



TUSHAR BOHRA

DISCUSSION DOCUMENT – ALPHA IDEAS 20/20 NOV-2025

CMP: Rs. 8526 (7th Nov 2025); MCAP: Rs. 5,792 Cr.; EV: Rs. 6,317Cr.

FY25 Rev Rs. 1,404 Cr.; EBITDA Rs. 160 Cr.; PAT Rs. 43 Cr.

Context Setting

The idea that I am presenting, is a company that hasn't seen any growth in a decade! Nothing has changed...or has it?

Key Financials – A quick snapshot

DESCRIPTION	Fy15	Fy16	Fy17	Fy18	Fy19	Fy20	Fy21	Fy22	Fy23	Fy24	Fy25
Net Revenue	1,629	1,494	1,506	1,321	1,500	1,230	1,118	1,253	1,316	1,429	1,404
Y-o-Y	2.6%	-8.3%	0.8%	-12.3%	13.6%	-18.0%	-9.1%	12.1%	5.0%	8.6%	-1.8%
COGS	946	839	838	672	767	596	550	615	631	668	654
Gross Profit	684	655	668	649	733	634	568	638	685	761	750
Gross Profit %	42.0%	43.8%	44.4%	49.1%	48.8%	51.6%	50.8%	50.9%	52.0%	53.3%	53.4%
Employee Cost	236	219	230	238	254	243	221	256	253	302	320
Other Op. Cost	296	294	273	270	304	201	198	213	250	300	272
Total Expenditure	532	514	503	509	558	444	419	469	504	602	592
EBITDA	151	141	165	140	175	191	149	169	181	159	158
EBITDA %	9.3%	9.4%	11.0%	10.6%	11.7%	15.5%	13.3%	13.5%	13.8%	11.2%	11.3%
Other Income	10	5	6	6	7	18	6	8	10	43	23
Depreciation	51	52	53	47	49	80	78	77	70	66	69
Interest	80	73	78	74	80	80	70	59	65	63	57
Exceptional Items	19	0	-4	0	0					62	0
PBT	50	21	36	24	54	48	8	42	55	136	55
Tax	21	9	16	12	23	-25	6	10	12	14	12
Profit After Tax	29	12	20	12	31	74	2	32	43	122	43
Discontinued Operation			0	-11	-4	-35	-24	-17	0	0	0
Reported PAT	29	12	20	1	27	39	-22	15	43	122	43
EPS	47.3	19.4	30.9	1.1	43.3	61.6	-34.5	24.4	67.5	102.0	67.9

Negative revenue CAGR...Profits virtually unchanged...No major Balance Sheet expansion...On surface, virtually no growth! No buzz. No breakout. No excitement!

A company that presents an interesting study in contrasts, and offers us the ability to have diverse perspectives

No growth in over a decade...

— **Never been more optimistic about future prospects**

Over 5 decades of continuous capability buildup

— **Yet the numbers don't yet show visible payoff**

Ambitious leadership, off the mark or way ahead of its time?

— **Vision that spans decades, in a market that values every quarter!**

Two decades of bold diversification and global expansion...

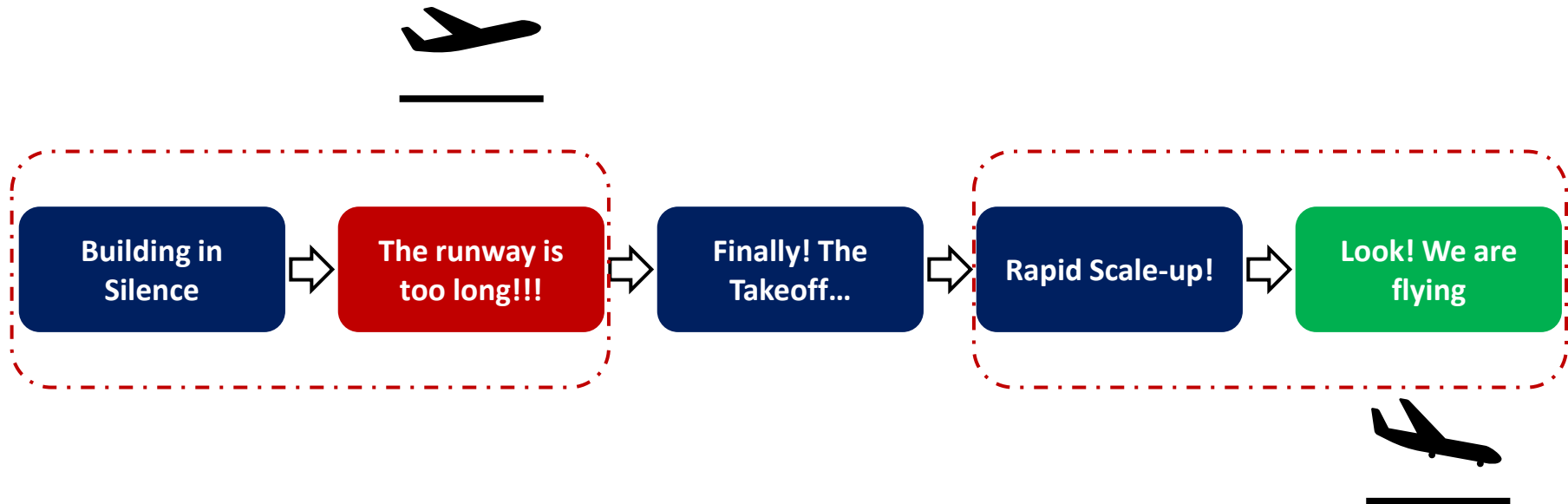
— **Even as challenges persisted in base business**

Over 1000 bps improvement in gross margins...

