

Simplex Castings Limited

September 10, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 72.00 Crore	Regulator[^]
Long Term Rating	IVR BBB/Stable (Rating upgraded)	RBI
Short Term Rating	IVR A3+ (Rating upgraded)	RBI
[^] Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

The upgrade in the ratings assigned to the bank facilities of Simplex Castings Limited (SCL) factors in the improvement in the company's business performance in FY26 [FY refers to the period from April 1 to March 31] and in Q1FY27, supported by growth in its scale of operations and profitability. The financial risk profile has also improved materially, with an improvement in leverage ratios, supported by equity infusion during FY26 through preferential allotment. The ratings of the company are further supported by a healthy order book position providing better revenue visibility and increase in business diversification through various diversification initiatives. Further, entry into the railway segment following Research Designs and Standards Organisation (RDSO) approval is expected to provide an additional growth avenue. The company is also expected to benefit from long-term savings in power costs through its newly entered captive solar power arrangement. The ratings also continue to derive comfort from the experienced promoters of the company with a long track record of operations. These rating strengths continue to remain constrained by the company's elongated working capital cycle, resulting in continued dependence on working capital borrowings. Furthermore, profitability remains susceptible to intense competition and fluctuations in input costs, while operating performance remains exposed to cyclicity and downturns in key end-user industries.

Outlook: Stable

The outlook is supported by the company's improving business performance, healthy order book and increasing presence across diversified end-user segments. The company is expected to maintain its improved profitability and comfortable financial risk profile over the medium term.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

- **Improvement in business performance marked by scale of operations and profitability**

The company has demonstrated a healthy improvement in its scale of operations and profitability in FY26 and, subsequently, in Q1 FY27. Total operating income (TOI) increased Y-o-Y by ~18% from Rs.171.88 crore in FY25 to Rs.202.90 crore in FY26, primarily driven by higher sales volumes in the casting segment by ~14% as well as fabrication segments by ~53%. Revenue from casting products increased from Rs.142.88 crore in FY25 to Rs.160.78 crore in FY26, while revenue from fabrication increased from Rs.29.00 crore to Rs.42.12 crore during the same period. The improvement in scale was accompanied by a sustained strengthening in profitability. EBITDA increased from Rs.31.08 crore in FY25 to Rs.37.39 crore in FY26, while PAT increased materially from Rs.15.13 crore to Rs.21.26 crore over the same period. The company's operating margin, which was in the range of 10%–12% prior to FY25, improved to around 18%–19% in FY25 and remained at similar levels in FY26, supported by the shift towards bulk orders, better material efficiency, lower per-unit production costs, and improved operating leverage. Consequently, PAT margin improved from 8.74% in FY25 to 10.35% in FY26. The company continued to witness healthy business momentum in Q1FY27, with revenue from operations increasing by ~35% Y-o-Y to Rs.60.95 crore with a PAT of Rs. 6.86 crore (Rs.45.20 and Rs. 4.74 in Q1FY26). 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 marked by material improvement in leverage ratios**

The company's financial risk profile witnessed a material improvement during FY26, supported by a substantial strengthening in its capital structure, mainly driven by equity infusion during FY26 through preferential allotment, coupled with an improvement in debt service coverage indicators. Consequently, the adjusted tangible net worth stood at Rs. 106.29 crore as on March 31, 2026. Further, overall gearing improved to 0.47x as on March 31, 2026, from 2.01x as on March 31, 2025, primarily due to a reduction in unsecured loans and dip in working capital borrowings. Similarly, the long-term debt-equity ratio improved to 0.15x from 0.83x during the

same period, reflecting reduced dependence on long-term debt. Further, the interest coverage ratio stood healthy and improved to 5.48x in FY26 from 3.49x in FY25, indicating comfortable capacity to service interest obligations. Furthermore, Total Debt/EBITDA improved to 1.34x from 2.48x, while Total Debt/GCA improved to 1.52x from 3.28x during the same period. The improvement in these parameters was supported by higher profitability and internal accrual generation, resulting in a stronger debt servicing capacity. Going forward, the financial risk profile is expected to remain comfortable, supported by healthy internal accruals and improvement in net worth.

- **Healthy order book position and business diversification**

The company's near-term order book has increased to over Rs.140 crores, compared with Rs. 80–100 crore historically, providing improved revenue visibility. The company is also diversifying into railways, defence, oil & gas and shipbuilding, which is expected to reduce dependence on the traditional steel sector and support growth over the medium term. The company is focusing on higher-value and more complex products by using its existing casting, fabrication and machining capabilities. The expansion of fabrication capacity and improvement in the foundry are expected to help the company execute its growing orders efficiently.

