

Pennar Industries Limited

October 09, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term bank facilities	RBI	1,067.52 (Enhanced from 754.46)	CARE A; Stable	Reaffirmed
Short-term bank facilities	RBI	957.50 (Reduced from 1,012.50)	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Pennar Industries Limited (Pennar) continue to derive strength from the company's steady growth in total operating income (TOI), supported by healthy demand across its engineering and manufacturing segments, diversified product portfolio and established customer relationships. Ratings also factor in the experienced promoter group and management team, long track record of operations, wide product portfolio with presence across diversified business segments, expanding geographical footprint, and a reputed and diversified client base supported by a healthy order book.

Ratings are constrained by the company's debt-funded capex, moderate debt coverage indicators, exposure to raw material price volatility, and intense competition from other industry players.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improving profit before interest, lease rentals, depreciation, and tax (PBILDT) margin to over 10% with steady growth in scale of operations on a sustained basis.
- Total debt to PBILDT below 2.5x on a sustained basis.

Negative factors

- Increasing debt levels resulting in deteriorating capital structure marked by total debt/PBILDT going beyond 4x.
- Elongating operating cycle to 95 days and above.
- Significantly declining TOI or PBILDT margin falling below 6%.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has considered consolidated business and financial risk profiles of Pennar and its subsidiaries, together referred to as Pennar group, as the entity is linked through a parent-subsidiary relationship and collectively have management, business, and financial linkages. List of consolidated entities is mentioned under Annexure-5.

Outlook: Stable

Stable outlook reflects the expectation that the company will maintain its established market position and continue to improve its operating performance at the back of a healthy product mix.

Detailed description of key rating drivers

Key strengths

Steady growth in operations with improving margins

The company's overall performance has demonstrated consistent year-on-year (y-o-y) improvement, with TOI growing at a compounded annual growth rate (CAGR) of over 19% from ₹1,525 crore in FY21 to ₹3,634 crore in FY26. In FY26, TOI increased by ~12.5% y-o-y to ₹3,634 crore from ₹3,230 crore in FY25, primarily driven by growth in the pre-engineered buildings (PEB) segment, supported by the acquisition of assets of Telko Enterprises, Inc. and Telko Properties, LLC, USA, for a consideration of ~US\$ 14 million (~₹130 crore) during the year. The revenue from PEB segment increased by ~17.3% during the year to ₹1,570 crore. The company's PBILDT margin also improved to ~10.16% in FY26 from 9.73% in FY25. In Q1FY27, the company reported total income of ~₹870 crore, with a PBILDT margin of ~10.65%. CareEdge Ratings expects PBILDT margins to gradually improve going forward, supported by the increasing contribution from the PEB division.

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

²Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Diversified product portfolio

Pennar is a well-diversified engineering company with end-to-end capabilities. The company specialises in manufacturing precision engineering products. Pennar operates through eight business divisions: PEB, Precision Tubes, Industrial Components, Hydraulics, Engineering Services, Body-in-White, Steel, and Railways. It caters to six key industries, including infrastructure, oil and gas, clean energy, railways, automotive, and general engineering. The company has a global manufacturing footprint comprising 14 facilities, of which 11 are in India and three are situated overseas.

Experienced promoter group with strong management team

Pennar Group's promoters have over four decades of experience in the engineered steel products business. The group is headed by RVS Ramakrishna, Chairman, who brings a strong track record across diversified businesses and a well-established industry network. He is supported by Aditya Rao, Vice Chairman and Managing Director of Pennar. The company is managed by a professional Board of Directors, comprising members with extensive and long-standing industry experience.

Reputed and diversified client base

Pennar is an established player in the engineering and manufacturing industry, supported by long-standing relationships with reputed customers and a track record of repeat orders. Given the technical and customised nature of its products, components are manufactured per customer-specific designs and specifications, resulting in strong customer. The company's clientele includes Saint-Gobain, MEIL, Toyota Boshoku, Tube Investments of India, Amara Raja Energy & Mobility, Power Mech Projects, Schaeffler India, Asian Paints, ABB India, Integral Coach Factory, Johnson Lifts, Tata Power Renewable Energy, Hyundai, BEML Limited, and Schneider Electric India. Its diversified customer base across multiple industries supports revenue visibility and mitigates customer concentration risk.

