February 25, 2026

ISGEC Redecam Enviro Solutions Pvt. Ltd.: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Non-fund based - Others	20.00	20.00	[ICRA]BBB(Stable); Reaffirmed
Total	**20.00**	**20.00**	

**Instrument details are provided in Annexure-I*

Rationale

The reaffirmation of the rating continues to factor in the close business linkages of ISGEC Redecam Enviro Solutions Pvt. Ltd (IRPL) with its 51% joint venture (JV) shareholder – ISGEC Heavy Engineering Ltd [IHEL; rated [ICRA]AA (Stable)/ [ICRA]A1+] – and its strategic importance to the latter's environment solutions segment. IRPL benefits from the operating synergies with IHEL that has an established track record in the capital goods space and strong client relations in the process industries, thereby supporting business development, material procurement and vendor network. Redecam Group SPA – the other JV partner – provides technology support. Further, IRPL shares its brand name with both the JV partners, pointing to the reputation sensitivity for both. Thus, ICRA expects IHEL to be willing to extend timely financial support to IRPL, as and when needed.

ICRA notes that the company's scale has been limited in the past 5-6 years. However, in FY2025, the scale improved to Rs. 56.6 crore as on March 31, 2025 on the back of heathy execution and order inflow of Rs. 74.2 crore. However, the scale moderated in FY2026 due to deferment of some orders as competitors were able to offer lower prices.

ICRA also notes that the company faced execution challenges as there were delays pertaining to limited site accessibility and congested environments. While these delays are common in brownfield projects, they did not attribute to any LDs or penalties on the company. As the delays have primarily arisen from the client's side, the company may also be granted corresponding extensions in project timelines, wherever required.

However, the rating remains constrained by the company's small scale of operations and its modest order book position and a minimal tangible net worth. Moreover, given its presence in niche product segments, its order book remains concentrated towards a few industries, such as steel and cement. Hence, IRPL's business prospects remain vulnerable to the capacity investment plans of these sectors. It also remains exposed to input price volatility because of the fixed-price contracts, given its order execution cycle that can extend up to 24-30 months for turnkey projects.

The Stable outlook factors in the expectation that IRPL would continue to benefit from its strong parentage, translating into a steady improvement in the scale of operations and a stable credit profile, going forward.

Key rating drivers and their description

Credit strengths

Strong operational and financial linkages with IHEL - IRPL is a 51:49 joint venture between ISGEC Heavy Engineering Limited (IHEL) and the Redecam Group, Italy. The company benefits from the customer relations, business generation, vendor network as well as financial support (working capital advances, corporate guarantee for bank facilities) from IHEL. Redecam, which supplies environment solutions equipment in Europe, provides technical support to the company.

Established position of IHEL in engineering capital goods - IHEL is a reputed player in the engineering capital good space. Its capital goods products include boilers, presses, pressure vessels, and catering to clients across 90 countries. The products offered by IRPL, such as bag filters, add to the product basket of IHEL and also cater to the captive requirements of its boiler division.

Credit challenges

Small scale of operations, modest order book position and high client concentration – IRPL has a small scale of operations with a revenue of Rs. 56.6 crore in FY2025. The revenue stood at Rs. 13.18 crore during H1FY2026. The revenue is expected to remain subdued during FY2026 due to slow execution and constrained order inflows. The closing order book is seen to remain modest at ~Rs. 50-60 crore for FY2026.

Exposure to input price volatility – IRPL's profitability remains exposed to input price volatility due to the fixed-price contracts. The risk is mitigated, to an extent, by the short execution period and back-to-back fixed-price contracts with vendors.

Moderate credit profile– The company has a moderate credit profile, characterised by modest profits and accruals and a net worth of Rs. 6.0 crore as on March 31, 2025, largely on account of its small scale of operations. A ramp up in order inflows and execution over FY2026-FY2027 is expected to help expand the profits and cash accruals in the medium term, thereby improving its credit profile.

Liquidity position: Adequate

IRPL receives customer advances prior to initiating the execution of the orders, which supports its working capital requirements. Moreover, the company enjoys financial flexibility from being part of IHEL. The company's liquidity position is expected to remain adequate with advances continuing to fund majority of the working capital requirements and the availability of unutilised limits even as it scales up its cash flows from operations in the medium term.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if the company's scale of operations improves and there is accretion of profits on a sustained basis, leading to a healthy credit profile and strengthened net worth position. ICRA could also upgrade the rating if the credit profile of the joint venture partner, IHEL, improves.

Negative factors – ICRA could downgrade the rating if weak order inflows lead to further moderation in the scale of operations and deterioration in the overall credit profile. The rating could also be downgraded if the credit profile of the joint venture partner, IHEL, deteriorates, or the linkages with the parent weaken.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/group Support	Joint Venture Partner: ISGEC Heavy Engineering Ltd (IHEL) The rating assigned to IRPL factors in the high likelihood of its JV partner, IHEL [rated [ICRA]AA (Stable)]/ [ICRA]A1+], extending financial support to it because of the close business linkages between them. ICRA also expects IHEL to be willing to extend financial support to IRPL out of its need to protect its reputation from the consequences of a group entity?s distress. There also exists a consistent track record of IHEL having extended timely financial support to IRPL in the past, in terms of providing corporate guarantee to the lender
Consolidation/standalone	Standalone

About the company

IRPL is a joint venture (JV), incorporated on February 1, 2017, with an equity share capital of Rs. 2 crore. IHEL, India, has a 51% shareholding in IRPL, while Redecam, Italy holds 49%. The JV is engaged in the engineering business and mainly undertakes fabrication (through sub-contractors), design, sourcing, procurement, testing and commissioning of environmental solutions and equipment, including bag filters and hybrid filters for all industries. IRPL benefits from the technological capability and customer base of its shareholding entities, IHEL and Redecam. As the marketing of orders is within the scope of the JV, the parentage, especially that of Redecam, helps the JV in securing orders for pollution control equipment, particularly bag filters. The collaboration with Redecam and access to its IP technology has given IRPL access to a wide market in India and substantially enhanced the stature of the company in providing critical solutions to reduce air pollution.

Key financial indicators (audited)

ISGEC Redecam Enviro Solutions Pvt. Ltd. (Standalone)	FY2024	FY2025
Operating income	47.8	56.6
PAT	1.7	3.9
OPBDITA/OI	5.0%	8.0%
PAT/OI	3.5%	6.9%
Total outside liabilities/tangible net worth (times)	23.5	7.2
Total debt/OPBDITA (times)	0.0	0.0
Interest coverage (times)	11.1	43.9

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. Crore.
PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Instrument	Current rating(FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs crore)	February 25, 2026	Date	Rating	Date	Rating	Date	Rating
Non-fund based - Others	Long-term	20.00	[ICRA]BBB(Stable); Reaffirmed	January 17, 2025	[ICRA]BBB (Stable)	October 31, 2023	[ICRA]BBB (Stable)	August 30, 2022	[ICRA]BBB (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Non-fund based - Others	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'scredit 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 / sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Non-fund Based	NA	NA	NA	20.00	[ICRA]BBB (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

ANALYST CONTACTS

Girishkumar Kashiram Kadam
+91 22 6114 3406
girishkumar@icraindia.com

Prashant Vasisht
+91 124 4545 322
prashant.vasisht@icraindia.com

Varun Gogia1
+91 124 4545 823
varun.gogia1@icraindia.com

Mohika kundara
+91 124 4545 302
mohika.kundara@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

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For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches