

Omnitech Engineering Limited

(Formerly Omnitech Engineering Private Limited)

May 22, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 400.00 Crore (Enhanced from Rs. 314.18 Crore)	Regulator[^]
Long Term Rating	IVR A/Stable (Rating Upgraded)	RBI
Short Term Rating	IVR A1 (Rating Upgraded)	RBI
[^] Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

The ratings upgrade for Omnitech Engineering Limited (OEL) factors in the improvement in the capital structure supported by the successful infusion of funds through the IPO in March 2026, as well as healthy orderbook position which provide revenue visibility over the medium term. The rating continues to derive strength from established operations with continuous addition of capacity, reputed customer base along with geographically diversified revenue profile, healthy profitability and comfortable debt coverage indicators supported by an improving capital structure and the long experience of promoter in the precision components manufacturing industry.

However, the rating is constrained due to working capital intensive operations with elongated operating cycle, limited bargaining power against OEMs, susceptibility of profit margins to volatility in raw material prices and forex rates.

Outlook: Stable

The stable outlook reflects Infomerics' expectation of healthy growth in revenues supported by strong order book while maintaining comfortable debt coverage metrics and capital structure.

Analytical Approach

Approach	Comments
Consolidation	For arriving at the rating, IVR has considered consolidated financials of OEL and its subsidiaries mentioned in the Annexure 4. IVR has changed the approach from Standalone to Consolidated on account of availability of consolidated

	financials post listing in March 2026 and close operational and financial linkages of subsidiaries with the parent.
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

- **Healthy profitability and medium-term revenue visibility**

The company has reported total operating income of Rs. 342.9 crore for FY25, strong growth of 92.4% vis-à-vis FY24 supported by an increase in annualised machining capacity from 9.18 lakh machining hours in FY23 to 17.3 lakh machining hours in FY25 and healthy order book. For FY26E, the company expects to report revenue of over Rs. 500 crore, which is projected to further increase to Rs. 650 crore in FY27.

The company's EBITDA margin remained healthy at 34.31% in FY25 with growing scale, addition of new machines with better efficiency as well as value added product resulted in better margins. For FY26E, the company is estimated to report EBITDA margin of over 30%. The strong order book position of Rs. 2,900 crore, to be executed between 3 to 5 years and planned enhancement in existing capacities out of IPO proceeds, provides medium term revenue visibility.

- **Long-standing relationships with reputed customer base along with geographically diversified revenue profile**

The company primarily caters directly to the requirements of the Original Equipment Manufacturer (OEMs) based in USA, UAE and EU regions with exports accounting for ~75-80% of its total operating income. OEL has reputed customer base due to its specialized products, precision and various accreditations and product quality and thereby commands healthy profitability. The company supplies across industries such as energy, motion control & automation, industrial equipment systems, metal forming and other diversified industrial applications. The customer base of the company remained diversified marked by top 5 customers accounting for 29% of its total operating income in FY25.

The company has long-term relationship with the customers as reflected from the high proportion of repeat orders, which accounted for approximately 80-95% of TOI from the repeat customers for the last 3 fiscals ended FY26.

- **Comfortable debt coverage and improving capital structure**

The capital structure had strengthened in FY25 marked by improvement in overall gearing to 1.66x as on March 31, 2025 vis-à-vis 2.97x as on March 31, 2024. This improvement in overall gearing is primarily driven by increase in TNW supported by accretion of profit and equity infusion of Rs. 81.8 crore in pre-IPO round.

For FY26E and beyond, the capital structure is expected to strengthen further with expected gearing of 0.53x and Total Debt/EBIDTA of 2.24x, supported by the successful infusion of funds of Rs. 418 crore through the IPO in March 2026 and the absence of any major debt-funded capex plans. OEL reported an interest coverage ratio of 3.96x in FY25 and is estimated to report over 4.21x in FY26.

- **Long experience of promoter in the precision components manufacturing industry**
Mr. Udaybhai A. Parekh, Promoter, Chairman and Managing Director, has more than two-decades long experience in the precision components manufacturing industry. He is well assisted by Mr. Paras Parekh, who is Whole Time Director and Chief Financial Officer of the company and both look after overall administration and day-to-day operations of the company.

Weaknesses

- **Working capital intensive operations with elongated operating cycle**
The company is engaged in making precision components of various sizes, types and specifications catering to diversified industry segments and set up a warehouse in the USA to decrease lead time to its customers. Further the company carries high inventory in anticipation of business requirements, some of the raw materials have high lead time and supplier expectation of minimum order quantity which led to high inventory days. Further, the company provides clean credit to its customers for around 60-90 days (after delivery). However, the payment to the creditors of the company needs to be completed in around 30-60 days resulting in high working capital intensity.
- **Limited bargaining power against OEMs**
OEL caters to reputed companies in USA and Europe including Fortune 500 companies. Considering its size, it has limited bargaining power against OEMs. The company has to maintain a large portfolio of product offerings and continuously evolve itself as per client requirement to remain competitive in business as it competes with large, organized players for export orders.
- **Susceptibility of profit margins to volatility in raw material prices and forex rates**
The company's key raw materials consist of various grades and alloys of steel in differing forms including carbon steel, alloy steel, stainless steel etc. whose prices are volatile in nature. Also, the orders are received on monthly and quarterly basis which are of fixed

prices in nature exposing its profitability to volatility associated with raw material prices. However, the company purchases raw materials at time of receipt of new contracts to mitigate raw material price fluctuation risk. In addition, OEL has price variation clause with all of its customers limiting its risk to volatility in raw material prices. The company derives majority of its revenue from export market as against imports remained limited and the company manages its foreign exchange risk by engaging itself into forward contracts as per market condition and through implicit forex hedging terms in sales contract.

