Lotus Wireless Technologies India Private Limited

September 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	73.00 (Enhanced from 42.00)	CARE BBB; Stable	Reaffirmed
Long-term / Short-term bank facilities	25.00 (Reduced from 26.00)	CARE BBB; Stable / CARE A3+	Reaffirmed
Short-term bank facilities	3.00 (Reduced from 13.00)	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Lotus Wireless Technologies India Private Limited (Lotus) continues to derive strength from promoters' extensive experience and long track record in the wireless and electrical equipment industry, strategic location of the plant, established relationships with reputed clientele and continues to maintain healthy profitability margins, although there was moderation in FY25 (UA) (FY refers to April 01 to March 31). Lotus is also focusing on research and development considering favourable industry prospectus with trial work underway in Kavach systems, whereas, in the electric charger segment, the company has signed a Memorandum of Understanding (MoU) with Hindustan Shipyard Limited, which is expected to enhance the growth opportunities. However, its ability to secure orders in these new segments remains to be established.

CARE Ratings Limited (CareEdge Ratings) also considers comfortable financial risk profile, characterised by low-term debt, limited reliance on working capital limits, strong debt coverage indicators, and adequate liquidity. Lotus is undertaking a capacity expansion at its Agnampudi unit with a project cost of ₹28 crore to be funded through proposed debt of ₹15 crore and the balance from internal accruals. Despite this expansion, the financial risk profile is expected to remain comfortable. Unforeseen debt-funded capex that materially alters the capital structure will be a key monitorable.

However, ratings are constrained by moderate scale of operations in FY25, and a moderate order book position providing medium-term revenue visibility. Although the order book improved from ₹154 crore as on May 31, 2024, to ₹376 crore as on July 31, 2025, it remains moderate, relative to the company's growth plans. The company's ability to secure incremental orders, execute projects and obtain necessary clearances timely, achieving projected revenue, is a key credit monitorable. Ratings are further tempered by geographical concentration risk and an elongated operating cycle as major sales skewed towards the last quarter resulting in higher receivables and negative operating cash flows. While negative cash flow from operations are partly offset by available cash balances, sustained high working capital intensity could continue to weigh on cash flow generation.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Total operating income (TOI) improving over ₹300 crore with sustainable profit before interest, lease rentals, depreciation and taxation (PBILDT) margins of 25%.
- Shortening of collection period to less than 150 days.

Negative factors

- Inability to secure orders leading to declined TOI and PBILDT levels by over 20% for the projected period.
- Deterioration in overall gearing above 0.50x.

Analytical approach: Standalone

Outlook: Stable. CareEdge Ratings believes that Lotus is expected to register a steady growth in its revenue and profitability while maintaining a comfortable financial risk profile.

Detailed description of key rating drivers:

Key strengths

Established track record of the company with experienced promoters

Lotus was established in 2003, promoted by Maninder Singh Lal and Reena Singh Lal with an experience of over two decades in wireless and electrical industry. Lotus has successfully executed several orders for reputed companies such as Tata Steel Limited,

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

JSW Steel, South Central Railway, West Central railway, and Bhilai Steel Plant, among others, proving the the company's capability in technology and handling major orders. The company was accorded with Government of Andhra Pradesh Technology award 2018, CII Industrial Innovation Awards 2016, NEDO Award for Excellence 2017 for the Technology Contribution in Panipat Smart Grid Demonstration Project and Technology Deployment Award-2017 for Exemplary Performance in Technology Deployment. The company was also the winner of India 'Business Enterprises of 2022' award by prestigious Dun & Bradstreet in the "IT & ITeS".

Strategic location of the plant
Lotus is in Vishakhapatnam, a prominent industrial hub, enjoys access to all transportation facilities, including land, waterways, and air. The city's features, such as a shore-based steel plant, heavy industries, power plants, shipyard, and a major port, make it a hub for maritime products. This advantageous location allows the company to benefit from reduced freight charges and efficient logistics.

