


# Anlon Technology Solutions Ltd

## Strong Financial Growth Backed by Order Book and Industry Upside




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by Order Book and Industry  
Upside



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के बढ़ते अवसरों के साथ



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**BUY@CMP INR 464**

**Target: INR 766 in 24 Months**

**Upside Potential: 65.2%**

## Rising on Strong Order Visibility and Sector Tailwinds

**Business Model:** Anlon Technology Solutions (ATSL) operates a solutions-led business model, offering end-to-end services across design, localized manufacturing, assembly, installation, and lifecycle support for mission-critical safety and infrastructure systems in airports, municipalities, and now finding application in petrochemical industries and defense sector. Revenues are generated from equipment sales, installation, spare parts, and multi-year AMCs, providing recurring cash flows and strong customer retention.

ATSL has established itself as a dependable provider of essential airport infrastructure services (ARFFs, Runway Rubber Removal Machines & Runway Sweepers), currently serving multiple airports with proven made-in-India solutions validated by AAI and Noida International Airport. Operating in a highly regulated, mission-critical sector, the company benefits from high entry barriers such as stringent compliance norms, costly trials, and extensive service obligations, which limit competition and strengthen its positioning. With India targeting over 220 airports by 2035 and expanding runway-safety programs, ATSL is well-placed to capture this growth opportunity. Its local manufacturing and co-development capabilities enhance cost efficiency and speed of delivery, while its nationwide service network ensures recurring AMC and spare-part revenues, providing strong visibility for long-term, sustainable growth.

Beyond aviation, ATSL is building a strong presence in multiple high-growth, mission-critical sectors. In the municipal and state fire brigade market, demand is rising under the Swachh Bharat Mission and National Clean Air Programme, with fewer than 200 out of 4,700 municipalities currently using mechanized sweepers and fewer than 60 cities equipped with high-rise rescue ladders, leaving a large untapped market. In the petrochemical sector, India's push to expand refining capacity and chemical manufacturing, coupled with strict safety regulations, is driving higher adoption of advanced firefighting and hazard response systems. Meanwhile, in the defense sector, increasing modernization budgets and infrastructure upgrades at military bases create sustained opportunities for specialized runway safety and emergency response equipment. By positioning itself across these growing, regulation-driven industries, Anlon reduces dependence on aviation alone while securing diversified long-term growth visibility.

ATSL is projected to deliver strong financial performance, with revenue growing from INR 50.2 Cr in FY25 to INR 145 crore by FY28E at a 42.5% CAGR. Profitability is also set to improve, with EBITDA margins rising from 19.2% to 22.8%, and net profit increasing from INR 6.2 Cr to INR 22.3 Cr (53% CAGR). ATSL has planned a INR 10 Cr Capex in FY26E for land acquisition to set up a manufacturing unit. This growth is underpinned by a robust order pipeline, recurring AMC contracts, repeat business, and margin accretion from localized manufacturing. The company's OEM partnerships further strengthen its competitive edge, ensuring access to advanced solutions while enabling cost efficiencies through domestic integration.

**Valuation:** We initiate coverage with a BUY for a price target of INR 766 (21.5X FY28E forward P/E) representing an upside of 65.2% from the current CMP of INR 464 over the next 24 months. Given the significant growth runway ahead of it and high return ratios there exists the upside risk of significant re-rating which we have not taken

**Industry** Capital Goods

### Scrip Details

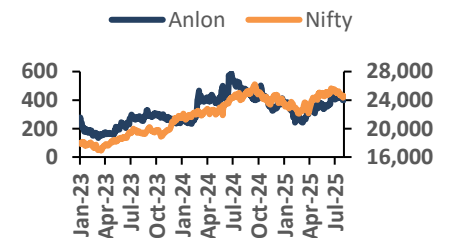
Face Value (INR)	10.0
Market Cap (INR Cr)	292
Price (INR)	464
No of Sh O/S (Cr)	0.63
3M Avg Vol (000)	7.29
52W H/L (INR)	506/239
Dividend Yield (%)	0.00

### Shareholding (%) Mar 2025

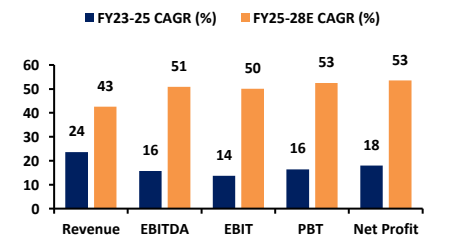
Promoter	62.06
Institution	5.27
Public	32.66

**TOTAL 100.0**

### Price Chart



### Financial Growth – Past vs Projection



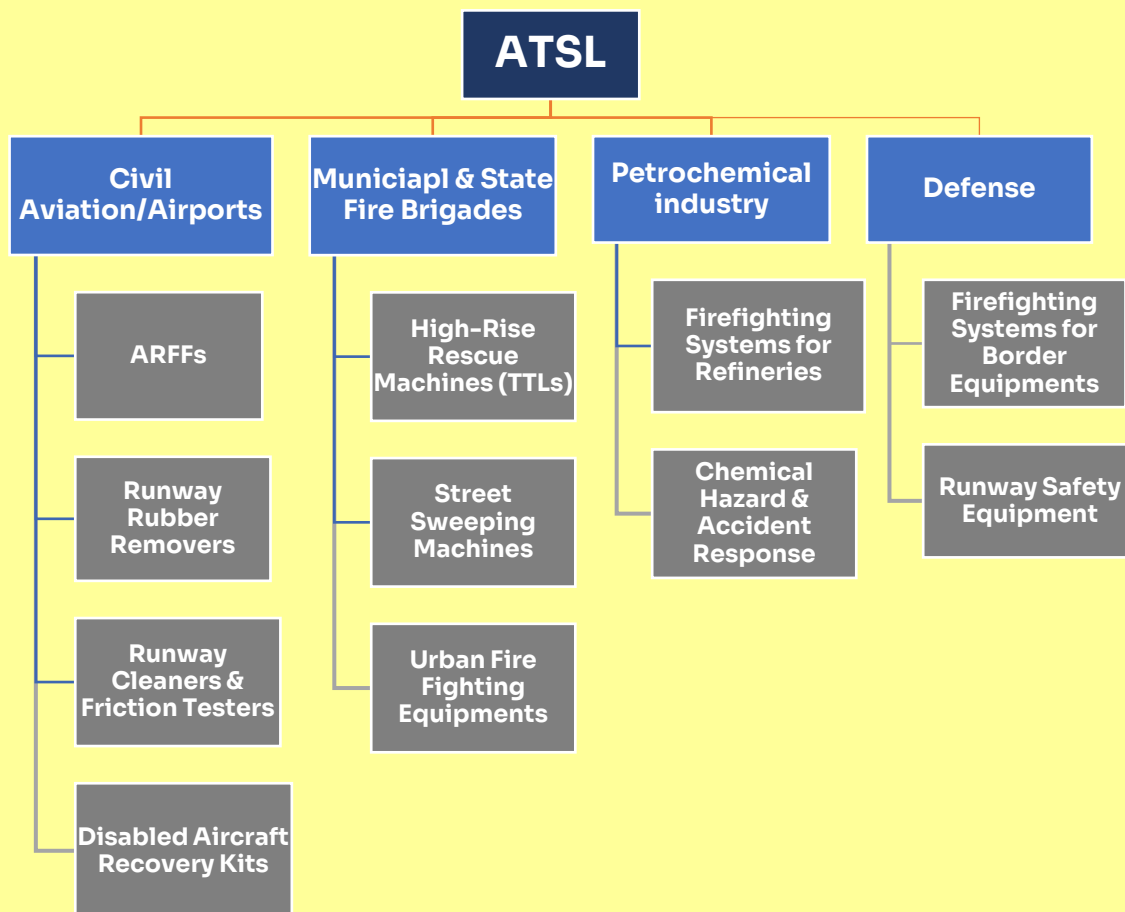
	Net Revenue	EBITDA	Adj. Net Profit	EBITDA (%)	Adj Net (%)	EPS (₹)	BVPS (₹)	RoE (%)	RoC (%)	P/E (X)	EV/EBITDA (X)
FY24	35.0	6.3	4.2	18.0	11.9	6.7	47.6	14.0	26.5	66.7	43.0
FY25	50.2	9.6	6.2	19.2	12.3	9.9	94.0	10.5	14.5	45.0	29.2
FY26E	110.0	24.8	15.8	22.6	14.3	25.2	119.1	21.1	22.4	17.6	12.4
FY27E	126.5	28.6	17.9	22.6	14.2	28.6	147.8	19.4	23.8	15.5	10.4
FY28E	145.5	33.1	22.3	22.8	15.4	35.7	183.5	19.5	25.2	12.4	8.6

## Why Invest in ATSL?

### 1. Diversified Business Presence with high growth potential

ATSL has a diversified business presence across aviation, firefighting, high-rise buildings, refineries, and municipal services, providing engineering systems built on automotive chassis and allied areas. The company leverages strategic collaborations with global OEMs like Rosenbauer, Bucher, and Bridgehill to bring advanced solutions to India, while its focus on “Make in India” and backward integration enables local manufacturing, cost efficiency, and eligibility for government tenders. This combination of global partnerships and domestic execution positions ATSL as a key player in India’s infrastructure and public safety ecosystem.

### ATSL’s Diversified Business Presence



### 2. Low Competition

ATSL operates in a niche segment of specialized aviation and safety equipment where high regulatory requirements, complex engineering, and long procurement cycles create formidable entry barriers. Established government relationships, proven compliance capabilities, and strong after-sales support further reinforce its position. Backed by exclusive OEM partnerships and in-house manufacturing, Anlon benefits from a durable competitive moat with minimal direct competition, enabling it to sustain market leadership and pricing power.

### **3. Strong OEM Partnerships and Niche Dominance**

ATSL partners with global leaders like Rosenbauer (85–88% share in Indian ARFF vehicles) and enjoys exclusivity in several product lines. In niches such as Crash Fire Tenders (CFTs) and High-rise Building Rescue Machines & Firefighting equipment (TTLs), competition is minimal, with ATSL even emerging as the only technically qualified bidder in recent large projects. These partnerships provide credibility, advanced technology access, and sustained revenue visibility.

### **4. Robust After-Sales Support Ensuring Repeat Business**

Over 60% of its workforce is dedicated to after-sales, including maintenance, AMC contracts, and spare parts distribution. This strong service network is a key differentiator, as clients prioritize sustainability and reliability of complex machinery. The recurring revenues from AMCs (40–50% margins) and spares (20–30% margins) provide stable cash flows and deepen customer stickiness.

### **5. Robust Order Book and Growth Visibility**

ATSL has secured INR 88.6 Cr of inflows in FY26 with an outstanding order book of INR 76.7 Cr, ensuring strong execution visibility, while management highlights INR 200 Cr of tender opportunities in H2FY26 that could further strengthen growth momentum. India's infrastructure expansion offers a multi-year demand runway: in aviation, 159 airports today (targeting 220+ by 2035) will drive demand for 400–600 additional ARFF vehicles, while only 10–15 airports currently operate runway rubber removal machines, highlighting under-penetration. In urban infrastructure, mechanization remains nascent, with fewer than 200 of 4,700 municipalities using mechanized sweepers and only 50–60 deploying Turntable Ladders, leaving substantial headroom. Coupled with rising safety-related capex in petrochemicals and defense modernization, ATSL's niche specialization, high entry barriers, and strong government linkages position it to capture a disproportionate share of opportunities, supporting sustained revenue growth and long-term value creation.

### **6. Strategic Advantage through Local Manufacturing**

ATSL's strategic alignment with the "Make in India" initiative enables it to collaborate with foreign OEMs while integrating locally procured components, avoiding royalty costs and qualifying for government tenders. With INR 6,000 Cr allocated for safety equipment across states and a large infrastructure gap, ATSL is well-positioned to capture significant demand.

### **7. Visionary Management**

ATSL's management identified a niche growth opportunity early on, where competition was limited, and built a strong presence that now resembles a near-monopoly. By combining this strategic positioning with global technical partnerships, prudent financial planning, and upcoming capacity expansion, management has created a solid platform for sustainable growth.

## Valuation of ATSL

We have valued ATSL using DCF methodology, assuming 10.3% WACC. This has given us a FY28 price target of INR 766 per share, representing an upside of 65.2% from the CMP.

### ATSL's DCF valuation

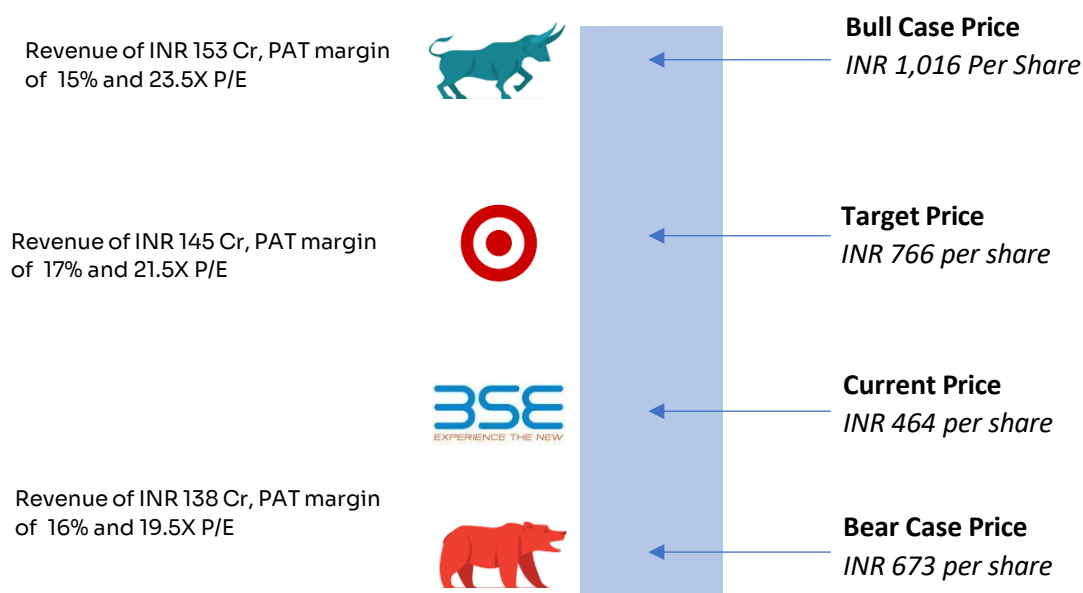
Fig in INR crs, unless specified	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35
Revenue	50.2	110.0	126.5	145.5	167.3	192.4	221.2	254.4	292.6	336.5	387.0
EBITDA	9.6	24.8	28.6	33.1	38.6	45.3	53.5	63.5	75.6	90.3	108.1
<b>EBITDA Margin (%)</b>	<b>19.2</b>	<b>22.6</b>	<b>22.6</b>	<b>22.8</b>	<b>23.1</b>	<b>23.6</b>	<b>24.2</b>	<b>24.9</b>	<b>25.8</b>	<b>26.8</b>	<b>27.9</b>
Net Profit	6.2	15.8	17.9	22.3	27.6	33.1	39.5	47.2	56.7	68.2	82.2
<b>Margin (%)</b>	<b>12.3</b>	<b>14.3</b>	<b>14.2</b>	<b>15.4</b>	<b>16.5</b>	<b>17.2</b>	<b>17.8</b>	<b>18.6</b>	<b>19.4</b>	<b>20.3</b>	<b>21.2</b>
Cash flow from operations	(16.7)	(11.1)	23.2	23.9	19.4	22.8	27.5	33.3	40.4	49.3	60.2
<b>CFO to EBITDA (%)</b>	<b>(173.5)</b>	<b>(44.6)</b>	<b>81.2</b>	<b>72.1</b>	<b>50.2</b>	<b>50.3</b>	<b>51.3</b>	<b>52.4</b>	<b>53.5</b>	<b>54.6</b>	<b>55.7</b>
FCFF	(26.8)	(22.2)	17.3	16.2	14.9	17.2	20.9	25.7	31.8	39.3	48.7
<b>FCFF to EBITDA (%)</b>	<b>(278.3)</b>	<b>(89.4)</b>	<b>60.6</b>	<b>48.9</b>	<b>38.6</b>	<b>37.8</b>	<b>39.1</b>	<b>40.6</b>	<b>42.0</b>	<b>43.6</b>	<b>45.1</b>
Discounted FCFF				16.2	13.5	14.1	15.6	17.4	19.4	21.8	24.5
Terminal Value	684.4										
Total of Discounted FCFF	142.5										
FY28 Present Value of Terminal Value	343.8										
FY28 Value of Operations	486.3										
FY28 Net Debt	6.5										
FY28 Value of Equity	479.8										
FY28 Value of Equity per share	766.4										
CMP	464.0										
<b>Upside Potential (%)</b>	<b>65.2</b>										

