

## Efftronics Systems Private Limited

December 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	25.00	CARE BBB; Stable	Reaffirmed
Long-term / Short-term bank facilities	25.00 (Enhanced from 17.00)	CARE BBB; Stable / CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Efftronics Systems Private Limited (ESPL) is supported by improvement in scale of operations and profitability, and sustained comfortable financial risk profile and adequate liquidity. Ratings continue to derive strength from the extensive experience of promoters, the company's proven track record, and a moderate-sized order book from strong counterparties, with majority revenue coming from railway zones and low reliance on external debt.

However, ratings remain constrained by the moderate scale of operations, segmentally concentrated order book, presence in a highly fragmented and competitive tender-driven industry, and execution risks inherent in infrastructure projects. Additionally, high collection period due to funds blocked in security deposits and susceptibility to raw material price volatility continue to weigh on the company's credit profile.

CARE Ratings Limited (CareEdge Ratings) expects ESPL to maintain its comfortable financial risk profile over the medium term, supported by low reliance on external debt and steady order inflows from railway projects. However, timely execution of projects and improvement in collection efficiency will be critical for sustaining liquidity and profitability.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Total operating income (TOI) increasing to over ₹250 crore while maintaining a profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin of above 25% on a consistent basis.
- Sustenance of return on capital employed (ROCE) at current or above level reported for FY25.

#### Negative factors

- Elongation in the operation cycle to over 200 days, in future.
- Decline of PBILDT margin below 15% in the projected period.
- Overall gearing deteriorating above unity.

### Analytical approach: Standalone

#### Outlook: Stable

The 'Stable' outlook reflects the company's ability to sustain its performance and profitability over the medium term on the back of a satisfactory order book position and vintage of promoters in the business.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced promoters driving execution and growth

ESPL focuses on manufacturing and executing railway safety system solutions. The company operates in four main areas: smart signalling, smart building, IoT solutions, and smart city solutions. Its products are deployed across over 9,000 locations nationwide. Founded by Rama Krishna Dasari, who serves as the CEO and Managing Director, ESPL benefits from his over 37 years of experience. He is the Solution Architect and Chief Designer for projects, supported by his son, Anvesh Dasari, an Electrical Engineer with over a decade of experience. The promoters and directors collectively have over three decades of experience in railway infrastructure development.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

The promoters' strong technical expertise and proven execution capabilities to support ESPL's ability to scale operations and maintain leadership in railway safety solutions over the medium term.

**Association with reputed clients; revenue concentration risk**

With over three decades of experience in railway infrastructure projects, the company has a strong track record of successful execution and adherence to quality standards. Its association with reputed clients helps mitigate counterparty credit risk. However, over 50% of annual revenue is booked in the last quarter, resulting in payment concentration towards year-end. The revenue stream is largely tender-based, depending on the company's ability to secure contracts through competitive bidding.

The company's established client relationships to support order inflow; however, reliance on tender-based projects and seasonal revenue concentration may continue to pose cash flow challenges in the near term.

**Moderate order book supports medium-term revenue visibility**

ESPL has an order book of ₹278.45 crore as on November 1, 2025, mainly from the Smart Signalling vertical, providing visibility for revenue over the medium term. The company has supplied and maintained critical systems for Indian Railways across over 9,000 locations. The order book is 1.47x the FY25 turnover, indicating healthy growth prospects.

ESPL handles manufacturing and annual maintenance contract (AMC) orders, with clients including Southern Railway, Western Railway, Northern Railways, SS Railworks Ltd, Bharat Electronics Ltd, and MRT Signals Limited. It also caters to smart city projects for clients such as Larsen & Toubro Ltd, Hewlett Packard Enterprise India Pvt Ltd, and Vijayawada Municipal Corporation.

The existing order book shall support revenue growth in the medium term, subject to timely execution of projects and continued order inflow from both railway and smart city segments.

**Healthy financial risk profile with strong coverage indicators**

ESPL's debt primarily comprises working capital borrowings. The company maintains a comfortable capital structure owing to low reliance on working capital limits (average utilisation below 5% in the last 12 months) and absence of long-term debt. As on March 31, 2025, overall gearing stood at 0.04x and total outside liabilities to tangible net worth (TOL/TNW) at 0.35x. Debt coverage indicators improved, with PBILDT interest coverage at 53.90x and total debt to gross cash accruals (TD/GCA) at 0.19x in FY25.

