

December 04, 2025

## Shirdi Sai Electricals Limited: Ratings downgraded to [ICRA]BB+(Stable)/[ICRA]A4+

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term/Short term - Non-fund-based facilities	708.65	753.00	[ICRA]BB+(Stable)/[ICRA]A4+; downgraded from [ICRA]BBB- (Stable)/[ICRA]A3
Long term fund based - Working capital	323.39	200.00	[ICRA]BB+(Stable); downgraded from [ICRA]BBB- (Stable)
Long term fund based - Term loan	50.00	448.30	[ICRA]BB+(Stable); downgraded from [ICRA]BBB- (Stable)
Long-term fund based – CEL	-	0.65	[ICRA]BB+(Stable); downgraded from [ICRA]BBB- (Stable)
Long term/Short term - Unallocated limits	321.96	2.05	[ICRA]BB+(Stable)/[ICRA]A4+; downgraded from [ICRA]BBB- (Stable)/[ICRA]A3
<b>Total</b>	<b>1,404.00</b>	<b>1,404.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The revision in the ratings of Shirdi Sai Electricals Limited (SSEL) factors in the increase in the company's debt in the last one year due to higher working capital intensity. The working capital intensity rose to 60% in FY2025 from 35% in FY2024 due to an elongated receivable cycle, thereby impacting the liquidity position of the company. Though the receivable cycle has improved in the current fiscal, it continues to be high. The increase in debt also moderated the debt coverage metrics, with the interest coverage ratio and total debt/OPBDITA at 4.1 times and 2.6 times, respectively, in FY2025, compared to 7.8 times and 0.9 times, respectively, in FY2024. Further, the company has significant debt repayment in the next one year.

ICRA also notes that Wish Renewables Private Limited (WRPL, a subsidiary of SSEL) had entered into a long-term contract with Andhra Pradesh state power distribution utilities (AP discoms) for installing and operating smart meters for agriculture services in Andhra Pradesh. The company was responsible for installing 18.58 lakh smart meters along with the associated infrastructure. The company started the installation of meters and has availed significant debt of ~Rs. 675.0 crore towards the same. However, the AP discoms terminated the contract with the company by mutual consent in accordance with the terms of the agreement. As per the resolution, AP discoms will take over the assets and shall pay the termination amount to SSEL, as per the contractual provisions. The amount of termination payments along with timely receipt of the same remains a key monitorable.

The ratings, also, remain constrained by the ongoing debt-funded capital expenditure by its subsidiary company – Indosol Solar Private Limited (ISPL) – for setting up 1 GW of solar module to ingot facility in Nellore, Andhra Pradesh. As on date, 500 MW of solar module capacity is operational, with the remaining expected to be commissioned gradually. This will increase the company's consolidated leverage level and further impact its debt coverage indicators in the medium term. Hence, a timely completion of the capital expenditure along with a commensurate scale-up in the revenues and profitability remains a key monitorable, given the significant competitive intensity in the solar module manufacturing industry.

The ratings remain tempered by the high geographical and customer concentration risks as AP discoms contribute to over 50% of SSEL's revenue in FY2025 and more than 70% of the outstanding order book as on March 31, 2025. The discoms have modest financial profiles and a timely receipt of the ongoing bills remains a key monitorable for SSEL. ICRA notes that the company has been focusing on the addition of new customers, which has reduced the customer concentration risk in the last one year.

The ratings continue to draw comfort from SSEL's established presence in the distribution transformer manufacturing segment along with its experience of around two decades as an EPC contractor. The company has strong relationships with its clients, evident from the repeat orders from the discoms. The revenues and profitability declined in FY2025; however, they continue to be satisfactory. Further, the company has a strong order book of ~Rs. 7,160 crore at standalone level as on March 31, 2025, leading to healthy revenue visibility, going forward.

Moreover, the ratings continue to factor in SSEL's healthy profit margins, supported by backward-integrated operations and in-house manufacturing of transformer sub-parts. ICRA also notes that the company has successfully commissioned an alloy aluminium conductor manufacturing facility at Kadapa, Andhra Pradesh, in the current fiscal under its subsidiary - Shuchi Alloys & Conductors Technology Private Limited.

The Stable outlook on SSEL's rating factors in its revenue visibility, aided by the pending order book position, expectation of improvement in the realisation of bills from its customers and timely execution/commissioning of various projects.

## Key rating drivers and their description

### Credit strengths

**Long track record in transformer industry** - SSEL is one of the prominent players in the distribution and power transformer manufacturing industry and has emerged as an EPC contractor in the segment over the years. The company's major clients include the state power distribution utilities of Andhra Pradesh, Bihar, Gujarat, Rajasthan, Madhya Pradesh, Odisha etc. Further, the company has been focusing on increasing its export orders.

