January 19, 2026

The Yamuna Syndicate Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term/Short term - Unallocated limits	10.20	10.20	[ICRA]A- (Stable)/[ICRA]A2+; reaffirmed
Total	**10.20**	**10.20**	

Instrument details are provided in Annexure I

Rationale

The rating reaffirmation factors in The Yamuna Syndicate Limited's (TYSL/the company) status as the holding company (45% stake) of ISGEC Heavy Engineering Limited {IHEL, rated [ICRA]AA(Stable)/[ICRA]A1+}, an established engineering, procurement, and construction (EPC) company and a fabricator for equipment/machinery in the capital goods sector. The company also has financial flexibility with the market value of its investment in IHEL at Rs. 2,865.1 crore (as on January 07, 2026), along with nil debt, which also provides significant market value buffer. TYSL's financial profile draws support from the steady dividend income from IHEL and TYSL's debt-free status. The ratings also take in to account its comfortable liquidity profile, evident from the free cash and cash equivalents of ~Rs. 38 crore as on October 31, 2025.

However, the ratings are constrained by TYSL's concentrated investment portfolio with its profitability metrics vulnerable to the dividend flows from its only investee company, IHEL. Thus, TYSL's revenues and credit metrics remain linked to the financial performance and plans of IHEL, along with its ability to declare healthy dividends. While the market value buffer of the investments is healthy, it remains vulnerable to IHEL's share price movement.

The ratings are also constrained by TYSL's small operating scale with trading operations across various product segments, many of which are dependent on Group entities for sustaining the business. Further, TYSL's operating margin in its trading segments is weak, considering the minimal value-added nature of these segments. Therefore, a predominant share of the company's operating profits is driven by dividend income from IHEL and is thus lumpy in nature.

The Stable outlook factors in ICRA's expectations that a steady inflow of dividends from IHEL amid no expansion plans will continue to support the credit profile of TYSL.

Key rating drivers and their description

Credit strengths

Principal promoter shareholder of IHEL – TYSL holds a 45% stake in IHEL, out of the total 62.43% promoter holding. The key investee company - IHEL - has an established market position in the EPC space and as a fabricator for equipment/machinery in the capital goods sector. IHEL's position is aided by its long-term technical tie-ups/alliances with several recognised global heavy engineering companies as well as its in-house design and manufacturing capability. TYSL has been receiving steady dividend income from IHEL over the years. Even though TYSL also operates as a trading company, the dividend income from IHEL historically contributed to majority of its operating profits and cash accruals, indicating its strong linkages to the investee company's financial profile.

Financial flexibility emanating from holding IHEL's shares – The market value of TYSL's investment is around Rs. 2,865.1 crore (as on January 07, 2026). The company has strong financial flexibility as its stake is entirely unencumbered, providing a healthy market value buffer.

Healthy profitability, debt coverage metrics and liquidity – TYSL's profitability and debt coverage metrics are healthy, supported by dividend income from IHEL and limited funding requirements in its operating business. TYSL had free cash balance of around ~Rs. 38 crore as on October 31, 2025. Given the nil debt repayments and minimal capex requirements in the near term, TYSL's credit metrics and liquidity position is expected to remain stable.

Credit challenges

Investment concentration in IHEL – TYSL's financial performance (standalone) is strongly linked to IHEL's performance, which remains the only investee, indicating high dependence on dividend flows from the latter. While the dividend income inflow from IHEL has remained healthy over the last few years (Rs. 13.2/9.9/6.6 crore over FY2025/FY2024/FY2023), the dividend declaration by IHEL remains susceptible to its own performance and expansions plans which in turn are closely tied with the economic activity. The level of dividends declared or guided by IHEL will remain a key monitorable to determine TYSL's credit profile.

Vulnerability to market risks – TYSL's financing flexibility is vulnerable to the share price performance of IHEL and thus remains exposed to market risks. Further, the low liquidity of IHEL's shares, with its promoters having more than 60% shareholding, constrains TYSL's financial flexibility to an extent.

Small operating scale of trading operations – TYSL's trading operations are small in scale, despite being spread across various segments. Over the years, the company has ceased operations in certain segments. The trading operations remain a low-margin business and some of the segments are largely backed by group company operations. In the near to medium term, the scale of trading operations is expected to remain close to the current levels.

Environmental and social risks

Environmental considerations - The company deals in the trading of batteries and lubricants. The battery scrap collected is sold to battery manufacturers for recycling. The company also strives to procure goods and services of the required quality from vendors located near its sale offices, wherever possible. As the company is engaged in trading activity only, there are no material environmental considerations from a credit standpoint.

Social considerations - The company makes efforts to engage with suppliers to improve its business and the quality of service with the support of its vendor development programmes. The company periodically carries out customer satisfaction surveys, and any complaint from customers is taken seriously and resolved amicably. There has been no case filed for unfair trade practice, irresponsible advertising or anti-competitive behaviour over the last five years. As the company is engaged in trading activity only, there are no material social considerations from a credit standpoint.

Liquidity position: Adequate

The company's liquidity position remains adequate with cash balance of around ~Rs. 38 crore as on October 31, 2025 (post the receipt of IHEL's dividend for FY2026 and payout of dividend by TYSL for FY2026). As there are no capex plans and debt repayments (given no long-term debt), the liquidity position is expected to remain adequate.

