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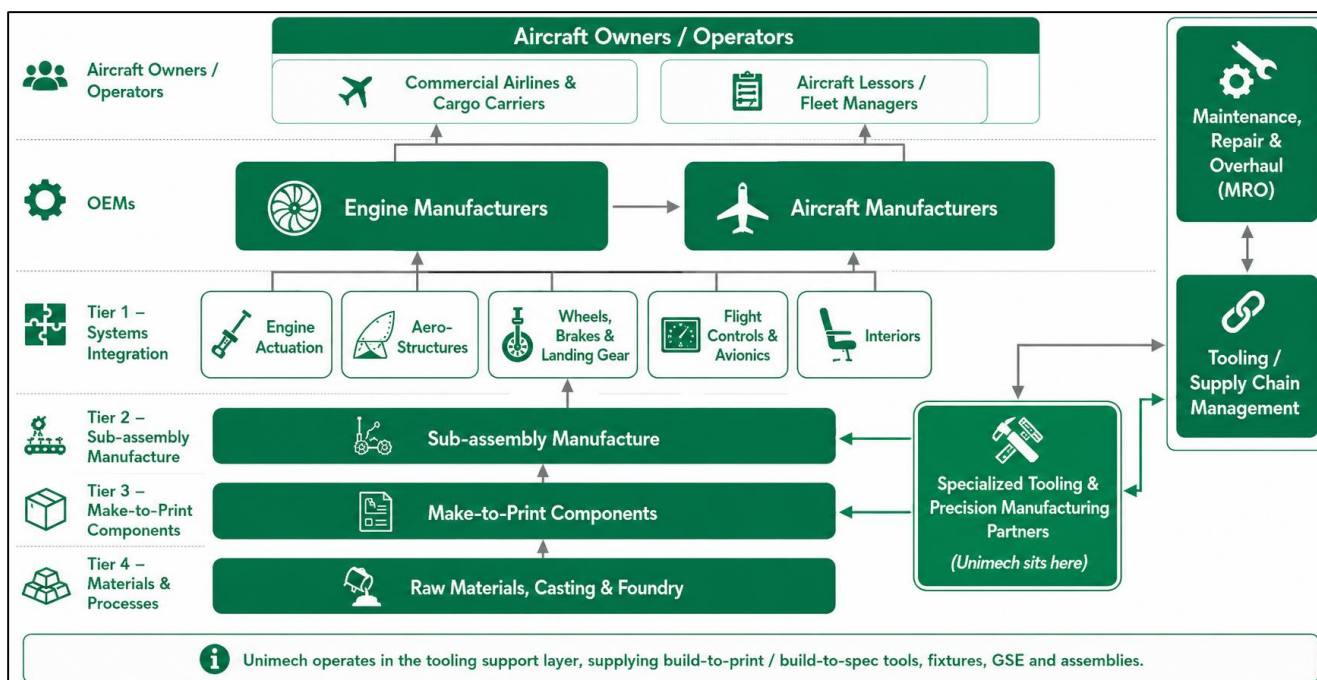
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Industry Overview – MRO Tooling / Aero Tooling / GSE and Precision components

1. Commercial Aerospace Value Chain – Where Unimech Fits



The commercial aerospace ecosystem is highly tiered, certification-heavy and controlled by a small set of aircraft and engine OEMs. Airlines and lessors create aircraft demand, which is translated into aircraft programs by airframers such as Airbus and Boeing and engine platforms by OEMs such as CFM, GE Aerospace, Pratt & Whitney and Rolls-Royce. These OEMs rely on a deep supplier base across Tier-1 system integrators, Tier-2 sub-assembly manufacturers, Tier-3 make-to-print component suppliers and Tier-4 material / process providers.

Unimech operates in the specialized tooling and precision manufacturing layer of this value chain. Unlike aircraft components that become part of the aircraft, Unimech's products are used in the manufacture, assembly, inspection, maintenance and overhaul of aircraft and engines. Its product universe includes aero-engine tools, airframe tools, ground support equipment, precision components, mechanical assemblies and electro-mechanical systems used across production, MRO and line-maintenance applications.

This positioning is important because Unimech's demand is linked to both sides of the aerospace cycle: new aircraft / engine production as well as the recurring aftermarket requirement for maintenance, repair and overhaul. As aircraft fleets expand, age and require more shop visits, the requirement for specialized tools, fixtures, stands, adapters and handling equipment increases. Hence, Unimech should be viewed as a niche aerospace tooling and precision manufacturing partner embedded in the production and aftermarket support layer, rather than as a conventional flying aircraft component manufacturer.

2. What is MRO? – Tooling Requirement by Maintenance Type

2.1 MRO is a recurring aircraft lifecycle activity

MRO is not a single activity. It is a recurring maintenance ecosystem that supports an aircraft throughout its operating life. Every aircraft requires routine line checks, periodic airframe inspections, component repairs and engine shop visits. Each activity requires a different level of tooling, but tooling complexity is highest in **engine MRO**, where engines must be safely removed, disassembled, inspected, repaired, aligned and reassembled using highly specialized stands, fixtures, lifting tools, adapters and handling systems.

This is important for Unimech because the company is directly exposed to aero-engine and airframe tooling. Its product portfolio includes specialized aero-engine tools for **LEAP, Pratt & Whitney and Rolls-Royce engines**, along with airframe tools for **Airbus and Boeing** platforms. The company also reports **4,511 SKUs** in tooling and precision complex sub-assemblies and **1,094 SKUs** in precision machined parts, highlighting the high-SKU, engineering-heavy nature of this business.

MRO Type	What Happens	Typical Maintenance Trigger	Tooling Requirement / Complexity	Relevance for Unimech
Line Maintenance	Routine checks, minor repairs, turnaround checks	Daily / flight-cycle driven	Low–Medium: portable tools, inspection kits, quick-use equipment	Relevant, but lower value per event
Airframe / Heavy Maintenance	C-checks, D-checks, structural inspection, modifications	Calendar / utilization based	Medium: access platforms, jigs, airframe fixtures, structural tools	Relevant through airframe tooling for Airbus / Boeing platforms
Engine MRO	Engine removal, disassembly, module inspection, repair, overhaul, reassembly	Interval-based shop visits + special visits	High: engine stands, lifting beams, module fixtures, adapters, hydraulic tools	Most relevant due to aero-engine tooling exposure
Component MRO	APUs, landing gear, wheels, brakes, avionics, hydraulics	On-condition / utilization / calendar based	Medium–High: component fixtures, test rigs, inspection and assembly tools	Adjacent opportunity for precision tooling / assemblies

2.2 Why Engine MRO matters most

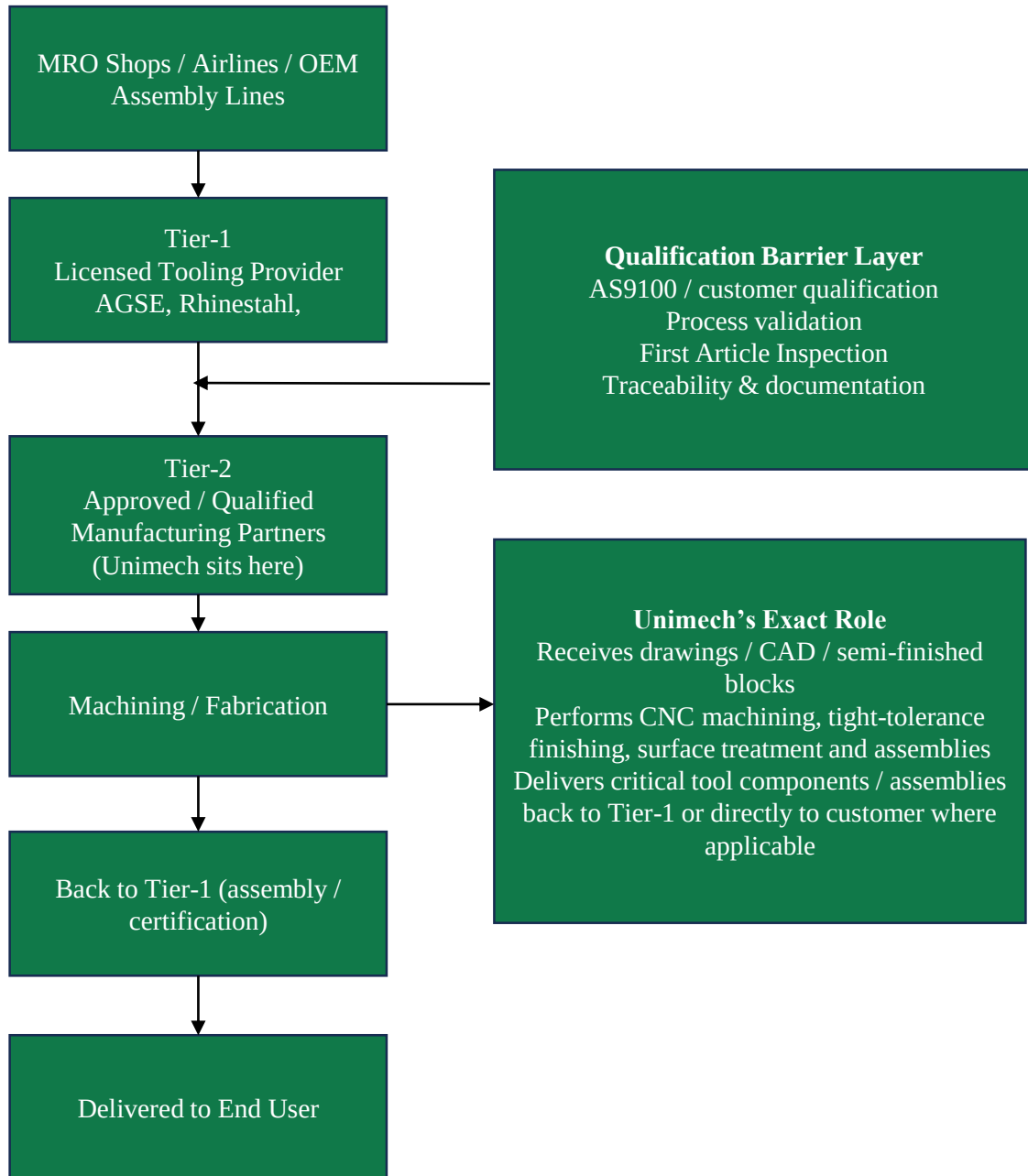
Oliver Wyman / IATA classifies MRO into four key buckets: engine, component, airframe and line maintenance. Engine MRO is the largest segment and has grown from **48% of MRO spend in 2019 to 52% in 2025**, driven by new engine technologies undergoing shop visits and older fleets remaining active for longer. Engine MRO includes engine overhauls, piece-part repair and accessory repair, while component MRO includes avionics, landing gear, wheels, tires, brakes, APUs, cabin systems and hydraulics.

MRO Segment	2026 Global MRO Spend	2036 Global MRO Spend	Why It Matters
Engine	US\$70.1 Bn	US\$102.6 Bn	Largest and most tooling-intensive MRO segment
Airframe	US\$27.8 Bn	US\$32.4 Bn	Hangar-based checks, structural inspections and modifications
Component	US\$24.0 Bn	US\$33.3 Bn	APUs, landing gear, hydraulics, avionics, wheels and brakes
Line	US\$17.7 Bn	US\$24.9 Bn	Frequent routine maintenance, but lower tooling complexity
Total MRO	US\$139.6 Bn	US\$193.1 Bn	Base market from which tooling / GSE demand is derived

Source: Oliver Wyman Global Fleet and MRO Market Forecast 2026–2036

The MRO opportunity is being driven by three simultaneous structural forces. First, aircraft production delays are forcing airlines to fly older aircraft for longer, increasing maintenance intensity and replacement-part demand. Second, even after accounting for retirements, the global in-service fleet is expected to expand materially from around **30,000 aircraft in early 2026 to around 41,000 aircraft by 2036**, creating a larger installed base requiring maintenance infrastructure. Third, new-generation aircraft and engines are entering service and will gradually create their own shop-visit cycles, requiring new tooling, fixtures and support equipment. Oliver Wyman expects global MRO demand to rise from **US\$136 Bn in 2025** to almost **US\$193 Bn by 2036**, supporting the need for expanded MRO capacity and specialized tooling ecosystems

3. MRO Tooling Value Chain



The MRO tooling value chain is controlled by aircraft and engine OEMs because they own the underlying drawings, maintenance manuals, tooling specifications and approved process requirements. For licensed tooling packages, OEM-authorized Tier-1 tooling providers such as AGSE, Rhinestahl and other global tooling licensees own the customer access, program relationship and catalogue responsibility.

Unimech's role is primarily in the manufacturing and execution layer. It receives drawings, CAD files or semi-finished blocks from Tier-1 tooling customers and performs machining, fabrication, tight-tolerance finishing, surface treatment, assembly and inspection before supplying the finished tool components or assemblies back to the Tier-1 customer for certification / onward delivery. This layer has meaningful entry barriers. Before becoming a regular supplier, vendors need to pass customer qualification, process validation, First Article Inspection, documentation and traceability requirements. Unimech's Annual Report also highlights that long customer approval cycles, complex processes and consistent execution requirements make vendor replacement by OEMs rare and difficult.

The important point is that Unimech does not need to own the OEM IP to benefit from the tooling cycle. Its current value capture comes from being a qualified manufacturing partner behind global tooling licensees. Over time, the opportunity lies in deeper wallet share with existing Tier-1s and direct supply opportunities in non-licensed tooling categories.

4. Why Tooling Has Semi-Recurring Demand – But Still Has Cyclicity

Demand Driver	What Happens in the Industry	Impact on Tooling / GSE
1. Installed fleet grows	More aircraft enter service globally even after retirements	Larger base of aircraft and engines requiring maintenance support
2. Aircraft age and utilization rise	Older aircraft and higher flying hours increase maintenance checks and engine shop visits	Higher tool usage, more engine shop visits and faster replacement of high-use tools
3. New engine platforms mature	New-generation engines like LEAP / GTF gradually enter regular shop-visit cycles	New platform-specific tools, fixtures, adapters and stands are required
4. MRO capacity expands	More engine shops, MRO hubs and airline maintenance facilities are set up	Each facility needs its own tooling inventory and ground support equipment

Aero tooling demand is not a one-time sale linked only to new aircraft or engine programs. Each engine platform requires a large universe of tools and, as per management interaction, aerospace engine tooling can involve nearly **1,200 different tool varieties**, with replacement cycles generally ranging from **2–5 years** depending on tool size, application and usage intensity. Smaller and high-usage tools may need replacement sooner, while larger or less frequently used tools can have longer replacement lives. This creates a repeat demand layer linked to aircraft utilization, engine shop visits and the installed fleet base.

However, this recurring layer should not be confused with an annuity business. Aero tooling remains **semi-recurring** because growth orders are influenced by aircraft production ramps, MRO capacity additions, new engine programs, customer inventory policies, licensee ordering patterns and near-term external factors. Management has also indicated that aero-engine and airframe tooling is a high-mix, low-volume segment with continuous daily / weekly order flow, short execution cycles and no long-term agreement structure currently in place.

The structural demand backdrop remains favourable. Oliver Wyman expects the global in-service fleet to expand from around **30,000 aircraft in early 2026 to around 41,000 aircraft by 2036**, while older aircraft require more maintenance and replacement parts. Global MRO demand stood at **US\$136 Bn in 2025**, up from **US\$126 Bn in 2024**, and is expected to reach almost **US\$193 Bn** by the end of the forecast period. Unimech's Q3FY26 presentation also identifies **increase in global aircraft fleet, increase in demand for MRO services and MRO centres, and ageing aircraft and replacement cycles** as key industry growth factors for aero tooling / MRO tooling / GSE.

Therefore, Unimech's aero-tooling opportunity should be viewed as **structurally supported but periodically variable**. Replacement demand and fleet growth provide a base level of repeat opportunity, while new program ramps, MRO infrastructure creation and customer inventory behaviour can create phases of stronger growth or temporary softness.

5. Global MRO Market Outlook and Derived MRO Tooling / GSE Demand Pool

Year	Global MRO Market	1.0% Mature / Replacement-led	1.5% Base Buildout-cycle	2.0% Strong Expansion	3.0% Peak-cycle Stretch
2026	US\$139.6 Bn	US\$1.40 Bn	US\$2.09 Bn	US\$2.79 Bn	US\$4.19 Bn
2036	US\$193.1 Bn	US\$1.93 Bn	US\$2.90 Bn	US\$3.86 Bn	US\$5.79 Bn

MRO tooling and GSE should not be viewed as a pure recurring TAM. The annual demand pool has three layers: **replacement / lifecycle support, new MRO shop buildout, and new engine-platform / production tooling**. Therefore, the opportunity is better understood as a **semi-recurring annual demand pool with cyclical growth layers**, rather than a stable annuity-like market.