— **Almost entirely eaten up by capability investments employee costs, R&D**

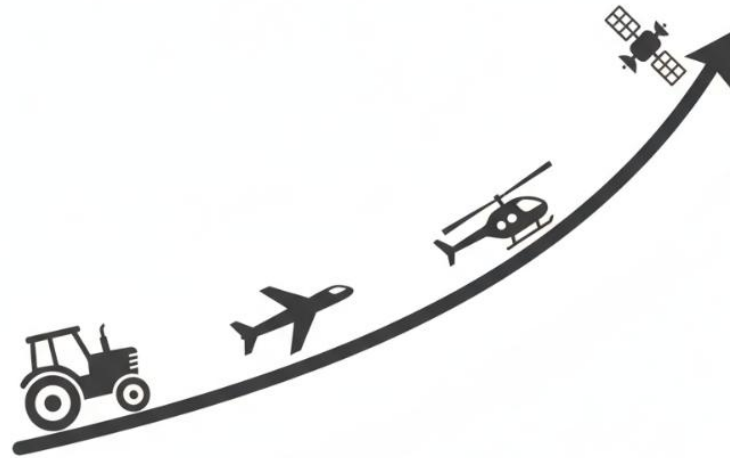
Investing process can never be static; for businesses / themes are rarely so...

The different stages of participating in high capability, high gestation businesses



Introduction

DYNAMATIC TECHNOLOGIES



From building **hydraulic pumps** for **farm tractors**, the company has gone on to **engineer critical structures** for -

AEROSPACE

DEFENCE

SPACE

Addressing the question of criticality of structures ... When small parts fail big!

In 1982, **Aeroflot Flight 8641** — a Yak-42 jet — crashed mid-air, killing all 132 on board



The cause? A jackscrew, a small threaded rod that controlled the tail's stabilizer

A **minor defect and metal fatigue** caused the jackscrew to fail, sending the aircraft into violent, uncontrollable pitch oscillations and eventually a fatal crash!

In aerospace, there are no small parts!

Aerospace components are extremely difficult to manufacture...and the supplier ecosystem quite complex...

	Aerospace Components Manufacturing	Automotive Components Manufacturing
Precision Requirements	Requires ultra-high precision (up to 2 microns) due to strict safety standards.	Precision needed, but tolerances (10–50 microns) are generally more flexible
Complexity of Designs	Features intricate geometries and lightweight structures needing advanced machining.	Generally simpler designs focused on mass production efficiency.
Materials Used	Utilizes high-performance alloys like titanium, requiring specialized machining.	Uses cost-effective materials like steel, aluminium, and plastics for high-volume use.
Manufacturing Technologies	Employs advanced tech like 5-axis CNC and additive manufacturing for complex parts	Relies on traditional CNC and automation; focus is on cost and efficiency
Vendor Onboarding and Timeline	Lengthy and certification-heavy (e.g., NADCAP); high entry barriers.	Faster onboarding with easier certification, driven largely by cost and specifications.

Source: Frost & Sullivan Analysis

- Aerospace components are governed by **0 Parts Per Million (PPM)** defect requirements
- **Tier-1 supplier status is a multi-year qualification journey.** OEMs undertake exhaustive due diligence — from *supplier identification & RFQ evaluation* to *product development*, *First Article Inspection (FAI)*, and *Production Part Approval Process (PPAP)*. In an ecosystem of **thousands of suppliers**, very **few** go on to become real partners in the entire design and development, manufacturing and maintenance process!
- Aerospace manufacturing rewards technological depth, process maturity, and unwavering precision. Companies must invest continuously in advanced capabilities, materials engineering, special processes, and quality systems **long before** these efforts reflect in revenue or profitability.

It is precisely this long-cycle, capability-driven evolution that defines the DNA of Dynamatic Technologies!

Source: Inferences drawn from publicly available company data including DRHP filings of companies from this domain

In A Decade That Didn't Move the Needle...

- Boeing placed **largest-ever order in India** for CH-47 assembly to Dynamatic
- Became **First Indian private company** to become a **Global Tier-1** supplier to Airbus
- Designed new monolithic FTB structure — reduced parts from 200 to 20 (**only design changed in 40 years**)
- Became **global single-source supplier** for Bell 407 major airframe assemblies (**reducing 56 incumbents to 1**) (reduced 1600 part numbers to 5 part numbers)
- **Boeing Supplier of the year award**
- New Customer Dassault onboard



Achieved **Single Supplier Status** for Airbus A320 FTB

First pvt sector company to build fuselage of a supersonic jet

First Indian co. chosen to mfg. F15 structural assemblies for Boeing

Orders for doors A220

Critical Beam Assemblies for BEL

Boeing Supplier of the year award

Entry in **Missile Systems** - Developed Vertical Launcher Unit for LRSAM

Years of capability development and R&D was quietly laying the groundwork...

Early 2000s

Entered aerospace as developmental partner with HAL

Parts for Sukhoi Su-30MKI fighter jets

Became the only private sector company co-located at HAL's Nashik facility



Late 2000s

2006: Received Airbus RFQ for Flap Track Beams

2007: Signed MoU with Spirit AeroSystems for A320

2008: Acquired Oldland CNC in Bristol.