### Our Bull and Bear Case Scenarios

We have prepared our Bull and Bear case scenarios based on revenue growth, PAT margin and P/E multiples:

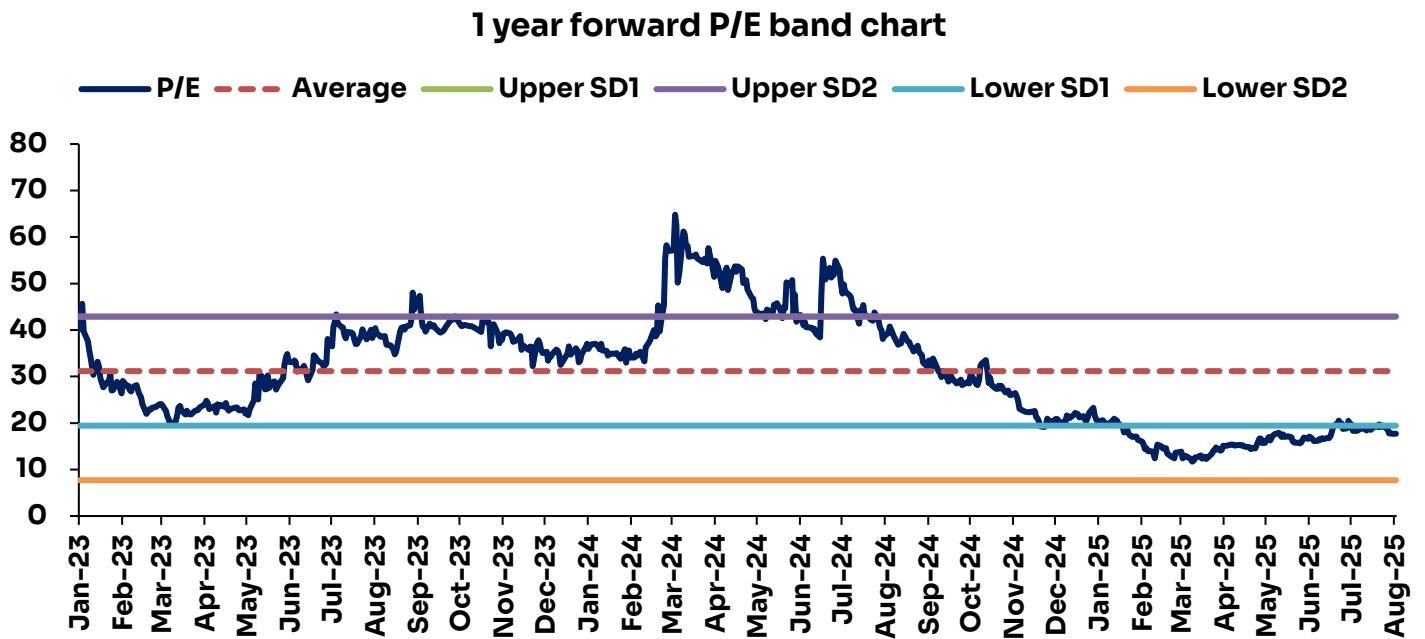
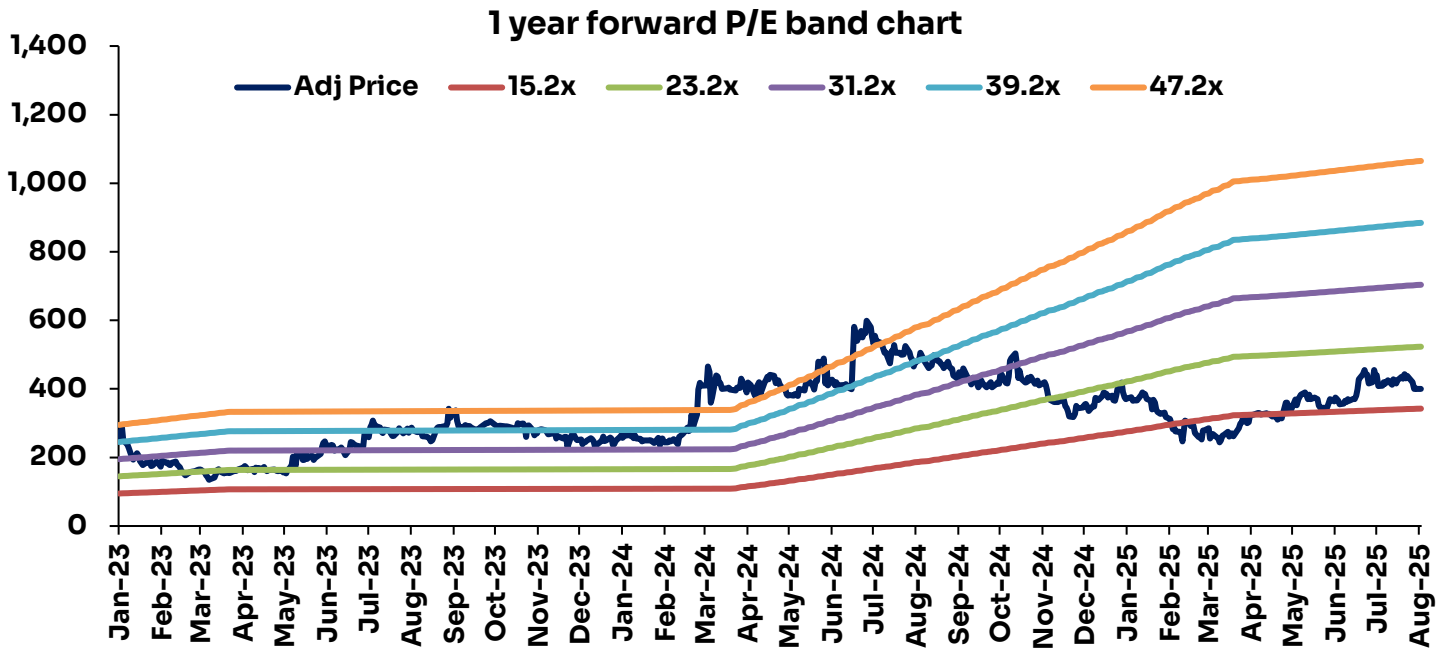
- **Bull Case:** We have an assumed revenue of INR 153 Cr (45% 3-year CAGR) and a net margin of 15% at a P/E of 23.5X, which will result in a Bull Case price target of INR 1016 per share (an upside of 118% from CMP).
- **Bear Case:** We have an assumed revenue of INR 138 Cr (40% 3-year CAGR) and a net margin of 16% at a P/E of 19.5X, which will result in a Bull Case price target of INR 673 per share (an upside of 45% from CMP).

### Bull & Bear Case Scenario



Source: BSE & Ventura Research

Forward P/E Bands Indicate Valuation Range and Price Trajectory



Source: Ventura Research

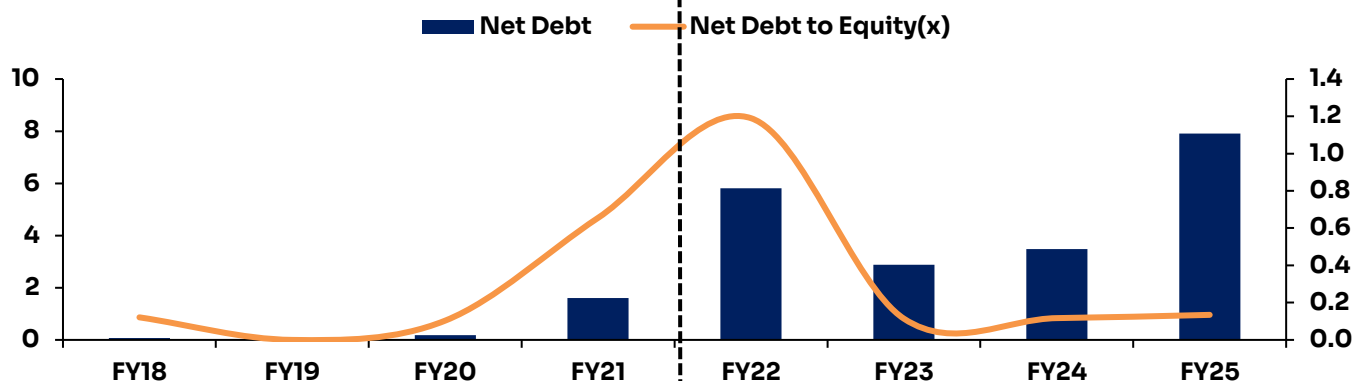
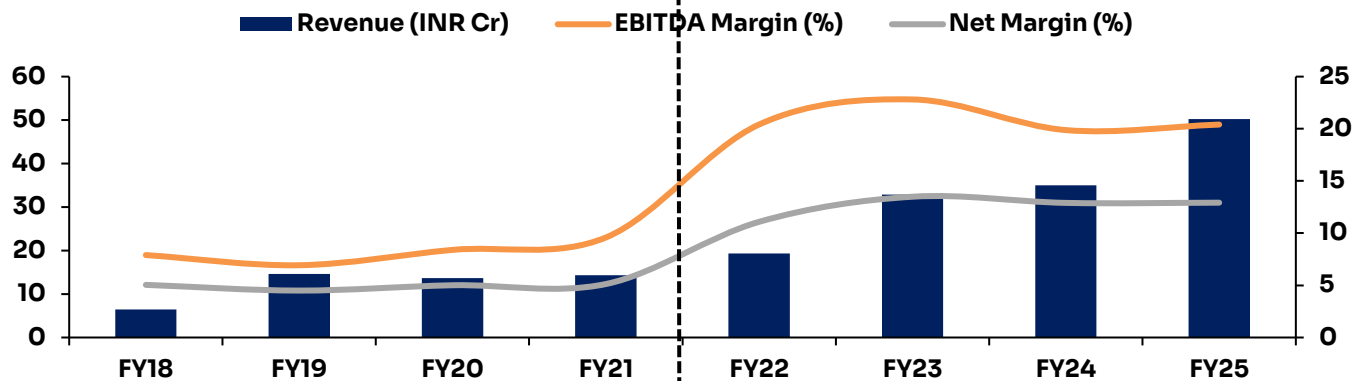
### Phases of ATSL’s financial performance

We have analysed ATSL’s financial performance over the past seven years, a period that reflects its transition from a small-scale player to a growing niche engineering solutions provider. During this time, the company has consistently scaled revenues while maintaining healthy EBITDA and net margins, underscoring its strong operating discipline and focus on profitability.

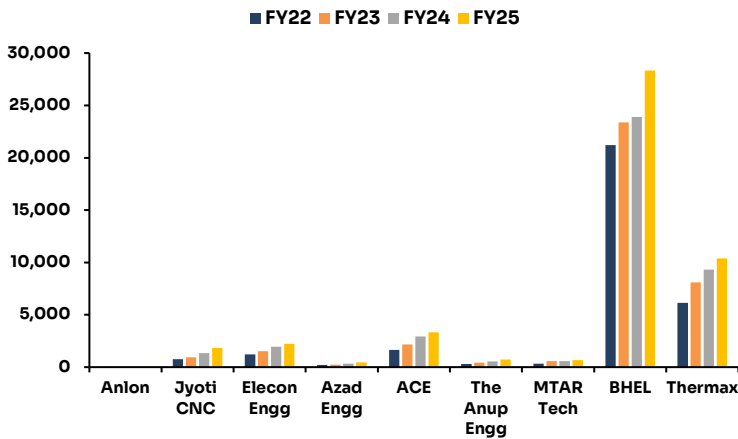
### ATSL’s business performance over the years

ATSL grew gradually in line with India’s aviation, infrastructure, and municipal equipment markets, supported by government modernization drives. COVID-19 in FY20–21 disrupted supply chains and delayed projects, leading to flat revenues and cautious margins. The company maintained a conservative balance sheet while navigating industry uncertainty.

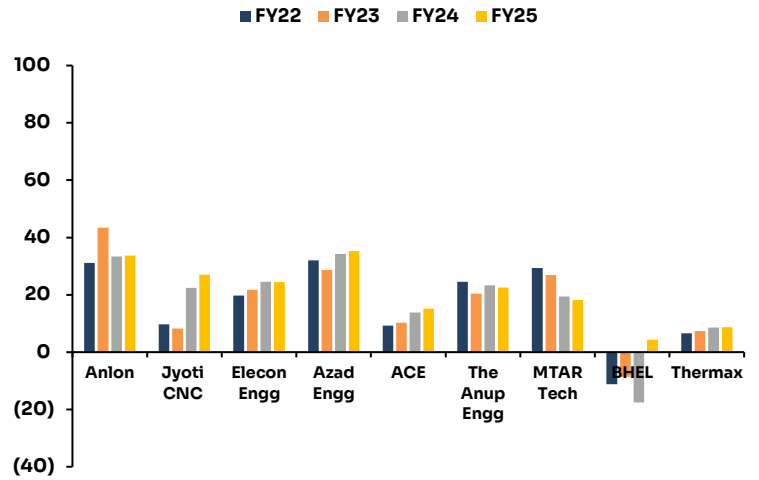
The post-COVID recovery brought strong demand from airports, municipalities, and industrial sectors for advanced safety equipment. With project execution resuming and safety standards rising, Anlon saw faster order flow and improved profitability. ATSL was able to navigate through the uncertainties of Covid – 19 smoothly without straining its balance sheet. This period reflects a sharp growth phase, with stronger margins and a healthier business cycle.



