Rating Rationale

June 18, 2026 | Mumbai

Kun Aerospace Private Limited

Ratings reaffirmed at 'Crisil BBB / Stable / Crisil A3+ '; Rated amount enhanced for Bank Debt

Rating Action

Total Bank Loan Facilities Rated	**Rs.100 Crore (Enhanced from Rs.50 Crore)**
Long Term Rating	**Crisil BBB/Stable (Reaffirmed)**
Short Term Rating	**Crisil A3+ (Reaffirmed)**

Note: None of the Directors on Crisil Ratings Limited's 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.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed rationale

Crisil Ratings has reaffirmed its 'Crisil BBB/Stable/Crisil A3+' ratings on the bank facilities of Kun Aerospace Private Limited (KAPL; part of the KUN group).

The ratings continue to reflect the extensive experience of the promoters of KAPL in the engineering solutions industry and the healthy financial risk profile of the company. These strengths are partially offset by the moderate scale of-and working capital intensive operations and the risk of geographic concentration in revenue profile.

Analytical approach

Crisil Ratings has consolidated the business and financial risk profiles of KAPL with its subsidiaries Kun Strategic Systems Pvt Ltd (KSSPL), Kun Special Process Pvt Ltd (KSPPL), and Kun Defence Dynamics Pvt Ltd (KDDPL) where KAPL holds 95% of the shareholding. The consolidated entities operate in a similar line of business with significant operational and financial linkages.

Please refer Annexure - List of Entities Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key rating drivers - Strengths

Extensive experience of the promoters: The promoters' experience of more than three decades in offering contract manufactured solutions and engineering services is expected to continue to support the business. KAPL, being part of the KUN group of companies that is established in the automobile dealership segment, is expected to continue to derive benefit from the same.

Healthy financial risk profile: Gearing stood at 0.77 time as on March 31, 2026—0.43 time as on March 31, 2024—on account of healthy accretion to reserve, which led to comfortable networth of Rs 72 crore. The company's debt protection metrics are also comfortable, as reflected in interest coverage and net cash accrual to total debt (NCATD) ratio of 14 times and 0.5 time, respectively, in fiscal 2026.

Key rating drivers - Weaknesses

Moderate scale of operations and exposure to geographic concentration risk: Scale of operations has been moderate, with revenue of Rs 125 crore in fiscal 2026 against Rs 103.52 crore in fiscal 2024. Further improvement in scale of operations will remain a key monitorable. As majority of the revenue accrues from exports to the US, geographic concentration risk is high. However, the company has been able to pass on the rise in tariffs to its customers as witnessed in the sustenance of profitability margin in the first half of fiscal 2026 and continued offtake of orders from marquee clients.

Working capital intensive operations: Despite improvement in working capital management, operations remain working capital intensive, marked by high gross current assets (GCAs) of around 212 days as on March 31, 2026. The same is due to significant receivables and an elongated collection cycle. However, the risk is mitigated as most of the customers are large corporates such as Pratt and Whitney, Curtiss Wright and IEC Engineering Ltd.

Liquidity Adequate

Bank limit utilisation averaged a low 32% for the 12 months through April 2026. Expected cash accrual of Rs 28—44 crore should comfortably cover term debt obligation of Rs 6—15 crore over the medium term. The promoters are likely to extend support in the form of equity and unsecured loans to meet the working capital requirements and repayment obligations. Unsecured loans from the promoters have been steady at Rs 19 crore for the five fiscals through 2025 and are expected to remain in the company.

Simultaneously, liquidity is constrained by loan advances from KAPL towards group company Kun-Scalexuss Innovations Pvt Ltd (KSIPL) to the tune of Rs 12 crore as on March 31, 2026. Any further extension of advances by KAPL to group or subsidiaries remain monitorable. KSIPL, the group company, is engaged in defence related functions.

Outlook Stable

Crisil Ratings believes KAPL will continue to benefit from the extensive experience of its promoters.

Rating sensitivity factors

Upward factors

- Significant increase in revenue and sustenance of operating margin above 30%, leading to higher net cash accrual
- Sustenance of the liquidity and financial risk profile

Downward factors
- Significant dip in operating margin or decline in revenue of over 15%, leading to lower net cash accrual
- Any major debt-funded capital expenditure or stretch in working capital cycle, leading to deterioration in the liquidity or financial risk profile

About the company
KAPL, was born out of the diversified Kun group and is a solutions provider of contract manufactured assemblies and engineering services in Chennai. Founded in 2011, KAPL caters to the needs of firms in the aerospace, medical, energy and oil and gas sectors.

Key financial indicators
Consolidated numbers:

As on / for the period ended March 31	Units	2025	2024
Operating income	Rs crore	103.52	94.47
Reported profit after tax (PAT)	Rs crore	16.79	15.58
PAT margin	%	16.22	16.49
Adjusted debt/adjusted networth	Times	0.82	1.34
Interest coverage	Times	12.16	15.26

Any other information: Not applicable

Note on complexity levels of the rated instrument:
Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Bank Guarantee	NA	NA	NA	12.00	NA	Crisil A3+
NA	Cash Credit	NA	NA	NA	38.00	NA	Crisil BBB/Stable
NA	Loan Equivalent Risk Limits	NA	NA	NA	3.00	NA	Crisil A3+
NA	Long Term Loan	NA	NA	31-Jul-29	17.00	NA	Crisil BBB/Stable
NA	Term Loan	NA	NA	28-Feb-31	30.00	NA	Crisil BBB/Stable

Annexure – List of entities consolidated

Names of entities consolidated	Extent of consolidation	Rationale for consolidation
Kun Strategic Systems Pvt Ltd	100%	Subsidiary
Kun Special Process Pvt Ltd	100%	Subsidiary
Kun Defence Dyanmic Pvt Ltd	100%	Subsidiary

Annexure - Rating History for last 3 Years

	Current			2026 (History)		2025		2024		2023		Start of 2023
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	ST/LT	88.0	Crisil BBB/Stable / Crisil A3+		--	12-11-25	Crisil BBB/Stable / Crisil A3+	14-08-24	Crisil BBB/Stable / Crisil A3+	22-05-23	Crisil BBB-/Stable	Crisil BB/Stable
Non-Fund Based Facilities	ST	12.0	Crisil A3+		--		--		--	22-05-23	Crisil A3 / Crisil BBB-/Stable	Crisil A4+

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	12	Kotak Mahindra Bank Limited	Crisil A3+
Cash Credit	5	RBL Bank Limited	Crisil BBB/Stable
Cash Credit	8	Axis Bank Limited	Crisil BBB/Stable

Cash Credit	**25**	**Kotak Mahindra Bank Limited**	**Crisil BBB/Stable**
Loan Equivalent Risk Limits	**3**	**RBL Bank Limited**	**Crisil A3+**
Long Term Loan	**17**	**Kotak Mahindra Bank Limited**	**Crisil BBB/Stable**
Term Loan	**30**	**RBL Bank Limited**	**Crisil BBB/Stable**

Annexure: List of instruments and names of regulators of the instruments
As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

A. Rating activities

Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	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 and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFC's, 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 ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutal 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 Bank/NBFCs/NHB/Fis)	RBI
22	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
23	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.
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^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
# 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.
@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

Note: 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.

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)
Criteria for consolidation

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