

## Steel Cast Limited

August 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term / Short-term bank facilities	100.90 (Reduced from 140.90)	CARE A-; Stable / CARE A2+	Reaffirmed

Details of facilities in Annexure -1

### Rationale and key rating drivers

Ratings assigned to bank facilities of Steel Cast Limited (SCL) continue to derive strength from its promoters' vast experience in the casting business, established manufacturing setup, and reputed albeit concentrated clientele in domestic and export markets. Ratings also take cognisance of SCL's moderate scale of operations with healthy profitability, coupled with strong solvency position as well as debt coverage indicators in FY25 (FY refers to April 01 to March 31) along with adequate liquidity.

However, ratings are constrained by volatility associated with SCL's operations due to concentrated revenue profile, susceptibility of its profitability to volatility associated with raw material prices and foreign exchange rates as well as its presence in a competitive and cyclical industry. Ratings also factor in moderation in SCL's scale of operations in FY25 due to lower export sales.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Volume-backed growth with total operating income (TOI) exceeding ₹600 crore while maintaining profit before interest, lease rentals, depreciation and tax (PBILDT) margin above 20% on a sustained basis.
- Diversifying revenue profile resulting in significantly reducing end-user industry concentration, achieving greater stability to its revenue and profitability.

#### Negative factors

- Substantial volume-driven decline in the scale of operations along with moderating PBILDT margin below 15% on a sustained basis.
- Deteriorating overall gearing to over 0.60x and total debt to gross cash accruals (TD/GCA) of over 2x on a sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CareEdge Ratings) expectation that the entity will continue to benefit from its established presence in the steel alloy casting industry coupled with long-term relationship with reputed clientele which shall enable the company to sustain its comfortable financial risk profile over the medium term.

### Detailed description of key rating drivers

#### Key strengths

##### Experienced promoters and strong presence in castings industry for more than six decades

SCL is one of the established manufacturers of steel and alloy steel castings in India with more than six-decade long track record of operations and has an established marketing arrangement in domestic as well as international markets. The company's promoters, family of late MF Tamboli has vast experience in the casting business, which is evident from SCL's satisfactory operations over the years through economic cycles. The promoters have infused need-based funds to support the company's operations in business downturns. Chetan Tamboli, Chairman and Managing Director, manages the company's overall management and the operations are supported by experienced professionals.

##### Established operations with ability to manufacture wide range of castings

SCL's manufacturing facility is at Bhavnagar (Gujarat) with total casting capacity of 29,000 metric tonnes per annum (MTPA) as on March 31, 2025. The company uses 'no bake', 'no bake automated fast loop' and 'shell moulding' casting processes for manufacturing carbon steel, low/high alloy steel, hadfield manganese steel and other superior grades of wear and abrasion resistant steel castings mainly catering the requirement of earth-moving equipment manufacturers, mining/mineral processing equipment manufacturers, ground engaging tools, locomotive, construction, transport and other end-user industries, such as railways, cement and steel plants. It possesses the capability to produce more than 300 parts used in various industries.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

### **Reputed albeit concentrated clientele**

SCL's customers comprise some reputed and large-sized players in the mining and earth-moving equipment manufacturing industry. SCL's long-standing relationship with its customers as a preferred vendor for various parts has been able to secure repeat orders from its customers.

While SCL continued to have high customer concentration risk with top three customer groups accounting for ~75-88% of its net sales in past, this is mitigated to a large extent by supply of product to more than 17 companies under these three groups across geographies with each having its separate approval process in place.

The company has diversified its revenue stream as a part of de-risking initiative with addition of four to five new industries and 30-35 new customers in last few years which is expected to safeguard its performance in economic slowdowns.

### **Moderate scale of operations with healthy profitability in FY25**

SCL's TOI moderated by 8% year-over-year (y-o-y) from ₹410 crore in FY24 to ₹376 crore in FY25 owing to 4% y-o-y decrease in sales volume with lower export sales (owing to excess inventory available with its customers coupled with slowdown in major economies which has impacted the sector) as well as moderation in sales realisation (in tandem with moderation in raw material price). Going forward, CareEdge Ratings expects SCL's TOI to remain moderate over the near-to-medium term.

The company reported relatively stable and healthy profitability marked by PBILDT margin and profit after tax (PAT) margin of 28.25% and 19.19%, respectively, in FY25 (PY: 28.65% and 18.30%, respectively) due to continued benefit in the last couple of years from its process improvement/debottlenecking initiatives and renewable energy (RE) power projects. Going forward, CareEdge Ratings expects operating profitability to sustain at healthy level considering its product profile and benefit of various cost optimisation initiatives taken by the company.

### **Strong capital structure and debt coverage indicators**

SCL's capital structure remained comfortable with 'Nil' overall gearing as on March 31, 2025, owing to zero outstanding borrowings against its tangible net worth (TNW) of ₹326 crore. In this context, debt coverage indicators also remained strong with PBILDT interest coverage ratio of 126x (PY: 92x) and 'Nil' TD/GCA (PY: 'Nil') in FY25. Going forward, with no major debt-funded capex planned, CareEdge Ratings expects SCL to sustain its financial risk profile.

