



Simplex Castings Ltd.

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CIN : L27320MH1980PLC067459



Date: 09.09.2025

| | |
|---|--|
| To, The Manager Department of Corporate Services BSE Limited PJ Towers, Dalal Street Mumbai-400001 Scrip Code: 513472 | To, The Manager Calcutta Stock Exchange Address: 7, Lyons Range, Dalhousie, Kolkata700001, West Bengal Scrip Code: 29066 |
|---|--|

Subject: - Intimation of Reaffirmation of Credit Rating dated 08th September, 2025

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), we hereby intimate that Crisil Ratings has reaffirmed the credit rating of the Bank loan facility and the details of the same are as follows:

| | |
|---|--------------------------------------|
| Total Bank Loan Facilities Rated | Rs.72 Crore |
| Long Term Rating | Crisil BB/Stable (Reaffirmed) |
| Short Term Rating | Crisil A4+ (Reaffirmed) |

Copy is enclosed herewith as Annexure-1.

Kindly take the same on record and acknowledge.

Thanking You.

Yours Faithfully,

For **Simplex Castings Limited**

SANGEETA Digitally signed by
KETAN SHAH SANGEETA KETAN SHAH
Date: 2025.09.09
17:34:54 +05'30'

Sangeeta Ketan Shah
Managing Director
DIN: 05322039

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Rating Rationale

September 08, 2025 | Mumbai

Simplex Castings Limited

Ratings reaffirmed at 'Crisil BB/Stable/Crisil A4+'

Rating Action

| | |
|----------------------------------|-------------------------------|
| Total Bank Loan Facilities Rated | Rs.72 Crore |
| Long Term Rating | Crisil BB/Stable (Reaffirmed) |
| Short Term Rating | Crisil A4+ (Reaffirmed) |

Note: None of the Directors on Crisil Ratings Limited's 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.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has reaffirmed its ratings on the bank loan facility of Simplex Castings Ltd (SCL) at 'Crisil BB/Stable/Crisil A4+'.

The scale of operations continues to show moderate revenue growth with operating income of Rs.45.2 crore in Q1 FY25 while sustaining moderate operating margin of around 18%. Working capital management remains intense with GCA days increasing to more than 250 days during year-end FY25. Bank limit utilization remains high at more than 90% during the last six months ended August, 2025.

The ratings continue to reflect the extensive experience of the promoters in the heavy engineering castings business and moderate financial risk profile of the company. These strengths are partially offset by exposure to intense competition, volatility in raw material prices and large working capital requirement.

Analytical Approach

Crisil Ratings has evaluated the standalone business and financial risk profiles of SCL. Unsecured loans of Rs. 26.1 crore as on 31st march 2025 is treated as 75% equity, 25% debt as the unsecured loans are subordinated to all forms of external borrowing and is expected to remain in the business, over the medium term.

Key Rating Drivers & Detailed Description

Strengths:

- **Extensive experience of the promoters:** SCL has been involved in the heavy engineering castings business for more than five decades. The company is promoted by Mr. Ketan Moolchand Shah and Ms. Sangeeta Ketan Shah. The promoters have more than three decades of experience in the steel – castings and foundry business; their strong

understanding of market dynamics and healthy relations with customers and suppliers should continue to support the business. Further, a diversified end-user industry base insulates the business from industry slowdown and thereby boosts steady growth, over the medium term.

- **Moderate financial risk profile:** The capital structure should remain supported by limited reliance on external funds. Gearing continues to remain less than 1 time and total outside liabilities to adjusted networth ratio is below 1.5 times as on March 31, 2025. Debt protection metrics continues to be comfortable due to healthy profitability. The interest coverage ratio remains more than 3.5 times and net cash accrual to total debt ratio at more than 0.4 time for fiscal 2025.

Weaknesses:

- **Exposure to intense competition:** The steel industry is highly cyclical and fragmented due to low capital requirement and limited value addition. The low entry barrier has led to several players catering to regional demand. The consequent intense competition along with limited product diversity (due to commodity nature of products) may continue to constrain scalability, pricing power and profitability.
- **Exposure to volatility in raw material prices:** Since cost of procuring the key raw materials (iron/steel scrap, metalised aluminum, pillow block, mild steel plates) accounts for 60-70% of production cost, even a slight variation in price can drastically impact the operating margin. Further, operations are non-integrated and restricted to the downstream stage of the steel value chain. The margin is also susceptible to changes in market prices according to demand-supply situations.
- **Large working capital requirement:** Gross current assets is around 253 days as on March 31, 2025, driven by high debtor and inventory levels. Long credit period is extended to customers, owing to nature of business. Furthermore, due to operational needs, high work in process & inventory is maintained. Debtor and inventory days is estimated to remain high at more than 65 and 150 days, respectively in FY25. Working capital management is expected to remain intense, over the medium term.

Liquidity: Adequate

Average month-end bank limit utilization is more than 90 percent for the past twelve months ended August 2025. Cash accrual are expected to be over Rs.19 crore which are sufficient against term debt obligation of less than Rs.2 crore over the medium term. Current ratio is estimated to remain moderate at 1.3 times on March 31, 2025. The promoters are likely to extend support in the form of equity and unsecured loans to meet its working capital requirements and repayment obligations.

Outlook: Stable

Crisil Ratings believe SCL will continue to benefit from the extensive experience of its promoter, and established relationships with clients.

