November 5, 2026

Indira Industries: Long term rating upgraded to [ICRA]BB+ (Stable); short-term rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long term – Fund based – Working capital facilities	14.50	14.50	[ICRA]BB+ (Stable); upgraded from [ICRA]BB (Stable)	RBI
Long-term – Fund based – Term loans	30.00	30.00	[ICRA]BB+ (Stable); upgraded from [ICRA]BB (Stable)	RBI
Short-term – Non-fund based – Bank guarantee	19.00	19.00	[ICRA]A4+; reaffirmed	RBI
Total	**63.50**	**63.50**		

**Instrument details are provided in Annexure I*

#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.

Rationale

The long-term rating upgrade for the bank lines of Indira Industries (Indira/the entity) factors in the healthy increase in scale of operations of around 53% in FY2026. It also factors in the reduction in working capital intensity following the recovery of long-pending receivables from the Indian Railways, and the improved financial risk profile. The same is likely to be sustained in the near to medium term. This is supported by the entity's established presence in the fabrication works for railway coaches and components and industrial flow control equipment, coupled with healthy order flows. The entity's operating income grew by 53.3% to Rs. 196.9 crore in FY2026 from Rs. 128.4 crore in FY2025. This was aided by healthy order inflows from the Integral Coach Factory (ICF), Chennai, and the power project equipment segment, coupled with steady income from the solar power plant. The rating upgrade considers the recovery of Rs. 18.4 crore of long-pending receivables from its key customer, Indian railways. This led to a substantial reduction in debtor days to 41 days in FY2026 from 128 days in FY2025, and improved working capital intensity to 24.4% in FY2026 from 50.7% in FY2025. Besides, the debt reduction and refinancing of high-cost related-party loans for the solar power division aided the improvement in the entity's leverage and coverage indicators in FY2026. Going forward, revenues and earnings are likely to be supported by the healthy order inflows and its established track record in the fabrication business steady income from the solar power plant and planned segment diversification measures.

The ratings are, however, constrained by the moderate scale of operations and the working capital-intensive nature of operations. Besides, profitability in the fabrication segment remains exposed to volatility in steel and other metal prices, given the fixed-price nature of contracts. Any fluctuation in prices of the key commodities impacts the profitability adversely, as witnessed in the past, including FY2026. The ratings also factor in the entity's working capital-intensive nature of operations owing to extended receivable days and higher inventory days. However, the same has improved in FY2026 following the receipt of long-pending dues. The ratings are further constrained by the lack of long or medium-term power purchase agreements (PPAs) for the recently installed 15-megawatt (MW) solar power plant, which remains exposed to off-take and tariff risks. Additionally, the entity operates in a highly fragmented and competitive industry. This limits pricing flexibility and profitability due to the tender-based nature of its fabrication business. Indira also remains exposed to the risks associated with its partnership constitution, including the possibility of capital withdrawals (partners withdrew Rs. 13.7 crore in FY2026). Such withdrawals could adversely impact its capital structure and liquidity position.

The Stable outlook on the long-term rating reflects ICRA's expectation that the entity is likely to sustain its operational and financial profiles in the medium term, supported by established relationships with customers and repeat order inflows. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, to further increase the capacity will be funded in a manner that allows it to maintain its debt protection metrics commensurate with the existing ratings.

Key rating drivers and their description

Credit strengths

Extensive experience of partners – Indira has an established presence in fabrication works for railway coaches and industrial flow control products in the domestic market. The partners have extensive experience of more than a decade in the industrial component industry, aiding the entity to forge enduring relationships with its key supplier and customers. The entity has also diversified into solar power generation, with an aggregate installed solar capacity of 25 MW, which provides steady revenues.

Well-established relationships with customers and repeat order flows – Indira derives major income from the fabrication works for Integral Coach Factory (ICF). The entity has an established association with ICF, a key customer for railway parts, though the orders are tender based. Further, the entity's long association with other power project equipment customers has led to repeat business over the years.

