

Simplex Castings Limited

August 29, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	50.00 (Reduced from 59.00)	CARE C; Stable	Downgraded from CARE B; Stable
Short Term Bank Facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The revision in ratings assigned to bank facilities of Simplex Castings Limited (SCL) is on account of delay in servicing of debt obligation not rated by CARE Ratings Limited. The rating is constrained by volatility in raw material and finished goods, intense competition in steel industry, working capital intensive nature of operations and high working capital utilization. However, rating derives comfort from long experience of promoters, diversified product portfolio catering to varied industries, reputed clientele, strategic location of plant, improved financial performance in FY25 and Q1FY26 and improved capital structure and debt coverage indicators.

CARE Ratings Limited has withdrawn the rating assigned to bank facilities (Cash Credit, Bank Guarantee and Letter of Credit) provided by Bank of Baroda, Union Bank of India and State Bank of India as the company has no amount outstanding as per NDC (No Due Certificate) received from lender dated March 27, 2025, March 19, 2025 and March 12, 2025 respectively.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sizeable increase in scale of operations (Total operating income > Rs. 250.00 crore) while maintaining current profitability on a sustained basis
- Improvement in overall gearing to below unity

Negative factors

- Any sizeable de-growth in scale of operation from present level (Total operating income < Rs. 120 crores) and dip in PBILDT margin below 9% on sustained basis

Analytical approach: Standalone

Outlook: Stable

The stable outlook is on account of experienced management and improved financial performance.

Detailed description of key rating drivers:

Key weaknesses

- **Delay in servicing of debt obligation not rated by CARE albeit timely servicing of debt rated by CARE:** The company has availed a Loan Against Property (LAP) amounting to ₹4.5 crore from Axis Finance Ltd., which is not rated by CARE. Monthly EMI is scheduled to be paid on 5th of every month from Kotak Mahindra Bank cash credit account. However, the EMI due on June 5, 2025, could not be recovered from the said cash credit account due to insufficient funds at the time of debit. The company subsequently paid the EMI on June 6, 2025. There are no delays in servicing of interest obligation pertaining to cash credit account and no invocation of BG issued by Kotak Mahindra Bank (debt facilities being rated by CARE).
- **Volatility in price of raw material and finished goods:** SCL does not have any backward integration as the primary raw material for SCL is iron/steel scrap, it is dependent on steel price fluctuation. However, this is partly offset by the fact that the finished product is also a steel related item, and the company can pass on the price fluctuation to its customers, to a certain extent. Prices of raw material as well as finished goods (C. I. Castings, SG Iron castings, MS ingots etc.) have always

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

been volatile. SCL operates on moderate margin and raw material cost is one of the major cost drivers. Hence, SCL is sensitive to adverse movement in prices of finished goods and/or raw materials.

- **Intense competition and cyclicity in the steel industry:** Steel is a cyclical industry, strongly correlated to economic cycles since its key users; construction, infrastructure, automobiles, and capital goods are heavily dependent on the state of the economy. Fall in demand in these sectors directly impacts demand of steel products. The steel industry is sensitive to shifting business cycles, including changes in general economy, interest rates and seasonal changes in the demand and supply conditions in the market. The steel industry is highly competitive with organized and unorganized players and limited product diversity due to commodity nature of products. Over the years, the industry has become more organized with the share of unorganized players reducing, margins continue to be under pressure due to industry fragmentation.
- **Working capital intensive nature of operation:** The operation of the company is working capital intensive in view of adequate inventory to be kept and credit period to be given to customers to gain market share. This leads to higher working capital requirement. The working capital requirement of the SCL will be mainly financed through bank borrowings and creditors. The operating cycle of the company elongated to 184 days in FY25 (171 days in FY24) mainly on the back of elongation in collection cycle from 58 days in FY24 to 80 days in FY25 amid increase in retention money and reduction in creditor days from 84 days in FY24 to 47 days in FY25.