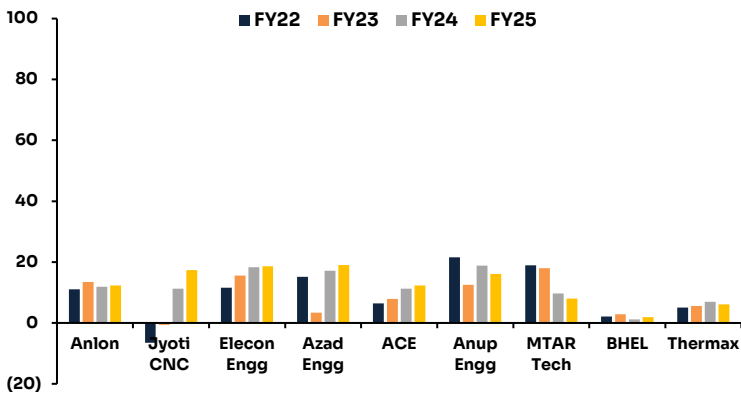
### Revenue (INR Cr)



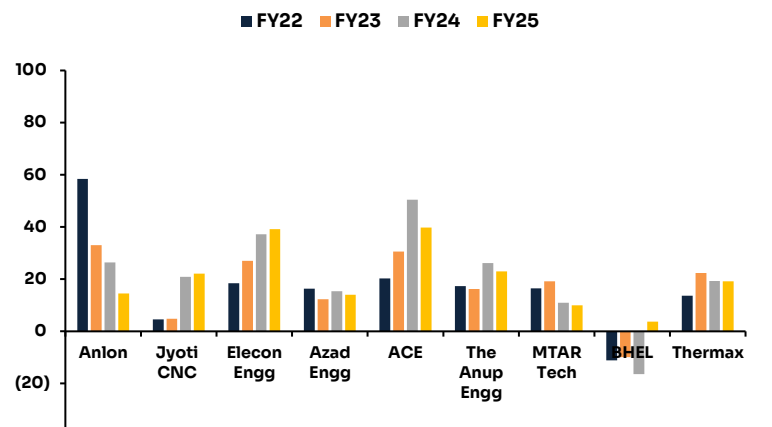
### EBITDA Margin (%)



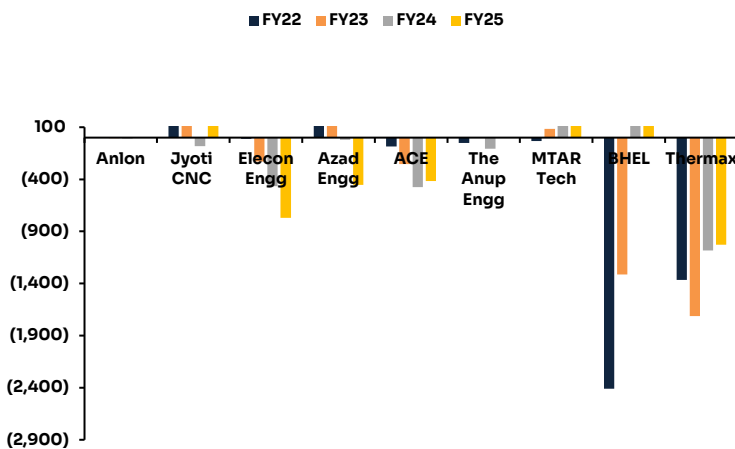
### Net Profit Margin (%)



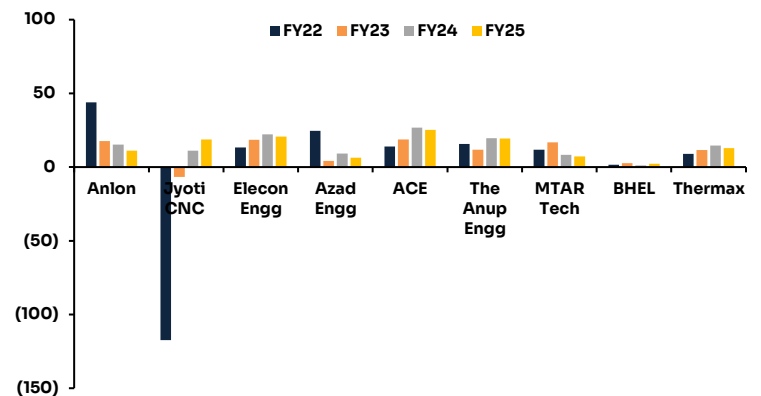
### ROIC %



### Net Debt (INR Cr)



### RoE (%)



### Valuation and comparable metrics of domestic and global companies

Company Name	Mkt Cap	Price	PEG (X)	P/E (X)			EV/Sales (X)			EV/EBIDTA (X)			RoE (%)			RoC (%)			Sales			EBITDA Margin (%)			Net Margin (%)		
				2026	2027	2028	2026	2027	2028	2026	2027	2028	2026	2027	2028	2026	2027	2028	2026	2027	2028	2026	2027	2028	2026	2027	2028
Domestic Peers (fig in INR cr, unless specified)																											
Anlon	292	464.0	0.2	18.5	16.3	13.1	2.9	2.5	2.1	12.9	10.9	9.0	21.1	19.4	19.5	22.4	23.8	25.2	110	127	145	22.6	22.6	22.8	14.3	14.2	15.4
Jyoti CNC	23,491	1,022.8	0.9	43.5	34.3	31.2	8.1	6.5	5.9	31.0	24.8	22.5	23.5	23.0	23.0	26.9	26.9	27.1	2,950	3,689	4,058	26.1	26.1	26.1	18.3	18.6	18.6
Elecon Engg	14,510	651.0	1.4	30.8	25.9	22.3	5.3	4.5	3.8	21.6	18.3	15.7	19.6	19.3	18.3	36.6	33.4	28.6	2,584	3,048	3,653	24.6	24.6	24.0	18.3	18.4	17.8
Azad Engg	10,522	1,614.0	0.9	81.9	57.6	40.3	19.2	14.5	11.0	54.2	40.6	30.5	8.4	10.7	13.3	6.0	7.3	8.8	626	845	1,140	35.5	35.7	35.9	20.5	21.6	22.9
ACE	14,204	1,192.0	2.2	30.0	25.4	25.1	3.6	3.2	3.1	24.1	20.6	19.1	23.1	21.9	20.2	0.9	0.7	0.6	3,825	4,359	4,506	14.9	15.3	16.0	12.4	12.8	12.6
The Anup Engg	5,597	2,905.0	1.3	42.1	33.2	27.1	5.9	4.5	4.2	27.3	21.6	18.2	18.9	20.3	22.6	24.9	26.8	29.9	951	1,245	1,341	21.6	20.8	23.0	14.0	13.5	15.4
MTAR Tech	4,811	1,584.0	0.3	39.8	25.4	18.1	5.5	4.2	3.4	23.5	16.1	13.8	14.1	18.1	19.7	16.6	21.7	27.0	885	1,138	1,335	23.6	26.3	24.6	13.7	16.7	19.9
BHEL	89,263	263.0	0.2	50.7	30.3	22.7	2.4	1.9	1.7	27.9	19.7	17.3	7.1	10.8	13.4	11.4	15.1	14.9	38,760	47,839	54,377	8.4	9.8	9.9	4.5	6.2	7.2
Thermax	38,818.0	3,425.0	1.5	48.9	40.1	33.3	3.2	2.8	2.6	33.1	27.3	20.0	14.6	15.7	16.4	17.0	18.2	19.3	11,833	13,599	14,832	9.7	10.3	12.8	6.7	7.1	7.9
Global Peers (fig in USD mn, unless specified)																											
Jacob Sol	17,750	148.5	1.8	24.0	21.2	19.2	1.5	1.5	1.3	15.3	13.7	12.3	17.8	18.0	17.3	23.8	25.1	26.4	12,069	12,533	13,738	10.0	10.7	10.6	6.1	6.7	6.7
Honeywell Intl	1,41,474	222.8	1.4	20.8	19.6	18.3	4.0	3.8	3.6	15.4	14.4	13.6	36.3	37.2	34.9	23.5	25.2	24.9	40,861	42,840	44,831	25.9	26.4	26.6	16.7	16.8	17.2
Siemens AG	2,20,361	275.4	1.6	20.2	21.3	18.8	2.8	2.6	2.5	16.1	14.3	12.8	16.1	14.3	15.1	11.8	13.1	14.5	92,668	97,962	1,03,923	17.5	18.4	19.2	11.8	10.6	11.3
Eaton Corp	1,35,325	347.6	1.5	28.6	25.4	23.0	5.2	4.8	4.4	22.0	19.6	17.9	24.3	25.1	25.1	19.7	22.1	22.4	27,511	29,948	32,160	23.7	24.4	24.8	17.2	17.8	18.3
ABB	1,23,868	67.2	1.5	26.7	24.6	22.7	3.6	3.3	3.1	17.8	16.2	14.9	29.3	27.2	25.5	35.2	37.3	38.3	34,861	36,903	38,861	20.2	20.7	20.9	13.3	13.6	14.1

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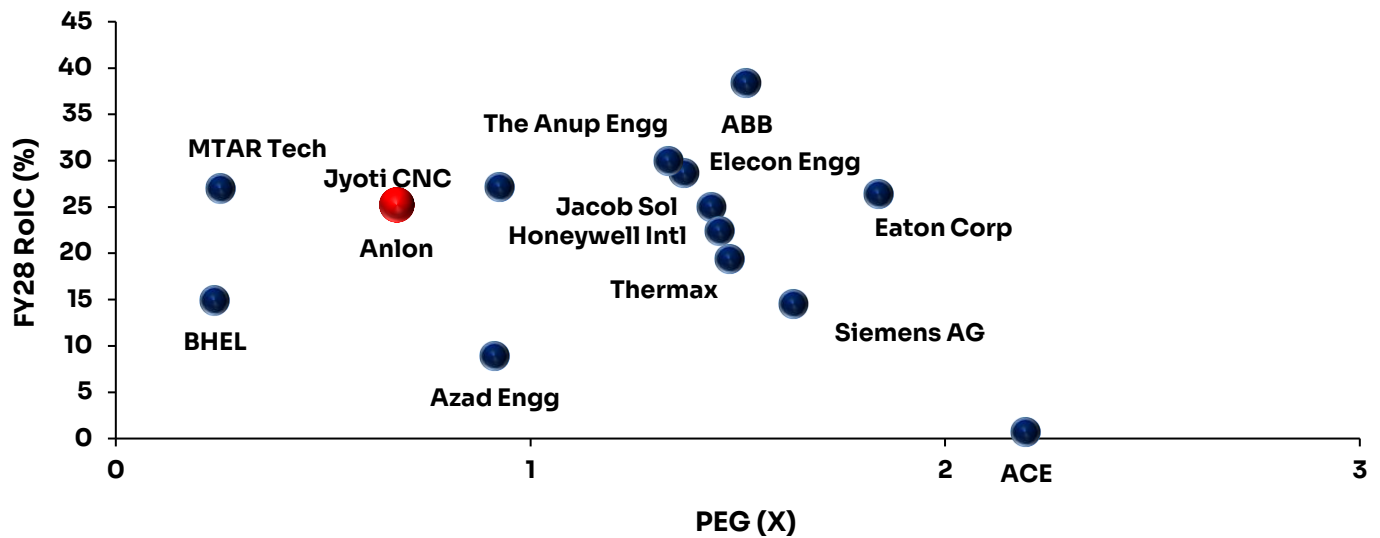
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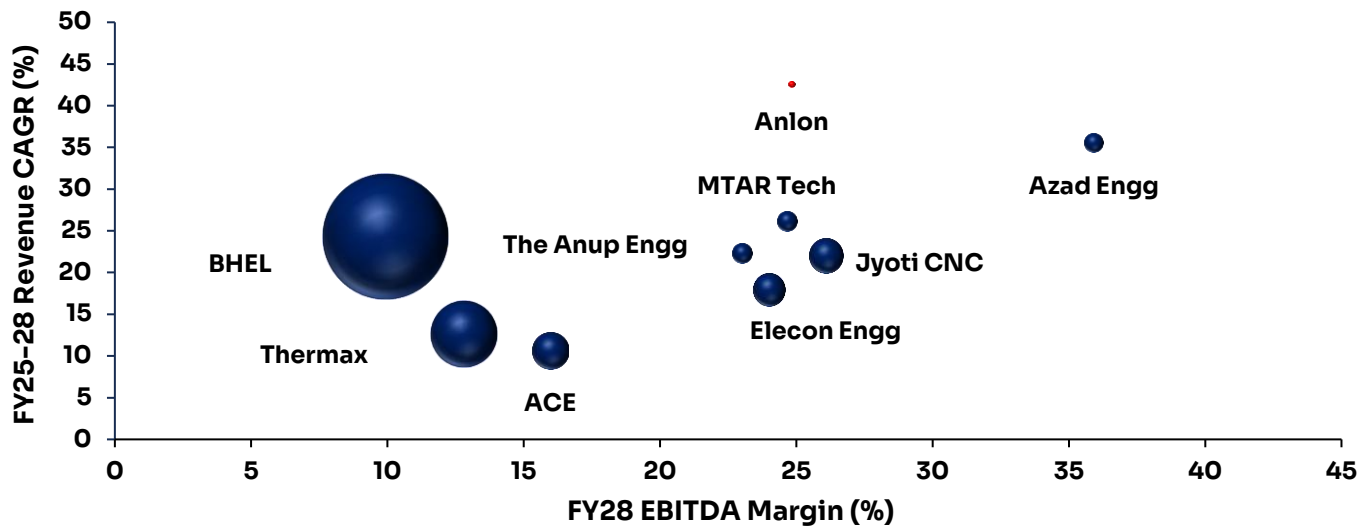
**ऐनलॉन टेक्नोलॉजी सॉल्यूशन्स**