Healthy revenue growth in FY2026; comfortable debt protections metrics – Indira's revenues grew by 53.3% to Rs. 196.9 crore in FY2026 from Rs. 128.4 crore in FY2025, aided by healthy order inflows from its key customers, coupled with steady income from the solar power plant. Besides, its debt protection indicators improved materially in FY2026. This was supported by the increase in scale and operating profitability, coupled with the reduction in debt and the substitution of high-cost related-party loans with lower-cost bank debt. The firm's interest coverage improved to 3.7 times in FY2026 from 2.1 times in FY2025, while total debt/OPBDITA improved to 2.2 times from 3.1 times. The coverage metrics are likely to improve over the medium term, supported by the absence of any major debt-funded capital expenditure plan and steady earnings.

Credit challenges

Susceptibility of margins to volatility in raw material prices – Indira's profitability is susceptible to fluctuation in prices of the major raw material, steel, as it has limited pricing flexibility owing to the fixed-price nature of its tender based business. The raw material costs are, thus subject to volatility in commodity prices driven by global/local demand-supply conditions and other geopolitical events. Hence, the entity's profitability is also exposed to the fluctuation in raw material prices.

Working capital cycle intensive nature of operations and moderate customer concentration risks – The entity's operations are working capital-intensive in nature owing to extended receivable days and higher inventory days. However, the same has improved in FY2026 following the receipt of long-pending dues. Further, the operations remain exposed to relatively higher customer concentration risk, as the entity derived 68% of revenues from a single customer, i.e., ICF. However, the entity's established presence and stable relationships provide comfort to an extent.

Risks associated with legal status as partnership firm – The net worth of the entity remains moderate at Rs. 42.9 crore as on March 31, 2026, due to the partial withdrawal of profits/capital by partners. Thus, being a partnership firm, Indira is exposed to the possibility of capital withdrawal by the partners and has a limited ability to raise capital, among others. These factors may affect its capital structure and liquidity position.

Liquidity position: Adequate

The entity's liquidity profile is expected to remain adequate, supported by likely improvement in earnings and adequate buffer The entity's liquidity profile is expected to remain adequate, supported by the likely improvement in earnings and an adequate buffer in working capital limits. As on March 31, 2026, the entity has free cash and bank balances of Rs. 3.8 crore and investments of Rs. 10.5 crore in mutual funds. The average working capital utilisation stood at around 45% over the 12-month period ending in September 2026. The firm is projected to generate cash accruals of Rs. 6–9 crore in FY2027. This compares

with the repayment obligations of Rs. 2.5-3.0 crore each in FY2027 and FY2028. ICRA also notes that the entity does not have any major debt-funded capital expenditure plans in the near term.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is sustained growth in revenues and cash accruals, leading to strengthening of its net worth, while maintaining its debt protection metrics and liquidity position on a sustained basis.

Negative factors – The ratings could be downgraded if there is a significant decline in revenues and earnings, or substantial withdrawal from business. A downgrade could also follow any elongation of the working capital cycle leading to material weakening of the debt protection metrics and liquidity position. A specific credit metric that could lead to a ratings downgrade is TOL/TNW of more than 2.2 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The rating is based on the standalone financial statements of the rated entity.

About the company

Indira, established as a partnership firm in 1986 by Mr. K. Ponnuswamy and his wife, was initially focused on the manufacturing of ducting and industrial noise control equipment for thermal power plants. In FY2010, Mr. P. Manikandan, the son of Mr. Ponnuswamy, joined as a partner. Currently, the entity is held by Mr. Manikandan (73%) and Mr. Ponnuswamy (27%). Now, the entity is engaged in the fabrication, and structural component works (stainless steel sidewalls, roofs, end walls, underframes, doors, partition frames, and modular tanks) for railway coaches, along with industrial noise control and flow control solutions. In addition, the firm has a solar power plant with an installed capacity of 25 MW (15 MW added in March 2024.