We estimate MRO Tooling / GSE at **1–3% of global MRO spend**. The lower end reflects a mature replacement-led environment, while the upper end reflects periods of elevated MRO capacity expansion, new engine-platform tooling and OEM production ramp-up. Our preferred **1.5% base case** should therefore be read as a current-cycle estimate, not a steady-state recurring assumption.

Based on Oliver Wyman's global MRO forecast, this implies a **US\$2.1 Bn base-case demand pool in 2026**, expanding to **US\$2.9 Bn by 2036**. This is an analyst-derived estimate, but it helps frame the size of the niche tooling layer without incorrectly treating the entire MRO market as Unimech's addressable market.

6. APAC / India MRO Opportunity – Localisation of MRO Capacity

Metric / Driver	Data Point	Why It Matters for Unimech
India fleet growth	812 aircraft in 2026 → 1,605 aircraft by 2036	Fastest fleet growth globally; larger installed base for MRO
India fleet CAGR	7.1% over 2026–2036	Well above global fleet growth of 3.2%
India MRO market	US\$3.1 Bn in 2026 → US\$6.9 Bn by 2036	Local MRO spend expected to more than double
India MRO CAGR	8.4% over 2026–2036	Higher than global MRO growth of 3.3%
Asia fleet share	~33% of global fleet	Supports regional MRO capacity addition
Average aircraft age in Asia	~11.6 years	Ageing regional fleet requires maintenance support
India engine MRO gap	No large international engine MRO players historically; Safran setting up engine MRO facility in India	More local engine MRO capacity should require tooling / GSE inventory

MRO demand is increasingly moving closer to fleet growth. Mature aviation markets such as North America and Western Europe already have established MRO infrastructure, while APAC growth is being driven by rising aircraft fleets, increasing passenger demand and the need to localise maintenance capacity. Unimech’s Prospectus notes that Asia accounts for around **33% of the global fleet**, with aircraft averaging around **11.6 years**, creating new opportunities for MRO suppliers in Asia. It also notes that India has historically had limited large-scale international engine MRO presence, while major engine manufacturers such as Safran are setting up engine MRO facilities in India.

For Unimech, this matters because tooling supply chains need to follow MRO capacity. Engine shops, airline maintenance hubs and MRO facilities require local availability of tools, fixtures, stands, adapters, GSE and replacement tooling to reduce lead times and improve turnaround.

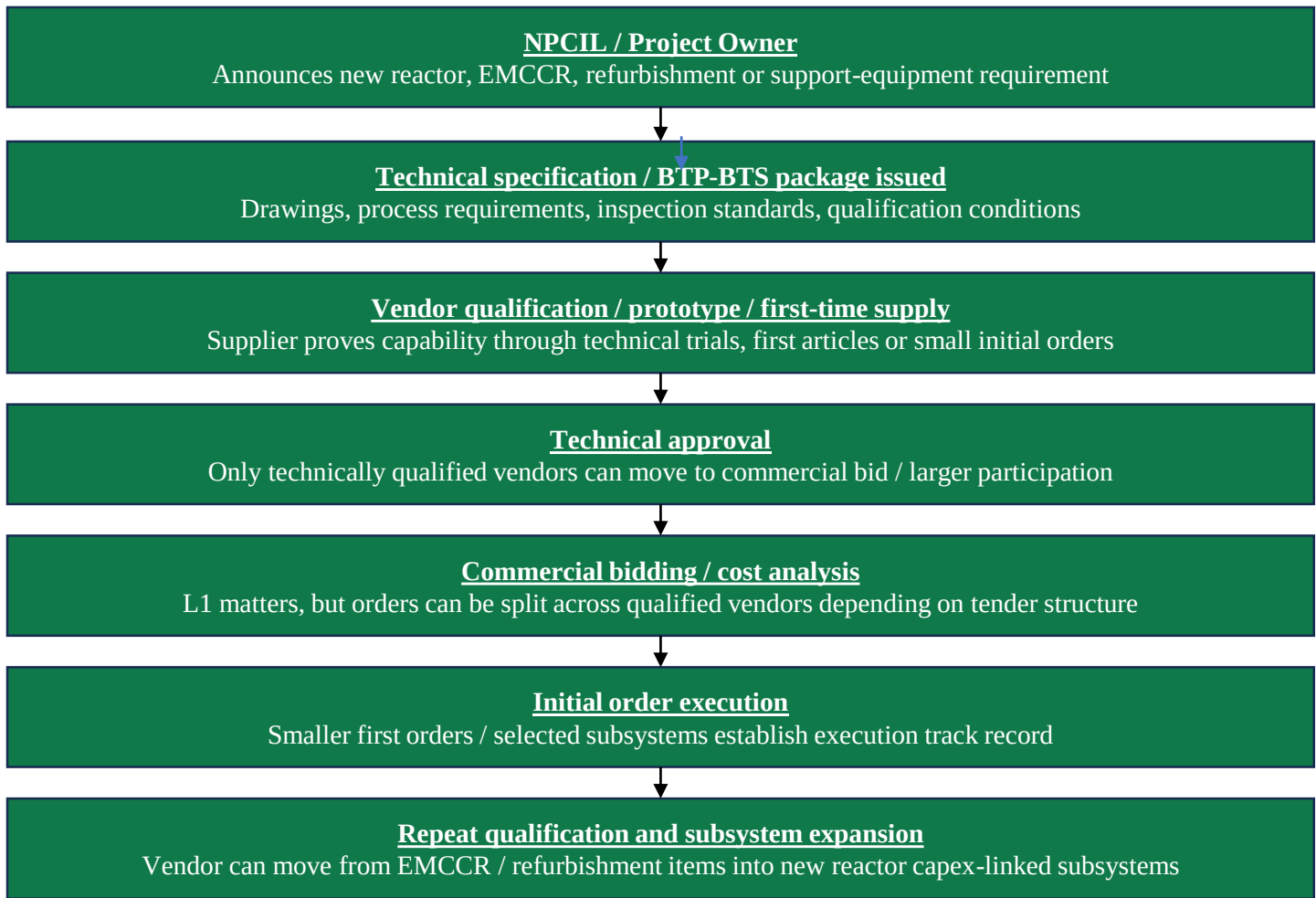
This creates a localisation opportunity. While Unimech is already embedded with global tooling licensees and export customers, India / APAC MRO growth can provide a second leg of demand through local engine MRO capacity, non-licensed tooling opportunities and faster regional support requirements.

7. Precision Components & Assemblies – Broad Segment, Nuclear-Led Opportunity

End Industry	Type of Precision Opportunity	Current Relevance for Unimech
Nuclear / Energy	Reactor support equipment, EMCCR subsystems, drive mechanisms, shielding / sealing assemblies, reactor-related precision components	Most visible current opportunity due to NPCIL / EMCCR / new reactor pipeline
Aerospace / Defence	Precision parts, missile components, weapon-system assemblies, high-accuracy machined components	Existing capability extension beyond MRO tooling
Semiconductor Equipment	Machined modules, functional blocks, equipment sub-assemblies for chip-production machinery	High-precision adjacency; supports diversification into non-aerospace export customers
Emerging Fields	Robotics, medical tools, special-purpose equipment and other low-volume, high-complexity products	Longer-term optionality as approval cycles convert into repeat orders

Precision Components & Assemblies is a broad segment and should not be viewed only through the lens of nuclear. Unimech’s Annual Report defines this business as precision engineering components, sub-assemblies and assemblies beyond aerospace, including **defence, semiconductor, energy and other emerging industries**. However, for the purpose of the industry overview, nuclear deserves deeper treatment because it is the most visible current opportunity within this segment. Management has highlighted a nuclear order pipeline of about **₹68 Cr** as of Q3FY26, while the Annual Report states that India is targeting **100 GW of nuclear capacity by 2047**, with NPCIL planning several projects and Unimech preparing subsystems and components for both upcoming and existing reactors. This makes nuclear the right starting point for explaining the precision segment, while aerospace, defence, semiconductor equipment and emerging industries can be presented as adjacent expansion verticals.

8. Nuclear Procurement Value Chain – Qualification-Led Entry into Subsystems



Opportunity Layer	Nature of Opportunity	Timeline	What Unimech is Trying to Do
EMCCR / Refurbishment	Replacement and refurbishment of existing PHWR reactor systems such as coolant-channel related equipment, sealing / shielding assemblies, drive mechanisms and support tools	Near term	Use EMCCR as the first qualification wedge; participate in 6–8 of the 10–12 subsystems where capable
New 700 MW PHWR Reactors	Capex-linked new reactor packages where NPCIL and Tier-1s procure large mechanical subsystems, assemblies and support equipment	Medium term	Qualify for selected mechanical subsystems directly or through Tier-1 suppliers; management has indicated ₹400+ Cr opportunity per reactor
Tier-1 NPCIL Supplier Route	Domestic Tier-1s bid for larger packages and outsource selected precision subsystems / assemblies	Near to medium term	Participate as a subsystem manufacturing partner; management indicated RFQs from a Tier-1 Indian manufacturer for Kaiga-5 & 6
BSR / SMR / Future Reactors	Smaller reactors and future private-sector / advanced reactor opportunities	Long term	Build credibility and qualifications today to participate as the ecosystem opens over 10–15 years

The nuclear opportunity for Unimech should be viewed as a **qualification-led subsystem entry strategy**, not merely an EMCCR refurbishment play. NPCIL remains the central procurement authority: it announces reactor, EMCCR or refurbishment requirements, issues technical specifications, evaluates technical qualification, and then awards orders through tender structures where L1 is important but order splitting among technically qualified bidders can also occur. NPCIL tender disclosures show that technical qualification, non-qualified parties, L1 status, contract value and delivery schedules are explicitly tracked, confirming that technical approval is a key gateway before commercial conversion.

EMCCR is important because it gives Unimech a near-term entry point into the nuclear supply chain. Management has indicated that EMCCR tenders are already active, that around five EMCCR reactor opportunities are expected, and that each EMCCR opportunity can involve 10–12 subsystems, of which Unimech currently aims to participate in around 6–8. However, EMCCR should be seen as the **first wedge**, not the full opportunity. The larger ambition is to convert technical capability and execution history into participation in new reactor capex-linked subsystems.

This is where the medium-term opportunity becomes meaningful. Management has stated that NPCIL is planning new 700 MW reactors, with Unimech targeting participation in multiple subsystems per reactor and a potential opportunity size of **₹400+ Cr per reactor**. In addition, the company is receiving RFQs through Tier-1 Indian suppliers for projects such as Kaiga-5 and Kaiga-6, which suggests that participation may happen both directly through NPCIL tenders and indirectly through larger nuclear Tier-1s.

Therefore, the right way to frame Unimech’s nuclear strategy is: **enter through EMCCR and first-time qualified BTP / BTS products, build execution credibility through smaller or selected subsystem orders, and gradually expand into new reactor capex subsystems and Tier-1-led nuclear packages**. This keeps the thesis realistic while still capturing the long-term scale opportunity from India’s nuclear buildout.

9. Policy Push and Private Participation – Nuclear Opportunity Expands Beyond EMCCR

India's nuclear sector is moving from a historically state-controlled model toward a broader capacity-expansion framework. The Union Budget FY26 announced a **Nuclear Energy Mission** with the objective of developing **100 GW of nuclear energy capacity by 2047**, supported by a **₹20,000 Cr allocation** for research, design, development and deployment of Small Modular Reactors. The government also stated that at least **five indigenously developed SMRs** are targeted to be operationalised by 2033.

The policy shift has become more meaningful with the enactment of the **SHANTI Act**. Government disclosures state that the SHANTI Act allows private-sector participation for setting up nuclear facilities and undertaking activities related to the production, use and disposal of nuclear energy, subject to Central Government licensing and safety authorisation from the regulator. It also modernises the nuclear liability framework and aligns liability treatment more closely with international regimes.

This matters for Unimech because the opportunity can gradually expand beyond EMCCR refurbishment and NPCIL-led replacement tenders. The government has indicated a two-pronged nuclear expansion strategy: deployment of large reactors such as **700 MWe indigenous PHWRs** and imported advanced reactors at greenfield sites, alongside development and deployment of **Bharat Small Modular Reactors / SMRs** for brownfield sites, captive power plants, repurposing retiring fossil-fuel plants and remote applications. The roadmap also suggests that India's nuclear buildout will not be carried only by NPCIL. Government disclosures indicate that current nuclear capacity of **8.78 GW** is expected to reach around **22 GW by 2031–32**, another **32 GW** is envisaged through NPCIL by 2047, and the remaining **46 GW** is expected from other public-sector enterprises, state governments, private-sector players and joint ventures across different reactor technologies.

For Unimech, this policy direction improves the long-term relevance of nuclear precision components and assemblies. EMCCR remains the near-term qualification wedge, but a larger nuclear buildout can create medium- to long-term opportunities in new reactor capex subsystems, Tier-1-led nuclear packages, support equipment, refurbishment tooling and future BSR / SMR-related mechanical systems. The key point is not that Unimech is exposed to the full reactor capex pool, but that a broader nuclear ecosystem increases the number of qualified subsystem opportunities available to specialised precision manufacturers.

10. Unimech / Innomech Nuclear Positioning – NPCIL Tender Evidence

Unimech's nuclear opportunity is best assessed through actual NPCIL tender evidence rather than broad nuclear TAM alone. The tender data shows that Unimech / Innomech is beginning to participate in selected mechanical subsystems and support-equipment opportunities across EMCCR and reactor-related packages. The evidence is mixed but useful: the company has visible wins in self-elevating platforms, shielding plug assemblies and drive-mechanism-related products, while some tenders show technical qualification without commercial win and others show non-qualification. This reinforces that nuclear entry is qualification-led, product-specific and gradual, rather than a straight-line capture of the full reactor capex pool.

10.1. Product Positioning Summary

Product family	NPCIL evidence visible	Current status	Key competitors	Investment read-through
Self Elevating Platform	Innomech won TAPS-3&4 EMCCR Self Elevating Platform; also qualified for MAPS-1&2, where Avasarala won	Won + qualified	Avasarala, MTAR, Godrej,	Strongest Innomech proof point; large specialised EMCCR tooling capability
Shielding Plug Assemblies / Manual Installation Rig	Unimech won MAPS-2 shielding plug option and later won a TAPS-3&4 split award alongside MTAR	Won	MTAR, Avasarala, Echaar	Strongest recent Unimech EMCCR proof point
SR/CR/AR Drive Mechanisms	Unimech won GHAVP-1&2 drive mechanisms for Shut-off Rod, Control Rod and Adjuster Rod systems	Won	MTAR, Avasarala, Godrej	Important because this is new-build PHWR reactor-control equipment, not only refurbishment
Sealing Plug Assemblies / Seal Discs	Unimech was visible among technically acceptable bidders, but awards went to Avasarala and MTAR	Qualified, not winning yet	Avasarala, MTAR	Positive technical signal, but commercial conversion is still unproven
End Fittings	Unimech consortium was not technically qualified; Yantra Kaushalya + Steefo won the TAPS-3&4 package	Not qualified	Yantra Kaushalya +	Large-value opportunity, but not a proven capability yet
Spent Fuel Storage Trays	Unimech was not technically qualified; Echaar won the visible KAPP-3&4 package	Not qualified	Echaar, Godrej, MTAR, Yantra	Negative data point, but lower strategic relevance than EMCCR tooling and plug assemblies

Source / basis: NPCIL order-status data shows Innomech's Self Elevating Platform win and qualification, Unimech's shielding plug wins, Unimech's SR/CR/AR drive mechanism win, sealing plug qualification / loss outcomes, and the end-fitting disqualification.