Rating sensitivities

Positive factors – The ratings could be upgraded if the dividend income increases substantially on a sustained basis, and/or there is a substantial improvement in the scale and profitability of TYSL while maintaining healthy credit metrics and liquidity profile. The ratings may also be upgraded if the credit profile of IHEL strengthens.

Negative factors – Pressure on the ratings could arise if the credit profile of IHEL deteriorates, and/or linkages with IHEL weaken, and/or the financial flexibility reduces on account of a substantial decline in the market capitalisation of IHEL. The ratings could also be revised downwards if TYSL's liquidity profile and credit metrics weaken, on a sustained basis, or in case of any debt-funded large capex/diversification/investment, resulting in a weakening of the credit metrics and liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Investment Companies
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of TYSL

About the company

TYSL, incorporated in 1954, is a key holding company that has a 45% stake in IHEL, which is the flagship company of the ISGEC Group. The company is also involved in the trading and retailing of a wide variety of products. The company's trading business entails retailing of HPCL's petroleum products, industrial lubricants, automotive lubricants, Amaron batteries, agricultural tools and pesticides, electrical equipment, etc. While the trading business dominates the company's revenue mix, it has negligible contribution to profits, which renders the profitability metrics susceptible to the trend in dividends from IHEL.

Key financial indicators (audited)

TYSL Standalone	FY2024	FY2025	H1FY2026
Operating income	73.9	78.1	34.2
PAT	24.5	16.2	1.4
OPBDITA/OI (%)	14.9%	18.6%	1.9%
PAT/OI (%)	33.2%	20.7%	4.2%
Total outside liabilities/Tangible net worth (times)	0.0	0.0	0.0
Total debt/OPBDITA (times)	0.0	0.0	0.0
Interest coverage (times)	898.5	3,813.6	NM

*Source: Company, ICRA Research; * Quarterly results; All ratios as per ICRA's calculations; Amount in Rs. crore ;PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Not Meaningful*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Jan 19, 2026	Date	Rating	Date	Rating	Date	Rating
Unallocated limits	Long term/ Short term	10.20	[ICRA]A-(Stable)/ [ICRA]A2+	Dec 27, 2024	[ICRA]A-(Stable)/ [ICRA]A2+	Sep 29, 2023	[ICRA]A-(Stable)/ [ICRA]A2+	Oct 28, 2022	[ICRA]A-(Stable)/ [ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity indicator
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	**Unallocated**	NA	NA	NA	10.20	[ICRA]A-(Stable)/ [ICRA]A2+

Source: Company

Annexure II: List of entities considered for consolidated analysis - Not Applicable

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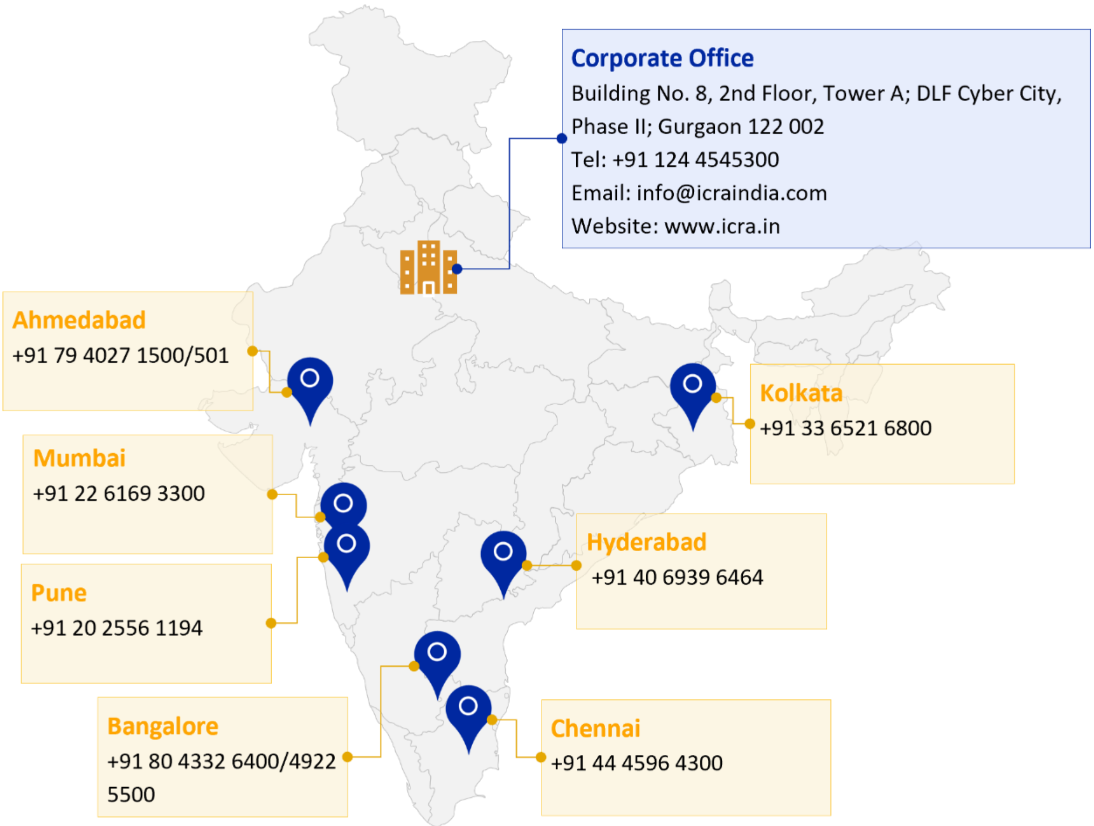

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