मजबूत वित्तीय वृद्धि, ऑर्डर बुक और उद्योग  
के बढ़ते अवसरों के साथ

Strong earnings visibility and improving return ratios support long-term growth



High Growth and Strong Profitability Outlook



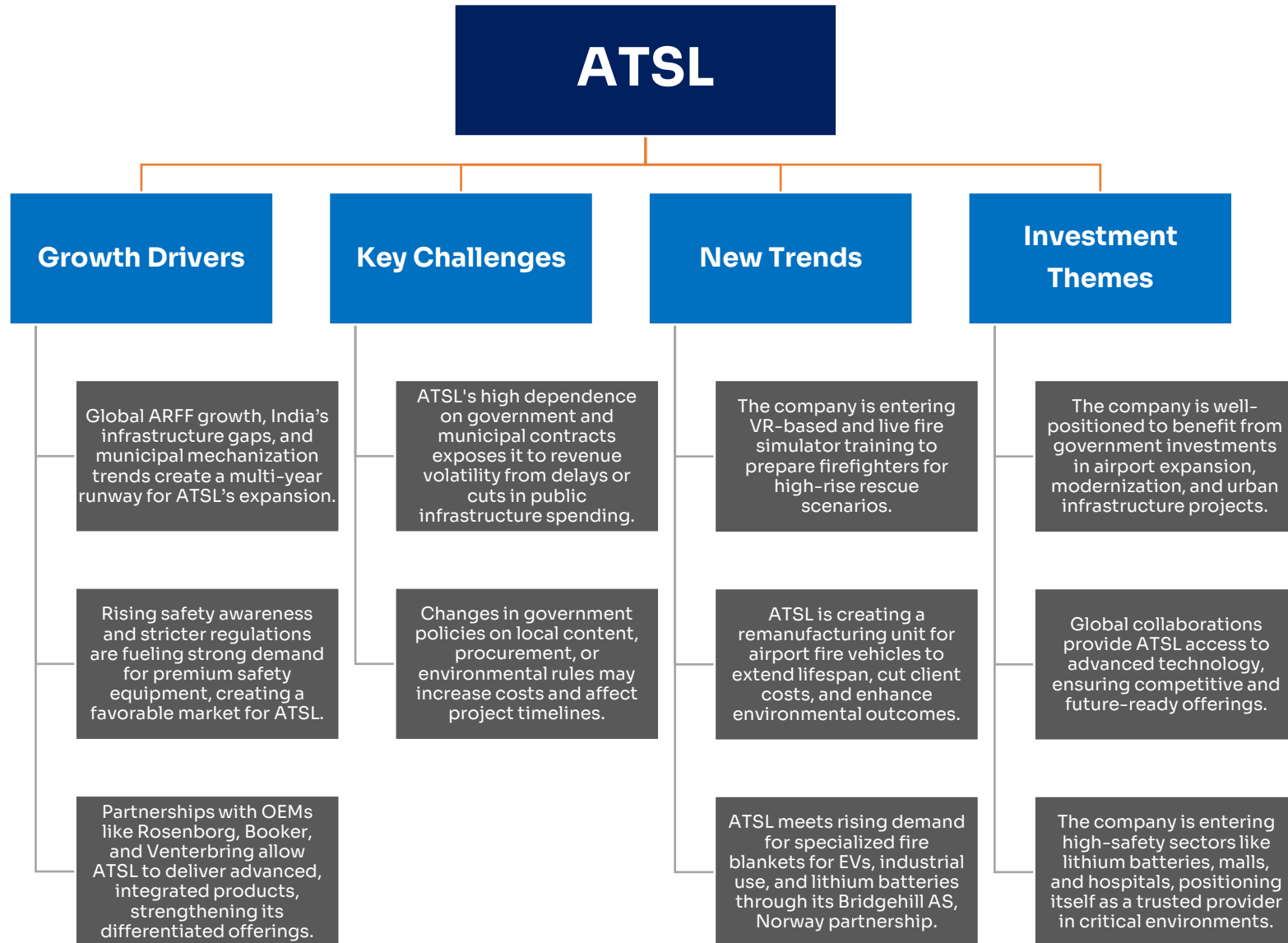
Bubble size represents the size of the companies' revenue

## ATSL's Financial Summary

Fig in INR Cr (unless specified)	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E
<b>Firefighting Equipment</b>	29.8	41.0	66.0	75.9	87.3	100.4	115.4	132.7	152.7	175.6	201.9	232.2
<b>YoY Growth (%)</b>	6.5	37.7	61.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
<b>Share in total revenue (%)</b>	85.0	81.6	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0
<b>Runway Rubber Removal</b>	1.8	6.0	16.5	19.0	21.8	25.1	28.9	33.2	38.2	43.9	50.5	58.0
<b>YoY Growth (%)</b>	0.0	242.7	175.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
<b>Share in total revenue (%)</b>	5.0	11.9	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
<b>Runway &amp; Commercial Sweeping</b>	1.8	1.5	16.5	19.0	21.8	25.1	28.9	33.2	38.2	43.9	50.5	58.0
<b>YoY Growth (%)</b>	0.0	(14.3)	1,000.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
<b>Share in total revenue (%)</b>	5.0	3.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
<b>Other Equipments</b>	1.8	1.5	11.0	12.7	14.5	16.7	19.2	22.1	25.4	29.3	33.6	38.7
<b>YoY Growth (%)</b>	0.0	(14.3)	633.3	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
<b>Share in total revenue (%)</b>	5.0	3.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<b>Revenue from operations</b>	35.0	50.2	110.0	126.5	145.5	167.3	192.4	221.2	254.4	292.6	336.5	387.0
<b>YoY Growth (%)</b>	6.5	43.4	119.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
<b>Raw Material Cost</b>	10.1	14.2	30.8	34.8	39.3	44.3	50.0	56.4	63.6	71.7	80.8	90.9
<b>RM Cost to Sales (%)</b>	28.8	28.2	28.0	27.5	27.0	26.5	26.0	25.5	25.0	24.5	24.0	23.5
<b>Employee Cost</b>	7.1	9.5	12.6	15.4	18.5	22.0	25.9	30.0	34.5	39.3	44.3	49.6
<b>Employee Cost to Sales (%)</b>	20.3	18.9	11.4	12.2	12.7	13.2	13.4	13.6	13.6	13.4	13.2	12.8
<b>Other Expenses</b>	11.5	16.9	41.8	47.8	54.6	62.3	71.2	81.3	92.9	106.1	121.1	138.3
<b>Other Expenses to Sales (%)</b>	32.9	33.7	38.0	37.8	37.5	37.3	37.0	36.8	36.5	36.3	36.0	35.8
<b>EBITDA</b>	6.3	9.6	24.8	28.6	33.1	38.6	45.3	53.5	63.5	75.6	90.3	108.1
<b>EBITDA Margin (%)</b>	18.0	19.2	22.6	22.6	22.8	23.1	23.6	24.2	24.9	25.8	26.8	27.9
<b>PAT</b>	4.2	6.2	15.8	17.9	22.3	27.6	33.1	39.5	47.2	56.7	68.2	82.2
<b>PAT Margin (%)</b>	11.9	12.3	14.3	14.2	15.4	16.5	17.2	17.8	18.6	19.4	20.3	21.2
<b>Net Profit</b>	4.2	6.2	15.8	17.9	22.3	27.6	33.1	39.5	47.2	56.7	68.2	82.2
<b>Net Margin (%)</b>	11.9	12.3	14.3	14.2	15.4	16.5	17.2	17.8	18.6	19.4	20.3	21.2
<b>Adjusted EPS</b>	6.7	9.9	25.2	28.6	35.7	44.0	52.8	63.0	75.5	90.6	109.0	131.3
<b>P/E (X)</b>	69.7	47.0	18.4	16.2	13.0	10.5	8.8	7.4	6.1	5.1	4.3	3.5
<b>Adjusted BVPS</b>	47.6	94.0	119.1	147.8	183.5	227.5	280.3	343.4	418.8	509.4	618.4	749.7
<b>P/BV (X)</b>	9.8	4.9	3.9	3.1	2.5	2.0	1.7	1.4	1.1	0.9	0.8	0.6
<b>Enterprise Value</b>	283.7	294.4	319.8	309.3	297.0	283.4	266.5	245.8	220.4	188.8	149.8	101.3
<b>EV/EBITDA (X)</b>	44.9	30.5	12.9	10.8	9.0	7.3	5.9	4.6	3.5	2.5	1.7	0.9
<b>Net Worth</b>	29.8	58.8	74.6	92.5	114.9	142.4	175.5	214.9	262.2	318.9	387.1	469.3
<b>Return on Equity (%)</b>	14.0	10.5	21.1	19.4	19.5	19.3	18.9	18.4	18.0	17.8	17.6	17.5
<b>Capital Employed</b>	33.3	66.7	105.6	113.5	123.9	143.4	176.5	215.9	263.2	319.9	388.1	470.3
<b>Return on Capital Employed (%)</b>	13.2	10.0	16.5	17.5	18.5	18.7	17.9	17.4	17.0	16.7	16.5	16.4
<b>Invested Capital</b>	23.0	62.7	103.9	111.3	121.4	135.3	151.5	170.3	192.1	217.3	246.4	280.2
<b>Return on Invested Capital (%)</b>	26.5	14.5	22.4	23.8	25.2	26.5	27.9	29.4	31.1	32.8	34.7	36.7
<b>Cash Flow from Operations</b>	2.1	(16.7)	(11.1)	23.2	23.9	19.4	22.8	27.5	33.3	40.4	49.3	60.2
<b>Cash Flow from Investing</b>	(4.3)	(10.3)	(11.6)	(8.8)	(9.4)	(5.0)	(5.8)	(6.6)	(7.6)	(8.8)	(10.1)	(11.6)
<b>Cash Flow from Financing</b>	(0.0)	26.0	20.3	(13.9)	(14.3)	(8.8)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
<b>Net Cash Flow</b>	(2.3)	(1.1)	(2.3)	0.5	0.3	5.6	16.9	20.7	25.5	31.5	39.1	48.5
<b>Free Cash Flow</b>	(2.4)	(26.8)	(22.2)	17.3	16.2	14.9	17.2	20.9	25.7	31.8	39.3	48.7
<b>FCF to Revenue (%)</b>	(6.8)	(53.4)	(20.2)	13.7	11.1	8.9	8.9	9.5	10.1	10.9	11.7	12.6
<b>FCF to EBITDA (%)</b>	(37.7)	(278.3)	(89.4)	60.6	48.9	38.6	37.8	39.1	40.6	42.0	43.6	45.1
<b>FCF to Net Profit (%)</b>	(57.1)	(434.3)	(140.8)	96.6	72.5	54.1	51.9	53.1	54.5	56.0	57.6	59.3
<b>FCF to Net Worth (%)</b>	(8.0)	(45.6)	(29.8)	18.7	14.1	10.5	9.8	9.7	9.8	10.0	10.2	10.4
<b>Total Debt</b>	3.5	7.9	31.0	21.0	9.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Net Debt</b>	(6.7)	3.9	29.3	18.8	6.5	(7.1)	(23.9)	(44.6)	(70.1)	(101.6)	(140.7)	(189.2)
<b>Net Debt to Equity (X)</b>	(0.2)	0.1	0.4	0.2	0.1	(0.0)	(0.1)	(0.2)	(0.3)	(0.3)	(0.4)	(0.4)
<b>Net Debt to EBITDA (X)</b>	(1.1)	0.4	1.2	0.7	0.2	(0.2)	(0.5)	(0.8)	(1.1)	(1.3)	(1.6)	(1.7)
<b>Interest Coverage Ratio (X)</b>	9.9	9.6	8.0	6.8	13.6	47.8	281.9	334.2	398.0	475.8	570.5	685.5
<b>Fundamental scores</b>												
<b>Altman Z Score</b>	1.6	1.6	2.0	2.0	2.0	2.0	1.9	1.9	1.8	1.8	1.7	1.7
<b>Piotroski F-score</b>	3.0	4.0	5.0	8.0	8.0	6.0	5.0	5.0	5.0	5.0	6.0	6.0
<b>Beneish M-score</b>	(1.9)	0.8	(0.6)	(2.2)	(2.2)	(1.9)	(1.9)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)

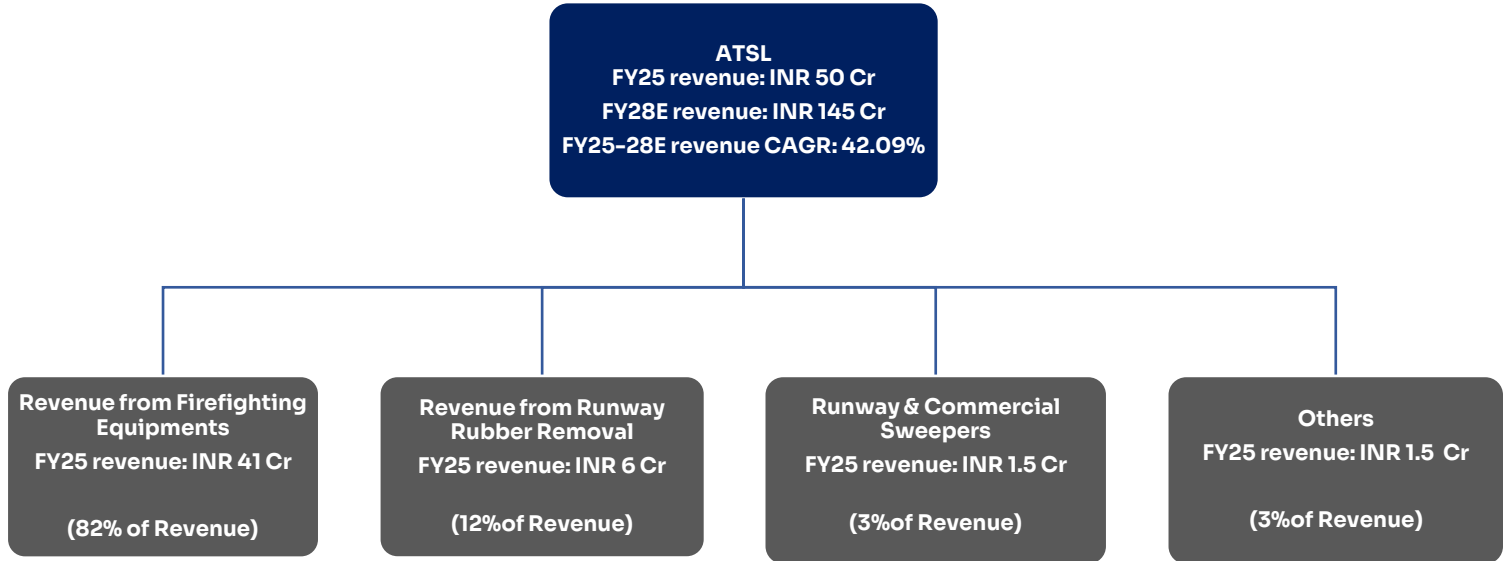
Source: ACE Equity, Company Reports & Ventura Research

## ATSL's SWOT Analysis

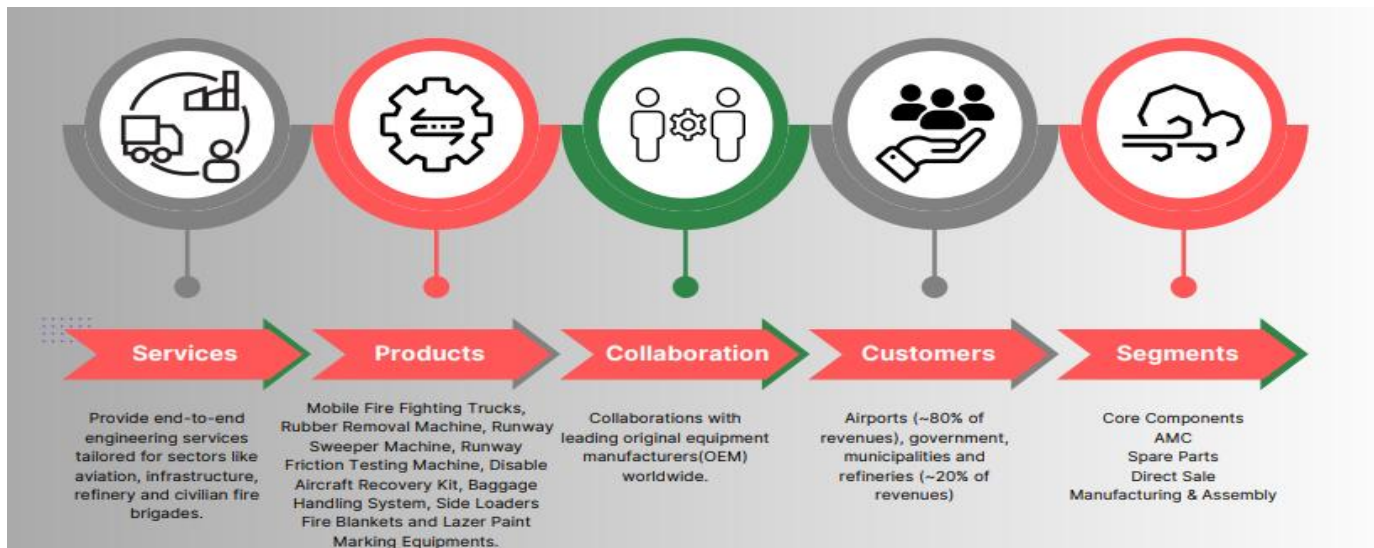


## ATSL's Business Structure and Ventura growth estimates

ATSL Limited stands at the forefront of innovation and reliability as a premier manufacturer and assembler of advanced Runway Rubber Removal Machine firefighting, rescue, and infrastructure solutions. Specializing in serving airports, multinational corporations, fire stations, and critical infrastructure sectors, they deliver state-of-the-art equipment designed to meet the highest standards of safety, efficiency, and performance.



