

August 28, 2025

IRM Offshore and Marine Engineers Private Limited: Ratings upgraded to [ICRA]A-(Stable)/[ICRA]A2+

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based limits – Others	15.00	15.00	[ICRA]A- (Stable) upgraded from [ICRA]BBB+ (Stable)
Short term – Non-fund based limits – Others	9.95	9.95	[ICRA]A2+; upgraded from [ICRA]A2
Long term/Short term – Fund based/Non-fund based limits – Others	33.00	50.05	[ICRA]A- (Stable)/[ICRA]A2+; upgraded from [ICRA]BBB+(Stable)/[ICRA]A2
Long term/Short term – Unallocated limits	17.05	0.0	-
Total	75.00	75.00	

*Instrument details are provided in Annexure I

Rationale

The ratings upgrade for the bank lines of IRM Offshore and Marine Engineers Private Limited (IRM or the company) factors in a healthy growth in its scale of operations and a favourable outlook for the same, given a robust order book of ~Rs. 230 crore as on August 21, 2025. The current order book has a sizeable share of exports as there has been a healthy traction in the demand for the company's products in the overseas markets. The technical capabilities of the company supported the growth in the scale of operations by enabling it to serve some of the major consumers of fenders globally. With the ramp up of the sale of the products to the offshore segment, there has been a healthy uptick in the overall profitability that has resulted in a robust improvement in the credit metrics and liquidity profile. Going forward, a robust order book and continued inflow of orders for products in the offshore segment is expected to keep the company's scale of operations and profitability healthy, resulting in a further improvement in the credit metrics and liquidity position.

The ratings continue to factor in the established track record of the company in supplying sophisticated rubber products for marine applications, backed by an experienced and qualified management, established pre-qualifications and empanelment with major oil companies, port authorities and engineering, procurement and construction (EPC) contractors. The ratings also factor in a moderate competitive intensity in the domestic market and the company's expansion across new geographies, helping drive the growth and diversification. ICRA also notes that the products supplied by IRM form less than 1% of the overall project cost of its customers. Thus, the customers are less sensitive to changes in the prices of the products. Additionally, with a healthy track record of supplies and quality of its products, the company has been able to secure repeat orders from the customers. Further, the ratings consider the company's healthy financial risk profile, characterised by comfortable capital structure and satisfactory coverage metrics. The company's TD/OPBDITA was 0.3x as on March 31, 2025, based on the provisional results.

The ratings, however, are constrained by IRM's relatively modest operations compared to the large foreign players and the vulnerability of its profitability to any significant raw material price variations during the execution of orders (due to the fixed price contracts). ICRA notes that the company's revenue realisation remains exposed to project execution risks. The company's margins also remain exposed to foreign exchange risk as it has a sizeable unhedged export revenue.

The Stable outlook reflects ICRA's expectations that IRM will continue to benefit from its experienced management team and its empanelment with reputed customers, which will also support its credit profile.

Key rating drivers and their description

Credit strengths

Experienced promoters and established pre-qualification and empanelment with major ports, oil companies and EPC contractors - The promoters of IRM have over five decades of experience in industrial rubber and marine and offshore product businesses. They are supported by a team of over 130 personnel spread across various functions, including engineering, designing, marketing, finance and administration. IRM benefits from its established operational track record, which includes several contracts executed for Indian port authorities and for leading EPC players in the export markets. Over the years, IRM has received several technical certifications that support its technical bids. In addition, IRM is an approved supplier for various oil companies (who possess offshore platforms) and EPC contractors (who build offshore platforms). Further, the high technical requirements in the fender and offshore platform businesses ensure overall high entry barriers to the segments, though the company faces competition from overseas players in the export market.

Diversified presence across segments; caters to reputed customers - The company is present across all rubber-engineered items required in marine application. The share of marine and boat fenders in the total revenue stood at 47% in FY2025 vis-à-vis 42% in FY2024. Additionally, IRM manufactures and sells pneumatic fenders, offshore platforms and dock accessories. The share of offshore platforms increased considerably from FY2023 with a 35% contribution in FY2025 and 39% in FY2024 compared to 25% in FY2023, which largely contributed to the overall increased scale of operations.

IRM's orders are well distributed among reputed export customers consisting of port authorities, EPC players operating in the oil and gas sector as well as oil and gas sector companies. The company has executed major orders for reputed clients in the domestic and international markets such as Mcdermott, Afcon Infrastructure, the Adani container terminals etc. While the customer concentration remains high with the top 10 clients, the dependence has moderated over the years.