10.2. Key NPCIL Tender Evidence

Product / tender	Entity	Outcome	Winner / awardee	Contract date	Value	Scheduled completion	What it proves
Self Elevating Platform — TAPS-3&4 EMCCR	Innomech	Won	Innomech Aerospace Toolings Pvt. Ltd.	11-Sep-25	₹72.21 cr	16-Dec-29	Largest visible NPCIL order for Innomech; validates specialised EMCCR tooling capability
Self Elevating Platform — MAPS-1&2 EMCCR	Innomech	Qualified, lost	Avasarala Technologies	7-Jan-26	₹25.73 cr to Avasarala	25-Jun-28	Innomech qualified again, but Avasarala remains a strong direct competitor
SR/CR/AR Drive Mechanisms — GHAVP-1&2	Unimech	Won	Unimech Aerospace and Manufacturing	21-Feb-22	₹27.99 cr	20-Feb-26	Important new-build PHWR reactor-control win
Shielding Plug Assemblies — KGS-2 / RAPS-4 / MAPS-2 EMCCR	Unimech	Won MAPS-2 option; lost other options	Avasarala, MTAR, Unimech split award	28-Jan-26	₹7.97 cr to Unimech	28-Jan-28	Shows Unimech can qualify and convert in shielding plug assemblies
Shielding Plug Assemblies + Manual Installation Rig — TAPS-3&4 EMCCR	Unimech	Won split award	MTAR and Unimech	5-Mar-26	₹32.34 cr to Unimech; ₹32.34 cr to MTAR	4-Mar-28	Strongest recent Unimech EMCCR win
Sealing Plug Assemblies / Seal Discs — TAPS-3&4 EMCCR	Unimech	Qualified, no visible award	Avasarala and MTAR	3-Feb-26	₹9.96 cr each to Avasarala and MTAR	3-Feb-28	Unimech appears technically acceptable, but did not win
Sealing Plug Assemblies / Seal Discs — KGS-2 & RAPS-4 EMCCR	Unimech	Qualified, lost	Avasarala and MTAR	20-Feb-26	₹11.08 cr to Avasarala; ₹8.65 cr to MTAR	20-Feb-28	Confirms qualification but weak commercial conversion so far
End Fittings — TAPS-3&4 EMCCR	Unimech consortium	Not technically qualified	Yantra Kaushalya + Steefo	2-Mar-26	₹262.34 cr to winner	1-Mar-29	Largest visible opportunity gap; not yet a proven Unimech capability
Spent Fuel Storage Trays — KAPP-3&4	Unimech	Not technically qualified	Echaar Equipments	14-Oct-22	₹11.56 cr to Echaar	31-Jul-26	Negative qualification signal, but lower strategic relevance

The tender evidence is mixed but useful. Unimech/Innomech has real NPCIL wins, not just bids. However, the wins are concentrated in specific niches. The strongest evidence is in **Self Elevating Platforms, Shielding Plug Assemblies / Manual Installation Rigs and SR/CR/AR Drive Mechanisms**. The key watch area is **Sealing Plugs**, where the company is qualifying but not yet visibly winning. The biggest caution is **End Fittings**, where the opportunity is large but Unimech is not yet qualified.

10.3. Visible NPCIL Order Value and Delivery Visibility

Entity	Visible won product family	Contract value visible in NPCIL data	Scheduled completion	Status in NPCIL file	Investment relevance
Innomech	Self Elevating Platform — TAPS-3&4 EMCCR	₹72.21 cr	16-Dec-29	In Progress	Largest visible NPCIL order; long execution cycle
Unimech	SR/CR/AR Drive Mechanisms — GHAVP-1&2	₹27.99 cr	20-Feb-26	In Progress	New-build reactor-control proof point
Unimech	Shielding Plug Assemblies — MAPS-2 option	₹7.97 cr	28-Jan-28	In Progress	Smaller order, but strategically important qualification-to-win conversion
Unimech	Shielding Plug Assemblies + Manual Installation Rig — TAPS-3&4	₹32.34 cr	4-Mar-28	In Progress	Strong recent EMCCR win against MTAR/Avasarala competitive set
Total visible wins from identified tenders	Selected relevant NPCIL wins	~₹140.5 cr	Multiple dates	In Progress	Gives visible order evidence, but not full margin or unit economics

The visible NPCIL wins add up to approximately **₹140.5 crore** across the identified tenders. This is meaningful evidence of customer acceptance, but it should not be treated as a full order book number. The more important diligence question is whether these orders are executed on time, pass NPCIL inspection / quality requirements, and generate acceptable margins.

10.4. Product Context: What These Components Do

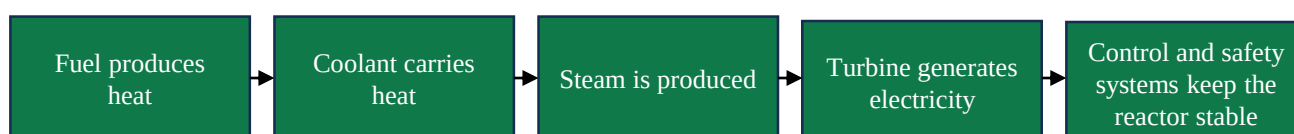
Note on images

The images in this section are **representative product visuals from public brochures / competitor material** and are used only to explain what these products generally look like and what they do inside or around a nuclear reactor. They should be treated as **illustrative references**, not as proof that the exact pictured product was supplied by Unimech or Innomech.

How a PHWR Nuclear Reactor Works

NPCIL's reactor fleet and many of the tenders discussed in this report relate to **PHWRs, or Pressurised Heavy Water Reactors**. In simple terms, a PHWR generates electricity by using uranium fuel to produce heat inside the reactor core. That heat is carried away by coolant flowing through pressure tubes / coolant channels. The heat is then transferred in steam generators to produce steam, which drives a turbine and generator to make electricity.

The products relevant to Unimech and Innomech sit within the reactor's specialised equipment and maintenance ecosystem. They do not all generate power directly. Some help **control the reactor**, some help **seal and protect coolant-channel systems**, and some help **carry out major refurbishment work safely**.



Product Snapshots Relevant to Unimech / Innomech

1. Control Rod / SR-CR-AR Drive Mechanism

What it is:

A Control Rod Drive Mechanism is the system that moves control rods and related shutdown / adjuster rods in and out of the reactor.

What it does in simple words:

This is one of the reactor's key "control systems." It helps regulate reactor power and, when required, helps reduce or stop the nuclear reaction safely.

Where it is used:

It is used in the reactor's reactivity-control and shutdown systems.

Why it is important:

Without accurate and reliable movement of control rods, the reactor cannot be controlled safely. This makes it a critical component from both an operating and safety perspective.

Why it matters for Unimech:

Unimech's visible NPCIL order for **Drive Mechanisms and Spares for Shut-off Rod, Control Rod and Adjuster Rod Systems for GHAVP-1&2** is strategically important because it shows capability in **new-build reactor-control equipment**, not just refurbishment tooling.



Representative image: Control Rod Drive Mechanism and test station used for reactor-control applications.

2. Self-Elevating Platform

What it is:

A Self-Elevating Platform is a large, specialised fabricated structure used during major maintenance and refurbishment work inside the reactor servicing area.

What it does in simple words:

It acts like a heavy-duty precision access platform that allows workers and equipment to reach the exact location needed during coolant-channel replacement work.

Where it is used:

It is used in the **Fuelling Machine vault / reactor-face work area** during **EMCCR, or En Masse Coolant Channel Replacement**.

Why it is important:

This is not a normal industrial platform. It must move accurately, operate safely in a radiation-sensitive environment, and support complex maintenance activity in a highly restricted space. It is critical for life-extension and refurbishment work in PHWRs.

Why it matters for Innomech:

This is one of the strongest proof points for Innomech. NPCIL's tender data shows Innomech as the awardee for a **Self Elevating Platform for TAPS-3&4 EMCCR**, which supports the view that Innomech has capability in specialised nuclear maintenance tooling.



Representative image: Self-Elevating Platform used during EMCCR work in a PHWR maintenance environment

3. Shielding Plug and Sealing Plug Assemblies

What they are:

Shielding Plugs and Sealing Plugs are specialised components associated with the ends of coolant channels in a PHWR.

What they do in simple words:

They help **close, seal and protect** parts of the reactor channel system. Sealing plugs help keep the system closed properly, while shielding plugs help provide protection and safe handling during reactor operation or maintenance activities.

Where they are used:

They are used around the **coolant-channel / end-fitting region** of the reactor.

Why they are important:

These are small but critical precision components. They play a role in maintaining safe reactor conditions and are especially relevant in maintenance, fuelling and refurbishment work.

Why they matter for Unimech:

This is one of Unimech's most relevant product niches in the NPCIL dataset. The company has visible wins in **Shielding Plug Assemblies** and appears technically qualified in **Sealing Plug** tenders, even though some awards have gone to competitors such as Avasarala and MTAR.

Sealing & Shielding Plugs for Nuclear Reactor

Sealing plugs & shielding plugs are the Critical Sub Assemblies of a Pressurized Heavy Water Reactor, which are used in the Fuelling Process in the nuclear reactors. Avasarala has manufactured & supplied total quantity of 2000 sets.

The function of the Sealing Plug is to close both ends of Reactor coolant channels and prevent escape of Heavy Water from the End Fittings, which are located at both ends of each coolant channel assembly.

The function of the Shielding Plug is to provide shielding at both ends of coolant channel and also to provide a means of locating and stopping the fuel columns moving when sealing plugs are withdrawn during fuel changing.



Criticalities involved

- Sourcing of special grade Stainless Steel Like 17-4 PH
- High accuracy of Manufacturing
- Interchangeability of components
- Establishment of Processes like
 - Broaching
 - Electrolysing
 - Nickel Plating
- Development of Fixtures
- Finish Grinding to close Tolerances
- Development of Testing Procedures to meet Operating Temp. & Pressure



4. End Fittings

What they are:

End Fittings are precision components located at the ends of the reactor's coolant channels / pressure tubes.

What they do in simple words:

They act as important connection and interface points for the coolant-channel system. In practical terms, they help connect, support and manage the working ends of the reactor channel assembly.

Where they are used:

They are used at both ends of PHWR coolant channels.

Why they are important:

They are among the more technically demanding reactor components because they sit in a critical part of the coolant-channel system and require high manufacturing precision and quality assurance.

Why they matter strategically:

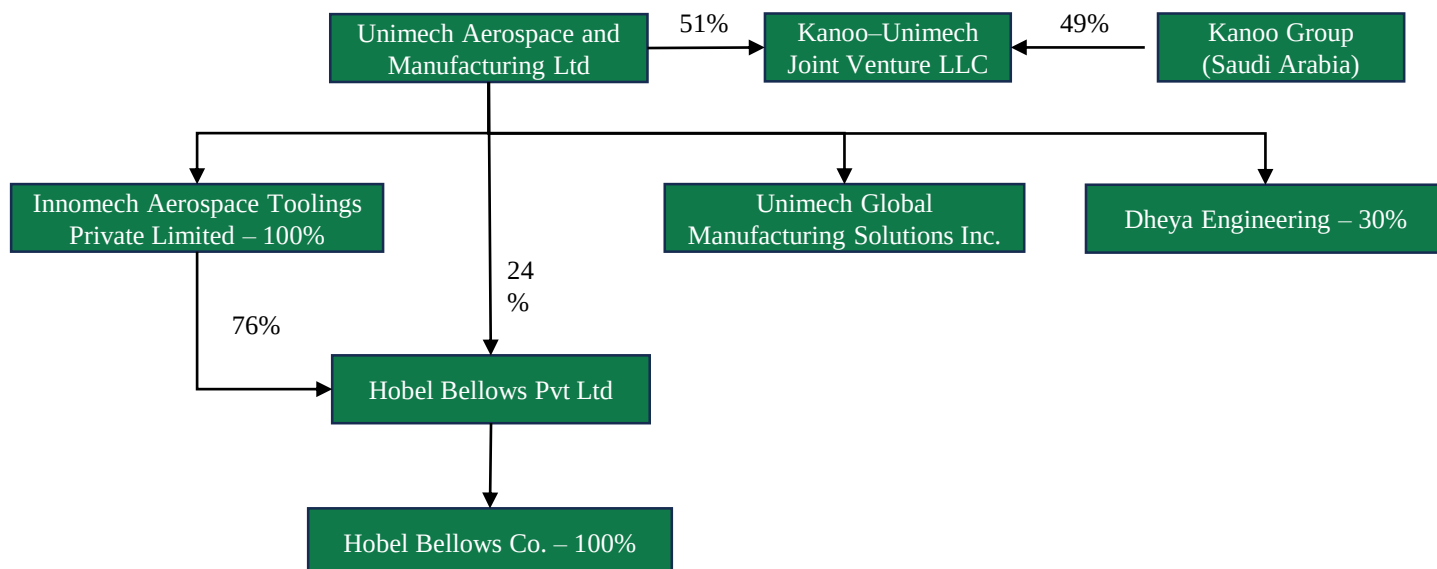
End Fittings are important because they represent a **larger and higher-barrier product opportunity** than many of the tooling packages. However, the current NPCIL data suggests that this is still an **unproven area** for Unimech, since the Unimech-led consortium was not technically qualified in the relevant TAPS-3&4 EMCCR tender.

Company Overview

Year / Period	Key Milestone
2016	Incorporated as Unimech Aerospace and Manufacturing Pvt. Ltd. on August 12, 2016
2017	Received first certification; AS9100D certified
2018	Incorporated subsidiary Innomech Aerospace Toolings
2019	Added 30,000 sq. ft. factory space
2020	Onboarded Boeing and Collins Aerospace ; Devanahalli unit started
2021	Expanded business to serve energy and semiconductor sectors
2023	Added more airframe and engine OEMs
Jul-24	Institutional investor entry through preferential issue to ValueQuest SCALE Fund, Evolvence India Fund IV and Steadview Capital Mauritius
Dec-24	Listed on BSE and NSE ; IPO issue size ₹5,000 Mn , subscribed 184.34x
FY25	Expanded facility base to 2,13,000+ sq. ft. by Mar-25; later added 2 more facilities taking total serving capacity to ~2,43,000 sq. ft.
Nov 2025 / Dec 2025	Deepened strategic investment in Dheya Engineering ; holding reached 29.99%
Jan-26	Executed 51:49 JV with Yusuf Bin Ahmed Kanoo to establish advanced precision machining and remanufacturing facility in Dammam, Saudi Arabia
Q3 FY26	Manufacturing footprint reported at 2,75,000 sq. ft. , 35 customers, 7 countries, 86% export revenue, 4,511 tooling / complex sub-assembly SKUs and 1,094 precision machined-part SKUs
Apr-26	Signed definitive agreements to acquire Hobel Bellows for up to ₹450 Cr ; Hobel reported FY26 revenue of ₹123.7 Cr

Unimech Aerospace and Manufacturing Ltd. has evolved from a niche aerospace tooling manufacturer into a broader high-mix, low / medium-volume precision engineering platform serving aerospace, defence, energy, nuclear and semiconductor-linked customers. The company manufactures aero tooling, MRO tooling, ground support equipment, electro-mechanical sub-assemblies, precision machined parts and engineered components across build-to-print and build-to-specification models. Its evolution has been driven by three parallel tracks: scaling aerospace-grade manufacturing capacity, widening customer and sector exposure, and moving up the value chain through strategic initiatives such as Innomech, Dheya Engineering, the Kanoo JV in Saudi Arabia and the Hobel Bellows acquisition. The IPO provided growth capital and public-market validation, while recent moves such as the Saudi JV and Hobel acquisition indicate a clear strategic direction: build a globally competitive, capability-led precision manufacturing platform with deeper exposure to high-value assemblies and export-led OEM ecosystems.

Subsidiary J/V Structure



Subsidiary / Asset Acquired	Agreement Date	Consideration (₹ Cr)	Unimech Stake	FY25 Revenue (₹ Cr)	FY25 PAT (₹ Cr)
Dheya Engineering Technologies Pvt Ltd (Strategic stake + exclusive manufacturing agreement for micro gas turbines)	11-Nov-24	10.50 Cr	30%	NA	NA
Kanoo-Unimech Joint Venture LLC (Saudi Arabia) (JV for advanced machining & remanufacturing platform)	20-Jan-26	250 Cr*	51%	NA	NA
Hobel Bellows Co. (via Hobel Bellows Pvt Ltd.) (Acquired via Innomech subsidiary – effective 100% control)	22-Apr-26	450.00 Cr	24%	123.74 Cr	40–43 Cr

Transaction Overview and Strategic Rationale

Unimech's inorganic strategy reflects a clear capability led expansion approach spanning early stage technology investments, geographic expansion and value chain integration. The company is not pursuing acquisitions for scale alone but is systematically building capabilities that enhance its positioning in high value engineering segments.

Dheya Engineering Technologies

Unimech has acquired ~30% stake in Dheya Engineering Technologies to gain exposure to indigenous micro gas turbine development for aerospace and defence applications. Dheya is developing advanced propulsion platforms such as the DET-500 engine which is currently under testing and expected to achieve certification by late 2026 or early 2027. The DET-200 engine has already seen early commercial traction with initial units sold.

