

Avantel Limited

April 09, 2026

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|--|---------------------------------|----------------------------|---------------|
| Long Term Bank Facilities | 25.00 | CARE A-; Stable | Assigned |
| Long Term Bank Facilities | 99.00 (Enhanced from 37.00) | CARE A-; Stable | Reaffirmed |
| Long Term / Short Term Bank Facilities | 110.50 (Enhanced from 83.00) | CARE A-; Stable / CARE A2+ | Reaffirmed |
| Short Term Bank Facilities | 15.00 | CARE A2+ | Reaffirmed |

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of Ratings assigned to bank facilities of Avantel Limited (Avantel) factors in its established presence in the defence electronics segment for over three decades, an experienced promoters and management team, and a significant improvement in the order book position as on March 25, 2026, which provides medium-to-long-term revenue visibility.

CARE Ratings Limited (CareEdge Ratings) also considers moderation in financial performance in 9MFY26 (Unaudited), primarily due to execution of lower-margin orders and slower movement of tenders, which resulted in a decline in revenue and profitability. The company is projecting moderation in profitability margins in the next two years, as a majority order inflows are expected to comprise commercial products with relatively lower margins amid intense industry competition.

Delays in receipt of funds from major customers, and ongoing capital expenditure plans, led to stretching of working capital limits. To support execution of the growing order book, Avantel availed additional working capital limits. Despite this, the company's financial risk profile is expected to remain comfortable in the projected period, supported by a strong net worth, backed by an equity infusion of ₹81 crore in FY26 and healthy accretion of profits to net worth.

Ratings further draw comfort from Avantel's established and diversified clientele, which includes the Indian Navy, Bharat Electronics Limited, Lockheed Martin, Defence Research and Development Organisation (DRDO), New Space India Limited (NSIL), the Indian Coast Guard, and Indian Railways, among others. These customers are largely central government organisations of strategic importance to the aerospace and defence sectors, which lends stability and visibility to the company's business profile.

However, rating strengths are partially offset by moderation in revenue and profitability margins in 9MFY26, an elongated operating cycle, and long gestation period between product development and final delivery inherent to defence electronics business.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significantly growing revenue from operations while maintaining profit before interest, lease rentals, depreciation and tax (PBILDT) margin above 30% on a sustained basis.
- Operating cycle to less than 100 days, resulting in healthy operating cash flows and superior liquidity.

Negative factors

- Inability to improve revenue from operations or PBILDT margin falling below 20%.
- Sustained pressure on working capital cycle and significantly increasing fund-based or non-fund-based bank borrowings impacting company's gross leverage position

Analytical approach: Consolidated.

CareEdge Ratings changed the analytical approach from 'Standalone' to 'Consolidated' considering investment in its wholly owned subsidiary company, which increased in the last two years and further investments anticipated going forward. Refer Annexure-6.

Outlook: Stable.

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

CARE Ratings Limited (CARE Ratings) believes that the entity will continue to benefit from its established presence in the defence electronics segment, while maintaining a healthy financial risk profile.

Detailed description of key rating drivers:

Key strengths

Improvement in scale of operations with healthy profitability margins in FY25

Revenue from operations shows y-o-y growth of 10.97% to ₹248.48 crore (PY: ₹223.92 crore), driven by successful execution of RTIS systems for Indian Railways, MSS Helicopter version units for Lockheed Martin, MSS M II terminals for ships and strategic vehicles, and supply of C-band Hub stations and MSS terminals to the Indian Coast Guard backed by improved order book position and timely execution. The company maintains a robust operating profitability marked by PBILDT and profit after taxation (PAT) margins of 38.28% and 24.11%, respectively. Sustained profitability is underpinned by the company's portfolio of indigenously designed, developed, and manufactured proprietary products in the SATCOM segment. Leveraging its low-cost structure and extensive experience in the defence sector, the company secures orders based on being the lowest bidder.

Significant improvement in order book position

As on March 25, 2026, Avantel has order book of ₹861.02 crore (₹192.65 crore as on July 31, 2025), which is equivalent to 3.45x based on turnover recorded in FY25, providing medium-to-long term revenue visibility. Avantel secures running orders from different clients, and some of its notable clients include Newspace India Limited, India Meteorological Department, Mazagon Dock Shipbuilders Limited, Bharat Electronics Limited, Zetwerk Manufacturing Businesses Private Limited and Cochin Shipyard Limited among others. Top 10 companies account for ~93% of the total order book, reflecting Avantel's strong market presence and credibility in the SATCOM and Radar and wireless communication segment. The company's ability to execute orders timely and recognise revenue as projected is a key monitorable factor from credit perspective.

