Ananth Technologies Private Limited

August 11, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	450.00	CARE A / CARE A2+ (RWD)	Placed on Rating Watch with Developing Implications
Long-term bank facilities	RBI	100.00	CARE A (RWD)	Placed on Rating Watch with Developing Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has placed ratings assigned to bank facilities of Ananth Technologies Private Limited (ATPL) on 'Rating Watch with Developing Implications' following the demerger of its real estate, GIS, and engineering services business into Ananth Infra-Tech Private Limited (AITPL).

The demerged business, comprising real estate and IT-related services, contributed ~12%-13% of ATPL's revenue. Post the demerger, ATPL will continue to derive the majority its revenue from the design, development and fabrication of electronic system and sub-systems for aerospace and defence applications, while the resulting entity, AITPL, will carry out the real estate and IT-related services business.

CareEdge Ratings will continue to monitor developments and assess the impact of the demerger on ATPL's business and credit risk profile before taking a final rating view.

Ratings continue to derive strength from ATPL's comfortable financial risk profile, characterised by ~20% revenue growth in FY26 and healthy profitability margins. Profitability remains supported by its design, development and fabrication of electronic systems and sub-systems for aerospace and defence applications. The company's capital structure and debt protection metrics remain comfortable.

Operational performance is supported by a strong order book of ~₹823 crore as on March 31, 2026, and established relationships with reputed customers, including the Indian Navy, BrahMos Aerospace, Indian Space Research Organisation (ISRO) Satellite Centre, Vikram Sarabhai Space Centre, Bharat Dynamics Limited, Defence Research and Development Organisation (DRDO), and Directorate of Aircraft Acquisition, among others. Repeated orders from existing customers, development of new products, and addition of new clients are expected to support revenue growth over the medium term.

Ratings continue to derive strength from promoters' extensive experience and its track record in the precision engineering industry, which caters segments, including space, aerospace, and defence.

Its high-value aerospace, space, and defence solutions have enabled above-average profitability over the last five years ended March 31, 2026. Consequently, gross cash accruals (GCAs) improved to ₹102.25 crore in FY26 from ₹85.12 crore in FY25.

Ratings remain constrained by an extended operating cycle arising from relatively high inventory holding and receivable periods, which are inherent to this line of business. Ratings are further constrained by customer concentration risk, with a significant portion of revenue derived from the top five defence-sector clients, and by the company's moderate scale of operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Achieving a substantial revenue growth and a significant increase in orders, while maintaining profitability margins of above 29%, resulting in higher cash accrual.
- Notable diversification of revenue streams.

Negative factors

- Material erosion in tangible net worth (TNW) post-demerger and resultant weakening of net worth-based credit metrics

[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.

- Decline in scale of operations by over 30% or profit before interest, lease rentals, depreciation and taxation (PBILDT) margin falling below 20% in future years.
- Un-envisaged debt-backed expansion with deterioration in overall gearing above 0.5x in future.
- Stretch in the working capital cycle and high utilisation of fund-based working capital.

Analytical approach: Standalone

Outlook: Not applicable

Detailed description of key rating drivers

Key strengths

Experienced management with established aerospace expertise
Established in 1992 by Dr. Subba Rao Pavuluri and P. Anantha Lakshmi, ATPL is currently led by Dr. Pavuluri and Anurup Pavuluri, supported by an experienced management team. The promoters and senior management have nearly three decades of experience in aerospace systems manufacturing and geospatial services across utilities, telecom, government, energy, and logistics sectors. The company operates from India and the US through Indian Space Research Organisation (ISRO)-certified facilities equipped with cleanrooms, automated production lines, and trained manpower. It has participated in key launch vehicle and satellite programmes, including Polar Satellite Launch Vehicle (PSLV), Geosynchronous Satellite Launch Vehicle (GSLV), IRS, INSAT, GSAT, Indian Regional Navigation Satellite System (IRNSS), and METSAT.

Healthy order book position

As on March 31, 2026, ATPL had a robust order book of ₹823 crore from established defence and aerospace customers, executable over the next three years. The order book, equivalent to 1.68x FY26 revenue, provides strong medium-term revenue visibility.

