

March 31, 2026

Astra Rafael Comsys Private Limited: Ratings downgraded; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/Short-term – Fund-based – Cash credit	90.00	190.00	[ICRA]BBB (Stable)/ [ICRA]A3+; downgraded from [ICRA]BBB+ (Stable)/[ICRA]A2 and assigned for enhanced limits
Long-term/Short-term – Non-fund based – Bank guarantee	65.00	355.00	[ICRA]BBB (Stable)/ [ICRA]A3+; downgraded from [ICRA]BBB+ (Stable)/[ICRA]A2 and assigned for enhanced limits
Long-term/Short-term – Non-fund based – Forward purchase contract limit	5.00	5.00	[ICRA]BBB (Stable)/ [ICRA]A3+; downgraded from [ICRA]BBB+ (Stable)/[ICRA]A2
Total	160.00	550.00	

*Instrument details are provided in Annexure I

Rationale

The rating action of Astra Rafael Comsys Private Limited (ARC) is driven by the revision in the rating approach from parent support to standalone assessment. ICRA notes that both sponsors, i.e., Astra Microwave Products Limited (AMPL) and Rafael Advanced Defence Systems Limited (Rafael) had earlier given corporate guarantee for borrowing program of ARC for their proportional share, which has now fallen off.

The ratings favourably factor in the healthy order book position, comfortable financial risk profile and strong expertise of the sponsors in the defence sector. The company's order book remains healthy at around Rs. 748 crore as on December 31, 2025, translating to 3.1 times of its operating income in FY2025, providing medium-term revenue visibility. It is now eligible to secure domestic orders directly from the Ministry of Defence (MoD) upon achieving the requisite credentials for its Software Defined Radio (SDR) products, thereby strengthening its operational profile. Further, the favourable demand prospects for the defence segment, coupled with the Government's thrust on indigenisation of defence products, will support the order addition for the company, going forward, and drive its revenue growth. The ratings consider the healthy operating margins, given the strong value addition in the business, which is expected to continue in the medium term, considering the product diversification plans. The ratings note the established sponsor profile, by virtue of being a 50:49¹ joint venture (JV) between AMPL and Rafael for manufacturing and supply of defence sector products and factors in the inherent benefits of technical knowledge transfer as well as product development from the sponsors.

The ratings are, however, constrained by the company's moderate scale of operations, working capital-intensive nature of operations, which is reflected by the high receivable and inventory holding requirements and is funded largely through the extended credit period from its key vendors/promoters as well as customer advances, resulting in a leveraged capital structure. Further, the ratings are constrained by the high customer concentration risk, as it derives most of its revenues from different arms of MoD and Rafael. However, the Ministry's robust profile with repeat orders received over the past two years largely mitigates the counterparty credit risk. Moreover, ARC has been designated as a Buyer Nominated Entity (BNE) by MoD for SDRs, enabling the company to receive multiple orders for aircrafts equipped with SDRs.

¹ 1% share is held by individuals from AMPL

The Stable outlook reflects ICRA's opinion that ARC's revenues will benefit from the healthy order book position, which provides medium-term revenue visibility, the comfortable financial risk profile and the extensive experience of the sponsors in the defence sector.

Key rating drivers and their description

Credit strengths

Healthy order book position provides medium-term revenue visibility – The company has a healthy order book position of around Rs. 748 crore as on December 31, 2025, translating to 3.1 times of its operating revenue in FY2025, providing medium-term revenue visibility. It is eligible to secure domestic orders directly from the MoD upon achieving the requisite credentials for its SDR products, thereby strengthening its operational profile. This, in addition the favourable demand prospects for the defence segment, coupled with the Government's thrust on indigenisation of defence products, will support the order addition for the company, going forward, and drive its revenue growth.

Comfortable financial risk profile – ARC's credit profile is characterised by comfortable coverage metrics owing to healthy operating margins and adequate cushion in the sanctioned working capital limits supporting its liquidity position. However, the leverage (TOL/TNW) remained high at 3.6 times as on March 31, 2025 on account of advances primarily from its sponsor companies to fund the capital requirements for research and developmental (R&D) projects and sizeable customer advances and trade payables.

Operational benefits from strong expertise of promoters – ARC is a JV between AMPL and the Israel-based Rafael with shareholding of 50% and 49% respectively. AMPL has a strong technical expertise in microwave radio frequency applications segment in India for the defence, space and telecommunications segment. It has an established track record of more than three decades in executing orders in the domestic and export markets. Rafael has developed and supplied a wide range of high-tech defence systems for air, land, sea, and space applications for the Israeli Defence Forces as well as for customers around the world. The JV company has been formed to fulfil the offset obligations under the Indian Defence Purchase Programme. ARC is supplying military grade communication systems to the Indian defence agencies. It has inherently benefitted from the proven and technical knowledge of the sponsors, which is expected to assist the company in delivering quality products and new product developments.