The company has achieved key technical milestones including high speed turbine demonstrations and bench testing at ~65,000 RPM for DET-500. It is also progressing on hydrogen propulsion programs and hydrogen anode blower systems which are seeing increasing interest from defence institutions such as NMRL.

Importantly, Unimech has secured an exclusive manufacturing arrangement for all current and future turbine platforms and subsystems. This positions the company to participate meaningfully once these programs transition into certified production. While near term financial contribution remains limited, the investment provides strong optionality in high value import substitution driven propulsion systems.

Kanoo–Unimech Joint Venture

The joint venture with the Yusuf Bin Ahmed Kanoo Group marks Unimech's entry into the Middle East with a controlling stake of 51%. The facility is being set up in Dammam, Saudi Arabia with an initial focus on oil and gas components followed by expansion into utilities, energy and aerospace.

This initiative aligns with Saudi Arabia's Vision 2030 localization agenda which is driving demand for domestic precision manufacturing. The partnership provides Unimech with a strong local partner, access to large regional markets and the ability to scale operations beyond India.

Over the medium term, the JV is expected to expand Unimech's addressable market and serve as a platform for growth across multiple industrial sectors in the region.

Hobel Bellows

The acquisition of Hobel Bellows represents a significant step in Unimech's transition from precision machining to high value engineered assemblies and sub systems. Hobel operates in a niche segment of metallic bellows and flexible assemblies with a strong export oriented OEM customer base and industry leading profitability.

The transaction brings critical capabilities including advanced metal forming, tube bending, welding and integrated assembly which were already part of Unimech's planned capex roadmap. By acquiring these capabilities instead of building them organically, the company accelerates time to market while reducing execution risk.

At an implied valuation of ~6–7x EV/EBITDA, the acquisition appears financially attractive. More importantly, it provides a platform for medium term growth through cross selling, improved utilization and expansion into adjacent sectors such as aerospace, nuclear and semiconductor systems.

Overall Strategic View

Taken together, these transactions reflect a well structured inorganic strategy. Dheya provides exposure to future propulsion technologies, the Kanoo joint venture enables geographic expansion and Hobel strengthens core manufacturing capabilities and value addition.

Unimech is therefore evolving from a precision machining player into a globally relevant capability led engineering platform with increasing participation in high value and high entry barrier segments.

Value Chain

<u>Demand</u> -Client relationships -Participating in events -Certifications / approvals -Customer forecasts / RFQs	<u>Unimech</u> -Engineering review -Costing -Production planning -Execution	<u>Supply</u> -Land & infra -Machinery -Human capital -Raw material procurement -Vendor ecosystem -Quality systems / ERP	<u>Output</u> -Qualified delivery -Repeat orders -Higher wallet share
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Unimech's value chain is best understood as a combination of **demand access and supply preparedness**. On the demand side, the company generates business through long-standing customer relationships, RFQs, participation in industry interactions, certifications and customer qualification processes. In aero tooling, management has indicated that customers also provide periodic visibility on future tooling requirements based on their own demand forecasts, which helps the company plan capacity and resources. On the supply side, Unimech builds the capability to meet this demand through land and infrastructure, specialised machinery, skilled manpower, raw-material sourcing, vendor support and certified quality systems. This operating model allows the company to convert customer-specific requirements into qualified delivery and gradually expand repeat orders, approved SKUs and customer wallet share.

Supply – Land & Infrastructure

Facility / Asset	Area / Scale	Capacity / Utilisation	Ownership / Tenure	Investment Read-Through
Unimech – Peenya + Devanahalli General Industrial Area	125,000 sq. ft.	1,91,670 machine hours; 50.19% utilisation in 9MFY26	Peenya: leave & license for 36 months from Apr'24; rent ₹1.03 Mn p.a. with 5% escalation. Devanahalli Plot 38-J & 38-H: lease-cum-sale from KIADB for 10 years	Precision components / assemblies platform; capacity built ahead of nuclear, defence, semiconductor and emerging-sector demand
Innomech – Devanahalli Aerospace SEZ	150,000 sq. ft.	5,16,420 machine hours; 50.12% utilisation in 9MFY26	KIADB lease for 99 years from Nov'19; yearly rent ₹2,000	Core aero / MRO tooling platform; large headroom for operating leverage as aero-tooling order flow normalises
Total Current Platform	2,75,000 sq. ft.	7,08,090 machine hours; ~50% blended utilisation	Mix of short-term lease, long-tenure KIADB lease and lease-cum-sale	Current profitability absorbs underutilised capacity, but platform is ready for higher order conversion
Upcoming KIADB Tech Park	4 acres	Not disclosed	Terms not separately disclosed	Future expansion optionality and collaborative manufacturing / technology park
Hobel Bellows – Duvvada SEZ	Land area: 1,80,000 sq. ft.; built-up: ~1,00,000 sq. ft.	Current utilisation ~50%; effective utilisation ~30% after robotics adjustment	Ownership / lease terms not separately disclosed	Adds bellows, flexible tubing, forming, welding, testing and engineered assembly capacity; meaningful growth headroom without immediate greenfield execution risk

Unimech has built manufacturing capacity ahead of full revenue conversion. As of Q3FY26, the company had a **2,75,000 sq. ft.** manufacturing footprint, with Unimech's precision components platform at **125,000 sq. ft.** and Innomech's aero / MRO tooling platform at **150,000 sq. ft.** The latest disclosed machine-hour capacity stood at **1,91,670 hours** for Unimech and **5,16,420 hours** for Innomech, but utilisation was only around **50%** in both units during 9MFY26. This makes utilisation the key monitorable: current profitability is carrying the cost of recently added capacity, while operating leverage should improve as aero tooling order flow normalises, nuclear orders scale and precision component qualifications convert into production orders.

The Hobel Bellows acquisition adds another capacity layer. Hobel operates from a **1,80,000 sq. ft. land area** in Duvvada SEZ, Visakhapatnam, with approximately **1,00,000 sq. ft. built-up area**. Management-sourced material indicates current utilisation of around **50%**, and effective utilisation of around **30% with robotics**, implying meaningful headroom before major expansion is required. Hobel also brings forming, welding, bellows, tubing, sheet metal fabrication and testing capabilities that would otherwise take time and capex to build organically.

The land model remains not freehold-heavy. Peenya is on a shorter leave-and-license arrangement, Innomech's Devanahalli SEZ facility is on a long-tenure **99-year KIADB lease**, and Unimech's Devanahalli General Industrial Area plots are on lease-cum-sale terms. Therefore, the supply advantage is not land ownership; it is the combination of available factory space, specialised machinery, skilled manpower, certifications, vendor ecosystem, customer approvals and underutilised capacity that can support operating leverage as order conversion improves.

Supply – Machinery / Manufacturing Capabilities

Unimech's machinery base is the real productive asset inside its infrastructure. The company's expansion is not merely about adding floor space; it is about installing specialised CNC, VMC, HMC, turning, milling, boring, EDM, grinding, CMM and assembly-related equipment that can support high-mix, low / medium-volume precision manufacturing. In FY25, Unimech had **141 specialised machines**, with planned machining capacity expanding from **2.2 lakh machine hours to 6.3 lakh machine hours**, and a stated plan to increase this further to around **8.0 lakh machine hours in FY26**. The Annual Report also highlights that more than **4,00,000 machining hours** were added during FY25 through new VMCs, HMCs and boring machines. This confirms that the current capacity expansion is machinery-led, not just infrastructure-led.

The Prospectus gives useful insight into the nature of machines being added. The indicative equipment list includes machines from HAAS, Makino, AWEA, Hyundai, Jagdeep and Carl Zeiss, with applications across high-precision VMC machining, large work-envelope machining, 5-axis machining, CNC turning, vertical turning, wire-cut EDM and CMM-based inspection. These machines are meant to manufacture tight-tolerance parts, complex geometries, large and heavy workpieces, intricate contours, and components requiring repeatable dimensional accuracy. This is important because Unimech's end-products — aero-engine tools, airframe tools, GSE, nuclear subsystems and precision assemblies — require a combination of machining capability, inspection discipline and process repeatability, rather than commodity fabrication capacity.

The investment read-through is that Unimech has front-loaded capacity ahead of revenue conversion. Q3FY26 disclosures show installed capacity of **1,91,670 machine hours** for Unimech and **5,16,420 machine hours** for Innomech, but utilisation was only around **50%** in both platforms during 9MFY26. This underutilisation is currently a drag on margins and return ratios, but it also creates operating leverage if order conversion improves. Management commentary also indicates that as more machines are installed and utilised internally, reliance on subcontracting can reduce, supporting better execution control and operating efficiency. Therefore, the machinery section should be read as a capacity-readiness argument: Unimech has already created the machine base required for future aero tooling, nuclear, GSE and precision component growth; the key monitorable is whether this capacity gets filled through orders, approvals and higher utilisation.

The Hobel Bellows acquisition adds a complementary manufacturing capability layer to Unimech's existing machining-led platform. Management described Hobel as a capability-led acquisition that brings metal forming, hydroforming, precision pipe fabrication, tube bending, sheet metal fabrication, advanced welding and automated testing / validation systems. These are areas Unimech had already identified for internal capability creation, but acquiring Hobel provides immediate access to a proven platform, existing OEM relationships and a trained technical workforce. Hobel also brings a modern Visakhapatnam SEZ facility, robotics and automation-led manufacturing, CMM and shadowgraph testing, metallic bellows, exhaust manifolds and tubular assemblies used across engines ranging from 900–9,000 BHP. Management indicated that these capabilities are relevant for aerospace, nuclear, semiconductor and other high-entry-barrier segments, although customer qualification, AS9100 certification and NPCIL approvals will still be required before full synergy realisation. Therefore, Hobel should be viewed as a capability accelerator rather than only a revenue addition.

Supply – Human Capital / Skilled Workforce

Unimech's manpower base is an important supply-side asset because high-mix precision manufacturing depends not only on machines, but also on engineers, CNC programmers, operators, quality inspectors and documentation teams. The company had **793 employees in FY25**, including **211 engineers**, and its headcount increased to **806 employees by Q3FY26**. Management also indicated that it hired **132 employees in Q4FY25**, taking headcount from 661 to 793, in line with planned capacity enhancement.

This hiring has been front-loaded, similar to the company's machinery and infrastructure expansion. Near-term employee costs may weigh on margins while utilisation is low, but the same workforce can support operating leverage as aero tooling, nuclear, GSE and precision component orders scale. The Prospectus also highlights structured training for apprentices, operators, supervisors and engineers, which is important because customer-specific precision manufacturing requires repeatability, inspection discipline and process knowledge, not just machine availability.

The Hobel Bellows acquisition adds a further skill layer in metal forming, tube bending, welding, bellows and sheet-metal assemblies. Management highlighted that these capabilities are skill-intensive and would have taken time to build organically. Therefore, human capital should be viewed as part of Unimech's capability base — a trained workforce that helps convert machinery, certifications and customer approvals into qualified delivery.

Supply – Raw Material Procurement & Vendor Ecosystem

Unimech's raw-material requirement is linked to its high-mix, customer-specific manufacturing model. The company procures a wide range of metals and engineering plastics, including **austenitic and martensitic stainless steels, carbon steels, alloy steels, maraging steels, aluminium, super duplex, aluminium / carbon-steel structural materials, PEEK, Teflon, HDPE, Delrin and Nylon**. These materials are primarily sourced from **local mills and stockists across India**, depending on availability and project requirement. For standard bought-out parts that are not locally available — such as **hoist rings, hydraulic cylinders, lifting slings and shackles, ball lock pins, bearings, hydraulic fittings, casters, gear boxes and electronic components** — the company imports from trusted suppliers in the USA. Domestic sourcing remains the larger share, with imports forming a meaningful but not dominant portion of procurement.

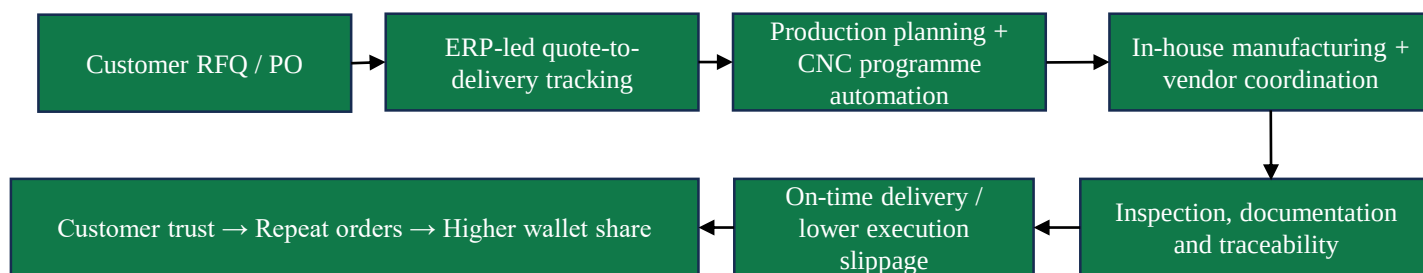
Unlike flight-critical precision component manufacturers where the customer may also approve the raw-material mill or source, Unimech's disclosed procurement model appears more flexible. The Prospectus does not indicate that its mills themselves are customer-approved. The control point is instead **customer-specific material compliance, documentation, inspection, quality control and Unimech's own supplier / subcontractor management process**. This distinction is important: Unimech's moat should not be framed around approved raw-material mills; it is stronger in **customer qualification, machining capability, inspection discipline, process repeatability and delivery reliability**.

The company also uses a vendor and subcontractor ecosystem to support scalability. Less-complex operations are subcontracted, allowing Unimech to prioritise critical machining, inspection, assembly and quality-sensitive work in-house. The Prospectus states that subcontractors are selected based on technical capability, quality standards and reliability, and undergo onboarding on Unimech's process, quality and safety requirements. Certain subcontractors also operate from Unimech's Peenya facility, giving the company better oversight, regular inspection access and quality control.

The key risk is that procurement is largely purchase-order driven rather than secured through firm long-term supply commitments. Unimech generally does not have exclusive supply arrangements or fixed-price long-term raw-material contracts, which exposes it to availability risk, price volatility, vendor priority risk and working-capital requirements. The company has diversified its supplier base, but as larger aero-tooling, nuclear, GSE and precision-component orders scale, raw-material planning and supplier discipline remain important monitorables.

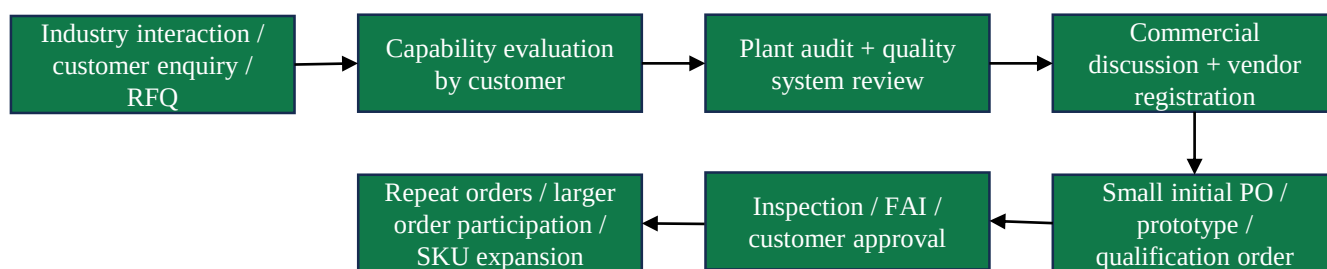
Demand – Technology Backbone and Customer Qualification

1: Technology Backbone Supports Execution Reliability



Unimech’s technology backbone helps convert a high-mix manufacturing model into reliable execution. The company uses ERP-led quote-to-delivery tracking, CNC programme automation, vendor visibility, inspection documentation and traceability to coordinate machining, subcontracting, quality control and dispatch. This matters because in aerospace, nuclear and precision components, customer relationships are maintained not only through capability, but also through delivery discipline, documentation quality and repeatable execution. Better execution reliability supports repeat orders, approved SKU expansion and higher wallet share over time.

2: Customer Onboarding is Qualification-Led



Demand access for Unimech is not immediate; it is qualification-led. New customer conversion typically starts through enquiries, RFQs or industry interactions, followed by capability evaluation, plant audits, quality-system review, vendor registration and small initial orders for inspection or FAI. Only after successful execution does the customer begin giving larger or repeat orders. This is why Unimech’s demand-side strength lies in approved supplier status, certifications, FAIs, execution history, documentation discipline and SKU expansion, rather than just sales relationships.

