

June 30, 2026

Chennai Radha Engineering Works (P) Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term fund based limits – Cash credit	165.00	210.00	[ICRA]A+ (Stable); reaffirmed and assigned for the enhanced limits
Long term/Short term – Non-fund based limits	280.00	380.00	[ICRA]A+ (Stable)/[ICRA]A1; reaffirmed and assigned for the enhanced limits
Long term/Short term – Sublimit^	(272.00)	-	-
Long term/Short term – Sublimit^	(\$6.6 million)	-	-
Total	445.0	590.0	

*Instrument details are provided in Annexure II

^Sublimits under long-term/short-term non-fund based limit

Rationale

The rating reaffirmation of Chennai Radha Engineering Works (P) Limited (CREW) factors in longstanding experience in providing operations and maintenance (O&M) services for bulk material handling systems, primarily catering to thermal power stations and ports. The ratings also consider the company's robust order book, which stood at Rs. 5,985.67 crore as on March 31, 2026, providing healthy revenue visibility over the near to medium term (i.e. order book is 2.1 times of the FY2026 revenues). CREW has reported a significant growth in its revenues over the last three years and the healthy growth momentum is expected to sustain going forward as well, supported by a strong outstanding order book. While the company is exposed to renewal risk for the ongoing contracts, its past track record and established relationships with reputed customers mitigate the risk to an extent.

There was a significant improvement in revenues in FY2026 owing to higher execution across segments compared to FY2025, while the operating profits remained healthy at ~16.7%. CREW's financial risk profile continues to be strong amid comfortable leverage and debt coverage metrics. The healthy operating margins along with the limited long-term debt will keep the debt coverage and leverage metrics comfortable over the medium term.

The ratings are, however, constrained by high customer concentration risk with ~71% of its revenues (of FY2025) generated from its top-five customers with moderately high dependence on a single customer, Tamilnadu Generation & Distribution Corporation Limited (TANGEDCO) that has a modest financial profile. While this exposes CREW to counterparty risk, this is partially mitigated by the critical nature of the O&M services it provides to TANGEDCO and the track record of timely payments by the utility.

ICRA also notes that the EPC order inflow depends on capital investments by the end-user industries and, thus, the revenues may be lumpy, linked to the execution of such projects. CREW faces competition from the larger domestic and multinational companies in this segment and its performance is also susceptible to the investment cycle in the thermal power and the port sectors. Further, the company has a high working capital-intensive operations.

The Stable outlook on the ratings reflects ICRA's opinion that CREW's revenues and accruals will be supported by its comfortable order inflow. Also, the company will continue to benefit from its established track record in the O&M of material handling systems.

Key rating drivers and their description

Credit strengths

Established player with extensive experience in O&M segment - CREW, incorporated in 1984, has a track record of more than three decades in providing O&M services (~43% of total revenues in FY2025 and ~35% in 9M FY2026) for bulk material handling systems, especially for the coal handling and ash handling plants at the thermal power stations and ports. The company commands a healthy market share in the O&M segment, especially in the power sector. The company has further diversified into the EPC and mining sectors and built a healthy order book, providing revenue visibility for the medium term. In 9M FY2026, O&M services comprised 35% of the revenue, EPC and product sales 42%, mining 21%, and railway and mobile harbour cranes made up the rest.

Healthy order book position - The company's order book position remained strong at Rs. 5,985.7 crore as on March 31, 2026 (i.e. 2.1 times of FY2026 revenues), providing healthy revenue visibility for the near to medium term. The order book is diversified across mining (35%), O&M (18%), EPC (43%) and railways (4%). In the past couple of years, major orders were received from South Eastern Coalfields Limited and Northern Coalfields Limited, and the mining segment contributed Rs. 2,114.7 crore to the order book as on March 31, 2026.

The O&M order book position remained healthy at Rs. 1,096.79 crore, primarily backed by the renewal and tenure extension of the existing contracts as well as the receipt of new orders from TANGEDCO, Paradip Port Authority and Adani Ports and Special Economic Zone. The EPC order book contributed Rs. 2,564 crore to the order book, dominated by the TANGEDCO orders. A healthy order flow and a timely renewal of the contracts due for expiry will be key to sustaining the company's revenue growth.

Comfortable financial profile and liquidity – CREW's financial profile is characterised by healthy margins and comfortable coverage indicators, aided by the company's cost control measures in the mining segment. The debt metrics remained healthy with a gearing of 0.3 times as on March 31, 2025, total debt/OPBDITA of 0.8 times and NCA/total debt of 93% for FY2025. Moreover, in FY2026, CREW's coverage indicators were comfortable, reflected in its interest coverage of 6.7 times.

The company's liquidity position remained adequate with free cash and liquid investments of ~Rs. 100 crore as on March 31, 2026, along with sufficient cushion in the fund-based working capital limits. The credit metrics and profitability indicators are likely to stay comfortable over the medium term with stable revenues, profits and cash accruals, backed by healthy order inflows and limited capex plans.

