July 24, 2026

Marine Electricals (I) Limited: Ratings upgraded to [ICRA]A-(Stable)/[ICRA]A2+; 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 – Term loan	-	30.00	[ICRA]A- (Stable); assigned	RBI
Long-term – Fund-based – Cash credit	62.50	73.00	[ICRA]A- (Stable); upgraded from [ICRA]BBB+ (Stable) and assigned for enhanced limits	RBI
Short-term – Interchangeable^	(27.00)	(27.00)	[ICRA]A2+; upgraded from [ICRA]A2	RBI
Short-term - Non-fund based – Bank guarantee	238.15	294.50	[ICRA]A2+; upgraded from [ICRA]A2 and assigned for enhanced limits	RBI
Short-term – Interchangeable^^	(106.00)	(106.00)	[ICRA]A2+; upgraded from [ICRA]A2	RBI
Long-term/Short-term – Unallocated limits	21.35	22.00	[ICRA]A- (Stable)/[ICRA]A2+; upgraded from [ICRA]BBB+ (Stable)/ [ICRA]A2 and assigned for enhanced limits	RBI
Total	**322.00**	**419.50**		

**Instrument details are provided in Annexure I; ^sub-limit of cash credit; ^^sub-limit of bank guarantee*

#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 ratings upgrade for Marine Electricals (I) Limited (MEIL) reflects the strengthening of its business and financial risk profile, supported by healthy order inflows (~Rs. 1,606 crore) in FY2026, a sustained increase in scale of operations (five-year CAGR of ~28% through FY2026), improved operating margins, coupled with consistently comfortable debt protection metrics. The growth momentum is expected to continue in FY2027, supported by demonstrated execution capabilities and a healthy order book of ~Rs. 1,254 crore as on March 31, 2026, which is 1.4 times of the consolidated operating income (OI) in FY2026 and providing adequate revenue visibility over the near to medium term. ICRA notes that the order book has become progressively diversified over the years, with the non-marine segment (referred to as industry) gaining significant traction and accounting for around 60%-65% of the pending order book as of March 2026, surpassing the marine segment's contribution in FY2026. Operating margins expanded to 10.8% in FY2026 from 8.6% in FY2022 on account of improved profitability from the semiconductor and data centre projects. Nevertheless, sustenance of healthy operating margins while scaling up remains a key monitorable.

The capital structure has remained comfortable, with total outside liabilities to tangible net worth maintained below 1.0 times over the past two years, supported by sizeable equity infusions during FY2025-FY2026 and sustained net worth accretion. Backed by improved earnings and a low reliance on external borrowings, the debt protection metrics have remained healthy, with interest coverage exceeding 4.0 times, DSCR above 2.0 times, and total debt to operating profit below 1.0 times. The comfortable leverage and coverage profile is expected to sustain over the medium term. The ratings draw comfort from MEIL's established position and track record of providing integrated electrical solutions to the marine and industry (non-marine) sectors such as data centres, semiconductors, banking, pharmaceuticals, information technology, automobiles and oil and gas. Besides, its reputed customer base in the Government and private sectors reduces the counterparty risk to an extent.

The ratings, however, remain constrained by MEIL's working capital-intensive nature of operations, as reflected in the working capital to operating income (NWC/OI) ratio of ~35% in FY2026, which is likely to remain at similar levels in the near to medium term. This is largely attributable to the inherently long execution cycles, milestone-based billing mechanism and retention money provisions associated with project execution, particularly in marine projects. Despite a healthy and diversified order book, MEIL remains exposed to execution risks, particularly as a significant share of the order book is at an early stage of execution. Any delays in customer project readiness may defer revenue recognition and impact profitability, given the fixed-price nature of the contracts in the marine segment, and lead to higher working capital requirements. The company also remains exposed to adverse fluctuation in raw material prices and competitive intensity in both marine and industrial segments, which could limit pricing flexibility. Nevertheless, these risks are partly mitigated by its strong technical capabilities, approved vendor status with several marquee customers and increasing presence in segments such as defence, data centres and semiconductors. MEIL remains vulnerable to foreign exchange fluctuation risks arising from import and export transactions, with no formal hedging policy in place. Nevertheless, the relatively low proportion of foreign currency-denominated transactions primarily mitigates the associated risk.

ICRA also notes that the arbitration matter with GE Power Conversion Limited (GEPC) was dismissed by the Bombay High Court, following which the company settled the liability of Rs. 21.34 crore, along with applicable interest to the counterparty. Accordingly, no material impact on the company's liquidity position is envisaged in future.

The Stable outlook on the long-term rating reflects ICRA's opinion that MEIL will benefit from its healthy order book, supporting sustained growth in earnings, while maintaining a prudent capital structure and comfortable debt metrics.