The company's focus on research and development (R&D)
Lotus has different products in its portfolio providing customised solutions such as coke over battery, smart power grid, defence products, bulk material handling and transport among others, through continuous research and development of innovative technologies. Lotus developed the Kavach Project, an innovative initiative aimed at significantly enhancing safety and operational efficiency across Indian Railways. Currently, the Kavach Project is in trail run phase. Lotus is in collaboration with Austrian Institute of Technology to bring together leading-edge research and development capabilities for development of 1MW electric charger. From this segment, Lotus entered a Memorandum of Understanding (MoU) with Hindustan Shipyard Limited which is expected to provide opportunities in coming years. However, its ability to secure orders in these new segments remains to be established.

Healthy profitability margins despite moderation in FY25
Since Lotus is in providing technology services, the company's profitability margins range at above 20 to 25% and secures orders from customers that allow the company to benefit and generate healthy profitability margins. In FY25, revenue contribution from the railway segment increased to 36% (up from 14% in the previous year), while the wireless segment contributed 63% (down from 86%). Given relatively lower profitability of the railway segment (margins of ~20%), the shift in revenue mix, with increase in operational expenses and R&D costs, led to a moderation in PBILDT margins by 853 bps to 19.88%. Despite this, margins remained at comfortable levels. Aligned with the operating profitability, the company's profit after tax (PAT) margin stood at 12.33% in FY25. Return indicators remained comfortable, with return on capital employed (ROCE) and return on net worth (RONW) at 12.49% and 9.69%, respectively.

Comfortable financial risk profile
As on March 31, 2025, the company's total debt consists of vehicle loans, ECLGS and working capital borrowings. The company's capital structure marked by debt to equity and overall gearing remained below unity as on March 31, 2025, at 0.09x considering low reliance on working capital limits and strong net worth base. The company's net worth stood at ₹166.35 crore as on March 31, 2025, for the given scale of operations, due to accretion of healthy profits. Other debt coverage indicators such as interest coverage ratio and total debt/gross cash accruals (TD/GCA) are strong at 19.37x (PY:14.85x) and 0.79x (PY: 1.16x). In FY25, Lotus is planning to avail term loan of ₹18 crore for expansion of existing plant and to setup office premises in Hyderabad. Despite, additional loan proposed, the company's financial risk profile is expected to be maintained below 0.50x in coming years.

Favourable industry prospectus
The Indian electronics system design and manufacturing (ESDM) sector is one of the fastest growing sectors in the economy and is expanding in the country. The ESDM market in India is well known internationally for its potential for consumption and has experienced constant growth. India's electronics industry is targeting a manufacturing output of ₹43,10,000 (US$ 500 billion) by 2030, which requires a fivefold increase in production. This growth is also expected to create 12 million jobs by 2027. India's export of electronic goods rose tremendously to reach US$ 38.56 billion in FY25 with a growth of 20.4% year-on-year (y-o-y). India has committed to reach US$ 300 billion worth of electronics manufacturing and exports of US$ 120 billion by 2025-26. Major government initiatives such as 'Digital India', 'Make in India' and supportive policies including a favourable FDI Policy for electronics' manufacturing have simplified the process of setting up manufacturing units in India.

Key weaknesses

Moderate scale of operations with profitability moderated in FY25
Lotus is in providing wireless technology services to sectors such as railways, defence, steel and coal industries among others. Lotus's revenue increased to ₹124.65 crore in FY25 from ₹69.09 crore in FY24 but remained moderate which was primarily attributable to the clearance and inspection of pending railway works worth ~₹30 crore, which were executed in FY24 but recognised in FY25 due to delays in approvals, with the execution of newly secured orders during the year. Segment-wise, the railway division's contribution to total revenue rose to 36% in FY25 (14% in FY24), reflecting the clearance of backlog and higher execution volumes, while the wireless division's share declined to 63% (86% in FY24) aligning with changes in the order mix.

Till August 15, 2025, the company reported a turnover of ~₹40 crore, up from ₹10.61 crore in Q1FY25, supported by ongoing execution in railway and wireless segments. Sustained growth in the near term will remain contingent upon timely order inflows, execution progress, and clearance schedules.