The company's comfortable capital structure provides sufficient gearing headroom in case of exigencies. Debt coverage indicators remained strong, with PBILDT interest coverage improving to 53.9x in FY25 (38.67x in FY24) and TD/GCA at 0.19x in FY25 (0.20x in FY24), supported by stable profitability and low debt levels.

CareEdge Ratings expects the capital structure and coverage indicators to remain strong over the medium term, aided by low reliance on debt and continued profit accretion to reserves.

**Key weaknesses****Revenue concentration and continued elongated collection cycle**

The company primarily serves the railway sector through contract models, including product supply, supply and installation, and station services. Payments for product supplies are received promptly; however, payments for installation and commissioning are often delayed due to site readiness issues. The company also provides annual maintenance contract (AMC) services to different zones of Indian Railways, with quarterly billing, though payment receipts are frequently delayed. Over 50% of revenue is booked in the last quarter, leading to bunching of collections and extension of the operating cycle to 167 days in FY25 (157 days in FY24). Despite this, reliance on working capital borrowings remains low.

**Moderate scale of operations despite healthy profitability**

TOI grew by 19% year-on-year from ₹160.39 crore in FY24 to ₹189.91 crore in FY25, supported by higher order inflow and faster execution. The company has also booked revenue of ₹102 crore in the 7MFY26. Despite over three decades of operations, ESPL's scale remains moderate, though recent growth has been aided by increased government investment in railway infrastructure.

Operating profitability remained healthy, with PBILDT margin at 21.63% in FY25 compared to 22.38% in FY24, marginally lower due to higher material costs. Margins are supported by high entry barriers in the signalling and telecom segment, which requires technical expertise and proven credentials.

### Skewed revenue concentration

The company primarily caters to railway work orders and also provides annual maintenance contract (AMC) services. A significant portion of revenue is derived from railway orders, leading to client concentration risk. Over 50% of annual revenue is booked in the last quarter, causing bunching of payments towards year-end. Uneven receipt and execution of work during the year adds to revenue volatility.

CareEdge Ratings expects this concentration and seasonality in revenue to continue in the near term, which may result in cash flow mismatches despite healthy profitability.

### Liquidity: Adequate

The company's liquidity position remains adequate, supported by sufficient cash accruals to meet interest obligations. Fund-based working capital limits had low utilisation, with average percentage and 3%, respectively, for the 12 months ended October 31, 2025. Unencumbered cash and bank balance stood at ₹14.24 crore as on March 31, 2025. The cash flow from operating activities stood positive at ~₹5.27 crore in FY25. CareEdge Ratings expects liquidity to remain comfortable in the near term, aided by healthy cash accruals, low reliance on fund-based limits, and availability of unencumbered cash.

**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](#)

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[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Electrical equipment	Other electrical equipment

Incorporated on June 19, 1987, ESPL has been promoted by Rama Krishna Dasari, and is a certified Information Security Management Systems (ISMS) by International Accreditation Forum (IAF) in 2019. The company is engaged in manufacturing and executing contracts providing railway safety system solutions. The company has majorly four verticals: smart signalling, smart building, IoT solutions, and smart cities, with product portfolio spanning across predictive maintenance system, fail safe system, asset monitoring, energy and power monitoring, intelligent transportation system, and water SCADA, among others.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	7MFY26(UA)
Total operating income	160.39	189.91	102.00
PBILD	35.89	41.07	26.20
PAT	23.08	27.48	17.64
Overall gearing (times)	0.05	0.04	-
Interest coverage (times)	38.67	53.90	51.37

A: Audited UA: Unaudited; 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		-	-	-	25.00	CARE BBB; Stable
Non-fund-based - LT/ST-Bank Guarantee		-	-	-	25.00	CARE BBB; Stable / CARE A3+

**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-Term Loan	LT	-	-	-	1)Withdrawn (26-Dec-24)	1)CARE BBB; Stable (05-Dec-23)	1)CARE BBB; Stable (28-Feb-23)
2	Fund-based - LT-Cash Credit	LT	25.00	CARE BBB; Stable	-	1)CARE BBB; Stable (26-Dec-24)	1)CARE BBB; Stable (05-Dec-23)	1)CARE BBB; Stable (28-Feb-23)
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	25.00	CARE BBB; Stable / CARE A3+	-	1)CARE BBB; Stable / CARE A3+ (26-Dec-24)	1)CARE BBB; Stable / CARE A3+ (05-Dec-23)	1)CARE BBB; Stable / CARE A3+ (28-Feb-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 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

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