October 27, 2025

Ultra Corpotech Private Limited: Ratings reaffirmed; outlook revised to Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term/Short term - Fund based/Non-fund based - Working capital limits	530.00	530.00	[ICRA]A+ (Stable)/[ICRA]A1; reaffirmed and outlook revised to Stable from Positive
Long term - Fund based - Term loan	238.00	238.00	[ICRA]A+ (Stable); reaffirmed and outlook revised to Stable from Positive
Long term/Short term- Unallocated	250.00	250.00	[ICRA]A+ (Stable)/[ICRA]A1; reaffirmed and outlook revised to Stable from Positive
Total	**1,018.00**	**1,018.00**	

**Instrument details are provided in Annexure I*

Rationale

The revision in the outlook on the long-term rating of Ultra Corpotech Private Limited (UCPL) to Stable from Positive reflects the near-term margin pressures owing to the tariff imposition by the US government. The latest round of US tariffs, effective August 27, 2025, has added a punitive 25% duty on select Indian goods, pushing the effective tariff burden to 50% for some categories, combined with the pre-existing levies. These tariffs place Indian exporters at a disadvantage compared to competitors that face lower tariff rates. The US constituted ~57% of UCPL's exports in FY2025. Hence, it continues to face headwinds from the evolving US trade policy landscape. ICRA also notes that the company has a wholly-owned subsidiary in the US, which commenced operations in January 2025. to support UCPL and reduce the tariff impact to an extent and support the profitability in the medium term. Further, the company has passed on some price increase to the customers and is in discussions with them regarding further price adjustments. It also plans to expand its manufacturing footprint in the US to minimise the overall tariff impact. Nonetheless, ICRA will continue to monitor the evolving environment and its implications for UCPL's credit profile.

The ratings continue to positively factor in UCPL's healthy operational performance, aided by its strong engineering and product development capabilities. It has an established business of supplying precision and high-quality heavy-duty metal components to reputed global original equipment manufacturers (OEMs) and tier-1 manufacturers. The prospects of UCPL remain linked to the global demand conditions of the key end-user industries, such as the oil and gas and renewable energy sectors, transportation, industrial engineering, and construction and mining equipment which constitute majority of the entity's revenues. The ratings also favourably factor in the entity's robust financial risk profile, characterised by healthy capital structure and debt coverage indicators.

The company reported healthy revenues of ~Rs. 2,038 crore and operating margins of 24.4% in FY2025, though moderated from the FY2024 levels. This comes on the back of a sustained healthy demand from the oil and gas, renewable, construction and mining, transportation and industrial engineering sectors, reflected in a strong order book position of ~Rs. 1,083 crore as on August 31, 2025. At a standalone level, in 5M FY2026, the company reported ~Rs. 870 crore of revenues.

The ratings are, however, constrained by UCPL's high revenue concentration. Its revenues, although derived from various sectors, remain concentrated on the top two sectors, i.e. oil and gas and renewable energy (together constituting ~80% of the revenues in FY2025 and ~76% in 5M FY2025), which exposes the entity to the inherent

cyclicality of these end-user industries. Additionally, even as the entity caters to multiple customers, a significant amount of its revenue is derived from its top two customers (~42% of the revenues in FY2025 and 33% in 5M FY2025), resulting in customer concentration risk. The risk is mitigated to an extent by the company's established relationship with the customers and the multiple touchpoints across the globe.
While UCPL's inventory management policy aids its revenue growth and profitability prospects, it also results in higher blockage of funds in working capital requirements. This is accentuated by the credit periods extended to the customers. The ratings are also constrained by the exposure of UCPL's profitability to the fluctuation in raw material prices, as price revisions usually occur after a certain period and only if the price rise exceeds a certain level (e.g., 5%). Moreover, the company is exposed to exchange rate fluctuations as it remains partially unhedged.