Key rating drivers and their description

Credit strengths

Established track record along with a reputed and diversified client base – MEIL is promoted and managed by Mr. Venkatesh Uchil and Mr. Vinay Uchil, who possess an experience in the marine and electrical solutions industry. It has technical tie-ups with various companies across the world for advanced systems required in the marine and industrial sectors, which enhance the company's growth prospects and operational diversity. MEIL serves reputed national and international clients in the marine industry, including the Indian Navy, the Indian Coast Guard, and several domestic shipyards. It also has a strong customer base in the industrial sector, including reputed corporates across sectors such as data centres, semiconductors, banking, pharmaceuticals, information technology, automobiles and oil and gas. The diversified clientele profile mitigates the customer concentration risk to an extent and supports revenue visibility.

Healthy order book position supports revenue visibility – The company's order book position remains healthy at ~Rs. 1,254 crore as on March 31, 2026, aided by higher order inflows (~Rs. 1,606 crore in FY2026) from both the marine and industrial segments. Around 63% of the outstanding orderbook (Rs. 1254 crore) as of March 2026 pertains to the industry and building segment, and the balance is attributable to the marine and defence segments. While orders in the marine segment are primarily driven by the Government's focus on indigenous procurement, modernisation of the Indian Navy, and capacity expansion by shipyards, the company witnesses huge influx of orders from the data centre and semiconductor electrical solutions sector. Industry segment orders are typically completed within twelve months, whereas marine segment orders require a longer execution period of two to three years. However, delays in project execution could defer revenue recognition, thereby impacting profitability, and this remains a key monitorable.

Comfortable capital structure; healthy coverage indicators – The company's capital structure remains comfortable, with total outside liabilities to tangible net worth maintained below 1.0 time over the past two years, supported by sizeable equity infusions during FY2025-FY2026 and sustained net worth accretion as well as low debt levels. In FY2026, it reported OI of Rs. 876.9 crore, reflecting 14% YoY (Year-on-Year) growth. Consequently, the debt protection metrics have remained healthy, with interest coverage exceeding 4.0 times, DSCR above 2.0 times, and total debt-to-operating profit below 1.0 times. ICRA expects the coverage indicators to remain comfortable over the near to medium term.

Credit challenges

High working capital intensity of operations – The company's operations are working capital-intensive in nature, as evident from the NWC/OI ratio of ~35% in FY2026, which is likely to remain at similar levels in the near to medium term due to its elongated receivables cycle. This is attributable to the inherently long execution cycles, milestone-based billing mechanism and retention money provisions associated with project execution, particularly in marine projects. As on March 31, 2026, receivables outstanding for more than 180 days, at the standalone levels, stood at Rs. 69.3 crore (reflecting 18.3% of the receivables at the standalone level), though a part of these receivables is contractually not yet due (relating to performance bank guarantees (PBGs), projects pending commissioning or currently in the performance testing phase). Going forward, the company's ability to manage its working capital efficiently will remain critical from the credit perspective.

Exposure to project execution risks – MEIL's ability to ramp up execution on an improved order book remains a key monitorable, particularly as a significant share of the order book is at an early stage of execution. Any delays in customer project readiness may defer revenue recognition and impact profitability, given the largely fixed-price nature of the contracts in the marine segment, and lead to higher working capital requirements. Nevertheless, ICRA draws comfort from the company's historical track record to execute complex projects across marine and industrial segments. Timely execution of the growing order book, while maintaining profitability, remains critical from the credit perspective.

Susceptible to raw material price fluctuations and stiff competition – The company remains exposed to adverse fluctuation in raw material prices and competitive intensity in both marine and industrial segments, which could limit pricing flexibility and can adversely impact its profit margin owing to the fixed-price nature of most of its contracts. Besides, raw materials account for 70-80% of its total cost. Nevertheless, it enters back-to-back arrangements with suppliers, which largely mitigates the price risk. MEIL remains exposed to fluctuation in foreign exchange (forex) rates owing to imports and export transactions. Although a natural hedge provides some comfort, there is no formal hedging policy in place. Besides, competition from established players and weak bargaining power with its reputed clientele limit MEIL's ability to fully pass on the impact of raw material cost.

Environmental and social risk

Environmental considerations – MEIL's exposure to environmental risks is mainly related to carbon emissions and waste management. It mostly uses environment-friendly raw materials in its manufacturing process to minimise the environmental impact. It has an effluent treatment plant to recycle water and ensures that waste is not discharged into the environment. The company has a policy of recycling, as per which, the waste generated is reused as per requirement.

Social considerations – MEIL's success depends on its competent workforce, with talent being the primary source of competitive edge. Failure to hire, motivate and retain the talent pool with the necessary competencies may impact the organisation's ability to maintain and expand its business operations, and consequently impact its profitability. As per the disclosures, MEIL's top management devotes considerable attention to ensure that employees are extended opportunities for professional development.