The Defence segment accounted for ₹526 crore (64%) of the order book, while the Aerospace segment contributed ₹270 crore (33%). ATPL continues to derive its majority revenue from the defence sector, making sustained order inflows, supported by government defence spending and budget allocations, critical for future growth.

Following the demerger of the real-estate business, its annual revenue contribution of ~₹35-36 crore will no longer be reflected in total operating income (TOI) from FY27, increasing ATPL's dependence on Defence and Aerospace segment revenues.

A significant portion of the order book comprises commercially approved defence products such as subsystems, onboard computers, Missile Interface Units (MIUs), Pulse Code Modulators, and Navigational Cards. The Aerospace order book mainly comprises satellite assembly, integration, and testing projects. The existing order book is expected to support healthy revenue growth over the near-to-medium term.

Most contracts do not provide for price escalation to offset increases in input costs, foreign exchange fluctuations, or inflation. Consequently, ATPL remains exposed to forex and raw material price risks. Execution delays or cost overruns could adversely impact profitability and margins.

Healthy growth in scale of operations and profitability

ATPL's TOI grew by 20% y-o-y to ₹491 crore in FY26 from ₹414 crore in FY25, driven by healthy execution of its order book. The company derives its majority revenue from the design, development, and fabrication of electronic systems and subsystems for aerospace and defence applications. ATPL also owns Ananth Info Park in Hyderabad, comprising three buildings with over 4.74 lakh sq. ft. leased to technology companies, including Oracle India Private Limited and Rimini Street India Operations India Pvt. Ltd.

PBILDT margins remained healthy at 25%-29% over the last five years and improved to 29.45% in FY26 from 28.65% in FY25, due to execution of higher-value orders. Consequently, PBILDT increased to ₹144.57 crore from ₹118.47 crore, while GCA improved to ₹102.25 crore from ₹85.12 crore. The company procures 49% of its raw materials domestically and imports the balance 51%, primarily from the US, Germany, Japan, and Russia, with procurement aligned to order execution requirements. The healthy profitability has also benefited from stable rental income. However, following the proposed demerger of the real estate leasing business, rental income will no longer form part of ATPL's operating profile. Accordingly, profitability is expected to moderate from historical levels over the medium term.

Comfortable financial risk profile

The capital structure of the company has remained comfortable. The debt profile of the company comprises primarily interest free mobilisation advances and working capital bank borrowings, lease deposit, unsecured loans from promoters and related parties with no long-term debt obligations. Overall gearing level of ATPL remained at same level of 0.19x as on March 31, 2026 (0.18x as on March 31, 2024) due to plough back of profits to reserves and absence of additional debt availed. The total debt to GCA of the company also improved slightly to 1.37x in FY26 from 1.50x in FY25.

High entry barriers

The company operates in the defence and aerospace industry and is an approved vendor to Indian space and defence research organisations. The stringent vendor qualification process and the requirement to consistently maintain product quality standards prescribed by defence research organisations create significant entry barriers for new entrants. These factors provide an established competitive advantage to existing approved vendors, including ATPL.

Key weaknesses

Hiving off real-estate business into a separate entity, AITPL

Pursuant to the Order of the Hon'ble National Company Law Tribunal (NCLT) dated May 18, 2026, the Scheme of Demerger of ATPL (Demerged company) became effective from April 1, 2025. Under the approved Scheme, ATPL has transferred its real estate leasing, GIS, and engineering-related business activities to a separate entity, AITPL (Resulting company), which was incorporated on March 19, 2025. AITPL operates under the same management and common ownership as ATPL. The hived-off business contributed ~12%-13% of ATPL's total revenue. Post demerger, ATPL will continue its remaining operations, which currently account for ~87%-88% of its overall revenue. The impact of the transfer of assets, liabilities, and shareholding on ATPL's financial profile and credit metrics remains uncertain at present, as the demerged balance sheet and final allocation of assets and liabilities are yet to be finalised. CareEdge Ratings will continue to monitor the progress of the proposed demerger and evaluate its impact on ATPL's financial risk profile, leverage, and credit metrics post implementation of the scheme of arrangement.

