

September 26, 2025

Electromech Material Handling Systems (India) Private Limited: Ratings upgraded; outlook revised to Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term / Short-term – Fund-based / Non-fund based – Others	134.40	134.40	[ICRA]A(Stable)/[ICRA]A1; upgraded from [ICRA]A-(Positive)/[ICRA]A2+; outlook revised to Stable from Positive
Long-term / Short-term – Interchangeable – Others	(134.40)	(134.40)	[ICRA]A(Stable)/[ICRA]A1; upgraded from [ICRA]A-(Positive)/[ICRA]A2+; outlook revised to Stable from Positive
Total	134.40	134.40	

*Instrument details are provided in Annexure I

Rationale

The ratings upgrade for Electromech Material Handling Systems (India) Private Limited (EMHS) reflects the sustained improvement in its financial profile, supported by the ramp up in its scale of operations, along with sustenance of low leverage, comfortable coverage indicators and a strong liquidity position. The company's revenue witnessed a CAGR of 25.2% over the last 4-year period ending FY2025, with YoY rise of 10.3% to Rs. 684 crore in FY2025, supported by healthy order inflows and a sustained execution record. This momentum is likely to continue with satisfactory revenue growth expected for FY2026 and FY2027. The operating margins for FY2025 sustained at ~15%, supported by favourable pricing for its orders and are anticipated to remain stable over the medium term. The order book is adequate as on March 31, 2025 at Rs. 501 crore (order book to operating income [OB/OI] ratio of 0.73 times of FY2025 revenue) providing near-term revenue visibility considering orders are executed within one year, requiring replenishment of order book. The ratings consider its low external debt (mainly term loans) and strong liquidity position, which along with a prudent working capital management supports its financial risk profile. Given the continued net debt negative position and absence of plans for any significant debt-funded capex, the leverage and coverage metrics are projected to remain healthy in the medium term, with TOL/TNW estimated to remain below 0.7 times and interest coverage above 15 times.

The ratings factor in EMHS' established position in the domestic overhead travelling crane industry, and its expanding presence in erection and maintenance services, which will support its profitability over the medium term. ICRA notes the diversification of EMHS' customer portfolio across various end-user industries, along with increased geographical diversification in the domestic as well as overseas markets, which mitigates the risk of slowdown in any specific industry or geography.

The ratings, are however, constrained by the vulnerability of its profitability to adverse fluctuations in input prices, as most of its orders are fixed price in nature. EMHS remains exposed to the cyclicity in capital investments by the key end-user industries and stiff competition from other organised as well as unorganised players, which limits its pricing flexibility, especially in the lower tonnage cranes segment. Its ability to regularly garner orders amid a competitive market remains important to sustain its scale and profitability. Moreover, any higher-than-expected debt-funded expansion or a change in the business model resulting in reduction in the overall customer advances, which materially impacts its liquidity profile remains a key monitorable. The ratings factor in the inherent exposure to sizeable contingent liabilities in the form of bank guarantees, mainly for contractual performance and mobilisation advance. Nonetheless, ICRA draws comfort from its execution track record and absence of invocation of guarantees in the past.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will capitalise on its strong technical expertise and maintain a strong financial profile as well as competitive position in the domestic market, while expanding its footprints in the overseas markets.

Key rating drivers and their description

Credit strengths

Established player in domestic overhead travelling crane industry – EMHS holds a considerable market share in the organised segment of the domestic overhead crane manufacturing industry. The company benefits from the technological tie-up with ABUS Crane Systems (Germany), Hyster Yale Material Handling Corporation (USA) and Easy Mover (Sweden). Further, its presence (via. subsidiary Cranedge India) in providing crane erection and maintenance services, enhances its competitive edge, offers diversification in revenue as well as contributes to relatively higher margin, albeit on lower absolute basis.

Reputed clientele; diversified presence across multiple end-user industries – EMHS' customer profile includes reputed players in automotive and ancillaries, infrastructure, steel, and general engineering industries. Additionally, it caters to the Middle East and Southeast Asian markets via its step-down subsidiaries in Saudi Arabia, UAE and Indonesia, offering geographical diversification to its revenue streams. The varied customer base and increased geographical diversification mitigate the risk of slowdown in any particular industry or geography. That said, any material slowdown in operations or lower-than-expected margins in the overseas business could impact the Group's overall financial profile and would be a key monitorable going forward.

Strong liquidity position with limited long-term debt; working capital largely funded by customer advances – EMHS maintains a strong liquidity position, with ~Rs. 94 crore in cash and liquid investments and limited long-term debt as on March 31, 2025. It is expected to maintain a strong liquidity position with no significant debt-funded capital expenditure lined up and a favourable working capital cycle, supported by high customer advances. The leverage and coverage metrics are likely to remain healthy in the medium term, with TOL/TNW less 0.7 times and interest coverage above 15 times.

