Avon Meters Private Limited

August 06, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	174.00	CARE BBB-; Stable / CARE A3	Assigned
Long-term bank facilities	RBI	47.00	CARE BBB-; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Avon Meters Private Limited (AMPL) derive strength from its promoters' extensive experience in the energy meter industry, the company's established track record of operations and its long-standing relationships with state power distribution companies (DISCOMS). Ratings also factor in AMPL's comfortable capital structure supported by a comfortable net worth base and moderate leverage levels, and an adequate order book, providing revenue visibility in the near-to-medium term.

However, ratings remain constrained by working capital intensive nature of operations, characterised by sizeable inventory holdings, elongated receivable cycles due to milestone-based payments from utility customers. Ratings also take cognisance of the company's moderate scale of operations and modest profitability margins, which remain exposed to delays in project execution and government tendering activity. Profitability remains susceptible to raw material price volatility, absence of price-escalation clauses in majority contracts and supply chain disruptions, given the company's dependence on imported electronic components.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained growth in scale of operations with total operating income (TOI) above ₹300 crore and improvement in profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins above 8% on a sustained basis.
- Improvement in working capital management with operating cycle below 100 days on a sustained basis while maintaining adequate liquidity.

Negative factors

- Decline in revenue and profitability resulting in weakening of liquidity position.
- Elongation in the operating cycle beyond 150 days, resulting in increased reliance on working capital borrowings and weakening liquidity.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that the company will continue to benefit from the sustained scale-up in smart metering deployment across India, supported by its established presence in the smart energy meter segment, healthy order book, and longstanding track record of promoters in the industry.

Detailed description of key rating drivers

Key strengths

Experienced promoters with established industry track record

The company derives strength from the experience of its promoters, Ram Niwas Gupta and Nikhil Goel, in manufacturing operations and the energy sector, respectively. Ram Niwas Gupta has over two decades of expertise in operations and supply chain management, while Nikhil Goel, Managing Director, has over 25 years of experience in the energy segment and is involved in taking the company's strategic decisions and expansion plans. Under their leadership, the company has established strong customer relationships, resulting in repetitive orders from DISCOMS and comfortable order book.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Comfortable capital structure though moderation in debt protection metrics

AMPL's capital structure is comfortable, supported by steady accretion to reserves and moderate dependence on external borrowings. Net worth improved to ₹99.80 crore as on March 31, 2026, from ₹94.87 crore as on March 31, 2025, driven by retention of profits. Despite elongation in the operating cycle in FY26, considering inventory build-up and elevated receivables, the overall gearing remains comfortable at 0.60x as on March 31, 2026. The debt profile mainly comprises working capital borrowings and unsecured loans from promoters/friends and family.

Debt coverage indicators are comfortable though moderated in FY26, due to lower profitability, with PBILDT interest coverage and total debt to gross cash accruals (TD/GCA) standing at 2.83x and 6.72x, respectively, compared to 4.88x and 3.99x in FY25. Overall financial risk profile is comfortable due to AMPL's adequate net worth base and low reliance on external long-term debt obligation.

Comfortable order book, providing near-to-medium term revenue visibility

The company's business risk profile derives support from its comfortable unexecuted order book of ~₹800 crore as on April 18, 2026, which provides revenue visibility in the near-to-medium term. The order book comprises contracts from state DISCOMS including Delhi, Haryana, and Punjab, with scheduled execution for 2-5 years. However, CareEdge ratings notes that the order book is slow moving and the company is expected to achieve turnover of ~₹250 crore in FY27. The company is expected to benefit from the ongoing smart meter rollout initiatives undertaken by state utilities under Government of India's schemes, which are likely to provide incremental business opportunities. The presence of recurring revenues from software, maintenance, and service contracts also provides stability to the company's revenue profile.

Key weaknesses

Working capital intensive nature of operations

The company's operations remain working capital intensive owing to its sizeable inventory requirements, milestone-based payments under project contracts and elongated receivable cycles from state-owned DISCOMS. The company is required to maintain adequate inventory of imported printed circuit boards (PCBs) to ensure uninterrupted order execution, resulting in elevated inventory levels. A portion of receivables comprises retention money, which is recoverable over extended periods in line with contractual terms. AMPL's operating cycle elongated to 143 days in FY26 against 113 days in FY25, driven by an increase in average inventory holding period to 64 days and collection period to 164 days, owing to inventory accumulation amid shortage of PCBs and deferment in deployment of smart meters in Uttar Pradesh. Given the nature of business and exposure to state DISCOMS, efficient management of inventory levels, receivable realisation, and working capital limits will remain key monitorable.