Stable profitability and healthy coverage metrics - IRM's profitability has remained healthy with OPBDITA of Rs. 59.8 crore in FY2024 and Rs. 64.6 crore in FY2025 (Provisional). There has been a healthy uptick in profitability, driven by strong revenue growth and a change in the product mix towards margin-accretive products. As a result, the return indicators have also improved with the RoCE remaining around 58% in FY2025. Given the healthy cash flow from operations, the reliance on debt to fund its operations has remained limited, resulting in comfortable credit metrics. The company's interest coverage ratio was healthy at 18.0x times in FY2025 (Prov.) against 43.2 times in FY2024, while the total debt/OPBDITA remained around 0.3x in FY2025 (Prov). The liquidity profile has also improved with healthy cash balances and adequate cushion in the working capital limits.

Credit challenges

Modest scale of operations - IRM's products form less than 1% of the total project investment cost. However, their applications remain critical for project safety and as a result, the customers generally do not compromise on quality. Given the comparatively small market size of its products, both in India and abroad, the company's overall scale of operations remains modest as the market is competitive with players from the US, Japan and China. The sustenance of revenue growth will remain a key monitorable.

Raw material price fluctuation risk; currency-related risk on exports - The company's contracts are fixed price in nature. Thus, in case of a significant variation in raw material prices, the company may face margin erosion in some of its contracts as it may have to absorb the increase in raw material costs. However, for the short-term contracts, the company prices the entire raw material upfront, thereby locking the raw material prices. Additionally, the performance remains exposed to the forex fluctuations as a large part of the revenue comes from exports, which the company does not hedge.

Execution risk associated with ongoing customer projects - IRM has significant exposure to the project execution risk of its customers, as the projects can be affected by delays on behalf of the clients as well as due to unforeseen circumstances. As

some projects extend up to a year, such delays may stretch the revenue realisation and block the working capital through any advance inventory procurement.

Liquidity position: Adequate

IRM's liquidity position is expected to remain adequate, going forward, supported by healthy cash accruals of around Rs. 50 crore per annum along with the free cash and liquid investments of Rs. 6.4 crore and Rs. 56.3 crore, respectively, as on March 31, 2025. The fund based working capital limits have remained utilised to the extent of 19% for the limits sanctioned by State Bank of India and 50% for the limits sanctioned by Citibank, thereby providing cushion in the limits. The company does not have any major capex plans, going forward, and does not have term debt repayments as it does not have any term debt on its books.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company demonstrates a significant increase in its scale of operations and profit margins on a sustained basis while maintaining its credit profile.

Negative factors – Pressure on the ratings could arise if there is a decline in the scale or profitability on a sustained basis and/or if there is a sizeable debt-funded capital expenditure, or if a stretch in working capital intensity weakens the liquidity profile.

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 standalone financial profile of the company

About the company

IRM Offshore and Marine Engineers Private Limited (IRM) started its operations in 1964, though as a different entity with the same name. It began with the manufacturing of rubber and allied items for the textile, engineering and mining industries. With expansions and new products targeted towards manufacturing import substitutes, the entity grew into a multi-divisional company offering more than 2,000 specialty rubber engineering products and services, mainly for offshore and onshore oil drilling, marine and infrastructure industries.

In August 2020, under a scheme of arrangement, the manufacturing operations along with the bank facilities of erstwhile IRM Offshore and Marine Engineers Private Limited were transferred to another entity – SAS Offshore and Marine Engineers Private Limited - which has been subsequently renamed IRM Offshore and Marine Engineers Private Limited (the rated entity). The erstwhile IRM Offshore and Marine Engineers Private Limited was renamed IRM Infraprojects Private Limited, which houses the real estate projects of the Group. IRM has sales offices in the Netherlands and Brazil under wholly-owned subsidiaries. IRM is the flagship company of the IRM Group.

