January 23, 2026

Trusted Aerospace Engineering Private Limited: Ratings assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long term/Short term - Fund based - Cash credit	6.00	[ICRA]BBB- (Stable)/ [ICRA]A3; Assigned
Long term - Fund based - Term loan	29.40	[ICRA]BBB- (Stable); Assigned
Long term/Short term - Unallocated	10.60	[ICRA]BBB- (Stable)/ [ICRA]A3; Assigned
Total	**46.00**	

Instrument details are provided in Annexure-I

Rationale

The assigned ratings on the bank lines of Trusted Aerospace Engineering Private Limited (TASE) consider the extensive experience of the promoter for more than a decade, established track record with its customers and healthy operating profitability. TASE registered a healthy consolidated revenue growth of 29.5% (CAGR) over the last three years, reaching Rs. 141.9 crore in FY2025, while its operating margin stood at around 18.8% in FY2025. TASE's precision components find its application in both aerospace and medical sectors, offering a degree of diversification, even though its customer base is concentrated, with around 88% of revenues derived from top three customers. The company's coverage indicators remained healthy with interest coverage and debt service coverage ratio of 12.1x and 5.7x, respectively, in FY2025, supported by significant operating margins. Going forward, ICRA expects the scale of operations to improve and debt metrics are expected to moderate, owing to large debt-funded capex being incurred in FY2026.

The ratings are, however, constrained by the entity's working capital-intensive nature of operations due to large inventory holding requirements and a significant debt funded capex of Rs. 93.2 crore (on standalone basis), which was undertaken by the company in FY2026. The debt-funded capex increased the company's repayment obligations. Additionally, in September 2025, the entity through its US subsidiary acquired Leading Edge Manufacturing LLC (Joined Alloys) in USA, an entity engaged in manufacturing precision aerospace components, for around Rs. 96.8 crore ($ 11 million), which was funded through bank debt. While the debt-fund capex is likely to support revenue increase over the near to medium term as well as aid the entity in diversifying its customer profile, it exposes its operation to project and stabilisation risks. As the entire standalone revenues are generated through exports, the profitability of the entity remains exposed to demand trends in key export markets, tariff risk and exchange rate fluctuations. In the current fiscal, till December 2025, the promoter has infused equity to an extent of Rs. 9.6 crore and balance equity of around Rs. 22 crore is likely to be infused before March 2026. Timely fund infusions and need based support are likely to be extended by the promoters during the stabilisation phase, which remain key monitorable.

The Stable outlook on the long-term rating reflects ICRA's opinion that TASE's earnings and profitability are likely to remain healthy over the medium term. Further, the outlook underlines ICRA's expectation that incremental capex, if any, to further expand the capacity will be funded in a manner that TASE is able to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Experience of promoter and established track record with its customer – The promoter have extensive experience of more than a decade in this industry. The business is led by Mr. Sankararaman who has built a strong relationship with customers. The company enjoys a stable customer base with its key customers, including Ventana Medical Systems, Perkin Elmer Group and Honeywell International, Inc. among others.

Healthy operating profitability with moderate scale of operations – The company's revenues increased by 29.5% CAGR over a period of three years to Rs. 141.9 crore in FY2025, aided by volume enhancement. The operating margins improved by 650 bps to 18.8% in FY2025, aided by better margins on projects executed. The revenues are expected to increase over the medium term, aided by incremental revenues received from capex expansion undertaken and the acquisition done by the entity. However, its profitability is expected to moderate in FY2026 owing to the reciprocal and punitive tariff levied by the US Government.

Credit challenges

Large debt-funded capex exposing its operations to project and market risk – TASE is setting up a new factory building, with additional machines including surface treatment machine in India. The entity is likely to incur a standalone capex of Rs. 93.2 crore in FY2026, funded through a term debt of Rs. 55.1 crore, equity of Rs. 31 crore and balance from internal accruals. Until December 2025, the entity has infused equity to an extent of Rs. 9.6 crore and balance equity of around Rs. 21 crore is likely be infused before end of March 31,2026 and it remains a key monitorable. In addition to the debt-funded expansion undertaken in the standalone business in September 2025, the company acquired Joined Alloys (JA) in USA, an entity engaged in manufacturing precision aerospace components, for around Rs. 96.8 crore ($ 11 million), which was funded through bank debt. The gearing ratio stood at 0.9x and the interest coverage and debt service coverage ratio stood at 12.1x and 5.7x, respectively, in FY2025. The debt metrics are expected to moderate in FY2026, owing to large debt-funded capex undertaken. With the expansion largely funded through debt, the financial profile would remain modest until the project is completed and will improve with the operations ramping up for the new facility.