Demand / Output Enabler – FTWZ to Improve Customer Inventory and Delivery Flow



Unimech is also setting up a Free Trade Warehousing Zone, or FTWZ, as a logistics and customer-inventory enabler for its aero tooling business. Management stated that once operational, the FTWZ will allow customers to build and maintain duty-free inventories of aero-engine and airframe tools, reduce lead times and logistics friction, and support more regular and predictable order flows. This is important because FY26 revenue was impacted when elevated U.S. tariffs pushed customers from inventory-led procurement to essential drop-shipment-only ordering and deferral of non-urgent tools. The FTWZ is therefore not a manufacturing asset, but a demand-conversion and logistics asset that can help protect aero tooling revenue from tariff volatility and improve customer service levels.

As of the acquisition update call, management indicated that the FTWZ facility was operation-ready, had received approvals from all regulatory authorities, and was awaiting only customs clearance, expected by end-May. Management also highlighted that the FTWZ should help mitigate cross-border tariff impact, improve supply-chain flexibility and support more consistent revenue momentum.

Revenue Analysis

Revenue Recognition Policy

Unimech follows **Ind AS 115**. Revenue from sale of products is recognised **at a point in time**, when control of goods is transferred to the customer, generally on delivery of equipment / goods at the agreed destination as per customer contract terms. Sale of services is also recognised based on actual service provided / progress toward completion, as the customer receives and uses the benefit simultaneously. Revenue is measured net of rebates, allowances, taxes / duties collected on behalf of government, and includes adjustments for liquidated damages and price variations wherever applicable.

There does **not appear to be any material change** in the revenue-recognition policy across the Prospectus and Annual Report disclosures. The Prospectus shows product revenue and service revenue being recognised largely **at a point in time**, with revenue adjusted for sales returns and liquidated damages. AR25 follows the same broad policy, with product revenue recognised at transfer of control and services recognised based on service delivery / progress.

The important investment read-through is that Unimech's revenue is **delivery / dispatch / acceptance-linked**, not purely order-book linked. Auditors also identify timing of revenue recognition as a key audit matter because performance obligations may be fulfilled at dispatch, delivery or formal customer acceptance depending on contract terms, including Incoterms, transfer of title and customer acceptance. Therefore, quarterly revenue can be lumpy due to shipment timing, customer acceptance and delivery cut-offs, even if underlying order flow remains healthy.

1. Revenue Breakup – Goods vs Service

Particulars	2022	2023	2024	2025	CAGR
Sale of goods	34.8	89.7	207.7	239.7	90%
Sale of services	0.9	2.9	0.3	1.7	22%
Other operating revenues	0.6	1.6	0.8	1.6	38%
Total	36.3	94.2	208.8	242.9	88%
Particulars	2022	2023	2024	2025	CAGR
Nature of goods					
Manufactured					
Aerospace toolings and components	34.8	89.2	207.4	239.7	90%
Air purifiers	0.0	0.3	0.3	0.0	0%
Air quality monitoring systems	0.0	0.0	0.0	0.0	0%
Trading					
Air purifiers	0.0	0.1	0.0	0.0	0%
Air quality monitoring systems	0.0	0.1	0.0	0.0	0%
Nature of services					
Testing charges	0.0	0.0	0.0	1.7	
Upgradation and rework services	0.9	2.9	0.3	0.0	-100%
Other operating revenues					
Rental income	0.2	0.2	0.1	0.1	-10%
Scrap sales	0.1	0.4	0.3	0.5	83%
Duty drawbacks	0.1	0.3	0.2	0.5	54%
Export incentives	0.2	0.3	0.0	0.4	24%
Other revenue	0.0	0.4	0.2	0.0	132%

Unimech's revenue is primarily product-led. Over FY22–FY25, revenue from operations increased from **₹36.3 Cr to ₹242.9 Cr**, largely driven by sale of goods, which increased from **₹34.8 Cr to ₹239.7 Cr**. This reflects the company's core business model: manufacturing and delivery of customer-specific aero tooling, MRO tooling, GSE, precision components and assemblies.

Sale of services is small and should not be treated as a recurring annuity-like stream. In AR25, consolidated service revenue is classified as **testing charges** in FY25 and **upgradation / rework services** in FY24. Earlier Prospectus disclosures indicate that FY23 service revenue was higher due to job work for one customer. Therefore, services are better understood as **testing / rework / job-work type revenue** linked to specific customer requirements, not as a separate service-led business.

Other operating revenue is ancillary and includes **rental income, scrap sales, duty drawback, export incentives and other operating-linked income**. Hence, Unimech's revenue quality should be judged through **product order conversion, delivery execution, export demand, SKU expansion and capacity utilisation**, not through service revenue.

2. Revenue Breakup – Business Segment Wise

Particulars	2022	2023	2024	2025	CAGR
Aero-tooling	35	89	207	206	81%
As a % of Revenue	96%	95%	99%	85%	
Precision components & others	2	5	1	36	189%
As a % of Revenue	4%	5%	1%	15%	

Aero Tooling / MRO Tooling – Export-led, short-cycle core business

Aero Tooling / MRO Tooling remains Unimech's core revenue engine, contributing **85% of FY25 revenue**. This business is largely export-driven and includes aero-engine tools, airframe tools, jigs, fixtures, GSE and MRO tooling supplied to Tier-1 tooling licensees, OEM ecosystems, aircraft OEMs and MRO shops. The revenue character is high-mix, low / medium-volume and shorter-cycle in nature. Management has indicated that the tooling business typically does not carry a very long order book; instead, it is driven by continuous RFQs, repeat customer orders, SKU expansion and execution reliability. In Q2FY26, management highlighted that aero tooling still formed the majority of revenue, while the order book at the time was around ₹105 Cr, with ~95% pertaining to tooling.

Precision Components & Assemblies – Emerging diversification leg

Precision Components & Assemblies is still a smaller segment, but its share increased from **1% of revenue in FY24 to 15% in FY25**. This segment includes precision parts, components and assemblies for nuclear, aerospace, defence, semiconductor equipment, energy and other emerging industries. Unlike tooling, which is used as auxiliary equipment for manufacturing / maintenance, PCA products can be closer to the customer's actual end-product or subsystem. Hence, the segment is more qualification-led and may involve FAIs, customer approvals, longer execution cycles and potentially larger order sizes over time. Management commentary also indicates that the company is working on FAIs and approvals across semiconductor, defence, medical, robotics and aerospace customers, with long-term orders expected only after successful qualification.

Nuclear within PCA – Larger visibility, but higher working capital

Nuclear is the most visible near-term opportunity within PCA, but it has a different financial profile versus aero tooling. Management has indicated that Unimech has submitted bids for around **₹800 Cr** of nuclear projects, while tender outcomes depend on L1 positioning and NPCIL / tender timelines. The company had earlier indicated potential wins of **₹200–400 Cr**, but final visibility depends on tender results. The segment is likely to be more working-capital intensive because orders are tender-led, execution cycles are longer, inventory has to be built ahead of delivery, and collections are more milestone / customer-process dependent. Management has guided that working capital may rise from around **110 days to ~150 days** as nuclear projects, larger GSE orders, inventory build and precision LTAs scale.

3. Revenue Breakup – Export Dependence

Particulars	2022	2023	2024	2025
India	3.2	4.5	4.9	12.7
India as a % of revenue	9%	5%	2%	5%
Exports	33.1	89.6	203.8	230.2
Exports as a % of revenue	91%	95%	98%	95%

Unimech remains structurally export-led, with exports contributing ~95% of FY25 revenue. Domestic revenue was historically small, but has started rising from a low base in FY25–FY26, led mainly by NPCIL / nuclear orders.

3. Revenue Breakup – Geography Concentration

Particulars	2022	2023	2024	2025	CAGR
India	3.2	4.5	4.9	12.7	58%
India as a % of revenue	9%	5%	2%	5%	
United States and Canada	27.8	72.4	192.5	201.7	94%
United States and Canada as a % of revenue	76%	77%	92%	83%	
Germany	5.2	17.2	11.3	28.2	76%
Germany as a % of revenue	14%	18%	5%	12%	
United Kingdom	0.1	0.0	0.0	0.0	-100%
United Kingdom as a % of revenue	0%	0%	0%	0%	
Others	0.1	0.0	0.0	0.3	40%
Others as a % of revenue	0%	0%	0%	0%	

Revenue is heavily reported under **United States & Canada**, which contributed **83% of FY25 revenue**, but this should not be read as pure U.S. end-consumption risk. A large part of Unimech's tools are supplied to U.S.-based Tier-1 tooling licensees, while the ultimate consumption can happen outside the U.S. The tariff disruption exposed this channel risk: earlier, customers could hold inventory in the U.S. and redistribute tools globally, but higher tariffs pushed them to reduce inventory purchases and move toward build-to-order / delayed pickup. Drop-shipment was attempted as a workaround, but it did not materially protect revenue because Tier-1 licensees generally prefer to control the end-customer relationship. The more sustainable solution is the proposed **FTWZ-led inventory model**, where Tier-1 customers can hold duty-free inventory in India and release tools directly to non-U.S. destinations, reducing unnecessary U.S. routing, logistics friction and tariff impact. Therefore, the geography risk is not only U.S. demand exposure; it is also **billing-channel, inventory-location and customer pickup behaviour risk**.

4. Revenue Breakup – Customer Concentration

Particulars	2022	2023	2024
Customer 1	44.47%	59.45%	59.82%
Customer 2	12.55%	11.41%	28.99%
Customer 3	9.93%	2.75%	5.28%
Customer 4	15.12%	18.37%	2.14%

Unimech's historical growth was wallet-share led rather than broad-based. Customer 1 contributed nearly **60% of revenue in FY23–FY24**, and based on management interaction, this is understood to be **AGSE**, while other key customers include **Rhinestahl, HYDRO, Didienne and NPCIL**. This concentration is partly structural to the aero-tooling industry because a limited number of Tier-1 tooling licensees control customer access, engine-program tooling relationships and recurring tool demand. Unimech scaled by starting with smaller / lower-complexity tools, executing well on quality and timelines, and gradually winning higher-value tooling / GSE work from the same customer ecosystem. While this concentration enabled rapid scale-up, it also creates customer-dependence risk; therefore, the key monitorable is whether Unimech can broaden wallet share across multiple licensees and scale NPCIL / precision components without remaining overly dependent on one anchor customer.

Particulars	2022	2023	2024	2025
Number of Customers	18	15	16	32
Number of Countries	5	5	5	NA
Customer Concentration (top 5)	88.97%	93.88%	96.80%	NA
Customer Concentration (top 10)	96.67%	98.11%	99.45%	NA

Despite high customer concentration, Unimech has started broadening its customer base. The number of customers increased from **16 in FY24 to 32 in FY25**, indicating that new customer additions are happening, even though FY25 customer-concentration data is not yet disclosed in the same format. Historically, however, revenue remained concentrated, with the top-5 customers contributing **96.8%** and the top-10 customers contributing **99.45%** of FY24 revenue. Therefore, customer additions alone are not enough; the real monitorable is whether new customers convert into meaningful revenue, approved SKUs and repeat orders. The next phase of revenue-quality improvement will depend on reducing dependence on the top customer, scaling more tooling licensees, and growing precision components contribution.

Company Revenue Growth Drivers

1. Wallet-Share Expansion with Existing Customers

Unimech's first revenue growth driver is deeper wallet share with existing customers. The company has historically scaled by starting with smaller / lower-complexity tools and gradually moving into higher-value tools as customer confidence improved. This can continue through larger tooling families, GSE, engine stands, complex aero-engine tools, airframe tools and precision assemblies. The key point is that revenue growth does not require only new customers; even existing relationships can drive meaningful growth if Unimech keeps increasing its share of customer tooling and manufacturing spend.

2. New SKU / Product Qualification

Every newly qualified SKU expands Unimech's addressable wallet within an existing customer account. In a high-mix, low / medium-volume business, revenue growth comes from increasing the number, complexity and value of approved tools, fixtures, components and assemblies. This is especially relevant in aero tooling, where new engine platforms, LEAP engine stands, Pratt & Whitney / Rolls-Royce tools, airframe tools and GSE can create incremental revenue opportunities once customer approval is achieved.

3. New Customer Additions

New customer additions are important because Unimech's historical revenue has been concentrated among a small set of large tooling customers. Adding new tooling licensees, OEM-linked customers, MRO ecosystems, defence customers and precision manufacturing customers can increase RFQ flow and reduce dependence on a few anchor accounts. The real monitorable is not just the number of customers added, but whether these customers convert into meaningful repeat orders, approved SKUs and larger programmes.

4. New Industry Verticals

Unimech's revenue opportunity is expanding beyond aero tooling into Precision Components & Assemblies. Nuclear, semiconductor equipment, defence, energy, robotics, medical equipment and other high-mix precision industries can create a second growth leg. Nuclear offers visible domestic opportunities through EMCCR, NPCIL and future reactor-related subsystems, while semiconductor / defence / robotics can open export-oriented precision manufacturing opportunities. These verticals can increase Unimech's TAM, although each will require customer approvals, FAIs and execution history before scaling.

5. Capacity Creation Ahead of Demand

In this business, capacity creation itself is a revenue enabler. Customers need confidence that a supplier has adequate machines, manpower, quality systems, inspection capability and delivery infrastructure before awarding larger work packages. Unimech has already front-loaded land, machinery and people capacity, which gives it the ability to pitch for larger orders and faster turnaround. The revenue upside will come if this capacity is converted into higher utilisation through tooling, GSE, nuclear, PCA and new customer orders.

6. Capability Expansion / In-House Process Additions

Adding more processes in-house can expand Unimech's TAM per customer. Capabilities such as surface treatment, testing, forming, welding, tube bending, sheet-metal fabrication, bellows, validation and other special processes allow the company to capture more value per order rather than remaining only a machining / tooling supplier. This can also reduce dependence on external vendors for critical processes and improve Unimech's ability to offer more integrated solutions to customers.

7. Cross-Selling Across Capabilities

As Unimech's capability base widens, cross-selling becomes an important revenue lever. Existing tooling customers can be offered adjacent GSE, assemblies, precision components or engineered subsystems. Precision customers can be offered machining plus fabrication, testing, validation and assembly. The objective is to increase the bill-of-material share per customer by offering a broader manufacturing solution instead of one isolated product family. This is especially relevant after capability additions like Hobel, where forming, tubing, welding and testing can be combined with Unimech's existing machining-led platform.

8. Acquisitions / Inorganic Expansion

Acquisitions can accelerate revenue growth if they add capabilities, customers, certifications, facilities or end-market access that would take time to build organically. Hobel is a good example of this approach because it adds bellows, tubing, forming, welding, testing and engineered assembly capabilities, along with global OEM relationships. The key is that acquisitions should be **capability-led and customer-relevance-led**, not just revenue-accretive. The right inorganic opportunity should increase Unimech's addressable wallet and allow cross-selling into existing and new customer ecosystems.

Industry Growth Drivers

A. Aero / MRO Tooling / GSE

1. Global Fleet Expansion Expands the Installed Base

The global aircraft fleet is expected to grow from around **30,000 aircraft in 2026 to ~41,000 aircraft by 2036**, implying a **3.2% CAGR**. This expands the installed base of aircraft and engines that require production support, maintenance, inspection, overhaul, handling and storage. For Unimech, this matters because aero tooling and GSE demand is derived from the number of aircraft and engines being manufactured, operated and maintained. A larger fleet creates a larger base for MRO tools, engine stands, fixtures, adapters, handling equipment and ground-support systems.

2. Ageing Aircraft and Higher Utilisation Increase MRO Intensity

Aircraft delivery delays and production bottlenecks have forced airlines to fly older aircraft for longer. Older aircraft require more maintenance, more replacement parts and more frequent shop visits, while higher aircraft utilisation further increases maintenance intensity. Oliver Wyman estimates that continued use of older aircraft could add **US\$3.1 Bn** of excess maintenance cost in 2025, while supply-chain challenges overall could cost airlines more than **US\$11 Bn** through higher fuel, maintenance, engine leasing and inventory costs. This creates a favourable backdrop for MRO tooling because each additional maintenance event requires tools, fixtures, stands, inspection equipment and repair-support infrastructure.

3. Engine MRO Supercycle is the Most Relevant Driver for Tooling

Engine MRO is the most tooling-intensive part of the MRO ecosystem. Engine shop visits require specialised lifting tools, engine stands, module handling fixtures, alignment tools, disassembly / reassembly tools, transport tooling and inspection support. Global MRO demand is expected to rise from **US\$139.6 Bn in 2026 to US\$193.1 Bn by 2036**, with engine MRO increasing from **US\$70.1 Bn to US\$102.6 Bn** over the same period. This is the most relevant industry driver for Unimech because its core tooling exposure is engine-heavy and linked to major platforms such as LEAP, GTF and Rolls-Royce engines.

