Initiating Coverage

Choice
Institutional Equities

Unimech Aerospace & Manufacturing Ltd.

Aerospace at the Core; Precision Engineering as the Next Growth Engine

Date: Sep 21, 2026

institutional.equities@choiceindia.com

Unimech Aerospace & Manufacturing (UNIMECH)

Choice
Institutional Equities

Sector View: Positive

BUY

Sep 21, 2026 | CMP: INR 1,591 | Target Price: INR 1,950

Expected Share Price Return: 22.5% I Dividend Yield: 0.0% I Expected Total Return: 22.5%

unimech

Company Information

Unimech Aerospace and Manufacturing Ltd is a Bengaluru-based, export-led precision engineering company specialising in aero engine and airframe tooling, MRO tools, ground support equipment and complex precision components for the aerospace, defence, nuclear, energy and semiconductor industries, operating on a high-mix, low-volume, build-to-print and build-to-spec model for global OEMs and Tier-1s.

BB Code	**UNIMECH IN**
ISIN	INE0U3I01011
Face Value (INR)	5.0
52-wk High/Low (INR)	1,653 / 695
Mkt Cap (INR Bn)	80.9
Shares o/s (Mn)	50.9
Free Float	17.3%

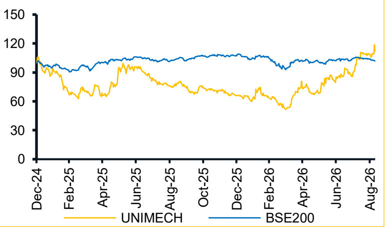
Shareholding Pattern (%)

	Jun-26	Mar-26	Dec-25
Promoters	79.82	79.82	79.82
FIIs	0.43	0.38	0.36
DIIs	5.60	5.99	6.50
Public	14.16	13.81	13.32

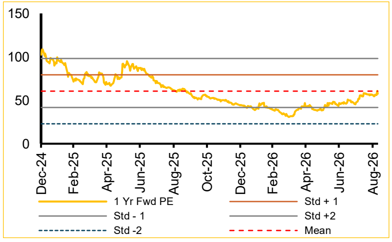
Relative Performance (%)

	6 Month	12 Month	18 Month
BSE 200	1.4	(4.8)	6.9
UNIMECH	106.4	45.6	71.2

Rebased Price Performance



1-Yr forward PE band



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[Bull Bear Case](#)
[Plant Visit and Management Meet](#)
[Investors Concerns Answered](#)

12+ years of aircraft backlog: a multi-decade aero-tooling opportunity

We believe Unimech is well positioned to capture a multi-year aero-tooling cycle, driven by rising aircraft production, new-generation engine programmes and recurring MRO demand. The ~**17,000-aircraft backlog**, expanding global fleet and potentially **USD 193 Bn MRO TAM by 2036** provide strong structural demand visibility. Unimech's **~86% tooling revenue, ~6,300 qualified SKUs versus 932 in FY22, and exposure to global OEMs/Tier-1s** further strengthen its positioning. **Importantly, aerospace qualification creates customer stickiness and extends the revenue opportunity from initial tooling to repeat production and, eventually, MRO.**

Precision components: 10% today, significant headroom ahead

We expect precision components to become Unimech's second growth engine, taking it beyond tooling into higher-value applications. The business already contributes **~10% of FY26 revenue**, with **~INR 870 Mn of nuclear orders** and **INR 4,000+ Mn EMCCR pipeline** providing early scale-up visibility. **Hobel adds capabilities in bellows, tubing, welding and engineered assemblies**, enabling higher content per customer, while the **Saudi JV opens a localisation-led growth opportunity**. **The shift from individual components to assemblies, coupled with new markets, can materially expand Unimech's share of wallet and growth runway.**

52% utilisation: significant earnings opportunity from existing capacity

Unimech's expanded capacity provides a meaningful earnings-conversion opportunity, with the next leg of growth increasingly driven by higher asset utilisation rather than fresh capex. Installed capacity has increased nearly **7.0x to ~6.8 lakh machine hours in FY26**, while utilisation remains at just **~52%** (excluding 10% for first article inspection), leaving significant headroom as qualified programmes move into serial production. **We expect utilisation to improve to ~65% in FY27E and ~78% in FY29E**, enabling the company to absorb more of its fixed-cost base as rev. scales up.

Optionality: **1) Hobel:** We factor **~INR 1,960 Mn of FY29E revenue**, leaving upside from faster scaling of its expanded capabilities and higher-value assemblies. **2) Dheya: No PAT contribution from Dheya is factored into our estimates till FY29E**, making commercialisation of its propulsion and related technologies incremental upside. **3) Saudi/Kanoo:** We factor only **~INR 800 Mn of FY29E revenue**, leaving significant headroom if the JV scales faster amid Saudi Arabia's localisation push. **4) M&A:** The proposed **INR 750 Cr QIP** provides capital for capacity expansion and strategic acquisitions.

Investment View: We initiate coverage on **UNIMECH**, driven by the above-mentioned investment thesis, we expect **58.6% / 67.8% / 56.2% Revenue / EBITDA / PAT CAGR over FY26–29E**, led by higher capacity utilisation and scaling of newer businesses. We assign a **'BUY' rating with a target price of INR 1,950**, based primarily on our **DCF valuation**. As a secondary check, **50x average FY28–29E EPS of INR 39.4 implies a value of INR 1,969**, broadly validating our DCF-based target.

Key Risks: Delays in customer qualifications and aerospace programs ramp-ups could defer growth, while execution challenges in scaling newer businesses could pressure margins. Slower capacity utilisation or higher-than-planned capex could weaken operating leverage

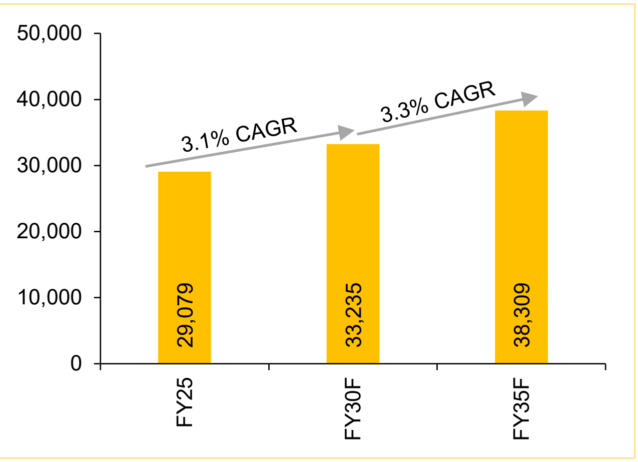
Key Financials

INR Mn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	2,429	2,405	5,091	6,821	9,594
YoY (%)	16.4	(1.0)	111.7	34.0	40.7
EBITDA	921	751	1,833	2,490	3,550
EBITDAM %	37.9	31.2	36.0	36.5	37.0
RPAT	835	633	1,174	1,594	2,412
EPS (INR)	16.4	12.4	23.1	31.3	47.4
ROE %	21.5	9.0	14.7	17.1	21.3
ROCE %	12.2	9.7	13.2	13.4	15.3
EV/EBITDA (x)	87.1	107.6	44.6	32.4	22.4

Initiating Coverage | Sector: Defence & Aerospace

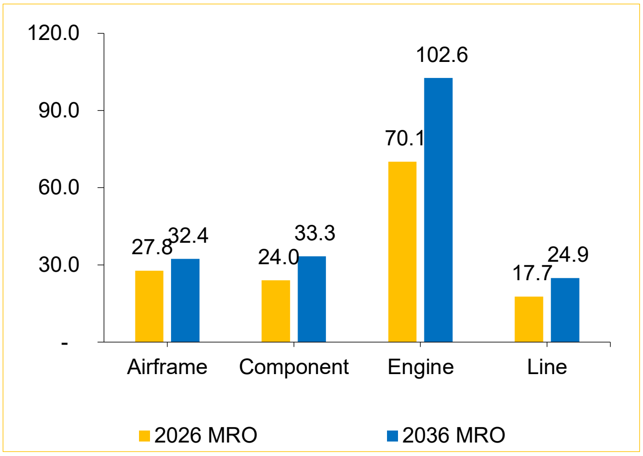
1.1 Story in charts

Aircraft backlog points to sustained multi-year demand (fleet size in numbers)



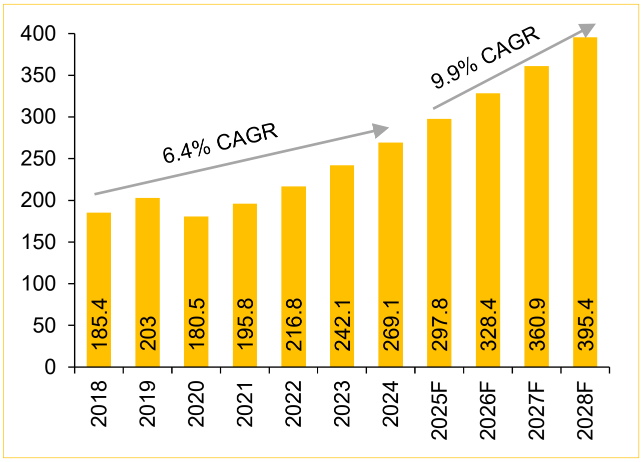
Source: Oliver Wyman, Choice Institutional Equities

USD 193 Bn global MRO opportunity by 2036



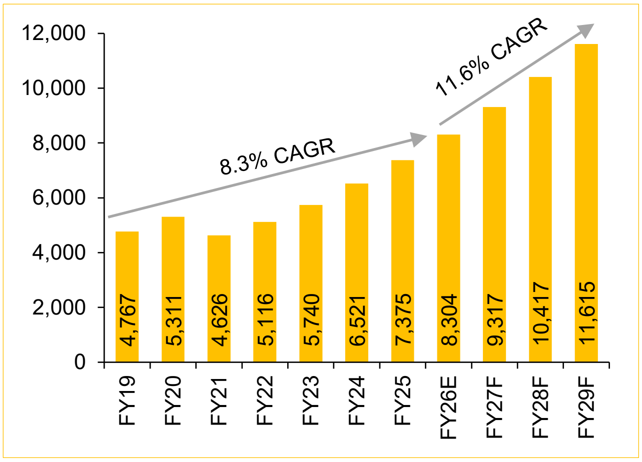
Source: Oliver Wyman, Choice Institutional Equities

Global precision-engineered goods market expected to grow at ~10% CAGR during 2025–28F (USD Bn)



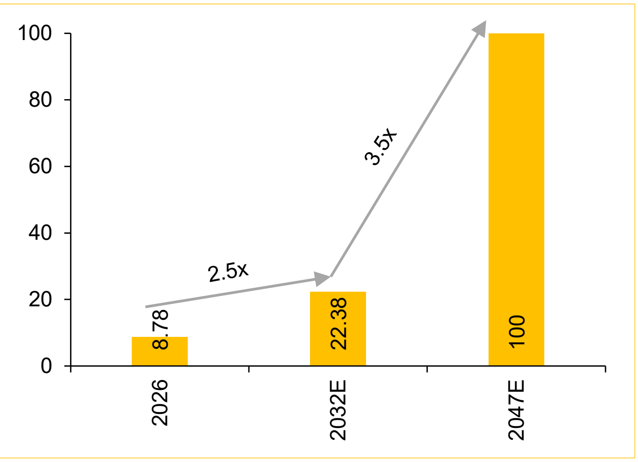
Source: ICRA, Choice Institutional Equities

India's precision-engineered goods market poised to grow at ~12% CAGR during FY26–29F (USD Mn)