## ATSL's Company Overview & Growth Drivers

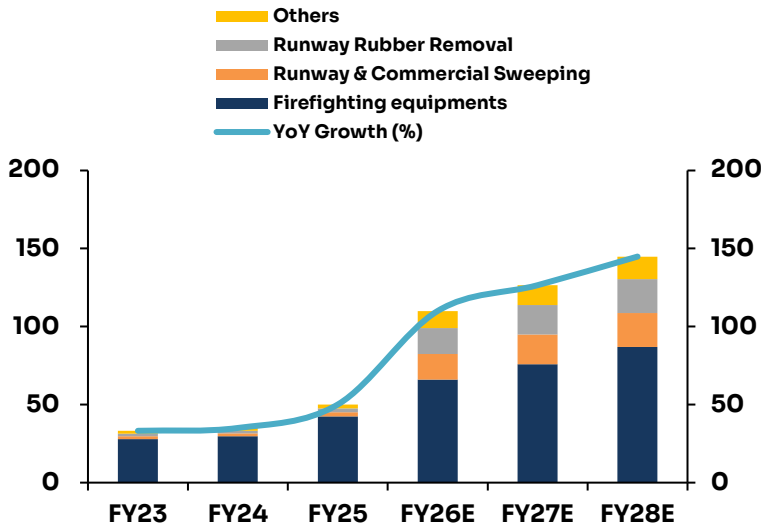


ATSL serves a diverse and high-quality customer base spanning civil aviation (Adani Group, AAI), municipal corporations (Goa, Jabalpur, BBMP), defense (Indian Air Force), and petrochemical players. Its long-standing relationships, such as 100% reliance by Adani airports for fire and rescue equipment, along with repeat orders from state governments and municipalities, underscore the company's strong customer trust. This diversified base not only reduces concentration risk but also ensures recurring revenue through AMCs, spares, and repeat contracts.

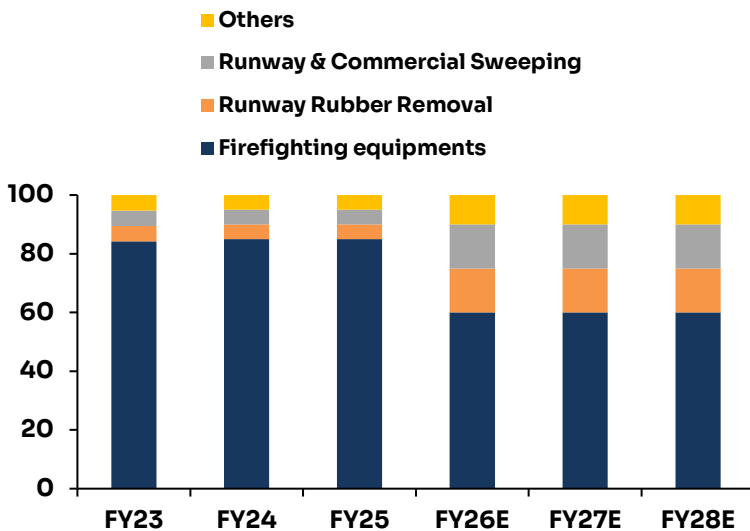
### ATSL's Customer Base



### ATSL's Revenue Outlook



### ATSL's Segment wise Revenue (%)



### Robust Growth Trajectory on the carts

ATSL is poised for a strong growth trajectory, with revenues expected to expand from **INR 50 Cr in FY25 to INR 145 Cr by FY28E, implying a healthy 42.1% CAGR**. This sharp acceleration is underpinned by a combination of:

- strong executable order book,
- repeat institutional orders, and
- rising demand across aviation, municipal, and defense-linked safety infrastructure.

Importantly, the company is successfully diversifying beyond its traditional firefighting equipment segment, positioning itself for sustainable and de-risked growth.

- **Firefighting Equipment** – The largest revenue contributor, expected to grow from **INR 41 Cr in FY25 to INR 87 Cr in FY28E (28.5% CAGR)**, supported by airport modernization, new private airport projects, and strong repeat demand from institutional clients like Adani and state governments.
- **Runway Rubber Removal** – Scaling rapidly from **INR 6 Cr in FY25 to INR 22 Cr in FY28E (54% CAGR)**, aided by Airports Authority of India's (AAI) rising focus on safety compliance and modernization of runway infrastructure.
- **Runway & Commercial Sweepers** – Another high-growth vertical, projected to grow from **INR 1.5 Cr in FY25 to INR 22 Cr in FY28E (145% CAGR)**, driven by municipal corporations' adoption of mechanized cleaning solutions under schemes like Swachh Bharat.
- **Others (Utility Vehicles, DARK, High-Rise Rescue Ladders, etc.)** – Expected to increase from **INR 1.5 Cr in FY25 to INR 14 Cr in FY28E (111% CAGR)**, reflecting ATSL's expansion into adjacent categories through its "Make in India" strategy and growing acceptance in niche infrastructure projects.

While firefighting remains the backbone of revenues, newer verticals like the runway equipment and sweepers are growing at 100%+ CAGR and will meaningfully diversify the revenue mix by FY28E. This shift not only broadens the opportunity base but also enhances profitability through localized manufacturing and higher-value product offerings.

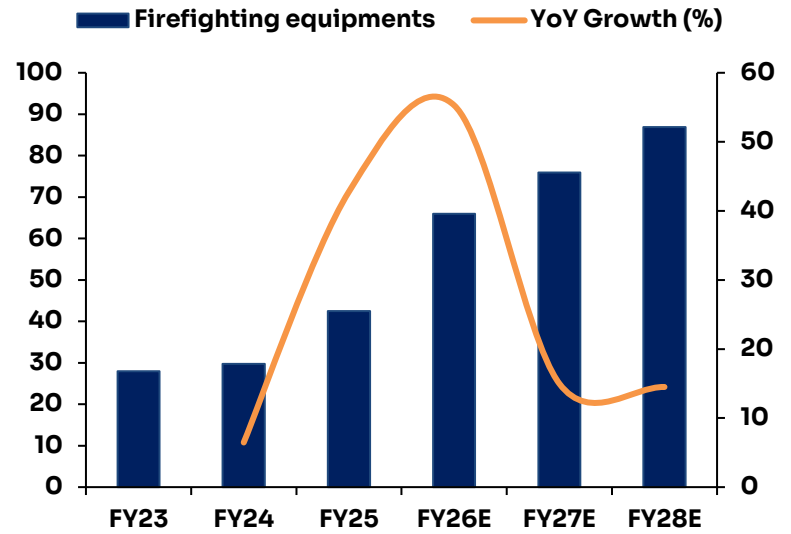
### Firefighting Segment Outlook

The global firefighting equipment market is expanding steadily, supported by stricter safety regulations, airport expansion, and rising industrial and defense safety needs. In India, government-led infrastructure growth and adoption of advanced hazard-response solutions add to the long-term opportunity.

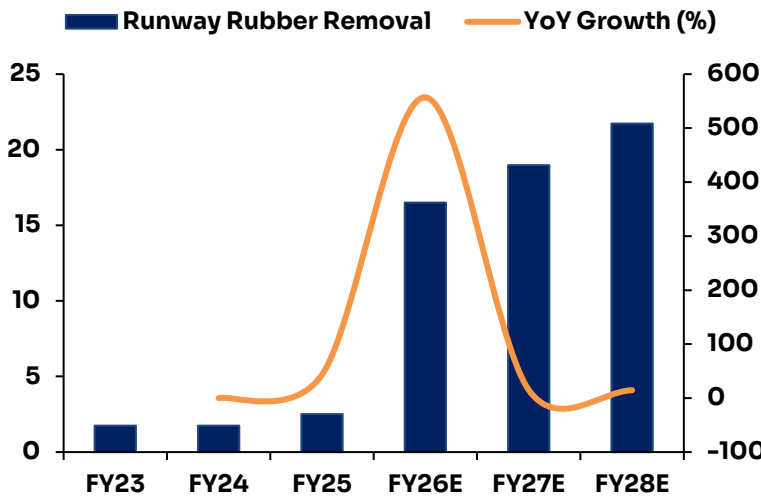
For Anlon, firefighting has been the backbone of its business, with revenues rising from **INR 25–30 crore in FY23–25 to nearly INR 40 crore**, led by strong demand for ARFF vehicles. The segment contributed 85% of revenues during this period, underlining its reliance.

Looking ahead, firefighting revenues are expected to grow to **INR 70 crore in FY26E and INR 90 crore by FY28E**, though its share is projected to moderate to 60% as the company diversifies into runway safety, municipal mechanization, and petrochemical hazard systems. This reflects a deliberate strategy to reduce concentration risk while maintaining firefighting as a steady growth pillar.

### ATSL's Firefighting Equipments



### ATSL's Runway Rubber Removal Machines



### Runway Rubber Removal Segment Outlook

The runway rubber removal market in India remains at a very nascent stage, with fewer than **20 airports currently deploying dedicated machines despite over 150 operational airports**. At most airports, rubber deposits are managed through manual methods or outsourced contractors using pressure washing, chemical cleaning, or mechanical scrubbing, which are less efficient and may not meet international safety standards. With the **government targeting 220+ airports by 2035** and increasing emphasis on runway safety, penetration levels are expected to rise significantly, offering a large untapped opportunity.

For ATSL, the segment has been in its early build-up phase, contributing minimally in FY23–25. Revenues scaled meaningfully in **FY26E to INR 17 crore as order inflows picked up**, marking the segment's transition from pilot adoption to commercial deployment.

Going forward, revenues are projected to reach **INR 20–22 crore by FY28E**, supported by growing airport capacity and regulatory push. While YoY growth normalizes post the sharp FY26E ramp-up, the segment is expected to become a meaningful contributor to ATSL's portfolio, reflecting its strategy of diversifying beyond firefighting into adjacent, under-penetrated

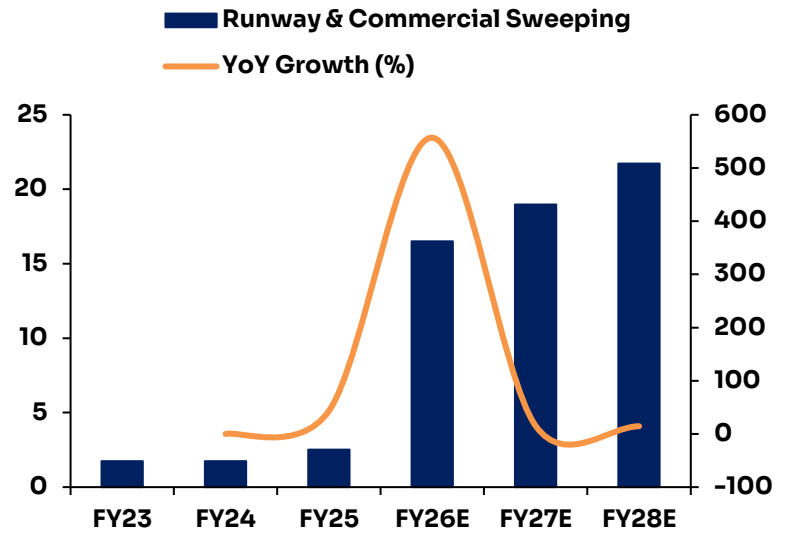
### Runway & Commercial Sweepers Outlook

ATSL's runway and commercial sweepers market is at an early growth stage, driven by low penetration, regulatory safety requirements at airports, and increasing municipal mechanization. Early deployments at Noida International Airport and initial AAI procurements indicate strong product acceptance.

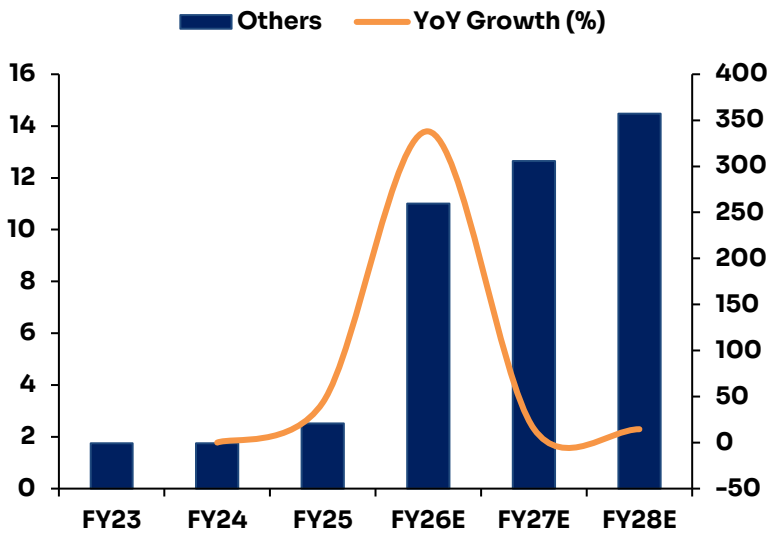
Revenue has been modest at **INR 1-2 Cr in till FY25** as initial orders and pilots convert. Dispatches to AAI and municipal interest validate market fit and compliance for critical operations.

**FY26E shows a sharp revenue jump to INR 16 Cr, followed by INR 19 Cr in FY27E and INR 22 Cr in FY28E**, reflecting airport rollouts, new projects, and municipal adoption. After FY26E, growth normalizes at higher run rates, supported by recurring AMC and spares revenue, giving the segment multi-year visibility.

