Axtel Industries Limited

February 05, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	12.00	CARE A-; Stable / CARE A2+	Reaffirmed
Short Term Bank Facilities	38.00	CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the bank facilities of Axtel Industries Limited (AIL) continue to derive strength from company's long operational track record of over three decades in manufacturing food-processing machinery and equipment, diversified and reputed clientele, experienced promoters, and state-of-the-art manufacturing facilities. The ratings are also supported by AIL's healthy profitability, strong financial risk profile, and adequate liquidity.

The ratings. However, remain constrained by AIL's moderate scale of operations, its dependence on the capital-expenditure cycle of end-user industries, and the susceptibility of profitability to margin volatility due to the customised nature of sales and predominantly fixed-price contracts.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in scale of operations with total operating income (TOI) rising above ₹350 crore, supported by new customer additions, along with sustained profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 16%.
- Maintaining a comfortable capital structure, marked by augmentation of tangible net worth above ₹200 crore.
- Sustained adequate liquidity, supported by improvement in operating cycle to below 90 days.

Negative factors

- Decline in scale of operations with TOI less than ₹200 crore on sustained basis.
- Sustained deterioration in capital structure, with overall gearing increasing above 0.50x.
- Elongation in operating cycle to over 150 days impacting the company's liquidity.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings) expectations that AIL will sustain its credit risk profile, supported by its experienced promoters, long-standing presence in the food-processing equipment segment, and comfortable financial risk profile.

Detailed description of key rating drivers:

Key strengths

Established operational track with state of art manufacturing facility and experienced promoters

Over the last three decades, AIL has demonstrated strong design and manufacturing capability in providing customised process solutions in the food processing value chain to reputed companies in the Fast-Moving Consumer Goods (FMCG) segment, both in domestic and export markets. AIL, as an Original Equipment Manufacturer (OEM) manufactures customized process engineering equipment and machineries from its state-of-the-art manufacturing facility at Halol, Gujarat with strategic partnership for other specialised operations. Promoters hold more than three decades of experience in the industry and are assisted by qualified Board of Directors and professionals.

Reputed clientele base

AIL caters to more than 150 reputed customers in the food processing industry. While the company maintains a diversified customer portfolio, revenue concentration may vary annually depending on the execution of large orders from select clients. Barring a few marquee customers, the top customer list typically changes each year based on order availability. Further, AIL has outstanding order book of ~Rs.250 crore as on September 30, 2025.

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

Healthy albeit volatile profit margin

AIL's PBILDT margin has remained healthy over the years due to its niche industry positioning; however, it varies depending on the complexity and level of customisation in orders. In FY25, the PBILDT margin declined by 615 bps y-o-y to 13.92%, primarily due to effect of operating leverage and lower execution of higher-margin, complex orders; however, continued to remain comfortable. In line with this, PAT margin stood at 10.03% in FY25 (14.33% in FY24). In H1FY26, PBILDT margin remained at 15.55% (PY: 14.27%).

Strong financial risk profile

AIL's capital structure remained strong, with no outstanding debt as on March 31, 2025, and September 30, 2025 on a moderate tangible net worth base of ₹134 crore as on September 30, 2025. Total outside liabilities to tangible net worth also remained comfortable at 0.58x as on FY25 end (0.85x as on FY24 end). Debt-coverage indicators remained robust, reflected by a PBILDT interest coverage ratio of 36.80x in FY25 (PY: 27.86x; H1FY26: 294x) and nil TD/GCA.

Key weaknesses

Moderate scale of operations

AIL's TOI declined to ₹180 crore in FY25 from ₹224 crore in FY24 reflecting temporary moderation in order execution during the period, influenced by slowdown in capex activity undertaken by end-user industries. In H1FY26, TOI stood at ₹95 crore versus ₹101 crore in H1FY25. The execution during a period under consideration is dependent on the capex being undertaken by various end-user industries and dispatches achieved for the on-going capex. Despite near-term moderation, the rating reaffirmation factors in a healthy order book of over Rs.200 crore, a reputed client base, and an anticipation of gradual recovery in capex activity of key end-user industries.