Credit challenges

Relatively moderate scale of operations – EMHS' scale of operations remains relatively moderate with consolidated operating income (OI) of Rs. 684 crore in FY2025 and Rs. 620.2 crore in FY2024. Its operations are sustained by the repeat orders from its reputed clientele, leading to an adequate order book as on March 31, 2025 at Rs. 501 crore (OB/OI ratio of 0.73 times of FY2025 revenue) providing near-term revenue visibility considering orders are executed within one year, requiring replenishment of order book. The company's ability to consistently garner orders as well as timely execution of the order book remains important for its revenue and profitability.

Exposure to cyclicity in capital investments by manufacturing companies – The Group's performance remains susceptible to the cyclicity in investments by the end-user industries. However, the diversification across varied end-user industries protects the company from slowdown in demand from any specific industry.

Vulnerability of profitability to adverse fluctuations in input prices and intense competition – EMHS' profitability remains susceptible to adverse fluctuations in input prices, given the fixed-price nature of majority of its contracts. The Indian crane market is fragmented, with the presence of both organised and unorganised sector. Nevertheless, the company's focus and expanding presence in the high-margin erection and maintenance services business are expected to support its profit margins over the medium term.

Liquidity position: Strong

EMHS' liquidity position remains strong with healthy cash accruals, supported by buffer available in working capital limits (~Rs. 61 crore as on March 31, 2025) and free cash and liquid investments aggregating to ~Rs. 94 crore as on March 31, 2025. The

company has limited repayment of Rs. 1.5 - 5.5 crore p.a. over FY2026 - FY2027 and is estimated to generate free cash flows, which will help in keeping the overall liquidity at comfortable levels.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a significant improvement in the scale of operations and profitability on a sustained basis while maintaining strong liquidity and debt protection metrics.

Negative factors – The ratings could be downgraded if there is any material decline in the company’s revenues and profitability, or any major debt-funded capex or elongation in the working capital cycle, resulting in deterioration in its liquidity position or coverage metrics. Specific credit metrics affecting the ratings include a TOL/TNW above 1.25 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction Vehicles
Parent/Group support	Not Applicable
Consolidation/Standalone	ICRA has considered the consolidated financials of EMHS. As on March 31, 2025, EMHS had five subsidiaries and six-step down subsidiaries (as per Annexure II).

About the company

EMHS is involved in the design, manufacturing, installation and servicing of electric overhead travelling cranes (single girder and double girder), gantry cranes, jib cranes, underslung cranes, wire rope hoists, forklifts and customised material handling solutions for shop floor applications. The company was incorporated in May 1996 and started operations in December 2004. EMHS has its sole manufacturing facility at Pirangut, near Pune (Maharashtra). At present, it has a total installed manufacturing capacity of 2,000 cranes annually.

EMHS set up a 100% subsidiary, Cranedge, in January 2010, which acts as a service agent for EMHS for its erection and commissioning work as well as provide such services to other players in the industry. The company has set up a ~100% subsidiary in Mauritius, which in turn has set up a wholly-owned subsidiary in Dubai (Electromech FZE) that acts as a trading office for EMHS and as a service agent to the foreign customers of EMHS. Additionally, in FY2019, the Mauritius entity has set up a wholly-owned subsidiary in Indonesia (PT Electromech Indonesia) to cater to the clients in Southeast Asia.

Key financial indicators (audited)

EMHS Consolidated	FY2023	FY2024	FY2025*
OI (Rs. crore)	515.7	620.2	684.0
Profit after tax (Rs. crore)	64.5	77.0	76.2
OPBDIT/OI (%)	16.2%	17.0%	15.0%
PAT/OI (%)	12.5%	12.4%	11.1%
Total outside liabilities/Tangible net worth (times)	0.9	0.7	0.6
Total debt/OPBDIT (times)	0.1	0.1	0.2
Interest coverage (times)	26.1	24.4	21.5

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA’s calculations; OI: Operating income; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; PAT: Profit after tax