### ATSL's Runway & Commercial Sweepers



### ATSL's Other Equipments



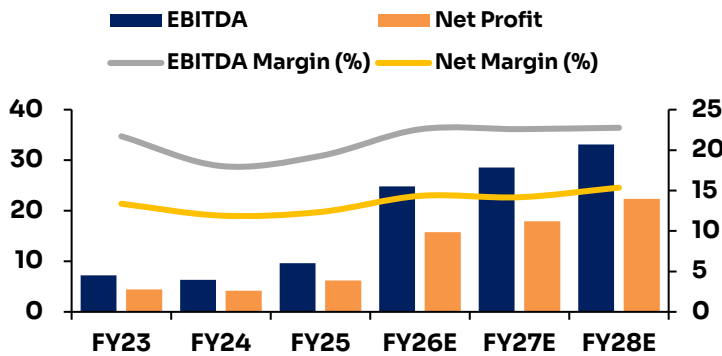
### Other Equipment Outlook

The Others equipment segment, covering PPE, fire robots, line marking systems, utility vehicles, DARK platforms, high-rise rescue ladders, and more is set for strong growth driven by stricter safety standards, smart-city projects, industrial automation, and regulatory compliance. India and the broader Asia-Pacific are key markets, with rising adoption across Municipalities, industrial sites, and high-rise developments.

Currently, the segment is emerging, with **FY25 revenue at INR 2 Cr** from initial tenders and pilot projects. Expansion beyond core ARFF into industrial and urban safety solutions creates cross-selling opportunities for Anlon.

Revenue is expected to **grow sharply to INR 14 Cr in FY28** as **multi-city procurements and framework contracts scale**. With growing PPE demand, high-rise rescue adoption, and digital safety workflows, the Other Equipment segment is positioned to become a meaningful, medium-term contributor to ATSL's portfolio.

### ATSL's Profitability



### Profitability Outlook

In FY25, Anlon reported revenue of INR 50.8 Cr, up 58.7% YoY, while net profit stood at INR 6.9 Cr compared to INR 13.2 Cr in FY24, reflecting a normalization post an exceptional FY24 base.

Over FY25–28E, we project **ATSL's EBITDA to grow at a CAGR of 51%, reaching INR 33 Cr**, while **net earnings are expected to rise at a CAGR of 53% to INR 22.3 cr**. Additionally, **EBITDA margins** are expected to expand from **19.2% in FY25 to 22.8% in FY28E**, while **net margins** are set to improve from **12.3% in FY25 to 15.4% by FY28E**.

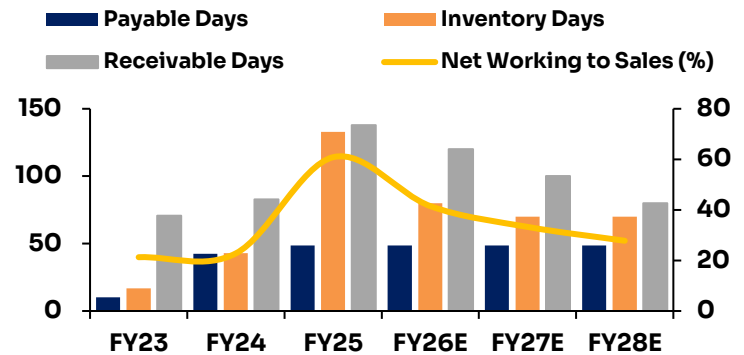
### Working Capital

ATSL's working capital cycle remained stretched in FY25 with net working capital (NWC) days at 222, largely due to elevated receivable and inventory levels as execution ramps up.

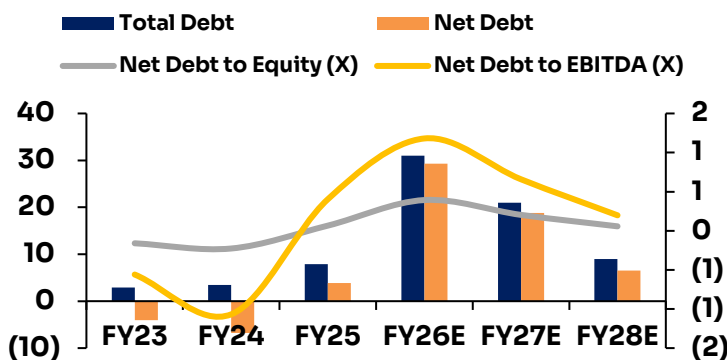
However, the position is expected to normalize meaningfully over **FY26–28E, with NWC days projected to improve from 151 in FY26 to 101 by FY28E**.

Consequently, **NWC to Sales** is expected to decline from a peak of **60.8% in FY25 to 27.8% by FY28E**, indicating improved efficiency, stronger cash conversion, and better scalability of operations.

### ATSL's Working Capital



### ATSI's Debt Profile



### Debt Profile

Anlon operates with a conservative debt structure, with total debt expected to remain modest at an average of INR 15–20 Cr over FY25–28E.

Net debt is projected to rise temporarily in **FY26 to about INR 31 Cr**, driven by higher working capital requirements to support strong order execution. However, this is expected to decline sharply thereafter, with the **company turning net cash positive by FY28E**.

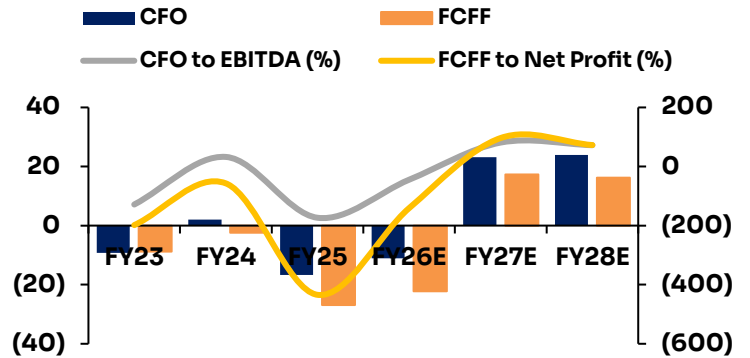
Leverage metrics remain comfortable throughout the period, with net **debt-to-equity peaking at 0.4x in FY26E** and improving to **0.1x by FY28E**. Similarly, **net debt-to-EBITDA** is expected to move from **1.2x in FY26E** to net cash thereafter. Overall, ATSL's debt profile reflects prudent leverage management and suggests no material balance sheet risk, even as the company accelerates its growth trajectory.

### Cashflow Outlook

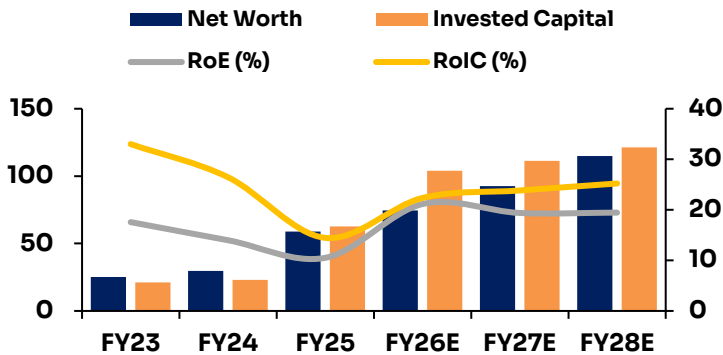
ATSL's near-term cash flows remain under pressure, with **negative CFO of INR 17 Cr in FY25** and **FCFF at INR -26 Cr**, reflecting elevated working capital and capex outflows. Conversion metrics are weak, with **CFO/EBITDA at -174%** and **FCFF/Net Profit at -386%**, highlighting the gap between reported earnings and actual cash generation.

From **FY27E** onwards, the profile is expected to improve sharply, with **CFO rising to INR 24 Cr by FY28E** and **FCFF turning positive at INR 16 Cr**. Conversion ratios normalize meaningfully, with **CFO/EBITDA at 70%** and **FCFF/Net Profit at 63%**, indicating a healthier alignment of profits with cash flows and improving financial

### ATSL's Cash flows



### ATSL's Return Ratios



### Return Ratios

ATSL's return ratios show a temporary moderation in **FY25, with RoE at 10.5% and RoIC at 14.5%**, reflecting the impact of higher capital deployment and execution costs. However, as the order book scales and operating leverage kicks in, returns are projected to improve meaningfully.

**By FY28E, RoE is expected to recover to 20% while RoIC strengthens to 25%**, highlighting improved capital efficiency and strong shareholder value creation. For investors, this signals that while FY25 reflected short-term pressure, the long-term trajectory remains firmly positive and supportive of sustainable growth.

## Five step Dupont analysis for ATSL

We have used five-step Dupont analysis to analyze ROHL's financial strength.

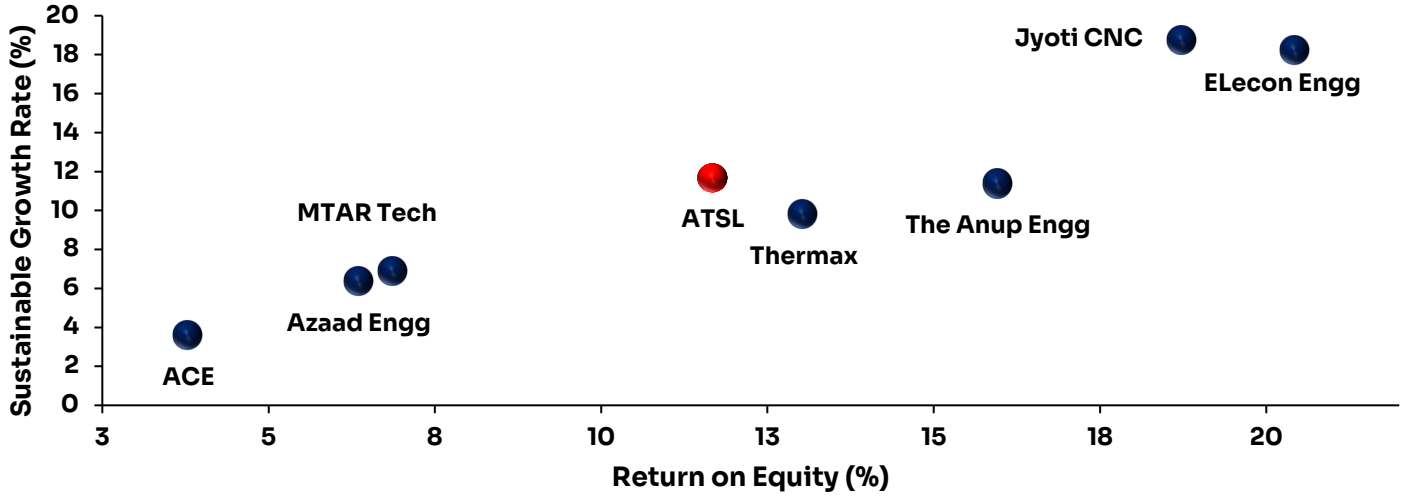
### Five Step Dupont Analysis for FY25- ATSL vs Peers

Companies	Interest Burden (X)	Tax Burden (X)	EBIT margin (%)	Total Asset Turnover (X)	Total Asset to Networth (X)	RoE (%)	Dividend Payout (%)	Sustainable growth (%)
ATSL	0.9	0.8	18.0	0.8	1.0	11.7	0.0	11.7
Jyoti CNC Automation	0.9	0.8	27.0	0.7	1.7	18.7	0.0	18.7
ELecon Engineering	1.0	0.8	24.0	0.8	1.4	20.4	10.8	18.2
Azaad Engineering	0.8	0.7	36.0	0.2	1.3	6.4	0.0	6.4
Action Construction	1.1	0.7	15.0	0.2	1.7	3.8	5.8	3.6
The Anup Engineering	0.7	0.8	23.0	0.8	1.5	16.0	28.8	11.4
BHEL	0.5	0.7	5.0	0.4	2.8	2.2	33.0	1.5
MTAR Technologies	0.6	0.8	18.0	0.6	1.5	6.9	0.0	6.9
Thermax	1.0	0.7	9.0	0.9	2.4	13.0	24.9	9.8

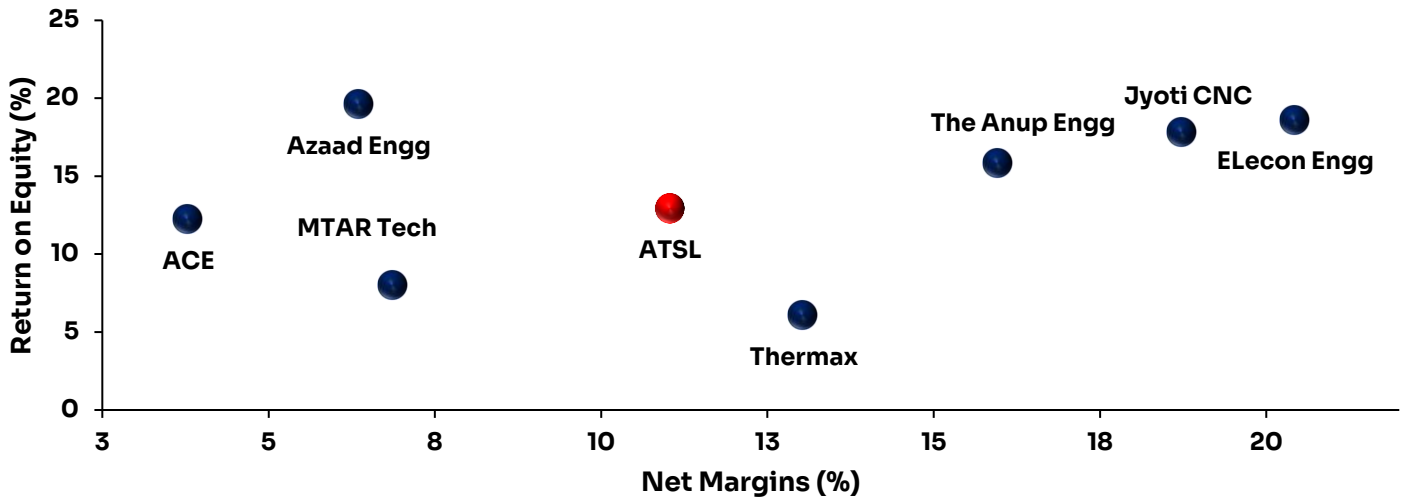
ATSL delivers a RoE of 11%, which is moderate compared to higher returns seen in Elecon (20.4%) and The Anup Engineering (16%). However, its EBIT margin of 18% places it in a healthy zone, close to MTAR Technologies (18%) and ahead of Action Construction (15%) and BHEL (5%). Overall, ATSL is mid-tier in profitability and returns, reflecting efficient operations but with room to enhance shareholder value versus stronger performers.

**ATSL operates in a highly specialized niche with no direct listed peers, making peer-to-peer benchmarking unfeasible. Accordingly, for relative valuation and performance comparison, we have benchmarked ATSL against companies within the broader Capital Goods industry.**

Comparative Positioning of ATSL on RoE and Sustainable Growth



ATSL's RoE and Net Margin Positioning Among Peers



## **UDAN Scheme: Driving Regional Connectivity and Inclusive Growth in India's Aviation Sector**

India's aviation sector has undergone a remarkable transformation over the past decade, and at the heart of this structural shift lies the UDAN (Ude Desh ka Aam Naagrik) Scheme. Launched in October 2016 under the National Civil Aviation Policy, UDAN represents a landmark government initiative designed to democratize air travel by making it affordable, accessible, and inclusive, particularly for Tier-2 and Tier-3 cities that were historically underserved. The scheme addresses both supply-side and demand-side challenges through a unique model of capped fares, viability gap funding (VGF), and public-private participation, ensuring that airlines remain operationally viable while passengers gain access to low-cost connectivity. Over the years, UDAN has emerged as a critical enabler of regional development, tourism growth, and inclusive economic participation, directly supporting the government's broader goals of infrastructure expansion and balanced urbanization. As India positions itself to become the third-largest aviation market by 2030, UDAN plays a pivotal role in shaping the next phase of regional connectivity, creating a strong and sustainable runway for growth across the aviation value chain.

