Unimech Aerospace and Manufacturing Limited

September 17, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Issuer rating	-	0.00	CARE A; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Issuer Ratings: There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

Rationale and key rating drivers

The issuer rating assigned to Unimech Aerospace and Manufacturing Limited (Unimech) factors in the company's established presence in the niche aero tooling used by airlines, aircraft engine manufacturers and maintenance, repair and overhaul (MRO) companies for engine servicing, ground support operations and aircraft maintenance, repair and overhauling operations. To expand its portfolio, the company entered precision engineering industry catering to aerospace, defence, energy, industrial, and semiconductor sectors. Over a little more than a decade, the company developed a portfolio of over 6,600 stock keeping units (SKUs) approved by Tier-I engine tool licensees, aircraft and engine original equipment manufacturers (OEMs), and nuclear and semiconductor equipment manufacturers, reflecting its strong engineering capabilities and customer acceptance.

The rating further derives strength from Unimech's healthy operating profitability, supported by the high-mix, low-volume nature of its business, which requires complex machining capabilities, stringent quality standards, and customer-specific qualifications. The company's comfortable capital structure and healthy accrual generation also support its credit profile. While revenue remained range-bound at ~₹200 crore-250 crore from FY24-FY26, CARE Ratings Limited (CareEdge Ratings) expects the company to register a healthy growth trajectory over the medium term, supported by the acquisition of Hobel Bellows Co. (Hobel) in April 2026, a growing order book, increasing customer additions, and a widening product portfolio.

The rating also takes note of the favourable industry dynamics, where global OEMs are increasingly diversifying portions of their precision manufacturing, tooling, aerospace component, energy equipment, and engineering service supply chains to countries such as India. Given its established manufacturing capabilities, customer qualifications, and track record across critical applications, Unimech is well-positioned to benefit from this structural shift.

However, these strengths are partially offset by the company's sizeable capital expenditure plans in the next 18-24 months towards capacity expansion in existing operations and the proposed establishment of a machining facility for the energy sector in Saudi Arabia through a joint venture with Yusuf Bin Ahmed Kanoo Group (YABK). The company operates in an industry where capacity creation and capability development are required well ahead of revenue generation, as customers typically mandate demonstrated manufacturing capabilities, qualification approvals, and proven execution track record before awarding production orders. A portion of the installed capacity remains utilised for new product development and first article inspection (FAI) validation activities.

The rating also factors in working capital intensive operations, characterised by elevated inventory holding requirements and relatively longer receivable realisation periods, particularly in the precision component assemblies (PCA) business.

The company is planning to raise funds through a qualified institutional placement (QIP), with a portion of proceeds earmarked towards upcoming capital expenditure and incremental working capital requirements. CareEdge Ratings expects the proposed equity infusion to support the company's financial flexibility and help maintain a comfortable capital structure despite the ongoing growth investments. However, timely execution of planned capex, successful customer qualification of new facilities, and pace of scale-up in newly added capacities will remain key monitorable from a credit perspective.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in scale of operations to above ₹800 crore, supported by successful ramp-up of existing and newly added capacities, while maintaining healthy operating profitability margins of over 30%.

Negative factors

- Lower-than-envisaged growth or material delays in the qualification and commercialisation of newly developed products and capacities, resulting in weak asset utilisation.
- Material moderation in operating profitability due to pricing pressure, adverse business mix, under-absorption of fixed costs or weaker-than-expected performance of acquired and newly established operations.

Analytical approach: Consolidated

Consolidated credit profile of Unimech is analysed due to strong operational, financial and management linkages between the entities. Entities consolidated have been listed under Annexure-5.

Outlook: Stable

Stable Outlook reflects CareEdge Ratings' expectation that company would continue to expand its customer and portfolio base backed by its proven technological expertise.