Key rating drivers and their description

Credit strengths

Extensive experience of promoter and established track record of operations - Mr. Ashok Bhosle founded UCPL in 1991 as a manufacturer of dies, moulds and precision components. Over the three decades, UCPL has established its presence as one of the top precision and high quality heavy duty metal component suppliers to the oil and gas, renewable energy, construction and mining, transportation and industrial engineering segments. With more than three decades of experience, UCPL has been able to forge strong relationships with OEMs and suppliers, benefitting from its strong engineering and development capabilities.

Reputed client profile with established relationships - UCPL's customer profile consists of reputed tier-1 players and OEMs in the oil and gas and renewable energy segments. The entity has been able to forge a strong relationship with these clients, which has resulted in repeat orders from these customers. Also, it has been continuously adding new customers over the years. The entity continues to explore opportunities to increase its business with other customers in the oil and gas, construction and industrial engineering, renewable energy segments.

Healthy scale and profitability - The company reported healthy revenues of ~Rs. 2,038 crore and operating margins of 24.4% in FY2025, though moderated from the FY2024 levels. The turnover stood at ~Rs. 870 crore in 5M FY2026 on a standalone basis, and the current order book in hand of ~Rs. 1,083 crore as on August 31, 2025 provides near-term revenue visibility. The operating profit margins remain healthy as the company manufactures complex and high-value-added machined components, which are mainly intellectual property (IP) products for most clients. The operating margins have declined year-on-year due to increase in employee costs and provision for warranty claims but still remain healthy.

The margins remain under pressure in the near term owing to the tariff impositions by the US government. Further, the company has a wholly-owned subsidiary in the US, which commenced operations in January 2025, to support UCPL and reduce the tariff impact to an extent and support the profitability in the medium term.

Strong financial risk profile - UCPL's financial risk profile remains healthy, characterised by comfortable capital structure and debt coverage indicators on the back of a strong net worth base and robust profitability. The gearing stood at 1 times as on March 31, 2025 (0.7 times as on March 31, 2024). The debt coverage indicators remain robust, with an interest coverage of 12 times and total debt/OPBDITA of 2.7 times in FY2025 (19.1 times and 1.6 times in FY2024, respectively). The entity's business is capital-intensive and requires constant capacity enhancement to meet the increasing demand and upgradations. Hence, there would be a capex of Rs. 150-200 crore during FY2026-FY2028, which is to be funded through internal accruals. Nonetheless, the overall capital structure and coverage indicators are expected to remain comfortable, going forward.

Credit challenges

High customer concentration risk - UCPL caters to many customers. However, its revenues remain concentrated on the top two customers (constituting ~42% of the revenues in FY2025 and 33% in 5MFY2025). While the high customer concentration risk makes the company vulnerable to demand from OEMs and sectoral downturns, UCPL's efforts to diversify its customer mix have helped reduce its dependence on the top two customers to an extent. The increase in supplies for its other businesses and the addition of new customers are also likely to help reduce the concentration risk, going forward.

Working capital-intensive operations - UCPL's working capital intensity has remained high at 35-45% in the last three years, driven by high inventory requirements and receivable cycle. It has to maintain high inventory because of its global delivery service to prominent clients on a timely basis. Also, the debtor days have stood high as a credit period of up to 120 days is extended to its customers. Considering the export nature of the operations, the working capital intensity is expected to remain high in the near to medium term.

Exposure to inherent demand cyclicality in key end-user segments - The entity derives its revenues majorly from two sectors, i.e. oil and gas and renewable energy, which are largely dependent on global/macroeconomic growth. A bulk of UCPL's revenues is derived from the export markets, with domestic supplies constituting ~26% of its revenues in 5M FY2026 and ~24% in FY2025. Accordingly, UCPL's revenue prospects remain linked to the global demand conditions.