Stable operating cycle

The company has a stable operating cycle, supported by a comfortable liquidity position. The United States (The US) PEB segment, which has a short operating cycle with receivables realised within ~15 days, is contributing an increasing share of overall revenue. The operating cycle remained broadly stable, moderating slightly to ~79 days in FY26 from 71 days in FY25. In FY26, the company reported gross cash accruals (GCA) of ~₹217 crore. As on March 31, 2026, the company held cash and liquid investments of ~₹242 crore, excluding margin money.

Key weaknesses

Stable financial risk profile though moderation in debt coverage indicators

The company's financial risk profile remained adequate, despite some moderation in FY26. Total debt, including acceptances and corporate guarantees extended to affiliates, increased to ₹1,667 crore as on March 31, 2026, from ₹1,234 crore as on March 31, 2025. The increase was primarily driven by debt-funded investments towards acquisition of assets of Telko Enterprises, Inc. and Telko Properties, LLC, USA (~US\$ 14 million or ₹130 crore), extension of a ₹110-crore corporate guarantee on behalf of its joint venture (JV), Zap91 Solar India Private Limited (Zap91), and higher working capital borrowings to support the increased scale of operations. Consequently, term debt rose to ~₹407 crore from ~₹264 crore, while working capital borrowings increased to ~₹735 crore from ~₹511 crore. Accordingly, overall gearing moderated to 1.35x as on March 31, 2026, from 1.24x as on March 31, 2025. Other debt coverage indicators also moderated, with total debt to PBILDT and total debt to GCA increasing to 4.22x and 7.19x, respectively, in FY26, from 3.93x and 6.09x in FY25.

Volatility associated with input prices

Raw material cost is the major cost component, accounting for ~60–65% of total cost of sales for three years ended FY26. Steel strips constitute a significant portion of the company's raw material consumption. Given the volatility in steel prices, the company's profitability remains susceptible to adverse movements in input costs, particularly when such increases cannot be passed on to customers immediately.

High competitive intensity in the engineering segment

The company operates in highly competitive engineering segments, where it faces competition from established and integrated steel manufacturers, and other industry players. The competitive intensity, particularly in relatively low-margin segments, may exert pressure on pricing and profitability. However, the company is expected to benefit from the stable growth prospects across key end-user industries, including PEB, automobiles, railways, renewable energy, and capital goods.

Liquidity: Adequate

The company's liquidity position remains adequate, supported by healthy cash accruals and a comfortable debt servicing profile. In FY26, Pennar generated GCA of ~₹217 crore against debt repayment obligations of ~₹82 crore. However, working capital

utilisation was high at ~85–90% for 12 months ended August 2026. As on March 31, 2026, the company maintained cash and liquid investments of ~₹242 crore, providing additional financial flexibility. Going forward, against scheduled term debt repayments of ~₹80 crore in FY27, the company is expected to generate cash accruals of ₹230–250 crore. Accordingly, CareEdge Ratings expects Pennar to comfortably meet its debt servicing obligations while maintaining an adequate liquidity position.

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Consolidation](#)

[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	Industrial products	Other industrial products

Incorporated in 1975 and promoted by Nrupender Rao, Pennar is a multi-location, multi-product engineering company with an annual production capacity of over 350,000 metric tonnes. The company specialises in manufacturing precision engineering products and operates across eight business divisions: PEB, precision tubes, process heating, hydraulics, engineering services, body-in-white (BIW), steel, and railways. Pennar caters to six key end-user industries, namely Infrastructure, Oil and Gas, Clean Energy, Railways, Automotive, and General Engineering. The company has a global manufacturing footprint comprising 14 facilities, of which 11 are in India and three overseas.

