

November 04, 2025

Indira Industries: [ICRA]BB (Stable)/[ICRA]A4+; assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund based – Working capital facilities	14.50	[ICRA]BB (Stable); Assigned
Long-term – Fund based – Term loans	30.00	[ICRA]BB (Stable); Assigned
Short-term – Non-fund based – Bank guarantee	19.00	[ICRA]A4+; Assigned
Total	63.50	

*Instrument details are provided in Annexure-I

Rationale

The ratings assigned to bank facilities of Indira Industries (Indira) reflect an established presence in the fabrication works for railway coaches and its components, and industrial flow control equipment. The rating favourably factors in the extensive industry experience of its partners, which has enabled the firm to maintain enduring customer relationships over the years, which ensure repeat orders. Additionally, the steady income from the solar power plant continues to support the entity's overall earnings profile, providing revenue diversification and stability to its earnings to an extent.

The ratings are, however, constrained by the moderate scale of operations and net losses incurred in FY2025, primarily due to unfavourable raw material prices, coupled with debt-funded capex of a 15-megawatt (MW) solar power plant funded by high interest-bearing unsecured loans from other Group entities. The weak operating profitability in the fabrication business and addition of a solar plant led to high interest and depreciation expenses, resulting in net losses and a significant erosion of net worth in FY2025. The same have resulted in elevated leverage and moderation in coverage indicators, with a Total Debt/OPBDITA of 6.5 times as on March 31, 2025, over 2.8 times as on March 31, 2024, while interest coverage ratio weakening to 1.0 times in FY2025 over 5.8 times in FY2024. While some improvement is expected in FY2026 with the replacement of high-cost unsecured loans with bank funds in Q1 FY2026, the coverage indicators are likely to remain moderate due to the lower profitability of the entity from its core fabrication segment.

The ratings are further constrained by the lack of long or medium-term power purchase agreements (PPAs) for the recently installed 15-MW solar plant, which remain exposed to off-take and tariff risks, and remain a rating monitorable. The rating also factors in the company's high working capital intensity with 36% in FY2025 owing to extended receivable days, though the same had improved from around 43% in FY2024. Additionally, the entity operates in a highly fragmented and competitive industry, which limits pricing flexibility and profitability due to the tender-based nature of its fabrication business. Indira also remains exposed to the risks associated with its partnership constitution, including the possibility of capital withdrawals, which could adversely impact its capital structure and liquidity.

The Stable outlook on the long-term rating reflects ICRA's expectation that the entity is likely to sustain its operational and financial profiles in the medium term, supported by established relationships with customers and repeat order inflows.

Key rating drivers and their description

Credit strengths

Extensive experience of partners – Indira has an established presence in fabrication works for railway coaches and industrial flow control products in the domestic market. The partners have extensive experience of more than a decade in the industrial component industry, aiding the entity to forge enduring relationships with its key supplier and customers.

Well-established relationships with customers and repeat order flows – Indira derives major income from the fabrication works for Integral Coach Factory (ICF). The entity has an established association with ICF, a key customer for railway parts; though the orders are tender based. Further, the entity's long association with other power project equipment customers have led to repeat business over the years.

Credit challenges

Modest financial risk profile due to large debt-funded capex – India's financial risk profile remains moderate, characterised by Total Debt/OPBDITA of 6.5 times as on March 31, 2025, and interest coverage of 1.0 times in FY2025 amid debt-funded capex towards its 15-MW solar power project in Q4 FY2024. While some improvement is expected with the replacement of high-cost unsecured loans with bank funds, the coverage indicators are likely to remain moderate in FY2026 due to lower profitability from its fabrication segment. The ratings are further constrained by the lack of long-term PPA for the recently commissioned 15-MW solar power plant.

Susceptibility of margins to volatility in raw material prices – The company's profit margins are susceptible to fluctuation in prices of the major raw material, steel, as the entity has limited pricing flexibility owing to the fixed-price nature of its tender-based business. The raw material costs are, thus subject to volatility in commodity prices driven by global/local demand-supply conditions and other geopolitical events. Hence, the entity's profitability is also exposed to the fluctuation in raw material prices.

Elongated working capital cycle and moderate customer concentration risks – The entity's working capital intensity remained high at around 36% in FY2025 owing to extended receivable days; though there was an improvement from around 43% in FY2024. Nevertheless, the management has confirmed that the entity received long pending receivables (GST dues) from its key customer to an extent of Rs. 13.4 crore in H1 FY2026, which is expected to improve the working capital intensity and liquidity profile in FY2026. However, the revenues from its key customer drove around 75% of its total revenues, which exposes the entity to customer concentration risk. However, the entity's established presence and stable relationships provide comfort to an extent.

Risks associated with legal status as partnership firm – The net worth of the entity remains moderate with Rs. 29 crore as on March 31, 2025, due to erosion of reserves amid net losses and partial withdrawal of profits by partners. Thus, being a partnership firm, Indira is exposed to the possibility of capital withdrawal by the partners and limited ability to raise capital, among others, which may affect its capital structure and liquidity position.

Liquidity position: Adequate

Indira's liquidity profile is expected to remain adequate, supported by likely improvement in earnings and adequate buffer in working capital limits. As on March 31, 2025, the entity had limited free cash and bank balances of approximately Rs. 0.1 crore and investments of Rs. 5.5 crore in mutual funds. The average working capital utilisation stood at around 68% over the 12-month period ending in September 2025. While the entity had unutilised working capital limits of Rs. 5.2 crore as on September 30, 2025, the average cushion stood at around Rs. 4.6 crore during the past 12 months ending in September 2025. The firm is projected to generate cash accruals in the range of Rs. 3–6 crore in FY2026 against the repayment obligations of Rs. 2-3 crore each in FY2026 and FY2027. ICRA also notes that the entity does not have any major debt-funded capital expenditure plans in the near term.