Key financial indicators (audited)

Indira - Standalone	FY2025	FY2026
Operating income	128.4	196.9
PAT	1.6	0.8
OPBDIT/OI	13.5%	10.5%
PAT/OI	1.3%	0.4%
Total outside liabilities/Tangible net worth (times)	1.2	1.3
Total debt/OPBDIT (times)	3.1	2.2
Interest coverage (times)	2.1	3.7

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

Instruments	Current ratings (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	Nov 5, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based – Working capital facilities	Long term	14.50	[ICRA]BB+ (Stable)	Nov 04, 2025	[ICRA]BB (Stable)	-	-	-	-
Fund based – Term loans	Long term	30.00	[ICRA]BB+ (Stable)	Nov 04, 2025	[ICRA]BB (Stable)	-	-	-	-
Non-fund based – Bank guarantee	Short term	19.00	[ICRA]A4+	Nov 04, 2025	[ICRA]A4+	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based – Working capital facilities	Simple
Long-term – Fund based – Term loans	Simple
Short-term – Non-fund based – Bank guarantee	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 I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial sector regulator#
NA	**Long term – Fund based – Working capital facilities**	NA	NA	NA	14.50	[ICRA]BB+ (Stable)	RBI
NA	**Long-term – Fund based – Term loans**	FY2026	NA	FY2036	30.00	[ICRA]BB+ (Stable)	RBI
NA	**Short-term – Non-fund based – Bank guarantee**	NA	NA	NA	19.00	[ICRA]A4+	RBI

Source: Company

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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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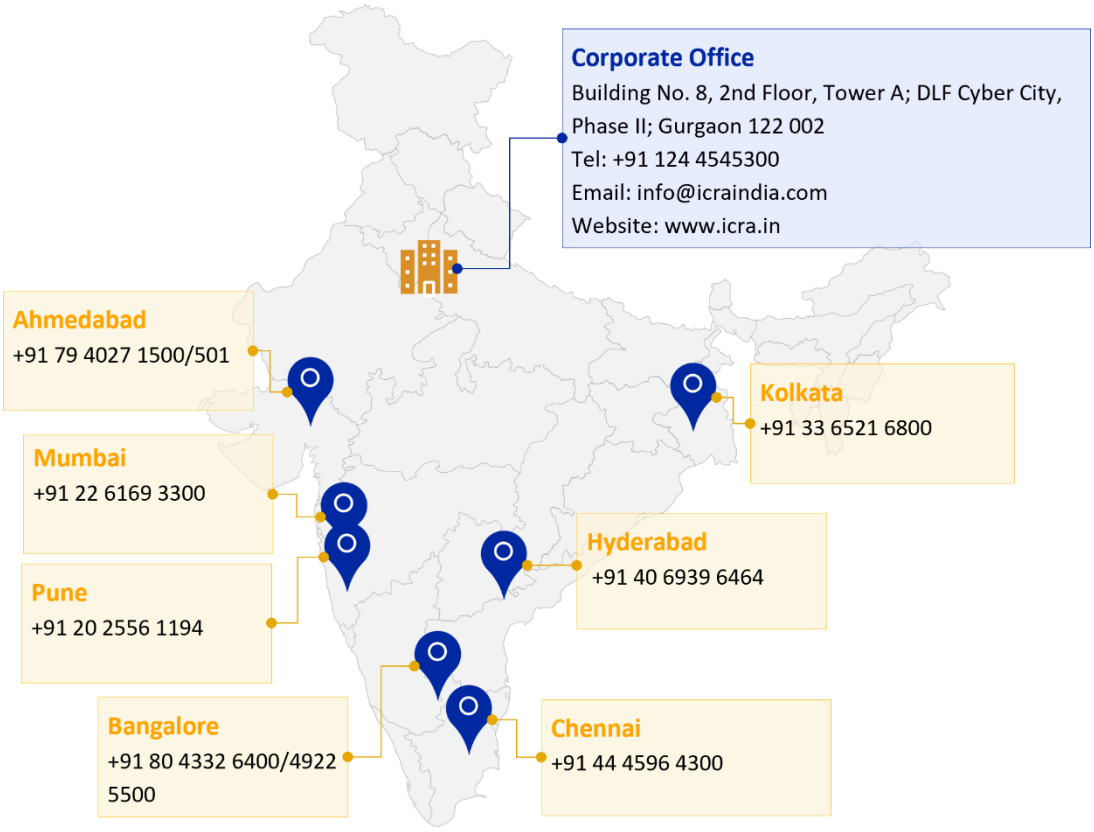

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