

April 02, 2025

Pyrotech Electronics Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Cash credit	61.00	51.50	[ICRA]BBB- (Stable); reaffirmed
Long-term – Fund-based – Standby line of credit	5.00	15.00	[ICRA]BBB- (Stable); reaffirmed
Long-term – Fund-based – Term Loan	6.84	2.60	[ICRA]BBB- (Stable); reaffirmed
Long-term – Non-fund based – Bank guarantee	81.50	73.50	[ICRA]BBB- (Stable); reaffirmed
Long-term – Interchangeable	(14.00)	(12.00)	[ICRA]BBB- (Stable); reaffirmed
Long-term – Unallocated limits	0.16	-	-
Total	154.50	142.60	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation for Pyrotech Electronics Private Limited (PEPL) considers the expectations of stable financial performance in the near term, with a moderate order book of ~Rs. 335 crore as on January 25, 2025 (1.1 times of FY2024 operating income) for the panel and LED division, which provides near-term revenue visibility. The rating also continues to factor in the extensive experience of more than 30 years of PEPL's promoters in the electronics industry, which has enabled repeat orders from established customers supporting the order book. The company's improving revenue diversification, driven by new product launches resulting in the addition of new clients in different sectors, also provides comfort. PEPL has also served as a qualified vendor of control panels for various clients, which led to a healthy build-up of its order book. The liquidity position is also supported by limited debt obligation and modest capex plans in the near to medium term as well as the recent enhancement in fund-based working capital limits in January 2025.

The rating is, however, constrained by PEPL's moderate scale of operation and elongated working capital cycle, driven largely by the long receivable cycle primarily for its panel division as well as its high inventory level on an overall basis. The ratio of net working capital vis-à-vis operating income (NWC/OI), hence, remained high at 42% in FY2024. The debt coverage metrics remain moderate due to thin profitability and relatively higher working capital borrowing requirements. The company reported revenue growth of 20% in FY2024 on a YoY basis with improvement in operating profit margins (OPM) to 9.5% in FY2024 over 8.0% in FY2023. However, the revenue growth is expected to moderate to 5-10% with a marginal decline in OPM to 7.5-8.0% in FY2025, owing to a slowdown in order execution due to delays in the handover of sites by customers and stiff competition. The recovery in the same remains a key rating monitorable. The rating also continues to be constrained by the vulnerability of margins to commodity prices (mainly steel) and exposure to time and cost overruns in the project business. The rating also remains constrained by the company's high customer concentration of 20% in FY2024 and 45% of pending order book as on January 2025 from a single customer. However, the concentration is expected to reduce with the gradual addition of orders from other customers.

The Stable outlook on the [ICRA]BBB- rating reflects ICRA's opinion that PEPL's revenues and profits will improve going forward, driven by the pick-up in order execution and steady inflow of new orders. This, coupled with limited capital expenditure plans, will result in the gradual improvement of the debt coverage indicators.

Key rating drivers and their description

Credit strengths

Experienced promoters and strong relationships with clients – The company's promoters have vast experience of more than 30 years in the electrical and electronics industry. They have built strong relationships with key clients, such as Bharat Heavy Electricals Limited (BHEL), which enables PEPL to receive repeat orders. Further, there is a track record of infusion of unsecured loans from Group companies or by the promoters to support the liquidity profile.

Improving revenue diversification led by new product launches – In the last few years, the company increased its focus on new sectors like power transmission, glass, chemicals, in panels and has been operating as a contract manufacturer for LED majors. It has added new products in its portfolio like high-density motor control centre (MCC) panels, e-kiosks, smart bus shelters and control panels for petrol pumps. The company has also added new clients in different sectors, which led to a healthy build-up of its order book. Over the years, PEPL has served as a qualified vendor of control panels for various clients and has established its track record with repeat orders for engineering majors like BHEL, Siemens, Alstom, etc and enabled to secure direct orders from Nuclear Power Corporation of India Ltd. However, the shift to other sectors for panel orders and traction in the LED business has increased revenue diversity, thereby reducing dependence on a few sectors. ICRA, however, expects the panel division to continue dominating PEPL's revenue stream.

Satisfactory order book renders revenue visibility – In the current year, PEPL has received large orders from various clients in the panel division for its new product line developed in the last five years. Along with the LED driver division, this accounted for an outstanding order book of Rs. 335 crore as of January 2025, providing adequate revenue visibility in the near term. While the order execution remained slow in FY2025 owing to delays in the handover of sites by customers, the same is expected to pick up in FY2026. However, ICRA notes that the company is exposed to high customer concentration as 20% of total consolidated revenues in FY2024 and 45% of total pending orders as of January 2025, were from a single customer. However, the concentration is expected to reduce going forward with the gradual addition of orders from other customers as well.