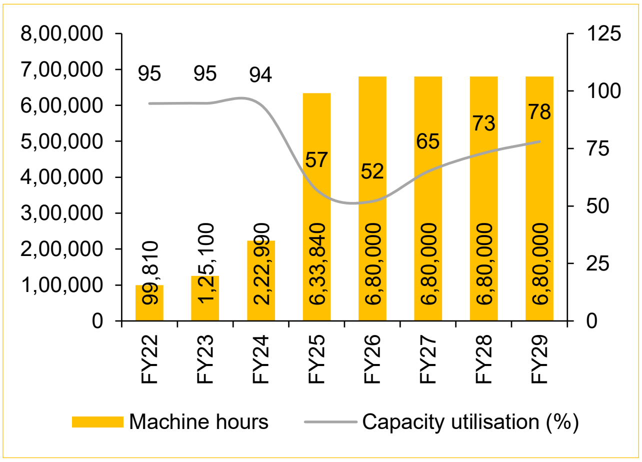
Source: ICRA, Choice Institutional Equities

India's nuclear capacity to expand >11x to 100GW by 2047 (units in gigawatts)



Source: PIB, Choice Institutional Equities

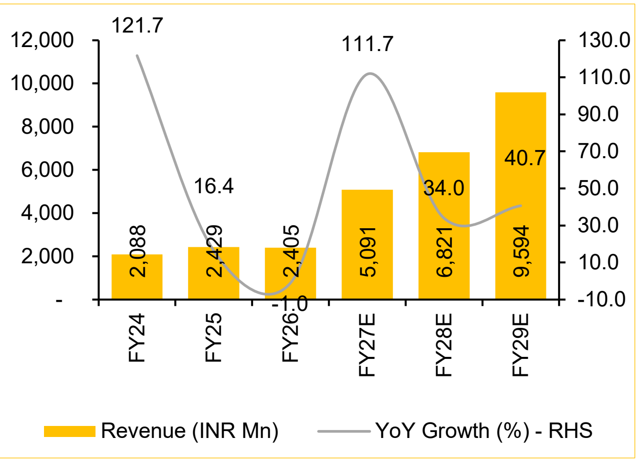
Capacity expansion creates significant headroom for utilisation-led growth



Source: UNIMECH, Choice Institutional Equities

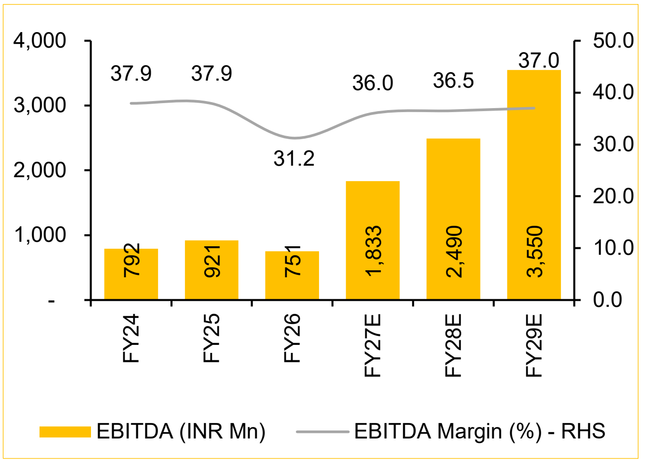
1.1 Story in charts

Revenue expected to expand ~58.6% CAGR over FY26–29E



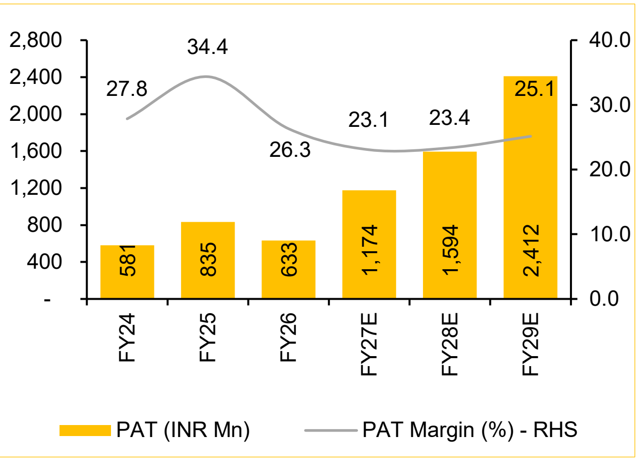
Source: UNIMECH, Choice Institutional Equities

EBITDA margin forecast to remain healthy in 36–37% range



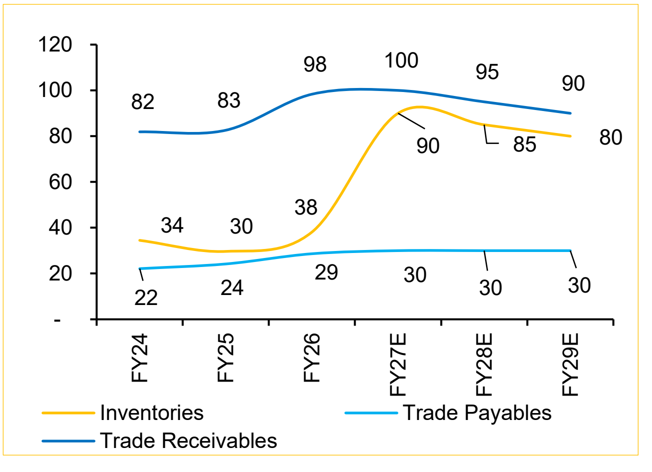
Source: UNIMECH, Choice Institutional Equities

PAT anticipated to expand ~56.2% CAGR over FY26–29E



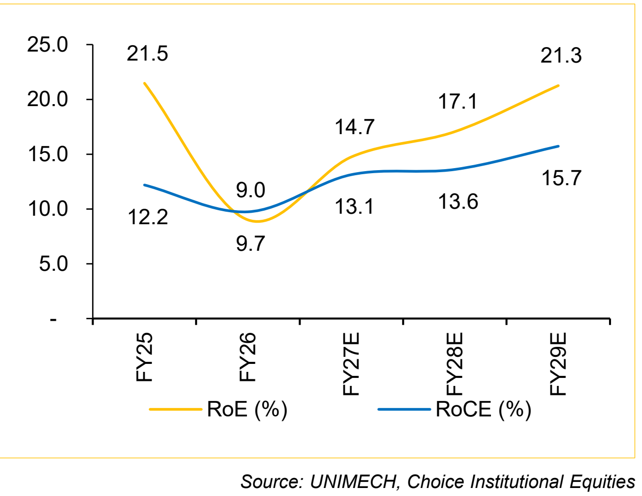
Source: UNIMECH, Choice Institutional Equities

Working capital cycle trend



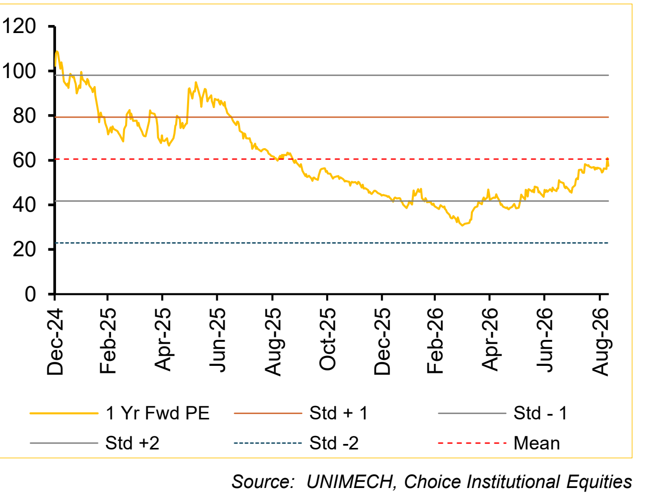
Source: UNIMECH, Choice Institutional Equities

ROE & ROCE trend



Source: UNIMECH, Choice Institutional Equities

1-Yr forward PE band



Source: UNIMECH, Choice Institutional Equities

Report Structure

Our recent 'Initiating Coverage' reports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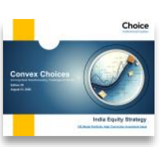
Convex_Choices_Equity Strategy and High-Conviction Ideas_Quarterly_Q1FY27

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2.0 Structural growth across global & Indian precision engineering

Global precision-engineering is expanding rapidly, driven by rising demand across **aerospace, defence, industrial machinery and energy**, with the global market expected to grow at **~10% CAGR through CY28**.

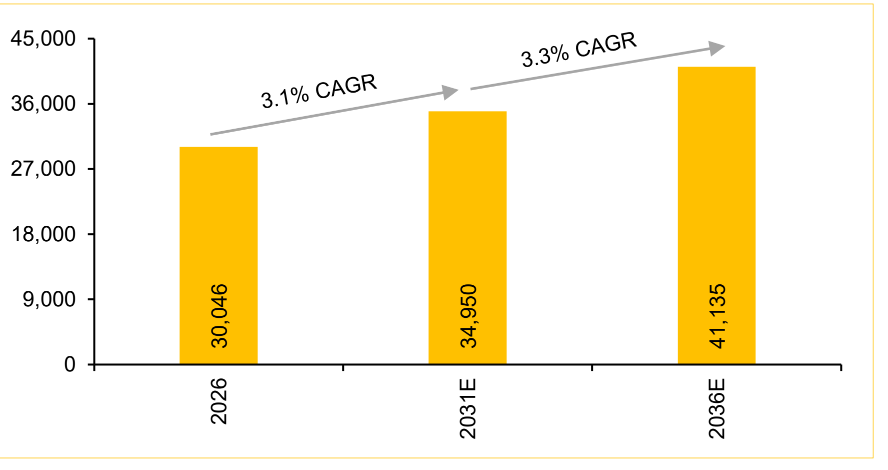
India is emerging as a key mfg. hub, supported by **China+1, cost competitiveness and deeper integration with global value chains**, driving a **~9% CAGR** in the domestic precision-engineering market through 2030.

Aerospace and defence are among the fastest-growing end markets, while industrial machinery and energy provide additional avenues for diversification.

For Indian precision-engineering players, the opportunity is shifting from component outsourcing to higher-value, qualified and integrated manufacturing, creating scope for sustained revenue growth for Unimech.

2.1 Global fleet on track to exceed 41,000 aircraft by 2036

- **Air travel reached a record 5.2 Bn passengers in 2025**, while global airline passenger revenues surpassed **USD 1 Tn**
- Despite strong demand, **~17,000 aircraft remain on order globally**, equivalent to **12+ years of production visibility**, as supply-chain and manufacturing constraints continue to limit aircraft deliveries
- The global commercial fleet is expected to increase from **~30,000 aircraft in 2026 to ~41,000 by 2036**, implying a **3.2% CAGR**; meanwhile, ageing fleet and higher aircraft utilisation should support **sustained MRO demand**

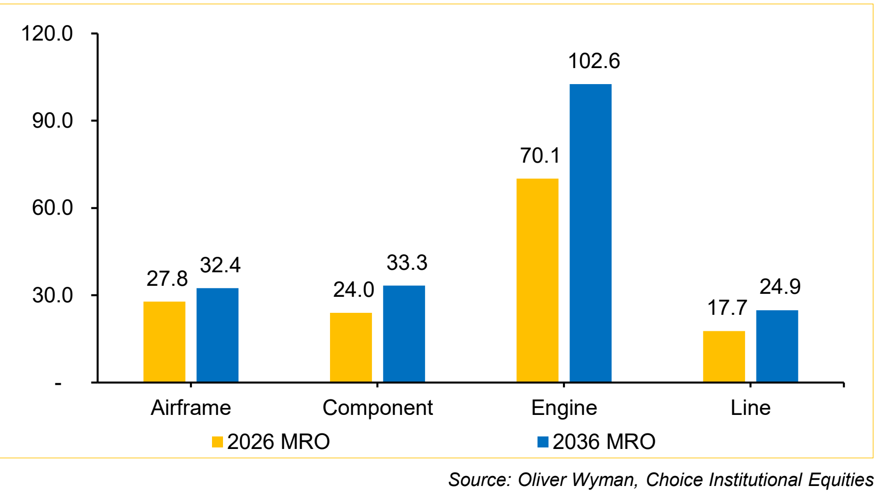


Source: Oliver Wyman, Choice Institutional Equities

2.2 USD 193 Bn global MRO opportunity by 2036

Global MRO spending reached USD 136 Bn in 2025 and it is expected to reach USD 193 Bn by 2030