Rating sensitivities

Positive factors – The ratings could be upgraded if the entity can demonstrate a healthy growth in revenues and earnings, or strengthening of its net worth, resulting in improved debt protection metrics, while maintaining its liquidity position on a sustained basis.

Negative factors – The rating could be downgraded if there is a significant decline in revenues and earnings, or any substantial withdrawal of capital resulting in weakening of the debt protection metrics and liquidity position. Further, an elongation of

the working capital cycle, which would adversely impact the liquidity position on a sustained basis, could lead to a rating downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the standalone financial statements of the rated entity.

About the company

Indira, established as a partnership firm in 1986 by Mr. K. Ponnuswamy and his wife, was initially focused on the manufacturing of ducting and industrial noise control equipment for thermal power plants. In FY2010, Mr. P. Manikandan, the son of Mr. Ponnuswamy, joined as a partner in FY2010. Currently, the entity is held by Mr. Manikandan (73%) and Mr. Ponnuswamy (27%). Now, the entity is engaged in the fabrication and structural component works (stainless steel sidewalls, roofs, end walls, underframes, doors, partition frames, and modular tanks) for railway coaches, along with industrial noise control and flow control solutions. In addition, the firm has a solar power plant with an installed capacity of 25 MW (15 MW added in March 2024).

Key financial indicators

	FY2024	FY2025*
Operating income	126.8	128.4
PAT	2.9	-17.1
OPBDIT/OI	19.7%	6.5%
PAT/OI	2.3%	-13.4%
Total outside liabilities/Tangible net worth (times)	1.7	2.7
Total debt/OPBDIT (times)	2.8	6.5
Interest coverage (times)	5.8	1.0

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, *Provisional financial statement submitted by company

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current year (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	November 04, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based- Working capital limits	Long term	14.50	[ICRA]BB (Stable)	-	-	-	-	-	-
Fund based – Term loans	Long term	30.00	[ICRA]BB (Stable)	-	-	-	-	-	-
Non fund based – Bank guarantee	Short term	19.00	[ICRA]A4+						

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term – Fund based – Term loans	Simple
Long term – Fund based – Working capital limits	Simple
short term - Non fund based - 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	Term loans	FY2026	-	FY2036	30.00	[ICRA]BB (Stable)
NA	Working capital limits	-	-	-	14.50	[ICRA]BB (Stable)
NA	Non fund based limits	-	-	-	19.00	[ICRA]A4+

Source: SRM

[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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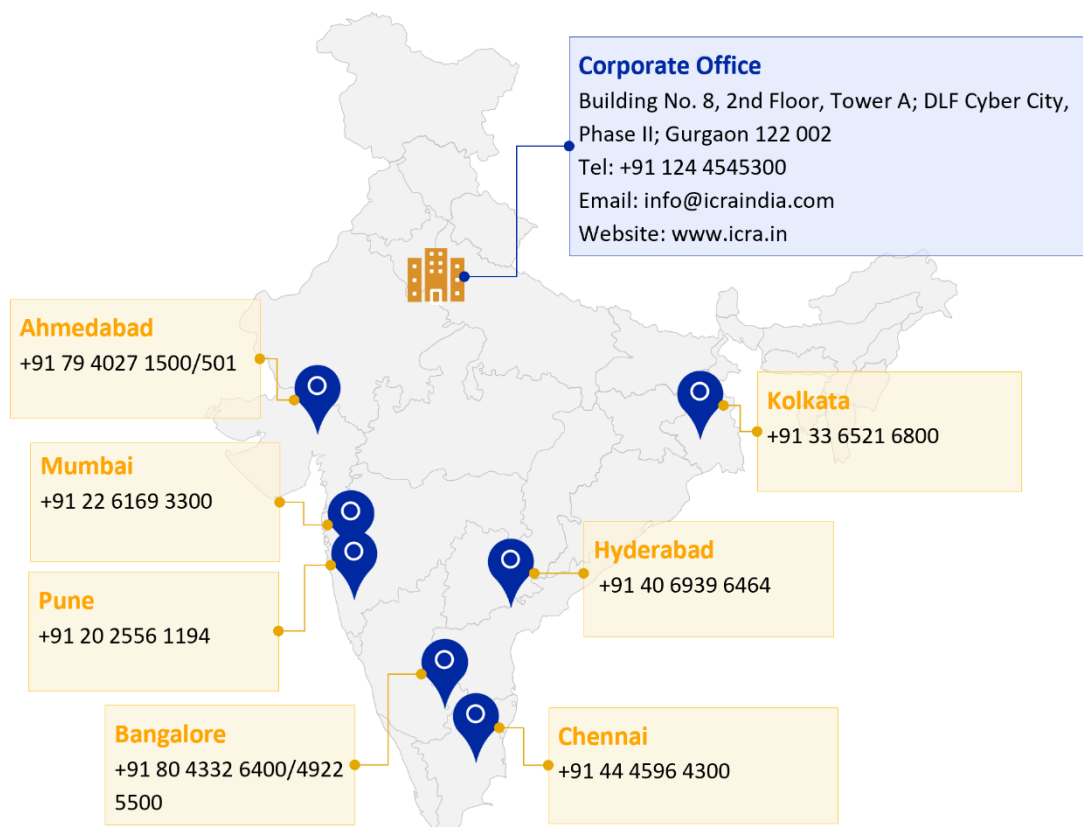


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