

IC Electricals Company Limited

March 05, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	30.00	CARE BB+; Stable	Assigned
Long Term / Short Term Bank Facilities	45.00	CARE BB+; Stable / CARE A4+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of IC Electricals Company Limited (ICECL) take into consideration growing though modest scale of operations during FY25 (refer to April 24 to March 25), moderate financial risk profile and operations in a technologically dynamic, regulated, tender driven and competitive industry. The ratings also acknowledge the high inventory level and elongated receivables leading to elongated working capital cycle.

However, the ratings derive comfort from improvement in profitability margins on sustained basis, satisfactory order book, well-established relations with reputed clientele along with around three-decade experience of promoters in the industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Consistent increase in scale of operations as marked by total operating income of above ₹150.00 crore with sustenance in PBILDT margin.
- Improvement in working capital cycle coupled with lower utilisation of working capital limits, resulting in easing liquidity position on sustained basis.

Negative factors

- Substantial decline in scale of operations and profitability, with PBILDT margin below 10.00%
- Continued stretch in the inventory holding period, resulting in the overall working capital cycle remaining above 240 days on sustained basis.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that the company will continue to maintain satisfactory orderbook supported by its established track record and prolonged experience of the promoters in running the business.

Detailed description of key rating drivers:

Key weaknesses

Elongated working capital driven by high inventory level

ICECL has a stretched working capital cycle of 250 days in FY25 (PY: 237 days), majorly on account of elongated receivable days of 125 days and stretched inventory cycle of 273 days. Receivables in the manufacturing segment average around 150 days, while EPC receivables extend further due to milestone-based billing and retention money structure, which is 5% of the contract value and is released post project completion. Additionally, Inventory days remain high upto 8-9 months, particularly due to bulk procurement of steel structures and minimum order quantities required for electronic components. On the supplier side, copper and other electronic components are paid in advance, whereas steel suppliers extend credit of 60-90 days.

Improving though modest scale of operations

ICECL has a modest scale of operations, though has demonstrated 22.44% growth in FY25 as reflected by TOI of ₹121.48 crore against ₹99.23 crore during FY24 on account of better execution of orders in the contract segment and higher sales volume in the manufacturing division. Revenue contribution remained diversified, with 54% derived from the manufacturing division (Mainly

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Electronic and rotating machine division) and the balance 46% from the contract division in FY25. The company has an unexecuted orderbook of around ₹180 crore in both manufacturing and contract division, to be executed in next 12-15 months. In 10MFY26, ICECL has already booked revenue of ₹105 crore and is expecting to close at ₹135-140 crore during current financial year. The scale is expected to grow further in medium term on the back of the unexecuted orderbook in hand in both manufacturing as well as contract division.

Moderate capital structure though improved along with moderate debt coverage indicators

The overall gearing of the ICECL stood comfortable at 1.05 times as on March 31, 2025 (PY:1.43 times), the net worth bases has grown from ₹33.38 crores in FY24 to ₹51.60 crores in FY25 on account of accretion of profits to reserves as well as issue of additional equity share capital of ₹9.57 crore. Its debt profile largely comprises term loans, working capital debt and unsecured loans from promoters. The total outside liabilities to net worth stood high at 2.06x as on March 31, 2025 (3.28x as on March 31, 2024). Going forward, the capital structure is expected to improve on account of profit accretion to reserves and absence of any debt funded capex plans. The debt coverage indicators of the firm also stood moderate as characterized by interest coverage ratio of 2.81x (PY:1.89x), total debt/GCA of 5.64x (PY: 9.65x) respectively in FY25. Improvement during the year was on account of improvement in profitability and stable debt levels.

Highly Competitive Industry

ICECL operates in the industrial products segment, supplying critical components majorly to Indian Railways, however supplying its products to the different companies functioning for the Indian Railways operations, supported by heavily investing in railway innovation in the 2026-27 budget to foster modernization, safety, and indigenous manufacturing by the Government of India. While the industry is essential and technologically dynamic, it is highly competitive and dominated by large players with strong R&D capabilities. The company faces technological risks due to rapid innovation and evolving standards, as well as regulatory challenges tied to stringent certifications. High capital requirements and long procurement cycles further add pressure. These factors collectively pose threats to scalability, profitability, and market positioning.

Key strengths

Experienced Promoters

IECL is promoted by S K Verma, who is the Managing Director of the entity. Mr. Verma brings extensive experience from previous roles at where he specialized in marketing to key sectors like Railways and State Electricity Boards. The promoters of the company bring extensive experience across various industries, which significantly contributes to the strategic and operational strength of IECL. Among the other major ventures promoted by them are Safe System India Pvt. Ltd., Safe Coil India Pvt. Ltd., and Safe Insulations Technologies Pvt. Ltd. The group is engaged in diverse electrical and insulation-related manufacturing activities.

Healthy profitability

Profitability metrics improved during the year, as reflected in PBILDT and PAT margins of 15.87% (PY: 13.27%) and 7.41% (PY: 4.56%), respectively. The margin expansion was supported by a shift towards higher value-added products yielding improved realizations, coupled with workforce rationalisation measures. The profitability is expected to remain at similar level based on continued focus of high value products.

Reputed clientele and established relations with clients

Over the past two decades, IECL has established healthy relationships with its customer base which includes Modern Coach Factory, Haryana Rail Infrastructure Development, Ircon Infrastructure & Services Ltd and different Indian Railway zones which helps them in getting repeated orders and there is a low risk of bad debt to the company. While the clientele includes reputed public sector entities, this concentration heightens the company's exposure to revenue fluctuations and bargaining pressure. Broadening the customer base would be essential to reduce dependency and improve long-term revenue stability.

Liquidity: Stretched

The company's liquidity stands stretched, marked by high working capital utilization, with fund-based working capital limits utilized at ~ 97% and non-fund-based limits at ~ 79% during the past twelve months ended December 2025. The company has reported annual gross cash accruals of ₹9.60 crore in FY25 and expected to report gross cash accruals of ₹10-11 crore in FY26, while its annual repayment obligations are expected around ₹7.53 crore for FY26. The free cash and bank balance stood at approximately ₹0.31 crore at the end of FY25 (₹0.09 crore at the end of FY24).

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Electrical Equipment	Other Electrical Equipment

IC Electricals Company Limited (ICECL), incorporated in 2005 and is engaged in the design, development, and manufacturing of power electronics, instrumentation systems, electrical distribution systems, microprocessor-based control systems for railway applications, and rotating electrical machines. The company operates across three primary divisions—Electronics, Rotating Machines and Contracting. The company operates three manufacturing units in Haridwar. ICECL is also involved in undertaking contracts for railway electrification projects.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	10MFY26(UA)
Total operating income	99.23	121.48	105.00
PBILDT*	13.17	19.28	NA
Profit after tax (PAT)	4.52	9.01	NA
Overall gearing (x)	1.43	1.05	NA
Interest coverage (x)	1.89	2.81	NA

A: Audited UA: Unaudited; NA: Not available Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	30.00	CARE BB+; Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	45.00	CARE BB+; Stable / CARE A4+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based/Non-fund-based-LT/ST	LT/ST	45.00	CARE BB+; Stable / CARE A4+				
2	Fund-based - LT-Cash Credit	LT	30.00	CARE BB+; Stable				

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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