

## Omnitech Engineering Limited

April 07, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BBB-; Stable / CARE A3; ISSUER NOT COOPERATING* and Withdrawn
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BBB-; Stable; ISSUER NOT COOPERATING* and Withdrawn
Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE A3; ISSUER NOT COOPERATING* and Withdrawn

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd. (CareEdge Ratings) has reaffirmed and withdrawn outstanding rating of `CARE BBB-; Stable / CARE A3; ISSUER NOT COOPERATING (Triple B minus; Outlook: Stable / CARE A Three; ISSUER NOT COOPERATING) assigned to the bank facilities of Omnitech Engineering Limited (OEL) with immediate effect. The above action has been taken at the request of OEL as well as a No Objection Certificate received from the bank that has extended the facilities rated by CareEdge Ratings.

The ratings assigned to the bank facilities of OEL, prior to withdrawal, continue to derive strength from the promoters' vast experience in the precision components manufacturing industry, established operations supported by continuous addition of new machines, a reputed customer base, and a geographically diversified revenue profile. The ratings were also supported by strong profitability, which translated into moderate debt coverage indicators.

However, the ratings were constrained by OEL's growing albeit moderate scale of operations, leveraged capital structure, working capital-intensive operations marked by an elongated operating cycle, limited bargaining power against original equipment manufacturers (OEMs), and susceptibility of profit margins to volatility in raw material prices and foreign exchange rates.

### Analytical approach: Standalone

#### Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectations that the company will continue to benefit from its experienced promoters.

### Detailed description of key rating drivers

At the time of last rating review dated March 26, 2026, following were the rating strengths and weaknesses

#### Key strengths

##### Vast experience of promoters with established track record of operations

Uday A. Parekh, Chief Executive Officer (CEO) and Director, has more than two decades of experience in the precision components manufacturing industry. He is well assisted by his brother-in-law Paras Parekh, and both handle the company's overall administration and day-to-day operations. Furthermore, the company has established operations with track record of more than one and a half decades in manufacturing of turned and machined parts such as cylinder liner, piston, gear box, shafts, and connecting rod among others, which are precision engineering products/parts. Its manufacturing facility and processes are accredited with various certifications, ISO 9001:2015 (Quality Management Systems), ISO 14001:2015 (Environmental Management Systems), ISO 45001:2018: (Occupational health & safety management systems), and IATF 16949 (International standards for Automotive quality management systems). Also, OEL has Star House Export certification.

##### Reputed customer base and geographically diversified revenue profile

OEL is primarily engaged in exports of precision components and 80% of its total operating income (TOI) came from exports in FY25. The company's exports were majorly to USA and Europe. The company primarily caters directly to the requirements of the original equipment manufacturers (OEMs). Its customer base is reputed due to specialised products with high degree of quality

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications

and precision, various accreditations in place and hence commands healthy profitability. OEL caters to the requirement of diverse industry segments, including earth-moving equipment, airport and ground equipment, oil & gas, power, and other engineering industries.

### **Healthy profitability**

The company is essentially engaged in manufacturing precision components for various critical industries, and hence, commands healthy profitability. Additionally, the company caters to reputed customers in the US and Europe, resulting in better sales realisation. The company's PBILDT margin remained healthy at 34.43% in FY25 [35.88% in FY24]. The PBILDT margin continued to remain healthy at ~32% in 9MFY26.

### **Moderate debt coverage indicators despite leveraged capital structure**

OEL's capital structure remained leveraged as on FY25 end with overall gearing ratio of 1.72x (PY: 2.41x) as on March 31, 2025. Moderation in overall gearing was due to significant increase in term debt availed for large size debt funded expansion capex and high utilisation of working capital limits. Owing to healthy profitability, company's debt coverage indicators continued to remain moderate marked by PBILDT interest coverage of 4.13 times (PY:5.01x) and total debt/ GCA of 4.50x (P.Y.: 4.48x) in FY25.

### **Key weaknesses**

#### **Growing albeit moderate scale of operations**

During FY25, OEL's TOI increased significantly to Rs. 351.04 crores (PY: Rs. 190.69 crores). In 9MFY26, OEL further reported TOI of Rs.372.09 crores. Growth in scale of operations from FY25 onwards was facilitated by commercialisation of its Unit-II at "Chapra".