Working capital intensive nature of operations – TASE's working capital intensity remained high considering the longer lead time for manufacturing complex products. NWC/OI stood at 29.3% as on March 31, 2025, and is expected to remain elevated.

Vulnerable to exchange rate fluctuations and higher the US tariffs – TASE remains exposed to fluctuations in foreign exchange rates, given that entire standalone revenues being derived from exports, and it imports minimal raw materials from nominated suppliers. Additionally, the entity in the current fiscal is likely to draw down term loan of Rs. 25.6 crore. Around 35% of its consolidated revenues are exposed to exchange and tariff-related risks, as TASE primarily exports its products to the US. The entity currently does minimal hedging on a case-to-case basis, exposing its profitability to adverse movement in forex rates. Further, imposition of reciprocal and punitive tariffs over and above the base line tariff by the US Government affects its competitiveness.

Liquidity position: Adequate

TASE's liquidity position remains adequate, supported by consolidated cash and liquid investments of Rs. 7.2 crore as on March 31, 2025. The average working capital utilisation over the last 12 months ending December 2025 stood at 85.1% (against sanctioned limits of around Rs. 23.6 crore). The entity is expected to generate healthy cash accruals of around Rs. 25 crore in FY2026. The company is amidst a large, debt-funded expansion cycle and is likely to incur consolidated capital expenditure of around Rs. 119.6 crore in FY2026, funded through a debt-to-equity ratio of 70:30. The promoters are likely to infuse Rs. 31.6 crore in FY2026, of which Rs. 9.6 crore has already been infused as on December 2025. The entity has an annual repayment obligation of Rs. 11.5 crore in FY2026 and Rs. 21.0 crore in FY2027 and remains dependent on promoters' fund infusion until the stabilisation of its operations.

Rating sensitivities

Positive factors – The ratings can be upgraded if there is healthy and sustained improvement in the scale of operations and profitability, while maintaining comfortable debt protection metrics and liquidity.

Negative factors – The ratings could be downgraded if there is sustained pressure on the company's operating performance, or a delay in the infusion of funds by the promoters, or an increase in working capital intensity, adversely impacting its liquidity and debt protection metrics.

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 operational and financial profiles of TASE. The details of subsidiaries (consolidated) are given in Annexure II

About the company

TASE is engaged in the business of manufacturing and supplying medical components and was started by Mr. V. Sankararaman. The company has its manufacturing plant in Sriperumbudur, Tamil Nadu, and is an Export Oriented Unit (EOU). It was incorporated in 2006 and commenced manufacturing operations in 2014.

TASE also has a wholly owned subsidiary in the USA, Trusted Aerospace & Engineering Corp (TASE Corp). This subsidiary in the US is engaged in the manufacturing of precision aerospace parts and equipment for its customers in the USA. In September 2025, Trusted Aerospace & Engineering Corp acquired Leading Edge Manufacturing LLC (Joined Alloys), which is engaged in the manufacturing of precision aerospace components and medical diagnostic components.

Key financial indicators

Consolidated	FY2024	FY2025	8MFY2026*
Operating income	108.8	141.9	137.1
PAT	7.2	19.5	
OPBDIT/OI	12.3%	18.8%	14.5%
PAT/OI	6.6%	13.7%	
Total outside liabilities/Tangible net worth (times)	2.2	1.2	
Total debt/OPBDIT (times)	4.4	1.9	
Interest coverage (times)	3.9	12.1	

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current ratings (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs Crore)	Jan 23, 2026	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long Term/ Short Term	6.00	[ICRA]BBB- (Stable)/ [ICRA]A3	-	-	-	-	-	-
Term Loan	Long Term	29.40	[ICRA]BBB- (Stable)	-	-	-	-	-	-
Unallocated Limits	Long Term/ Short Term	10.60	[ICRA]BBB- (Stable)/ [ICRA]A3	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term/Short term - Fund based - Cash credit	Simple
Long term - Fund based - Term loan	Simple
Long term/Short term - Unallocated	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	**Long term/Short term - Fund based - Cash credit**	NA	NA	NA	6.00	[ICRA]BBB- (Stable)/ [ICRA]A3
NA	**Long term - Fund based - Term loan**	FY2026	8.75%	FY2032	29.40	[ICRA]BBB- (Stable)
NA	**Long term/Short term - Unallocated**	NA	NA	NA	10.60	[ICRA]BBB- (Stable)/ [ICRA]A3

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
Trusted Aerospace & Engineering Corp.	100.00%	Full Consolidation
Leading Edge Manufacturing LLC (Joined Alloys) *	100.00%	Full Consolidation

**acquired in September 2025*

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