

## BrahMos Aerospace Private Limited

October 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term / Short-term bank facilities	1,005.00 (Reduced from 1,800.00)	CARE AA+; Stable / CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to bank facilities of BrahMos Aerospace Private Limited (BAPL) continue to derive strength from its strong parentage, the company being a joint venture (JV) between Defence Research and Development Organisation (DRDO) and NPO Mashinostroyeniya (NPOM, Russia), high strategic importance to the Government of India (GoI), as it is the sole manufacturer and supplier of strategically critical supersonic cruise missiles to the Indian Armed Forces. Ratings further factor BAPL's established position in manufacturing and supplying supersonic cruise missile systems, driven by the research and development (R&D) and technological capabilities of the company, strong order book, comfortable financial risk profile, and strong liquidity position.

However, rating strengths are partially offset by BAPL's elongated working capital cycle, susceptibility to volatility in raw material prices, and high dependence on contracts from the Ministry of Defence (MoD).

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Any significant increase in the shareholding of DRDO/GoI beyond current levels.
- Ability to sustain health flow of orders, backed by customer advances and rationalisation of the working capital cycle on a sustained basis.

#### Negative factors

- Any change in BAPL's strategic importance to the GoI or dilution in stake by the DRDO.
- Any adverse impact on the capabilities or operations of BAPL due to a reduction in supplies or technical support from NPOM.
- Decline in the order book or delay in the execution of orders, resulting in a significant fall in total operating income (TOI) and margins.
- Any sizable increase in the working capital borrowings or any large debt-funded capex, leading to an overall gearing above 0.5x.

### Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has taken a consolidated approach in view of the operational, financial, and managerial linkages with its subsidiary. BAPL's strong parentage and its strategic importance to GoI has been factored in. List of entities consolidated is given in Annexure-6.

### Outlook: Stable

CareEdge Ratings believes that established position and strong order book shall support company's business risk profile. Financial risk profile is expected to remain healthy in the absence of any major debt-funded capex plans.

### Detailed description of key rating drivers:

#### Key strengths

##### Strong parentage

BAPL is a JV between DRDO and NPOM, where 50.5% stake is held by GoI through DRDO and remaining 49.5% by NPOM. DRDO was formed in 1958 through the merger of Technical Development Establishments (TDEs) of the Indian Army and the Directorate of Technical Development and Production (DTDP) with the Defence Science Organisation (DSO). DRDO is the R&D wing of MoD, GoI, and aims to achieve self-reliance in critical defence technologies and systems while equipping the Indian Armed Forces with state-of-the-art weapon systems and equipment as per the requirements laid down by the three services.

NPOM is one of the leading aerospace enterprises in Russia and is held by 'Tactical Missile Corporation', which belongs 100% to the Government of the Russian Federation (Federal Agency for State Property Management). Founded in 1944, NPOM is

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

responsible for fulfilling government orders, executing international contracts in military and technical cooperation, and augmenting production of civil and dual-purpose equipment. NPOM has developed and commissioned over 25 missile and space complexes for various applications, including anti-ship cruise missiles for sea, underwater, and ground platforms, and various space complex systems and apparatus used for reconnaissance, anti-space defence, and high-resolution earth sensing. The company has pioneered several designs in aerospace and missile technology in Russia.

### **Strategic importance to GoI**

Being the only entity manufacturing and supplying supersonic cruise missiles to the Indian Armed Forces, BAPL assumes high strategic importance to GoI. It is solely entitled for design, development, production, and marketing of strategically critical advanced supersonic cruise missile systems. The company benefits from the GoI's thrust on the production of supersonic missile systems, leading to a healthy order flow. Since inception, it has delivered a significant number of missiles to the Indian Armed Forces, including the Army, the Navy, and the Air Force.

### **Established position in the supply of supersonic missile systems to Indian Armed Forces**

BrahMos was established through a collaboration between India and Russia, following the signing of an inter-governmental agreement for sharing technological capabilities, methodologies, and experience of both JV partners – DRDO and NPOM. The BrahMos missile has a range of 400 km with a speed of 2.8 Mach (2.8x the speed of sound), capable of operating across multiple trajectories and platforms, including sea, sub-sea, land, and air. It is designed to strike targets on sea and land with high precision. The missile's propulsion and seeker systems are sourced from Russia, while the guidance, electronics, and ground systems are developed by India. It is a modern tactical cruise missile that completes the triad, enabling launch from surface, sea, and air platforms.

### **Strong R&D capabilities**

BAPL operates in an industry that requires constant innovation and technological upgradation, and hence, it is critical for the company to innovate, adapt to technological advancements, and adopt imported technologies. To ensure this, the company has consistently expended on R&D through its JV partners – DRDO and NPOM. BAPL has made dedicated contributions towards R&D costs over the years. In FY25, the company incurred ~7.9% of its revenue towards R&D. The company also maintains a special R&D reserve, with regular appropriations made from yearly net profits.

### **Strong order book**

BAPL's consolidated TOI increased by 38% year-on-year (yoy) to ₹4,819 crore in FY25 driven by healthy growth in missile sales. Profit before interest, lease rentals, depreciation and taxation (PBILDT) margin moderated to 7.83% in FY25 compared to 9.37% in FY24 due to higher R&D expenses, which increased from 2.5% of the revenue in FY24 to 7.9% of the revenue in FY25. Profit after tax (PAT) margin improved to 18.30% in FY25 compared to 14.98% in FY24, supported by large interest income on its fixed deposits. In Q1FY26, the company reported standalone revenue of ₹931 crore compared to ₹1,444 crore in Q1FY25. Lower revenue is due to lower missile sales as per contractual obligations.