- **Global MRO spending reached USD 136 Bn in 2025**, up 8% YoY, and is expected to approach **USD 193 Bn by 2030**
- MRO demand is expected to remain structurally strong as airlines focus on **fleet reliability and operational efficiency**, requiring continued investment in maintenance capabilities, parts and related tooling

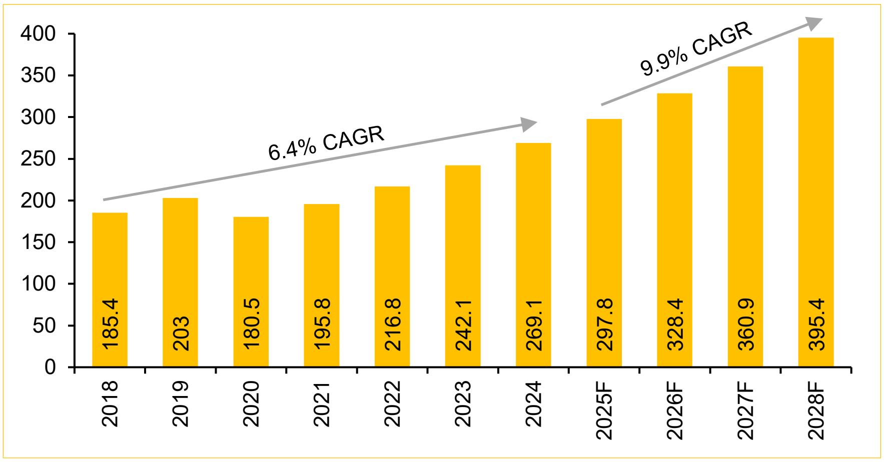


Source: Oliver Wyman, Choice Institutional Equities

2.3 Global precision-engineered goods market expected to grow at ~10% CAGR during 2025–28F (USD Bn)

- The **global precision-engineered goods market is expected to grow from USD 269.1 Bn in CY24 to USD 395.4 Bn by CY28**, indicating a **9.9% CAGR**, supported by technological advancement, industrial automation, rising quality standards and sustainability-led manufacturing
- **Aerospace & Defence, Semiconductors, Medical Devices and Energy & Power** are key demand centres, driven by **increasing product complexity and the growing need for high-precision, high-reliability components**

Global precision-engineered goods market is expected to grow from USD 269.1 Bn in CY24 to USD 395.4 Bn by CY28, indicating a 9.9% CAGR

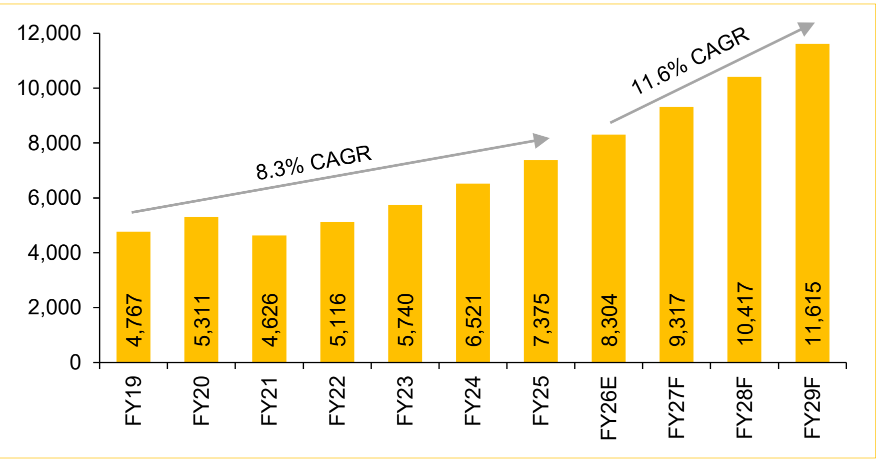


Source: ICRA, Choice Institutional Equities

2.4 India's precision-engineered goods market poised to grow at ~12% CAGR during FY26–29F (USD Mn)

- The **Indian market is expected to grow from INR 6,521 Mn in 2024 to INR 11,615 Mn by FY29**, indicating **11.6% CAGR**, supported by manufacturing-led govt. initiatives, strong domestic demand, **China+1 opportunities, cost competitiveness and skilled talent availability**
- **Aerospace & Defence, Electronics & Semiconductors, Automotive and Energy** are key growth sectors, supported by rising domestic manufacturing and integration into global value chains

Indian market is expected to grow from INR 6,521 Mn in 2024 to INR 11,615 Mn by FY29, indicating 11.6% CAGR



Source: ICRA, Choice Institutional Equities

2.5 Global precision engg.: Broad-based growth across key end markets

- The **global precision-engineered goods market is expected to grow from USD 269.1 Bn in CY24 to USD 395.4 Bn by CY28**, indicating a **9.9% CAGR**, supported by technological advancement and industrial automation
- Growth is broad-based across key end markets, with **Industrial Machinery, Energy, Defence and Aerospace** expected to grow at **10.6%, 11.1%, 10.3% and 9.3% CAGRs**, respectively, during CY25–28F
- **Aerospace precision engineering** is expected to expand from **USD 32.4 Bn in CY24 to USD 46.5 Bn by CY28**, while the **defence market is forecast to rise from USD 22.6 Bn to USD 33.7 Bn**, highlighting attractive opportunities across Unimech's core end markets

Market breakup by end use industry (values are in USD Bn)

Particulars	2018	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	CAGR CY25-28F
Total (USD Bn)	**185.4**	**203**	**180.5**	**195.8**	**216.8**	**242.1**	**269.1**	**297.8**	**328.4**	**360.9**	**395.4**	**9.90%**
Market by End Use Industries												
Automobiles	52	57	50	54	60	67	75	83	92	101	111	10.1%
Industrial Machinery	31	34	30	33	36	41	46	51	57	63	69	10.6%
Aerospace	24	26	22	24	26	29	32	36	39	43	47	9.3%
Defence	15	17	15	16	18	20	23	25	28	31	34	10.3%
Electronic Manufacturing Services	15	16	14	15	17	19	21	23	26	28	31	9.6%
Construction Equipment	14	15	13	14	15	17	18	20	22	24	26	8.9%
Rail & Transportation	9	10	9	10	11	12	13	15	16	18	20	9.9%
Oil & Gas	6	7	6	6	7	8	8	9	10	11	12	8.8%
Energy	4	5	4	5	5	6	6	7	8	9	10	11.1%
Food & Agriculture	2	3	2	2	3	3	3	3	4	4	4	7.9%
Power Transmission	2	2	2	2	2	2	2	3	3	3	3	8.3%
Others	12	13	13	15	17	18	20	22	25	27	29	9.4%

Source: ICRA, Choice Institutional Equities

2.6 Precision engineered goods Indian market

- The **Indian precision-engineered components market is expected to grow from INR 6,521 Mn in 2024 to INR 11,615 Mn by 2029**, indicating **11.3% CAGR**, supported by manufacturing-led initiatives, China+1 opportunities, cost competitiveness and integration into global value chains
- India's key target end markets are expected to grow at a healthy pace, with **Aerospace, Industrial Machinery and Defence** increasing at **13.0%, 12.5% and 11.4% CAGRs**, respectively, over FY24–29E
- **Aerospace market size is expected to nearly double from USD 574 Mn in FY24 to USD 1,077 Mn by FY29E**, while defence increases from **USD 659 Mn to USD 1,150 Mn**

Market breakup by end use industry (FY2019-FY2029) (values are in USD Mn)

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27F	FY28F	FY29F	CAGR FY26-29
Total (USD Mn)	**4,767**	**5,311**	**4,626**	**5,116**	**5,740**	**6,521**	**7,375**	**8,304**	**9,317**	**10,417**	**11,615**	
Others	235	264	275	312	352	396	444	497	555	616	685	11.3%
Power Transmission	66	73	63	68	76	85	95	105	116	128	141	10.2%
Food & Agriculture	93	102	88	95	105	117	130	144	159	174	190	9.8%
Oil & Gas	126	138	118	128	141	156	173	191	210	230	251	9.5%
Energy	148	164	142	156	173	196	220	246	275	306	339	11.2%
Rail & Transportation	272	302	262	289	323	365	412	463	518	578	643	11.6%
Construction Equipment	323	356	306	335	372	417	466	519	575	635	699	10.5%
Electronic Manufacturing Services	348	384	332	364	405	456	512	572	636	706	780	10.9%
Aerospace	399	449	395	441	500	574	656	746	846	956	1,077	13.0%
Defence	493	547	474	522	582	659	742	832	930	1,035	1,150	11.4%
Industrial Machinery	710	793	693	768	864	985	1,120	1,269	1,433	1,612	1,808	12.5%
Automobiles	1,553	1,739	1,479	1,638	1,847	2,115	2,404	2,720	3,065	3,441	3,850	12.3%

Source: ICRA, Choice Institutional Equities

3.1. 12+ Years of aircraft backlog: a multi-decade aero-tooling opportunity

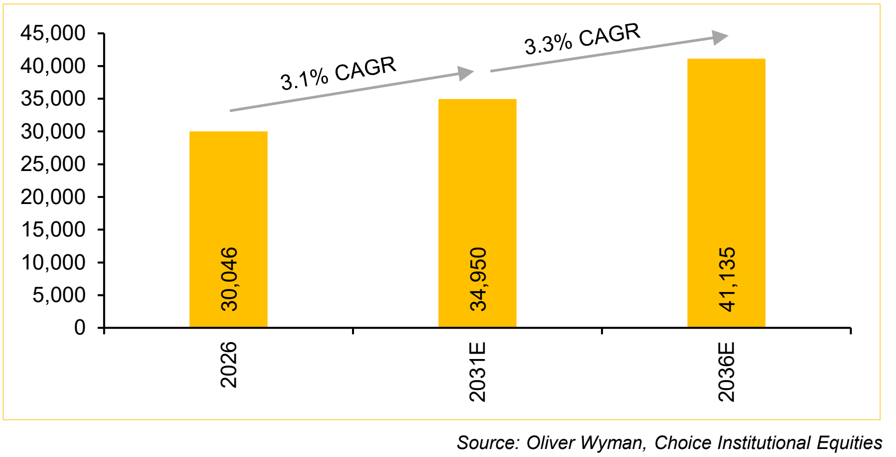
We believe Unimech is positioned at an attractive intersection of two long-duration aerospace cycles — rising new-engine production and the subsequent MRO opportunity. With the global aircraft backlog at **~17,000 units**, and the commercial fleet expected to expand from **~30,000 aircraft in 2026 to ~41,000 by 2036** and global MRO spending projected to reach **~USD 193 Bn by 2036**, tooling demand is set to compound well beyond the current aircraft upcycle. **Every new engine requires tooling today; every engine entering service creates recurring maintenance-tooling demand tomorrow.**

Unimech is already participating in this cycle, with **~86% of revenue from aero-tooling, ~6,300 qualified SKUs vs. 932 in FY22, exposure to leading global engine OEMs/Tier-1s and a USD-7.5 Mn five-year FACC programme**. We believe its expanding qualification base, over 50% Bengaluru capacity expansion and exposure across **new-build and aftermarket tooling** can transform aero tooling from a project-led business into a **multi-year, compounding aerospace growth franchise**.

