Ananth Technologies Private Limited

June 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	100.00 (Enhanced from 50.00)	CARE A; Stable	Upgraded from CARE A-; Stable
Long-term / Short-term bank facilities	450.00	CARE A; Stable / CARE A2+	Upgraded from CARE A-; Stable / CARE A2

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in long term and short term ratings assigned to bank facilities of Ananth Technologies Private Limited (ATPL) factor in improvement in the company's financial risk profile in FY25 (refers to April 01 to March 31) marked by healthy revenue growth in FY25 by 53% and healthy profitability margins 28.86% derived from highly sophisticated systems and sub-systems with applications in the aerospace and defence industry (digital systems) and its comfortable capital structure and debt protection metrics. The rating revision also factors in the further strengthening of operations supported by a strong order book position of ~₹1060 crore as on March 31, 2025, orders from renowned clients, including the Indian Navy, BrahMos Aerospace, Indian Space Research Organisation (ISRO) Satellite Centre, Vikram Sarabhai Space Centre, Bharat Dynamics Limited, Defence Research and Development Organization (DRDO), and Directorate of Aircraft Acquisition among others. Apart from repeated orders from its customers over the years, the company is developing new products and acquiring new clients, which are expected to augment revenues, going forward. Ratings continue to derive strength from promoters' extensive experience and its track record in the precision engineering industry, which caters segments, including space, aerospace, and defence.

The company earns majority revenue through design, development and fabrication of highly sophisticated systems and sub-systems with applications in the aerospace and defence industry (digital systems). The company's total operating income (TOI) has shown robust year-over-year (y-o-y) growth of 53% from ₹270 crore in FY23 to ₹414 crore in FY25 considering the order book's healthy execution. TOI was aided by execution of order from Indian Navy for which major portion was billed in FY25. This momentum is expected to continue backed by orders in hand and capabilities built for defence and aerospace segments. The sophisticated products and services of ATPL resulted in generation of above average profitability margin for last five years ended March 31, 2025. This led to healthy gross cash accruals (GCAs) of ₹86.47 crore in FY25 (₹54.43 in FY24).

Ratings are constrained by an extended operating cycle due to higher inventory and receivable periods, which are typical for this business. There is a client concentration risk, with significant portion of revenue coming from the top five clients in the defence sector, and the company operates on a moderate scale.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Achieving a substantial revenue growth and a significant increase in orders, while maintaining profitability margins of above 29%, resulting in higher cash accrual.
- Notable diversification of revenue streams.

Negative factors

- Decline in scale of operations by over 30% or profit before interest, lease rentals, depreciation and taxation (PBILDT) margin falling below 20% in future years.
- Un-envisaged debt backed expansion with deterioration in overall gearing above 0.5x in future.
- Stretch in the working capital cycle and high utilisation of fund-based working capital.

Analytical approach: Standalone

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes the entity will continue to benefit from the promoters' extensive experience and management in the industry.

Detailed description of key rating drivers:

Key strengths

Long track record of operations under experienced management

Founded in 1992 by Dr. Subba Rao Pavuluri and P Anantha Lakshmi, ATPL is now led by Dr. Pavuluri and his son, Anurup Pavuluri, supported by a skilled management team. They have ~30 years' experience in manufacturing critical aerospace systems and providing high-value geospatial services. The company serves sectors, including utilities, telecom, government, energy, and logistics. ATPL operates from Hyderabad, Bangalore, and Thiruvananthapuram in India, and San Jose, California in the US. The manufacturing facilities are ISRO-certified facilities for aerospace production with cleanroom, automated production line and trained and certified manpower. ATPL extensively participates in launch vehicle programmes such as Polar Satellite Launch Vehicle (PSLV) and Geosynchronous Satellite Launch Vehicle (GSLV), in satellite programmes such as IRS, INSAT, GSAT, IRNSS and METSAT, among others and in all aspects of aerospace applications for national development.

Healthy order book position

As on March 31, 2025, ATPL's order book was robust at ₹1060 crores. It is composed of orders from established defence and aerospace companies in India, which are scheduled for execution over the next three years. This order book provides medium-term revenue visibility and represents 2.56x the total revenue for FY25. ATPL primarily generates revenue from the Indian defence sector, making the continuous flow of orders from this segment, which depends on the defence budget, crucial for the company's prospects. The majority orders came from the defence segment, which accounted ₹677.68 crore, reflecting the company's strong presence and demand in national security projects. The aerospace segment followed with ₹347.16 crore, highlighting its growing role in satellite and space-related services.