4. New-Generation Engine Platforms Create Platform-Specific Tooling Demand

New engine programmes are now entering larger installed-base and shop-visit cycles. LEAP, Pratt & Whitney GTF and Rolls-Royce Trent platforms require specialised tooling throughout their lifecycle — from assembly-line support to MRO shop visits. As these engines mature, each engine programme creates demand for platform-specific engine stands, fixtures, adapters, test rigs, handling systems and replacement tooling. This supports Unimech's opportunity to move from smaller tools into higher-value GSE and engine-stand families as customers expand their tooling requirements.

5. APAC / India MRO Localisation Supports Regional Tooling Demand

Aviation growth is shifting toward Asia. India is expected to be one of the fastest-growing aviation markets, with fleet growth projected at **7.1% CAGR over 2026–2036**. As aircraft fleets grow in India / APAC, MRO capacity should gradually move closer to where aircraft are operated. This creates demand for local tooling inventories, faster replacement tooling, GSE, maintenance equipment and regional supplier support. For Unimech, this is relevant because an India-based supplier can benefit from lower logistics friction, shorter lead times and proximity to future MRO hubs.

6. Aircraft and Engine Assembly Ramps Also Drive Tooling Demand

Tooling demand is not only aftermarket-led. Production ramps at Airbus, Boeing and engine OEMs also require assembly tools, airframe jigs, fixtures, lifting systems, engine-handling equipment and GSE. Narrowbody aircraft remain the backbone of fleet expansion, and OEM backlogs remain large. Therefore, aero tooling demand is supported by both sides of the cycle: **new aircraft / engine production** and **aftermarket MRO / shop visits**. This dual linkage is important because Unimech's tooling opportunity is not restricted only to maintenance; it also participates in production and assembly-line tooling ecosystems.

B. Precision Components & Assemblies – Nuclear-Led, but Broader Opportunity

1. India's Nuclear Capacity Target Creates a Long-Term Manufacturing Opportunity

Nuclear is the most visible current industry driver within Unimech's Precision Components & Assemblies segment. India's current nuclear capacity is around **8.78 GW**, while the Government's Nuclear Energy Mission targets **100 GW of nuclear capacity by 2047**. Nuclear's share of electricity generation is still only around **3.1%**, which means a long runway exists if policy execution follows through. For precision manufacturers, this buildout can create demand for reactor support equipment, sealing / shielding components, drive mechanisms, mechanical subsystems, inspection equipment, support tooling and high-specification assemblies.

2. 700 MW PHWR Fleet-Mode Programme Creates Repeat Subsystem Demand

India's near-to-medium-term nuclear buildout is anchored by indigenous **700 MW PHWRs** and select large reactors under international cooperation. The capacity roadmap indicates expansion toward **~22 GW by 2031–32**, with further additions planned beyond 2032 through NPCIL, other public-sector entities, state governments, private players and joint ventures. Repeated reactor designs can create recurring demand for standardised mechanical subsystems, support equipment and replacement components. For Unimech, the opportunity is not full-reactor EPC participation, but selected precision-manufactured subsystems where machining, fabrication, assembly, inspection and documentation capability can qualify over time.

3. EMCCR / Refurbishment Provides Near-Term Entry Point

Before new-reactor subsystem work scales meaningfully, refurbishment and life-extension work such as **EMCCR** provides a practical entry route. Existing PHWR reactors require replacement, refurbishment, inspection, sealing / shielding equipment, support tools and critical mechanical components over their operating life. These orders allow Unimech to build nuclear execution credibility, product references and technical qualification history. EMCCR should therefore be framed as the **first wedge into nuclear**, not the full nuclear opportunity.

4. SHANTI Act Can Widen the Nuclear Ecosystem Over Time

The **SHANTI Act, 2025** allows private-sector participation in setting up nuclear facilities and carrying out nuclear-energy-related activities under central licensing and regulatory-board safety authorisation. It also enables private participation in areas such as building / operating nuclear facilities, nuclear fuel fabrication and nuclear R&D, while retaining state control over strategic areas such as enrichment, spent-fuel management and heavy-water production. For Unimech, the relevance is not immediate private-reactor revenue; rather, a broader nuclear ecosystem can increase the number of project owners, vendors, subsystem opportunities and qualification pathways available to specialised precision manufacturers.

5. SMRs and Bharat Small Reactors Expand Long-Term TAM

India's nuclear roadmap also includes **Small Modular Reactors**, with plans for at least **five indigenous SMRs by 2033** and a ₹20,000 Cr allocation under the Nuclear Energy Mission. Designs such as **BSMR-200**, **SMR-55** and high-temperature gas-cooled reactor concepts can expand nuclear applications beyond large grid reactors into captive industrial power, repurposing of retiring fossil-fuel plants and remote / off-grid applications. For Unimech, this is a long-term TAM expander because more reactor types and deployment models can increase the need for qualified suppliers of precision mechanical systems, tools, assemblies and support equipment.

6. Fast Breeder Reactors Strengthen the Long-Term Nuclear Ecosystem

India's **500 MWe Prototype Fast Breeder Reactor at Kalpakkam** achieved first criticality in April 2026, marking an important milestone in India's three-stage nuclear programme. Fast breeder reactors are strategically important because they improve fuel utilisation, support a closed fuel cycle and move India toward long-term thorium-based energy security. For Unimech, this is an indirect but positive industry driver: FBRs can expand the domestic nuclear manufacturing ecosystem and create future demand for reactor-support equipment, mechanical subsystems, handling tools, shielding / sealing systems and precision assemblies. However, this should be viewed as a long-term ecosystem driver, while the near-term opportunity remains PHWR refurbishment, EMCCR and selected NPCIL / PHWR subsystem work.

7. Precision Components Is Broader Than Nuclear — New Capabilities Open New Industries

Precision Components & Assemblies should not be viewed only through nuclear. The segment can address aerospace, defence, semiconductor equipment, energy, industrial engines, data-centre power systems, robotics and other high-complexity engineering applications. Unimech is actively expanding this TAM through capability additions and strategic moves. The **Kanoo JV in Saudi Arabia** opens a potential route into Middle East energy, precision machining and remanufacturing opportunities. The **Hobel Bellows acquisition** adds bellows, flexible tubing, hydroforming, tube bending, sheet-metal fabrication, welding, testing and engineered assembly capabilities, allowing Unimech to move beyond machining-led parts into higher-value assemblies and subsystems. Dheya and other capability investments can further support design / engineering depth.

This matters because Precision Components & Assemblies is not a single-industry bet. Nuclear is the most visible domestic wedge today, but Unimech's broader opportunity is to use its machining, fabrication, forming, welding, testing, validation and assembly capabilities across multiple high-entry-barrier industries. If these capabilities are cross-sold to existing aerospace customers and qualified with new energy, semiconductor, defence and industrial customers, the company's addressable market can expand materially beyond aero tooling and NPCIL-linked orders.

Return Matrix

Gross Profit Margin

Particulars	2022	2023	2024	2025
Revenue from Operations	36	94	209	243
YoY Growth		159%	122%	16%
COGS	7	19	44	53
YoY Growth		166%	133%	20%
As a % of revenue	20%	20%	21%	22%
Cost of materials consumed	9	30	49	54
Purchases of stock-in-trade	0	1	1	0
Changes in inventories of finished goods, stock in trade, work-in-progress	-2	-12	-5	-1
Gross Profit	29	75	165	190
Gross Profit Margins	80%	80%	79%	78%

Gross Profit Margin

Trend - Gross margins have remained largely stable at ~78–80% over FY22–FY25, with a marginal moderation in FY25.

Cost of goods sold -

COGS has remained broadly stable at ~20–22% of revenue over the period, increasing marginally in FY25. The prospectus attributes changes in cost structure primarily to scale-up in operations and variations in material consumption in line with business growth.

Operating Profit Margin

Particulars	2022	2023	2024	2025
Subcontracting charges	3	7	27	21
YoY Growth		157%	263%	-21%
As a % of revenue	8%	8%	13%	9%
Employee benefit expenses	8	16	32	46
YoY Growth		89%	108%	42%
As a % of revenue	23%	17%	16%	19%
Other expenses	10	18	26	30
YoY Growth		70%	48%	17%
As a % of revenue	28%	19%	12%	13%
EBITDA	8	35	79	92
EBITDA Margins	21%	37%	38%	38%
Depreciation and amortisation expenses	3	4	4	11
As a % of revenue	9%	4%	2%	4%
EBIT	5	30	75	81
EBIT Margins	13%	32%	36%	34%

Subcontracting charges

Trend - Subcontracting costs increased from 8% of revenue in FY22–FY23 to ~13% in FY24, before declining to ~9% in FY25. Subcontracting charges increased sharply in FY24 due to capacity constraints in the initial part of the year, leading to higher outsourcing of manufacturing processes to meet delivery schedules, along with strong revenue growth. The subsequent decline in FY25 indicates normalization as internal capacity ramped up.

Employee benefit expenses

Trend - Employee costs declined from 23% of revenue in FY22 to ~16% in FY24, before increasing to ~19% in FY25.

As per management commentary, the increase in FY25 is linked to expansion of teams, hiring across functions, and strengthening of operational capabilities.

Other expenses

Trend - Other expenses declined from 28% of revenue in FY22 to ~12% in FY24, and remained stable at ~13% in FY25.

As per the prospectus, changes are primarily driven by scaling of operations and cost absorption. Additionally, schedule-level disclosures indicate that certain overhead components, including legal and professional expenses, were relatively higher in earlier periods and have moderated over time.

Net Profit Margin

Particulars	2022	2023	2024	2025
Finance costs	2	2	3	4
As a % of revenue	5%	2%	2%	2%
Other Income	1	1	5	25
As a % of revenue	2%	1%	2%	10%
EBT	4	29	77	102
EBT Margins	10%	31%	37%	42%
Tax expenses	0	7	18	18
As a % of Revenue	1%	7%	9%	8%
Effective Tax rate	9%	22%	24%	18%
PAT	3	23	58	84
PAT Margins	9%	24%	28%	34%

Finance costs

Trend - Finance costs declined from 5% of revenue in FY22 to ~2% over FY23–FY25.

The decline reflects improved scale and better absorption of finance costs as revenue increased.

Other Income

Trend - Other income remained low at ~1–2% of revenue over FY22–FY24, before increasing sharply to ~10% in FY25.

The increase in FY25 is attributable to income earned on funds raised through pre-placement and IPO, which were temporarily parked in fixed income instruments and mutual funds.

EBT Margins

Trend - EBT margins expanded from 10% in FY22 to ~42% in FY25.

The expansion is driven by strong operating performance, supported by stable finance costs and higher other income in FY25.

Tax expenses

Trend - Effective tax rate increased from 9% in FY22 to ~24% in FY24 before declining to ~18% in FY25.

The statutory tax rate for the company stands at ~25.17%. The lower effective tax rate in FY25 is attributable to adjustments relating to earlier periods and other one-off items, and may not be indicative of the steady-state tax rate.

Asset Turnover

Particulars	2022	2023	2024	2025
Revenue from Operations	36	94	209	243
YoY Growth		159%	122%	16%
Total Assets	57	93	176	807
YoY growth		64%	88%	360%
Fixed Assets	28	29	52	167
YoY growth		5%	80%	221%
Total Asset turnover	0.6	1.0	1.2	0.3
Fixed Asset turnover	1.3	3.3	4.0	1.5

Particulars	2023	2024	2025	9MFY26
Installed Capacity (Hours)	125,100	222,990	633,840	708,090
Utilization (Hours)	118,405	209,462	365,031	355,013
Capacity Utilization (%)	95%	94%	58%	50%

Trend - Asset turnover improved till FY24 on strong revenue growth, before declining sharply in FY25 due to a step-up in asset base driven by capacity expansion.

The company follows a capability-led model, where high-quality capex and advanced machinery are added upfront to qualify and pitch to OEMs; with capacity ramp-up underway, revenue is expected to scale over time, improving utilization and asset turns.

Leverage

Particulars	2022	2023	2024	2025
Total Assets	57	93	176	807
Debt	20	24	30	84
Equity	28	49	109	669
Debt/Equity	0.7	0.5	0.3	0.1
Leverage (Total assets/Equity)	2.1	1.9	1.6	1.2

Trend - Leverage declined steadily over FY22–FY25, with debt/equity reducing from 0.7x to ~0.1x and total asset leverage moderating to ~1.2x.

The decline is driven by a sharp increase in equity following pre-placement and IPO proceeds, strengthening the balance sheet and reducing reliance on debt despite ongoing capacity expansion.

ROE

Particulars	2022	2023	2024	2025
Profit after tax	3	23	58	84
Revenue from operations	36	94	209	243
Total Assets	57	93	176	807
Equity	28	49	109	669
Leverage	2.1	1.9	1.6	1.2
Total Assets turnover	0.6	1.0	1.2	0.3
PAT Margins	9%	24%	28%	34%
ROE	12%	47%	54%	12%
ROE (Leverage Constant)	12%	50%	68%	21%
ROE (Asset Turnover Constant)	12%	30%	29%	27%
ROE (PAT Margins Constant)	12%	18%	18%	3%

$$\text{ROE} = \text{PAT Margin} \times \text{Asset Turnover} \times \text{Leverage}$$

Trend - ROE increased sharply from 12% in FY22 to ~54% in FY24, before declining to ~12% in FY25.

The expansion till FY24 was driven by strong improvement in PAT margins and asset turnover, reflecting operating leverage and efficient utilization of assets.

The sharp decline in FY25 is primarily due to a significant drop in asset turnover following a step-up in asset base from capacity expansion, along with a reduction in leverage due to equity infusion (IPO and pre-placement). While PAT margins continued to improve, supported by higher other income and a lower effective tax rate, this was insufficient to offset the impact of lower asset turns and reduced leverage.

Working Capital

Particulars	2022	2023	2024	2025
Revenue from Operations	36	94	209	243
YoY Growth		159%	122%	16%
Working Capital	8	41	53	59
As a % of revenue	22%	44%	25%	24%
Inventories	5	16	20	20
As a % of revenue	13%	17%	9%	8%
Raw Materials	NA		1	0
Work in Progress			17	19
Finished Goods			1	0
Trade Recievables	8	32	47	55
As a % of revenue	21%	34%	22%	23%
Trade Payables	4	7	14	16
As a % of revenue	11%	7%	6%	7%
WC Turnover	4	2	4	4
Inventory Turnover	8	6	11	12
Trade Recievables turnover	5	3	4	4
Payable Turnover	9	14	15	15
Working Capital days	81	159	93	88
Inventories days	47	61	34	30
Raw Materials	NA		2	1
Work in Progress			30	29
Finished Goods			2	0
Debtor days	75	125	82	83
Payable days	41	27	24	24

Working Capital

Trend - Working capital days increased from 81 days in FY22 to ~159 days in FY23 before normalizing to ~88 days in FY25, driven by receivables and inventory in line with scale and execution cycles.

The company's working capital is structurally elevated due to its manufacturing model, where order execution spans 4–16 weeks, followed by delivery/acceptance and a 30–120 day collection cycle, while raw materials (often imported) are procured upfront with limited advance from customers. This creates a timing gap between production and cash realization.

Outlook - As per management, working capital cycle is expected to increase to ~150–160 days, driven by capacity expansion, nuclear projects, larger GSE orders, and long-term agreements in the precision segment.

ROIC

Particulars	2022	2023	2024	2025
EBIT	5	30	75	81
NOPAT (EBIT-Cash tax)	5	26	50	62
NOPAT Growth		436%	97%	24%
NOPAT Margin	13%	27%	24%	26%
Fixed Assets	28	29	52	167
Working Capital	8	41	53	59
Invested Capital	36	70	105	226
YoY Growth		95%	50%	115%
Invested Capital Turnover	1.02	1.35	1.99	1.08
ROIC	13%	37%	48%	28%
ROIC Pre Tax	13%	44%	71%	36%

Re-Investment Rate

Particulars	2022	2023	2024	2025
Capex for the year	3	5	36	137
Working capital changes	7	30	12	-3
CFO before WC	9	36	84	97
Reinvestment rate = Capex + changes in WC/CFO	114%	98%	58%	138%

ROIC & Reinvestment

Trend - ROIC improved from 13% in FY22 to ~48% in FY24 before moderating to ~28% in FY25, while reinvestment remained elevated, rising to ~138% in FY25 driven by significant capex and working capital deployment.