Credit challenges

Customer and segment concentration risk, lumpy revenue from EPC segment; revenues exposed to cyclicality in thermal power sectors – The company is exposed to customer concentration risks with ~71% of its revenues generated from its top five customers in FY2025, with moderately high dependence on a single customer, TANGEDCO, that has a modest financial profile. While this exposes CREW to counterparty risk, this is partially mitigated by the critical nature of the O&M services it provides to TANGEDCO and the track record of timely payments by the utility.

The revenues generated from the EPC segment and related-product sales are volatile, given the lumpy nature of the contracts. Further, this segment may face execution delays due to delays in receiving the necessary approvals. Also, the order book in this segment is impacted by the capex cycle in the thermal power and the port sectors. The contracts also remain exposed to fluctuations in raw material prices, given the fixed-price orders in the EPC segment. Nonetheless, CREW's ability to pass through the increase in raw material prices by providing certain margin in the order value mitigates the risk to an extent.

Exposure to execution risks and intense competition – CREW is exposed to execution risks of large projects in the mining segment wherein the company is relatively less experienced. It is also exposed to execution risks in the O&M and the EPC segments. Further, the company's exposure to intense competition from both domestic and global players with a local presence could have an adverse impact on its profitability metrics.

Working capital-intensive nature of business – The company had a high working capital intensity of 29% in FY2025 on account of the large receivables, given the nature of its industry. The debtor days have remained in the range of 60-90 days and the inventory days have been 25-65 days over the last five fiscals.

Liquidity position: Adequate

CREW has an adequate liquidity profile, reflected in its unencumbered cash balance of ~Rs. 100 crore as on March 31, 2026, along with an average unutilised working capital limit of 40% in the last 12 months ended April 2026 and minimal capital expenditure plans. Further, the cash flow from operations is expected to remain adequate to cover the debt repayments.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company diversifies its customer profile and end-user industries while maintaining healthy revenues, profitability and liquidity position.

Negative factors – Pressure on the ratings could emerge if there is a consistent decline in profitability or revenues due to lower order inflows, or if there is a substantial stretch in the working capital cycle impacting the liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements

About the company

CREW was established as a proprietorship entity in 1984, before being converted into a private limited company in 2005. The company supplies O&M services and undertakes turnkey projects on an EPC basis for bulk material handling systems, mainly for thermal power stations and ports. In recent years, the company's order book has majorly consisted of mining, O&M and EPC orders. It also provides support services like stevedoring and operating mobile harbour cranes at the Paradip and Dhamra ports and offers support services for surface mining. CREW also handles rail coach manufacturing, installation of electrical equipment and wiring works, interior furnishing works and testing works for railway coaches. CREW's facility is in Oragadam and near Ponneri, Chennai.

Key financial indicators (Audited)

CREW	FY2024	FY2025
Operating income	1,350.2	1,668.7
PAT	140.8	157.2
OPBDIT/OI	18.2%	18.1%
PAT/OI	10.4%	9.4%
Total outside liabilities/Tangible net worth (times)	0.4	0.5
Total debt/OPBDIT (times)	0.9	0.8
Interest coverage (times)	16.4	12.8

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Current rating (FY2027)		Chronology of rating history for the past 3 years		
			Date & rating in FY2027	Date & rating in FY2026	Date & rating in FY2025		Date & rating in FY2024
			June 30, 2026	-	March 26, 2025	June 28, 2024	-
1	Cash credit	210.00	[ICRA]A+ (Stable)	-	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	-
2	Non-fund based limits	380.00	[ICRA]A+ (Stable)/ [ICRA]A1	-	[ICRA]A+ (Stable)/ [ICRA]A1	[ICRA]A+ (Stable)/ [ICRA]A1	-
3	Fund-based limits	-	-	-	-	[ICRA]A1	-
4	Sublimit*	-	-	-	[ICRA]A+ (Stable)/ [ICRA]A1	[ICRA]A+ (Stable)/ [ICRA]A1	-
5	Sublimit*	-	-	-	[ICRA]A+ (Stable)/ [ICRA]A1	[ICRA]A+ (Stable)/ [ICRA]A1	-
6	Unallocated limits	-	-	-	-	-	-

*Sublimit of non-fund based facility

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments that fall under the regulatory purview of various Financial Sector Regulators (FSR) are as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA that fall under the regulatory purview of various Financial Sector Regulators (FSR) are as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based limits	Simple
Long term/Short term – Non-fund based limits	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term fund based limits	NA	NA	NA	210.00	[ICRA]A+(Stable)
NA	Long term/Short term – Non-fund based limits	NA	NA	NA	380.00	[ICRA]A+(Stable)/[ICRA]A1

Source: Company

[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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