Most orders are for subsystems, on-board computers, Missile Interface Units (MIUs), Pulse Code Modulators, Navigational Cards, and other products that are already approved for commercial production while for aerospace its mainly for assembling, integrating and testing satellites.

Despite the long tenure of its contracts, ATPL does not have variable price clauses to account for cost increases, including forex fluctuations and year-over-year escalation. This exposes the company to risks related to forex and raw material price increases.

Well-established relationship with reputed clients

Operating in the defence and aerospace industry for nearly three decades, ATPL has built strong relationships with its clients. The company can collaborate with ISRO on all formal and technical aspects to launch a complete satellite using ISRO's launch vehicle, upon customer request. This extensive industry experience and established client relationships have enabled ATPL to secure contracts from prestigious clients such as BrahMos Aerospace Private Limited (CARE AA+; Stable / CARE A1+), Bharat Dynamics Limited, ISRO Satellite Centre, Bharat Heavy Electricals Limited (BHEL, CARE AA-; Stable/CARE A1+), and Hindustan Aeronautics Limited, US Rao Space Centre and New Space India Limited (NSIL). Over the years, ATPL has been designing and developing on-board computers, embedded systems, Geographical Information Systems (GIS), avionics, RF and microwave communication systems, telemetry systems, power modules, DC-DC converters, and more for reputable organisations and departments. In FY25, the revenue concentration from the company's top five defence and space sector clients was 93% (~₹330 crore) of the TOI, while it was 64% in FY24. While ATPL has maintained strong relationships and secured repeat business from these clients, its revenue remains exposed to new tenders issued by government agencies. ATPL does not face significant immediate competition due to its specialisation in electronics and design. This gives the company a comfortable market position, as its major competitors focus on the mechanical segment

Healthy growth in scale of operations and profitability

The company's TOI has shown robust y-o-y growth of 53% from ₹270 crore in FY23 to ₹414 crore in FY25 considering healthy execution of the order book. The company earns majority revenue through design, development and fabrication of highly sophisticated systems and sub-systems with applications in the aerospace and defence industry (digital systems). ATPL has also developed Ananth Info Park in Hitec City, Phase - II, Madhapur, Hyderabad. The Info Park comprises of three buildings, of which ATPL has partially leased out the premises to technology companies such as Oracle India Private limited and Rimini Street India Operations India Pvt. Ltd. among others to the extent of over 4.74 lakh square feet. In FY25, the contribution of rental and maintenance income was ₹33.46 crore (FY24: ₹32.05 crore).

The entity's PBILDT margin improved over the years ranging from 25-29% in the last five years. In FY25, ATPL reported margin of 28.87% which is ₹119.57 crore (FY23: 26.99% which is, ₹72.98 crore). ATPL reported GCA of ₹86.47 crore in FY25 (FY24: ₹54.43 crore). The margins in FY25 improved owing higher value and margins orders executed during the year. The healthy PBILDT margin are also aided by inclusion of rental income in TOI as they are consistent over the past years and there are no contingencies considering rental income in the future.

Comfortable financial risk profile

The company's capital structure remained comfortable. The company's debt profile comprises primarily interest free mobilisation advances and working capital bank borrowings, lease deposit, unsecured loans from promoters and related parties with no long-term debt obligations. ATPL's overall gearing level remained at same level of 0.19x as on March 31, 2025 (0.25x as on March 31, 2024), due to plough back of profits to reserves and absence of additional debt availed. The company's total debt to GCA also improved slightly to 1.48x in FY25 from 2.73x in FY24.

High entry barriers

The company operates in the defence and aerospace industry and is an approved vendor to the Indian space and defence research organisations. The ability to qualify as a vendor and maintaining the product quality standards per the requirements of the defence research organisations acts as a high entry barrier for the new entrants in the industry, giving competitive advantage for existing players.

