

September 30, 2025

International Aerospace Manufacturing Private Limited: Ratings reaffirmed and assigned for enhanced amount; outlook revised to Positive from Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Term loan	150.00	250.00	[ICRA]A (Positive); reaffirmed and assigned for enhanced amount; outlook revised to Positive from Stable
Long-term – Fund-based – Working Capital	40.00	0.00	-
Short-term – Fund-based – Working Capital	0.00	150.00	[ICRA]A2+; assigned
Long Term/Short Term –Fund-based/Non-Fund based working capital facilities	60.00	0.00	-
Total	250.00	400.00	

*Instrument details are provided in Annexure I

Rationale

The revision in the outlook on the long-term rating of International Aerospace Manufacturing Limited (IAMPL) reflects ICRA's expectation of strengthening in the company's business and financial profiles, supported by its established operational track record in the aero-engine components industry. IAMPL continues to benefit from repeat orders from Rolls-Royce Plc (RR), which is also a 50% joint venture partner in the company and has progressed in diversifying its customer base, resulting in a robust order book position from both new and existing clients. The company's steady scale-up in operations and healthy profitability, characterised by double-digit operating margin, are expected to translate into higher earnings and improvement in its financial risk profile, going forward. ICRA notes that the company reported a 42% YoY growth in revenues with an operating profit margin (OPM) of 20.0% in FY2025, and this trend is expected to continue in the current fiscal with revenue growth of 15-20%, and sustenance of the OPM, as demonstrated in YTD operating performance. The ratings also factor in the healthy wallet share it enjoys across most components supplied to RR, underscoring its strategic importance in the latter's supply chain. The company also enjoys strong financial flexibility by virtue of its ownership structure, being a 50:50 joint venture between RR (through its wholly owned subsidiary) and Hindustan Aeronautics Limited (rated [ICRA]AAA (Stable)/A1+), providing it with both operational and financial support, enhancing the company's credit profile.

The ratings remain constrained by IAMPL's high customer concentration risk, with the company deriving nearly its entire revenue from RR at present. While IAMPL has secured orders from other global aerospace engine manufacturers to mitigate this risk, the scale-up in supplies is expected only over the medium term and dependence on RR is likely to remain high overall. ICRA also notes that the company's earnings remain exposed to foreign exchange rate fluctuations, given its export-oriented business model and significant reliance on imported raw materials. However, IAMPL's ongoing efforts to reduce import dependence through indigenisation initiatives and to engage in hedging practices are expected to provide partial mitigation against currency volatility over time.

While the company was operating out of its Bengaluru plant till FY2023, it commercialised its new facility at Hosur in the previous fiscal to cater to new orders in hand and scale up its operations. The company plans to further add capacities at Hosur over the near-to-medium term, depending on order commercialisation, as well as its ability to tie up funding for the same. While the incremental debt owing to expansion targets for the company can moderate the company's debt metrics to a certain

extent, IAMPL intends to keep leveraging low and undertake a prudent funding mix for financing such expansion. The company's capacity expansion plans, including timeliness, quantum and mix of funding and its impact on the company's credit profile would be closely monitored.

Key rating drivers and their description

Credit strengths

Financial flexibility arising from being a joint venture between RR and HAL – IAMPL is a 50:50 joint venture between RR (through its wholly-owned subsidiary) and Hindustan Aeronautics Limited (HAL). IAMPL is a critical supplier to RR's civil aerospace division.

Steady scale-up in operations, supported by repeat orders from RR – ICRA notes IAMPL's established position as a key supplier to RR, with the company currently supplying over 200 machined compressor components used in RR's civil aerospace engines. IAMPL enjoys a healthy wallet share across most of the components supplied to RR, reflecting its strategic importance in RR's supply chain. The company has demonstrated a healthy revenue growth in the recent years, supported by a steady scale-up in operations and repeat orders from RR, which underscores its strong execution capabilities and customer confidence.

Strong order book position – IAMPL has a healthy order book position of approximately Rs. 2,300 crore from RR (from both civil and defence segments), providing healthy revenue visibility. IAMPL has also secured orders from other OEMs, supplies for which are expected to commence from FY2026.

Comfortable financial risk profile – The company's financial profile remains comfortable, supported by healthy revenue growth and double-digit margins over the last few years. Further, the company's debt metrics remain comfortable (TD/OPBDITA of 2.3 times as on March 31, 2025, and an interest coverage of 6.3 times for FY2025), despite major capex undertaken in the recent years, supported by healthy accruals and moderate working capital intensity. While the ongoing capex for expansion of the company's Hosur plant is expected to result in some incremental borrowings, the company is expected to maintain comfortable credit metrics, going forward, as well.

Credit challenges

Majority of revenues generated from RR; focus on diversifying customer base – IAMPL derives almost its entire revenue from its sole customer, Rolls-Royce Plc. That said, IAMPL forms an integral part of RR's supply chain and has an established track record of supplies to RR. ICRA notes that the company is focused on diversifying its customer base and has secured orders from other OEMs and expects to commence supplies to these entities from the current fiscal, albeit on a much lower scale than RR. Accordingly, IAMPL is likely to remain dependent on RR for the major portion of its revenues in the near-to-medium term, although this dependence is likely to taper down gradually as the supplies to other OEMs scale up.