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)	Sep 26, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long-term/Short-term – Fund-based / Non-fund Based – Others	Long term and short term	134.40	[ICRA]A (Stable)/ [ICRA]A1	Jun 28, 2024	[ICRA]A-(Positive)/ [ICRA]A2+	-	-	Mar 29, 2023	[ICRA]A-(Stable)/ [ICRA]A2+
Long-term/ Short-term – Interchangeable – Others	Long term and short term	(134.40)	[ICRA]A (Stable)/ [ICRA]A1	Jun 28, 2024	[ICRA]A-(Positive)/ [ICRA]A2+	-	-	Mar 29, 2023	[ICRA]A-(Stable)/ [ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term – Fund-based / Non-fund Based	Simple
Long-term/Short-term – Interchangeable	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	Long-term/Short-term – Fund-based / Non-fund Based - Others	NA	NA	NA	134.40	[ICRA]A(Stable)/ [ICRA]A1
NA	Long-term/Short-term – Interchangeable – others	NA	NA	NA	(134.40)	[ICRA]A(Stable)/ [ICRA]A1

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company Name	EMHS Ownership	Consolidation Approach
Cranedge India Pvt. Ltd.	100%	Full Consolidation
Electromech Infrastructure Equipment Pvt. Ltd.	75%	Full Consolidation
Electromech Overseas	100%	Full Consolidation
Nebbiolo Solutions LLP	100%	Full Consolidation
Electromech Lift Trucks Private Limited	100%	Full Consolidation
Electromech FZE (Subsidiary of Electromech Overseas)	100% (Step-down subsidiary)	Full Consolidation
Electromech Equipment Trading LLC (Subsidiary of Electromech FZE)	100% (Step-down subsidiary)	Full Consolidation
PT Electromech Material Handling (Subsidiary of Electromech Overseas)	100% (Step-down subsidiary)	Full Consolidation
PT Electromech Manufacturing Industries (Subsidiary of Electromech Overseas)	100% (Step-down subsidiary)	Full Consolidation
Nebbiolo Investment Holding SRL	100% (Step-down subsidiary)	Full Consolidation
Electromech Industry Company	100% (Step-down subsidiary)	Full Consolidation

Source: Company annual report FY2025

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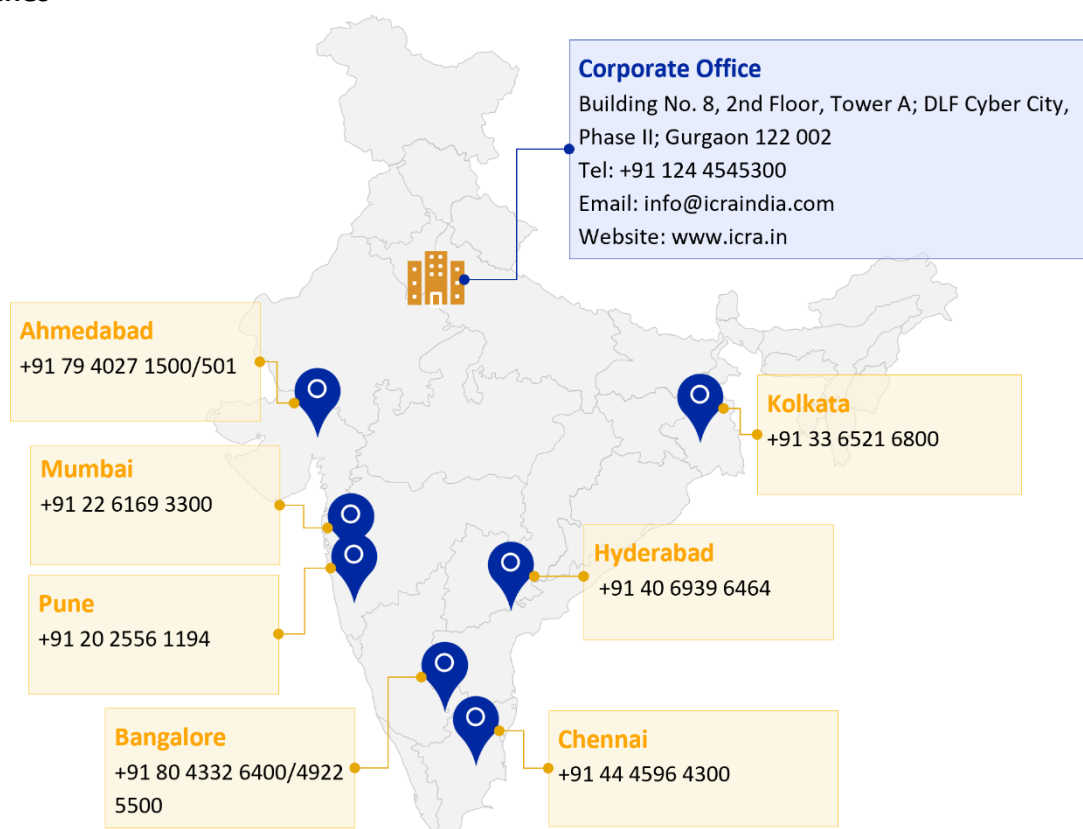
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