

Airfloa Rail Technology Limited

(Erstwhile Airflow Equipments India Private Limited)

May 19, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 120.00 Crore (Enhanced from Rs. 67.78 crore)	Regulator [^]
Long Term Rating	IVR BBB-/Stable (Rating upgraded and removed from Issuer Not Cooperating category; outlook revised to stable from Negative)	RBI
Short Term Rating	IVR A3 (Rating upgraded and removed from Issuer Not Cooperating category)	RBI

[^]Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

Infomerics Ratings has upgraded the long term and short-term ratings of Airfloa Rail Technology Limited (ARTL). The rating has been removed from the Issuer not cooperating category following the receipt of adequate information from the company.

The rating upgradation factors in the company's growing scale of operations, underpinned by its wide product diversification. In addition, the company's capital structure and debt coverage indicators reflect a comfortable financial risk profile supported by comfortable gearing and adequate debt servicing ability. Further support is drawn from the experienced promoters with established track record and healthy orderbook position the company.

However, these rating strengths are partially offset by elongated operating cycle, tender based nature of business and geographical concentration.

Outlook: Stable

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. Infomerics ratings believes that ARTL will continue to benefit from increasing scale of operations.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

- Growing scale of operations along with comfortable profitability metrics**

The total operating income (TOI) of the company grew at a CAGR of 11.84% for past 3 years ending on March 31, 2025, further on y-o-y basis the TOI increased and stood at Rs. 192.39 crore compared to Rs. 119.30 crore during FY24, primarily due increase in volume of contracts executed. Further, TOI in FY26 improved and stood at Rs. 319.59 crore. The EBITDA margin of the company moderated by 113 bps and stood at 25.11% in FY25 compared to 26.24% in FY24 on account of increase in raw material consumption cost. Subsequently, PAT margin of the company improved by 240 bps and stood at 13.38% in FY25 compared to 10.98% in FY24 on account of better absorption of overheads.

- Comfortable capital structure along with healthy orderbook position**

The capital structure of the company stood comfortable marked by overall gearing ratio of 0.56x as on March 31, 2025, compared to 1.18x as on March 31, 2024, on account of accretion of profits to general reserve and decrease in unsecured loan. The company's TOL/ATNW ratio improved to 1.35x as on March 31, 2025, compared to 2.40x as on March 31, 2024, on account of accretion of profits to general reserve. The company is having an unexecuted orderbook of Rs. 534.14 crore as on March 25, 2026, which shows medium term revenue visibility. Majority of orders are expected to be executed before March 2027.

- Extensive experience of promoter**

The promoters, Mr D Venkatesan and Mr D Manikandan have been actively involved in the business and have more than two decades of experience in designing, manufacturing of Railway equipment. The promoters are well supported by a team of experienced professionals. The extensive experience of the promoters and the long track record have helped the company to establish a healthy relationship with IR and its suppliers. Experience of the promoters strengthens the business risk profile of the company to a large extent.

Weaknesses

- **Elongated operating cycle**

The operating cycle of the company has improved however remains elongated and stood at 212 days as on March 31, 2025, compared to 247 days as on March 31, 2024, on account of decrease in debtor's days. Nonetheless the operating cycle remains elongated on account of high debtors.

- **Tender based nature of business**

The revenue of company is dependent on the company's ability to bid successfully for these tenders. Further, with introduction of e-tendering in IR, the competition also intensified. Given high concentration of ARTL revenues towards the IR, it faces intense competition from various reputed equipment manufacture. Its operations thus remain susceptible to any downturn in IR orders. Further, profit margins come under pressure because of this competitive and tender based nature of the industry.

Liquidity – Adequate

Cash flow from operations is adequate and further improvement is expected in the period thereafter. Overall cash flows, including financing and investment activities, are projected to be sufficient to meet debt repayments of Rs. 0.24 crore in FY26. Further, the company had free cash and cash equivalent balances of Rs. 3.92 Cr as on March 31, 2025, the average fund-based limit utilisation remains high at around 93.06% over the twelve months ended February 2026.

Rating Sensitivities

Upward Factors

- Significant increase in revenue on sustained basis leading to further improvement in profitability.
- Sustained improvement in operating cycle of the company with subsequent improvement in liquidity position.

Downward Factors

- Significant deterioration in scale of operations and/or deterioration in profit margin.

- Significant deterioration in working capital cycle impacting the liquidity profile of the company.

About the Company

ARTL was established in the year 1998 and is involved in manufacturing of high precision forged/machined components and interior/exterior assemblies for rolling stock (Indian Railways, metro, export coaches) and critical components for aerospace & defence. It provides end-to-end solutions (design, tooling, manufacture, assembly, installation, commissioning) and has executed projects such as Amrit Bharat components, Vande Bharat (Train-18) components, Agra-Kanpur Metro, RRTS, Vistadome and DEMU coaches.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2024	31-03-2025	H1FY26
	Audited	Audited	Unaudited
Total Operating Income	119.30	192.39	90.53
EBITDA	31.31	48.30	17.59
PAT	13.51	25.78	12.08
Total Debt	66.30	60.63	--
Adjusted Tangible Net Worth (ATNW)	56.07	108.75	--
EBITDA Margin (%)	26.24	25.11	--
PAT Margin (%)	10.98	13.38	--
Overall Gearing (times)	1.18	0.56	--
Interest Coverage (times)	2.83	4.36	--

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Applicable Criteria

[Rating Methodology for Manufacturing Sector](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition and Post Default Curing Period](#)

[Complexity Level of Rated Instruments/Facilities](#)

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
					September 26, 2025	August 30, 2024	July 03, 2023
1.	Fund based facilities	LT	82.5	IVR BBB-/ Stable	IVR B-/ Negative (INC)*	IVR B/Negative (INC)*	IVR BB- /Negative (INC)*
2.	Non-Fund based facilities	ST	37.5	IVR A3	--	--	--
3.	Non-Fund based facilities	LT/ST	0.00#	--	IVR B-/ Negative (INC)*; IVR A4 (INC)*	IVR B/Negative (INC)*; IVR A4 (INC)*	IVR BB- /Negative (INC)*; IVR A4 (INC)*

*Issuer did not cooperate; based on best available Information

#Earlier the nature of facility was LT/ST but currently it is categorised under ST

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issua nce	Coupon Rate/ IRR	Maturit y Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator ^	Complexity Indicator
General Cash Credit	--	--	--	--	18.00	IVR BBB-/ Stable	NA	RBI	Simple
Cash Credit	--	--	--	--	32.00	IVR BBB-/ Stable	NA	RBI	Simple
Proposed - Cash Credit	--	--	--	--	32.50	IVR BBB-/ Stable	NA	RBI	Simple
Bank Guarantee	--	--	--	--	30.00	IVR A3	NA	RBI	Simple
Letter of credit	--	--	--	--	7.50	IVR A3	NA	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:

<https://infomericstorage.blob.core.windows.net/uploads/Len Airfloa Rail Technology 19 May26 7444ceacc0.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for Consolidated/Combined analysis: Not Applicable

Annexure 5: List of activities / instruments and names of regulators: Not Applicable

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) *	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings/Loans from overseas lenders/Loans from Multilaterals	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	Refer foot note
15	Issuer Ratings #	Refer foot note
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts	SEBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) @	Investor-side Regulator



		such as IRDAI, PFRDA
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Footnotes:

** Includes securitisation transactions involving assignee payout, acquirer's payout.*

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In Press Release(s) subsequent to issuance(s), CRA shall separately capture the rated quantum details along with names of respective regulators.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

@ These ratings were assigned during regulatory regime prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side regulators have been included.

Note: For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available

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