Liquidity position: Adequate

The company's liquidity position is adequate, supported by sizeable, unencumbered cash and bank balances of Rs. 104 crore as on March 31, 2026, and healthy cushion available in the form of unutilised fund-based working capital limits. Its average utilisation of the sanctioned fund-based limits stood at ~40% during the last 12 months ended on March 31, 2026, aided by adequate drawing power. The available liquidity and cash flow from operations are likely to be sufficient to service the annual debt repayment obligations of Rs. 7-13 crore over FY2027 and FY2028 and meet the annual capex requirements of Rs.25-50 crore in FY2027 and FY2028.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company demonstrates a sustained improvement in scale and profitability, coupled with improved working capital intensity and the continued maintenance of comfortable debt protection metrics.

Negative factors – Pressure on the ratings could arise from a decline in revenues and profitability, resulting in a deterioration of debt protection metrics on a prolonged basis. An increase in the working capital intensity, leading to a weakening of the liquidity profile, could trigger ratings downgrade. Specific credit metric that could lead to ratings downgrade includes the interest cover remaining below 4.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of MEIL. As on March 31, 2026, the company had nine subsidiaries and one step-down subsidiary, which are enlisted in Annexure II.

About the company

Established in 1978, MEIL initially provided tailor-made electrical solutions for the shipping industry. Since 2005, MEIL has extended its range of customised electrical solutions to various companies within non-marine segments. MEIL designs, manufactures and installs a complete range of electrical equipment, including motor starters, motor control panels, power control centres, power distribution boards, generator control panels, and main switchboards for onshore vessels as well as offshore platforms. MEIL is a preferred vendor for switchboards, starters, control panels, automated power management systems (APMS), integrated platform management systems (IPMS), and integrated bridge management systems (IBMS) for the Indian Navy, among three-five vendors across India. In the industry segment, the company undertakes projects for customers across major sectors, including data centres, automobiles, semiconductors, metros, pharmaceuticals, tyres, paints, and electronics. MEIL is primarily focused on power distribution systems and automation under such projects. Mr. Venkatesh Uchil and Mr. Vinay Uchil, the key promoters and directors, have over two decades of experience in the business.

Key financial indicators (audited)

MEIL	Consolidated	
	FY2025	FY2026
Operating income (OI)	767.4	876.9
PAT	38.1	58.6
OPBDIT/OI	9.0%	10.8%
PAT/OI	5.0%	6.7%
Total outside liabilities/Tangible net worth (times)	0.8	0.8
Total debt/OPBDIT (times)	0.8	0.9
Interest coverage (times)	4.9	5.0

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

		Current rating (FY2027)		Chronology of rating history for the past 3 years					
		FY2027		FY2026		FY2025		FY2024	
Instrument	Type	Amount Rated (Rs. crore)	July 24, 2026	Date	Rating	Date	Rating	Date	Rating
Term loan	Long-term	30.00	[ICRA]A-(Stable)	-	-	-	-	-	-
Cash credit	Long-term	73.00	[ICRA]A-(Stable)	Apr 25, 2025	[ICRA]BBB+ (Stable)	Aug 14, 2024	[ICRA]BBB (Stable)	Mar 28, 2024	[ICRA]BBB (Stable)
Interchangeable^	Short-term	(27.00)	[ICRA]A2+	Apr 25, 2025	[ICRA]A2	Aug 14, 2024	[ICRA]A3+	Mar 28, 2024	[ICRA]A3+
Non-fund based – Bank guarantee	Short-term	294.50	[ICRA]A2+	Apr 25, 2025	[ICRA]A2	Aug 14, 2024	[ICRA]A3+	Mar 28, 2024	[ICRA]A3+
Interchangeable^^	Short-term	(106.00)	[ICRA]A2+	Apr 25, 2025	[ICRA]A2	Aug 14, 2024	[ICRA]A3+	Mar 28, 2024	[ICRA]A3+
Unallocated limits	Long-Term/ Short-Term	22.00	[ICRA]A-(Stable) /[ICRA]A2+	Apr 25, 2025	[ICRA]BBB+ (Stable)/ [ICRA]A2	Aug 14, 2024	[ICRA]BBB (Stable)/ [ICRA]A3+	Mar 28, 2024	[ICRA]BBB (Stable)/ [ICRA]A3+

^sub-limit of cash credit; ^^sub-limit of bank guarantee

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term Loan	Simple
Long-term – Fund-based – Cash credit	Simple
Short-term – Interchangeable (Sublimit of CC)	Simple
Short-term – Non-fund based – Bank guarantee	Simple
Short-term – Interchangeable (Sublimit of BG)	Simple
Long-term/Short-term – Unallocated limits	Not applicable