Moderate order book position providing medium-term revenue visibility
As on July 31, 2025, Lotus has order book worth ₹377.86 crore (increased from ₹154 crore as on May 31, 2024) which is equivalent to 3.03x based on turnover recorded in FY25, providing medium-term revenue visibility. Lotus secures running orders from different clients, and some of its notable clients include South Central Railway (SCR), West Central Railway (WCR), Banaras Locomotive Works (a production unit of Indian Railways), Chittaranjan Locomotive Works, Mecon Limited, NTPC Limited, JSW Steel Limited, Bhilai Steel Limited, and Tata Steel Limited. The top 10 companies account for ~90% of the total order book as on July 31, 2025, reflecting Lotus's strong market presence and credibility in the railway, steel, and power sectors. The company's ability to execute orders timely and recognise revenue as projected is a key monitorable factor from credit perspective.

Geographical concentration risk
The company has presence all over India with its manufacturing and R&D facilities at eight different locations of which seven are in India and one in Germany. Lotus is in Andhra Pradesh, Telangana, Mumbai, Noida, Jamshedpur, Kolkata, and Chhattisgarh. Despite its presence in different locations, the company continues to exhibit a certain level of geographical concentration, with ~80% of its revenue being generated from five states. However, this concentration risk is mitigated to some extent by the dynamic order inflows, as the composition of the top five revenue-contributing states has been varying each year, reflecting a broadening customer base across regions.

Elongated operating cycle
The company usually provide credit period of 120 days to its customers. However, 80% to 85% of the billing will be received on acceptance of the product by the customer and remaining 15 to 20% will be received on commissioning of the products. For certain orders, commissioning may take longer period as the product supplied by the company is one of the components to the project which results in high collection period. Lotus makes payment to suppliers in the form of advances/avails credit period of 30 to 60 days. The company's operating cycle stood high at 315 days in FY25, primarily due to high collection period of 190 days as major sales were booked in the last quarter of the fiscal year, with customers retaining receivables until project commissioning. Inventory levels remained elevated at ~133 days due to delays in dispatch clearance by clients, contributing to the extended operating cycle, though it improved from 461 days in the previous year.

However, as on August 31, 2025, the company has recovered debtors amounting to ₹57 crore from March receivables with no bad debts.

Liquidity: Adequate.
Liquidity is adequate marked by GCA of ₹18.39 crore against negligible repayment obligations for FY26. Free cash and bank balance available as on March 31, 2025, is ₹9.39 crore. Average utilisation of working capital limits over the last 12 months ended May 2025 stood at 79%. Its unutilised portion of working capital limits and existing free cash balances are sufficient to meet working capital requirements for the next one year.

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	Electrical equipment	Other electrical equipment

Lotus is an ISO 9001:2015, ISO/IEC 27001:2013 TUV Nord certified and CMMI certified company, which was set up as a private limited company in 2003. The company is managed by Maninder Singh Lal (Managing Director) and Reena Singh Lal (Director). The company is in designing and manufacturing wireless equipment and radio-based control devices used in power distribution, bulk material handling machines and coke oven battery automation.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	5MFY26 (UA)*
Total operating income	69.09	124.62	40.79

PBILDT	19.63	24.77	10.45
PAT	13.27	15.37	6.96
Overall gearing (times)	0.12	0.09	NA
Interest coverage (times)	14.85	19.37	61.47

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results
*Till August 15, 2025

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		-	-	-	48.00	CARE BBB; Stable
Fund-based - LT-Term Loan*		-	-	29/08/2028	25.00	CARE BBB; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	25.00	CARE BBB; Stable / CARE A3+
Non-fund-based - ST-Letter of credit		-	-	-	3.00	CARE A3+

*Rated amount includes proposed term loan of ₹20.58 crore.

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	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	25.00	CARE BBB; Stable / CARE A3+	-	1)CARE BBB; Stable / CARE A3+ (26-Jul-24)	-	-
2	Non-fund-based - ST-Letter of credit	ST	3.00	CARE A3+	-	1)CARE A3+ (26-Jul-24)	-	-
3	Fund-based - LT-Term Loan	LT	25.00	CARE BBB; Stable	-	1)CARE BBB; Stable (26-Jul-24)	-	-
4	Fund-based - LT-Cash Credit	LT	48.00	CARE BBB; Stable	-	1)CARE BBB; Stable (26-Jul-24)	-	-

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	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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.

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