**Backward-integrated operations provide cost and quality control** - SSEL's backward integration into core, conductor, winding and tank fabrication operations aids in a healthy profitability. It manufactures a significant portion of the transformer parts in-house that gives it cost control opportunities and ensures quality check. In FY2023, the company commenced the operations of the relatively high-capacity power transformers at Prayagraj, Uttar Pradesh, which has strengthened its product range and helped expand its footprint in the North Indian region. The company's consolidated revenue and profitability declined in FY2025 due to slow order book execution; however, the profitability margins continue to be healthy, supported by backward integration.

**Comfortable order book position** - SSEL had an outstanding order book of Rs. 7,160 crore as on March 31, 2025, which includes the Rs. 1,345-crore smart meter contract which has recently been terminated. The orderbook translates into 1.6 times of the FY2025 revenues (excluding smart meters contract), thereby providing healthy revenue visibility. This includes orders for the Revamped Distribution Sector Scheme (RDSS). Hence, a timely execution of the orders is critical to sustain the earnings growth.

### Credit challenges

**High working capital intensity** - SSEL's working capital intensity increased to 60% in FY2025 from 35% in FY2024 because of the elongated receivable cycle, thereby impacting the liquidity position of the company. The same is due to the long execution period of the projects, the milestone-based payments and the retention money requirement that is released post the defect liability period in the EPC business. Besides this, majority of the company's revenues are concentrated with the Andhra Pradesh discoms which have modest financial profiles. Though the receivable cycle has improved in the current fiscal, it continues to be high, Hence, a timely receipt of the payment remains important from a liquidity point of view.

**Termination of smart meter orders** - Wish Renewables Private Limited (WRPL, a subsidiary of SSEL) had entered into a long-term contract with Andhra Pradesh state power distribution utilities (AP discoms) for installing and operating smart meters for agriculture services in Andhra Pradesh. The company was responsible for installing 18.58 lakh smart meters along with the associated infrastructure. It started installing the meters and had availed significant debt of ~Rs. 675.0 crore towards the same. However, the AP discoms have terminated the contract with the company by mutual consent, in accordance with the terms of the agreement. As per the resolution, the AP discoms will take over the assets and shall pay the termination amount to SSEL,

as per the contractual provisions. The amount of termination payments along with a timely receipt of the same remains a key monitorable.

**Capital expenditure plans to increase consolidated debt** - The company has ~Rs. 80-crore capital expenditure planned at the standalone level to upgrade its transformer manufacturing facility at Kadapa, Andhra Pradesh. This, along with the planned capital expenditure for the solar module manufacturing facility, and expansion of capacity in the alloy aluminium conductor manufacturing unit will increase the company's debt levels and further moderate the debt coverage metrics in the medium term. Hence, a timely commissioning and scale-up of these projects remains important from a credit perspective.

**High customer and geographical concentration risks** - The customer and geographical concentration risks remain high as the Andhra Pradesh discoms contribute to more than ~50% of the company's revenue and outstanding order book. ICRA, however, notes that the projects undertaken by SSEL are funded by Central/multilateral agencies. The management has indicated that the concentration is majorly attributable to the company bidding for projects only in states where funding tie-up is available from Central/multilateral agencies. Moreover, the company is adding new customers and geographies, which is expected to mitigate the concentration risk to some extent.

**Intense competition** - Competition is intense in the highly fragmented transformer industry, which in turn translates into pricing pressure to a certain extent. The company, however, benefits from a backward-integrated operation which results in cost control and ensures the quality of the products. Further, the company is expanding in the module manufacturing sector through its subsidiary - ISPL.

### Liquidity position: Stretched

The company's liquidity position remains stretched, given the significant increase in the working capital intensity in the last one year due to high receivable days. Further, the company has high debt repayments and letter of credit (LC) maturities in the next one year. ICRA expects the modest cash flow from operations, buffer in working capital utilisation (average utilisation of 70-75% in the last 12 months from September 2024 to August 2025 for sanctioned limits of Rs. 200 crore) and unencumbered cash of ~Rs. 60 crore as on October 31, 2025, to support the liquidity. However, an improvement in the working capital cycle remains important, going forward. Further, additional liquidity support to fund the planned capital expenditure under ISPL and debt repayment of WRPL till the termination amount is received will be the key monitorables for the company.

