

BrahMos Aerospace Thiruvananthapuram Limited

October 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	25.00	CARE AA; Stable	Reaffirmed
Short-term bank facilities	25.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of BrahMos Aerospace Thiruvananthapuram Limited (BATL) continue to derive strength from its strong parentage of BrahMos Aerospace Private Limited (BAPL; rated 'CARE AA+; Stable/CARE A1+'), diversified product portfolio and reputed clientele, and its high strategic importance for key customers such as Defence Research and Development Organisation (DRDO) and Indian Space Research Organisation (ISRO). Ratings also derive strength from healthy order book, sustained increase in scale of operations backed by higher execution of orders, and strong financial risk profile marked by nil debt.

However, these rating strengths are offset by elongated working capital cycle, customer concentration risk, susceptibility to regulatory changes in the defence and space sectors, and susceptibility of its profitability to volatile raw material prices.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantial increase in scale of operations along with healthy profit before interest, lease rentals, depreciation and taxation (PBILDT) margins on a sustained basis.
- Ability to sustain healthy flow of orders, backed by customer advances and rationalisation of the working capital cycle on a sustained basis.

Negative factors

- Decline in the order book or delay in the execution of orders, resulting in a decline in total operating income (TOI) and PBILDT margin.
- Any sizable increase in the working capital borrowings or any large debt-funded capex, leading to an overall gearing above 1x.
- Weakening of linkages with the parent, BAPL, and/ or downgrade in rating of BAPL by one or more notch.

Analytical approach: Standalone

Ratings also factor in strong operational, management, and financial linkages with the parent entity, BAPL.

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes established relationship with clientele coupled with its strategic importance to its key customers and healthy order book will benefit company's business risk profile while financial risk profile is expected to remain strong with no major debt-funded capex plans.

Detailed description of key rating drivers:

Key strengths

Strong parentage

BATL is a wholly owned subsidiary of BAPL, a joint venture (JV) between DRDO and NPO Mashinostroyeniya (NPOM, Russia) in the ratio of 50.5%-49.5%, respectively. DRDO is the research and development (R&D) wing of the Ministry of Defence (MoD), Government of India (GoI), with a purpose to achieve self-reliance in critical defence technologies and systems, while equipping the Indian armed forces with state-of-the-art weapon systems and equipment in accordance with requirements laid down by the three services. NPOM is one of the leading aerospace enterprises in Russia and is held by 'Tactical Missile Corporation', which belongs 100% to the Government of the Russian Federation (Federal Agency for State Property Management). It is responsible for fulfilling government orders, executing international contracts in military and technical cooperation, and augmenting production of civil and dual-purpose equipment.

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

BATL enjoys strong business and management linkages with its parent. It supplies missile production-related critical components to BAPL and remains strategically important for the parent. BATL's board has majority representation from BAPL. Of the seven directors on the board of BATL, four are from BAPL. Furthermore, BATL is expected to receive need-based funding support from BAPL.

Diversified product portfolio and reputed clientele; strategically important for key customers

BATL manufactures a wide array of high-precision products that find application in diverse sectors, including aerospace, nuclear, and defence. The company has built strong product capability and technical expertise backed by R&D over the years, enabling production of high-quality critical components. The company provides critical components to a diversified customer base, including BAPL, DRDO, ISRO, Indira Gandhi Centre for Atomic Research (IGCAR), and Aeronautical Development Agency (ADA). Besides operating its own funded manufacturing facilities, BATL also operates manufacturing facilities fully funded by key customers, including DRDO and ISRO for production of components required for their projects, which are of strategic importance to the nation. Revenue from BAPL, units of DRDO and ISRO, and IGCAR together contributed ~75% of the company's revenue in FY25. Business operations remain strategically important for key customers for timely supply of high-quality critical products.

Healthy order book provides revenue visibility

BATL's strong capabilities in manufacturing high-quality products and timely execution of orders have resulted in an increasing flow of orders over the years. The company receives orders on a nomination/tender basis. The company had a healthy order book of ~₹328 crore as on August 31, 2025 (March 31, 2025: ~₹375 crore). These orders are generally to be executed over 2-4 years. The company's order book has witnessed growth supported by Make in India initiative, indigenisation efforts of the government, and import substitution. As indicated by the management, there is a strong pipeline of orders, which is expected to result in growth in its scale of operations going forward.