#### **Working capital intensive operations with elongation of operating cycle**

The company is engaged in the manufacturing precision components of various sizes, types and specifications catering to diversified industry segments and has setup a warehouse in the US to decrease lead time to its customers. Also, the company needs to maintain raw material inventory in order to complete the orders in timely manner. Considering multiple products, transit time of 60-90 days and execution period leads to high inventory days. The company provides clean credit to its customers for around 60-90 days. Against this, it gets similar credit period from its suppliers. High inventory period predominantly results in an elongated working capital cycle for the company. During FY25, operating cycle elongated significantly from 229 days in FY24 to 268 days in FY25, driven mainly by higher inventory holding days.

#### **Limited bargaining power against OEMs**

OEL caters to reputed companies in the US and Europe, including Fortune 500 companies. Considering its size, it has limited bargaining power against OEMs. OEL has to maintain a large portfolio of product offerings and continuously evolve itself per the client requirement to remain competitive in business, as it competes with large, organised players for export orders.

#### **Profit margins susceptible to volatility in raw material prices and forex rates**

The company's key raw material consists of bar-stocks made of steel and alloys whose prices are volatile. Also, the orders are received monthly and quarterly, which are of fixed prices, exposing its profitability to volatility associated with raw material prices. However, as articulated by the management, OEL has price variation clause, with all its customers limiting its risk to volatility in raw material prices. Furthermore, the company derives most of its revenue from export market as against limited imports, and the company manages its foreign exchange risk by using packing credit loan in foreign currency (PCFC) limit as well as entering forward contracts. The sales contract also has implicit forex hedging terms.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

## Applicable criteria

- [Definition of Default](#)
- [Information Adequacy Risk and Issuer Non-Cooperation](#)
- [Rating Outlook and Rating Watch](#)
- [Manufacturing Companies](#)
- [Financial Ratios – Non financial Sector](#)
- [Withdrawal Policy](#)
- [Short Term Instruments](#)
- [Liquidity Analysis of Non-financial sector entities](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Other Industrial Products

OEL, formerly Omnitech Engineering, was initially promoted by Mr. Uday A. Parekh and Mrs. Kinneriben U. Parekh as a partnership firm and started its operations in 2006. Subsequently, it was converted into a private limited company in August 2021 and further it got converted into a public limited company in October 2024. The company is engaged in manufacturing of turned and machined parts which are precision engineering products catering to various industries such as oil & gas, power, agriculture and earth moving equipment, hydraulics, airport ground support equipment and automation & valve. These are customized products/parts which are manufactured as per customer specifications from stainless steel and alloy bars, forging and casting products. It has presence in India as well as export market (around 15 countries). Further, Omnitech Engineering Limited completed its IPO of ₹583 crore and was listed on March 5, 2026, on BSE and NSE.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	190.69	351.04	372.09
PBILDT*	68.41	120.85	120.06
Profit after tax (PAT)	23.99	43.59	51.14
Overall gearing (x)	2.41	1.72	NA
Interest coverage (x)	5.01	4.13	4.09

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	31/05/2031	0.00	Withdrawn
Fund-based - LT/ ST-Cash Credit	-	-	-	-	0.00	Withdrawn
Non-fund-based - ST-Loan Equivalent Risk	-	-	-	-	0.00	Withdrawn

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	-	-	1)CARE BBB-; Stable; ISSUER NOT COOPERATING* (26-Mar-26) 2)CARE BBB; Stable (09-Apr-25)	-	1)CARE BBB; Stable (26-Mar-24)	1)CARE BBB; Stable (21-Mar-23)
2	Fund-based - LT/ST-Cash Credit	LT/ST	-	-	1)CARE BBB-; Stable / CARE A3; ISSUER NOT COOPERATING* (26-Mar-26) 2)CARE BBB; Stable / CARE A3+ (09-Apr-25)	-	1)CARE BBB; Stable / CARE A3+ (26-Mar-24)	1)CARE BBB; Stable / CARE A3+ (21-Mar-23)
3	Non-fund-based - ST-Loan Equivalent Risk	ST	-	-	1)CARE A3; ISSUER NOT COOPERATING* (26-Mar-26) 2)CARE A3+ (09-Apr-25)	-	1)CARE A3+ (26-Mar-24)	1)CARE A3+ (21-Mar-23)

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**
**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple
3	Non-fund-based - ST-Loan Equivalent Risk	Simple

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

### Contact us

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