Comfortable financial risk profile

The company's financial risk profile remains comfortable, supported by the absence of term debt. Overall gearing stood at a comfortable 0.11x as on March 31, 2025, unchanged from March 31, 2024. Total debt comprises working capital borrowings, unsecured loans from promoters, and lease liabilities. Other coverage indicators also remained strong. Total debt to gross cash accruals (TD/GCA) marginally deteriorated but remained comfortable at 0.37x as on March 31, 2025 (PYE: 0.28x), while the interest coverage ratio improved significantly to 30.56x in FY25 (PY: 19.71x). In line with expanding operations and commercialisation of a new plant, Avantel availed working capital limits totaling cash credit (CC) limits to ₹94 crore and corporate loan of ₹25 crore. Despite resultant increase in debt levels, financial risk profile is expected to remain comfortable, supported by the company's strong net worth position as infusion of equity through a rights issue amounting to ~₹81 crore supported the balance sheet, ensuring that the financial risk profile continued to remain comfortable. Going forward, total debt to gross cash accruals (TD/GCA) is expected to moderate further to ~0.76x (against 0.39x in FY25) considering higher debt levels against moderation in profitability margins.

Experienced promoters and qualified management team

Dr Abburi Vidyasagar, Chairman and Managing Director, established the company in 1990, leveraging his extensive experience in electronics and communication engineering. Holding a postgraduate degree from IIT, Kharagpur, Dr Vidyasagar has over four decades of industry expertise. Under his leadership, the company has over 30 years of experience in designing, developing, manufacturing, system engineering, deployment, and providing after-market support for a diverse range of defence electronics products. Dr Vidyasagar is supported by his son, Abburi Siddhartha Sagar, handling business development and strategy at Avantel. Siddhartha Sagar holds a master's degree in computer science from the Ira A. Fulton Schools of Engineering at Arizona State University, complemented by an MBA from the WP Carey School of Business at Arizona State University.

Healthy track record and strong relationships with important defence organisations

Avantel has been operating in the defence sector for over three decades. Over the years, the company established itself as one of the key defence manufacturers in India with proven ability to timely deliver projects. Specialising in wireless and satellite communication products, the company serves clients of strategic importance in aerospace and defence sectors. Key clientele includes Indian Navy (Material organisation, Indian Coast Guard and others), Cochin Shipyard Limited, Goa Shipyard Limited (GSL), Garden Reach Shipbuilders and Engineers Limited (GRSE), Bharat Electronics Limited, Lockheed Martin, Satish Dhawan Space Centre (SDSC) SHAR, Indian railways (through L&T), and The Boeing Company, among others.

Strong technical know-how and in-house R&D facilities

Avantel's in-house R&D facility is backed by a team with expertise in electronic hardware, software, product design, after-sales support, and obsolescence management. The company develops key technologies for mechanical and electronic components inhouse, which enhances cost efficiency, product differentiation, and profitability prospects. In 9MFY26, Avantel incurred R&D expenses of ₹7.13 crore against ₹3.67 crore in FY25.

Key weaknesses**Declined financial performance in 9MFY26**

In 9MFY26, Avantel recorded total operating income (TOI) of ₹158.21 crore, reflecting an annualised revenue decline of ~15% and a year-on-year decline of ~21% compared to 9MFY25. Decline was primarily due to execution of a higher proportion of relatively low-value products with greater competitive intensity, compared to its proprietary value-added offerings. The company also continued to invest in the development and implementation of research and development (R&D) driven products, which are expected to support long-term growth. Consequently, while sales declined moderately, profitability deteriorated sharply in the period.

In line with the decline in TOI and adverse product mix, profit before interest, lease rentals, depreciation and taxes (PBILDT) margin deteriorated to 24.01% in 9MFY26 from 38.38% in FY25. Similarly, profit after tax (PAT) margin declined to 9.77% in 9MFY26, reflecting operating leverage impact and margin compression.

For FY26, the company projects TOI of ~₹230 crore, with PBILDT margin of ~20.68% and PAT margin of ~10%. However, performance is expected to improve from the next fiscal, supported by a strong order book position and execution of higher-value orders.

Long gestation period between product development and final delivery

Being a defence product manufacturer, Avantel's products undergo rigorous testing before a final order is awarded. The entire process to win an order and begin commercial production takes ~2-3 years, in addition to product development (between RFI and RFP), which itself can take ~2-3 years. Initial phase of product development also demands a substantial time, averaging ~2 years to establish proof of concept. This necessitates regular capital allocation for product development/upgradations and financial resilience to see through the development stage, with the risk of orders not getting materialised. CareEdge Ratings observes that it is important for the company to continuously invest in new products and have healthy project pipeline in RFI/RFP stages. However, proven products have a shorter gestation period, enabling quicker order fulfilment.

Elongated working capital cycle

Working capital cycle slightly deteriorated to 213 days in FY25 (PY: 188 days), primarily considering an increase in trade receivables due to higher sales towards the year-end, inventory build-up for orders scheduled for execution in the ensuing quarters, and delays in clearance of certain orders. The company's order execution cycle typically ranges between 12-18 months, with an average collection period of ~2.5-3 months. Though invoicing is done at the time of delivery of products, 20% of receivables will be realised on installation and commissioning of the products, which may vary from 3-6 months. However, counterparty risk remains low, given its predominant exposure to central government entities. As on March 31, 2025, trade receivables stood at ₹71.09 crore, with over 98% of receivables within stipulated credit period of approximately three months. Subsequently, receivables increased to ₹102.57 crore as on December 31, 2025, mainly due to delays in fund receipts from one of its key customers, NewSpace India Limited, where outstanding dues were ~₹43 crore. This led to elevated receivable levels as of the date. Receivables outstanding for over six months remained moderate at ~₹15 crore. Per the management, debtor position is expected to improve with receipt of pending dues from customers, with receivables subsequently reducing to ~₹87.05 crore.

