August 21, 2025

Micron Electricals (India) Private Limited (erstwhile Micron Electricals): Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/ Short-term – Non-fund based – Others	700.00	950.00	[ICRA]A- (Stable)/ [ICRA]A1; reaffirmed & assigned for enhanced amount
Short-term – Fund-based – Working capital demand loan^	50.00	50.00	[ICRA]A1; reaffirmed
Long-term – Fund based – Cash credit	-	5.00	[ICRA]A- (Stable); assigned
Total	**750.00**	**1,005.00**	

**Instrument details are provided in Annexure I; ^One way interchangeability from short-term – fund-based to long-term/short-term – non-fund based facilities*

Rationale

The rating action for Micron Electricals (India) Private Limited (or MEIPL, erstwhile Micron Electricals) factors in the healthy order book position of ~Rs. 2,898 crore as on June 30, 2025, which translates to 1.7 times of its operating income (OI) in FY2025. This coupled with its proven track record of generating repeat orders from its reputed customer base provides healthy revenue visibility for the company. The ratings reflect its comfortable financial profile, with healthy scale up in operations (last six-year revenue CAGR of ~17% to touch ~Rs. 1,696 crore in FY2025[1]), while maintaining its debt-free status, comfortable coverage metrics (interest cover of above 12 times) and a strong liquidity position (with free cash and investments of ~Rs. 65 crore as on June 30, 2025), which is expected to sustain over the medium term. The ratings take cognisance of its recent change in corporate structure, i.e., from a partnership firm to private limited company, its established track record of over four decades in the mechanical, electrical, plumbing and fire services (MEPF) contracting business and its experienced management team, which reflects in timely execution and repeat business.

The ratings are, however, constrained by the limited diversification of MEIPL's revenue streams – with disproportionate revenue dependence on the cyclical IT/technology parks and commercial real estate industry, which exposes its operations to the risk of demand slowdown. The company has ~95% of its pending OB, as on June 30, 2025, concentrated in Karnataka, Maharashtra and Telangana, which results in geographical concentration risk. Moreover, intense competition in the electrical contracting industry, low value-additive nature of the business and fixed-price nature of its contracts (amid risk of raw material price volatility) keeps its operating profit margins (OPM) at muted levels. MEIPL has been on a high growth trajectory, wherein the working capital requirements have increased on the back of an uptick in order execution resulting in elongation of its cash conversion cycle. ICRA notes that the share of long-pending receivables (>180 days) as a percentage of OI increased during FY2024-FY2025 (7.1% as of March 2025 Vs. 2.9% as of March 2023). Any disproportionate increase beyond the current levels, which would impact the liquidity profile materially will be a credit negative. While the cash flows from operations remained positive in FY2025, the company's ability to prudently manage its working capital, while maintaining a healthy growth pace, would remain a key rating monitorable. Further, its TOL/TNW remained high, at 1.7 times as on March 31, 2025, despite its debt-free status, primarily on the back of high mobilisation advances. However, ICRA expects the leverage to decline gradually, with healthy accretion to reserves.

[1] *All references to FY2025 financials relate to provisional data shared by the company*

The ratings factor in the company's exposure to sizeable contingent liabilities in the form of bank guarantees (BG), mainly for contractual performance and mobilisation advance. Nonetheless, MEIPL's favourable execution record, nil instances of BG invocation in the past and strong liquidity, provide comfort.

The Stable outlook on the long-term rating reflects ICRA's expectation that MEIPL will sustain its revenue growth in the near to medium term, while maintaining its credit profile on the back of its low debt levels and strong liquidity.

Key rating drivers and their description

Credit strengths

Established track record of operations with reputed client profile – MEIPL is an established entity (recently converted from a partnership firm to private limited company) with a proven track record of over 40 years in MEPF contracting. Over the years, it has been able to significantly scale up its operations and has worked with clients from various sectors like information technology (IT) service providers, real estate developers, hospitality, pharma and infrastructure companies. It provides turnkey solutions for its entire range of electrical contracts and is managed by Mr. SK Seetharamu, who has an extensive experience in this industry. The company's clientele comprises reputed real estate players (like the Sattva Group, the Prestige Group, etc), data centre entities (like DC Development, Data Edge), IT companies (like Microsoft, Wipro, Google, etc) and infrastructure companies (like L&T, Karnataka Power Transmission Corporation, etc). Further, there has been repeat businesses from most of the customers, which has ensured healthy order inflow.

