



**UNIMECH AEROSPACE AND MANUFACTURING LIMITED**  
(FORMERLY UNIMECH AEROSPACE AND MANUFACTURING PRIVATE LIMITED)  
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ISO 9001-2015 & AS 9100 Rev D Certified  
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12 March 2025

Corporate Relationship Department  
BSE Limited  
PJ Towers, Dalal Street  
Mumbai-400 001  
Scrip Code: 544322

The Listing Department  
National Stock Exchange of India Ltd.  
Exchange Plaza, C-1, Block G, Bandra Kurla  
Complex, Bandra (E) Mumbai - 400 051  
Symbol: UNIMECH

Dear Sir/Madam,

**Sub: Intimation of Credit Rating**

In Pursuance to Regulation 30 read with Para A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform you that Crisil Ratings Limited vide letter dated 11 March 2025 has revised the ratings assigned to Corporate Credit rating of the Company. The detail of rating is as under:

Earlier Rating	Revised Rating
Crisil A-/Stable	Crisil A-/Positive

Copy of the letter received from Crisil Ratings Limited is enclosed herewith for your consideration

We request you to kindly take the above on the record.

Thanking You  
For **Unimech Aerospace and Manufacturing Limited**

Krishnappayya Desai  
Company Secretary & Compliance Officer

Encl: A/a

## Rating Rationale

March 11, 2025 | Mumbai

### Unimech Aerospace and Manufacturing Limited

Rating outlook revised to 'Positive'; Rating Reaffirmed

#### Rating Action

Corporate Credit Rating	Crisil A-/Positive (Outlook revised from 'Stable'; Rating Reaffirmed)
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Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

#### Detailed Rationale

Crisil Ratings has revised its outlook on the corporate credit rating of Unimech Aerospace and Manufacturing Ltd (UAML; part of the Unimech group) to **'Positive'** from 'Stable' while reaffirming the rating at **'Crisil A-'**.

The revision in outlook reflects expected improvement in business risk profile backed strong revenue growth; healthy profitability and enhanced manufacturing capacities. The outlook also reflects an improved financial risk profile on account of increase in equity through Rs 250 crore of private placement and Rs 250 crore of primary issuance from total initial public offering (IPO) of Rs 500 crore. With this, the overall networth is expected to increase from Rs 114 crore in fiscal 2024 to Rs 700 crore by end of the current fiscal. Sustained improvement in the business risk profile, especially improvement in revenue and order book, while maintaining a healthy operating margin and working capital parameters, is monitorable.

The rating continues to reflect the group's established market position, extensive experience of the promoters in the aerospace and defence industry, strong product portfolio and healthy financial risk profile. These strengths are partially offset by exposure to cyclicity in end-user industries, customer concentration and large working capital requirement.

#### Analytical Approach

For arriving at the rating, Crisil Ratings has combined the business and financial risk profiles of UAML and its wholly owned subsidiary, Innomech Aerospace Toolings Pvt Ltd (IATPL), together referred to as the Unimech group. Both these entities are in a similar line of business with common management and treasury, with operational and financial linkages.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

#### Key Rating Drivers & Detailed Description

##### Strengths:

- Extensive industry experience of the promoters and established market position:** The promoters have over two decades of experience in the niche precision tooling and complex component manufacturing segment, with extensive engineering, manufacturing and commercial backgrounds. Their strong understanding of the market dynamics and healthy relationships with various stakeholders has helped the group in acquiring reputed clientele, maintaining stringent quality standards and scaling up the business with strong profitability.

The Unimech group is present across the aerospace, defence, power generation and semi-conductor sectors with majority revenue contribution from the aerospace industry. The company has established itself as a reliable manufacturing partner for gas turbine and airframe and airport tooling used in maintenance, repair and overhaul (MRO) and line maintenance activities for a number of reputed aircraft and aircraft engine manufacturers such as Airbus, Boeing, Dassault Aviation, GE and Rolls Royce. The group has also forayed into complex component manufacturing for defence, power generation and semiconductor sectors. The business profile of the group is expected to grow further, backed by addition of clients, growing product portfolio, planned capacity expansion and incremental orders from existing clientele.

- Strong product portfolio with healthy profit margin:** The group currently manufactures over 4,041 stock keeping units (SKUs) as on 31<sup>st</sup> December 2024 for major international clients which has seen traction in the past few years and is expected to contribute significantly to the overall growth profile. Along with diverse product offering across engine, airframe and airport ground handling tooling and precision components, this has enabled the company to achieve revenue of Rs 215 crore in fiscal 2024. The number of SKUs has increased from 2,980 as on March 31, 2024 to 4,041

as on December 31, 2024 and is expected to increase further over the medium term, driving business growth. Operating margin has improved significantly over the years, backed by scale up in revenue and complexity of products being offered, to around 40% on consolidated level in fiscal 2024 and is likely to be strengthened over the medium term.