Credit challenges

Moderate scale of operations – The company reported YoY revenue growth of 20% in FY2024 to Rs. 294.0 crore over Rs. 244.6 crore in FY2023. However, the scale of operations remains moderate and is expected to witness a revenue growth of 5-10% in FY2025 on a YoY basis. Although the company's operating margins improved to 9.5% in FY2024 over 8.0% in FY2023, it is expected to moderate to 7.5-8.0% in FY2025, owing to a slowdown in business due to delays in the handover of sites and stiff competition. However, with the adequate order book of Rs. 335 crore as of January 2025, the revenue growth in FY2026 is expected to improve from FY2025 levels.

High working capital intensity due to long receivable cycle – The working capital intensity has been historically high amid an elongated receivable cycle, as is prevalent in the sector. Traditionally, the working capital cycle remains long as the manufacturing process in turnkey projects requires multiple approvals from clients and the payment is linked to the installation. Hence, the receivable days stood high at 119 as on March 31, 2024 (124 days as on March 31, 2023). The inventory days also remained high on account of elevated inventory maintained for control panels, LED drivers and finished goods in the LED division, as it is a volume-driven business. The inventory stood at 135 days as on March 31, 2024 (146 days as on March 31, 2023). The NWC/OI remained high at 42% as on March 31, 2024, owing to high debtor days. ICRA notes that the company's improvement in debtor days is due to the availment of a billing discounting facility available for its few key clients. While the payment cycle in the LED division has been satisfactory, the company's ability to manage its liquidity position going forward will remain a key monitorable.

Moderate capital structure and average debt coverage indicators – The company has high working capital requirements owing to its elongated working capital cycle. As a result, the capital structure remained relatively leveraged with a gearing of 1.4 times as on March 31, 2024 (1.3 times as on March 31, 2023) and total outside liabilities compared to tangible net worth

at 2.4 times as on March 31, 2024 (2.6 times as on March 31, 2023). The coverage indicators improved in FY2024 over FY2023, however, remained at average levels, reflected in the DSCR of 1.9 times, interest coverage of 2.5 times and total debt vis-à-vis operating profit of 3.5 times in FY2024 (DSCR of 2.2 times, interest coverage of 2.2 times and debt/EBDITA of 4.4 times in FY2023). The coverage indicators in FY2025 are expected to moderate from FY2024 levels, owing to the pressure on operating profits in FY2025. However, it is expected to gradually improve from FY2026 with the increase in the scale of operations and thereby profitability.

Liquidity position: Adequate

PEPL's liquidity is adequate, given the minimal repayment obligations of Rs. 2.85 crore in FY2026 with no major debt-funded capex plans in the near to medium term, with expected sufficient cash flows to service its debt obligations. The fund-based utilisation remains high at 87% for the last 14 months ending February 2025 with a buffer of Rs. 21.6 crore as on February 28, 2025. Though the fund-based utilisation levels remain high, the availability of sufficient drawing power provides a buffer in terms of any enhancement needed, reflected in the recent enhancement in its working capital borrowings received in January 2025, which supports the liquidity profile. The support from directors and related parties in the form of unsecured loans, with an outstanding balance of Rs. 20.6 crore, provides further liquidity comfort.

Rating sensitivities

Positive factors – ICRA could upgrade PEPL's rating if steady improvement in its scale of operations, profitability and working capital cycle, leads to an enhancement in the overall financial profile and liquidity position on a sustained basis.

Negative factors – ICRA could downgrade PEPL's rating if the company's scale and profitability decline significantly on a sustained basis. Deterioration in its working capital cycle impacting liquidity could also result in a downgrade. The specific negative trigger which can lead to a rating downgrade will be TOL/TNW remaining over 3.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of the company. As on March 31, 2024, the company had two subsidiaries, which are enlisted in Annexure 2.

About the company

Pyrotech Electronics Private Limited (PEPL) was incorporated in 1991 by a group of four professionals, namely brothers, Mr C. P. Talesara, Mr P.S. Talesara, and Mr V.P. Rathi and Mr N.K. Pandey. The group has divided its manufacturing units based on the application of its product in an environment. PEPL manufactures electronic instruments and related products. The company has three manufacturing units in Mewar Industrial Area in Udaipur (Rajasthan). The units have franchisee arrangements and tie-ups with international companies dealing with related product categories. The control room has various display equipment, which indicate the parameters being measured in a user-friendly format. The instruments have circuitry aided by display items. Such instruments are manufactured by PEPL Unit I. In FY2015, the company started manufacturing LED drivers and LED lights in Unit I. The enclosures and panels that have all these instruments hardwired to are the control panel/desk, etc., which are manufactured by PEPL Units II and IV.

