July 16, 2026

Premier Industrial Corporation Limited: Ratings upgraded and removed from Issuer Not-Cooperating category; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long term - Fund based – Cash credit	45.00	105.00	[ICRA]BBB+ (Stable); upgraded from [ICRA]B+ (Stable) and removed from Issuer Not-Cooperating category and assigned for enhanced amount	RBI
Long term - Fund based – Term loan	0.03	4.20	[ICRA]BBB+ (Stable); upgraded from [ICRA]B+ (Stable) and removed from Issuer Not-Cooperating category and assigned for enhanced amount	RBI
Short term – Interchangeable	(22.00)	(25.00)	[ICRA]A2; upgraded from [ICRA]A4 and removed from Issuer Not-Cooperating category and assigned for enhanced amount	RBI
Long term/Short term – Unallocated limits	4.97	-	-	RBI
Total	**50.00**	**109.20**		

**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

ICRA's rating for Premier Industrial Corporation Limited (PICL/the company) factors in its strong business profile, supported by its established relationships with customers across the domestic and export markets, with repeat orders providing revenue visibility. The customer profile includes several established players in the welding consumables industry, including ESAB India Limited, Böhler Group, Ador Welding Limited, D&H Sécheron Electrodes Private Limited and Diffusion Engineers Limited, among others. The company's diversified customer base, coupled with its long-standing relationships with key customers, lends stability to the revenues.

The ratings also factor in a steady increase in PICL's scale of operations, with the revenues rising to Rs. 436.6 crore in FY2026 (provisional) from Rs. 168.5 crore in FY2021. This has been supported by strong volume growth, particularly in the powder segment, which continues to be the primary revenue driver, accounting for ~75% of the total revenues in FY2026. The company's operating profile is characterised by healthy and stable operating margins in the range of 14–16%, aided by operating leverage and steady demand across segments.

The ratings also take into account the company's planned capacity expansion at Khopoli (powder) and Wada (wire), which is expected to increase its installed capacity to ~47,897 MTPA from ~27,897 MTPA at present. The new capacities are expected to become operational by FY2029, thereby providing growth visibility over the medium term, especially given the high level of utilisation of the existing capacities. Further, the company has received an approval from SEBI for an initial public offering (IPO). The proposed IPO proceeds are largely earmarked for a capex of ~Rs. 116 crore (for capacity expansion) and general corporate purposes. Accordingly, the company is expected to maintain a comfortable capital structure, as reflected in the gearing of ~0.5 times as of March 2026 (provisional) and healthy coverage metrics supported by modest repayment obligations and expected ramp up in scale of operations and consequent improvement in profitability.

The ratings also factor in PICL's established position in a fragmented industry characterised by the presence of numerous organised and unorganised players. The company has established presence in the organised segment, supported by its wide product portfolio and a large number of stock keeping units (SKUs), enables it to cater to diverse customer requirements and applications. Its presence in both the domestic and international markets, along with the increasing contribution from exports, helps diversify the revenue profile, although the geographic concentration is evident in certain domestic regions and export markets. ICRA also notes the experience of the promoters and the management team, who have an established track record in the industry, supporting the company's execution capabilities and customer engagement.

The ratings, however, are constrained by the company's high working capital intensity because of the elevated inventory levels and receivables, resulting in higher dependence on the working capital borrowings. The company maintains a high level of inventory to service just-in-time requirements of its key customers, thereby prolonging its holding period to 200-220 days. Additionally, the company's profitability remains susceptible to the volatility in commodity-linked raw material prices, where any sharp movement may impact the margins due to lag in pass-through. Further, the company faces execution risks associated with the timely completion and ramp-up of the proposed capacities, which remains a key monitorable.

Overall, the ratings reflect the company's improving scale, healthy operating performance and planned capacity expansion, balanced against the high working capital intensity, raw material price risks and execution risks.

The Stable outlook on the rating reflects ICRA's opinion that the company will continue to benefit from its improving scale of operations, supported by a ramp-up of the existing capacities and proposed capacity addition, along with a steady operating performance and comfortable margin profile.