3.1.a 17,000-Aircraft backlog underpins long-duration tooling demand

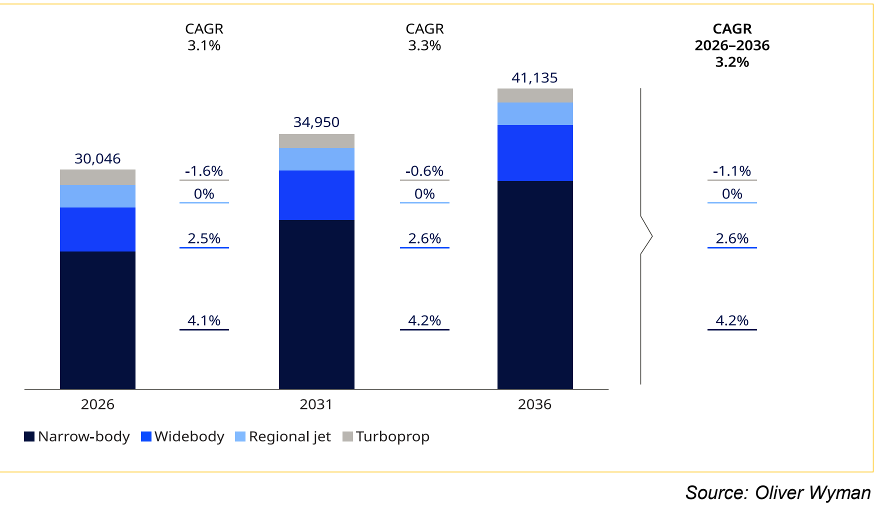
- **Global aviation demand remains structurally strong**, with ~**5.2 Bn passengers in 2025** and industry revenues exceeding **USD 1.0 Tn**
- **Supply constraint remains the key bottleneck**, pushing the global aircraft backlog to ~**17,000 units**, equivalent to **12+ years of production visibility** at current build rates
- The global commercial fleet is expected to increase from ~**30,000 aircraft in 2026 to ~41,000 by 2036**, implying ~**3.2% CAGR**
- **We believe this demand-supply imbalance creates a favourable multi-year cycle for aero-tooling suppliers**, as OEMs increase production to address the backlog
- **For Unimech, the opportunity starts ahead of aircraft deliveries**, as its tooling is supplied to global engine OEMs, Tier-1 suppliers and MRO players

Global fleet forecast to grow to ~41,000 aircrafts by 2036



Source: Oliver Wyman, Choice Institutional Equities

Aircraft requirement by their body type



Source: Oliver Wyman

High-volume engine programs drive durable, repeat tooling demand across both production scale-up, lifecycle maintenance

3.1.b 10,000+ LEAP engine programs create durable tooling opportunity

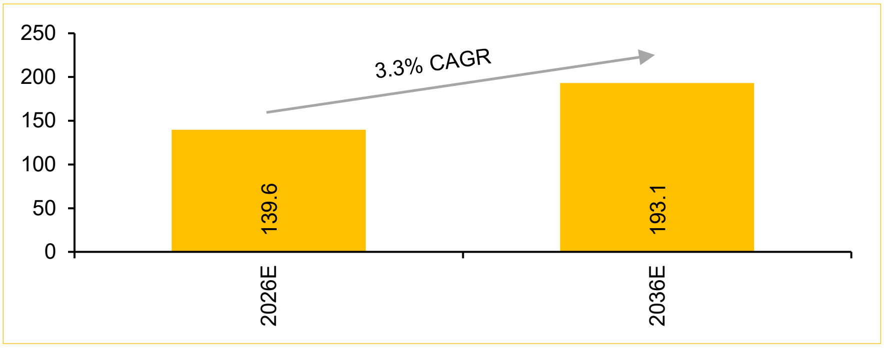
- **High-volume engine programmes, such as CFM LEAP, Pratt & Whitney GTF and Rolls-Royce Trent create a structural tooling opportunity** as production rates scales up
- **LEAP orders exceeding 10,000 engines highlight the scale and longevity of the opportunity**
- **Tooling demand is not limited to initial engine production**, with repeat requirements emerging as production rate increases and engines subsequently enter the MRO cycle
- **Unimech is well-positioned, with ~86% of revenue from aerospace tooling and exposure to global engine OEMs, Tier-1 suppliers and MRO players**
- Its qualified product portfolio has expanded from **932 SKUs in FY22 to ~6,300**, indicating deeper programme penetration and growing customer qualification
- In our view, the **growing pool of qualified SKUs reflects deeper programme penetration**, creating a **compounding installed base** that supports both new-build and recurring aftermarket tooling demand

Global MRO spend projected to grow from USD 139.6 Bn in 2026 to USD 193.1 Bn by 2036

3.1.c MRO creates a recurring tooling pool beyond new-build demand

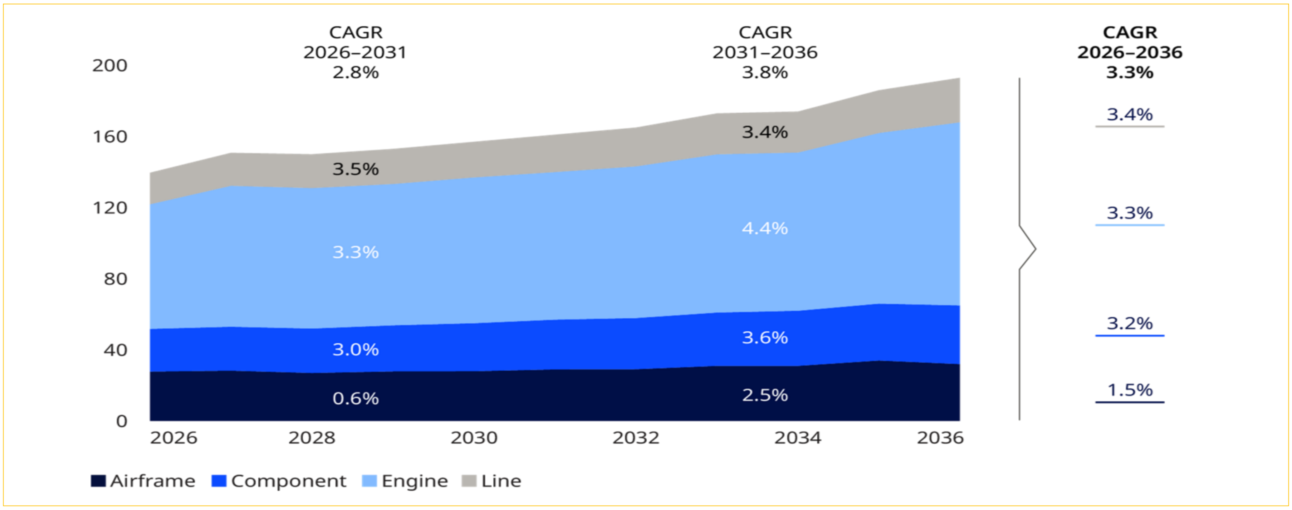
- **MRO creates a recurring tooling opportunity beyond new aircraft production**, as aircraft require regular maintenance throughout their operating lives
- Global aircraft MRO spending is expected to increase from **~USD 139.6 Bn in 2026 to USD 193.1 Bn by 2036**, with **engine MRO remaining the largest segment**
- India offers an even faster growth opportunity, with aircraft MRO spending expected to rise from **~USD 3.1 Bn to USD 6.9 Bn** over the same period
- **We believe this creates a longer revenue runway and reduces Unimech's dependence on new aircraft production cycles**

USD 193 Bn global aircraft MRO opportunity by 2036E



MRO demand forecast, by aircraft class

Source: Oliver Wyman, Choice Institutional Equities



Source: Oliver Wyman

3.2 Precision components: 10% today, significant headroom ahead

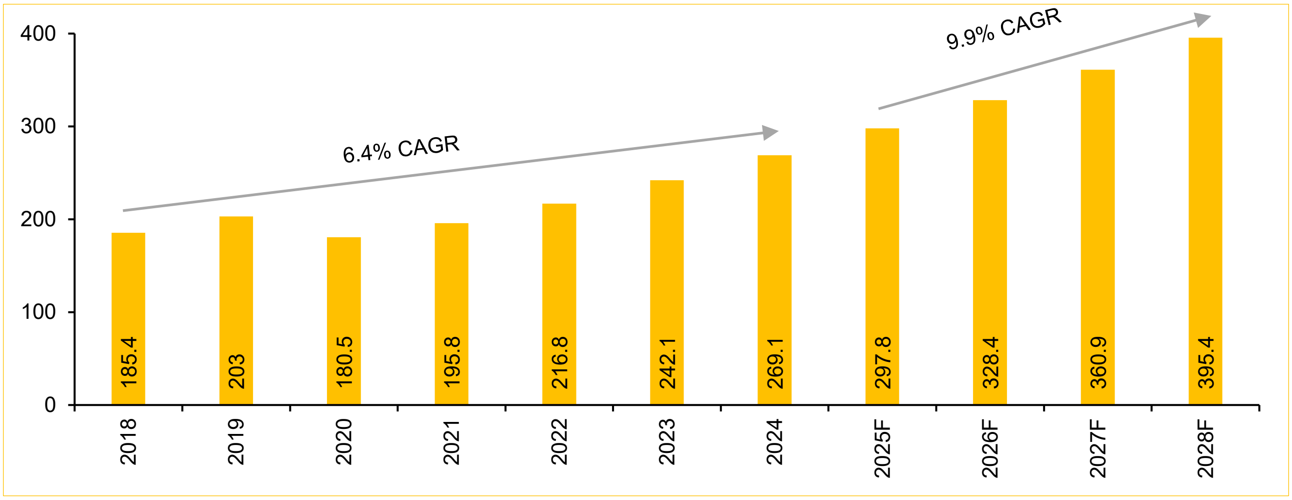
We believe precision components can emerge as Unimech's second growth engine, opening a significantly larger addressable market beyond its core tooling business. The global precision-engineering opportunity is estimated at **~USD 1.3 Tn by 2030**, while precision components currently contribute only **~10% of FY26 revenue**, highlighting the substantial headroom for growth. **Supply-chain diversification, localisation and increasing outsourcing by global OEMs** further support the opportunity.

The company is broadening its capabilities from individual components to higher-value assemblies and integrated solutions. Hobel, nuclear and the Saudi JV provide avenues to deepen customer relationships, expand into new applications and increase share of wallet. **With a large TAM, multiple growth avenues and a small revenue base, we see precision components as a meaningful extension of Unimech's growth runway.**

3.2.a Precision components create a new growth engine beyond tooling

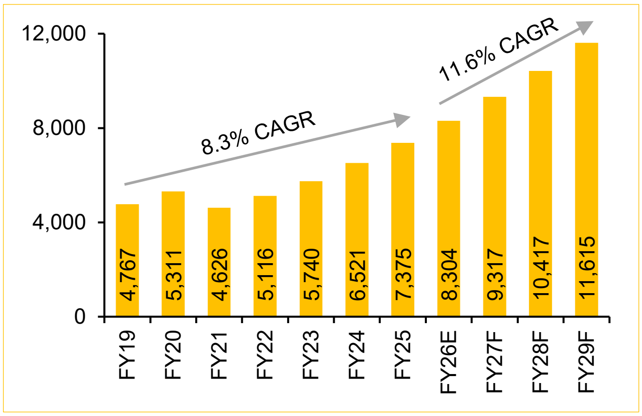
- Unimech's precision-components platform covers **machined components, bellows, tubing, fixtures and engineered assemblies** across aerospace, defence, semiconductors, nuclear, power and industrial applications
- The key opportunity is **higher content per customer**, as relationships can expand from individual components to **sub-assemblies, assemblies and integrated systems**
- Precision components contribute **~10% of FY26 revenue**, but management expects the business to become a larger part of future order book
- **We believe expanding qualifications, broader capabilities and increasing outsourcing by global customers can create a meaningful growth runway beyond traditional tooling**

Global precision engineered goods market: value trend (USD Bn)