Exposure of profitability to price variations in raw material prices and foreign currency fluctuation risk – The company is susceptible to exchange rate fluctuations with exports contributing to 75-80% of the entity's revenues. Though the entity's foreign currency exposure from exports remains largely open, it is mitigated partially by the natural hedge from imports and foreign currency borrowings. The company's margins also remain exposed to the fluctuations in raw material prices, though most contracts have pass-through clauses. However, there is a time lag for passing on such price increases. Additionally, the company has a policy of back-to-back order-backed purchases.

Liquidity position: Adequate

UCPL's liquidity position is adequate and backed by the cushion available in its working capital limit and sufficient cash generation from its business to manage its working capital requirements and debt repayments. The liquidity is further supported by free cash and cash equivalents of ~Rs. 62.98 crore and investments of ~Rs. 492.49 crore as on March 31, 2025. The company has capex plans of Rs. 150-200 crore over FY2026-FY2028 which are likely to be funded through internal accruals. Further, the company's working capital limit utilisation (sanctioned limits – Rs.530 crore) stood moderate at ~41% for the 12 months ended August 31, 2025, which provides additional cushion.

Rating sensitivities

Positive factors – ICRA could upgrade UCPL's ratings if it sustains a healthy scale of operations and strong margins along with a diversification in its customer base and stabilisation and ramp-up of the US operations while maintaining a healthy liquidity position.

Negative factors – ICRA could downgrade the ratings if any significant decline in the scale or profitability deteriorates the company's financial risk profile. ICRA would also downgrade if there is any further stretch in the working capital cycle or any debt-funded capex puts pressure on the liquidity. A specific trigger for downgrade would be interest coverage ratio of less than 6.0 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	[Corporate Credit Rating Methodology](#)
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of UCPL. As on March 31, 2025, the company had one subsidiary as enlisted in Annexure II

About the company

UCPL was established in 1991 as Ultra Engineers, a proprietorship firm of Mr. Ashok Bhosle, involved in the manufacturing and supply of a wide range of precision machined components used in various products and sub-assemblies. The sole proprietorship business was converted to a private limited company, Ultra Corpotech Private Limited, w.e f. October 1, 2021.

The entity's operations are led by the promoter, Mr. Ashok Bhosle, who has more than three decades of experience in the machine tooling industry. It manufactures precision-machined components for the oil and gas, power and energy, transport and other industries. The firm has factories at 10 locations across Pune, totalling ~2 million sq. feet built-up area.

Key financial indicators (audited)

Consolidated	FY2024	FY2025*
Operating income	2060.4	2037.5
PAT	343.2	267.4
OPBDITA/OI (%)	27.2%	24.4%
PAT/OI (%)	16.7%	13.1%
Total outside liabilities/Tangible net worth (times)	1.0	1.2
Total debt/OPBDITA (times)	1.6	2.7
Interest coverage (times)	19.1	12.0

*Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore; .PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; * Provisional*

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Oct 27, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund based/Non-fund based - Working capital limits	Long term/Short term	530.00	[ICRA]A+ (Stable)/ [ICRA]A1	Feb 07, 2025	[ICRA]A+ (Positive)/ [ICRA]A1	27-DEC-2023	[ICRA]A+ (Positive)/ [ICRA]A1	30-SEP-2022	[ICRA]A+ (Stable)/ [ICRA]A1
				-	-	-		25-NOV-2022	[ICRA]A+ (Stable)/ [ICRA]A1
Fund based - Term loan	Long term	238.00	[ICRA]A+ (Stable)	Feb 07, 2025	[ICRA]A+ (Positive)	27-DEC-2023	[ICRA]A+ (Positive)	30-SEP-2022	[ICRA]A+ (Stable)
				-	-	-		25-NOV-2022	[ICRA]A+ (Stable)
Unallocated limits	Long term/Short term	250.00	[ICRA]A+ (Stable)/ [ICRA]A1	Feb 07, 2025	[ICRA]A+ (Positive)/ [ICRA]A1	27-DEC-2023	[ICRA]A+ (Positive)/ [ICRA]A1	30-SEP-2022	[ICRA]A+ (Stable)/ [ICRA]A1
				-	-	-		25-NOV-2022	[ICRA]A+ (Stable)/ [ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund based/Non-fund based working capital facilities	Simple
Term loan	Simple
Unallocated Limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Fund based and non-fund based working capital facilities**	NA	NA	NA	530.00	[ICRA]A+ (Stable)/[ICRA]A1
NA	**Term loan-I**	March, 2018	NA	March, 2029	111.86	[ICRA]A+ (Stable)
NA	**Term loan-II**	March, 2022	NA	March 2030	126.14	[ICRA]A+ (Stable)
NA	**Unallocated Limits**	NA	NA	NA	250.00	[ICRA]A+ (Stable)/[ICRA]A1