Insight - The company's earnings growth is driven by a combination of high ROIC and high reinvestment. This creates a compounding effect when returns on incremental capital remain above the cost of capital. However, the sharp increase in invested capital in FY25, along with a decline in asset turns, has led to moderation in ROIC, highlighting the execution risk if incremental returns do not sustain.

Table of Debt

Particulars	2022	2023	2024	2025
Debt	20	24	30	84
Long Term Borrowings	8	6	13	45
Short Term Borrowings	12	18	17	40
Finance Costs	2	2	3	4
Avg total cost of debt	8%	8%	11%	5%
Interest Coverage Ratio	36%	6%	4%	5%
Debt as a % of Total Asset	35%	26%	17%	10%
Debt/Equity	0.72	0.49	0.28	0.13

Unimech's balance sheet remains conservatively leveraged despite the increase in absolute debt. Total debt, including lease liabilities, increased from **₹20 Cr in FY22 to ₹84 Cr in FY25**, but this was accompanied by a much larger expansion in equity following the pre-IPO / IPO fund raise. As a result, debt / equity declined from **0.72x in FY22 to 0.13x in FY25**, while debt as a percentage of total assets reduced from **35% to 10%**. Interest coverage remained healthy at **18.6x in FY25**, indicating that finance cost is not a major stress point currently.

FY25 borrowings are largely foreign-currency linked, with USD term loans and USD / EUR packing credit forming the bulk of bank borrowings. The headline finance cost / closing debt appears low at around **5%**, which is directionally consistent with facilities priced mainly at **SOFR + 100 bps** and **EURIBOR + 175 bps**, but this should not be treated as a fixed borrowing cost because these are floating-rate facilities. FY24 finance cost / debt looked higher at around **11%**, partly because finance costs included guarantee commission and other borrowing-related charges in addition to normal interest cost. While export revenues provide some natural hedge, USD / EUR borrowing and floating-rate exposure remain monitorables.

Note: Debt includes borrowings and lease liabilities, since finance costs include both borrowing cost and lease interest.

Table of Equity

EQUITY	2022	2023	2024	2025
Equity share capital	1	1	22	25
Other equity	27	48	87	643
Reserves and surplus				
Retained earnings	27	48	87	169
Securities premium	-	-	-	474
Total Equity	28	49	109	669

Particulars	2022	2023	2024	2025
Outstanding at the beginning of the year	104,230	104,230	104,230	44,005,080
Add: Increase in shares due to conversion of debentures	-	-	544	-
Add: Increase in shares due to share split	-	-	1,990,706	-
Add: Bonus issue during the year	-	-	41,909,600	-
Add: Increase in shares due to private placement	-	-	-	3,667,090
Add: Increase in shares due to initial public offering	-	-	-	3,184,713
Outstanding at the end of the year	104,230	104,230	44,005,080	50,856,883

Unimech's equity base changed materially in FY24–FY25. FY24 was mainly a capital-structure reset through CCD conversion, share split and bonus issue, taking the share count from **1.04 lakh shares to 4.40 Cr shares**, without major fresh cash inflow. FY25 was the real fund-raise year: the company raised **₹250 Cr through pre-IPO private placement** at **₹681.74/share** from ValueQuest, Evolvence and Steadview, followed by IPO fresh issue of **₹250 Cr gross** at **₹785/share**. The IPO also included a **₹250 Cr OFS**, but OFS proceeds went to selling shareholders and did not enter the company.

As a result, total equity increased from **₹109 Cr in FY24 to ₹669 Cr in FY25**, mainly due to securities premium from the pre-IPO placement and IPO fresh issue, along with FY25 retained earnings. The fund raise strengthened the balance sheet, reduced leverage and created a large liquidity pool for capex, working capital, Innomech expansion, inorganic growth and general corporate purposes.

Shareholding Pattern

Particulars	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
Promoters -	80%	80%	80%	80%	80%	80%
Puttan Anil Kumar	26%	26%	26%	26%	26%	26%
Rajanikanth Balaraman	14%	14%	14%	14%	14%	14%
Mani Puttan	14%	14%	14%	14%	14%	14%
Ramakrishna Kamojhala	14%	14%	14%	14%	14%	14%
Venkatesh Shimoga Preetham	10%	10%	10%	10%	10%	10%
Rasmi Muraleedharan	1%	1%	1%	1%	1%	1%
FIIs -	2%	0%	0%	0%	0%	0%
DIIIs -	7%	8%	6%	7%	7%	6%
Valuequest S C A L E Fund	3%	3%	3%	3%	3%	3%
Vq Fastercap Fund	0%	2%	2%	2%	2%	2%
Public -	12%	12%	14%	13%	13%	14%
Evolve India Fund Iv Ltd	3%	3%	3%	3%	3%	3%
Steadview Capital Mauritius Limited	1%	1%	1%	0%	0%	0%
No. of Shareholders	120,897	76,035	74,641	77,234	77,586	75,769

Unimech remains a strongly promoter-led company, with promoter / promoter-group holding stable at around **80%** from listing through Mar'26. This indicates high skin in the game, with the five executive promoters continuing to own the bulk of the company. However, the promoter stake is still above the eventual minimum public shareholding threshold, meaning promoter holding will need to reduce toward **75% or below** over time. This creates a possible future dilution / stake-sale overhang, but should be viewed more as public-float normalisation than a negative signal

Competitive Advantages

1. Front-Loaded Capacity Creation

Unimech operates in a business where capacity has to be created before large customers award meaningful work. A new entrant needs specialised machines, inspection systems, trained manpower, certifications, vendor support and delivery infrastructure before it can seriously pitch to global aerospace / MRO customers. Unimech already has a **2,75,000 sq. ft. manufacturing footprint, 806 employees** and annualised capacity of over **7 lakh machine hours**, giving it a ready platform to bid for larger tooling, GSE, nuclear and precision-component orders.

2. High-Mix Precision Manufacturing Capability

Unimech does not manufacture standard mass products. Each order can involve different drawings, tolerances, materials, machining routes, inspection requirements and documentation. Its base of **4,511 tooling / complex sub-assembly SKUs** and **1,094 precision machined part SKUs** shows the breadth of customised execution. The advantage lies in repeatedly delivering complex, low / medium-volume products with quality, dimensional accuracy and delivery discipline.

3. Lengthy Customer Qualification Cycles

Customer onboarding is a barrier to entry. New suppliers typically go through capability evaluation, plant audits, quality-system review, vendor registration, small initial orders, inspection / FAI and approval before meaningful orders begin. This process can take up to **three years**, and order sizes usually scale only after successful execution. Therefore, approved supplier status is valuable because it allows Unimech to expand into more SKUs and larger tool families within the same customer ecosystem.

4. Deep Customer Relationships and Vendor Inertia

Unimech's customer advantage is better described as **vendor inertia**, not an unbreakable switching moat. Customers can onboard another capable supplier, but switching is not immediate because tooling requires process familiarity, documentation, inspection discipline and delivery trust. Once Unimech is approved and delivering consistently, licensees have limited incentive to shift repeat work unless there is a cost, capacity or execution issue.

5. ERP-Led Execution Control

In a high-mix business, execution control is a competitive advantage. Unimech uses ERP-led quote-to-delivery tracking, CNC programme automation, vendor visibility, quality documentation and traceability to manage multiple SKUs, machines, vendors and delivery schedules. ERP alone is not the moat, but ERP combined with manufacturing discipline helps the company control complexity and maintain customer confidence.

Management Background

Name	Role / Function	Education & Career Background	Stake
Anil Kumar Puttan	Chairman & Managing Director; Co-founder, CEO & Chairman	Diploma in Mechanical Engineering from Board of Technical Examinations, Karnataka; B.Tech in Mechanical Engineering, Computer Integrated Manufacturing, from IGNOU. Prior experience includes Quality Engineering & Software Technologies, CIM Tools and INCITE CAM Centre .	26.24%
Ramakrishna Kamojhala	Whole-time Director – Finance & CFO; Co-founder & CFO	Fellow member of ICAI, ICMAI and ICSI ; MBA from National Institute of Business Management, Chennai; completed Middle Management Programme at IIM Ahmedabad. Prior experience includes BHEL-GE Gas Turbine Services, Allergan and International Aerospace Manufacturing Pvt. Ltd.	14.37%
Mani Puttan	Whole-time Director – Operations; Co-founder & Head of Component & Assembly Business	B.Tech in Mechanical Engineering, Computer Integrated Manufacturing, from IGNOU; MBA from Toulouse Business School, France. Prior experience includes International Aerospace Manufacturing, Goodrich Aerospace Services, Maini Precision Products and Toyota .	14.37%
Rajanikanth Balaraman	Whole-time Director – IT, BD & Growth; Co-founder & Chief Growth / Technology Officer	Bachelor's degree in Engineering from Bangalore University. 28–30+ years in software engineering, technology and business development. Prior experience includes National Instruments, Integral Logic, Robert Bosch India and Datanet Corporation .	14.37%
Preetham Venkatesh Shimoga	Whole-time Director – People & KAM; Co-founder & Head of Tooling Division	Bachelor's degree in Industrial Production Engineering from Kuvempu University. Prior experience includes GE Aerospace, QuEST Global, Wipro, Quality Engineering & Software Technologies and Affiliated Computer Services of India .	9.58%

Management Remuneration

Managerial remuneration	2022	2023	2024	2025	CAGR
Mr Anil Kumar Puttan	0.49	0.50	1.28	1.80	54%
Mr Mani Puttan	0.31	0.50	1.28	1.44	66%
Mr Preetham Shimoga	0.31	0.50	1.28	1.44	66%
Mr Rajanikanth Balaraman	0.00	0.50	1.28	1.44	70%
Mr Ramakrishna Kamojhala	0.47	1.09	1.76	1.44	45%
Mr Krishnappayya Desai	0.00	0.00	0.00	0.16	
Provisions for variable pay for directors	0.00	0.00	0.00	5.03	
PAT	3	23	58	84	191%
KMP Remuneration	1.59	3.08	6.88	7.72	
As a % of PAT	47%	14%	12%	9%	

Managerial remuneration has increased as Unimech scaled, with KMP remuneration rising from **₹1.59 Cr in FY22 to ₹7.72 Cr in FY25**. However, PAT grew much faster, from **₹3 Cr to ₹84 Cr**, so KMP remuneration as a percentage of PAT declined from **47% in FY22 to 9% in FY25**. This indicates operating leverage at the management-cost level: promoter / KMP pay has increased, but not as fast as profitability.

The key point to monitor is the **FY25 variable pay provision of ₹5.03 Cr**. Excluding this provision, KMP remuneration was **₹7.72 Cr / 9% of PAT**. Including the variable pay provision, total management-related payout would be around **₹12.75 Cr**, or roughly **15% of FY25 PAT**. Therefore, reported remuneration does not look excessive relative to FY25 profitability, but variable pay should be tracked as the company becomes larger and listed-governance expectations rise.

Management Commitments: Delivery vs Monitorables

Date	Document	Management Indication	Status	Key Monitorable
FY25	CC Q3FY25	EBITDA margin should remain strong once quarterly revenue crosses ~₹60 Cr; management indicated “40-ish” EBITDA margin potential.	Partly fulfilled / not consistent	FY25 margins were strong, but Q2FY26 revenue crossed ~₹60 Cr and EBITDA margin was meaningfully below 40% due to tariff impact, higher employee cost, capacity addition and prove-out costs. Track whether margins recover with utilisation.
FY25	CC Q3FY25	Nuclear qualification: around 8 categories being worked on; 3 completed, 2 in pipeline, and 5 critical parts expected to be approved.	Largely fulfilled	Nuclear approvals have progressed, with subsequent NPCIL order wins and larger nuclear bid pipeline. Monitor conversion of approved categories into larger repeat orders.
FY26	CC Q2FY26	FAIs completed for robotics, medical equipment and Israeli defence OEMs; European aerospace customer, large RFQ and Tier-1 LTA under discussion.	Partly fulfilled / in progress	Initial FAI progress is visible, but European aerospace onboarding, large RFQ conversion and Tier-1 LTA are not yet visible as large commercial orders.
FY26	CC Q2FY26	JV discussions in Middle East and U.S., targeting oil & gas and aerospace / defence precision manufacturing.	Partly fulfilled	Middle East leg delivered through Kanoo JV. U.S. aerospace / defence JV or acquisition has not yet been announced.
FY26	CC Q2FY26	Tariff impact expected to be mitigated through alternate logistics / drop-shipment to non-U.S. end customers.	Not fulfilled / ineffective so far	Drop-shipment did not materially protect revenue. FY26 was heavily impacted as customers deferred pickups and moved from build-to-inventory to build-to-order.
FY26	CC Q2FY26 / Acquisition Update	FTWZ expected to mitigate tariff impact and support smoother order flow.	In progress / not yet proven	Facility progress is visible, but FTWZ has not yet proven itself in numbers. Track whether it restores customer inventory behaviour and export revenue cadence in FY27.
FY26	CC Q2FY26 / Later Updates	Nuclear bids of ~₹800 Cr submitted; potential wins of ₹200–400 Cr depending on L1 outcome.	Partly fulfilled / delayed	Nuclear order conversion has started, but full bid pipeline conversion is pending and depends on tender timing / L1 outcome.
FY26	Acquisition Update	Hobel acquisition to add forming, welding, tube bending, bellows, testing and engineered assembly capabilities.	Strategic action fulfilled; revenue synergy pending	Acquisition has been executed. Track cross-sell revenue, aerospace / nuclear approvals and return on acquisition capital.

Industry Mastersheet

Revenue (₹ Cr)	FY22	FY23	FY24	FY25	CAGR
Unimech Aerospace Ltd	36	94	209	243	88%
Techera Engineering India Ltd	7	26	39	50	90%
MTAR Technologies Ltd	322	573	580	676	28%

Gross Profit Margin (%)	FY22	FY23	FY24	FY25
Unimech Aerospace Ltd	80%	80%	79%	78%
Techera Engineering India Ltd	53%	50%	63%	60%
MTAR Technologies Ltd	64%	53%	48%	49%
Azad Engineering	89%	88%	86%	86%
EBITDA Margin (%)	FY22	FY23	FY24	FY25
Unimech Aerospace Ltd	21%	37%	38%	38%
Techera Engineering India Ltd	-52%	16%	18%	17%
MTAR Technologies Ltd	29%	27%	19%	18%
Azad Engineering	32%	29%	34%	35%
EBT Margin (%)	FY22	FY23	FY24	FY25
Unimech Aerospace Ltd	10%	31%	37%	42%
Techera Engineering India Ltd	-87%	5%	9%	9%
MTAR Technologies Ltd	26%	25%	13%	11%
Azad Engineering	21%	5%	24%	27%
PAT Margin (%)	FY22	FY23	FY24	FY25
Unimech Aerospace Ltd	9%	24%	28%	34%
Techera Engineering India Ltd	-88%	5%	7%	6%
MTAR Technologies Ltd	19%	18%	10%	8%
Azad Engineering	15%	3%	17%	19%
Working Capital Days	FY22	FY23	FY24	FY25
Unimech Aerospace Ltd	81	159	93	88
Techera Engineering India Ltd	134	164	148	111
MTAR Technologies Ltd	283	239	272	243
Azad Engineering	168	228	271	265

Asset Turnover	FY22	FY23	FY24	FY25
Unimech Aerospace Ltd	0.6	1.0	1.2	0.3
Techera Engineering India Ltd	0.3	0.7	1.0	0.6
MTAR Technologies Ltd	0.4	0.5	0.6	0.6
Azad Engineering	0.5	0.4	0.4	0.2
Leverage	FY22	FY23	FY24	FY25
Unimech Aerospace Ltd	2.1	1.9	1.6	1.2
Techera Engineering India Ltd	-9.7	-43.1	2.3	1.6
MTAR Technologies Ltd	1.4	1.7	1.5	1.5
Azad Engineering	3.4	2.9	1.2	1.3
ROE (%)	FY22	FY23	FY24	FY25
Unimech Aerospace Ltd	12%	47%	54%	12%
Techera Engineering India Ltd	285%	-144%	18%	6%
MTAR Technologies Ltd	12%	17%	8%	7%
Azad Engineering	25%	4%	9%	6%
ROIC (%)	FY22	FY23	FY24	FY25
Unimech Aerospace Ltd	13%	37%	48%	28%
Techera Engineering India Ltd	-52%	10%	15%	9%
MTAR Technologies Ltd	12%	14%	8%	7%
Azad Engineering	17%	11%	15%	13%
ROCE (%)	FY22	FY23	FY24	FY25
Unimech Aerospace Ltd	10%	35%	36%	8%
Techera Engineering India Ltd	-30%	9%	13%	6%
MTAR Technologies Ltd	10%	13%	8%	7%
Azad Engineering	14%	9%	12%	7%