Key financial indicators (audited)

IRM Standalone	FY2024 (A)	FY2025 (Prov.)
Operating income	243.4	274.5
PAT	43.4	54.1
OPBDIT/OI	24.6%	23.5%
PAT/OI	17.8%	19.7%
Total outside liabilities/Tangible net worth (times)	0.9	0.7
Total debt/OPBDIT (times)	0.0	0.3
Interest coverage (times)	43.2	18.0

Source: Company, ICRA Research; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Financial ratios are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances

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	
Instrument	Type	Amount Rated (Rs Crore)	Aug 28, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based limits - Others	Long term	15.00	[ICRA]A- (Stable)	May 17, 2024	[ICRA]BBB+ (Stable)	-	-	Mar 24, 2023	[ICRA]BBB+ (Stable)
Non-fund based limits - Others	Short term	9.95	[ICRA]A2+	May 17, 2024	[ICRA]A2	-	-	Mar 24, 2023	[ICRA]A2
Fund based/Non-fund-based limits - Others	Long term/Short term	50.05	[ICRA]A- (Stable)/[ICRA]A2+	May 17, 2024	[ICRA]BBB+ (Stable)/[ICRA]A2	-	-	Mar 24, 2023	[ICRA]BBB+ (Stable)/[ICRA]A2
Unallocated limits	Long term/Short term	0.0	-	May 17, 2024	[ICRA]BBB+ (Stable)/[ICRA]A2	-	-	Mar 24, 2023	[ICRA]BBB+ (Stable)/[ICRA]A2

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based limits – Others	Simple
Short term – Non-fund based limits – Others	Very Simple
Long term/Short term – Fund based/Non-fund based limits – Others	Simple
Long term/Short term – Unallocated limits	NA

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	Long term – Fund-based limits – Others	-	-	-	15.00	[ICRA]A- (Stable)
NA	Short term – Non-fund based limits – Others	-	-	-	9.95	[ICRA]A2+
NA	Long term/Short term – Fund based/Non-fund based limits – Others	-	-	-	50.05	[ICRA]A- (Stable)/ [ICRA]A2+

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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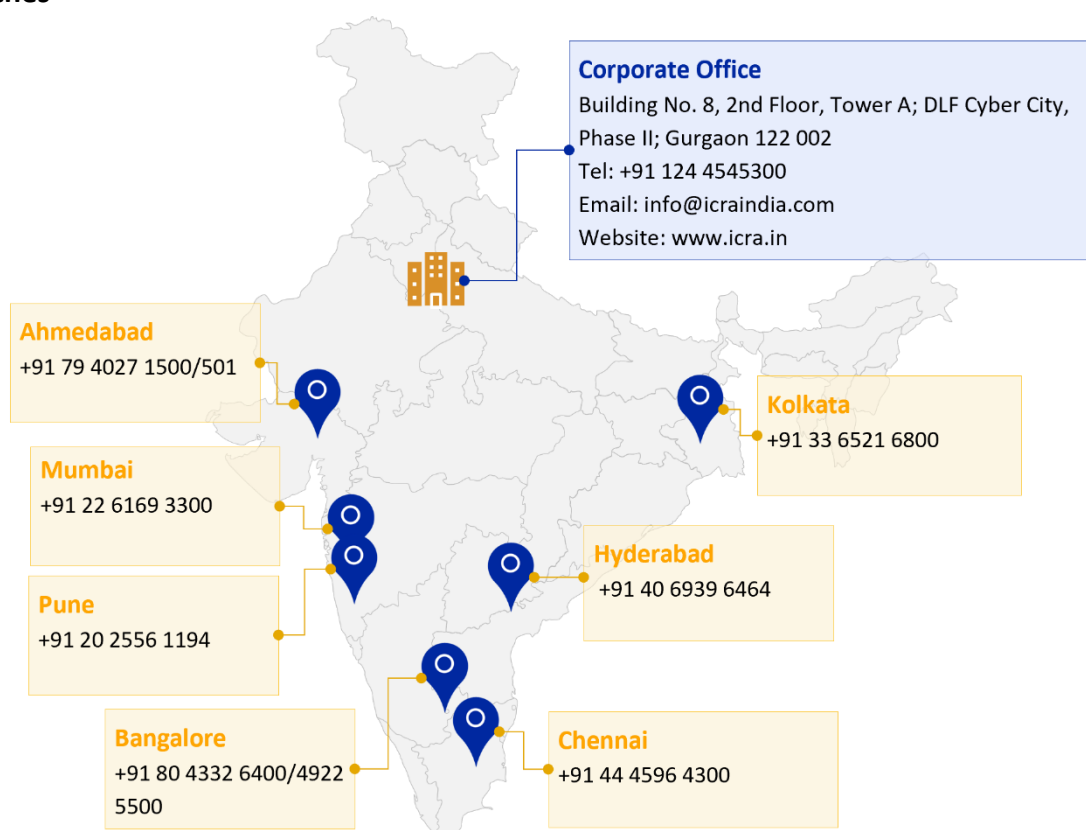
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