Key rating drivers and their description

Credit strengths

Established track record of promoters – The company benefits from the experience of its promoters and management team, who have a demonstrated track record in the metal powders and wires segments. The promoters' long-standing presence in the industry has enabled the company to develop operational capabilities and understanding of customer requirements, supporting business continuity and growth over the years. The management's ability to scale up operations, maintain customer relationships and execute capacity expansion plans has contributed to the company's improving revenue profile and operational performance.

Strong operating profile with diversified customer portfolio and reputed clientele – The company has demonstrated a strong operating profile, reflected in a sustained growth in revenues and improvement in operating performance over the years. The revenues increased to Rs. 436.6 crore in FY2026 (provisional) from Rs. 168.5 crore in FY2021, supported by healthy volume growth across categories, particularly in the powder segment.

The operating profitability remains healthy, with the OPBDITA improving to Rs. 68.7 crore in FY2026 (provisional) from Rs. 18.1 crore in FY2021, while the margins have remained stable in the 14–16% range over the period. The company has benefitted from a highly diverse product profile having over 410 SKUs in its portfolio as on March 31, 2025. The company's product portfolio includes various types of powders and wires, allowing it to cater to a wide base of end users. Further, the company has established relationships with some reputed customers in the welding consumables industry, such as Ador Welding Ltd. and ESAB India Ltd. among others. The company also has a high rate of repeat orders, ensuring customer stickiness owing to the product quality and prompt service.

Credit challenges

High working capital intensity driven by elevated inventory levels – The company's working capital intensity remains high, reflected in its elevated inventory and receivable levels. The inventory levels have increased significantly over the years, in line with the scale-up in operations, and a substantial portion of funds got tied up in working capital, thereby resulting in negative cash flow from operations. The company has one of the largest product range in the industry and is thus required to maintain inventory for a large number of SKUs. The inherently inventory-intensive nature of the business, coupled with the need to maintain adequate stock to meet customer requirements and ensure continuity of operations, results in higher holding levels.

While the elevated inventory supports operational flexibility and timely order execution, it also stretches the operating cycles and increases the reliance on working capital borrowings. The company's inventory holding period was ~180 days as on March 31, 2025, while it reported a working capital intensity of ~56% in FY2025. Sustained high inventory levels, especially during periods of demand moderation or pricing volatility, could exert pressure on the company's profitability and liquidity and remain a key monitorable from a credit perspective.

Vulnerability to volatility in raw material prices – The company's profitability remains exposed to fluctuations in commodity-linked raw material prices, which are inherently volatile. While cost changes are generally passed on to customers, timing mismatches can lead to margin pressure during price hikes. On the other hand, declining prices can result in lower realisations and potential inventory-related losses, thereby impacting the profitability. However, raw material procurement is largely order-backed with pricing linked to the previous month's London Metal Exchange (LME) average, thereby providing partial insulation to profitability. The company is also exposed to forex risk as imports account for ~50% of the total raw material procurement. This risk is partly offset by natural hedge arising from exports (~35-40% of total sales).

Execution risks associated with commissioning and ramp-up of new capacities – The company has a planned capex of ~Rs. 116 crore for the new plant at the Khopoli (powder) and expansion at Wada (wire) facilities, which is expected to significantly enhance the total installed capacity and support volume growth. The total capacity is expected to increase to ~47,897 MTPA from ~27,897 MTPA at present, providing adequate headroom for a scale-up in operations. However, the company remains exposed to execution risks related to the timely completion and ramp-up of the proposed capacities. Any delays in project implementation or slower-than-expected stabilisation of operations could result in lower utilisation levels and sub-optimal absorption of fixed costs, thereby impacting the operating performance.

The company is planning to raise funds through an initial public offering and plans to use the proceeds partly to fund the capex. In the absence of an IPO, the capex is likely to be funded in a debt-equity mix of 75:25. A timely completion of the funding will be important to ensure a comfortable capital structure and debt metrics and will remain a key monitorable. Further, the ability to achieve targeted volumes from the expanded capacities is contingent upon timely order inflows and demand realisation, which remains a key monitorable from a credit perspective.