The company demerged its Unit I from PEPL and transferred the business to its subsidiary, i.e., Pyrotech Technologies Private Limited (PTPL) effective from July 2023. PTPL was incorporated in July 2023 as a subsidiary of PEPL to transfer the Unit I business to the new entity. The company incorporated one more subsidiary, Pyrotech Enclosures and Systems Private Limited (PESPL) on July 5, 2023. However, there are no operations in the company as of now.

Key financial indicators (audited, consolidated)

	FY2023	FY2024
Operating income	244.6	294.0
PAT	5.8	9.2
OPBDIT/OI	8.0%	9.5%
PAT/OI	2.4%	3.1%
Total outside liabilities/Tangible net worth (times)	1.3	1.4
Total debt/OPBDIT (times)	4.2	3.5
Interest coverage (times)	2.2	2.5

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

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)			Chronology of rating history for the past 3 years								
			FY2025			FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	April 2, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-Based – Cash credit	Long-term	51.50	[ICRA]BBB-(Stable)	-	-	Feb-23-2024	[ICRA]BBB-(Stable)	Nov -03-2022	[ICRA]BBB-(Stable)	Oct-05-2021	[ICRA]BBB-(Negative)
Fund-based – Standby line of credit	Long-term	15.00	[ICRA]BBB-(Stable)	-	-	Feb-23-2024	[ICRA]BBB-(Stable)	Nov -03-2022	[ICRA]BBB-(Stable)	Oct-05-2021	-
Fund-Based - Term loan	Long-term	2.60	[ICRA]BBB-(Stable)	-	-	Feb-23-2024	[ICRA]BBB-(Stable)	Nov -03-2022	[ICRA]BBB-(Stable)	Oct-05-2021	[ICRA]BBB-(Negative)
Non-Fund Based - Bank Guarantee	Long-term	73.50	[ICRA]BBB-(Stable)	-	-	Feb-23-2024	[ICRA]BBB-(Stable)	Nov -03-2022	[ICRA]BBB-(Stable)	Oct-05-2021	[ICRA]BBB-(Negative)
Interchangeable*	Long-term	(12.00)	[ICRA]BBB-(Stable)	-	-	Feb-23-2024	[ICRA]BBB-(Stable)	Nov -03-2022	[ICRA]BBB-(Stable)	Oct-05-2021	-
Unallocated limits	Long term	-	[ICRA]BBB-(Stable)	-	-	Feb-23-2024	[ICRA]BBB-(Stable)	Nov -03-2022	[ICRA]BBB-(Stable)	Oct-05-2021	[ICRA]BBB-(Negative)
Non-Fund Based – Letter of Credit	Long term	-	-	-	-	Feb-23-2024	-	Nov -03-2022	-	Oct-05-2021	[ICRA]BBB-(Negative)

*Sublimit of bank guarantee

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term – Fund-Based – Cash Credit	Simple
Long Term – Fund-Based – Standby Line of Credit	Simple
Long Term – Fund-Based – Term Loans	Simple
Long Term – Non-Fund Based – Bank Guarantee	Very simple
Long Term – Interchangeable	Very simple

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

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based – Cash credit	NA	NA	NA	51.50	[ICRA]BBB- (Stable)
NA	Fund-based – Standby line of credit	NA	NA	NA	15.00	[ICRA]BBB- (Stable)
NA	Fund-based – Term loan	FY2020	NA	FY2028	2.60	[ICRA]BBB- (Stable)
NA	Non-fund Based – Bank guarantee	NA	NA	NA	73.50	[ICRA]BBB- (Stable)
NA	Interchangeable*	NA	NA	NA	(12.00)	[ICRA]BBB- (Stable)

Source: Company, *Sublimit of bank guarantee

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

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Pyrotech Technologies Private Limited	100.00%	Full Consolidation
Pyrotech Enclosures and Systems Private Limited	100.00%	Full Consolidation

ANALYST CONTACTS

Shamsher Dewan

+91 124 4545328

shamsherd@icraindia.com

Kinjal Shah

+91 22 61143442

kinjal.shah@icraindia.com

Sakshi Suneja

+91 22 6114 3449

sakshi.suneja@icraindia.com

Karan Gupta

+91 22 6114 3416

karan.gupta@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.