### Rating sensitivities

**Positive factors** – An upgrade over the near term is unlikely. However, the outlook could be revised to Stable if there is a sustained increase in earnings along with a diversification of the customer base, a track record of timely payments from the discoms and a significant and continued improvement in the liquidity position. Further, a timely resolution of the smart meter contract remains a key monitorable.

**Negative factors** – Pressure on the ratings could arise if there is a significant deterioration in the scale of operations or profit margins, and/or higher-than-anticipated debt-funded capex that adversely impacts the key credit metrics and liquidity. Further, any delays in order execution and receipt of payment from discoms and inability to improve the company's liquidity profile could be the negative triggers.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the financials of SSEL and its subsidiaries. The list of subsidiaries considered for consolidation is provided in Annexure II

## About the company

Shirdi Sai Electricals Limited (SSEL), incorporated in 1994, manufactures power and distribution transformers (up to 20 MVA, 66 kV). The company has a transformer manufacturing facility at Kadapa, Andhra Pradesh. In FY2023, the company began manufacturing power transformers at Prayagraj in UP.

The company designs and manufactures power and distribution transformers to cater to the needs of electricity utilities as well as private enterprises within India and abroad. SSEL also provides solutions for power transmission and distribution systems through its turnkey projects division. The company has also set up a solar module manufacturing facility under its subsidiary - Indosol Solar Private Limited - and an alloy aluminum conductor manufacturing facility under its subsidiary - Shuchi Alloys & Conductors Technology Private Limited.

### Key financial indicators (audited)

SSEL	Standalone			Consolidated		
	FY2023	FY2024	FY2025*	FY2023	FY2024	FY2025*
Operating income (Rs. crore)	2051.8	3608.7	2947.1	2419.6	3821.7	3654.4
PAT (Rs. crore)	278.8	608.5	394.2	300.9	632.3	466.1
OPBDIT/OI (%)	22.8%	25.7%	21.4%	20.9%	26.8%	19.8%
PAT/OI (%)	13.6%	16.9%	13.4%	12.4%	16.5%	12.8%
Total outside liabilities/Tangible net worth (times)	0.7	1.0	1.0	0.7	1.3	1.4
Total debt/OPBDIT (times)	0.5	0.3	1.2	0.5	0.9	2.6
Interest coverage (times)	7.9	9.3	3.9	7.3	7.8	4.1

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; 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							
Instrument	Type	Amount rated (Rs. crore)	FY2025		FY2024		FY2023		Date	Rating
			Date	Rating	Date	Rating	Date	Rating		
Non-fund based facilities	Long term/ Short term	753.00	Dec 04, 2025	[ICRA]BB+ (Stable) / [ICRA]A4+	Dec 31, 2024	[ICRA]BBB- (Stable)/ [ICRA]A3	Apr 24, 2023	[ICRA]BBB- (Stable)/ [ICRA]A3	Jun 03, 2022	[ICRA]BBB- (Stable)/ [ICRA]A3
			-	-	-	-	Sep 29, 2023	[ICRA]BBB- (Stable)/ [ICRA]A3	Jun 29, 2022	[ICRA]BBB- (Stable)/ [ICRA]A3
Fund based - Working capital	Long term	200.00	Dec 04, 2025	[ICRA]BB+ (Stable)	Dec 31, 2024	[ICRA]BBB- (Stable)	Apr 24, 2023	[ICRA]BBB- (Stable)	Jun 03, 2022	[ICRA]BBB- (Stable)
			-	-	-	-	Sep 29, 2023	[ICRA]BBB- (Stable)	Jun 29, 2022	[ICRA]BBB- (Stable)
Term loan	Long term	448.30	Dec 04, 2025	[ICRA]BB+ (Stable)	Dec 31, 2024	[ICRA]BBB- (Stable)	Apr 24, 2023	[ICRA]BBB- (Stable)	Jun 03, 2022	[ICRA]BBB- (Stable)
			-	-	-	-	Sep 29, 2023	[ICRA]BBB- (Stable)	Jun 29, 2022	[ICRA]BBB- (Stable)
CEL	Long term	0.65	Dec 04, 2025	[ICRA]BB+ (Stable)	-	-	-	-	-	-
Unallocated limits	Long term/ Short term	2.05	Dec 04, 2025	[ICRA]BB+ (Stable) / [ICRA]A4+	Dec 31, 2024	[ICRA]BBB- (Stable)/ [ICRA]A3	Apr 24, 2023	[ICRA]BBB- (Stable)/ [ICRA]A3	Jun 03, 2022	[ICRA]BBB- (Stable)/ [ICRA]A3
			-	-	-	-	Sep 29, 2023	[ICRA]BBB- (Stable)/ [ICRA]A3	Jun 29, 2022	[ICRA]BBB- (Stable)/ [ICRA]A3