Key strengths

- **Long experience of promoters:** The company is promoted by Mr. Ketan Shah & Mrs Sangeeta K Shah. The promoters have more than two decades of experience in the same industry. Mr Ketan Shah joined Simplex Castings Limited in March 1993 as a Director. He became the Managing Director of the Company in July 2010 and Chairman of the Company in August, 2015. Mrs. Sangeeta Ketan Shah holds master's degree in business administration. She is an active member of Industrial Association, CII, IIF, Chhattisgarh Skills Development, and holds membership in various other associations. Since a decade, she worked in different capacities in Simplex Castings Limited and joined Board of the company as an Executive Director from October 01, 2014.
- **Diversified product portfolio catering to varies industries and reputed clientele:** SCL is engaged in manufacturing of heavy engineering castings in grey cast iron, alloy cast iron, stainless steel and steel which find usage in core industries like steel, power, cement, sugar, railways, mining, etc. This enables the company to diversify the industry concentration risk.
- **Improved financial performance in FY25 and Q1FY26:** The total operating income of the company has improved by 40% to Rs.172.03 crore in FY25 over FY24 on account of improved demand from customers as indicated by y-o-y volume growth of around 26.41% and improvement in sales realisation by 10%. PBILDT margin has improved from 11.48% in FY24 to 18.44% in FY25 and further to 20.33% in Q1FY26 primarily driven by lower power and job work cost. Earlier, the company used to manufacture all the components of a casting product including smaller components. The company took a conscious decision to purchase smaller components from outside and concentrate on its core competency of manufacturing larger components. As a result, job work charges and power expenses declined. Additionally, the increase in total Operating Income (TOI) led to better absorption of fixed overheads, further contributing to the margin enhancement. In Q1FY26, the company has achieved Total Operating Income (TOI) of Rs. 45.25 crore.
- **Improved capital structure and debt coverage indicators:** The capital structure of the company has improved with overall gearing improving to 1.36x as on Mar 31, 2025 in FY25 as against 2.17x as on Mar 31, 2024 on account of infusion of share capital of Rs. 10.67 crore and accretion of profit to reserves. Moreover, the company's overall working capital limits (fund and non fund based) limits has also reduced from Rs. 72.00 Crore to Rs. 50.00 Crore. Interest coverage ratio improved to 3.50x in FY25 as against 1.64x in FY24 on the back of improved profitability.
- **Strategic location of plant:** The facility is in proximity to source of raw material due to which they can easily procure their raw material from vendor by incurring low transportation cost and also able to sale to its customers in a short period of time. As there are number of companies operating in this region producing raw materials for iron & steel industry, availability of raw material is not an issue.

Liquidity: Stretched

The liquidity of SCL is stretched due to fund based working capital limits remaining at Rs.34 crore amid growing scale of operations and elongation in working capital cycle. The average utilization of fund-based working capital limit stood at 92.21% and maximum utilization above 95% for last 12 months ending Jun 2025. The company earned gross cash accrual of Rs. 23.51 crore against debt repayment obligation of Rs. 1.72 crores in FY25. In FY26, the debt repayment stands at Rs. 1.40 Crore.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Iron & Steel](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Ferrous Metals	Iron & Steel

Simplex Castings Ltd. (SCL), incorporated in 1970 as a partnership firm, was promoted by Shri H.B. Shah of Bhilai. It was converted into public limited company in January 1980. Currently the company is managed by Mr. Ketan Shah. The company is engaged in manufacturing of heavy engineering castings in grey cast iron, alloy cast iron and stainless steel at three manufacturing facilities in Chhattisgarh. It has installed capacities of 36000 MTPA for Cast Iron Castings (C. I Castings), Steel, Spheroidal Graphite Iron (S G Iron), Special Alloy Castings and fabricated equipment. The company's major products include heavy railway structures, coke oven doors and other structural required for heavy engineering industries. SCL's Bhilai foundry certified from Research Designs & Standards Organisation RDSO as "A" Class foundry for Indian Railway (IR).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1 FY 2026 (UA)
Total operating income	123.01	172.63	45.21
PBILDT	14.13	31.83	9.20
PAT	2.39	15.13	4.74
Overall gearing (times)	2.17	1.36	-
Interest coverage (times)	1.64	3.57	4.67

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA:

As per PR dated June 09, 2025, Brickwork continues the rating under Issuer Not Cooperating as the company did not provide the relevant information.

As per PR dated March 25, 2025, Acuite (SMERA) continues the rating under Issuer Not Cooperating as the company did not provide the relevant information.

As per PR dated July 18, 2025, India Ratings placed the rating under Issuer Not Cooperating as the company did not provide the relevant information

Any other information: NA

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		-	-	-	34.00	CARE C; Stable
Non-fund-based - LT-Bank Guarantee		-	-	-	16.00	CARE C; Stable
Non-fund-based - ST-Letter of credit		-	-	-	0.00	Withdrawn

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	Non-fund-based - LT-Bank Guarantee	LT	16.00	CARE C; Stable	-	1)CARE B; Stable (11-Jul-24)	-	-
2	Non-fund-based - ST-Letter of credit	ST	-	-	-	1)CARE A4 (11-Jul-24)	-	-
3	Fund-based - LT-Cash Credit	LT	34.00	CARE C; Stable	-	1)CARE B; Stable (11-Jul-24)	-	-

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

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT-Bank Guarantee	Simple
3	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

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

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Analytical Contacts Arindam Saha Director CARE Ratings Limited Phone: +91-033- 40181631 E-mail: arindam.saha@careedge.in Punit Singhania Associate Director CARE Ratings Limited Phone: + 91-033- 40181620 E-mail: punit.singhania@careedge.in Rajeev Jaiswal Analyst CARE Ratings Limited E-mail: Rajeev.jaiswal@careedge.in
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