2009: Delivered first shipset of A320 **FTB** to Spirit AeroSystems



2010-20

**Capacity Expansion and
consolidation of existing
programs**

Tier-2 to Tier-1 Evolution

2010: Achieved Single Source Supplier status for all Airbus A320 family FTB

2015: Appointed by Airbus as Tier-1 for A330 wide-body flap track beams

Started supplying aerostructures to Boeing for P-8 Poseidon

Won contracts for Bell 407

Developed and supplied front fuselage for HAL Tejas LCA

2017: Dedicated Dynamic Aerotropolis facility (27 acres) near Bangalore Airport

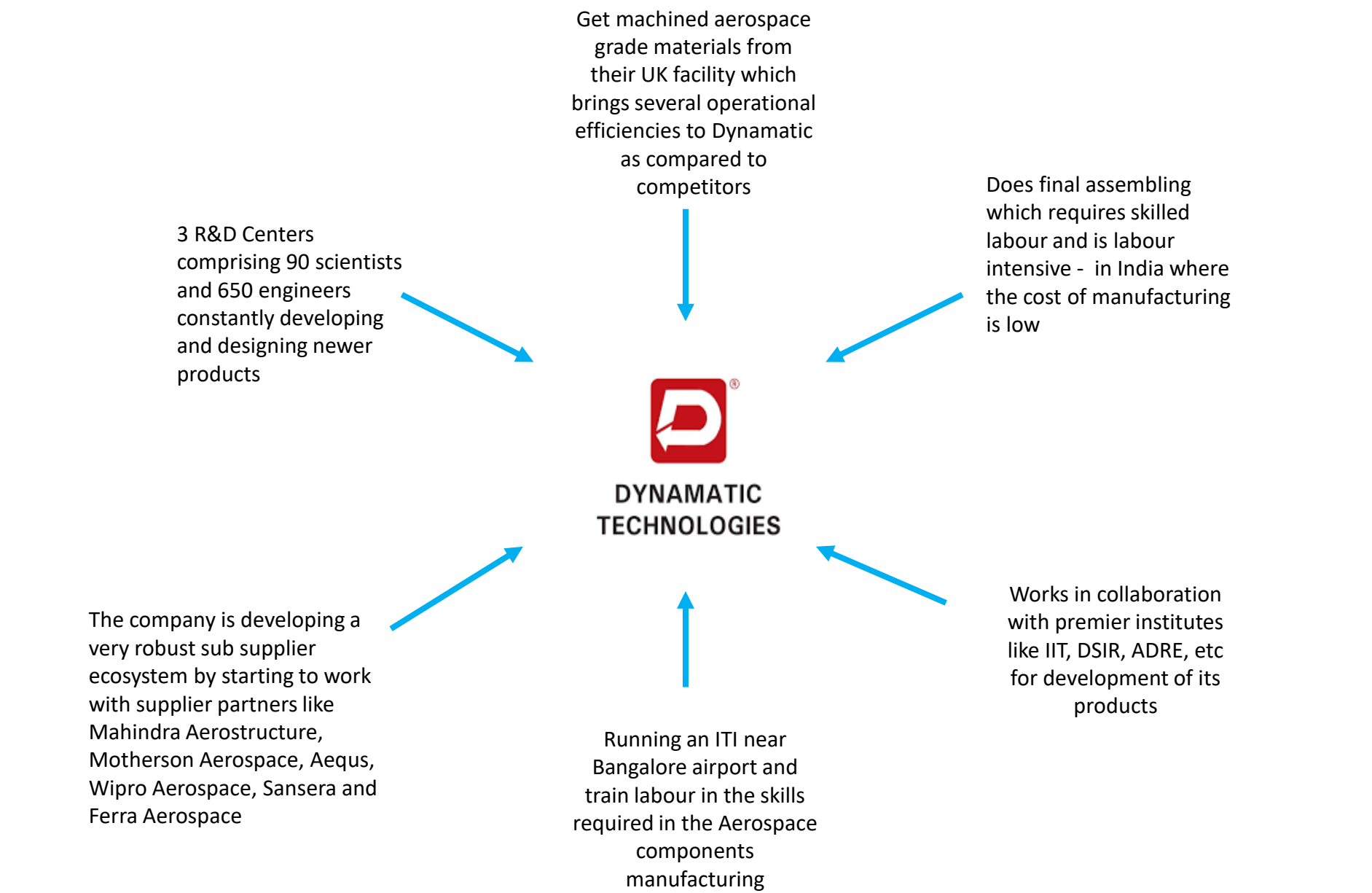
So that a few pivotal OEM orders unlock capability validation leading to rapid revenue scaleup across programs....

Sharp ramp-up in order wins post Covid...

- ✓ 2020: Selected by Boeing as supplier for **T-7A Red Hawk** trainer aircraft (fatigue testing)
- ✓ 2021: **Awarded contract for F-15EX** Eagle II middle fuselage structures
- ✓ 2021: Secured orders from **Dassault Aviation** for components
- ✓ 2021: Partnered with **Deutsche** Aircraft (D328eco) to manufacture rear fuselage assemblies in India
- ✓ 2022: Signed long-term MoU with HAL for front fuselage production for **LCA Tejas Mk1A/Mk2** (20+ aircraft/year scaling to higher volumes)
- ✓ 2024: Expanded **Airbus** relationship to include aircraft doors - **Extremely critical development! One of the largest export contracts for any Indian Aerospace Company! Supplies begin 2026!**
- ✓ 2025: Selected as **exclusive partner** by L&T-BEL consortium for India's **5th-generation fighter AMCA** program
- ✓ Discussions ongoing for multiple new parts across all OEMs

Program	Extensions
A320 FTB	3+ (2010→2019→2027+)
A330 FTB	2+ (2015→2027+)
CH-47 Chinook	3+ (2019→2023→2027+)
A220 Doors	NEW expansion
A220 Parts	NEW
F-15EX	Multi-year
Bell 407	2016→2020→2027)
Falcon 6X	Life of Program
D328eco	NEW (Apr 2025)
AMCA	2027 Prototype
Tejas	Ongoing
T-7A	Ongoing

Dynamatics has already created an ecosystem and built robust processes to enable the rapid scale up of their programs



Source: Dynamatic Technologies annual reports and management interviews

Their capabilities have been repeatedly validated by the topmost echelons of their key clients

**2014
AIRBUS**

“Our cooperation and partnership with Dynamatic grows from strength to strength,” said Srinivasan Dwarakanath, Airbus India CEO, “We are delighted that with this agreement Dynamatic becomes one of the Global Tier One suppliers to Airbus.”

