

May 30, 2025

Elins Switch Boards Pvt Ltd: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Short-term - Non-fund based - Letter of credit	10.00	10.00	[ICRA]A3; reaffirmed
Short-term - Non-fund based facilities - Bank guarantee	10.00	10.00	[ICRA]A3; reaffirmed
Short-term – Fund-based – Buyers’ letter of credit	30.00	30.00	[ICRA]A3; reaffirmed
Total	50.00	50.00	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation for Elins Switch Boards Pvt Ltd (ESBPL) factors in its healthy order book of Rs. 149 crore as of March 2025, providing adequate revenue visibility, coupled with its proven track record of garnering repeat orders from a reputed customer base. The rating reflects the extensive experience of its promoters in the electrical contracting and panel fabrication industry and steady revenue stream from its sister concern, Micron Electricals (Micron, rated [ICRA]A-(Stable)/[ICRA]A1), which is the main counterparty (for ESBPL). As a mechanical, electrical, plumbing and fire protection (MEPF) contractor, Micron has a good market position in the southern states and caters to a diversified and reputed customer base. The firm’s entire switchboards/low voltage (LV) and medium voltage (MV) panel requirement is catered to by ESBPL, resulting in steady order inflows. Apart from Micron, the company has been adding new products/customers and increasing share of business from the latter is expected to support its revenue growth. Moreover, ESBPL’s tie-up with Schneider Electric Overseas Asia Pte for the sale of LV switchboards (for power distribution and motor control) and push in bus-duct segment (under its own brand ‘Elins bus duct’, for which certification process is underway) is likely to open new growth avenues for the company. Timely ramp-up and contribution towards earnings from the same will be a key monitorable.

ESBPL’s operating income (OI) declined by 26% YoY in FY2025 (provisional data) to Rs. 173 crore, impacted by slowdown in the overall construction pace in FY2025 due to the elections at the Centre and volatile raw material prices. However, the operating profit margins (OPM) during the year saw a robust improvement by over ~600 basis points (to over 16%) benefiting from the prudent inventory management and tendering (for new works). A healthy growth in net worth and limited reliance on external debt translated into YoY improvement in leverage and coverage metrics in FY2025. ICRA expects the company’s focus on higher margin products, a steady increase in scale of operations (5-10% YoY), coupled with capex and debt on books, to support its liquidity and credit indicators.

The rating is, however, constrained by the company’s moderate scale of operations (in terms of revenues and net worth), vulnerability of margins to fluctuations in raw material prices and intense competition (from organised as well as unorganised players in the industry) and sectoral concentration risk (as major revenue share emanates from IT and real estate companies). Further, the rating is constrained by ESBPL’s long working capital cycle (as reflected in net working capital (NWC)/ OI of >35% in FY2025), which is inherent to the electrical business, wherein the receivable realisation period remains elongated. However, despite the higher working capital intensity, favourable payment terms extended by the suppliers, backed by the Inland Letter of Credit (ILC) help the company to manage its working capital requirements. Given a large portion of receivables are due from its sister concern Micron, which is backed by LC, the counterparty risks remain low.

Key rating drivers and their description

Credit strengths

Extensive experience of promoter in electrical contracting and panel fabrication industry – The company is promoted by Mr. S K Seetharamu, who has extensive experience in the electrical contracting and manufacturing industry. He is also the promoter of Micron, which is the flagship company of the Group. His long track record in the industry has enabled the company to establish a strong customer base over the years.

Long-term relationship with customers via. Group company; expansion of product portfolio and addition of channel partners augur well for growth prospects – The company received more than 84% of its orders from Micron in FY2025 (80% in FY2024), which has established a long-term relationship with the clients across diverse sectors. The entire panel business of Micron comes to ESBPL (as a preferred vendor). Further, the company had an outstanding order book of Rs. 149 crore as on March 31, 2025, to be executed over the next two quarters, giving healthy revenue visibility for FY2026. ESBPL has a tie-up with Schneider Electric's Overseas Asia Pte for manufacture and sale of LV switchboards for power distribution and motor control. While its tie-up with the Malaysia-based M/s Linkk Busways Technology SDH BHD ended in March 2024, it is in process of getting necessary certifications to manufacture and sell under its own brand name 'Elins bus duct'. With the segment having a peak revenue potential of ~Rs. 250 crore per annum, it would be an important growth driver, going forward.

Healthy financial risk profile – While the company's OI declined by 26% in FY2025 (provisional) to ~Rs. 173 crore, the OPM increased by ~600 basis points to 16.2% due to prudent inventory management and bidding. This led to YoY improvement in leverage and coverage metrics. ESBPL's capital structure remained comfortable as reflected in gearing of 0.4 times and TOL/TNW of 0.8 times as on March 31, 2025 (provisional). Its debt coverage metrics improved with interest coverage of 11.4 times in FY2025 (Vs. 7.9 times in FY2024). Moreover, its sister concern and key counterparty, Micron, has limited debt and strong liquidity, which provides comfort.