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Ultra Corpotech Inc.	100%	Full consolidation

Source: Company

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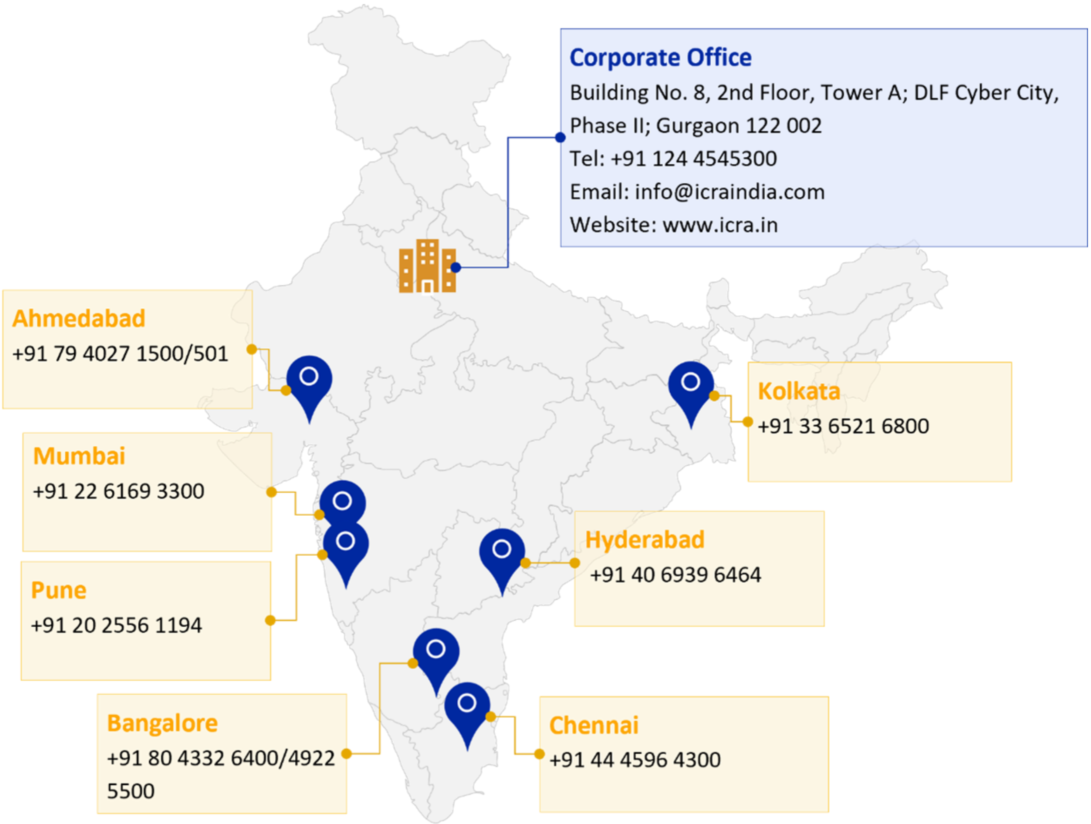

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