Credit challenges

Working capital-intensive operations – The company's operations are working capital intensive as reflected by the high receivable and inventory holding requirements. However, the working capital requirements are largely met by a sizeable credit period from its key suppliers, including AMPL and Rafael and mobilisation advances resulting in a leveraged capital structure. The overall working capital cycle is expected to remain high in the medium term due to the inherently long manufacturing cycle and debtor days for the defence sector products.

Moderate scale of operations – The company's scale of operations is moderate with revenues of Rs. 244.1 crore in FY2025, indicating a modest 3% growth from Rs. 236.7 crore in FY2024. However, it witnessed a healthy improvement in 9M FY2026 with revenues of Rs. 273 crore and is expected to reach more than Rs. 330 crore in FY2026, supported by healthy order procurement from the MoD.

High customer concentration risk – ARC has a high customer concentration risk, as it derives most of its revenues from different arms of the MoD. However, the Ministry's robust profile with repeat orders received over the past two years largely mitigates the counterparty credit risk.

Liquidity position: Adequate

The company's liquidity position is adequate with average working capital utilisation of 29% in the past 12 months ending December 2025. Further, the recent enhancement in working capital facilities is expected to support its liquidity position. ARC has limited capex plans, which are expected to be funded from its operational cash flows.

Rating sensitivities

Positive factors – ICRA may upgrade the ratings if the company witnesses significant revenue growth and improvement in profitability and leverage metrics, along with an improvement in its working capital cycle and liquidity position, while maintaining healthy coverage metrics on a sustained basis.

Negative factors – Pressure on the ratings may arise if the company witnesses any significant decline in revenues or profitability, elongation in working capital cycle weakening its liquidity position and increase in leverage resulting in deterioration of coverage metrics on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Astra Rafeal COMSYS Private Limited (ARC) is a JV between Astra Microwave Products Ltd (AMPL), India and Rafael Advanced Defense Systems Ltd (Rafael), Israel, incorporated in August 2015. AMPL holds 50% stake in ARC, while 49% is held by Rafael and the balance 1% is held by individuals from AMPL. In line with the Government's Make in India initiative, the JV was set up to manufacture defence products through technology transfer from the JV partner, Rafael. In India, ARC is focussed on indigenous development and integration of high-end digital communication systems. The company has developed a military grade SDR product and has a manufacturing facility in Hardware Tech Park, Hyderabad.

About the sponsors

Astra Microwave Products Limited

AMPL was incorporated as a private limited company in 1991 and reconstituted as a public limited company in 1993. It is promoted by Mr. P A Chitrakar, Ms. C Pramelamma and Mr. B Malla Reddy. The company designs, develops and manufactures customised sub-systems and components for microwave communication systems used in defence, space and telecommunication sectors.

Rafael Advanced Defense Systems Private Limited

Rafael Advanced Defense Systems Ltd. designs, develops, manufactures and supplies a wide range of high-tech defence systems for air, land, sea, and space applications for the Israel Defence Forces and the Israeli defence establishment, as well as for customers around the world. The company offers its customers a diversified array of innovative solutions at the leading edge of global technology from underwater systems through naval, ground, and air superiority systems to space systems.

Key financial indicators (audited)

	FY2024	FY2025
Operating income	236.7	244.1
PAT	24.1	18.7
OPBDIT/OI	15.9%	12.2%
PAT/OI	10.2%	7.7%
Total outside liabilities/Tangible net worth (times)	7.4	3.6
Total debt/OPBDIT (times)	-	0.6
Interest coverage (times)	30.7	38.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
		Amount Rated (Rs. crore)	March 31, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based - Cash credit	Long term/ Short term	190.00	[ICRA]BBB (Stable)/ [ICRA]A3+	December 30, 2024	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-	-	-
Non-fund based - Bank guarantee	Long term/ Short term	355.00	[ICRA]BBB (Stable)/ [ICRA]A3+	December 30, 2024	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-	-	-
Non-fund based - Forward purchase contract limit	Long term/ Short term	5.00	[ICRA]BBB (Stable)/ [ICRA]A3+	December 30, 2024	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term/Short-term – Fund-based – Cash credit	Simple
Long-term/Short-term – Non-fund based – Bank guarantee	Simple
Long-term/Short-term – Non-fund based – Forward purchase contract limit	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash credit	NA	NA	NA	190.00	[ICRA]BBB (Stable)/ [ICRA]A3+
NA	Bank guarantee	NA	NA	NA	355.00	[ICRA]BBB (Stable)/ [ICRA]A3+
NA	Forward purchase contract limit	NA	NA	NA	5.00	[ICRA]BBB (Stable)/ [ICRA]A3+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis - Not Applicable

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