### **Key weaknesses**

#### **Concentrated revenue stream with industry concentration resulting in volatility in performance**

SCL continues to have high dependence on the mining and earth-moving equipment industry (72% TOI derived from these segments in FY25), which derives demand from the cyclical mining and infrastructure/construction sectors. This has resulted volatility in the scale of operations over the years with impact on SCL's scale of operations during times of decline in demand from these industries. However, this is mitigated to some extent by its long-term association with key customers across diverse geographies who are major players in these industries. As articulated by the management, the company is diversifying its product offering and entered a long-term agreement to supply steel castings for a North American railroad OEM.

#### **Susceptibility of profitability to volatility in raw material prices and foreign exchange rates**

Steel scrap and ferro alloys form key raw materials required for manufacturing castings. The prices of steel scrap and ferro alloys, being commodity items, are volatile in nature, which exposes SCL's profitability to adverse movement in raw material prices. However, SCL has price variation clause in majority orders and hence it is able to pass on movement in the raw material as well as fuel price fluctuations to its customers quarterly, which mitigates the risk associated with volatility in the raw material prices to certain extent. Exports formed ~53% SCL's net sales in FY25 (PY: 57%), exposing the company to adverse movement in forex rates. SCL has a natural hedge by way of imports; however, this is a very small portion compared to its exports. Absence of active hedging policy makes SCL's profitability susceptible to adverse forex movement. In FY25, SCL reported forex gain of ₹2.78 crore against gain of ₹3.25 crore in FY24.

### **Liquidity: Adequate**

SCL's liquidity position remained adequate marked by healthy cash accruals, positive cash flow from operations (CFO) and availability of liquid funds against nil debt repayment obligation along with low utilisation of working capital limits.

SCL reported healthy net cash accruals (NCA) of ₹70 crore in FY25 and expected to generate NCA of ~₹75-115 crore in FY26-FY28 against nil scheduled debt repayment obligation over the same period. With healthy cash accruals and absence of major capex in FY25, SCL's liquid funds stood at ₹77 crore as on March 31, 2025 (PY: ₹34 crore). Average working capital utilisation remained low at ~9% in the last 12 months ended June 2025. SCL's operating cycle elongated from 89 days in FY24 to 107 days in FY25 owing to increase in WIP inventory.

**Assumptions/Covenants:** Not applicable

**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](#)

[Iron & Steel](#)

**About the company and industry**

**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Castings and forgings

SCL (CIN: L27310GJ1972PLC002033) was established as a partnership firm in 1960 by the Tamboli family based out of Bhavnagar, Gujarat. Subsequently, it was converted to a private limited company in 1972 and public limited company in 1994. SCL is engaged in manufacturing castings of various components mainly for the earth-moving equipment manufacturers through sand casting process. It had total casting capacity of 29,000 metric tons per annum (MTPA) as on March 31, 2025, at its unit at Bhavnagar, Gujarat.

Particular	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	409.81	376.17
PBILDT	117.43	106.27
PAT	75.00	72.02
Overall gearing (times)	0.00	0.00
Interest coverage (times)	92.00	125.91

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

**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 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/ST-EPC/PSC	-	-	-	-	84.65	CARE A-; Stable / CARE A2+
Non-fund-based - LT/ST-BG/LC	-	-	-	-	16.25	CARE A-; Stable / CARE A2+

**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 - LT/ ST-EPC/PSC	LT/ST	84.65	CARE A- ; Stable / CARE A2+	-	1)CARE A- ; Stable / CARE A2+ (21-Aug-24)	1)CARE A- ; Stable / CARE A2+ (06-Oct-23)	1)CARE A- ; Stable / CARE A2+ (22-Feb-23) 2)CARE BBB+; Positive / CARE A2 (05-Aug-22)
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	16.25	CARE A- ; Stable / CARE A2+	-	1)CARE A- ; Stable / CARE A2+ (21-Aug-24)	1)CARE A- ; Stable / CARE A2+ (06-Oct-23)	1)CARE A- ; Stable / CARE A2+ (22-Feb-23) 2)CARE BBB+; Positive / CARE A2 (05-Aug-22)

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/ ST-EPC/PSC	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please <a href="#">click here</a>
--

**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

<b>Media Contact</b>  Name: Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>	<b>Analytical Contacts</b>  Name: Kalpesh Patel Director <b>CARE Ratings Limited</b> Phone: +91-79-4026 5611 E-mail: <a href="mailto:Kalpesh.patel@careedge.in">Kalpesh.patel@careedge.in</a>
<b>Relationship Contact</b>  Name: Ankur Sachdeva Senior Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3444 E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a>	Name: Anuja Parikh Associate Director <b>CARE Ratings Limited</b> Phone: +91-79-4026 5616 E-mail: <a href="mailto:anuja.parikh@careedge.in">anuja.parikh@careedge.in</a>
	Name: Harsh Desai Assistant Director <b>CARE Ratings Limited</b> E-mail: <a href="mailto:harsh.desai@careedge.in">harsh.desai@careedge.in</a>

### 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](http://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](https://www.careratings.com/privacy_policy)

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,  
please visit [www.careratings.com](http://www.careratings.com)**