**2019
BELL**

“This agreement with Dynamatic represents a significant milestone in Bell Helicopter’s global sourcing strategy and brings efficiencies to our manufacturing process for the Bell 407,” said Mike Loeffler, Bell Helicopter’s vice president, Supply Chain. “India represents a significant growth opportunity for sales, operations, and the integrated supply chain. We are pleased to continue our investment in India to build upon our existing capabilities in the region.”

**2019
SPIRIT**

*“Spirit and Dynamatic have forged a great and powerful partnership for more than a decade. This achievement of reaching the 5000th Shipset of Flap-Track-Beam Assembly, shows the collaborative effort in meeting requirements of our customer, Airbus. Dynamatic has always impressed us with professionalism and energy in making the program a continued success.” said **Scott McLarty**, Senior VP, Airbus Programs, Spirit AeroSystems.*

**2021
BOEING**

“We see tremendous potential for India to contribute to the global aerospace industry as an industrial and technology partner,” says Gupte. “The award of aerostructure assemblies for the latest and most advanced version of the F-15 aircraft family is a reflection of Boeing’s focus on Aatmanirbhar Bharat and a testimony to the world-class capability of our industrial partners in India.”

**2025
Airbus**

Airbus' board convened in Delhi for the first time, signaling India's emergence as a strategic aerospace partner. This reflects India's booming commercial aviation sector, driven by massive aircraft orders, and Airbus' expanding local supplier network, aiming for \$2 billion in sourcing by 2030. The visit underscored India's critical role in Airbus' global growth strategy.

Airbus board came to India for the first time to meet just 2 companies – Dynamatic and Tata Advanced Systems

**2025
L&T**

Commenting on the development, Arun Ramchandani, Senior Vice President & Head, L&T Precision Engineering & Systems, said, "Adding [Dynamatic Technologies](#) as an exclusive partner to this consortium brings unmatched agility and precision to our mission. This partnership is as much about building a next-gen fighter jet as it is about redefining the Indian Aerospace industrial ecosystem."

**2020
HAL**

"Dynamatic is a known and reliable supplier for [HAL](#), and we will also look for opportunities on trainer and UAV platforms," R Madhvan said.

Key Aerospace Program highlights...

AIRBUS



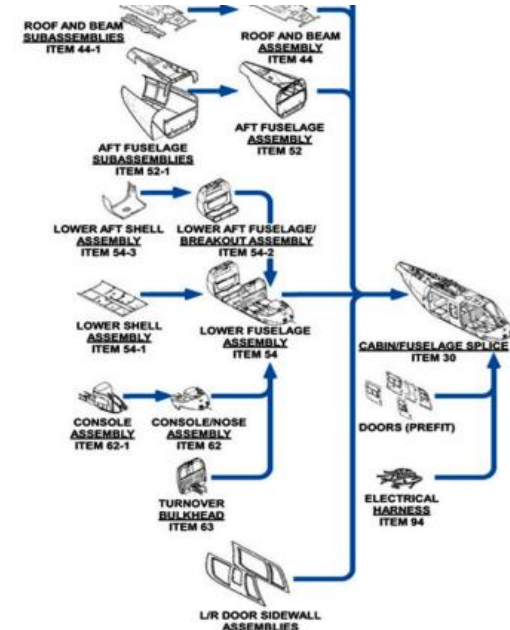
DASSAULT



We were honored to have Bruno Coiffier, Vincent Derlon, Christine Ricouart, Harvansh Batra, Abhishek Sharma, Brijesh Goswami, and Karthik Muralidhar Mudhol from the Dassault Aviation team, along with Udayant Malhoutra, Ravichander V, and Ajay Gururaj from Dynamatic, at the contract signing event.



Bell





CH-47 Chinook
ONE AIRCRAFT - MANY MISSIONS



DYNAMATIC DELIVERS CRITICAL ASSEMBLIES FOR BOEING IN SUPPORT OF T-7A RED HAWK



Dynamatic Technologies executed a contract for the delivery of tools for the Static and Fatigue Testing of the control surfaces of the Boeing-Saab T-7A Red Hawk Program. The contract required manufacturing of critical, high tolerance tooling assembly which was used to validate structural loads and fatigue strength. This project included 17 Tonnes of steel converted to 5000+ parts which was delivered in 90 days.

The T-7A Red Hawk is an all-new advanced pilot training system designed for the U.S. Air Force that will train the next generation of fighter and bomber pilots for decades to come. Produced using advanced manufacturing techniques and built along a digital thread, the T-7A aligns with the U.S. Air Force's new e-Series strategy by enabling design, coding and testing faster and more affordably through a digital matrix.