Rating sensitivity factors

Upward factors:

- Moderate revenue growth of more than 15% while sustaining healthy margin leading to higher than expected net cash accruals
- Improvement in the working capital cycle resulting in higher cushion in bank limit along with moderate financial risk profile

Downward factors:

- Significant decline in scale of operations or operating margin dropping below 9%, resulting in lower-than-expected net cash accrual

- Intense working capital management or any major debt funded capex plans adversely impacting capital structure and liquidity

About the Company

Set up as a partnership firm in 1971, the entity got reconstituted into a private-limited company in 1980 and into a public-limited company in 1993. SCL manufactures heavy engineering castings in grey cast iron, alloy cast iron and stainless steel, which find application in industries such as railways, steel, oil and gas, power and defence. It has three facilities at Bhilai and Rajnandgaon (all in Chhattisgarh), with total installed capacities of 29,600 metric tonne per annum.

SCL is listed on the Bombay Stock Exchange. The company is managed by Mr. Ketan Moolchand Shah (chairman and whole-time director), Ms. Sangeeta Ketan Shah (managing director) and Mr. Sajal Kumar Ghosh (whole-time director).

Key Financial Indicators

| As on/for the period ended March 31 | | 2024 | 2023 |
|-------------------------------------|----------|--------|--------|
| Operating income | Rs crore | 122.83 | 116.60 |
| Reported profit after tax (PAT) | Rs crore | 2.39 | -16.99 |
| PAT margin | % | 1.95 | -14.57 |
| Adjusted debt/adjusted networth | Times | 0.86 | 0.96 |
| Interest coverage | Times | 2.15 | 1.51 |

Status of non cooperation with previous CRA

SCL had not cooperated with India Ratings and Research Pvt Ltd, which classified it as non-cooperative vide release dated Aug 18, 2023. The reason provided by India Ratings and Research Pvt Ltd was non-furnishing of information for monitoring of ratings.

SCL had also not cooperated with Brickwork Ratings India Pvt Ltd, which classified it as non-cooperative vide release dated Aug 13, 2020. The reason provided by Brickwork Ratings India Pvt Ltd was non-furnishing of information for monitoring of ratings.

Further, SCL had not cooperated with Acuite Ratings and Research Ltd, which has classified it as non-cooperative vide release dated May 10, 2019. The reason provided by Acuite Ratings and Research Ltd was non-furnishing of information for monitoring of ratings.

Any other information:

SCL has availed a Loan against property (LAP) of Rs.4.5 crore during September 2025 from Axis Finance Ltd. The LAP installment falls due on 5th date of every month and is auto-debited through SCL's linked cash credit (CC) account maintained with Kotak Mahindra Bank. On 5th June, 2025, due to some technical issue in the bank's server, the payment request did not hit the designated CC account even though the CC account had sufficient funds to make the payment on 5th June, 2025. The same was recovered on the next working day i.e., 6th June, 2025 with no unpaid dues.

Note on complexity levels of the rated instrument:

Crisil Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings' complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

| ISIN | Name Of Instrument | Date Of Allotment | Coupon Rate (%) | Maturity Date | Issue Size (Rs. Crore) | Complexity Levels | Rating Outstanding with Outlook |
|------|-----------------------------------|-------------------|-----------------|---------------|------------------------|-------------------|---------------------------------|
| NA | Bank Guarantee | NA | NA | NA | 16.00 | NA | Crisil A4+ |
| NA | Cash Credit | NA | NA | NA | 34.00 | NA | Crisil BB/Stable |
| NA | Proposed Working Capital Facility | NA | NA | NA | 22.00 | NA | Crisil A4+ |

Annexure - Rating History for last 3 Years

| | Current | | | 2025 (History) | | 2024 | | 2023 | | 2022 | | Start of 2022 |
|----------------------------------|---------|--------------------|-------------------------------|----------------|------------------|----------|-------------------|------|--------|------|--------|-------------------------------------|
| Instrument | Type | Outstanding Amount | Rating | Date | Rating | Date | Rating | Date | Rating | Date | Rating | Rating |
| Fund Based Facilities | LT/ST | 56.0 | Crisil BB/Stable / Crisil A4+ | 06-05-25 | Crisil BB/Stable | 26-09-24 | Crisil BB-/Stable | | -- | | -- | Withdrawn (Issuer Not Cooperating)* |
| Non-Fund Based Facilities | ST | 16.0 | Crisil A4+ | 06-05-25 | Crisil A4+ | 26-09-24 | Crisil A4+ | | -- | | -- | Withdrawn (Issuer Not Cooperating)* |

All amounts are in Rs.Cr.

* - Issuer did not cooperate; based on best-available information

Annexure - Details of Bank Lenders & Facilities

| Facility | Amount (Rs.Crore) | Name of Lender | Rating |
|-----------------------------------|-------------------|-----------------------------|------------------|
| Bank Guarantee | 16 | Kotak Mahindra Bank Limited | Crisil A4+ |
| Cash Credit | 34 | Kotak Mahindra Bank Limited | Crisil BB/Stable |
| Proposed Working Capital Facility | 22 | Not Applicable | Crisil A4+ |

Criteria Details

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|---|
| Links to related criteria |
| Basics of Ratings (including default recognition, assessing information adequacy) |
| Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios) |

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