Healthy scale up of operations with debt-free status – MEIPL's revenues recorded a six-year CAGR of 17% (FY2019-FY2025) to reach Rs. 1,696 crore in FY2025. ICRA expects the revenues to witness a 12-14% YoY growth in FY2026, aided by a healthy OB position, largely executable over the next 9-12 months [excluding one recently awarded project with a longer (two year) tenor]. Its financial risk profile remains comfortable with healthy RoCE (at 27.6% in FY2025 Vs. FY2024: 25.8%) and net debt-free status. Given the nil working capital intensity owing to sizeable interest-free mobilisation advances, the reliance on outside funds is low and the coverage indicators remain healthy, as evident from interest cover and DSCR at 16 times (FY2024: 24 times) and 13 times (FY2023: 19 times), respectively, as on March 31, 2025. While ICRA notes the company's exposure to sizeable contingent liabilities (~Rs. 427 crore as on June 30, 2025) in the form of bank guarantees for bidding, performance guarantee, mobilisation advances, and retention money release, the favourable execution track record and no instances of crystallisation of bank guarantees is a positive. Its profile is further strengthened by a strong liquidity position.

Adequate revenue visibility – Supported by healthy order inflows in FY2025 (Rs. 2,061 crore) and Q1 FY2026 (Rs. 1,198 crore), MEIPL had a pending OB aggregating ~Rs. 2,898 crore as on June 30, 2025, which was ~1.7 times of its OI in FY2025. The current order book, spread across projects from multiple clients, provides adequate revenue visibility especially given the shorter duration of the projects of 9-12 months (except for one sizeable project from Google with tenure of two years). The top three clients and projects account for 35%-45% of the OB, reflecting the reasonable customer diversification.

Credit challenges

Highly working capital-intensive nature of business leading to relatively high leverage – The company's working capital needs has increased in the last few years due to its policy of concentrating on more margin-accretive turnkey contracts, and delayed execution for some projects leading to a longer receivable period, along with tightened credit terms from suppliers. The working capital intensity deteriorated to -0.6% in FY2025 from -12.2% in FY2022. Also, the share of long-pending receivables (>180 days) as a percentage of OI increased during the last two fiscal years (7.1% as of March 2025 Vs. 2.9% as of March 2023). ICRA notes specific measures – like deployment of a credit control team to oversee the working capital management and fund flow across the projects – which are expected to support the liquidity profile. However, any disproportionate increase of long-pending receivables (>180 days) beyond the current levels, which would impact the liquidity profile materially will be a credit negative. Further, the company's leverage levels remain relatively high, as reflected in TOL/TNW at 1.7 times as on March 31, 2025, despite its debt-free status. This is primarily led by high mobilisation advances availed from the customers. ICRA expects the leverage to gradually reduce with healthy accretion to reserves over the medium term.

Modest profitability levels; exposed to sectoral and geographical concentration risks – The relatively lower value-added business, with a large portion of bought-out components, results in an inherently low profit margin (around 3.5-5% over the last five years) for MEPF-based contractors like MEIPL. Additionally, stiff competition in the sector (i.e., MEPF) due to low entry barrier limits scope for a material improvement in OPM. The profitability is vulnerable to raw material price volatility, given the fixed-price nature of its contracts. There also persists the potential threat of forward integration from original equipment manufacturers. Nonetheless, MEIPL has been able to improve its OPM to 5.1% in FY2025 from 4.7% in FY2024 and expects to maintain the same in the medium term. The rating is constrained by the limited diversification of MEIPL's revenue streams as it derives a significant portion of its revenues from the cyclical IT/technology parks and commercial real estate industry, which exposes its operations to the risk of slowdown in these sectors. However, a stable demand outlook for these sectors in the near term and the company's continued presence in the pharma, hospitality, and residential real estate segment, mitigates the risk to some extent. MEIPL has around 95% of its pending OB as on June 30, 2025, concentrated in Karnataka, Maharashtra and Telangana, which exposes it to region-specific economic and political risks.