Sustained increase in scale of operations

BATL's scale of operations has witnessed healthy growth over the years backed by healthy order execution. Initial focus on R&D for an elongated period for product development had resulted in a lower scale of operations earlier. However, with improved order execution and strong product development capabilities, scale of operations has witnessed a compounded annual growth rate (CAGR) of ~24% in FY20-FY25, despite on a low base. Under its business operations, BAPL, DRDO and ISRO provide free materials, while the company accounts only for the conversion charges, leading to a limited scale of operations. Backed by strong growth in scale of operations and better absorption of fixed costs, PBILDT margins have witnessed a sustained growth from 4.00% in FY20 to 13.09% in FY25. In FY25, revenue grew by ~20% year-on-year (yoy) to ~₹181 crore, while PBILDT margin declined to 13.09% from 16.86% in FY24, primarily due to one off cost pertaining to deduction for delayed delivery of the products. However, as indicated by the management, such deduction is expected to be received back by the company.

Strong financial risk profile

BATL has a strong financial risk profile marked by nil debt. Working capital requirements are met through interest-free advances from customers and internal cash accruals. The company has negligible finance cost, which are primarily charges for bank guarantees. PBILDT interest coverage stood healthy at 149.87x in FY25 (FY24: 229.83x). Capital structure and debt coverage indicators are expected to remain healthy in the medium term, supported by healthy operating performance and absence of any major debt-funded capex plans.

Liquidity: Strong

BATL manages its working capital requirements through interest-free advances from customers and internal accruals. The company has no scheduled term debt obligations and no major capex plans. The company has tied up ₹25 crore of fund-based working capital limits, the utilisation of which stood at ~25% in the last four months ended July 2025. The company had a current ratio of 1.99x as on March 31, 2025. Strong financial risk profile provides headroom to raise funds, which supports the liquidity.

Key weaknesses

Elongated working capital cycle

BATL's business operations are working capital-intensive. The working capital cycle stood elongated at 231 days in FY25 (FY24: 262 days) primarily due to high collection and inventory holding periods. Collection days remain high as majority customers are government bodies. Inventory holding period remain high, given long execution period of the orders, necessitating holding of inventory for a long period of time, while creditor days remain low at around a month. Notwithstanding the high working capital cycle, there has been no major reliance on the fund-based working capital limits by the company as the advances have been funding the working capital requirement.

Consumer concentration risk

BATL derives a significant portion of its revenue from a select group of customers, primarily government-owned defence-related organisations. Higher customer concentration risk makes the company's revenue susceptible to changes in sourcing strategies of key customers or operational challenges faced by them. Additionally, any regulatory changes by the government in the defence, aerospace, and nuclear sectors could have a substantial impact on BATL's business operations. Thus, the company's overall business performance is closely tied to the procurement strategies and policy environment of these critical sectors.

Profitability susceptible to volatility in raw material prices

BATL's major raw materials include tungsten, steel, and other metal products. The company's profitability remains exposed to adverse movement in key raw material prices. This risk is mitigated to a large extent given that a substantial portion of revenue is derived from processing free materials supplied by customers including DRDO and ISRO.

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[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 & defense	Aerospace & defense

BATL was initially set up by the Government of Kerala under the name, Kerala Hitech Industries Limited (KELTEC) in 1989, for manufacturing equipment for the space sector. Subsequently, the ownership was taken over by BAPL in January 2008. BATL manufactures critical components and systems, which find application in aerospace, nuclear, and defence sectors.

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income	151.03	180.58	40.48
PBILDT	25.46	23.63	3.66
PAT	19.70	16.76	2.15
Overall gearing (times)	0.00	0.00	NA
Interest coverage (times)	229.83	149.87	14.64

A: Audited UA: Unaudited; NA: Not available

Note: these are latest available financial results

Financials are reclassified per CareEdge Ratings' standards

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	25.00	CARE AA; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	25.00	CARE A1+

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	25.00	CARE AA; Stable	-	1)CARE AA; Stable (31-Mar-25)	-	-
2	Non-fund-based - ST-Bank Guarantee	ST	25.00	CARE A1+	-	1)CARE A1+ (31-Mar-25)	-	-

LT: Long term; ST: 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 - ST-Bank Guarantee	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.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: +91-22-6754-3404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Ranjan Sharma Senior Director CARE Ratings Limited Phone: +91-22-6754-3453 E-mail: ranjan.sharma@careedge.in</p> <p>Hardik Manharbhai Shah Director CARE Ratings Limited Phone: +91-22-6754-3591 E-mail: hardik.shah@careedge.in</p> <p>Rabin Bihani Associate Director CARE Ratings Limited Phone: +91-22-6754-3592 E-mail: rabin.bihani@careedge.in</p>
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About us:

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