### **Healthy operating performance in FY25**

BAPL's business profile is marked by healthy scale of operations with moderate profitability margins. Consolidated TOI increased by 38% year-on-year (yoy) to ₹4,819 crore in FY25 against ₹3,499 crore in FY24, driven by healthy growth in the value of missile sales. PBILDT margin moderated to 7.83% in FY25 compared to 9.37% in FY24 due to an increase in expenses towards R&D. However, the decline in PBILDT margin was partially offset by a reduction in expenses towards liquidated damages. Profit after tax (PAT) margin improved to 18.30% in FY25 against 14.98% in FY24, supported by large interest income on fixed deposits. In Q1FY26, the company reported standalone revenue of ₹931 crore compared to ₹1,444 crore in Q1FY25. The decline in revenue was due to lower missile sales as per contractual obligations.

### **Comfortable financial risk profile**

BAPL's domestic operations are broadly self-financed through advances from customers, without any requirement to submit bank guarantees (BGs), resulting in low reliance on bank limits. Thus, the capital structure remains comfortable, with an overall gearing of 0.09x as on March 31, 2025 (March 31, 2024: 0.11x) supported by healthy accretion to reserves. Total debt includes long-term mobilisation advances availed for the export order, against which BG has been extended. CareEdge Ratings expects BAPL's financial profile to remain comfortable, supported by healthy operating performance and low reliance on bank borrowings.

### **Liquidity: Strong**

BAPL's liquidity is strong, marked by nil term debt repayment obligations and a healthy cash and bank balance of ₹9,059 crore as on March 31, 2025 (March 31, 2024: ₹9,864 crore), built from interest-free advances received from customers. The company does

not have significant capex envisaged in the medium term. There has been nil utilisation of its fund-based limits. The company also enjoys strong financial flexibility, derived from being majorly held by GoI and its strategic importance to the latter.

## Key weaknesses

### Elongated working capital cycle

BAPL's operating cycle remained elongated at 388 days in FY25 (FY24: 576 days), largely on account of the high inventory holding period given longer gestation period in manufacturing missiles, which ranges between 2-5 years. Additionally, collection period increased in FY25 primarily due to elongated realisation days from its exports. Working capital cycle is expected to remain elongated in the medium term.

### Susceptibility to volatility in raw material prices

BAPL's operations and profitability remain exposed to time and cost overruns, considering stiff timelines for order execution. The company enters fixed-price contracts with its clients, while some element of future cost escalation is built in at the time of finalising the orders. However, the company remains exposed to volatility in raw material prices. The company further remains exposed to penalties, including liquidated damages in case of delays in delivery of contracts. The company has approached its customers for extension of timelines for calculation of liquidated damages in certain cases. As a result, it makes regular yearly provisions for penalties, which impacts its profitability margins. Going forward, timely execution of orders and fluctuations in raw material prices will remain key monitorable.

### Prospects of company depending on Indian defence sector with limited exports

BAPL derives majority its revenue from the Indian defence sector. Flow of orders from the defence segment depends on the defence budget, which thus remain critical for the company's prospects. The company has been making efforts to improve exports and currently has only one export order from the Philippines; however, the level of exports continues to remain low.

## Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Factoring Linkages Government Support](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

## About the company and industry

### Industry classification

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

BAPL was formed as a JV through an inter-governmental agreement signed in 1998 between India and Russia, with the DRDO, GoI, and NPOM (earlier known as the Federal State Unitary Enterprise NPOM of Russia), Government of the Russian Federation. The company was established with an authorised share capital of US\$ 250 million, which was subsequently increased to US\$ 300 million, contributed in the ratio of 50.5:49.5 between DRDO and NPOM, respectively. BAPL is solely responsible for the design, development, production, and marketing of advanced supersonic cruise missile systems with a range of 400 km and speed of 2.8x the speed of sound. Apart from manufacturing missiles, BAPL also supplies ground-handling equipment and services related to missiles and equipment, including repair and training.

Brief Financials (₹ crore) - Consolidated	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income	3498.96	4818.98	930.60*
PBILDT	327.91	377.23	NA
PAT	524.27	881.71	NA
Overall gearing (times)	0.11	0.09	NA
Interest coverage (times)	10.47	14.41	NA

A: Audited UA: Unaudited; NA: Not Available; \*Standalone revenue.

Note: these are latest available financial results

Financials are reclassified per CareEdge Ratings' standards

**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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Working Capital Limits		-	-	-	5.00	CARE AA+; Stable / CARE A1+
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	1000.00	CARE AA+; Stable / CARE A1+

#### 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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	1000.00	CARE AA+; Stable / CARE A1+	-	1)CARE AA+; Stable / CARE A1+ (08-Oct-24)	1)CARE AA+; Stable / CARE A1+ (09-Oct-23)	1)CARE AA+; Stable / CARE A1+ (28-Mar-23) 2)CARE AA+ / CARE A1+ (RWD) (27-Dec-22) 3)CARE AA+ / CARE A1+ (CW with Developing Implications) (21-Jun-22)
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	5.00	CARE AA+; Stable / CARE A1+	-	1)CARE AA+; Stable / CARE A1+ (08-Oct-24)	1)CARE AA+; Stable / CARE A1+ (09-Oct-23)	1)CARE AA+; Stable / CARE A1+ (28-Mar-23) 2)CARE AA+ / CARE A1+ (RWD) (27-Dec-22) 3)CARE AA+ / CARE A1+ (CW with Developing Implications)

								(21-Jun-22)
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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/ ST-Working Capital Limits	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	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	BrahMos Aerospace Thiruvananthapuram 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](mailto:care@careedge.in) for clarifications.

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