DYNAMATIC TECHNOLOGIES LIMITED



P8



F-15EX Eagle



Wing and Rear Fuselage

Lakshya

India's Pilotless Target Aircraft



Ailerons and Flaps

HJT-36

India's Intermediate Jet Trainer

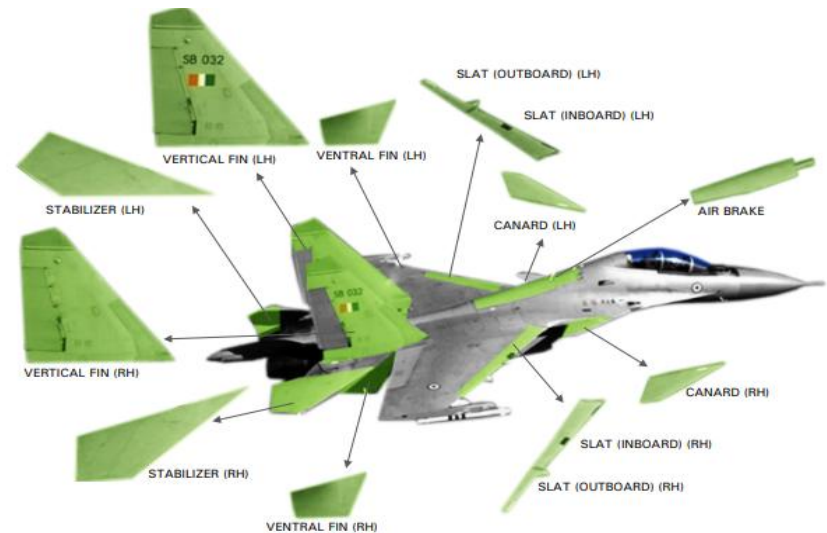
DYNAMATIC TECHNOLOGIES LIMITED



HAL LCA
Tejas Front Fuselage



© 2017 Proprietary Information of Dynamatic Technologies Limited



Through years of capability building, Dynamatic has established itself as a key player in aerospace manufacturing...

Sounds like the whole story, right?

Defence - Dynamatic has gradually built strong capabilities in the entire defence segment and not just aerospace!

1990s

Hydraulic Transmission System
T -72



Steering Control System
Turret Control System
Brake Actuating System
Arjun MBT

2020



RoboGuard is a revolutionary agile scout robot, which runs along secured fences, ensuring perimeter integrity and capable of responding promptly to intrusion alerts. It consists of an autonomous unit, travelling on a monorail and carrying several sensors.

Border Mgmt & Physical Security Systems

2020

2020...



System Platforms

Critical Beam Assemblies for Complex Naval Application

Critical Beam Assemblies for Complex Naval Application to Bharat Electronics Limited (BEL). The Development of precision parts, during the Pandemic has been very challenging.

2025

Vertical Launch Unit (VLU) – LRSAM Program (Indian Navy)

Dynamatic Technologies has successfully indigenised the complex Vertical Launch Unit (VLU) structure for the Indian Navy's Long Range Surface-to-Air Missile (LRSAM) program.

Building on this achievement, Dynamatic is currently executing an order for eight additional units, with deliveries scheduled to begin in August 2025

Dynamatics is **developing for BEL**, has entered and is executing an order in the **missile systems**, has partnered Carmor to **manufacture Armoured Vehicles and other Military Vehicles** and is working on **comprehensive Border Management & Physical Security Systems**

SPACE - Leveraging its aerospace expertise to enter into related complex and high capability programs...

SPACE INSPIRE Program – Vertical Hoisting Device for Thales Alenia Space

Dynatomic-Oldland Aerospace® has been awarded a prestigious contract by **Thales Alenia Space France** to manufacture a **Vertical Hoisting Device** for the **SPACE INSPIRE** next-generation spacecraft platform.

This precision-engineered mechanism, developed using **aerospace-grade materials** and **complex actuation systems**, reinforces Dynatomic's capabilities in delivering **mission-critical structures for space applications**.



UAVs The company started developing capabilities in the security and UAV division since 2010...one of the first Indian players to enter this space



Patang

For Patang – Dynamatic made the prototype, the requirement was created by the government and RFI floated by the government for 5000 drones



Cheel

Management says “soon to commercialise”



Kaatil

Kamikaze unmanned aerial vehicles



Kavaa

Entire Ecosystem for UAV deployment is ready...

Remote Video Terminal (RVT):



In-house designed terminal for streaming and processing video feeds from UAVs. Supports indigenous video processing and transmission techniques.

Ground Control Station (GCS):

The GCS is fully engineered by Dynauton, including software for terrain mapping, artillery correction, Lidar integration, payload field-of-view mapping, military maps, and real-time control and analytics. Both hardware and software aspects are developed and integrated locally.



Power Distribution Unit (PDU):

Engineered and manufactured by Dynauton, the PDU ensures safe and efficient power management across UAV systems.



Further products prototyped include - Gimbal and Video processing unit, Autopilot - designed inhouse including design for avionics, PCB manufacturing, assembly and software development for flight control

This signals a shift from being present only in aerostructures to avionics and system software

Anti Drone Systems

The company is also developing **state-of-the-art anti-drone solutions** such as **RF directional finders, drone detection radars, electro-optic systems, and loitering munitions** — strengthening India's defence autonomy and future-ready capabilities.

Dynamics divested all their automotive foundries except for the Germany foundry...

The company had built a very high quality automotive business selling 35% of the hot end of the turbochargers to petrol cars with the best names as its clients

- Turbochargers demand collapsed

Hence it divested both of its foundries in India (except its Germany foundry)

Germany foundry has capability of producing extremely complicated castings in the most complex materials

The numbers from the German foundry has become (1/3rd) - majorly because of the crisis in Europe since Covid - supplier disruption, power posts 4x - demand disruption - etc - **Restructuring going on - protective shield approved – which will provide Dynamics Subsidies and various benefits. Transforming this into aerospace and defence foundry**

Management hinted “Next big order for chinook is going to be in Germany”