Detailed description of key rating drivers

Key strengths

Presence in niche tooling and PCA business

Unimech manufactures high-complexity tooling, precision components, assemblies and engineered systems for applications across aerospace, defence, nuclear, semiconductor, energy and industrial sectors. The industry is characterised by high entry barriers due to stringent qualification requirements, including technical audits, product approvals, first-article inspections and quality certifications. Customer onboarding and qualification cycles are typically long, involving extensive technical and commercial evaluations before serial production commences. Once qualified, suppliers benefit from strong customer retention, given the significant time, cost and regulatory requirements involved in approving alternative vendors.

Large portfolio of qualified products and established customer acceptance with several others in pipeline

As on June 30, 2026, Unimech had developed over 6,300 qualified SKUs, served 41 customers across eight countries. Its tooling portfolio covers products for major aircraft and engine programmes, including LEAP, Pratt & Whitney and Rolls-Royce engines and Airbus and Boeing airframes. The breadth of qualified products reflects the company's engineering capabilities and acceptance among global OEMs and licensed Tier-I suppliers.

Unimech is gradually transforming from an aerospace-tooling-focused company into an integrated precision-engineering platform. Precision components and assemblies segment addresses aerospace components, semiconductor equipment, nuclear systems, oil and gas parts, industrial applications and complex assemblies. The share of aero tooling declined from ~90% in FY26 to 76% in Q1FY27, with the balance contributed by Hobel and precision-component businesses.

Unimech completed over 200 FAIs in FY26 and another 165 FAIs in Q1FY27, indicating continued investment in expanding its qualified product base and future revenue pipeline.

Healthy operating profitability

Unimech maintained earnings before interest, taxation, depreciation, and amortisation (EBITDA) margins of ~37-38% for FY23-FY25. Despite tariff-related concessions, customer inventory rationalisation, softer shipment schedules and fixed-cost under-absorption, its EBITDA margin remained healthy at ~31% in FY26 and recovered to 36.5% in Q1FY27. Profitability is supported by the high-mix, low-volume nature of operations, significant engineering content, product complexity, stringent quality requirements and relatively low subcontracting. Subcontracting costs was ~3% of revenue in Q1FY27, reflecting the company's focus on developing and utilising in-house capabilities.

To mitigate the impact of evolving US trade policies and enhance supply-chain flexibility, the company has operationalised a Free Trade Warehousing Zone (FTWZ) in India. The facility enables improved inventory management for customers, shorter lead times, greater delivery flexibility and reduced exposure to tariff and logistics-related disruptions. Going forward, CareEdge Ratings expects the company to sustain its profit before depreciation, interest, and taxes (PBDIT) margins in the range of 33-35%, supported by the acquisition of Hobel, given its strong profitability profile. Margin stability is also expected to be aided by steady growth in the higher-margin aerospace tooling business, which is likely to offset the relatively lower-margin PCA business, and absorption of the initially elevated fixed-cost burden associated with the greenfield facility in Saudi Arabia.

Satisfactory orderbook position

The consolidated order book stood at ~₹280 crore as on June 30, 2026. This comprised confirmed purchase orders and excluded forecasts and potential business under long-term arrangements. This together with ongoing product qualifications and long-term customer engagements, provides medium-term growth visibility. The five-year supply agreement with FACC Operations GmbH(Austria) marks the company's entry into recurring aerostructure-component supplies, while the nuclear order book and semiconductor qualifications provide additional growth avenues. The acquisition of Hobel broadens Unimech's capabilities and end-user exposure and provides cross-selling potential. Successful integration of Hobel, conversion of qualifications into serial production and timely scale-up of newly created capacities remain critical to achieving the envisaged growth

Key weaknesses

Aggressive capital expenditure plans which are inherently exposed to execution and stabilisation risks

Unimech has aggressive capex plans for the next 18-24 months to expand its existing capacity and to build a greenfield machining unit in Saudi Arabia in JV with YABK.