### **Core Objectives and Structure**

- The scheme aims to democratize aviation by capping fares (INR 2,500 for a one-hour flight) and ensuring accessibility for smaller towns.
- It operates on a Viability Gap Funding (VGF) model, where the government subsidizes airlines to cover unviable regional routes.
- The scheme is financed through a Regional Connectivity Fund (RCF), supported by a levy on non-UDAN flights.
- The Airports Authority of India (AAI) is the nodal implementing agency, working with state governments and private operators under a Public-Private Partnership (PPP) framework.

### **Achievements to Date**

- 625+ routes operationalized across the country, connecting 90 airports, including 15 heliports and 2 water aerodromes.
- Passenger base has crossed 1.49 crore travellers, providing a strong boost to affordable mobility.
- India's airport network doubled in the last decade – from 74 airports in 2014 to 159 by 2024, creating significant downstream opportunities in aviation services, airport infrastructure, and related industries.

### **Key Features and Innovations**

- **Viability Gap Funding (VGF):** Ensures that airlines remain profitable while serving unviable routes.
- **Airfare Cap:** Tickets priced affordably to encourage wider adoption.
- **Tax Benefits:** Reduced Aviation Turbine Fuel (ATF) taxes at regional airports, lowering operating costs.
- **Infrastructure Push:** Emphasis on Greenfield (new) and Brownfield (revamped) airports.
- **Seaplane Services:** Over 50 water bodies identified for future operations under UDAN 5.5.
- **Krishi UDAN Scheme:** Supports farmers by enabling quick, cost-effective logistics for perishable produce, especially from the Northeast and tribal regions.
- **Lifeline UDAN:** Played a critical role during Covid-19 by transporting essential medical supplies to remote areas.

### **Budget 2025–26 Announcements**

- A modified UDAN scheme has been launched to extend benefits over the next decade.
- The government plans to add 120 new destinations, benefiting an additional 4 crore passengers.
- Allocation of INR 540 crore in FY26 ensures continuity of subsidies and infrastructure development.

## Phased Expansion of UDAN

- 1. UDAN 1.0 (2017):** Connected 70 airports with 128 routes.
- 2. UDAN 2.0 (2018):** Expanded to underserved airports and helipads.
- 3. UDAN 3.0 (2019):** Introduced tourism-focused routes and seaplane services.
- 4. UDAN 4.0 (2020):** Brought in routes to islands and smaller cities.
- 5. UDAN 5.0 & 5.1 (2023):** Focused on helicopters, eased distance restrictions, and enhanced VGF support.
- 6. UDAN 5.5 (2024):** Seaplane expansion across identified water bodies.

## Outlook

- **Long-term Vision:** India plans to expand from 159 airports in 2024 to 350–400 by 2047, in line with the broader Vision 2047 infrastructure roadmap.
- **Passenger Growth:** Over the next 10 years, 4 crore new passengers are expected to benefit, creating a robust demand cycle for regional airlines, airport operators, and ancillary services.
- **Tourism & Agriculture Boost:** Continued focus on religious/tourist routes and Krishi UDAN will directly support domestic tourism and farm-to-market logistics.
- **Private Participation:** Strong PPP participation expected in airport development and route operations, improving efficiency and reducing government burden.

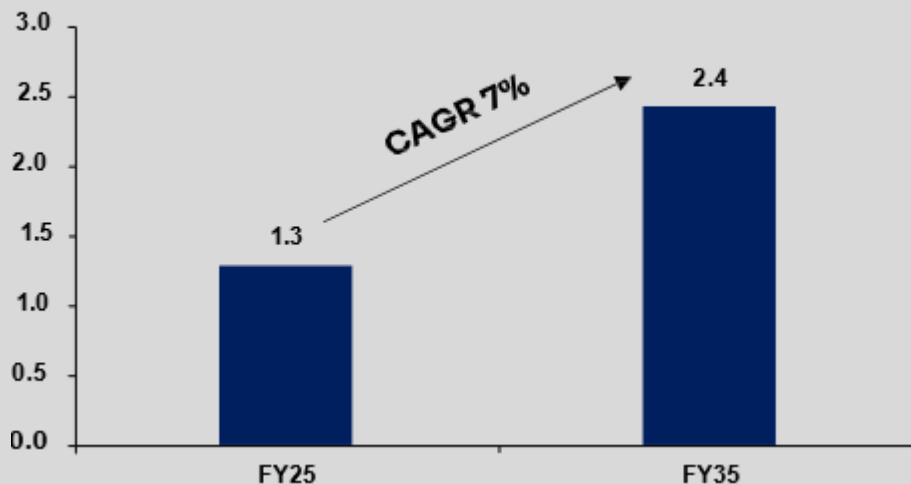
## India's Aviation Growth Fuels Long-Term ARFF Opportunities

India's aviation sector is witnessing rapid expansion, positioning itself as the world's third-largest passenger market by 2030. This strong growth trajectory is not only driving demand for aircraft and airports but also creating structural, long-term requirements for Airport Rescue and Fire Fighting (ARFF) vehicles. With ICAO and DGCA guidelines mandating fire safety coverage, the ARFF segment is set to grow in line with India's aviation boom, supported by both new airport additions and replacement demand.

### Aviation Growth Driving ARFF Demand

- Passenger traffic stood at 411.7 million in FY25, with freight growing at 2.8% CAGR to 3.71 MMT over FY16–FY24.
- Aircraft movements increased at a 3.85% CAGR, reaching 2.87 million in FY25.
- India's fleet is projected to expand to 1,100 planes by 2027.
- With 149 airports today and over 200 targeted by 2040, India will require an additional 400–600 ARFF vehicles over the next 10–15 years.
- Global ARFF market: USD 1.5 billion (2025) → USD 2.5 billion (2033), 7.5% CAGR.
- India's fire truck market (incl. ARFFs): USD 1.28 billion (2025) → USD 2.42 billion (2035), 7% CAGR.

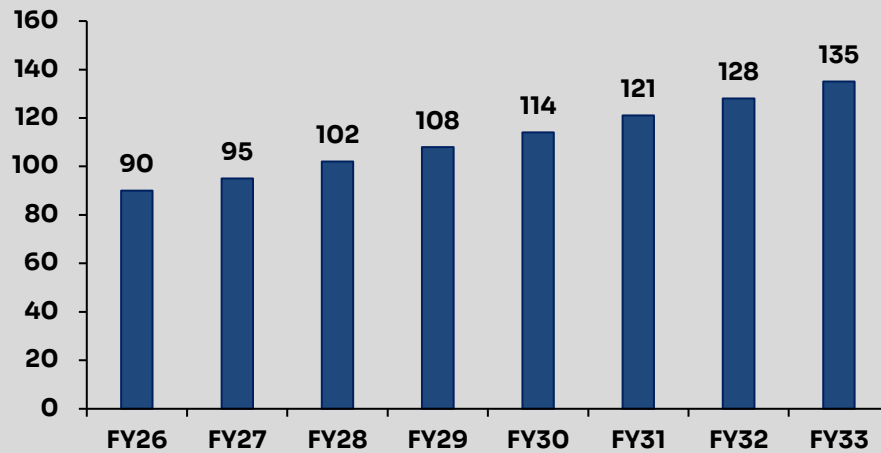
India's Fire Truck Market in \$bn



### Why Indian Airports Are Upgrading ARFF Equipment

- **Rising Air Traffic & Expansion** – Rapid passenger and flight growth, along with new airports, is driving demand for modern ARFF fleets.
- **Stricter Safety Regulations** – DGCA and global bodies mandate higher fire safety standards, requiring upgrades to remain compliant.
- **Replacement of Aging Fleets** – Many airports are phasing out outdated vehicles with more reliable, eco-friendly, and efficient ARFF systems.
- **Greater Passenger Safety Focus** – Recent incidents have heightened the push for advanced firefighting tech, training, and simulators.
- **Technological Modernization** – Adoption of thermal imaging, eco-friendly agents, GPS systems, and drones is improving emergency response.
- **Regional Airport Growth** – Government's UDAN and Tier-2/Tier-3 airport development is fueling demand for customized ARFF solutions.

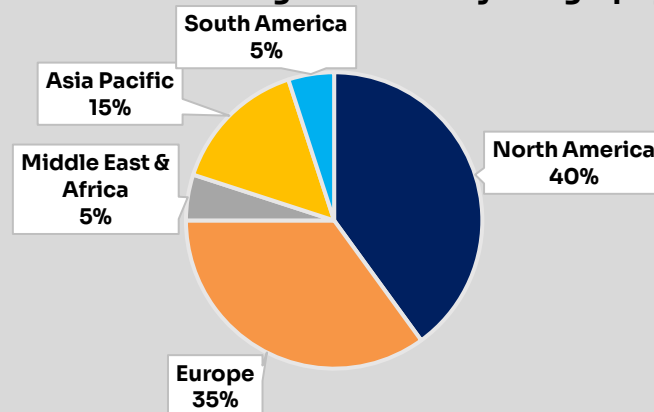
### ARFF Vehicles Growth (%)



#### Global ARFF Market – Geographical Segmentation

- North America & Europe – Largest markets; strong demand from established infrastructure and strict regulations.
- Asia-Pacific – Fastest growing; fueled by rapid airport construction and rising passenger volumes in India and China.
- Middle East & Africa / South America – Emerging opportunities from aviation hub expansions and modernization projects.

#### ARFF Vehicles Segmentation by Geography



#### Competitive Landscape

- Moderately concentrated market with key global players:
  - Rosenbauer – Advanced foam systems.
  - Oshkosh – Hybrid-electric ARFF vehicles.
  - E-ONE – AI-powered safety partnerships.
- In India, localization and global OEM collaborations offer significant opportunity to meet surging demand.

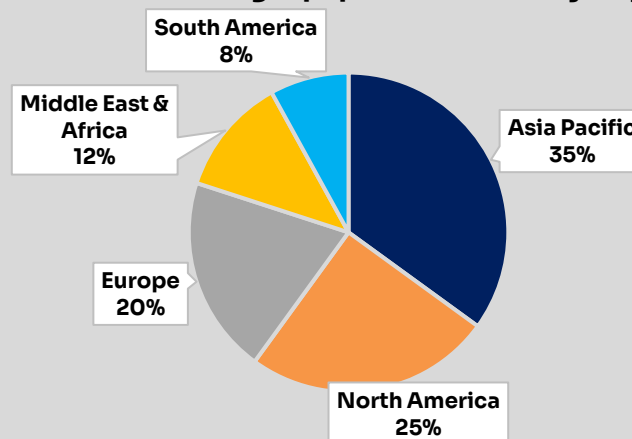
## Global Airfield Cleaning Equipment Market Outlook

The global airfield cleaning equipment market forms an integral part of the aviation ecosystem, ensuring that runways, taxiways, and aprons remain clear of debris and foreign objects that could compromise aircraft safety. As global air traffic rises and airport infrastructure expands, particularly across emerging markets like India and China, the demand for advanced cleaning systems is expected to grow steadily through 2032. With a shift toward automation, AI-enabled monitoring, and stricter safety protocols, the industry is well-positioned for sustained mid-single-digit CAGR growth. While high capital intensity and cyclical procurement cycles present challenges, the market's long-term outlook remains attractive, offering investors a defensible play on aviation modernization and safety-critical systems. It is mission-critical to aviation safety, keeping runways and taxiways free of debris and contaminants and prevents accidents during take-off and landing, making it an indispensable part of airport operations.

### Market Growth & Geography

- Industry expected to grow steadily through 2032 on rising traffic and infrastructure expansion.
- Regional Market Share Forecast:
  - Asia-Pacific: 35% – fastest growing, led by India and China's new airport developments.
  - North America: 25% – compliance-driven demand, supported by FAA programs.
  - Europe: 20% – steady replacement demand due to modernization cycles.
  - Middle East & Africa: 12% – growth linked to national hub developments.
  - South America: 8% – smaller share but growing with regional connectivity.

**Airfield Cleaning Equipment Market By Region**



### Growth Drivers

- **Airport Infrastructure Investments** – India's airport sector is set for a major boost, with capital expenditure (capex) of more than Rs 1 lakh crore expected over the next four to five years.
- **Stricter Cleanliness & Safety Protocols** – heightened after COVID to enhance passenger trust.
- **Technological Integration** – adoption of automation, IoT, and AI in cleaning systems to boost efficiency and predictive maintenance.

### Competitive Landscape

- Market is moderately fragmented, with both global and regional players active.
- **Key Players:** Avidbots, Blastrac, BORUM A/S, Nilfisk, Roots Multiclean, Smets, Bucher, Dulevo International.
- **Recent Development:** Avidbots launched the Neo automated floor scrubber, reflecting the industry's pivot toward automation and hygiene-focused innovation.

