

April 02, 2026

I.P.L. Products: Rating upgraded to [ICRA]BB+(Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Issuer rating	-	-	[ICRA]BB+(Stable); upgraded from [ICRA]BB(Stable)
Total	-	-	

*Instrument details are provided in Annexure I

Rationale

The rating upgrade for I.P.L. Products (IPLP/firm) factors in a significant growth in the firm's operating income to Rs. 157 crore in 9M FY2026 from Rs. 119.3 crore in FY2025 and an estimated revenue of over Rs. 230 crore in FY2026. This improvement has been driven by multiple high-value orders for solar power transformers and the continuous geographical expansion in the isolator segment wherein IPLP now caters at a pan-India level against 3-4 states earlier. The firm is also undertaking multiple capital expenditures to expand its capacities and storage areas.

ICRA continues to factor in the firm's established track record in manufacturing electric equipment, such as transformers, isolators and feeder pillar boxes. The rating is supported by the benefit that IPLP derives from its group firms by way of backward and other integrations as well as its robust outstanding orderbook.

The rating continues to be constrained by IPLP's modest net worth, along with its client concentration risk and the intense competition in the industry. While the revenue growth majorly depends on winning tenders, the firm's ability to maintain service quality and execution timelines remains crucial. Besides, the rating notes that IPLP is a partnership firm, which increases the risk of capital withdrawal.

The Stable outlook on the [ICRA]BB+ rating reflects ICRA's opinion that IPLP will continue to benefit from its extensive track record of operations and an established market position.

Key rating drivers and their description

Credit strengths

Established track record of operations – I.P.L Products was established in 1974 and has completed 50 years of operations. The management consists of Mr. A Shanmuga Velayuthan and Mrs. Seethalakshmi (daughter of A Shanmuga Velayuthan), who have extensive experience in the business of manufacturing and selling transformers, isolators and feeder pillar boxes. The firm has established relationships with Tamil Nadu Generation and Distribution Corporation Ltd (TANGEDCO) and has licences to manufacture transformers in the range of 16kVA to 6,000kVA. The firm has expanded its geographical reach, getting orders from all over India to supply isolators; however, the transformers and feeder pillar boxes are still predominantly sold in South India.

Healthy outstanding orderbook and increasing scale of operations – The firm's average orderbook tenure is 6-8 months. The firm has achieved Rs. 227 crore as of March 22, 2026 and the outstanding orderbook as of March 2026 is Rs. 97 crore. The healthy orderbook position is expected to support the revenues in FY2027. The significant revenue growth (estimated) to over Rs. 230 crore in FY2026 from the Rs. 119-crore topline in FY2025 can be attributed to the firm securing sizeable orders for solar transformers and the expanded geography for the sale of isolators all over India.

Credit challenges

Revenue growth vulnerable to tender-based nature of business and modest operating margins – The revenue growth remains contingent on the bidding results in the tender-based orders. Any steep drop in tenders would negatively impact the scale and credit metrics of the firm. Further, the operating margins are modest at 5-6%, given the tender-based bidding process.

Client concentration risk and intense competition in industry limit pricing power – The top five clients, consisting of TANGEDCO and other solar and wind players, contribute to ~37% of the sales. TANGEDCO alone accounts for 14-15% of the firm’s revenue in FY2025. The industry is highly competitive and the tenders are bid online for TANGEDCO. There is a high dependence on TANGEDCO for the receivables. Any delay in the realisation of the receivables could negatively impact the liquidity position and credit profile of IPLP. However, the bills are discounted in platforms such as the Trade Receivables Electronic Discounting System (TReDS) and Tamilnadu Industrial Investment Corporation (TIIC), supporting the working capital cycle.

Inherent risk of being a partnership firm – IPLP is exposed to risks associated with a partnership firm, including capital withdrawal risk, which can adversely impact its capital structure.

Liquidity position: Adequate

IPLP’s liquidity position remains adequate with the healthy cash flow from operations sufficient to meet the annual repayment obligation of Rs. 2-5 crore per annum in the next two years. The firm also has an average buffer of ~60%+ of the sanctioned fund-based working capital facilities of Rs. 4 crore for the 12 months ended December 2025. Further, the firm has a bill discounting facility of Rs. 17.50 crore with TIIC wherein the Tamil Nadu Electricity Board (TNEB) bills can be discounted, which remains unutilised and supports the liquidity.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if IPLP is able to exhibit a sustained improvement in its revenues and profitability leading to improvement in its net worth position while maintaining healthy debt coverage metrics and liquidity position.

Negative factors – The rating could be revised downwards if there is a significant decline in the firm’s revenue/profitability that would deteriorate its debt protection metrics and weaken the liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the firm’s standalone financials

About the company

I.P.L. Products is a small-scale industrial unit established by Mr. A Shanmugavelayuthan in 1974 as a sole proprietorship concern. Initially started as M/s International Piston Linear Products, the entity was involved in the manufacturing of grey iron castings. It gradually expanded its product profile by adding electrical accessories such as pillar boxes, isolator/air break switches and transformers, catering majorly to the power industry. The firm has two manufacturing units: Unit-1 at

Thirumudivakkam for manufacturing transformers (16kVA to 6,000 kVA) and Unit-2 at Kakkalur for manufacturing isolators (11 kVA to 400 kVA) and feeder boxes.

Key financial indicators

I.P.L. Products (Standalone)	FY2024	FY2025	9MFY2026*
Operating income	98.7	119.3	157.0
PAT	3.4	4.3	5.3
OPBDIT/OI	8.0%	6.9%	5.5%
PAT/OI	3.4%	3.6%	3.4%
Total outside liabilities/Tangible net worth (times)	1.2	1.8	2.9
Total debt/OPBDIT (times)	0.9	1.2	1.7
Interest coverage (times)	3.0	6.5	13.1

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *provisional

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 (FY2027)				Chronology of rating history for the past 3 years							
Instrument	Type	Amount rated (Rs. crore)	April 02, 2026	FY2027		FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Issuer rating	Long term	-	[ICRA]BB+ (Stable)	-	-	-	-	Feb 25, 2025	[ICRA]BB (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer rating	NA

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	Issuer rating	NA	NA	NA	NA	[ICRA]BB+ (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis - NA

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