Given the inherently long qualification cycles, with customer approvals generally requiring around eight months and FAI prove-out processes extending up to 15-18 months, the company is expected to undertake continuous investments in capacity and capability enhancement. The proposed Saudi Arabian venture is also expected to support geographical diversification and strengthen its presence in the energy sector; however, it entails execution and ramp-up risks associated with a greenfield project. Notwithstanding its significant capex plans, CareEdge Ratings expects the company to maintain a satisfactory capital structure over the medium term, supported by robust internal accruals and the proposed QIP issuance. However, company's ability to timely complete the capex within estimates costs and to ramp up the capacity at envisaged levels would be key rating monitorable.

Likelihood of increase in WC intensity

Unimech's working capital requirements are expected to increase in the medium term, commensurate with the envisaged growth in scale, especially in PCA business, following ongoing capacity expansion and higher order execution. Operations remain working capital intensive due to the long order-to-cash cycle, involving procurement of raw materials and production expenditure ahead of customer payments, extended manufacturing and customer acceptance timelines, and credit periods of up to 120 days. The requirement to maintain sizeable inventory and work-in-progress and pay advances to certain suppliers further increases working-capital absorption. Expected allocation of QIP proceeds towards working capital, and healthy cash accruals, is expected to support the incremental funding requirement.

Liquidity: Adequate

Unimech's liquidity is adequate, supported by cash and liquid investments of ~₹195 crore as on June 30, 2026, healthy cash accruals and limited debt repayment obligations. While working capital requirements are expected to increase with scale-up of the PCA business and planned capacity additions, the company retains adequate liquidity buffers. Planned capex towards capacity expansion and the proposed Saudi Arabia facility is expected to be funded largely through internal accruals and equity, including QIP proceeds, limiting reliance on debt. Working capital absorption, utilisation of bank limits and execution of the capex programme remain key monitorable.

Environment, social, and governance (ESG) risks

Unimech has undertaken various sustainability initiatives, including the installation of a 550-kWh solar power system, deployment of energy-efficient equipment, coolant recycling, and implementation of Zero Liquid Discharge systems across its manufacturing facilities. Renewable sources accounted for around 97% of its reported energy consumption in FY26. The company aims to reduce greenhouse gas emissions and overall waste generation by 60% by 2030. On the social front, all permanent employees and workers received health and safety and skill-development training during FY26, with no safety incidents reported. Its governance framework is supported by responsible-business policies and stakeholder grievance mechanisms, with no material regulatory penalties or corruption-related disciplinary actions reported during FY26.

Applicable criteria

Consolidation
Definition of Default
Issuer Rating
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Aerospace and defense	Aerospace and defense

Established in 2016 by Anil Kumar P, Ramakrishna Kamojhala, Mani P, Rajanikanth Balaraman and Preetham S V, Unimech is a Bengaluru-based integrated precision-engineering company. It manufactures aero tooling, ground-support equipment, precision components, engineered metallic bellows and complex assemblies for aerospace, defence, energy, semiconductor and industrial sectors. As on June 30, 2026, the company operated five manufacturing facilities spread across ~5.63 lakh sq. ft., equipped with over 150 CNC machines, and had developed over 6,300 qualified SKUs.

Brief Financials- Consolidated (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	June 30, 2026 (UA)
Total operating income	242.91	240.44	107.62
PBILDT*	92.07	75.11	39.26
Profit after tax (PAT)	84.38	63.27	27.86
Overall gearing (x)	0.13	0.17	NA
Interest coverage (x)	20.92	4.77	20.23

A: Audited; UA: Unaudited; NA: Not applicable; 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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Issuer Rating-Issuer Ratings	-	Not applicable	-	-	-	-	0.00	CARE A; Stable

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 2026-2027	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
1	Issuer Rating-Issuer Ratings	LT	0.00	CARE A; Stable	-	-	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Innomech Aerospace Tooling Private Limited	Full	Wholly owned subsidiary
2	Hobel Bellows Co	Full	Wholly owned subsidiary
3	Uniflux Renewable Energy Private Limited	Full	Wholly owned subsidiary
4	Dheya Engineering Technologies Private Limited	Proportionate	Associate

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.

Contact us

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About us:
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