Inherent risk of fluctuation in profit margin due to customized nature of product

AIL's profitability is dependent on nature of product manufactured, technicality associated with it and customization of projects executed in the year. Moreover, AIL's clientele consists of very large and organised players in food processing value chain, hence, it has a limited bargaining power in terms of ability to revise prices in case of steep variation in raw material prices, however as articulated by the management, the company procures majority of its required raw materials at time of receipt of orders which limits its vulnerability to raw material price fluctuation to a certain extent. Procurement of raw materials is also project-specific and hence, AIL does not have long-term supply contracts with suppliers. Consequently, AIL's profitability remains susceptible to raw material price volatility, especially in contracts with a long execution period.

Vulnerability to inherent cyclicality in demand from end-user industry

AIL operates in the food-processing equipment segment, where user capex is tied to consumer demand trends and macroeconomic conditions. As a result, AIL's revenue remains exposed to capex cyclicality in the food-processing industry.

Liquidity: Adequate

AIL's liquidity position is adequate, supported by healthy liquid investments, positive cash flow from operations (CFO), and cash accruals, along with nil long-term debt-repayment obligations and negligible utilisation of fund-based working-capital limits.
The company generated net cash accruals of ₹14 crore in FY25 against no repayment obligations in FY26. CFO remained healthy at ₹31 crore in FY25 (₹38 crore in FY24). Consequently, free liquidity increased from ₹60 crore as on March 31, 2024, to ₹79 crore as on March 31, 2025, and further to ₹99 crore as on September 30, 2025. The company's current ratio remained comfortable at 2.38x as on March 31, 2024 (PY: 1.91x). Owing to working capital intensive nature of operations, the operating cycle remained elongated at 127 days in FY25 (121 days in FY24).

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	Industrial Products	Other Industrial Products

Incorporated in 1991 as Advanced Extrafoil Technology and Exports Limited, AIL is engaged in manufacturing processing equipment, machineries, and systems for food processing industry. AIL offers complete process plants as well as individual equipment in the food processing value chain from raw material reception to final stages of processing in confectionery, malted drinks, aqua feed, ready to eat foods, bakery & biscuits, dairy products, beverages, instant mixes, snack foods, spices, condiments & seasoning segment. AIL is headed by an experienced board of directors comprising promoter directors Ajay Parikh and Ajay Desai. AIL operates from its sole manufacturing facility at Halol (Gujarat).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	September 30, 2025 (UA)
Total operating income	224.31	179.75	94.56
PBILDT*	45.02	25.01	14.70
Profit after tax (PAT)	32.13	18.03	12.02
Overall gearing (x)	0.00	0.00	0.00
Interest coverage (x)	27.86	36.80	294.00

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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/ ST-CC/Packing Credit	-	-	-	-	12.00	CARE A-; Stable / CARE A2+
Non-fund-based - ST-BG/LC	-	-	-	-	37.65	CARE A2+
Non-fund-based-Short Term	-	-	-	-	0.35	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/ ST-CC/Packing Credit	LT/ST	12.00	CARE A-; Stable / CARE A2+	-	1)CARE A-; Stable / CARE A2+ (10-Feb-25)	1)CARE BBB+; Stable / CARE A2 (05-Jan-24)	1)CARE BBB+; Stable / CARE A2 (23-Feb-23)
2	Non-fund-based - ST-BG/LC	ST	37.65	CARE A2+	-	1)CARE A2+ (10-Feb-25)	1)CARE A2 (05-Jan-24)	1)CARE A2 (23-Feb-23)
3	Non-fund-based-Short Term	ST	0.35	CARE A2+	-	1)CARE A2+ (10-Feb-25)	1)CARE A2 (05-Jan-24)	1)CARE A2 (23-Feb-23)

LT/ST: Long term/Short 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/ ST-CC/Packing Credit	Simple
2	Non-fund-based - ST-BG/LC	Simple
3	Non-fund-based-Short Term	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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