Liquidity position: Strong

MEIPL has free cash and liquid investments of ~Rs. 65 crore as on June 30, 2025, which coupled with its debt-free status leads to a strong liquidity position. The same is further supported by unutilised working capital lines of Rs. 55 crore (marginal and intermittent utilisation over trailing 12-months). With the company's healthy revenue growth expectations, it faces the risk of elongation in cash conversion cycle, leading to a decline in free cash flow from operations. However, the overall liquidity is expected to remain strong, with marginal capex plans and nil long-term debt servicing obligations. Further, it has the option of availing unutilised mobilisation advance against its contracts, in case of any exigencies and has a buffer of ~Rs. 373 crore in non-fund based limits available for the same (as of June 2025). The average utilisation of the non-fund based limits stood at around 72% in the 12 months that ended in June 2025.

Rating sensitivities

Positive factors – Diversification in the end-user industries served, a sustained healthy revenue growth, along with notable improvement in operating profit margins and working capital cycle, while maintaining a strong liquidity position, can lead to a rating upgrade.

Negative factors – A material decline in top line or profits, further build-up in the working capital cycle or any material increase in over 180 days receivables, leading to a sustained period of negative free cash flows, along with a deterioration in the liquidity position can lead to a rating downgrade. Specific credit metric that would be a key monitorable will be TOL/TNW of more than 1.75 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the company's standalone financial statements.

About the company

Micron Electricals (India) Private Limited (erstwhile Micron Electricals) was originally established in 1976 as a partnership firm and got converted into a private limited company in February 2025. Initially operating as an electrical contractor in the southern Indian cities of Bengaluru and Hyderabad, the company has since expanded its footprint to other regions, including Maharashtra, Gujarat, and Goa. Besides electrical contracting, the company has diversified into providing MEPF services under one umbrella.

MEIPL undertakes MEPF contracts in commercial and residential buildings, data centres, global capability centres, malls, airports, hotels, hospitals and educational institutions. Most of the work is taken up on a turn-key basis. Some of the major customers of MEIPL include Google, Microsoft, Adani Enterprises Limited, Amazon, Deloitte, Wipro, Karnataka Power Transmission Corporation Limited, Prestige Estates, Salarpuria Sattva Group and Larsen & Toubro Limited.

Key financial indicators (audited)

MEIPL (Standalone)	FY2024	FY2025*
Operating income (Rs. crore)	1,436.5	1,695.7
PAT (Rs. crore)	45.0	57.0
OPBDIT/OI (%)	4.7%	5.1%
PAT/OI (%)	3.1%	3.4%
Total outside liabilities/Tangible net worth (times)	1.7	1.7
Total debt/OPBDIT (times)	0.0	0.0
Interest coverage (times)	24.3	16.4

*Source: Company, ICRA Research; *Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; OI: Operating income; 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					
	FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Aug 21, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based – Working capital demand loan	Short-term	50.00	[ICRA]A1	Oct 25, 2024	[ICRA]A1	Aug 24, 2023	[ICRA]A1	-	-
Non-fund based – Others	Long-term/ Short-term	950.00	[ICRA]A- (Stable)/ [ICRA]A1	Oct 25, 2024	[ICRA]A- (Stable)/ [ICRA]A1	Aug 24, 2023	[ICRA]A- (Stable)/ [ICRA]A1	-	-
Fund-based – Cash credit	Long-term	5.00	[ICRA]A- (Stable)	-	-	-	-	-	-
Non-fund based facilities	Short-term	-	-	-	-	-	-	Dec 26, 2022	[ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity indicator
Non-fund based – Others	Very Simple
Fund-based – Working capital demand loan	Simple
Fund-based – Cash credit	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	**Non-fund based – Others**	NA	NA	NA	950.00	[ICRA]A- (Stable)/ [ICRA]A1
NA	**Fund-based – Working capital demand loan**	NA	NA	NA	50.00	[ICRA]A1
NA	**Fund-based – Cash credit**	NA	NA	NA	5.00	[ICRA]A- (Stable)

Source: Company, ICRA Research

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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