Brief Financials (₹ crore) - Consolidated	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	3,229.99	3,633.72	870.42
PBILDT*	314.22	369.15	92.66
Profit after tax (PAT)	119.46	138.83	35.41
Overall gearing (x)	1.24	1.35	NA
Interest coverage (x)	2.63	2.68	2.55

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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:

A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Not applicable	-		-	-	505.00	CARE A; Stable
Fund-based - LT-Term Loan	RBI	Not applicable	-		-	30-09-2033	562.52	CARE A; Stable
Fund-based - ST-Vendor financing	RBI	Not applicable	-		-	-	70.00	CARE A1
Non-fund-based - ST-BG/LC	RBI	Not applicable	-		-	-	808.00	CARE A1
Non-fund-based - ST-Forward Contract	RBI	Not applicable	-		-	-	0.50	CARE A1
Non-fund-based - ST-Letter of credit	RBI	Not applicable	-		-	-	79.00	CARE A1

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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	505.00	CARE A; Stable	-	1)CARE A; Stable (31-Mar-26) 2)CARE A; Stable (11-Aug-25)	1)CARE A; Stable (07-Oct-24)	1)CARE A; Stable (07-Dec-23) 2)CARE A-; Positive (12-Sep-23)
2	Fund-based - LT-Term Loan	LT	562.52	CARE A; Stable	-	1)CARE A; Stable (31-Mar-26) 2)CARE A; Stable (11-Aug-25)	1)CARE A; Stable (07-Oct-24)	1)CARE A; Stable (07-Dec-23) 2)CARE A-; Positive (12-Sep-23)
3	Non-fund-based - ST-Letter of credit	ST	79.00	CARE A1	-	1)CARE A1 (31-Mar-26) 2)CARE A1 (11-Aug-25)	1)CARE A1 (07-Oct-24)	1)CARE A1 (07-Dec-23) 2)CARE A2+ (12-Sep-23)
4	Non-fund-based - ST-BG/LC	ST	808.00	CARE A1	-	1)CARE A1 (31-Mar-26) 2)CARE A1 (11-Aug-25)	1)CARE A1 (07-Oct-24)	1)CARE A1 (07-Dec-23) 2)CARE A2+ (12-Sep-23)
5	Non-fund-based - ST-Forward Contract	ST	0.50	CARE A1	-	1)CARE A1 (31-Mar-26) 2)CARE A1 (11-Aug-25)	1)CARE A1 (07-Oct-24)	1)CARE A1 (07-Dec-23) 2)CARE A2+ (12-Sep-23)
6	Fund-based - ST-Vendor financing	ST	70.00	CARE A1	-	1)CARE A1	1)CARE A1	-

						(31-Mar-26)	(07-Oct-24)	
						2)CARE A1 (11-Aug-25)		

LT: Long term; ST: Short term

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

Annexure-4: Lender details

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

Annexure-5: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Pennar Global Inc.	Full	Subsidiary
2	Pennar GmbH	Full	Subsidiary
3	Pennar Metals Private Limited	Full	Subsidiary
4	Pennar FZCO	Full	Subsidiary
5	Pennar Global Metals, LLC	Full	Subsidiary
6	Ascent Buildings, LLC	Full	Subsidiary
7	Pennar Americas Engineering LLC	Full	Subsidiary
8	Cadnum SARL	Full	Subsidiary
9	Pennar Global Investments LLC	Full	Subsidiary
10	Pennar Americas Hydraulics LLC	Full	Subsidiary
11	Ascent Structural, LLC	Full	Subsidiary
12	Pennar Global Investments Alabama, LLC	Full	Subsidiary
13	Agile Traders FZCO	Full	Subsidiary
14	ZAP91 Solar India Private Limited	Proportionate	Joint Venture

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

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Pulkit Agarwal Director CARE Ratings Limited Phone: +91-22-6754 3505 E-mail: pulkit.agarwal@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in	Pritesh Rathi Associate Director CARE Ratings Limited Phone: +91-20-4000 9000 E-mail: Pritesh.Rathi@careedge.in
	Shiva Loya Lead Analyst CARE Ratings Limited E-mail: Shiva.Loya@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2026, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information required as per applicable law and regulations and CARE Ratings Limited holds exclusive copyright over the same. Any reproduction, retransmission, modification, derivative works or use or reference to the contents, in whole, in part or in any form, is prohibited except with prior express written consent from CARE Ratings Limited.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**