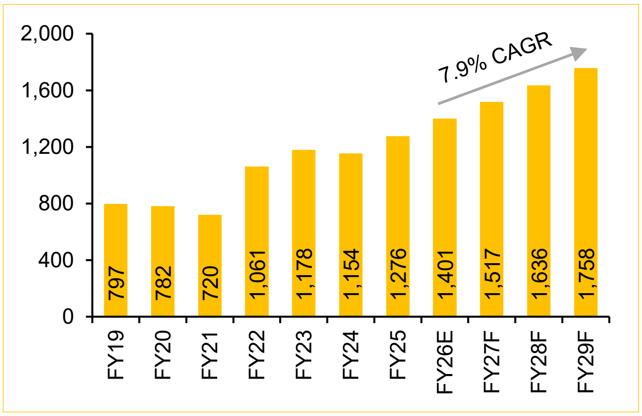
Source: ICRA, Choice Institutional Equities

Precision engineered goods Indian market (USD Mn)



Source: ICRA, Choice Institutional Equities

Precision engineered goods (export) market in India (USD Mn)



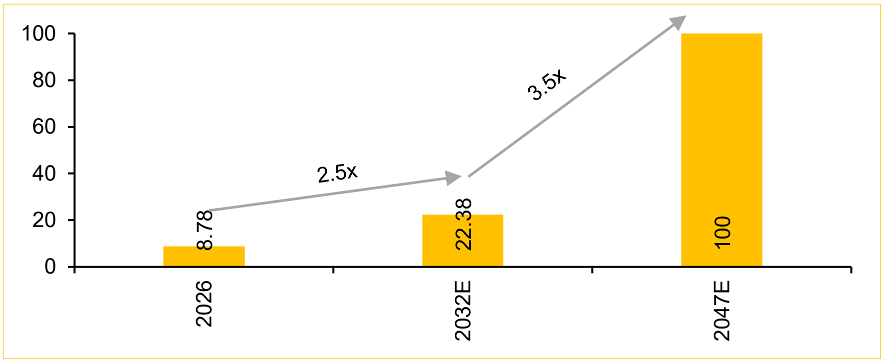
Source: ICRA, Choice Institutional Equities

3.2.b INR 87 Cr orders and INR 400+ Cr pipeline build nuclear foothold

India's push to expand nuclear capacity over 11x by 2047 creates sustained, multi-decade demand for high-precision components and assemblies

- **We believe nuclear could emerge as a meaningful growth engine for Unimech**, with India at present targeting **100 GW of nuclear capacity by 2047 vs ~8.8 GW in 2026**
- The roadmap implies **over 11x capacity expansion over the next 22 years**, translating into an average annual capacity addition of **~4.14 GW**, which should support **sustained long-term demand**
- **Unimech is gaining entry into nuclear**, with **~INR 87 Cr orders** for reactor repair and refurbishment and participation in **INR 400+ Cr EMCCR tenders**
- **In our view, the existing INR-87 Cr order base and over INR-400 Cr EMCCR pipeline provide an early foothold into a potentially much larger nuclear opportunity**

India's Nuclear Power-generation Capacity (in GW)



Source: PIB, Choice Institutional Equities

3.2.c Hobel accelerates the shift towards higher-value assemblies

- **We view the Hobel acquisition primarily as a capability acquisition**, adding metal forming, hydroforming, precision pipe fabrication, advanced welding, metallic bellows and engineered assemblies
- These capabilities allow Unimech to **move beyond individual components towards higher-value assemblies & integrated solutions**
- Hobel's exposure to **high-horsepower engines, locomotives, marine engines and power generation** also broadens end-market reach
- Hobel delivered **~INR 129 Cr FY26 revenue, over 50% EBITDA margin and over 50% ROCE**, highlighting the quality of the acquired platform
- With **~INR 450 Cr invested, we believe Hobel's key value-creation opportunity lies in cross-selling, new customer wins and scaling higher-value assemblies**

3.2.d Saudi localisation: Favourable policy tailwinds and repair opportunity

- **We see Saudi Arabia market as a meaningful long-term growth opportunity for Unimech**, supported by the Kingdom's push to localise critical industrial capabilities
- The **51:49 JV with YBA Kanoo in Dammam** gives Unimech a local platform, combining its precision-engineering and remanufacturing capabilities with Kanoo's regional customer access
- The focus on **oil & gas, utilities and mining**, alongside favourable local-content policies, creates a strong structural tailwind for manufacturing
- **Recent damage to critical energy infrastructure could further support demand for local repair, refurbishment and manufacturing capabilities**
- We have **conservatively factored only ~INR 80 Cr of FY29E revenue** from the Saudi business. **Given the localisation push and the repair opportunity, we see significant upside to this estimate as the JV scales up.**

3.3 52% Utilisation: significant earnings opportunity from existing capacity

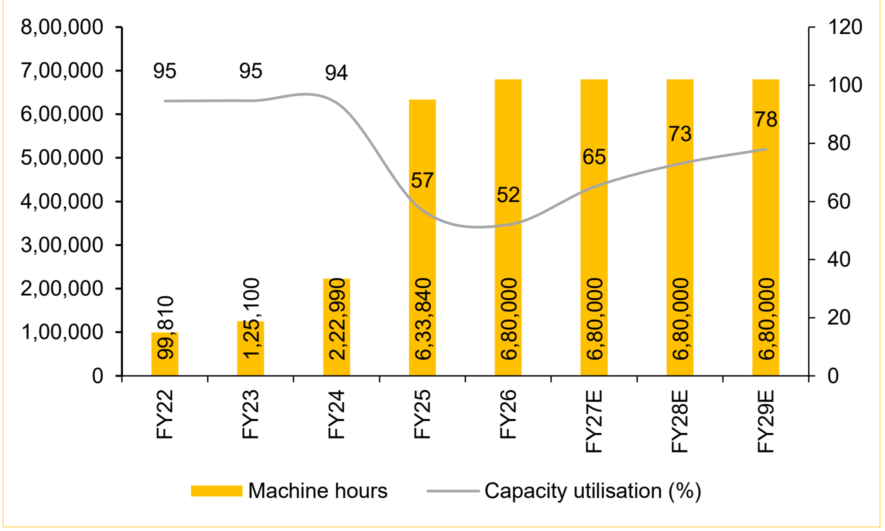
Unimech has already built a sizeable manufacturing platform to support its next phase of growth, with the opportunity now shifting towards capacity absorption rather than fresh capex. Installed capacity has increased nearly **7x from ~1.0 lakh machine hours in FY22 to ~6.8 lakh hours in FY26**, while utilisation remains at just **~52%** (excluding 10% for first article inspection), leaving significant headroom for incremental production. As aerospace, precision components and nuclear programmes move from qualification into serial production, **we expect utilisation to improve to ~65% in FY27E, 73% in FY28E and ~78% in FY29E**, enabling the company to grow revenue without a proportionate increase in its capacity base.

Higher utilisation should also improve absorption of the existing fixed-cost base, creating meaningful operating leverage as production scales up. With a larger share of the existing manufacturing infrastructure being utilised, **incremental revenue should require relatively limited additional fixed costs**, allowing a greater portion of incremental revenue to flow through to EBITDA. **In our view, the next leg of Unimech's growth can therefore be increasingly driven by asset absorption rather than capacity creation, providing a clear pathway for earnings to compound faster as utilisation improves.**

3.3.a 6.8 Lakh-machine hours provide significant capacity headroom

- Unimech has **~6.8 lakh-machine hours of installed capacity at ~52% utilisation in FY26** (excluding 10% for first article inspection), providing a significant headroom for growth
- As qualified products move into serial production across **aerospace, precision components and nuclear**, capacity absorption should drive incremental revenue
- The expanded footprint across **Bengaluru, the central fabrication facility and Hobel's Visakhapatnam facility** further strengthen manufacturing flexibility
- **We believe the existing asset base provides a runway for revenue growth without another major capex cycle in the near term**, with the **near-term priority shifting from capacity creation to capacity absorption**, supporting stronger asset utilisation and operating leverage

Capacity utilisation trend (excluding 10% for first article inspection)



Source: UNIMECH, Choice Institutional Equities

3.3.b Higher utilisation gains can improve fixed-cost absorption

- **Higher utilisation should improve fixed-cost absorption**, as engineering, plant & support cost are spread across a larger revenue base
- As qualified programmes move into **repeat production**, incremental revenue is expected to require relatively limited additional infrastructure
- The shift towards **precision components, assemblies and higher-value products** is expected to further support the quality of incremental revenue
- **If execution remains strong, higher utilisation is expected to translate into EBITDA margin expansion and better asset productivity**

4.1 Risk to our investment thesis

4.1.a Key concerns:

- **Aerospace programme execution risk:** Slower-than-expected ramp-up of engine-tooling and aerospace programmes could delay rev. conversion
- **Qualification and customer-acceptance risk:** Delays in qualification, customer acceptance or production approvals for new SKUs could push out the monetisation of the company's expanding addressable market
- **Precision-component scale-up risk:** Our investment thesis **expects precision components to emerge as a meaningful second growth engine**. Slower-than-expected traction in semiconductor & nuclear segment could leave the business dependent on the core tooling segment
- **Margin recovery risk:** We estimate EBITDA margin to improve from **31.2% in FY26 to 36–37% over FY27E–FY29E**. **Higher subcontracting and labour intensity, or weaker capacity utilisation, could limit the expected operating leverage and delay margin recovery**
- **Capacity utilisation / capex risk:** The thesis **expects existing capacity to support substantial revenue growth before another major capex cycle**. **Lower-than-expected utilisation or incremental capex requirements** could dilute returns and limit earnings conversion
- **Valuation de-rating risk:** Our **INR 1,950 target** assumes investors continue to assign a premium multiple to Unimech's growth profile. **Potential earnings disappointment or moderation in perceived growth could result in multiple compression**, even if the underlying business continues to grow

*We recommend **'BUY'** on UNIMECH with a Price Target of **INR 1,950**, an upside of **22.5%** based on DCF valuation method*

4.1.b Investment view:

We initiate coverage on **UNIMECH**, driven by the above-mentioned investment thesis, we expect **58.6% / 67.8% / 56.2% Revenue / EBITDA / PAT CAGR over FY26–29E**, led by higher capacity utilisation and scaling of newer businesses. We assign a **'BUY' rating with a target price of INR 1,950**, based primarily on our **DCF valuation**. As a secondary check, **50x average FY28–29E EPS of INR 39.4 implies a value of INR 1,969**, broadly validating our DCF-based target. **While the valuation is premium, we believe the company's growth potential and expanding TAM support the multiple.**

2.2 DCF Valuation

DCF Details	
Target Weight of Debt	15%
Target Weight of Equity	85%
Rm (%)	12.0
Rf (%)	7.1
Beta (x)	1.3
Size Premium (%)	1.5
Cost of Equity (%)	14.8
Cost of Debt (post-tax) (%)	6.2
Terminal Growth Rate (%)	3.0

DCF Details (INR Mn)	
Sum of PV of FCFF (FY27E–FY40E)	42,305
PV of Terminal Value	56,707
Equity Value	99,125
Number of Shares (Mn)	50.9
Target Price (INR/Share)	1,950

		Terminal Growth Rate (%)				
		2.0%	2.5%	3.0%	3.5%	4.0%
WACC (%)	12.5%	2,149	2,217	2,293	2,377	2,471
	13.0%	1,987	2,046	2,111	2,182	2,262
	13.5%	1,842	1,893	1,950	2,010	2,078
	14.0%	1,712	1,756	1,805	1,857	1,915
	14.5%	1,595	1,633	1,675	1,721	1,771

Source: UNIMECH, Choice Institutional Equities

4.2 Key investor questions answered

1. Can Unimech sustain its exceptionally high growth trajectory?

We believe the **growth trajectory remains achievable**, supported by the ramp-up of aerospace tooling programmes and increasing contribution from **acquired businesses**. We estimate revenue to increase from **INR 240 Cr in FY26 to INR 509 Cr in FY27E and INR 959 Cr by FY29E**. While this requires a strong execution ramp-up, the company's expanding qualified SKU base and increasing programme opportunities provide **reasonable visibility into future growth**.