Working capital intensive operations mitigated by customer advances

ATPL operates in a working capital intensive defence and aerospace industry, with standard production orders executed in around three months and development-related projects completed within six months. The company receives interest-free advances of ~30% of the order value from customers, which provide partial funding support for working capital requirements despite long execution cycles.

Receivable days remained elevated at ~130-140 days due to the time involved in customer testing, approvals, and payment release processes. The company maintains inventory of specialised components for ~80-130 days, considering the critical and customised nature of defence and aerospace applications.

The elongated receivable cycle and inventory requirements resulted in an operating cycle of 162 days in FY26, improving from 178 days in FY25. Despite the relatively long operating cycle, bad debt risk remains low due to the company's established relationships with reputed government defence customers.

Customer concentration and tender-driven revenue risk

With nearly three decades in the defence and aerospace industry, ATPL has established strong relationships with clients including BrahMos Aerospace, Bharat Dynamics, ISRO Satellite Centre, BHEL, and Hindustan Aeronautics. In FY26, the top five defence sector clients accounted for 84% of the company’s revenue, indicating high customer concentration.

Although ATPL has consistently maintained strong client relationships and secured repeat business, revenue generation remains depend on the timely award of new tenders and orders from these government entities.

Technology risk

The technological risk for the industry is high as the country has to keep pace with rapid technological developments globally. Component manufacturers remain exposed to technology obsolescence risk, necessitating continuous upgrades to products, processes, and technologies to remain competitive. Given its presence in an industry characterised by continuous innovation, ATPL must adapt to emerging technologies and absorb imported technologies to maintain its market position. To ensure the same, the company has been regularly spending on research and development (R&D) activities.

Liquidity: Adequate

ATPL has adequate liquidity characterised by sufficient cushion in accruals against no repayment obligations because of absence of long-term debt. Although the working capital cycle is stretched considering elongated collection and inventory period, the current and quick ratio of the company stood comfortable at 2.99x and 2.42x, respectively, as on March 31, 2026. The average fund-based working capital utilisation remained lower at 51% while non-fund-based limits utilisation remained at 52% for past 12 months ended March 2026. The unencumbered cash and bank balance of the company was ₹108 crore as on March 31, 2026 (₹68 crore as on March 31, 2025).

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	Aerospace & defense	Aerospace & defense

Incorporated in 1992, ATPL was promoted by Dr. Subba Rao Pavuluri, after working for a decade with the Indian Space Research Program. The company is mainly engaged in the design, development, and fabrication of highly sophisticated systems and sub systems with applications in the aerospace and defence industry. The company is an approved vendor to the Indian space and defence research organisations such as ISRO, Defence Research and Development Laboratory (DRDL), and Bharat Dynamics Limited (BDL), among others. The company also generates revenue from IT services and lease rentals from its owned properties (buildings) in Hyderabad. The manufacturing facilities are ISRO-certified facilities for aerospace production with cleanroom, automated production line, and trained and certified manpower.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (P)	Q1FY27 (UA)
Total operating income	413.50	490.86	~60
PBILDT*	118.47	144.57	-
Profit after tax (PAT)	75.07	92.18	-
Overall gearing (x)	0.19	0.18	-
Interest coverage (x)	12.14	9.41	-

A: Audited; UA: Unaudited; Note: these are latest available financial results
PBILDT: Profit before interest, lease 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

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	-		-	-	100.00	CARE A (RWD)
Non-fund-based - LT/ ST-Bank Guarantee	RBI	Simple	-		-	-	450.00	CARE A / CARE A2+ (RWD)

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	100.00	CARE A (RWD)	-	1)CARE A; Stable (25-Jun-25)	1)CARE A-; Stable (08-Jan-25)	1)CARE A-; Stable (22-Dec-23) 2)CARE A-; Stable (24-May-23)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	450.00	CARE A / CARE A2+ (RWD)	-	1)CARE A; Stable / CARE A2+ (25-Jun-25)	1)CARE A-; Stable / CARE A2 (08-Jan-25)	1)CARE A-; Stable / CARE A2 (22-Dec-23) 2)CARE A-; Stable / CARE A2 (24-May-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: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: Not applicable

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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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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