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 – Term loan*	-	-	-	30.00	[ICRA]A- (Stable)	RBI
NA	Long-term – Fund-based – Cash credit	-	-	-	73.00	[ICRA]A- (Stable)	RBI
NA	Short-term – Interchangeable^	-	-	-	(27.00)	[ICRA]A2+	RBI
NA	Short-term – Non-fund-based – Bank guarantee	-	-	-	294.50	[ICRA]A2+	RBI
NA	Short-term – Interchangeable^^	-	-	-	(106.00)	[ICRA]A2+	RBI
NA	Long-term/Short-term – Unallocated limits	-	-	-	22.00	[ICRA]A- (Stable)/[ICRA]A2+	RBI

*Source: Company, ICRA Research; *yet to be sanctioned; ^sub-limit of cash credit; ^^sub-limit of bank guarantee*

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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

Company name	MEIL ownership	Consolidation approach
MEL Power Systems FZC	93.71%	Full consolidation
MEL Power System Pte Ltd	100.00%	Full consolidation
STI SRL (Step down subsidiary of MEL Power Systems FZC)	70.28%	Full consolidation
Eltech Engineers Madras Private Limited	94.00%	Full consolidation
MEL Heavy Industries Pvt Ltd (formerly, Narhari Engineering Works)	99.00%	Full consolidation
Evigo Charge Private Limited	96.52%	Full consolidation
Xanatos Marine Limited	75.00%	Full consolidation
MEL Shipyard Private Limited (formerly, Xanatech Synergies Private Limited)	100.00%	Full consolidation
Marks Marine Radio Private Limited	59.20%	Full consolidation
Premalata Foundation	100.00%	Full consolidation

Source: Company, ICRA Research

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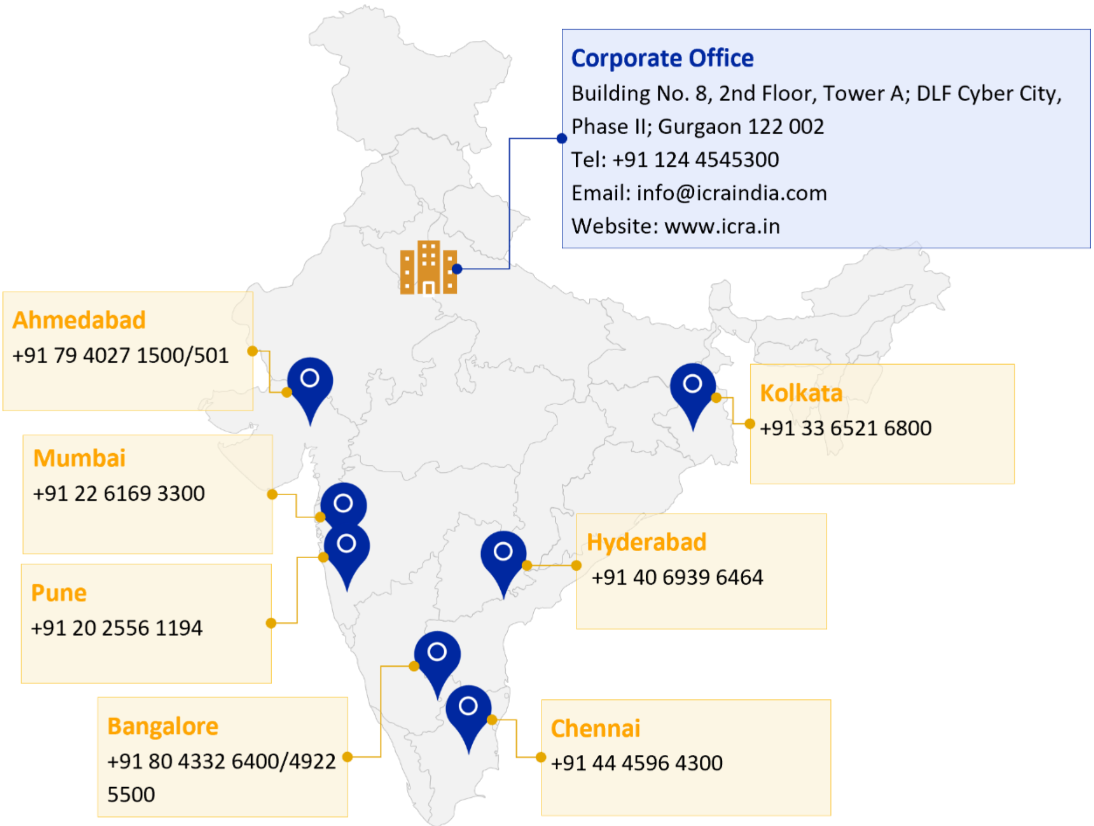

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