## Ventura Business Quality Score

Key Criteria	Score	Risk	Comments
<b>Management &amp; Leadership</b>			
Management Quality	8	Low	The management is of high quality. It has been able to deliver on guidance; investor-friendly with timely updates on developments
Promoters Holding Pledge	8	Low	Promoter holding in ATSL is 62.06% and there is no pledge against it.
Board of Directors Profile	8	Low	The average experience of directors is 15 years with significant experience in their respective sectors and expert areas
<b>Industry Consideration</b>			
Industry Growth	7	Medium	With INR1 lakh crore airport capex planned in 4–5 years and passenger traffic projected to grow 7–9% annually to ~450M by FY26, demand for aviation safety and infrastructure equipment is set to rise strongly. High entry barriers and regulatory intensity further strengthen the industry's attractiveness.
Regulatory Environment or Risk	7	Medium	Industry is supported by strong government capex and mandatory safety norms, though procedural delays and evolving compliance requirements pose moderate challenges.
Entry Barriers / Competition	9	Low	The industry has high entry barriers due to stringent safety regulations, capital-intensive requirements, and the need for strong OEM partnerships, making it difficult for new players to enter.
<b>Business Prospects</b>			
New Business / Client Potential	7	Medium	India's airport capex and rising demand for safety solutions create strong scope for repeat and new clients, though growth hinges on successful tender wins, timely execution, and competitive pricing.
Business Diversification	8	Low	ATSL has expanded beyond its core aviation firefighting solutions into high-rise rescue, municipal sweepers, EV fire safety, and training simulators, supported by global OEM partnerships and "Make in India" initiatives.
Market Share Potential	7	Low	Long-term AMCs and diversification into municipal, EV, and defense segments further strengthen its ability to capture and sustain share.
Margin Expansion Potential	7	Medium	ATSL's EBITDA margin is set to rise from 19% to 25% by FY28, driven by indigenized manufacturing, AMCs, and scale benefits, though execution risks persist.
Earnings Growth	8	Low	Strong revenue growth outlook along with margin expansion ensures significant earnings growth in future.
<b>Valuation and Risk</b>			
Balance Sheet Strength	8	Low	The management is strengthening ATSL's balance sheet through steady equity accretion and efficient asset utilization, with RoE improving by 860 bps from 11.7% in FY25 to 20.3% in FY28E, while RoIC is expected to rise by 1,320 bps from 14.4% to 27.6%.
Debt Profile	8	Low	ATSL's debt profile is improving with net debt projected to turn cash positive by FY27, though reliance on bank guarantees and project-linked borrowings keeps risk at a moderate level.
FCF Generation	6	Medium	FCF remains negative till FY25 due to high capex and working capital but is projected to turn positive from FY27, reflecting improving cash efficiency.
Dividend Policy	8	Low	ATSL is retaining earnings at 0% dividend payout to fund high-growth opportunities, prioritizing expansion over shareholder payouts.
<b>Total Score</b>	<b>116</b>		
<b>Ventura Score (%)</b>	<b>72.5</b>	<b>Low</b>	The overall risk profile of the company is good, and we consider it as a LOW-risk company for investments

Source: Company Reports & Ventura Research

## Management Team

Key Person	Designation	Details
Mr. Unnikrishnan Nair P M	Managing Director	She is aged 58 years, is the Chairman of the Board, Managing Director and Promoter of our Company. He holds Bachelor's degree in Engineering – Mechanical from Bangalore University. He has more than 28 years of experience in the aviation industry.
Mrs. Beena Unnikrishnan	Whole-time Director	She is aged 57 years, Whole-Time Director and Promoter of the Company. She holds Bachelors Degree in Arts from University of Kerala. She has more 10 than years of experience in the Human Resources, operations and financial matters.
Mr. Emmyunual S	CFO	He is a Chartered Accountant with over 8 years of experience in financial strategy, operations, and risk management. At present, he is the Chief Financial Officer of ATSL, where he is responsible for financial planning, regulatory compliance, and supporting business growth through strategic initiatives.

Source: Company Reports

## Key Risks & Concerns

- **Critical Aviation Safety Role with Reputational Risk** – ATSL's ARFF, runway cleaning, and safety systems are vital for airport operations, but equipment failures could pose significant reputational risks.
- **Revenue Sensitivity to External Shocks** – ATSL's airport revenues from firefighting, runway maintenance, and servicing are highly exposed to external factors like fuel prices, regulations, natural disasters, terrorism, or flight reductions, making earnings vulnerable to events beyond its control.
- **Technology Obsolescence & Cyber Risks** – Rapid tech changes in aviation safety could make ATSL's existing systems outdated, requiring heavy capex for upgrades, while vulnerabilities like cyberattacks or system failures pose operational and reputational risks
- **Regulatory Code Dependence** – Changes in airport safety and performance norms could delay supplier compliance, slow deliveries and exposing ATSL to reputational and financial risks.
- **Quality Control Risks** – Since ATSL operates in high-stakes sectors like airports and refineries, even minor lapses in product quality could lead to reputational damage, strained customer relationships, and potential liability costs. This poses a risk to revenue stability and long-term brand equity.
- **Restrictive Covenants** – Borrowing agreements include covenants that may restrict expansion, capital structure changes, or dividend payouts. Any breach could trigger cross-defaults, pressure liquidity and potentially impacting growth plans.

## FY 25 Annual Report Analysis

We analyzed the FY25 annual report of ATSL, and our key observations are as follows:

### 1. Financial Performance

ATSL delivered a strong FY25 performance with revenue increasing 43% year on year to INR 50.23 Cr, supported by robust execution in airport equipment and engineering solutions. Net profit rose 44% to INR 6.49 Cr, reflecting stable margins. Earnings per share improved to INR 10.56 from INR 8.06, although the board chose not to declare a dividend to conserve reserves. The balance sheet shows higher leverage, with short-term borrowings increasing to INR 7.33 Cr to fund rising inventories that expanded to INR 18.28 Cr, a direct outcome of the manufacturing scale-up.

### 2. Strategic Developments

A significant milestone was the commissioning of the Doddaballapur facility, signalling a strategic move from a service-focused model to an integrated manufacturing and services platform. This shift strengthens operational control, enhances cost efficiency and builds long-term customer engagement while aligning with the Make in India initiative. The plant is digitally enabled with SAP-integrated Kardex inventory systems, and the INR 3.47 Cr investment underscores disciplined capital deployment. The facility is expected to expand Anlon's product portfolio in niche categories such as runway rubber removal machines, rapid intervention vehicles and specialized fire safety equipment.

### 3. Capital and Liquidity

The company strengthened its equity base through a Qualified Institutional Placement of 6.5 lakh shares, raising INR 24.21 Cr. The funds were fully deployed toward working capital and corporate purposes with no deviations reported. Liquidity metrics however reflect near-term strain. Inventory turnover declined by 63% and return on capital employed contracted by 29%, indicating the short-term efficiency cost of scaling operations.

### 4. Governance and Compliance

The board remains well constituted with a mix of executive and independent directors. Both statutory and secretarial audits were unmodified, affirming sound governance and compliance. Minor mismatches in quarterly bank returns were explained as classification errors with no systemic weakness. A key agenda for FY26 will be shareholder approval for a material related party transaction of approximately INR 6 Cr with Kaleo Hospitality, covering construction and logistics support. While positioned as being at arm's length, the scale of the transaction and common directorships require investor attention.

### 5. Human Capital and CSR

Anlon employs 146 permanent staff and reported cordial industrial relations, supported by ongoing workforce development initiatives. On the social front, the company spent INR 0.11 Cr on CSR against a

requirement of INR 0.10 Cr, reinforcing its commitment to community investment beyond statutory obligations.

### **Auditor's qualifications and Significant notes to accounts**

The auditors issued a clean opinion on ATSL's FY25 accounts and controls, with only minor remarks on small bank return discrepancies, short delays in statutory dues, and one legacy GST dispute under appeal. QIP funds were fully utilized, underscoring discipline. The notes highlight Anlon's shift to a two-segment structure with its new manufacturing facility, alongside a proposed large related-party transaction with Kaleo Hospitality that warrants investor scrutiny. Rising inventories and borrowings have weighed on efficiency ratios, while foreign exchange exposure remains skewed toward imports. Overall governance is sound, but leverage, related-party execution, and working capital intensity remain key watchpoints.

### ATSL's consolidated financials & projections

Fig in INR Cr (unless specified)	FY24	FY25	FY26E	FY27E	FY28E	Fig in INR Cr (unless specified)	FY24	FY25	FY26E	FY27E	FY28E
<b>Income Statement</b>						<b>Per share data &amp; Yields</b>					
Revenue	35.0	50.2	110.0	126.5	145.5	Adjusted EPS (INR)	6.7	9.9	25.2	28.6	35.7
<b>YoY Growth (%)</b>	<b>6.5</b>	<b>43.4</b>	<b>119.0</b>	<b>15.0</b>	<b>15.0</b>	Adjusted Cash EPS (INR)	7.0	10.8	27.8	31.9	39.7
Raw Material Cost	10.1	14.2	30.8	34.8	39.3	Adjusted BVPS (INR)	47.6	94.0	119.1	147.8	183.5
<b>RM Cost to Sales (%)</b>	<b>28.8</b>	<b>28.2</b>	<b>28.0</b>	<b>27.5</b>	<b>27.0</b>	Adjusted CFO per share (INR)	3.3	(27.2)	(17.7)	37.0	38.2
Employee Cost	7.1	9.5	12.6	15.4	18.5	CFO Yield (%)	0.7	(5.9)	(3.8)	8.0	8.2
<b>Employee Cost to Sales (%)</b>	<b>20.3</b>	<b>18.9</b>	<b>11.4</b>	<b>12.2</b>	<b>12.7</b>	Adjusted FCF per share (INR)	(3.8)	(42.9)	(35.5)	27.7	25.9
Other Expenses	11.5	16.9	41.8	47.8	54.6	FCF Yield (%)	(0.8)	(9.2)	(7.6)	6.0	5.6
<b>Other Exp to Sales (%)</b>	<b>32.9</b>	<b>33.7</b>	<b>38.0</b>	<b>37.8</b>	<b>37.5</b>	<b>Solvency Ratio (X)</b>					
EBITDA	6.3	9.6	24.8	28.6	33.1	Total Debt to Equity	0.1	0.1	0.4	0.2	0.1
<b>Margin (%)</b>	<b>18.0</b>	<b>19.2</b>	<b>22.6</b>	<b>22.6</b>	<b>22.8</b>	Net Debt to Equity	(0.2)	0.1	0.4	0.2	0.1
<b>YoY Growth (%)</b>	<b>(12.4)</b>	<b>52.7</b>	<b>157.5</b>	<b>15.1</b>	<b>15.9</b>	Net Debt to EBITDA	(1.1)	0.4	1.2	0.7	0.2
Depreciation & Amortization	0.2	0.6	1.6	2.0	2.5	<b>Return Ratios (%)</b>					
EBIT	6.1	9.1	23.2	26.5	30.6	Return on Equity	14.0	10.5	21.1	19.4	19.5
<b>Margin (%)</b>	<b>17.4</b>	<b>18.0</b>	<b>21.1</b>	<b>21.0</b>	<b>21.0</b>	Return on Capital Employed	13.2	10.0	16.5	17.5	18.5
<b>YoY Growth (%)</b>	<b>(13.0)</b>	<b>48.7</b>	<b>156.2</b>	<b>14.2</b>	<b>15.3</b>	Return on Invested Capital	26.5	14.5	22.4	23.8	25.2
Other Income	0.3	0.3	0.8	1.3	1.5	<b>Working Capital Ratios</b>					
Bill discounting & other charges	0.6	0.9	2.9	3.9	2.3	Payable Days (Nos)	43	49	49	49	49
Fin Charges Coverage (X)	9.9	9.6	8.0	6.8	13.6	Inventory Days (Nos)	43	133	80	70	70
Exceptional Item	0.0	0.0	0.0	0.0	0.0	Receivable Days (Nos)	83	138	120	100	80
PBT	5.8	8.4	21.1	24.0	29.9	Net Working Capital Days (Nos)	83	222	151	121	101
<b>Margin (%)</b>	<b>16.5</b>	<b>16.8</b>	<b>19.2</b>	<b>18.9</b>	<b>20.5</b>	Net Working Capital to Sales (%)	22.8	60.8	41.5	33.3	27.8
<b>YoY Growth (%)</b>	<b>(7.0)</b>	<b>45.7</b>	<b>150.4</b>	<b>13.7</b>	<b>24.6</b>	<b>Valuation (X)</b>					
Tax Expense	1.6	2.2	5.3	6.0	7.5	P/E	69.7	47.0	18.4	16.2	13.0
<b>Tax Rate (%)</b>	<b>27.9</b>	<b>26.6</b>	<b>25.2</b>	<b>25.2</b>	<b>25.2</b>	P/BV	9.8	4.9	3.9	3.1	2.5
PAT	4.2	6.2	15.8	17.9	22.3	EV/EBITDA	44.9	30.5	12.9	10.8	9.0
<b>Margin (%)</b>	<b>11.9</b>	<b>12.3</b>	<b>14.3</b>	<b>14.2</b>	<b>15.4</b>	EV/Sales	8.1	5.9	2.9	2.4	2.0
<b>YoY Growth (%)</b>	<b>(6.1)</b>	<b>48.3</b>	<b>155.2</b>	<b>13.7</b>	<b>24.6</b>	<b>Cash Flow Statement</b>					
Min Int/Sh of Assoc	0.0	0.0	0.0	0.0	0.0	PBT	5.8	8.4	21.1	24.0	29.9
Net Profit	4.2	6.2	15.8	17.9	22.3	Adjustments	(1.1)	1.7	(11.8)	1.7	(0.1)
<b>Margin (%)</b>	<b>11.9</b>	<b>12.3</b>	<b>14.3</b>	<b>14.2</b>	<b>15.4</b>	Change in Working Capital	(1.0)	(24.9)	(15.1)	3.6	1.7
<b>YoY Growth (%)</b>	<b>(6.1)</b>	<b>48.3</b>	<b>155.2</b>	<b>13.7</b>	<b>24.6</b>	Less: Tax Paid	(1.6)	(2.2)	(5.3)	(6.0)	(7.5)
Share Capital	5.6	6.3	6.3	6.3	6.3	Cash Flow from Operations	2.1	(17.0)	(11.1)	23.2	23.9
Total Reserves	24.2	52.6	68.3	86.3	108.6	Net Capital Expenditure	(4.9)	(10.8)	(13.3)	(8.8)	(9.4)
Shareholders Fund	29.8	58.8	74.6	92.5	114.9	Change in Investments	0.6	1.0	1.7	0.0	0.0
Long Term Borrowings	0.0	0.6	1.0	1.0	1.0	Cash Flow from Investing	(4.3)	(9.8)	(11.6)	(8.8)	(9.4)
Deferred Tax Assets / Liabilities	(0.2)	0.0	0.0	0.0	0.0	Change in Borrowings	0.6	2.1	23.3	(10.0)	(12.0)
Other Long Term Liabilities	0.0	0.0	0.0	0.0	0.0	Less: Finance Cost	(0.6)	(0.9)	(2.9)	(3.9)	(2.3)
Long Term Trade Payables	0.0	0.0	0.0	0.0	0.0	Proceeds from Equity	0.0	0.0	0.0	0.0	0.0
Long Term Provisions	0.9	0.8	1.1	1.3	1.6	Buyback of Shares	0.0	24.9	0.0	0.0	0.0
Total Liabilities	30.5	60.2	76.7	94.8	117.4	Dividend Paid	0.0	0.0	0.0	0.0	0.0
Net Block	4.0	17.2	28.9	35.6	42.5	Cash flow from Financing	(0.0)	26.0	20.3	(13.9)	(14.3)
Capital Work in Progress	4.4	1.7	0.0	0.0	0.0	Net Cash Flow	(2.3)	(1.1)	(2.3)	0.5	0.3
Intangible assets under development	0.2	0.0	0.0	0.0	0.0	Forex Effect	0.0	0.0	0.0	0.0	0.0
Non Current Investments	0.0	0.0	0.0	0.0	0.0	Opening Balance of Cash	0.0	10.2	4.0	1.7	2.2
Long Term Loans & Advances	0.5	0.0	0.0	0.0	0.0	Closing Balance of Cash	10.2	4.0	1.7	2.2	2.5
Other Non Current Assets	0.7	2.8	6.1	7.0	8.1						
Net Current Assets	20.7	38.6	41.7	52.2	66.9						
Total Assets	30.5	60.2	76.7	94.8	117.4						

Source: Company Reports & Ventura Research

## Rating Methodology

We rate stocks on the 2 years absolute return basis.

Rating	Criteria	Definition
BUY	$\geq 20\%$	Target price is equal to or more than 20% of CMP
HOLD	$\geq 0\%$ to $< 20\%$	Target price is more than CMP but less than 20% of CMP
SELL	$\leq 0\%$ (negative return)	Target price is less than CMP
NOT RATED	No recommendation	No target

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