Liquidity position: Adequate

The company's liquidity position is expected to remain adequate, supported by healthy cash accruals from operations and available buffer in the working capital limits, including an additional Rs. 26-crore facility backed by fixed deposits placed by the promoters. Further, there are minimal repayment obligations as per the current debt profile.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company demonstrates a sustained improvement in its scale of operations while maintaining its profitability along with a reduction in working capital intensity supporting its liquidity position.

Negative factors – ICRA could downgrade the rating if the company's operational performance remains weak particularly on account of a slow ramp-up of capacities at the proposed facilities, or if there is a sustained increase in working capital intensity, adversely impacting its credit profile.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Established in 1978 as a partnership firm and converted to closely held public limited company in 2008, Premier Industrial Corporation Ltd. is a part of the Kamman Group. The company is engaged in the manufacturing of welding raw material and consumables which includes processing of ferro metals such as ferromanganese, ferrochrome and ferrosilicon and nickel wires. PICL caters mainly to the welding electrode industry in the domestic as well as foreign markets. PICL is an ISO 9001:2000 certified entity. Kamman Corporation engaged in the trading of minerals and ferro alloys. The company's registered office is at Vikhroli, Mumbai. It has five manufacturing facilities – four at Mankholi, Rabale, Wada, Taloja in Mumbai and another in Chennai.

The company is engaged in the manufacturing and supply of powders and wires, which are used as raw materials in the welding consumables industry. As on March 31, 2025, the product portfolio comprised over 410 SKUs, spanning powders and wires. These products form part of the welding consumables value chain and find application across end-user industries such as construction, infrastructure, energy, automotive, aerospace, shipbuilding and heavy engineering.

Key financial indicators (audited)

Premier Industrial Corporation Ltd - Standalone	FY2024	FY2025	FY2026*
Operating income	339.5	476.5	436.6
PAT	33.6	51.2	49.7
OPBDIT/OI	14.1%	16.0%	16.0%
PAT/OI	9.9%	10.8%	11.4%
Total outside liabilities/Tangible net worth (times)	0.7	0.7	0.6
Total debt/OPBDIT (times)	1.7	1.4	1.6
Interest coverage (times)	6.3	8.6	8.4

*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; * Provisional numbers*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	Jul 16, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based – Cash credit	Long term	105.00	[ICRA]BBB+ (Stable)	Sep 16, 2025	[ICRA]B+(Stable); ISSUER NOT COOPERATING	Jul 17, 2024	[ICRA]B+(Stable); ISSUER NOT COOPERATING	May 25, 2023	[ICRA]B+(Stable); ISSUER NOT COOPERATING
Fund based – Term loan	Long term	4.20	[ICRA]BBB+ (Stable)	Sep 16, 2025	[ICRA]B+(Stable); ISSUER NOT COOPERATING	Jul 17, 2024	[ICRA]B+(Stable); ISSUER NOT COOPERATING	May 25, 2023	[ICRA]B+(Stable); ISSUER NOT COOPERATING
Interchangeable	Short term	(25.00)	[ICRA]A2	Sep 16, 2025	[ICRA]A4; ISSUER NOT COOPERATING	Jul 17, 2024	[ICRA]A4; ISSUER NOT COOPERATING	May 25, 2023	[ICRA]A4; ISSUER NOT COOPERATING
Unallocated limits	Long term/ Short term	-	-	Sep 16, 2025	[ICRA]B+(Stable); ISSUER NOT COOPERATING/ [ICRA]A4; ISSUER NOT COOPERATING	Jul 17, 2024	[ICRA]B+(Stable); ISSUER NOT COOPERATING/ [ICRA]A4; ISSUER NOT COOPERATING	May 25, 2023	[ICRA]B+(Stable); ISSUER NOT COOPERATING/ [ICRA]A4; ISSUER NOT COOPERATING

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based – Cash credit	Simple
Long term - Fund based – Term loan	Simple
Short term – Interchangeable	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 – Cash credit**	NA	NA	NA	105.00	[ICRA]BBB+ (Stable)	RBI
NA	**Long term - Fund based – Term loan**	NA	NA	NA	4.20	[ICRA]BBB+ (Stable)	RBI
NA	**Short term – Interchangeable**	NA	NA	NA	(25.00)	[ICRA]A2	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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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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