Key weaknesses

Working capital intensive operations

ATPL operates in a working capital intensive industry, executing production orders within three months and more complex projects in six months. The company typically receives 30% advance from clients—mainly government defense bodies—secured by performance guarantees, helping meet working capital needs.

Payment terms vary, but advances are interest-free and used for raw material procurement. Third-party inspections occur throughout production. After delivery and testing, invoices are raised and adjusted against the advance. Clients take three months for testing and another 2–3 months to release payments, resulting in receivable days of 130–160.

Due to the critical defense and aerospace products, ATPL maintains 80–130 days' inventory, contributing to a long operating cycle. Despite this, the risk of bad debts is low due to its reputable clientele. The operating cycle improved to 180 days in FY25 from 254 days in FY24.

Client concentration risk despite reputed client base

With nearly three decades in the defence and aerospace industry, ATPL has established strong relationships with clients such as BrahMos Aerospace, Bharat Dynamics, ISRO Satellite Centre, BHEL, and Hindustan Aeronautics. In FY25, 93% of the company's revenue came from its top five defence sector clients. Although ATPL has consistently maintained strong client relationships and secured repeat business, its revenue still depends on new tenders from these government agencies.

Technology risk

The technological risk for the industry is high as the country has to keep up with the fast-developing technologies all over the world. These component manufacturing companies are constantly exposed to obsolescence risk which requires the company to keep up with the changes and advancements by constantly upgrading its products and technologies.

Since it is present in an industry which demands constant innovation and technological advances, it is critical for ATPL to adapt to technological advancements and absorb imported technologies. To ensure the same, the company has been regularly spending on R & D costs.

Liquidity: Adequate

ATPL has adequate liquidity characterised by sufficient cushion in accruals against no repayment obligations because of the absence of long-term debt. Although the working capital cycle is stretched considering elongated collection and inventory period, the company's current and quick ratio stood comfortable at 2.55x and 2.06x, respectively, as on March 31, 2025. The average fund-based working capital utilisation remained lower at 78% while non fund-based limits utilisation remained 46% for the last 12 months ended March 2025. The company's unencumbered cash and bank balance was ₹68.18 crore as on March 31, 2025 (₹ 11.98 crore as on March 31, 2024).

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Aerospace and defense	Aerospace and defense

Incorporated in 1992, ATPL was promoted by Dr. Subba Rao Pavuluri, after working for a decade with the Indian Space Research Program. The company is mainly engaged in the design, development, and fabrication of highly sophisticated systems and sub-systems with applications in the aerospace and defence industry. The company is an approved vendor to the Indian space and defence research organisations such as ISRO, Defence Research and Development Laboratory (DRDL), and Bharat Dynamics Limited (BDL), among others. The company also generates revenue from IT services and lease rentals from its owned properties (buildings) in Hyderabad. The manufacturing facilities are ISRO-certified facilities for aerospace production with cleanroom, automated production line, and trained and certified manpower.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (P)
Total operating income	270.39	414.20
PBILDT	72.98	119.57
PAT	43.35	76.20
Overall gearing (times)	0.25	0.19
Interest coverage (times)	10.47	13.46

A: Audited UA: Unaudited; P: Provisional Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	100.00	CARE A; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	450.00	CARE A; Stable / CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	100.00	CARE A; Stable	-	1)CARE A-; Stable (08-Jan-25)	1)CARE A-; Stable (22-Dec-23) 2)CARE A-; Stable (24-May-23)	1)CARE A-; Stable (06-Mar-23)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	450.00	CARE A; Stable / CARE A2+	-	1)CARE A-; Stable / CARE A2 (08-Jan-25)	1)CARE A-; Stable / CARE A2 (22-Dec-23) 2)CARE A-; Stable / CARE A2 (24-May-23)	1)CARE A-; Stable / CARE A2 (06-Mar-23)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Karthik Raj K Director **CARE Ratings Limited** Phone: +91-80-4662-5555 E-mail: karthik.raj@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: 91 22 6754 3404 E-mail: saikat.roy@careedge.in	Niraj Thorat Assistant Director **CARE Ratings Limited** Phone: +91-40- 4010 2030 E-mail: Niraj.Thorat@careedge.in Purva Budhbhatti Lead Analyst **CARE Ratings Limited** E-mail: Purva.Budhbhatti@careedge.in

About us:

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