Moderate scale of operations and low profitability margins

The company operates at a moderate scale in the domestic energy meter manufacturing industry, with TOI declining to ₹205.27 crore in FY26 from ₹239.36 crore in FY25. The decline was primarily due to changes in smart meter policies in certain states, including discontinuation of prepaid smart meter adoption, withdrawal of smart meter tenders in certain states, delays in issuance and execution of orders, and slowdown in deployment activities across key states. The company's customer profile remains concentrated towards state DISCOMS, exposing revenue growth to government tendering activity and project implementation timelines. Profitability also remained modest, with PBILDT margin declining to 6.61% in FY26 from 7.91% in FY25, owing to lower capacity utilisation, increase in raw material prices, elevated freight costs, and absence of price-escalation clauses in contracts. Consequently, the company's earnings remain vulnerable to volatility in input costs and delays in execution of orders. Although the company has a comfortable unexecuted order book, its ability to improve scale and profitability on a sustained basis remains a key monitorable.

Profitability susceptible to volatility in input prices and supply chain disruptions

The company's profitability margins remain susceptible to fluctuations in raw material prices and supply chain disruptions, given its high dependence on imported electronic components for manufacturing smart energy meters. PCBs, being a key input in smart meters, are entirely imported from China, exposing the company to risks related to movement in component prices, foreign exchange rates, geopolitical developments, and supply chain disruptions.

Absence of price escalation clauses in majority customer contracts further limits the company's ability to pass on increases in input costs, exerting pressure on operating margins during periods of adverse raw material price movements.

Liquidity: Adequate

The company's liquidity position is adequate, supported by expected GCA of ₹13.26 crore in FY27, against modest term debt repayment obligations of ₹2.80 crore. Liquidity is further supported by low average utilisation of 23% of its sanctioned fund-based working capital limits for 12 months ending March 2026, providing adequate headroom to meet incremental working capital requirements. Absence of major debt-funded capex plan provides support to liquidity. However, considering the working capital intensive nature of operations, marked by inventory stocking requirements and elongated receivable cycle, efficient management of the operating cycle will remain a key monitorable.

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

Incorporated in June 1995, AMPL is engaged in manufacturing energy metering solutions catering to residential, commercial, industrial, and renewable energy applications in the power sector. The company offers a diverse portfolio comprising single-phase and three-phase meters, low tension current transformer (LTCT) meters, and smart/net metering solutions. AMPL operates from a manufacturing facility at Dera Bassi, Punjab, with an installed capacity of 60 lakh meters per annum, supported by National Accreditation Board for Testing and Calibration Laboratories (NABL) approved testing laboratories, and a Department of Scientific and Industrial Research (DSIR) recognised research and development centre. The company is promoted by Ram Niwas Gupta and Nikhil Goel, who have extensive experience in manufacturing operations and the energy sector.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (UA)	Q1FY27** (UA)
Total operating income	239.36	205.27	60.66
PBILDT*	18.94	13.57	NA
Profit after tax (PAT)	9.78	5.06	NA
Overall gearing (x)	0.54	0.60	NA
Interest coverage (x)	4.88	2.83	NA

A: Audited; UA: Unaudited; NA: Not available; Note: These are latest available financial results.
*PBILDT: Profit before interest, lease rentals, depreciation, and tax
**Q1FY27 refers to the period starting from April 01, 2026 to June 30, 2026

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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-	-	-	-	47.00	CARE BBB-; Stable
Non-fund-based - LT/ ST-BG/LC	RBI	Simple	-	-	-	-	174.00	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 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	47.00	CARE BBB-; Stable	-	-	-	-
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	174.00	CARE BBB-; Stable / CARE A3	-	-	-	-

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: 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

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in	Sachin Mathur Director **CARE Ratings Limited** Phone: +91-12-0445 2054 E-mail: sachin.mathur@careedge.in Sandeep Aggarwal Associate Director **CARE Ratings Limited** Phone: +91-12-0445 2062 E-mail: Sandeep.aggarwal@careedge.in Vaidhai Jain Analyst **CARE Ratings Limited** E-mail: Vaidhai.jain@careedge.in

About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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