• NEWS

Germany selected CH-47F Chinook for its heavy-lift helicopter requirements

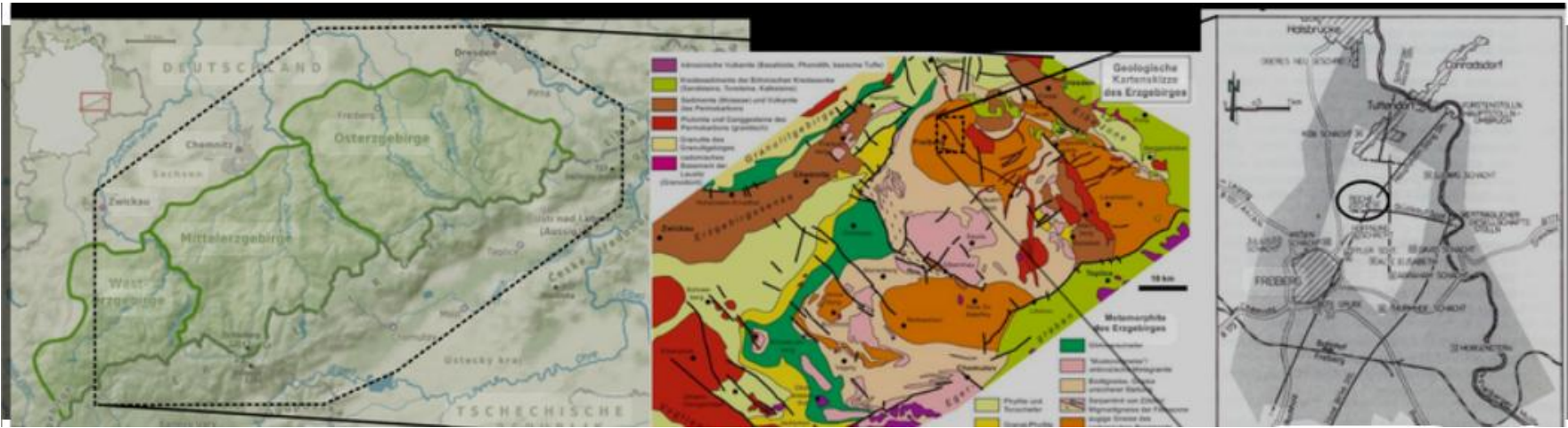
Boeing and Airbus Helicopters sign strategic H-47 Chinook partnership to support Germany's STH requirements

Germany is the heart of Europe in remilitarization - They are going to build in Germany with the existing supplier network - Dynamics has done the work for Chinook for over a decade , has a facility in Germany and when the developments kick off, an easy guess who gets the order!

Source: Dynamic Technologies AGM speech

Confidential

Unused Ore Mines in SCHWARZENBERG...



- Europe going for something it hasn't seen in the last 50-60 years. It had a nuclear umbrella and it's been protected by the US and now Trump asking Europe to militarize (forcing)
- Company has prototyped all the stuff that will be required to grow in this market at scale –has capabilities for machining, tooling, casting, molding etc
- Eisenwerk Erla sits in Schwarzenberg, Saxony, in the Ore Mountains (Erzgebirge) — a long-time mining region - it has 50 unused mines - **the main value addition is'nt in machining or casting – it's in making a weapon system – Dynamics could make the part and use the mines as filling stations – This itself can be huge if it develops as we are thinking it to be!**

- DTL is a leader in Hydraulic segment with 80%+ market share in Tractor Gear pumps
- **Co has expanded its product portfolio in Hydraulics segment from ~Rs. 2,000/ tractor to ~Rs. 40,000/ tractor (Pressure & Flow Control, Hitch Control, Power Steering Valve + Cylinder)**
- Co is also expanding in related segments like Construction Equipment and also capturing export opportunities in both Tractors and Construction Equipment

What is happening here and the way forward

Hydraulic UK facility has seen disruption since COVID because of its suppliers have gone bankrupt, power costs in Europe has increased 4x and automotive industry has seen a complete slowdown in Europe – this has put a lot of pressure in the hydraulics segment's margins...

The company is now in the process of shifting this entire manufacturing in India and **majority of the restructuring is now complete** – we expect gradual scale up in this business and cost efficiencies unlocking after the restructuring

The management is cutting costs here by 36 crs annually

Entering into Aviation Hydraulics...

Dynamics has developed the **very critical integrated piston up units** (2 lakh / unit) (extremely complex, critical component)

This gives Dynamic entry into Aerospace Hydraulics

This has received good reviews from the customers and we can hope that this also takes up with time

Airbus doors – involve lot of hydraulic joints; a combination of hydraulics and aerospace engineering

DYNAMATIC TECHNOLOGIES LIMITED

Integrated Piston Pump Units

- Energy Efficient
- Variable Flow Axial Piston
- Pressure Compensated
- Load Sensing
- Integrated Charge Pump
- Onboard Valve blocks with cartridge valves



© 2024 Proprietary Information | Dynamic Technologies Limited



Dynamic is working on the core hydraulics division – long standing cash cow - Further developments and restructuring will be removing the bottlenecks in this division and in a year’s timelines we hope to see improvements in the numbers too..

Source: Dynamic Technologies AGM, publicly available data

The past decade Dynamics focused on building strong capabilities. While it faced disruptions in the automotive and hydraulics businesses, we believe there is a significant runway for growth ahead ...

Segment	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Hydraulics	292	261	277	315	363	295	298	424	437	448	458
Aerospace & Defence	262	270	346	356	498	374	360	462	509	608	608
Automotive & Metallurgy	916	831	898	656	668	435	442	466	416	471	335
Total Revenue	1,470	1,362	1,521	1,327	1,500	1,230	1,118	1,254	1,316	1,428	1,401
Segment	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Hydraulics	34	32	39	37	42	23	32	73	87	38	24
Aerospace & Defence	59	76	104	81	117	153	112	99	119	131	158
Automotive & Metallurgy	59	39	29	26	25	30	20	20	16	25	10
Others / Unallocated	3	-3	-5	-13	-10	-47	-39	-20	-38	-36	-33
Reported EBITDA	155	144	167	131	174	159	127	172	184	158	159
Segment	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Hydraulics	12%	12%	14%	12%	12%	8%	11%	17%	20%	8%	5.20%
Aerospace & Defence	23%	28%	30%	23%	25%	31%	30%	28%	26%	26%	26%
Automotive & Metallurgy	6%	5%	3%	4%	4%	7%	5%	4%	4%	4%	2.90%
Reported EBITDA Margin	11%	11%	11%	10%	12%	13%	11%	14%	14%	11%	11%

