practices,

reducing the risk of overstocking.

The **trade receivables turnover ratio** improved from 5.50 to 7.57, indicating that the company is collecting its receivables more quickly. This enhances cash flow and suggests improved efficiency in credit management.

The **net profit ratio** increased from 4% to 8%, showing a doubling of profitability. However, the **net capital turnover ratio** slightly decreased from 4.77 to 4.42, indicating that while sales are strong, the company may not be utilizing its capital as effectively as before. This could suggest room for improvement in asset management to boost overall efficiency.

## Peer Comparison

Peer Comparison	CMP	P/E	Market Cap (Rs. Cr)	PEG	ROCE	Debt to Equity	Interest Coverage
NIBE	₹ 1790.00	92.24	₹ 2351.25	-	16.85%	0.50	5.81
Hind. Aeronautics	₹ 4246.70	34.57	₹ 284008.68	1.31	38.88%	0.00	333.36
Bharat Dynamics	₹ 1085.30	68.81	₹ 39783.03	8.91	24.23%	0.00	225.80
BEML Ltd	₹ 4071.55	59.21	₹ 16953.93	1.70	15.25%	0.03	11.05
MTAR Technologies	₹ 1670.85	131.95	₹ 5139.47	17.90	11.38%	0.26	3.48
Paras Defence	₹ 1042.00	99.33	₹ 4198.60	10.37	10.32%	0.15	8.40
Ideaforge Tech	₹ 572.75	141.56	₹ 2464.56	3.20	12.09%	0.02	15.01
<b>Median</b>	₹ 1670.85	<b>92.24</b>	₹ 5139.47	<b>3.20</b>	<b>15.25%</b>	<b>0.03</b>	<b>11.05</b>

### Key Insights:

- Valuation:** The P/E ratio for NIBE stands at 92.24, indicating high investor expectations for future growth, significantly higher than peers like Hindustan Aeronautics (34.57) and Bharat Dynamics (68.81). While a high P/E can suggest robust growth potential, it also raises concerns about overvaluation and the risk of price corrections if earnings do not meet expectations. Comparatively, MTAR Technologies has the highest P/E at 131.95, reflecting even greater growth optimism, whereas BEML Ltd (59.21) and Paras Defence (99.33) indicate strong, but more moderate, growth projections.
- Market Capitalization:** NIBE's market cap stands at ₹2351.25 Cr. lower than the median of ₹5139.47 and significantly lower than big players like Hindustan Aeronautics (₹284008.68 Cr) and Bharat Dynamics (₹ 39783.03 Cr.). This indicates NIBE has a smaller market presence compared to these larger firms, which may impact its competitive positioning.
- Return on Capital Employed(%):** NIBE's ROCE of 16.85% indicates effective use of capital to generate profits, outperforming BEML Ltd (15.25%) but lagging behind Hindustan Aeronautics (38.88%). This suggests that while NIBE is efficiently utilizing its resources, there's potential for improvement to match industry leaders. In contrast, companies like MTAR Technologies (11.38%) and Paras Defence (10.32%) demonstrate lower returns, highlighting NIBE's relative strength in capital efficiency. Overall, NIBE shows solid performance, yet there remains an opportunity to enhance returns to align

with top competitors.

4. **Debt to Equity Ratio:** With a Debt to Equity ratio of 0.50, NIBE is positioned moderately compared to others. Companies like Bharat Dynamics and Hindustan Aeronautics have zero debt, while BEML Ltd (0.03) and Paras Defence (0.15) have minimal debt. This indicates that NIBE has a higher financial risk profile compared to these less leveraged firms.
5. **Growth Indicators (PEG ratio):** NIBE's PEG ratio is not listed, but its peers show a range of valuations. Hindustan Aeronautics has a PEG of 1.31, indicating fair valuation relative to growth, while Bharat Dynamics at 8.91 suggests overvaluation. MTAR Technologies' PEG of 17.90 raises concerns about sustainability, highlighting the need for careful assessment of growth prospects in relation to price.
6. **Interest Coverage Ratio:** NIBE's interest coverage ratio stands at 5.81, which indicates that the company can cover its interest expenses comfortably with its operating income. This is a positive sign, as a higher ratio suggests lower financial risk and greater ability to service debt compared to peers. However, when compared to the median interest coverage ratio of 11.05, NIBE's figure is relatively lower, highlighting that while it is in a secure position, there is room for improvement in terms of profitability or debt management to enhance financial stability further.

### Conclusion:

NIBE demonstrates a solid financial position characterized by a commendable ROCE and a sufficient interest coverage ratio, indicating effective capital utilization and manageable debt servicing capabilities. However, its high P/E ratio suggests elevated growth expectations, raising concerns about potential overvaluation relative to its peers. Additionally, the company's smaller market capitalization compared to industry leaders could limit its competitive edge.

## Conclusion

Nibe Ltd has demonstrated remarkable growth and resilience since its establishment in 2021, significantly expanding its operations in the defence and e-vehicle sectors. The company reported a substantial revenue increase of 168% year-over-year, alongside a noteworthy improvement in profitability, with net profit margins rising to 9.21%. Strategic investments in advanced manufacturing capabilities and R&D have positioned Nibe to capitalize on India's push for self-reliance in defence, particularly under the Atma Nirbhar Bharat initiative.

However, it faces challenges with rising debt, negative cash flow from investments, and reliance on defense contracts. While its high P/E ratio indicates elevated growth expectations, its smaller market capitalization compared to industry leaders may impact its competitive position. Despite increased debt levels, which are typical for capital-intensive industries, the positive cash flow from operations indicates strong operational health. Nibe's partnerships and projects, including the licensing agreement with DRDO and its new manufacturing facility, suggest a promising future.



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