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term - Non-fund based facilities	Very Simple
Long term fund based - Working capital	Simple
Long term fund based - Term loan	Simple
Long-term fund based – CEL	Simple
Long term/Short term - Unallocated limits	Not Applicable

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 - Non-fund based facilities	NA	NA	NA	753.00	[ICRA]BB+(Stable)/ [ICRA]A4+
NA	Long term fund-based - Working capital	NA	NA	NA	200.00	[ICRA]BB+(Stable)
NA	Long term fund-based - Term loan	FY2023	NA	FY2031	448.30	[ICRA]BB+(Stable)
NA	Long-term fund based – CEL	NA	NA	NA	0.65	[ICRA]BB+(Stable)
NA	Long term/Short term - Unallocated limits	NA	NA	NA	2.05	[ICRA]BB+(Stable)/ [ICRA]A4+

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	Ownership	Consolidation approach
Shirdi Sai Electricals Limited	100.00% (Rated Entity)	Full consolidation
Indotech Transformers Limited	75.00%	Full consolidation
Indosol Solar Private Limited	58.40%	Full consolidation
Wish Renewables Private Limited	100.00%	Full consolidation
Navare Smart Technologies Private Limited <sup>#</sup>	100.00%	Full consolidation
Suryachakra Developers Private Limited <sup>#</sup>	100.00%	Full consolidation
Shuchi Alloys & Conductors Technology Private Limited <sup>#</sup>	100.00%	Full consolidation

Source: Company; <sup>#</sup>The above are wholly-owned subsidiaries incorporated during FY2024

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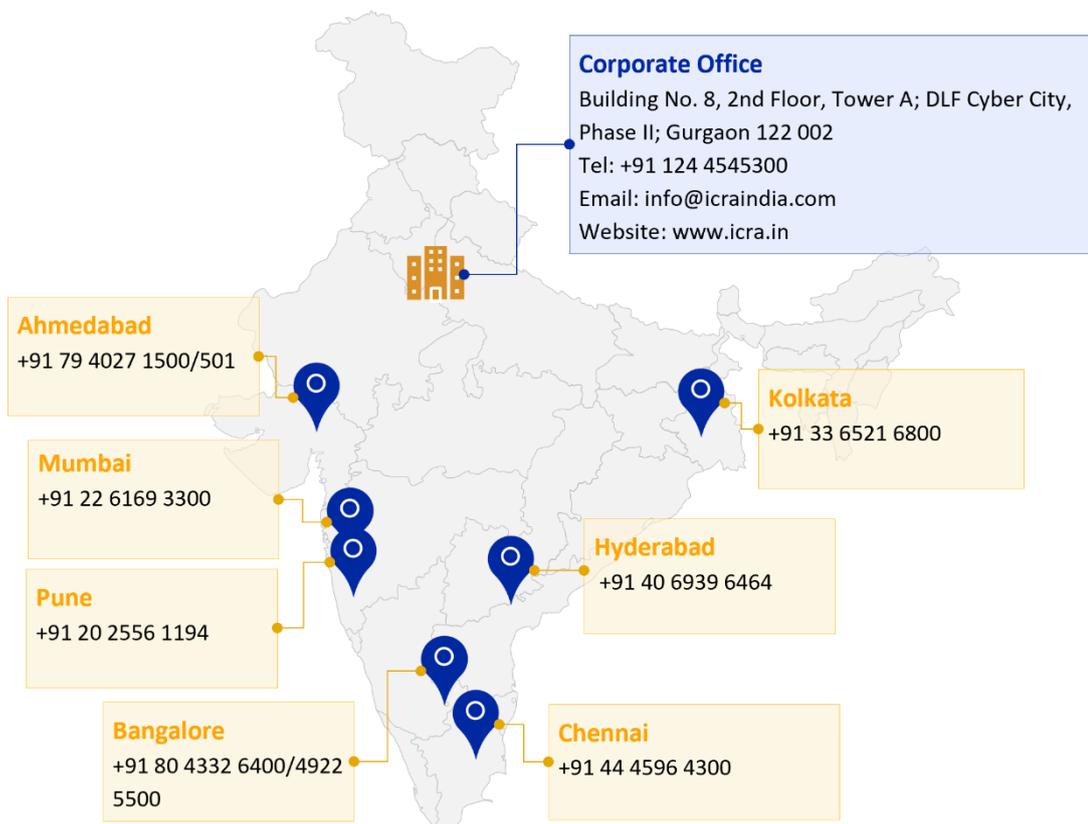
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