- Aerospace**
 - It has **sufficient land** (Bangalore, Coimbatore), setting up new lines or facilities **requires relatively low investment**.
 - The company also has **adequate manpower** to deliver up to 2x current revenues.
 - Positioning the co as a design led subsystems supplier with focus on assembly rather than specific individual components
- Hydraulics**
 - This segment has traditionally been a cash cow for the company.
 - Ongoing restructuring is expected to stabilize the business, leading to margin expansion and steady growth in the years ahead.
- Metallurgy**
 - Margins are expected to gradually improve once the restructuring is complete.
 - As manufacturing activity ramps up, revenue growth will follow progressively.
 - If they successfully enter the explosives space (longshot), it can unlock significant optionality and upside potential.

Source: Dynamic exchange filings + ACE Equity + publicly available data

Compared to the last decade, we expect Dynamatic to do significantly well over the next decade

	Fy25	Fy26E	Fy27E	Fy28E
Hydraulics Revenue	458	462	500	550
Aerospace Revenue	608	699	804	1,025
Foundry Revenue	335	338	358	389
Total Revenue	1,401	1,500	1,661	1,964
Total EBITDA	158	179	255	345
Total EBITDA %	11.3%	11.9%	15.3%	17.6%
PBT	55	65	132	215
PAT	43	48	99	162
ROCE (Pre Tax)	9%	14%	20%	24%
ROE	6%	11%	17%	18%

- ✓ Double-digit revenue growth
- ✓ Operating leverage to drive up margins
- ✓ Profitability, Return Ratios improving
- ✓ All 3 divisions in core contributing
- ✓ Multiple new growth verticals
- ✓ Low time and cost requirements for sharp capacity ramp-up
- ✓ Strong order pipeline over 24–36 months - multi-year growth visibility
- ✓ Rising institutional ownership to drive valuation re-rating
- ✓ Rapid market-cap expansion likely to attract greater sell-side coverage

Source: Internal estimates and assumptions based on publicly available data and guidance

**Let's do a simple thought experiment on the longer term possibilities in
Dynamatics...**

Can Dynamatics become a billion dollar revenue company?

Dynamatics has demonstrated right set of capabilities to achieve this path



Capability to Suffer

Years of quiet investment before recognition.

Dynamatic kept building capacity, talent, and infrastructure long before commercial validation.

This endurance and patience — financial, technical, and emotional — became its competitive moat.



Complexity that Deters

The kind of complexity that keeps competition in check

Multi-axis machining, monolithic part design, aerospace-grade tolerances, and stringent certification layers — an ecosystem of capabilities that few can even attempt to replicate.



Difficult to Replicate

Trust and qualification that money can't buy

Tier-1 partnerships with Airbus, Boeing, Bell, and Dassault built over decades of zero-defect delivery.

Once qualified, Dynamatic becomes part of the OEM's long-term DNA — displacing it is nearly impossible.

Dynamics has proven its capability to scale relationships with customers...

- Evolved from a Tier-2 single structural assembly supplier**
to a Tier-1 design and assembly partner for leading global OEMs
- Expanded from a single product and one global customer**
to a diversified portfolio and 5+ marquee global clients
- Progressed from small part manufacturing for HAL**
to being the 1st private co. co-located with HAL at its Nashik plant
- Grown from participating in minor defence programs**
to becoming a trusted partner to HAL, BEL, DRDO
- Extended beyond aerostructures**
to avionics, indigenous capabilities in UAVs and anti-drones

It can leverage its precision engineering capability to enter into related aerospace programs...

Significant optionality in deeper penetration in aerostructures

Component Category	Component Type	Technical Requirements	Connection to Flap Track Beams & Doors
Wing Structures	Wing ribs and spars	Multi-axis machining, load analysis	Similar load-bearing precision
	Slat/Flap track systems	Precision track mechanisms	Direct extension of flap track expertise
	Leading/trailing edge panels	Sheet metal fabrication, assembly	Related to door panel technology
	Spoiler and aileron structures	Composite/metal fabrication	Similar control surface experience
Fuselage Structures	Wing-to-fuselage attachments	High-precision fitting, load transfer	Critical structural connection
	Fuselage frames and formers	CNC machining, complex geometry	Similar to door frame structures
	Stringers and longerons	Precision extrusion, assembly	Structural stiffening elements
	Bulkheads and cross-beams	Precision panel fabrication	Pressure vessel-like components
	Access panels and hatches	Panel fabrication, mechanism integration	Natural extension from door manufacturing
Landing Gear Systems	Landing gear doors	Panel fabrication, hinge mechanisms	Direct application from door expertise
	Uplock boxes	Structural fabrication, mechanism integration	Landing gear support structures
	Gear support beams and fittings	Precision machining, load analysis	Structural attachment points
Tail Section	Horizontal/vertical stabilizers	Panel and frame fabrication	Larger-scale wing-type structures
	Rudder and elevator structures	Control surface assembly	Similar to flap track mechanism experience
	Tail cone assemblies	Large panel joining, riveting	Fuselage-like fabrication

The Quantum of Opportunity is Huge!

Dynamatic is currently doing **less than 5% of Airbus and Boeing combined India sourcing** of 2bn+ USD, which itself is scheduled to be doubled over the course of this decade. **And we believe Dynamatic can easily go to double digit share in the expanded sourcing**

Dynamatic Aerotropolis

In 2015, your Company had established a manufacturing plant adjacent to the Bangalore International Airport. We are now expanding the 60,000 sqft facility and will have 240,000 sqft available to us by the end of this year. Over the next decade we will add another 1 million sqft to this facility, catering exclusively to new orders awarded to us. The state-of-the-art aerospace manufacturing and engineering facilities located right next to the runway, allow us huge growth opportunities.