Liquidity: Adequate

Liquidity is adequate marked by 9MFY26, GCA of ₹24.76 crore against debt repayment obligation of ~₹12.50 crore for next one year. Free cash balance available of ~₹28.09 crore (including unutilised right issue proceeds of ₹25 crore) as on December 31, 2025. The enhanced working capital limits from ₹12 crore to ₹54 crore in current fiscal with average utilisation of working capital limits stood at 65% for 12 months ended December 2025. Enhanced limits by another ₹40 crore expecting provide sufficient cushion to meet the working capital requirements, in line with growing order book execution.

Assumptions/Covenants: Not applicable**Environment, social, and governance (ESG) risks**

Environment: The company has certified with the following Environmental Management Systems (EMS) and Occupational Health and Safety (OH&S) Management System. The company has a risk management committee overseeing environmental and sustainability-related matters.

Social: The company regularly expends towards healthcare as part of its CSR activity and as recommended by the company's CSR Committee.

Governance: The company has an audit committee, a nomination and remuneration committee, risk management committee and stakeholders' relationship committee in compliance with Securities and Exchange Board of India (SEBI) Listing Obligations and Disclosure Requirements (LODR) regulations, ensuring adherence to corporate governance standards.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Consolidation and Combined Approach](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|-------------------------|---------------|---------------------|---------------------|
| Industrials | Capital Goods | Aerospace & Defense | Aerospace & Defense |

Founded in 1990 by Dr Abburi Vidyasagar (Chairman and Managing director), Avantel has been a prominent player in the defence electronics segment for over three decades. Incorporated as a private limited company, it transitioned to a public limited company in 1994 and subsequently listed on the Bombay Stock Exchange (BSE) in 2000 and on National Stock Exchange of India (NSE) in July 2024. Avantel specialises in design, development, manufacturing, system engineering, deployment, and after-market support of a diverse range of defence electronics products. The company's core competencies include wireless and satellite systems, RF system design, embedded systems and signal processing, network management and software development, and engineering and IT services.

Avantel Limited – Consolidated:

| Particular | March 31, 2024 (A) | March 31, 2025 (A) | 9MFY26 (UA) |
|---------------------------|--------------------|--------------------|-------------|
| Total operating income | 224.93 | 249.70 | 160.42 |
| PBILDT* | 82.36 | 93.08 | 35.68 |
| PAT | 52.55 | 56.45 | 10.24 |
| Overall gearing (times) | 0.11 | 0.11 | 0.15 |
| Interest coverage (times) | 19.71 | 30.56 | 9.32 |

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

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Avantel Limited – Standalone:

| Brief Financials (₹ crore) | March 31, 2024 (A) | March 31, 2025 (A) | 9MFY26 (UA) |
|----------------------------|--------------------|--------------------|-------------|
| Total operating income | 223.92 | 248.48 | 158.21 |
| PBILDT* | 84.41 | 95.38 | 37.99 |
| Profit after tax (PAT) | 55.45 | 59.92 | 15.45 |
| Overall gearing (x) | 0.10 | 0.11 | 0.14 |
| Interest coverage (x) | 20.22 | 31.42 | 9.92 |

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-Cash Credit | | - | - | - | 99.00 | CARE A-; Stable |
| Fund-based - LT-Term Loan | | - | - | March 31, 2029 | 25.00 | CARE A-; Stable |
| Fund-based - ST-Vendor financing | | - | - | - | 15.00 | CARE A2+ |
| Non-fund-based - LT/ ST-BG/LC | | - | - | - | 110.50 | 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 2026-2027 | 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 |
| 1 | Fund-based - LT-Cash Credit | LT | 99.00 | CARE A-; Stable | - | 1)CARE A-; Stable (10-Oct-25) 2)CARE A-; Stable (07-Apr-25) | 1)CARE A-; Stable (23-May-24) | - |
| 2 | Non-fund-based - LT/ ST-BG/LC | LT/ST | 110.50 | CARE A-; Stable / CARE A2+ | - | 1)CARE A-; Stable / CARE A2+ (10-Oct-25) 2)CARE A-; Stable / CARE A2+ (07-Apr-25) | 1)CARE A-; Stable / CARE A2+ (23-May-24) | - |
| 3 | Fund-based - ST-Vendor financing | ST | 15.00 | CARE A2+ | - | 1)CARE A2+ (10-Oct-25) | - | - |
| 4 | Fund-based - LT-Term Loan | LT | 25.00 | CARE A-; Stable | | | | |

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 | Fund-based - ST-Vendor financing | Simple |
| 4 | Non-fund-based - LT/ ST-BG/LC | Simple |

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

| Sr No | Name of the entity | Extent of consolidation | Rationale for consolidation |
|-------|------------------------------|-------------------------|-----------------------------|
| 1 | Imeds Global Private Limited | Full | Wholly owned subsidiary |

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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About us:

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