- **Long-term power cost savings through captive solar arrangement**

Simplex Castings Limited has entered into a 25-year Power Purchase Agreement (PPA) with Natraj Energy for renewable power from a 5.5 MWp captive solar power project supplying its Bhilai and Tedesara facilities. The arrangement is expected to reduce the effective power cost from around Rs. 9/unit to Rs. 5–6/unit, translating into estimated annual savings of around Rs. 2.16 crore. The cash-neutral structure, with Natraj Energy undertaking project development, regulatory approvals, grid connectivity and operations, enables the company to achieve long-term power cost savings without significant upfront capital expenditure. This is expected to support profitability and cost competitiveness.

- **Entry into railway segment through RDSO approval**

The company received RDSO approval during FY26 for manufacturing railway wagon bogies and cast steel components, marking its entry into the railway segment and significantly expanding its addressable market. The railway business is expected to emerge as an important growth vertical, supported by increasing investments in railway modernisation, freight infrastructure, logistics corridors and wagon manufacturing. The company plans to manufacture around 200 cast railway bogies per month, subject to receipt of wagon orders, and expects the railway business to contribute over Rs. 100 crores in FY28. The RDSO approval establishes the company as a qualified supplier and provides scope for meaningful revenue diversification and growth going forward.

- **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.

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 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 SCL remains susceptible to inherent cyclicity 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.

Liquidity – Adequate

The company's cash flow from operations remained positive in FY26, supported by improved profitability and healthy internal accrual generation, and is expected to remain positive during the projected period. The liquidity position is expected to remain adequate in the near term, marked by expected gross cash accruals of ~Rs. 61–Rs.147 crores during FY27–FY29, against term-loan repayments of Rs. 5.64–Rs. 7.30 crore during the same period. The current ratio is also expected to remain comfortable at 1.60x–2.00x during the projected period. However, the average working capital utilisation remained high at around 78% during the 12-month period ended June 2026, which provides a limited liquidity buffer.

Rating Sensitivities

Upward Factors

- Sustained growth in scale of operations and profitability, leading to sustained improvement in cash accruals
- Sustained improvement in leverage and debt coverage, with overall gearing remaining below 1.00x and interest coverage remaining above 3.00x

Downward Factors

- Moderation in scale of operations and profitability, leading to moderation in cash accruals
- Moderation in capital structure and/or moderation in debt coverage indicators with moderation in overall gearing to above 2.00x and dip in ICR to below 3.00x.
- Further elongation of the working capital cycle, which could increase working capital requirements

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 Electric Arc Furnace (EAF) to support higher production volumes.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026
	Audited	Audited
Total Operating Income	171.88	202.90
EBITDA	31.08	37.39
PAT	15.13	21.26
Total Debt	77.08	50.17
Tangible Net Worth (TNW)	48.19	112.42



For the year ended/ As on*	31-03-2025	31-03-2026
EBITDA Margin (%)	18.08	18.43
PAT Margin (%)	8.74	10.35
Overall Gearing (times)	2.01	0.47
Interest Coverage (times)	3.49	5.48

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Applicable Criteria

[Rating Methodology for Manufacturing Companies.](#)

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

[Policy on Default Recognition](#)

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

[Criteria for assigning Rating outlook](#)

Status of non-cooperation with previous CRA:

CRISIL Ratings vide its press release dated August 04, 2026, has moved the rating in issuer not cooperating category due to non-submission of information by the company.

ACUITE Ratings vide its press release dated June 23, 2026, 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 17, 2026, 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 05, 2026, has maintained the rating in issuer not cooperating category due to non-submission of information by the company.

Any other information: Nil

Rating History for last three years

Sr. No.	Instruments/Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
					January 05, 2026	-	-
1.	Fund based facilities	LT	38.00	IVR BBB/Stable	IVR BB+/Stable	-	-
2	Non- Fund based facilities	ST	34.00	IVR A3+	IVR A4+	-	-

**Annexure 1: Instrument/Facility Details**

Name of Facility/ /Security	ISI N	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned / Outlook	Listing Status	Regulator ^	Complexity Indicator
Cash Credit	-	-	-	-	34.00	IVR BBB/ Stable	-	RBI	Simple
Working capital term loan	-	-	-	-	4.00	IVR BBB/ Stable	-	RBI	Simple
Bank Guarantee	-	-	-	-	26.00	IVR A3+	-	RBI	Simple
Proposed Bank Guarantee	-	-	-	-	8.00	IVR A3+	-	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/Len_Simplex_Castings10_Sep26_35b3b224b6.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****Annexure 5: List of activities / instruments and names of regulators**

Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* \$	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA

Sr. No.	Instrument / activity Name	Regulator of the instruments
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	+
22	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
23	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/Preference share (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

Note: For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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