Dynamatics has a 28 acre facility in Bengaluru. It has expanded the 60000sq ft built up area to 240000 sq ft and the management plans to add another million sqft in the coming decade. Shows vision, confidence and awareness of the management and gives us an idea of how future demand looks right now...

Key focus areas

- The focus will be on cutting edge technologies in all areas-Air Force, Navy, and the Army.
- UAVs will be the new big thing as the government will procure more UAVs in the future, and the thrust will be to develop indigenous UAVs with high-end technologies. On the whole, the panel was of the view that the future is in going for optimum use of unmanned and manned armed vehicles.
- The focus will also be on indigenous AMCA program.
- There is a lot of thrust on missiles made in India-and India's prowess has been established with the Brahmos and Akash.

Drones and anti drones systems provide immense potential for growth. Dynamatic has backward integrated and made the entire product in house and not just assembled it. This in itself can be a huge area of growth for Dynamatics

The scale of Global Aerospace component companies (Mn USD)...

Name of the Company	FY25 / CY24
RTX CORP	80,738
AIRBUS SE	74,891
LOCKHEED MARTIN CORP	71,043
BOEING CO/THE	66,517
GENERAL DYNAMICS CORP	47,716
NORTHROP GRUMMAN CORP	41,033
GENERAL ELECTRIC	38,702
BAE SYSTEMS PLC	33,626
SAFRAN SA	29,982
ROLLS-ROYCE HOLDINGS PLC	24,165
THALES SA	22,259
L3HARRIS TECHNOLOGIES INC	21,325
LEONARDO SPA	19,215
LEIDOS HOLDINGS INC	16,662
HONEYWELL INTERNATIONAL INC	38,498
AMENTUM HOLDINGS INC	8,388
HUNTINGTON INGALLS INDUSTRIE	11,535

Name of the Company	FY25 / CY24
BOOZ ALLEN HAMILTON HOLDINGS	10,661
TEXTRON INC	13,702
RHEINMETALL DEFENCE UK LTD	#N/A
BOMBARDIER INC-B	8,665
SINGAPORE TECH ENGINEERING	8,438
HANWHA AEROSPACE CO LTD	8,243
MTU AERO ENGINES AG	8,017
TRANSDIGM GROUP INC	7,940
CACI INTERNATIONAL INC -CL A	7,659
SCIENCE APPLICATIONS INTE	7,444
HOWMET AEROSPACE INC	7,430
ELBIT SYSTEMS LTD	6,827
DASSAULT AVIATION SA	6,750
EMBRAER SA	6,598
SPIRIT AEROSYSTEMS HOLD-CL A	6,316
SERCO GROUP PLC	6,118
ISRAEL AEROSPACE INDUSTRIES	6,112

There is sufficient headroom for Dynamatic to keep pushing the envelope in its core areas of capability, for at least the next 2 decades, even as it keeps adding new areas of growth

Source: Publicly available data

Not Just Aerospace — Banking on Multi-Billion-Dollar Horizons for growth

Dynamatics is now targeting -



Aerospace



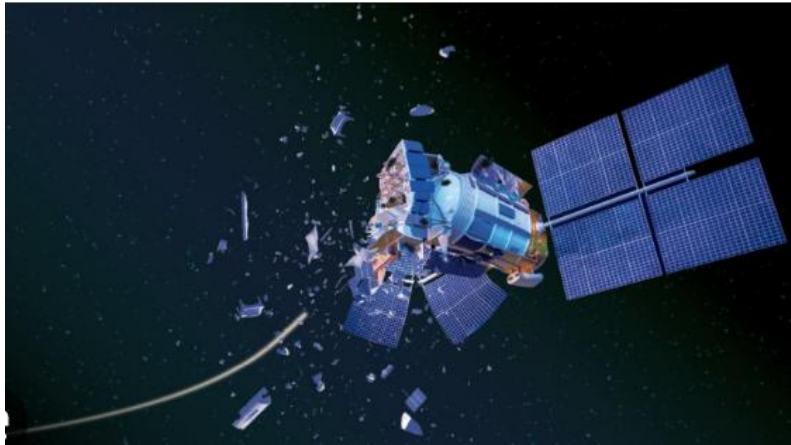
Naval



Armaments and explosives



Missiles



Space Tech



Drones



Anti Drones



Armoured Vehicles

With the wide area of growth opportunities Dynamics has created a presense in, and with a capability developed over 3 decades, we believe the company can achieve this!

Revenue	8,000
PAT	1,200
EBITDA Margin	25%
PAT Margin	15%
P/E	~20-22
Mcap	25,000

Assuming 15% margins in the future, and a multiple of 30 and if this scenario plays out – the company can easily command a market cap of 40000 Crs+...a 7-8x opportunity ahead!

Few Key Risks / Concerns / Monitorables

- ❑ The management ventures into too many programs and not being able to scale programs well in the future can be a key risk; we note that most of their initiatives have been well thought out and planned / executed over several years (often, decades)
- ❑ Need to watch out for capital allocation as the management is targeting multiple opportunities; although, so far they have been reasonably prudent with capital allocation
- ❑ Execution risk against the ambitious vision, and given history of moderate outcomes on past efforts (though that's more in line with the nature of the industry). If company incrementally falters in its diversification efforts away from the Hydraulics segment it runs the risk of being stuck in a smaller scale / mediocre outcomes
- ❑ Geopolitics can create significant barriers in this industry (although currently there seem to be more tailwinds than headwinds in India's favour and for the co.)
- ❑ The risk of contingent liabilities against poor work outcomes delivered (although so far they have delivered ahead of client expectations)