



Press Release

Simplex Castings Limited

January 05, 2026

Rating

Security/ Facility	Amount (Rs. crore)	Current Rating	Previous Rating	Rating Action	Complexity Indicator
Long Term Bank Facilities	46.00	IVR BB+/Stable (IVR Double B Plus with Stable Outlook).	-	Rating Assigned	Simple
Short Term Bank Facilities	26.00	IVR A4+ (IVR A Four Plus)	-	Rating Assigned	Simple
Total	72.00 (Rupees Seventy-Two crores only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The ratings assigned to the bank facilities of Simplex Castings Limited (SCL) derive comfort from long track record of operations of the company under experienced promoters, which has enabled the company to build stable and long-standing relationships with customers and suppliers over the years. The ratings are further supported by the improvement in the scale of operations in FY25 [FY refers to the period from April 1 to March 31] accompanied by growth in profitability, and a comfortable financial risk profile marked by moderate gearing and adequate debt-coverage indicators. However, these rating strengths are partially offset by an elongated working capital cycle, primarily on account of high receivables and inventory levels, which continues to exert pressure on liquidity. The company's profitability remains susceptible to intense competition in the castings industry, which limits pricing flexibility. Additionally, exposure to cyclical end-user industries makes earnings vulnerable to demand slowdowns and volatility in order inflows.

The stable outlook reflects expected stable business performance of the company supported by steady growth across grey, alloy and stainless-steel castings amid rising infrastructure, automotive, and industrial demand.



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Key Rating Sensitivities:

Upward Factors:

- Growth in scale of operations and profitability leading to improvement in cash accruals on a sustained basis.
- Sustained improvement in capital structure and debt coverage indicators.
- Timely completion of the ongoing capex without any cost overrun

Downward Factors:

- Moderation in revenue and profitability impacting the cash accruals on a sustained basis
- Moderation in capital structure and debt coverage indicators with moderation in overall gearing to above 2.00x and ICR to below 3.00x.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoter with long track record of operations**

The company has a long track record of over four decades in the castings industry with manufacturing operations commencing since 1980. The company is promoted by Mr. Ketan Moolchand Shah and Mrs. Sangeeta Ketan Shah. Currently, the operations are looked after by the promoters, with Mr. Ketan Moolchand Shah having an experience of around 35 years and Mrs. Sangeeta Ketan Shah having an experience of around 22 years in the castings industry. They are supported by a team of professionals in managing the day-to-day operations of the company. The experience of the promoters, along with long track record of over four decades in the castings industry, has helped the company to establish stable relationships with customers and suppliers.

- **Improvement in scale of operations with growth in profitability**

The scale of operations of the company increased at a CAGR of ~23% during FY23-FY25 with a y-o-y growth of ~40% from Rs.122.13 crore in FY24 to Rs.171.88 crore in FY25 driven by increase in sales volume and improved sales realisation, supported by favourable pricing dynamics in the castings sector. The recovery in demand from end-user segments such as infrastructure, automotive, consumer durables, and capital goods, along with government-led initiatives in infrastructure, railways, and urban development projects, contributed to the growth in total operating income over the last three fiscal years. EBITDA increased from Rs.13.24 crore in FY24 to Rs.31.08 crore in FY25. The improvement in profitability was largely



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attributable to a shift in operating strategy from small, customized orders to bulk orders, which improved material efficiency, reduced per-unit costs, and enhanced operating leverage. Consequently, EBITDA margin improved from 10.84% in FY24 to 18.08% in FY25. PAT also increased from Rs.2.39 crore in FY24 to Rs.15.13 crore in FY25, with the PAT margin improving from 1.93% in FY24 to 8.74% in FY25. The company has achieved a topline of Rs. 100.61 crore during H1FY2026, improved from Rs. 56.87 crore in H1FY2025. The company's ability to sustain growth in scale of operations while improving margins will remain a key rating monitorable going forward.

- **Comfortable financial risk profile**

The debt profile of the company comprises terms loans from banks and financial institutions, unsecured loans, and working capital borrowings. The company has subordinated unsecured loan of Rs. 23.32 crore considering which the adjusted tangible net worth stood at Rs. 71.51 crore. The capital structure of the company improved and remains satisfactory with long term debt equity ratio of 0.12x and overall gearing of 0.75x respectively as on March 31, 2025 as against a long-term debt equity ratio of 1.33x and overall gearing of 3.62x respectively as on March 31, 2024. The improvement in overall gearing is attributable to reduction in unsecured loans and working capital borrowings as on the account closing date. The debt protection parameters were comfortable with interest coverage ratio at 3.49x in FY25 (1.54x in FY24). Total debt/EBITDA and Total debt/GCA also improved from 5.42x and 11.25x respectively as on March 31, 2024, to 1.73x and 2.29x respectively as on March 31, 2025. Overall gearing as on September 30, 2025, stood comfortable at 0.81x, while the debt coverage indicators, as reflected by the interest coverage ratio, also remained comfortable at 5.27x in FY25.