Ongoing capex for expanding capacities at Hosur; timely ramp-up and funding of the same remain key – ICRA notes that IAMPL is in the process of enhancing its manufacturing capacities through expansion at its Hosur facility, referred to as IAMPL 2.5. The new unit will be located adjacent to the existing IAMPL 2.0 facility at Hosur, which currently operates at a capacity of 2,54,000 hours with utilisation level in the range of 85-90%. The IAMPL 2.5 facility is expected to add an incremental 2,00,000 hours of capacity at full scale, with a total capital outlay of approximately Rs. 200 crore. The investment will be funded through a mix of internal accruals and debt and is planned to be phased over the next three years. Commercial operations are scheduled to commence by June-July 2026, with initial machinery deployment for a capacity of 1,20,000-1,40,000 hours, requiring an investment of Rs. 130 crore. Over the medium-to-long term, the company also plans to expand its capacity further at Hosur, depending on order inflow and ability to tie up funding for the same. The expansion is aimed at augmenting capacity to meet the demand from both existing and new customers, while maintaining operational efficiency. Going forward, timely execution and ramp-up of operations at the new facility, and its impact on the company's revenue and profitability metrics, as well as further capex plans, will be closely monitored.

Exposed to foreign exchange rate fluctuations – The company remains exposed to fluctuations in foreign exchange rates, given that its entire revenues are derived from exports, and it imports the majority of its raw materials from nominated suppliers. ICRA notes that the company is focusing on reducing its import dependence through indigenisation efforts.

Liquidity position: Adequate

IAMPL's liquidity is adequate, supported by cash flow from operations of Rs. 15-20 crore, and undrawn fund-based working capital limits of Rs. 107.2 crore as on May 31, 2025, in addition to cash balance of approximately Rs. 3.0 crore. While the company has capex plans for FY2026 and FY2027 of Rs. 60 crore and Rs. 80 crore, respectively, it also has undrawn term loans of close to Rs. 100 crore (as of March 2025) available to it to partially fund the capex, and the rest would be funded from internal accruals and available sources of liquidity. ICRA expects the company's cash flow from operations to be adequate to fund the repayment obligations of its term loans (Rs. 1.36 crore in FY2026 and Rs. 23.5 crore in FY2027).

Rating sensitivities

Positive factors – The ratings could be upgraded in case of a significant scale-up in revenues and improvement in margins of the company, leading to an overall improvement in its liquidity position and debt protection metrics.

Negative factors – The outlook could be revised to Stable in case of any adverse impact on revenue/profitability of the company, resulting in deterioration in debt protection metrics, on a sustained basis. Further, any sizeable dividend payout or higher working capital requirement, impacting the liquidity position of the company, can trigger a downward rating revision. A specific credit metric for a downgrade includes Total Debt/OPBDITA above 2.5 times, on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

International Aerospace Manufacturing Pvt. Ltd (IAMPL) was started in 2010 as a 50:50 joint venture between Rolls-Royce and Hindustan Aeronautics Limited (HAL) for manufacturing high-precision aero engine compressor and gas turbine parts. At present, IAMPL supplies close to 200 different parts for multiple civil aero engine programmes of Rolls-Royce. The company machines forgings received from its suppliers and supplies the machined parts to its customers. The company uses machine tools, coordinate measuring machine (CMM), metal spray booths, and non-destructive testing (NDT) lines to complete its manufacturing operations. The company's Bengaluru facility has a capacity of 2,50,000 hours and IAMPL has set up another facility at Hosur with similar capacities.

Key financial indicators (audited)

Standalone	FY2024	FY2025
Operating income	250.8	355.4
PAT	21.3	28.1
OPBDIT/OI	14.5%	20.0%
PAT/OI	8.5%	7.9%
Total outside liabilities/Tangible net worth (times)	1.1	1.7
Total debt/OPBDIT (times)	1.6	2.3
Interest coverage (times)	15.9	6.3

Source: Company, ICRA Research; 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					
					FY2026	FY2025	FY2024	FY2023		
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loan	Long-Term	250.00	Sep 30, 2025	[ICRA]A (Positive)	Dec 13, 2024	[ICRA]A (Stable)	-	-	-	-
					Aug 01, 2024	[ICRA]A (Stable)				
Fund-based – Working Capital	Long-Term	0.00	Sep 30, 2025	-	Dec 13, 2024	[ICRA]A (Stable)	-	-	-	-
Fund-based – Working Capital	Short-Term	150.00	Sep 30, 2025	[ICRA]A2+	-	-	-	-	-	-
Fund-based/Non-Fund based working capital facilities	Long Term/ Short Term	0.00	Sep 30, 2025	-	Dec 13, 2024	[ICRA]A (Stable)/ [ICRA]A2+	-	-	-	-
					Aug 01, 2024	[ICRA]A (Stable)/ [ICRA]A2+				

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund-based – Term loan	Simple
Short-term – Fund-based – Working Capital	Simple

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 Fund-based – Term loan	July 2024	-	March 2033	250.00	[ICRA]A (Positive)
NA	Short-term – Fund-based – Working Capital	NA	NA	NA	150.00	[ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

ANALYST CONTACTS

Jitin Makkar

+91 124 4545 368

jitinm@icraindia.com

Srikumar Krishnamurthy

+91 44 4596 4318

ksrikumar@icraindia.com

Sruthi Thomas

+91 80 4332 6430

sruthi.thomas2@icraindia.com

Rahul Mhaskar

+91 80 4332 6427

rahul.mhaskar@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.