2. How quickly can the precision-components business scale up?

We view precision components as an **important medium-term growth option**, although we expect the business to scale up progressively rather than contribute meaningfully in the near term. The emerging opportunities across **semiconductor and nuclear applications** could diversify Unimech's revenue base and complement its core aerospace-tooling business. In our view, **faster qualification and conversion of these opportunities could provide upside to our estimates**.

3. Can margin recover sustainably?

We believe the FY26 margin compression is **largely a temporary result of the current growth and capacity expansion phase**, with operating leverage expected to improve as utilisation increases. Our estimates assume EBITDA margin recovers from **31.2% in FY26 to 36.0% in FY27E and 37.0% by FY29E**. While subcontracting and employee-cost intensity remain key considerations, **higher capacity utilisation and an improving product mix should support margin recovery**.

4. Does the valuation adequately discount the growth opportunity?

The stock trades at a **premium valuation**, leaving limited room for execution disappointment. However, we believe the premium can be supported if Unimech delivers the strong earnings growth embedded in our estimates. Our **INR 1,950 target price** is primarily based on **DCF valuation, which implies ~50x FY28–29E average EPS of INR 39.4**, implying that **sustained earnings delivery will be critical to support the valuation**.

5. How dependent is Unimech on a limited number of customers and programmes?

Customer concentration remains an important consideration given the nature of the aerospace business, where **qualification cycles and programme-level relationships** can influence revenue visibility. However, we believe the expansion in qualified SKUs, addition of new programmes and deeper customer penetration **will gradually reduce concentration risk over time**. **The key variable remains the timely conversion of qualified opportunities into production revenue.**

Choice
Institutional Equities

4.3 Key insights from conference calls

Enabling resolution passed to raise up to INR 750 crores via QIP for future expansion and MPS compliance

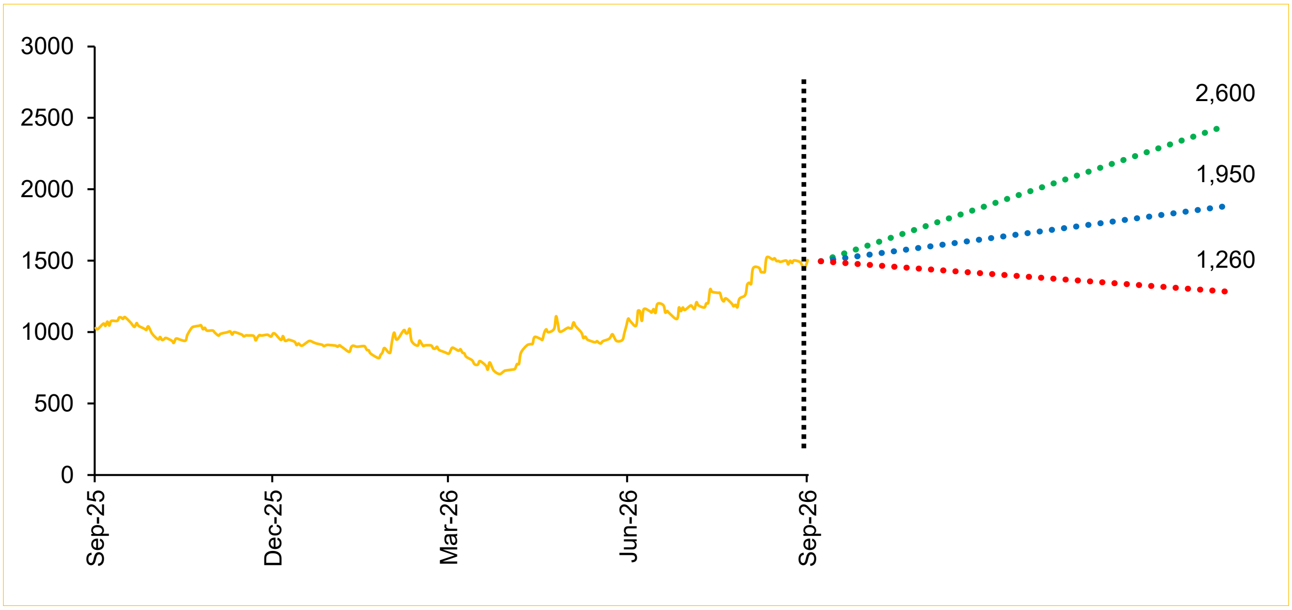
Management targets a blended long-term asset turnover of 2.5x

Consolidated order book at ~INR 280 Cr as of June 30, 2026

Sustainable blended gross margin is guided at 65%, with full-year EBITDA margin projected at 34–35%

- Signing of a long-term supply agreement with **FACC Austria** (a leading aerospace Tier-1 supplier) with an **initial value of USD 7.5 Mn over 5 years**. This marks entry into recurring aerospace component supplies under a long-term programme
- The company's FTWZ (Free Trade Warehousing Zone) is now **fully operational**, strengthening its ability to insulate customers from tariff-related disruption and providing delivery schedule flexibility
- The board approved an enabling resolution to **raise up to INR 750 Cr via a Qualified Institutional Placement (QIP)**. This resolution is designed to provide strategic flexibility for achieving the minimum public shareholding target (due in 18 months) and funding capacity/capability expansion
- **Precision component & assembly (PCA) scaling-up**: H2 FY27 is expected to see a significantly heavier PCA-led revenue contribution.
- **Nuclear segment acceleration**: Cumulative **nuclear order wins stand at ~INR 87 Cr**. About 50% of these orders are scheduled for execution in H2 FY27. The company is actively eyeing opportunities under upcoming domestic nuclear reactor tenders
- In the PCA business, **~80% of qualified parts have successfully converted into serial production**
- **Qualification pipeline**: Unimech completed **165 First Article Inspections (FAIs)** in Q1 FY27 and is targeting to double its qualification rates as compared to last year (FY26 recorded ~200 FAIs)
- The company is seeking to get Hobel's Visakhapatnam facility **AS9100 certified**, targeting completion by **Q4 FY27**. This is the critical first step to qualify Hobel's capabilities for global aerospace programmes
- **Saudi Arabia joint venture (Kanoo group)**: The JV involves a total joint investment of **USD 30 Mn** (Unimech holds a **51% share**). The JV is expected to **double Unimech's gross block** by the end of FY27, targeting financial breakeven over a three-year horizon
- **Dheya Engineering Technologies (30% Stake)**: Dheya showcased its **indigenous micro gas turbine technology** to the French President Emmanuel Macron after being selected for the Prime Minister's official delegation to Nice, France
- Combustor development programmes are advancing to the validation phase for the DET-500 and DET-200 engine platforms
- Dheya is looking to raise **USD 10 Mn** in debt and equity; Unimech intends to participate in the equity round, which might result in modest equity dilution while keeping the exclusive manufacturing arrangement intact
- **Asset turnover target**: Asset turnover stood at slightly over 2x in Q1 FY27. Management targets long-term asset turns between **2.5 and** 2.0x expected for the PCA segment
- **US tariff risk mitigation**: To hedge against US tariffs, the company has leveraged its fully operational FTWZ, expanded customer acquisition into Europe markets (such as the **FACC Austria** agreement) and established a regional manufacturing footprint in **Saudi Arabia**
- **First-mover Indian MRO intent**: While early, the company's long-term vision includes expanding directly into the **domestic Indian MRO sector**, capitalising on its 10-year experience in MRO tooling manufacturing
- **Forward margin guidance**: Blended sustainable **gross margin is guided at 65%** for the year, with full-year **EBITDAM projected at 34–35%**

4.4 Bull and Bear case scenarios



INR 2,600
63.4% Upside

BULL Assumptions

- Revenue scales up faster, reaching ~INR 800 Cr / INR 1,100 Cr by FY28E/FY29E, driven by faster aerospace programme ramp-up and higher capacity utilisation
- EBITDA margin expands towards ~39–40%, supported by operating leverage, higher utilisation and a richer product mix
- Hobel and Saudi/Kanoo scale faster than estimated, while Dheya provides additional upside if its propulsion tech. move into commercial production
- The market sustains a ~55x multiple as Unimech increasingly gains recognition as a high-growth aerospace & precision-engineering platform

INR 1,950
22.5% Upside

BASE Assumptions

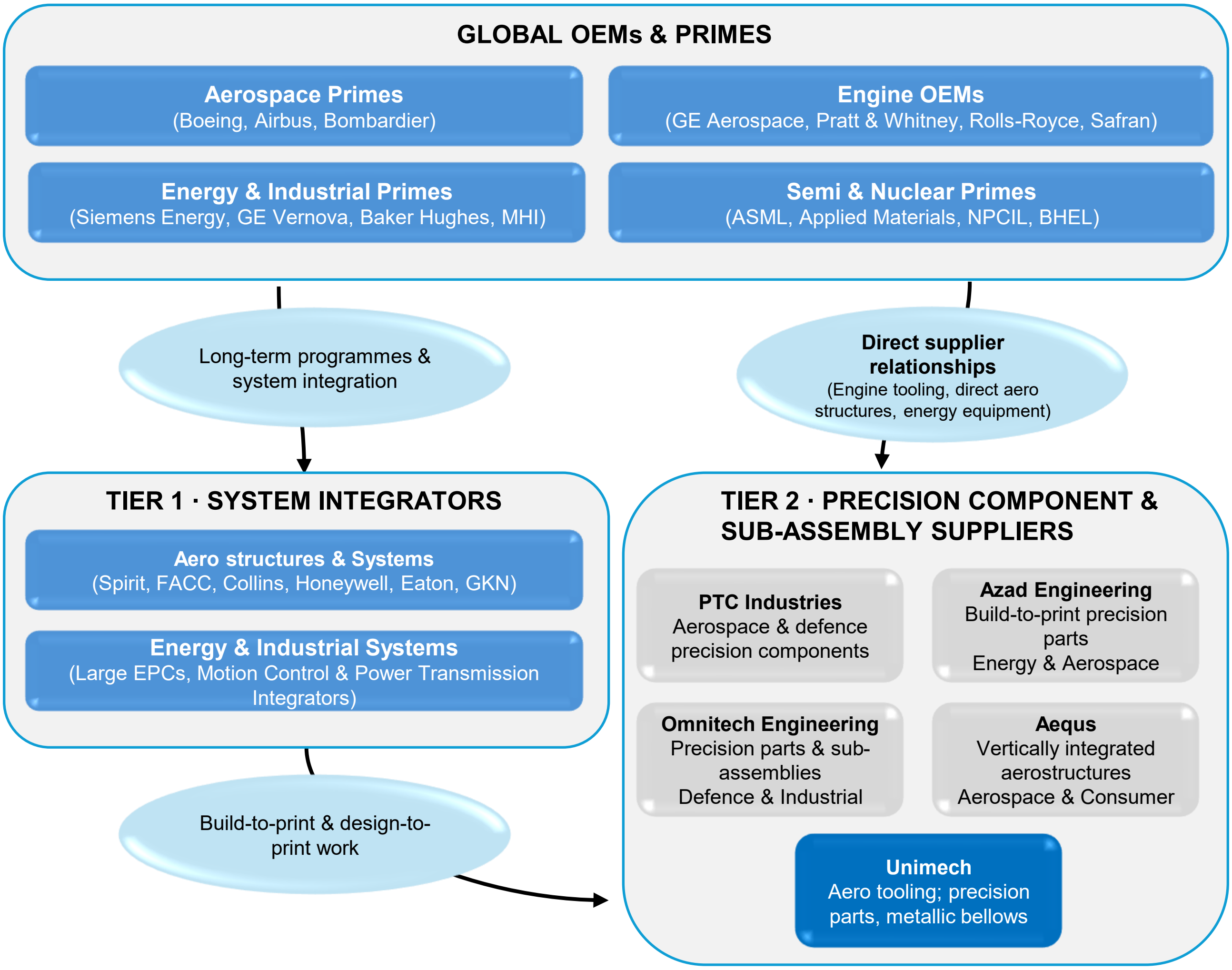
- Revenue increases from INR 240 Cr in FY26 to INR 509 Cr in FY27E, INR 682 Cr in FY28E and INR 959 Cr in FY29E, driven by aerospace tooling and higher capacity utilisation
- Capacity utilisation rises to ~65% in FY27E and ~78% in FY28E, supporting operating leverage without requiring a major near-term capex
- Precision components gradually scale from a small base, with nuclear, semiconductor and other newer applications providing growth avenues
- EBITDA margin improves to 36.0% / 36.5% / 37.0% in FY27E–FY29E
- Hobel and Saudi/Kanoo contribute selectively to growth, while no revenue contribution from Dheya is factored into our estimates