Key Rating Weaknesses

- **Elongated working capital cycle**

Due to the nature of the casting business, the working capital requirement of the company is high. The operating cycle generally ranges between 150–200 days depending on product mix, order size, customer profile, and degree of customization. The work-in-process period is relatively high due to multiple production stages, including pattern and structure preparation, mold making, melting, pouring, cooling, fettling, heat treatment, and inspection. Finished castings are held in inventory until dispatch, as customers—particularly OEMs, railways, and infrastructure entities—require inspection and approval before acceptance. Post dispatch, receivable cycles are extended, typically ranging from 60 to 120 days, and in some cases



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longer for government or large institutional customers. As a result, trade receivables and inventory remain high, leading to elevated working capital requirements. Efficient inventory management, faster production turnaround, and disciplined receivable collection are critical for maintaining liquidity.

- **Susceptibility of profitability to intense competition**

As raw material accounts for over 90% of production cost, the operating margin will remain exposed to sharp volatility in raw material prices such as scraps, Ingots, Billets, etc. The cost of input material varies depending on the demand-supply scenario. Any price hike, if not passed through, amid intense competitive pressure will continue to constrain scalability, pricing power and profitability.

- **Intense competition and susceptibility to downturns in end-user industry**

Demand for steel products depends on the construction and infrastructure sectors, which in turn is closely linked to the level of economic activity. Hence, the performance of the PPPL remains susceptible to inherent cyclicalities in these sectors. Huge fragmentation in the steel industry, marked by low entry barriers, especially in long steel products, has led to intense competition. Operations are also vulnerable to any adverse change in global demand-supply dynamics.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity position of the company is expected to remain adequate in the near term marked by its expected adequate gross cash accruals in the range of ~Rs.28.71~Rs.47.69 crore as against its debt repayment obligations in the range of ~Rs. 0.61 to ~Rs.2.79 crore during FY26- FY28. Moreover, the current ratio also stood comfortable at 1.40x as on March 31, 2025. However, the average working capital utilisation remained high at ~92% during the past 11 month's period ended November 2025, which imparts limited liquidity buffer.



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About the company

Incorporated in 1980, Simplex Castings Limited (SCL) is engaged in the manufacturing of castings, forgings, and fabricated assemblies catering to steel, power, mining, railways, and infrastructure sectors. The company operates manufacturing units at Bhilai and Tedesara, Chhattisgarh, which are strategically located near steel plants and raw material sources. Over the years, SCL has expanded from basic castings to customised engineering components through phased capacity additions and equipment upgrades. The company is currently in the process of commissioning its fifth Electric Arc Furnace (EAF) to support higher production volumes.

Financials: Standalone

For the year ended/ As on*	(Rs. crore)	
	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	122.13	171.88
EBITDA	13.24	31.08
PAT	2.39	15.13
Total Debt	71.76	53.76
Tangible Net Worth	19.83	48.19
Adjusted Tangible Net Worth	19.83	71.51
EBITDA Margin (%)	10.84	18.08
PAT Margin (%)	1.93	8.74
Overall Gearing Ratio (x)	3.62	0.75
Interest Coverage (x)	1.54	3.49

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA:

ACUITE Ratings vide its press release dated March 25, 2025, has maintained the rating in issuer not cooperating category due to non-submission of information by the company

Brickworks Ratings vide its press release dated June 09, 2025, has maintained the rating in issuer not cooperating category due to non-submission of information by the company

India Ratings vide its press release dated July 18, 2025, has maintained the rating in issuer not cooperating category due to non-submission of information by the company.

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					-	-	-
1.	Proposed Term Loan	Long Term	12.00	IVR BB+/Stable	-	-	-
2.	Cash Credit	Long Term	34.00	IVR BB+/Stable	-	-	-
3.	Bank Guarantee	Short Term	26.00 (Including Proposed Limit of Rs. 10.00 crore)	IVR A4+	-	-	-

Analytical Contacts:

Name: Avik Podder

Tel: (033) 46022266

Email: apodder@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Limited (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Proposed Term Loan	-	-	-	12.00	IVR BB+/Stable
Cash Credit	-	-	-	34.00	IVR BB+/Stable
Bank Guarantee	-	-	-	26.00 (Including Proposed Limit of Rs. 10.00 crore)	IVR A4+

* Outstanding as on November 30, 2025

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/LEN_Simplex_Castings05_Jan26_5977d125ef.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.