Credit challenges

Moderate scale of operations and sectoral concentration risks – Despite being operational for over three decades, the company's scale of operation remains small with OI peaking at ~Rs. 235 crore in FY2024 (and declining to ~Rs. 173 crore in FY2025). Given the limited profitability in business and accretion to reserves, it has a moderate net worth of ~Rs. 80 crore as on March 31, 2025. Considering its nature of operations and limited product portfolio, the scale of operations is expected to remain rangebound at around Rs. 200 crore over the near term. As the company mainly caters to real estate and IT sector companies, it is exposed to a sectoral concentration risk. However, its long-term association with reputed clients mitigates the risk to an extent.

Elongated working capital cycle – ESBPL's long working capital cycle as reflected in NWC/OI of 37% in FY2025 (33% in FY2024) is a characteristic of the electrical business. The receivable realisation period remains elongated (over 150 days over the last two years), with Micron, its key customer, gradually increasing the share of turnkey projects where the payment cycle is more elongated. Despite the working capital challenges due to elevated receivables and inventory level, the favourable payment terms extended by suppliers backed by ILC helps the company to tide over the same. Most of the receivables are due from Micron, with a large share being LC backed, reducing the counterparty risk.

Profitability remains vulnerable to adverse movement in prices of raw materials and intense competition – The raw materials used for manufacturing are steel sheets, copper busbars, aluminium busbars etc and these contribute to nearly 80% of the total cost of manufacturing. The company is exposed to fluctuation in the prices of the said items, given the fixed-price nature of orders. Moreover, its profitability is susceptible to intense competition owing to the presence of various organised and unorganised players. However, the association with Micron mitigates the said risk to some extent.

Liquidity position: Adequate

ESBPL had ~Rs. 18.5 crore of free cash and liquid investments as on March 31, 2025, with no long-term repayment obligation. The average utilisation of its fund-based sanction was at 37% in FY2025 (against sanctioned LC discounting limits of Rs. 75

crore). While the company is expected to remain in a growth phase in the near term as it tries to establish the newly developed products in the market, its favourable payment terms with suppliers, unencumbered on-balance sheet liquidity, and association with its sister concern, Micron, is expected to keep the liquidity at an adequate levels.

Rating sensitivities

Positive factors – The company’s rating could be upgraded if there is a significant improvement in its scale of operations and profitability while maintaining healthy liquidity and credit metrics.

Negative factors – The rating may be downgraded if there is a sustained decline in revenue and profitability or if the company is unable to prudently manage its working capital cycle, which weakens its liquidity position. Specific metric that may lead to a rating downgrade includes TOL/TNW of more than 1.8 times on a prolonged basis.

Analytical approach

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

About the company

Established in 1982, Elins Switch Boards Pvt Ltd (ESBPL) manufactures low and medium voltage switchboards in India. In FY2020, the company added manufacturing of sandwich busducts as well. ESBPL’s manufacturing facility is in Bommasandra, Bangalore (Karnataka, India) with a built-up area of 1,25,000 sq. ft. It manufactures switchboards up to 36 kV. The company is a sister concern of Micron Electricals (rated [ICRA]A- (Stable)/[ICRA]A1) with common promoters and majority of its orders come from Micron Electricals. ESBPL also manufactures and supplies switchboards directly to customers, mainly in the IT and real estate sectors. The LV and MV panels are thoroughly tested to meet the international standards. Apart from this, the company provides programmable logic controller (PLC) automation solutions to its customers based on their requirement.

Key financial indicators (audited)

ESBPL Standalone	FY2023	FY2024
Operating income (Rs. crore)	184.1	235.1
PAT (Rs. crore)	2.8	12.2
OPBDIT/OI (%)	10.1%	10.1%
PAT/OI (%)	1.5%	5.2%
Total outside liabilities/Tangible net worth (times)	1.1	1.3
Total debt/OPBDIT (times)	2.2	1.9
Interest coverage (times)	6.3	7.9

Source: Company, ICRA Research; All ratios as per ICRA’s calculations

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years		
	Type	Amount rated (Rs. crore)	May 30, 2025	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				-	Feb 05, 2024	Dec 26, 2022
1 Letter of credit	Short term	10.00	[ICRA]A3	-	[ICRA]A3	[ICRA]A3
2 Bank guarantee	Short term	10.00	[ICRA]A3	-	[ICRA]A3	[ICRA]A3
3 Buyers' letter of credit	Short term	30.00	[ICRA]A3	-	[ICRA]A3	[ICRA]A3

Complexity level of the rated instruments

Instrument	Complexity Indicator
Letter of credit	Very Simple
Buyers' letter of credit	Simple
Bank guarantee	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	Letter of credit	NA	NA	NA	10.00	[ICRA]A3
NA	Bank guarantee	NA	NA	NA	10.00	[ICRA]A3
NA	Buyers' letter of credit	NA	NA	NA	30.00	[ICRA]A3

Source: Company

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

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

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