INR 1,260
-20.8% Upside

BEAR Assumptions

- Aerospace programme ramp-up is slower than anticipated, delaying revenue conversion and keeping capacity utilisation below expectations
- Precision components remain sub-scale for longer, with nuclear, semiconductor and Saudi opportunities taking longer to translate revenue
- Revenue reaches ~INR 550 Cr / INR 750 Cr by FY28E/FY29E, versus INR 682 Cr / INR 959 Cr in our base case
- Slower utilisation and weaker business mix limit operating leverage, keeping EBITDA margins below our base-case assumptions

4.5 Relative analysis



Company	FY26 Revenue	Export Revenue Share (FY26)	Revenue Growth (YoY) (FY26)	FY26 EBITDA	EBITDA Margin	FY26 PAT	PAT Margin
Unimech	2,405	90%	(1.0%)	751	31.2%	633	26.3%
Azad Engineering	6,030	93%	31.8%	2,253	37.4%	1,336	22.2%
Omnitech Engineering*	5,113	74%	49.1%	1,711	33.5%	793	15.5%

Company	Net Debt / Equity	Market Cap (INR Mn)	P/E#	EV / EBITDA	ROCE	ROE
Unimech	(0.0)	80,928	127.9	107.6	9.7%	9.0%
Azad Engineering	0.2	180,202	135.6	81.2	7.5%	8.7%
Omnitech Engineering*	0.3	68,777	74.7	41.6	13.5%	18.0%

Company	Inventory Days	Receivables Days	Payables Days	Cash Conversion Cycle (days)	Order Book (INR Mn)	Book-to-bill (x)
Unimech	38	98	29	108	2,803	1.2
Azad Engineering	199	189	52	336	~65,000	10.8
Omnitech Engineering*	225	153	80	270	30,550	6.0

Note:
** not covered*
 # Based on FY26 EPS

Source: Companies, Choice Institutional Equities

5.1 Financials & ratios

Income Statement (INR Mn)	FY26	FY27E	FY28E	FY29E
Revenue	2,405	5,091	6,821	9,594
Materials Cost	588	1,222	1,637	2,303
Gross Profit	1,817	3,869	5,184	7,292
EBITDA	751	1,833	2,490	3,550
Depreciation	263	359	411	467
EBIT	958	1,678	2,147	3,131
Other Income	470	204	68	48
Interest Expense	154	190	130	82
PBT	804	1,483	2,013	3,046
Reported PAT	633	1,174	1,594	2,412
EPS	12.4	23.1	31.3	47.4

Ratio Analysis	FY26	FY27E	FY28E	FY29E
Growth Ratios				
Revenue (%)	-1.0%	111.7%	34.0%	40.7%
EBITDA (%)	-18.4%	144.0%	35.8%	42.6%
PAT (%)	-24.2%	85.5%	35.7%	51.4%
Margin Ratios				
Gross Margin (%)	75.5%	76.0%	76.0%	76.0%
EBITDA Margin (%)	31.2%	36.0%	36.5%	37.0%
PAT Margin (%)	26.3%	23.1%	23.4%	25.1%
Profitability				
ROE (%)	9.0	14.0	15.3	19.0
ROCE (%)	9.7	13.1	13.6	15.7
Working Capital				
Inventory Days	38	90	85	80
Receivable Days	56	38	39	38
Payable Days	29	30	30	30
Cash Conversion Cycle	66	98	94	88
Valuation				
Fully Diluted Shares (Mn)	50.9	50.9	50.9	50.9
Price (INR)	1,591	1,591	1,591	1,591
Market Cap (INR Mn)	80,928	80,928	80,928	80,928
PE (x)	127.9	68.9	50.8	33.6
EV (INR Bn)	80,815	81,471	80,531	79,468
EV/EBITDA (x)	107.6	44.5	32.3	22.4
Book Value (INR)	145.0	184.6	224.2	274.4
Price to BV (x)	11.0	8.6	7.1	5.8

Source: UNIMECH, Choice Institutional Equities

Balance Sheet (INR Mn)	FY26	FY27E	FY28E	FY29E
Net Worth	7,374	9,386	11,403	13,957
Total Debt	1,121	1,583	1,083	683
Lease Liabilities	117	305	477	864
Long-term Provisions	25	102	205	384
Other Long-term Liabilities	0	51	136	288
Trade Payables	189	418	561	789
Short-term Provisions	89	407	409	384
Other Short-term Liabilities	321	1,324	1,501	1,823
Total Net Worth & Liabilities	**9,235**	**13,576**	**15,774**	**19,170**
Net Fixed Assets	1,778	4,419	4,508	4,641
Right-of-use Assets	186	356	477	672
Capital Work in Progress	32	51	68	96
Long-term Investments	111	153	273	480
Other Financial Assets	72	102	102	96
Other Non-current Assets	98	3,731	3,769	3,830
Inventories	251	1,255	1,588	2,103
Trade Receivables	648	1,395	1,775	2,366
Short-term Investments	4,684	764	1,228	1,919
Cash & Bank Balances	1,234	1,041	1,481	2,143
Other Current Assets	141	311	505	825
Total Assets	**9,235**	**13,576**	**15,774**	**19,170**
Capital Employed	8,636	11,427	13,304	16,175
Invested Capital	7,261	9,928	11,005	12,497
Net Debt	(113)	542	(398)	(1,460)

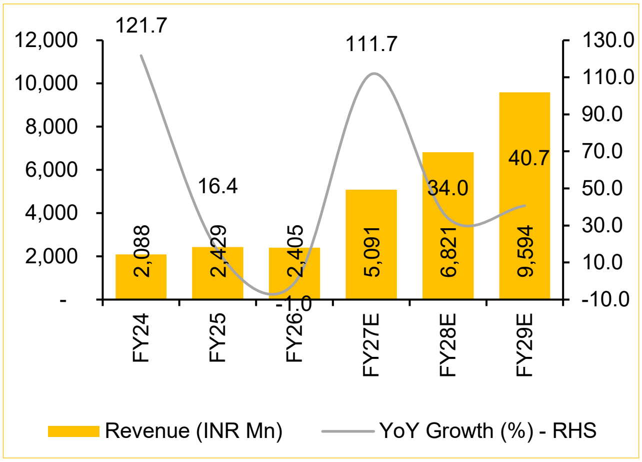
Cash Flows (INR Mn)	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	606	1,651	1,271	1,610
Cash Flows from Investing	(1,881)	(2,918)	(1,226)	(1,726)
Cash Flows from Financing	229	1,427	153	377

DuPont Analysis	FY26	FY27E	FY28E	FY29E
Tax Burden	78.7%	79.2%	79.2%	79.2%
Interest Burden	83.9%	88.4%	93.7%	97.3%
EBIT Margin	39.8%	33.0%	31.5%	32.6%
Asset Turnover	0.3	0.4	0.4	0.5
Equity Multiplier	1.3	1.6	1.5	1.5
ROE (%)	9.0%	14.0%	15.3%	19.0%

Source: UNIMECH, Choice Institutional Equities

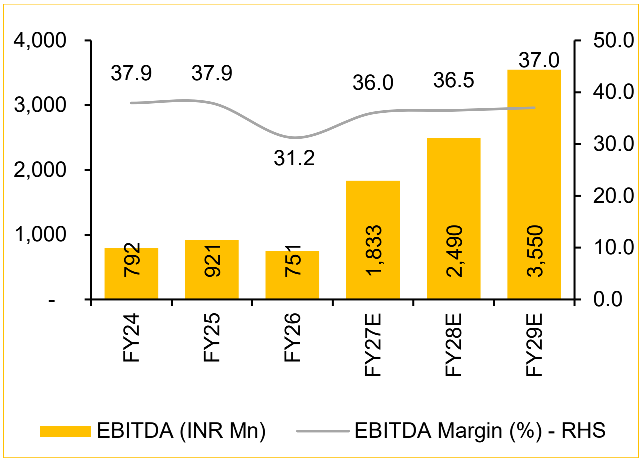
5.2 Charts and graphs

Revenue expected to expand ~58.6% CAGR over FY26–29E



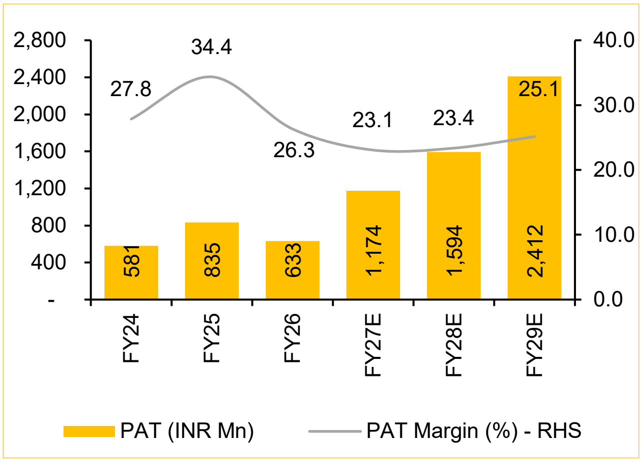
Source: UNIMECH, Choice Institutional Equities

EBITDA margin forecast to remain healthy in 36–37% range



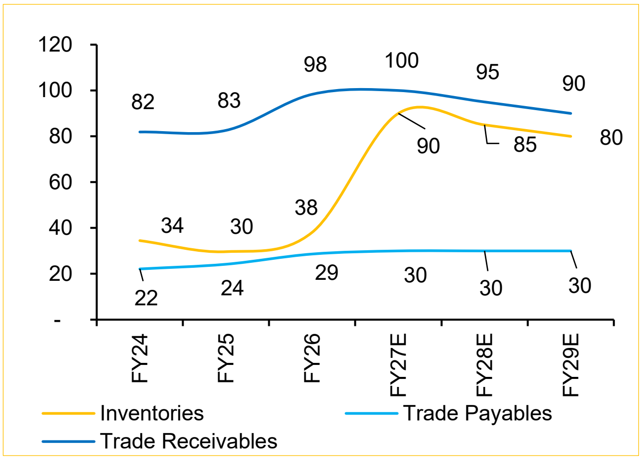
Source: UNIMECH, Choice Institutional Equities

PAT anticipated to expand ~56.2% CAGR over FY26–29E



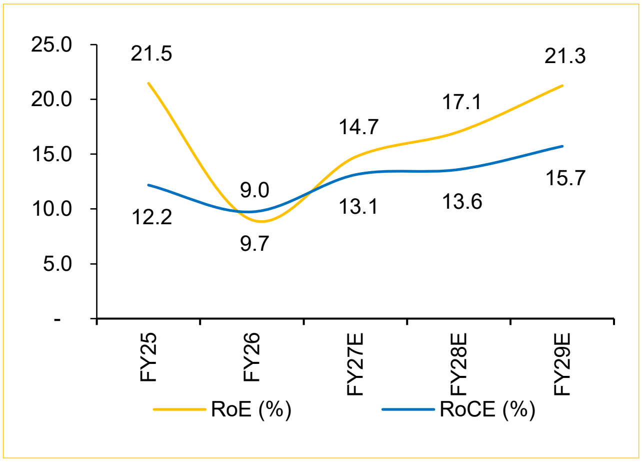
Source: UNIMECH, Choice Institutional Equities

Working capital cycle trend



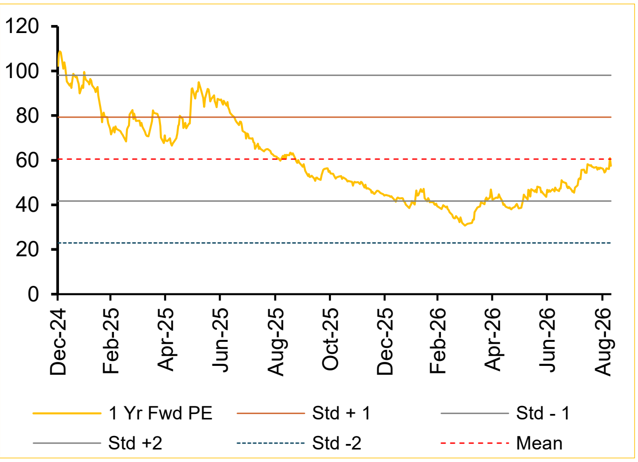
Source: UNIMECH, Choice Institutional Equities

ROE & ROCE trend



Source: UNIMECH, Choice Institutional Equities

1-Yr forward PE band



Source: UNIMECH, Choice Institutional Equities

6.1 Company overview and shareholding pattern

- Incorporated in August 2016 and listed on NSE/BSE in December 2024, Unimech Aerospace and Manufacturing Ltd. is a Bengaluru-based, export-led precision engineering platform. The company operates on a high-mix, low-volume, build-to-print and build-to-spec model, focussed on aero-engine and airframe tooling, MRO tooling, ground support equipment and complex precision components for mission-critical applications.