Liquidity – Strong

The company is expected to generate healthy cash flow from operations and can comfortably meet its current repayment obligation of ~Rs.22 crore each in FY27 and FY28. The company has a current ratio of 1.27x in FY25. Further, free cash and bank balance is expected to over Rs.15 Crore during the projected period. Average CC utilisation for past 12 months ending March 2026 stood at 75.5% and same is expected to go down further with infusion of IPO funds.

Rating Sensitivities

Upward Factors

- Sustained increase in scale of operations with stable EBITDA Margins of above 30%
- Sustenance of healthy capital structure and significant improvement in the working capital cycle

Downward Factors

- Significant reduction in order book leading to reduction in revenue or operating margin falling below 25% on sustained basis
- Deterioration in its overall gearing above 2.0 times and elongated working capital cycle above 220 days on sustained basis

About the Company

Founded in 2006 as a partnership firm and headquartered in **Rajkot, Gujarat**, Omnitech Engineering Limited (formerly Omnitech Engineering Private Limited) is promoted by Mr. Uday A. Parekh and Mrs. Kinneriben U. Parekh. It was started as a partnership firm on September 01, 2006 and then subsequently converted into limited company on October 24, 2024 and listed its shares on Indian exchanges in March 2026.

OEL manufactures highly engineered precision machined components and assemblies that are majorly utilized towards safety and critical applications. Additionally, the company has

established a warehouse in Houston, USA, managed by its subsidiary, Omnitech Group Inc., enabling it to better serve customers across the United States.

Key Financial Indicators (Consolidated):

	(Rs. crore)	
For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	178.18	342.91
EBITDA	64.93	117.65
PAT	18.90	43.86
Total Debt	230.56	330.63
Tangible Net Worth (TNW)	77.73	199.65
EBITDA Margin (%)	36.44	34.31
PAT Margin (%)	10.39	12.54
Overall Gearing (times)	2.97	1.66
Interest Coverage (times)	4.56	3.96

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Financials (Standalone):

	(Rs. crore)	
For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	187.79	344.82
EBITDA	65.49	114.58
PAT	22.33	43.59
Total Debt	231.54	330.63
Tangible Net Worth (TNW)	80.37	203.45
EBITDA Margin (%)	34.87	33.23
PAT Margin (%)	11.64	12.39
Overall Gearing (times)	2.88	1.63
Interest Coverage (times)	4.80	3.92

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Applicable Criteria

[Rating Methodology for Manufacturing Companies.](#)

[Consolidation of Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition and Post Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years

Sr. No.	Instruments/Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					April 04, 2024	January 10, 2024	-
1.	Fund based facilities	LT/ST	400.00	IVR A/Stable/IVR A1	IVR BBB+/Stable/IVR A3+	IVR BBB+/Stable/IVR A3+	-

Annexure 1: Instrument/Facility Details

Name of Facility / Security	ISIN	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/Outlook	Listing Status	Regulator	Complexity Indicator
Term Loan I	-	-	-	Jan 2029	6.71	IVR A/Stable	NA	RBI	Simple
Term Loan II	-	-	-	July 2032	17.31	IVR A/Stable	NA	RBI	Simple
Term Loan III	-	-	-	July 2032	21.53	IVR A/Stable	NA	RBI	Simple
Term Loan IV	-	-	-	Jan 2032	23.38	IVR A/Stable	NA	RBI	Simple
Term Loan V	-	-	-	Jan 2032	18.71	IVR A/Stable	NA	RBI	Simple
Term Loan VI	-	-	-	Jan 2032	22.17	IVR A/Stable	NA	RBI	Simple
Cash Credit	-	-	-	-	195.00	IVR A/Stable	NA	RBI	Simple
Export Packing Credit	-	-	-	-	15.00	IVR A1	NA	RBI	Simple
Loan Equivalent Risk	-	-	-	-	2.50	IVR A1	NA	RBI	Simple

Credit Equivalent Exposure	-	-	-	-	1.91	IVR A1	NA	RBI	Simple
Outlay under equipment Finance	-	-	-	-	0.70	IVR A1	NA	RBI	Simple
PSR	-	-	-	-	5.00	IVR A1	NA	RBI	Simple
Proposed Long Term	-	-	-	-	70.08	IVR A/Stable	NA	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:

[https://infomericstorage.blob.core.windows.net/uploads/Len Omnitech Engineering22 May26 89a378dad7.pdf](https://infomericstorage.blob.core.windows.net/uploads/Len_Omnitech_Engineering22_May26_89a378dad7.pdf)

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for Consolidated/Combined analysis:

	Name of Entity	Extent of Consolidation	Rationale for consolidation
1	Omnitech Group INC	Full	Subsidiary
2	Novatro Techsolutions Private Limited	Full	Subsidiary

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) *	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI



6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings/Loans from overseas lenders/Loans from Multilaterals	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator such as IRDAI, PFRDA

Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

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

[^] Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

@ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side regulators have been included.

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