- **Healthy financial risk profile:** The group's capital structure has been healthy because of low reliance on external funds yielding gearing of 0.25 time and low total outside liabilities to adjusted networth (TOLANW) ratio of 0.53 time as on March 31, 2024. The financial risk profile has improved in the current fiscal with increased equity from Rs 250 crore of private placement and Rs 250 crore of primary issuance from total IPO of Rs 500 crore. The overall networth is expected to increase from Rs 114 crore in fiscal 2024 to Rs 700 crore by end of the current fiscal. The group's debt protection metrics have also been healthy because of low leverage and robust profitability. The interest coverage and net cash accrual to total debt (NCATD) ratios were 39.2 times and 2.28 times, respectively, for fiscal 2024. The group's debt protection metrics and leverage are expected to remain strong over the medium term.

#### **Weaknesses:**

- **Exposure to cyclicity in end-user industries and customer concentration in revenue:** The group has significant exposure to the aero tooling segment and any material cyclicity in the industry can impact the business performance. However, diversified products offering under different segments of the aero tooling segment and increasing contribution from complex component manufacturing should partially mitigate the risk.

The group is also exposed to customer concentration risk since over 85% of the revenue is contributed by three large customers and their affiliates. Any downturn in the business profiles of these customers or any adverse change in their sourcing policies may have an impact on the Unimech group's credit profile. However, the group has added many customers over the past few years. The number of customers has increased from 16 as on March 31, 2024 to 25 as on December 31, 2024, resulting in reduction in customer concentration. The group is expected to further increase its customer base over the medium term from both the aero and complex component manufacturing segments. Growing revenue contribution from a larger customer base should partially mitigate the risk. Sustained revenue growth and diversification of the customer base with increasing revenue contribution from relatively new customers will remain monitorable.

- **Working capital-intensive operations:** The Unimech group's gross current assets (GCAs) were high at around 200 days as on March 31, 2024, on account of high inventory levels which is common in the space and defence industries and moderately higher receivables. However, reputed clientele and high value-added and customised products partially mitigate the risk.

#### **Liquidity: Strong**

Bank limit utilisation was high at 94.73% on average for the nine months ending December 31, 2024. However, significant cash holding of over Rs 253 crore, as on December 31, 2024, provides a strong liquidity buffer. Cash accrual is expected to be Rs 94-200 crore per annum, over the medium term, against nominal term debt obligation. The surplus will cushion the liquidity. The current ratio was healthy at 3.72 times as on March 31, 2024. Low gearing and high networth support financial flexibility and provides the financial cushion required in case of any adverse conditions or downturn in the business.

#### **Outlook: Positive**

Crisil Ratings believe the group will continue to benefit from the extensive experience of its promoters and established relationships with clients.

#### **Rating sensitivity factors**

##### **Upward factors:**

- Substantial increase in scale of operations, improvement in customer diversity and product portfolio coupled with stable operating margin above 35% strengthening the net cash accrual
- Sustenance of healthy financial risk profile and improvement in the working capital cycle

##### **Downward factors:**

- Any large customer attrition or shrinking product portfolio leading to significant reduction in revenue or operating margin falling below 28%, weakening the net cash accrual
- Any large debt-funded capital expenditure (capex) or material stretch in the working capital cycle, significantly weakening the leverage levels and overall financial flexibility of the group

#### **About the Company**

Incorporated in 2016, UAML manufactures aero tooling, complex precision components and mechanical assemblies for companies in the aerospace, defence, power generation and semiconductor sectors, including several aerospace and power generation original equipment manufacturers (OEMs). The manufacturing unit is in Peenya, Bengaluru. UAML is promoted and managed by Mrs Rashmi Anil Kumar, Mr Ramakrishna Kamojhala, Mr Mani Puthan, Mr Rajanikanth Balaraman and Mr Preetham Shimoga.

#### **About the subsidiary company**

Incorporated in 2018, IATPL is a wholly owned subsidiary of UAML. It is engaged in the same business as its parent.

**Key Financial Indicators (Combined)**

As on / for the period ended March 31	Unit	2024	2023
Operating income	Rs crore	215.26	100.14
Reported profit after tax (PAT)	Rs crore	62.45	27.27
PAT margin	%	29.01	27.23
Adjusted debt/adjusted networkth	Times	0.25	0.42
Interest coverage	Times	38.42	22.28

**Any other information:** Not Applicable

**Note on complexity levels of the rated instrument:**

Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit [www.crisilratings.com](http://www.crisilratings.com). Users may also call the Customer Service Helpdesk with queries on specific instruments.

**Annexure - Details of Instruments**

ISIN	Name of the instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue size (Rs.Crore)	Complexity Level	Rating assigned with outlook
NA	NA	NA	NA	NA	NA	NA	NA

**Annexure – List of Entities Consolidated**

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Unimech Aerospace and Manufacturing Limited	Full	Parent company
Innomech Aerospace Toolings Private Limited	Full	Wholly owned subsidiary

**Annexure - Rating History for last 3 Years**

Instrument	Type	Current		2025 (History)		2024		2023		2022		Start of 2022
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Corporate Credit Rating	LT	0.0	Crisil A-/Positive		--	31-07-24	Crisil A-/Stable		--		--	--

All amounts are in Rs.Cr.

**Criteria Details**

<b>Links to related criteria</b>
<b>Basics of Ratings (including default recognition, assessing information adequacy)</b>
<b>Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)</b>
<b>Criteria for consolidation</b>

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