- Unimech operates from AS9100D, ISO 9001 and ISO 45001 certified facilities with a footprint of ~600,000 sq. ft. across India and overseas, housing 141 super-specialised machines. Its manufacturing backbone is digitally integrated with 100% ERP coverage from quote to delivery, 100% CNC programme automation and real-time vendor visibility. The company has over 6,300 qualified SKUs. With ~96% export revenue across eight countries, it serves global OEMs and Tier-1s including Boeing, Collins Aerospace and FACC Operations GmbH, Austria.

- The group structure comprises wholly-owned subsidiaries Innomech Toolings Pvt Ltd and Unimech Aerospace and Manufacturing USA Inc, Hobel Bellows Systems Pvt Ltd acquired 100% in April 2026 for metallic bellows and exhaust manifolds, a 51:49 greenfield JV with Yusuf Bin Ahmed Kanoo Group in Saudi Arabia for oil & gas directional drilling components and a ~30% strategic stake in Dheya Engineering Pvt Ltd with exclusive manufacturing rights for microgas turbines and ECUs for UAVs.

Offering	What Unimech makes	Primary customers / applications
Aero tooling / MRO tooling / ground support equipment	Engine tools, airframe tools and MRO tools for aircraft and engine programmes	Engine OEMs, aircraft OEMs, Tier-1 engine tool licensees and MRO shops
Precision components	Aerostructure and engine components; complex metallic and non-metallic parts	Aerospace and defence; semiconductor-equipment OEMs
Assemblies and engineered systems	Integrated mechanical assemblies, tubular structures and turnkey systems	Locomotive, power-generation, nuclear, oil & gas and advanced industrial customers
Hobel Bellows	Metallic bellows, exhaust manifolds, flexible tubing and precision assemblies	Global OEMs across power, locomotive, industrial and potential aerospace programmes

Source: UNIMECH, Choice Institutional Equities

Shareholding pattern	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
Promoters	**79.82**	**79.82**	**79.82**	**79.82**	**79.82**	**79.82**
Puttan Anil Kumar	26.24	26.24	26.24	26.24	26.24	26.24
Rajanikanth Balaraman	14.37	14.37	14.37	14.37	14.37	14.37
Mani Puttan	14.37	14.37	14.37	14.37	14.37	14.37
Ramakrishna Kamojhala	14.37	14.37	14.37	14.37	14.37	14.37
Venkatesh Shimoga Preetham	9.58	9.58	9.58	9.58	9.58	9.58
Rasmi Muraleedharan	0.9	0.9	0.9	0.9	0.9	0.9
FIIs	**0.44**	**0.16**	**0.21**	**0.36**	**0.38**	**0.43**
DIIs	**7.76**	**6.41**	**6.52**	**6.50**	**5.99**	**5.60**
Valuequest S C A L E Fund	2.88	2.88	2.88	2.88	2.88	2.63
Vq Fastercap Fund	1.96	2.26	2.26	2.26	2.26	2.26
Public	**11.98**	**13.63**	**13.44**	**13.32**	**13.81**	**14.16**
Evolvence India Fund Iv Ltd	2.88	2.88	2.88	2.88	2.88	2.88
Steadview Capital Mauritius Limited	1.44	1.44	-	-	-	-

Source: Screener, Choice Institutional Equities

6.2 Key milestones

2016
Incorporated on 12th Aug, 2016

2017
First certification: AS9100D

2018
Incorporated subsidiary Innomech Toolings

2019
Added 30,000 sq. ft. capacity

2020
Onboarded Boeing & Collins; Devanahalli unit started

2021
Entered Energy & Semiconductor sectors

2023
Added airframe & engine OEMs

2024
Listed on NSE/BSE on 31st Dec, 2024; Facility at 180k sq. ft.

2025
- Added 2 facilities; Capacity at 243k sq. ft.; 5,923 SKUs qualified
- Secured Rs 86.6 Cr NPCIL nuclear orders

2026
- JV with Kanoo Group, Saudi Arabia for oil & gas
- Acquired Hobel Bellows for Rs 450 Cr; Footprint at 600k sq. ft.
- Signed long-term supply agreement with FACC, Austria

Source: UNIMECH, Choice Institutional Equities

6.3 Product portfolio

Aerospace segment


Strong_Back_LPT_Assembly


Installation_HPT_2nd_Stage_Vanes


LPT_Assembly


Fan_Assembly

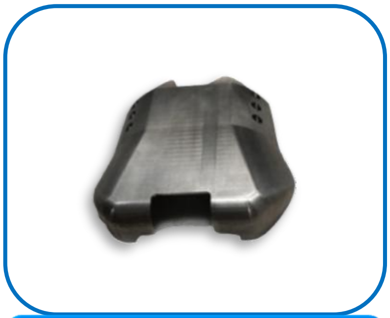

Aero_Tool


Aero_Tool.

Defence segment


Head_End_Done


Top_Flange


Side_Fairing


Shell


Manifold


Chariot_Peinture

Source: UNIMECH, Choice Institutional Equities

6.3 Product portfolio

Semiconductor segment

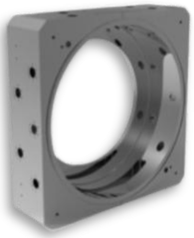
Block_SHWRHD_Clamp

Block_SHWRHD_Clamp

Test_Adopter

LFW_Test_Stand_Top_Plate

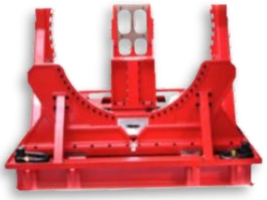
MTG_Block



Test_Chamber

Energy segment

Drive_Mechanism_Nuclear Power



Shipping_Platform

Drive_Mechanism_Nuclear_Power-2

Drive_Mechanism_Nuclear_Power-1

Presam_Tool_Head_Assembly-2

Presam_Tool_Head_Assembly-1

Source: UNIMECH, Choice Institutional Equities

6.4 Michael porter's 5 forces' and SWOT analysis

Competitive Forces

Threat of New Entrants

Low

AS9100D, customer qualification, FAI, traceability and specialised capabilities create high entry barriers, particularly for complex components

Bargaining Power of Buyers

High–Moderate

Global OEMs/Tier-1s retain pricing leverage, but **qualification, switching cost and long-term relationships** reduce buyer power post-approval

Threat of Substitutes

Low

Customer qualification and product/process specificity make substitution difficult, particularly once Unimech is approved and integrated into the supply chain

Bargaining Power of Suppliers

Low–Moderate

Standard materials are widely available and in-house machining limits dependence. However, **specialised alloys, skilled manpower and qualified processes** remain potential constraints

Industry Rivalry

Moderate

Competition is **niche-specific**; differentiation is stronger in qualified bellows, nuclear components and engineered assemblies, while standard tooling remains more competitive

Source: UNIMECH, Choice Institutional Equities

S – STRENGTHS

- AS9100D, Green Channel, 100% ERP & CNC automation - high-barrier moat
- High-mix, low-volume model; 6,300+ qualified SKUs, 200+ FAIs in FY26
- Export-led: 89% revenue across 7 countries - Boeing, Collins, FACC
- Net cash balance sheet - ~Rs 592 Cr liquid pre-Hobel
- 600k sq ft footprint at ~50% utilisation — headroom for growth
- Strong promoter experience, 211+ engineers

W – WEAKNESSES

- Working capital intensive — days rising to 150–170 with nuclear/oil & gas
- Small scale vs global precision peers — limited pricing power
- US market dependence — tariff hit of Rs 15 Cr in Q4FY26
- ROCE dilution in investment phase — 16% in FY26 vs 54% in FY25

O – OPPORTUNITIES

- MRO supercycle - Global USD 136 Bn to USD 193 Bn by 2036; Engine USD 70 Bn to USD 102 Bn
- Commercial aerospace boom — 43,625 deliveries till 2045; India fleet at CAGR 7.1% highest among all regions
- Nuclear expansion — 8.78 GW to 22.38 GW by 2031–32 to 100 GW by 2047; SHANTI Act
- Saudi JV — USD 30 Mn oil & gas play; Hobel cross-sell into nuclear/oil & gas

T – THREATS

- Aerospace cyclicality & OEM inventory rationalisation
- Customer concentration & order deferment risk
- Geopolitical & tariff volatility, USD/INR exposure
- Raw material, titanium & composite shortages; freight inflation
- Inorganic integration risk — Hobel & Saudi JV execution
- Global precision players — pricing pressure

Source: UNIMECH, Choice Institutional Equities

6.5 Management team		
 **Mr. Anil Kumar P**	**Chairman and Managing Director**	▪ Responsible for overall business & strategic growth initiative ▪ Over 20 years of experience in manufacturing sector ▪ B.Tech from Indira Gandhi National Open University, New Delhi ▪ Previous experience includes: Quality Engineering & Software Technologies Pvt. Ltd. and CIM Tools Pvt. Ltd.
 **Mr. Mani P**	**Head of Precision Components and Assemblies Business Unit**	▪ Oversees operations and delivery ▪ Over 20 years of experience in business operations ▪ B.Tech degree from Indira Gandhi National Open University, New Delhi and MBA from Toulouse Business School, France ▪ Previous experience includes: International Aerospace Manufacturing Pvt. Ltd. and Maini Precisions Products Pvt. Ltd.
 **Mr. Preetham S V**	**Head of Tooling Business Unit**	▪ Oversees the aero tooling business ▪ Over 19 years of experience in manufacturing ▪ B.Tech degree from Kuvempu University, Karnataka ▪ Previous experience includes: GE Aerospace, Quest Global and Wipro
 **Mr. Rajanikanth Balaraman**	**Chief Growth and Technology Officer**	▪ Oversees strategic growth initiatives, technology and business development functions ▪ Around 28 years of experience in software engineering ▪ Bachelor's in Engineering from Bangalore University, Karnataka ▪ Previous experience includes: National Instruments Ltd. and Robert Bosch India Ltd.
 **Mr. Ramakrishna Kamojhala**	**Chief Financial Officer**	▪ Oversees finance, investor relations and compliance functions ▪ Over 14 years of experience in the financial and secretarial field in the aerospace manufacturing sector ▪ Member of ICAI, ICMAI & ICSI, MBA degree from NIBM, Chennai ▪ Previous experience includes International Aerospace Manufacturing Pvt. Ltd. and GE

Source: UNIMECH, Choice Institutional Equities

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Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

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