Peer Positioning – Business Model and Value Chain

Company	Why Comparable	Value Chain Position	Key Products / Capabilities	End Industries	Revenue Character
Unimech Aerospace	Core company; aero tooling-led, expanding into PCA / nuclear / engineered assemblies	Aero / MRO tooling, GSE, precision components and sub-assemblies	Aero-engine tooling, airframe tooling, engine stands, GSE, electro-mechanical assemblies, nuclear	Aerospace, defence, energy, semiconductor, nuclear	Export-led, high-margin, high-mix / low-volume, customer-concentration-heavy
TechEra Engineering	Closest operating peer in aero tooling, but much smaller scale	Aerospace tooling, automation, precision manufacturing and sub-assembly	Aerospace & defence tooling, aircraft assembly-line tooling, MRO tooling, scaffolding, aircraft sub-	Aerospace and defence	Small-scale, aero-tooling-focused, capacity ramp-up story
MTAR Technologies	Precision-engineering peer with nuclear and strategic-sector exposure	Mission-critical precision engineered systems and sub-systems	Fuel-handling equipment, liquid propulsion engines, cryogenic subsystems, fuel-cell assemblies,	Clean energy, civil nuclear, fuel cells, space, defence, aerospace	Larger, diversified, strategic-sector manufacturing with high working-capital cycle
Azad Engineering	Precision-manufacturing peer, but product and value-chain position differs materially	High-precision rotating / stationary components, mainly turbine and aerospace components	Airfoils, blades, turbine components, aerospace components, oil & gas drilling	Energy turbines, aerospace & defence, oil & gas	Export-led, component manufacturing, long qualification cycle, strong margin profile

The peer set is directionally comparable, but the businesses are not identical. **TechEra** is the closest operating peer to Unimech because it is also positioned in aerospace tooling, MRO tooling, aircraft sub-assemblies and GSE; however, it is much smaller and still in a capacity ramp-up phase. TechEra's FY25 annual report highlights its three manufacturing facilities, 90,000 sq. ft. footprint, 5-axis machining capability, CMM / laser tracker systems and portfolio across aerospace tooling, MRO tooling, aircraft sub-assembly and GSE, making it the most relevant but smaller-scale tooling peer.

MTAR is a broader precision-engineering peer rather than a pure aero-tooling peer. It operates across clean energy, civil nuclear, fuel cells, hydro, wind, space and defence, and manufactures mission-critical systems such as fuel-handling equipment, liquid propulsion engines, cryogenic subsystems, electro-pneumatic modules, airframes and fuel-cell / battery-storage assemblies. Its FY25 revenue mix is much more diversified than Unimech's, with Clean Energy – Fuel Cells & Others being the largest contributor, followed by Products & Others, Aerospace & Defence and Civil Nuclear.

Azad is relevant as a high-precision manufacturing benchmark, but it sits in a different part of the value chain. Its core business is precision components for energy turbines, aerospace & defence and oil & gas, with a large base of qualified parts and processes, high export contribution and exposure to global turbine / aerospace customers. Therefore, Azad's margin and return profile should be compared as a high-precision component manufacturer, not as a direct tooling peer.

Unimech sits between these models. Its core is aero / MRO tooling and GSE, where the business is high-margin and high-mix / low-volume, but it is now expanding toward precision components, nuclear, semiconductor, defence and engineered assemblies. The company's own disclosures describe its offerings as aero tooling / MRO tooling plus precision components & assemblies, with high-mix, low-volume manufacturing and both build-to-print and build-to-specification capability.

Margin Comparison

Peer margins need to be read through the lens of **product mix, value-add, capacity utilisation, fixed-cost absorption and qualification-stage costs**. These are not identical businesses: Unimech and TechEra are more tooling-led, MTAR is a diversified strategic precision-engineering player, while Azad is more of a critical precision-component manufacturer.

Unimech Aerospace – High-margin tooling model, driven by operating leverage

Unimech's EBITDA margin expanded sharply from **21% in FY22 to 37–38% in FY23–FY25**. The key driver was scale. The company already had high gross margins due to aero-tooling / GSE, low material intensity, export-led pricing and customised high-mix manufacturing. Once revenue scaled from ₹36 Cr to ₹209 Cr in FY24, employee cost, overheads and factory costs got absorbed better, leading to EBITDA margin expansion.

The margin quality is strong because Unimech earns from **engineering interpretation, precision manufacturing, inspection, documentation and delivery reliability**, not just raw material conversion. However, the current margin range should not be extrapolated blindly. Future mix shift toward **nuclear, larger GSE, precision components and Hobel-led engineered assemblies** may expand revenue but could moderate gross margins. FY26 already shows that utilisation matters: when export shipments slow or capacity remains underutilised, EBITDA margins can compress quickly.

TechEra Engineering – Turnaround from sub-scale losses to high-teens EBITDA

TechEra moved from **-52% EBITDA margin in FY22 to 16–18% in FY23–FY25**. The earlier loss was mainly because the business was too small to absorb fixed costs. FY22 was impacted by COVID disruption, development-stage expenses, prototype / sampling work and fixed employee / plant costs on a very low revenue base. The company was still building aerospace customers and capabilities.

Profitability improved from FY23 as revenue scaled up, customer onboarding improved and repeat orders helped reduce initial development costs. TechEra also benefits from automation work, where management indicated the teams and business model are different from aerospace tooling and can support larger order values. Management also clarified that margins vary by project and product mix, which is why EBITDA can move between years rather than remain linear.

So TechEra's margin story is basically **scale-up + fixed-cost absorption + automation mix + learning-curve benefit**. It is directionally similar to Unimech, but still smaller and less mature, which explains why its EBITDA margin remains in the high-teens rather than Unimech's high-30s.

MTAR Technologies – Margin compression due to mix, customer transition and negative operating leverage

MTAR's EBITDA margin fell from **29% in FY22 to 27% in FY23, then sharply to 19% in FY24 and 18% in FY25**. The first decline was largely due to product mix. In FY23, management explained that Q4 gross margin fell to **48.6%** because Clean Energy grew much faster than other segments, and Clean Energy gross margins are lower than the rest of the portfolio. EBITDA was also impacted by salary corrections for skilled workers, engineering and management teams, which had an estimated ~5% impact on Q4 EBITDA margin.

The major fall happened in FY24. Revenue was almost flat at ~₹581 Cr, but EBITDA fell sharply. The annual report states that FY24 margins were hit by **deferment of Clean Energy shipments, product transition in Clean Energy, and delay in customer clearance for the Semi-Cryo engine project in Space**. It also mentions higher fixed costs due to first-article execution across new business segments, with operating leverage expected to improve only after these verticals stabilise.

So MTAR's margin decline was not due to a permanent loss of capability. It was a combination of **lower-margin Clean Energy mix, Bloom platform transition, Space execution delay, first-article costs and weak operating leverage**. Since employee and operating costs stayed elevated while revenue growth stalled, EBITDA fell more than gross margin.

Azad Engineering – Structurally high margin due to critical component positioning

Azad's EBITDA margin has stayed in a tight and strong range of **29–35%**. Its gross margin is the highest among the peer set because it manufactures high-precision critical components where value lies in process capability, qualification, tolerances and repeatability. This is not a normal machining model. Customers pay for reliability, process know-how and long-term qualified supply.

Azad's margin profile is therefore more structurally durable than project-based tooling companies. However, margins can still move with utilisation, new facility ramp-up, customer mix and execution efficiency. The key difference is that Azad's economics are closer to a **critical precision-component / process capability business**, while Unimech and TechEra are more tooling / GSE-led and MTAR is a broader system / sub-system manufacturer. Margin dispersion in aerospace manufacturing is generally driven by revenue mix, IP / process ownership, aftermarket exposure and value-chain positioning rather than scale alone.

Working Capital Comparison

Unimech – Lower WC because tooling is shorter-cycle and less inventory-heavy

Unimech has the best working-capital profile in this set, generally operating around **80–90 days** in normal years, except FY23 where WC spiked. This is because aero tooling / MRO tooling is **high-value, low / medium-volume and PO-led**, but the execution cycle is still shorter than complex turbine components or large strategic-sector systems. The company is not required to hold very large specialised alloy inventory for long-duration production programmes like Azad, nor does it have MTAR-like exposure to long-cycle nuclear / space / clean-energy systems.

This is a strength, but it may not remain this low forever. As Unimech scales **larger GSE, nuclear / NPCIL orders, precision components and engineered assemblies**, the cycle can move higher because these businesses need higher inventory, longer execution timelines and milestone-based collections.

TechEra – Moderate WC due to smaller scale and project nature

TechEra's WC cycle is higher than Unimech but lower than MTAR / Azad. This makes sense because TechEra is also in aerospace tooling / automation, but it is smaller and more project-based. Its receivable and inventory movements can look large relative to revenue because the revenue base is still small. FY25 data shows trade receivables turnover improved, while inventory turnover also improved, indicating better operating discipline as scale increased.

So TechEra's WC profile is **not structurally as heavy as MTAR or Azad**, but it does not yet have Unimech's scale, customer maturity or cash rotation.

MTAR – High WC due to strategic-sector projects, inventory and customer cycles

MTAR's WC cycle is structurally higher because it serves **clean energy, nuclear, space and defence** customers, where production and customer approval cycles are long. Inventory is a major driver. Management earlier mentioned that they had to carry a large amount of inventory, including Inconel sheets, with staggered shipments by sea to avoid high air-freight costs; this created ₹70–80 Cr of inventory that would get consumed over later quarters.

The business also has customer inspection / milestone-related delays, especially in nuclear and space-type work. Hence MTAR's WC days remaining in the **240–280 day range** is not surprising. It reflects the nature of the business: large strategic-sector orders, long execution cycles, specialised raw materials and slower customer payment / approval cycles.

Azad – High WC because inventory is a strategic asset

Azad's WC cycle is also structurally high, but for a different reason. Azad manufactures mission-critical turbine / aerospace components where raw material qualification, specialised alloys, WIP and customer programme readiness matter. Its working capital rose to ~73–74% of revenue in FY24–FY25, with FY25 inventory at ~41% of revenue and receivables at ~49% of revenue. The report highlights long production cycles, imported raw materials, engineered-to-order components and stringent client qualification as reasons for elevated working capital.

For Azad, inventory is not just inefficiency; it is partly **strategic inventory**. It needs to hold specialised material to protect long-term contracts and avoid supply disruptions. That is why its WC cycle stays high even though the business has strong margins and long-term customer visibility.

ROE / Return Ratio Comparison

Unimech's superior historical ROE was driven by a strong DuPont combination: **high PAT margins, better asset turns and relatively lean working capital**. The company's aero-tooling / GSE business is high-value and engineering-intensive, while requiring lower working capital and lower fixed-asset intensity than broader precision-component peers. Low-cost / leased KIADB land also supports the asset-light nature of the manufacturing footprint, but the bigger reason for high returns was high utilisation and rapid revenue scale-up on a relatively small pre-IPO equity base.

MTAR and Azad have lower return ratios despite strong capabilities because both are more capital- and working-capital-intensive. MTAR carries longer project cycles across clean energy, nuclear and space, while Azad carries specialised inventory, WIP and customer qualification-led capex.

TechEra is closer to Unimech in tooling adjacency but is still sub-scale, so its returns are less comparable.

The key caveat is FY25: Unimech's ROE fell sharply after IPO / pre-IPO capital raised the equity and asset base ahead of revenue. Going forward, return ratios will depend on whether this new capital is converted into revenue through higher utilisation, nuclear / PCA orders, larger GSE work and acquired capabilities.

Risk Table

Risk	Description	Mitigation / Monitorable
1. Customer Concentration Risk	Revenue is still dependent on a small set of global tooling licensees / customers. Any slowdown, inventory correction or sourcing change by top customers can directly impact revenue.	Track top-5 / top-10 concentration, customer additions, wallet share across AGSE / Rhinestahl / HYDRO / Didienne, and scaling of NPCIL / PCA customers.
2. Export / Tariff / Customer Pickup Risk	FY26 showed that customer pickup behaviour can materially impact revenue. Tariffs pushed customers from inventory-led buying to build-to-order / deferred pickups, and drop-shipment did not meaningfully protect revenue.	Track FTWZ adoption, customer inventory rebuild, export shipment cadence and aero-tooling order pickup.
3. Aero-Tooling Dependence Risk	Unimech is still primarily an aero / MRO tooling company. If tooling demand, engine-stand orders or licensee ordering slows, growth can be affected.	Track aero tooling order book, GSE / engine-stand conversion, PCA / nuclear revenue mix and new industry contribution.
4. PO-Based Revenue / Limited Long-Term Contract Visibility	Tooling revenue is driven by short-cycle RFQs / POs rather than long-term committed contracts. Timing slips may not mean lost demand, but can hurt quarterly revenue and market perception.	Track order book cover, repeat PO flow, LTAs, RFQ-to-order conversion and quarterly shipment cadence.
5. FTWZ Execution Risk	FTWZ is the key proposed solution to restore inventory-led tooling flow, but it is not yet proven in numbers. If customers do not adopt the model, revenue normalisation may take longer.	Track customs clearance, customer inventory parked in FTWZ, and improvement in export revenue cadence.
6. Nuclear Tender / Working Capital Risk	Nuclear can diversify revenue, but it is tender-led, L1-dependent and likely more working-capital intensive. Order wins may be delayed or come with lower margins than aero tooling.	Track NPCIL order wins, bid conversion, receivable days, working capital days and gross margin impact.
7. Capacity Underutilisation Risk	Capacity, people and machines have been added ahead of demand. If revenue does not ramp, fixed costs and depreciation can pressure margins and return ratios.	Track machine utilisation, fixed asset turnover, EBITDA margin recovery and subcontracting intensity.
8. Acquisition / Capability Integration Risk	Acquisitions like Hobel add capabilities, but revenue synergy depends on certifications, customer approvals and cross-selling. Capability addition does not automatically mean revenue conversion.	Track Hobel revenue growth, AS9100 / customer approvals, cross-sell orders and ROIC on acquisition.
9. Raw Material / Vendor Execution Risk	Raw materials and bought-out parts are sourced through suppliers / stockists, and some processes are vendor-supported. Delays can affect execution timelines.	Track supplier lead times, subcontracting cost, gross margin and delivery delays.

Forensic Analysis

Particulars	2022	2023	2024	2025
Cash Conversion	18%	18%	90%	109%
Cumulative Cash Conversion	NA			84%
Debt /CFO	13	18	1	1
Cash Tax/PBT	-4%	17%	32%	19%
Auditor	Tejus & Ravi Kiran / M S K A for special-purpose restatement	Sowmya & Associates / M S K A for special-purpose restatement	M S K A & Associates	M S K A & Associates
Payment to Auditors -	0.06	0.04	0.13	0.57
Audit Fee as a % revenue	0.16%	0.04%	0.06%	0.23%
CWIP/Fixed Assets	11%	0%	0%	3%

Unimech's forensic screen looks broadly comfortable. Cash conversion, calculated as **CFO before tax / EBITDA**, improved from **18% in FY22–FY23** to **90% in FY24** and **109% in FY25**, with cumulative conversion at **84%**. This indicates that EBITDA has largely converted into operating cash over the period.

However, FY25 cash conversion should not be extrapolated blindly. Revenue growth slowed sharply in FY25, which likely reduced incremental working-capital absorption and helped cash conversion. If orders ramp up again — especially larger GSE, nuclear / NPCIL and precision-component orders — working capital may rise through higher inventory, receivables and milestone-linked collections.

On auditors, there was a transition before listing. FY22 and FY23 statutory audits were handled by predecessor auditors, while **M S K A & Associates** examined the restated financials for IPO purposes and became the statutory auditor from FY24 onward. This does not appear concerning by itself because the change happened before listing and the current auditor is a reputed firm. Audit fees increased in FY25 from **₹0.13 Cr to ₹0.57 Cr**, but this is understandable given IPO-related work, restatement, listed-company compliance and expanded audit scope.

Debt / CFO improved to ~1x in FY24–FY25, and CWIP / fixed assets remained low at **3%**, reducing concern around aggressive capitalisation. Overall, the forensic read is clean, but future cash conversion remains the key monitorable as growth and nuclear mix scale.

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