June 30, 2025

Sunbeam Generators Private Limited: Long-term rating upgraded to [ICRA]BBB+ (Stable); short-term rating upgraded to [ICRA]A2 and withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Cash credit	7.00	10.00	[ICRA]BBB+ (Stable); upgraded from [ICRA]BBB (Stable)
Bank guarantee	1.50	-	[ICRA]A2; upgraded from [ICRA]A3+ and withdrawn
Unallocated limits	1.50	-	[ICRA]BBB+ (Stable)/[ICRA]A2; long-term rating upgraded from [ICRA]BBB (Stable); short-term rating upgraded from [ICRA]A3+ and withdrawn
Total	**10.00**	**10.00**	

**Instrument details are provided in Annexure I*

Rationale

The rating upgrade factors in a significant improvement in the financial performance of Sunbeam Generators Private Limited (SGPL) in FY2025 and ICRA's expectation that the trend is likely to continue in the near term. SGPL's revenue grew by ~25% in FY2025 compared to FY2024 owing to better realisations in new DG sets. The operating margin also improved to 6.3% in FY2025 from 3.7% in FY2024 and 1.5% in FY2023. The regional expansion to Kerala for the generator segment and to other territories for other segments is likely to increase the volume in the current fiscal. The debt coverage indicators are expected to remain healthy in FY2026 with an improvement in revenue and sustained operating margins. The liquidity also remains comfortable with surplus cash and fixed deposit (FD) balance of ~Rs. 14.6 crore as on March 31, 2025, and sufficient cushion in the current working capital limits.

The genset industry entered a transition phase with the implementation of CPCB 4 norms in mid-2024. While this initially impacted demand, the market has now stabilised, with customers accepting the higher pricing. This has translated into improved realisations and better margins and is expected to support the profitability in FY2026. SGPL's two-decade long association with KOEL as a key manufacturing and distribution partner continues to support its core business. The revenue visibility also remains healthy, aided by a steady offtake of transit mixers from Ashok Leyland and a regular inflow of orders for gensets. The company is also expanding its infrastructure equipment division with product launches and upgrades in pumps and batching plants. In the cold chain logistics space, the isothermal container segment — introduced in FY2024 — is expected to scale up in FY2026, backed by capacity enhancements and regional expansion to Kerala and Telangana. The company's sheet metal division, which falls under its other segments, has recently ventured into the export market as well. While these new verticals remain at a nascent stage, they are top line accretive and critical to the company's medium-to-long-term diversification strategy. The ratings continue to draw comfort from SGPL's modest financial profile, marked by low gearing and comfortable coverage metrics, supporting its ongoing growth initiatives.

The ratings, however, remain constrained by SGPL's exposure to the inherent competition in the diesel genset industry, impacting the profitability margins to an extent, as demonstrated by profitability indicators remaining modest on an absolute basis. The ratings are also constrained by SGPL's high supplier concentration risk, with the company essentially involved in manufacturing and distributing KOEL's branded diesel gensets (where the primary components such as engines and alternators are supplied by KOEL). As KOEL defines the geographical territories of operations, it limits any new market expansion opportunities for SGPL, for the generator division. The company generates bulk of its sales from the southern states of Tamil

Nadu, Andhra Pradesh, Telangana, and recently Kerala, exposing it to geographical concentration risks for genset division. In addition, over 80% of the top line comes from generator sales, which exposes the company to product concentration risk as well. Moreover, the annual accretion to reserves over the years, while contributing to a gradual increase in SGPL's net worth, has kept the absolute levels modest, thereby slightly restricting its ability to withstand a prolonged period of industry downturn.

ICRA has withdrawn the short-term rating of [ICRA]A2 assigned to the bank guarantee and unallocated limits of the company. The rating has been withdrawn in accordance with ICRA's policy on withdrawal and at the request of the company.

The Stable outlook on the long-term rating reflects the gradually improving demand environment for diesel generators and the increasing market share for infrastructure equipment and other segments, which are expected to shore up the revenues and profit margins, and in turn the business return indicators, going forward.

Key rating drivers and their description

Credit strengths

Extensive operating track record in genset manufacturing – Established in 1996, SGPL has a long operating history in the genset business. The management's rich experience of over two decades in the genset manufacturing business has helped SGPL expand its geographical reach within its regions of operations in Tamil Nadu, Andhra Pradesh, Telangana, Andaman & Nicobar and Kerala.

Revenue visibility through established relationship with KOEL and Ashok Leyland – SGPL is one of the leading OEMs for KOEL for the 2.8-1,010 kVA genset segment. Its established relationship with KOEL, spanning over 20 years, has been positively reflected in its prominent presence in the diesel genset market in Tamil Nadu, Andhra Pradesh, Telangana, Andaman & Nicobar and Kerala (a ~35% market share in FY2024). Additionally, the ratings derive comfort from the inflow of orders for transit mixers. Ashok Leyland contributed ~6% to its total revenue in FY2024 and ~5% in 11M FY2025, vide a contract for the manufacturing and mounting of concrete mixers on their chassis. The revenues stood at Rs. 492.2 crore in FY2025, up 25% from FY2024, supported by the established relationships with KOEL and Ashok Leyland. Moreover, the expansion into Kerala, post the allocation of a new territory by KOEL, and the price hike of CPCB 4 gensets from July 2024 helped increase the revenue.

Modest financial risk profile, characterised by low gearing and comfortable debt coverage indicators – The company has external debt comprising entirely cash credit borrowing of Rs. 13.1 crore outstanding as on March 31, 2025. This has resulted in low debt levels and a comfortable capital structure with a gearing of 0.2 times and total outside liabilities/tangible net worth of 0.9 times as on March 31, 2025.

Higher scale anticipated in FY2026 on the back of territorial and product expansion – Sunbeam has been appointed as the sole OEM for KOEL in Kerala and Tamil Nadu following the termination of KOEL's contract with Genlite Engineering Pvt. Ltd. on August 12, 2024. The transition, though mid-year, was effectively managed and led to improved sales in H2 FY2025. The full-year impact of this expanded territory is expected to get reflected in FY2026. Further, a scale-up will be supported by product launches and upgrades in pumps and batching plants under the infra division. The recently introduced isothermal containers are expected to register volume growth in FY2026, aided by capacity enhancements and regional expansion into Kerala and Telangana. The company's sheet metal division, which falls under its other segments, has recently ventured into the export market as well.

Credit challenges

Exposure to high geographical and product concentration risks – The company's operations are characterised by high product and geographical concentration. SGPL faces high product concentration risk with a predominant share of its revenue (85% in FY2024 and 89% in FY2025) coming from genset sales. However, it has been diversifying its product profile and is manufacturing various infrastructure equipment at present. It generates a portion of its revenue from the infrastructure segment through the sale of transit mixers, which contributed 11.9% to its revenue in FY2024 and 7.7% in FY2025. Further, the company's genset sales are restricted to Tamil Nadu, Andhra Pradesh, Puducherry, Telangana, Andaman & Nicobar and Kerala. Hence, its geographical presence in the diesel genset segment is limited to South India.

Dependence on KOEL for key components and brand sharing – The company mainly depends on KOEL for purchasing a large share of its key components, such as engines and alternators, which exposes SGPL to supplier concentration risk. Further, the products are sold under KOEL's brand. However, the risk is partly mitigated by SGPL's established relationships with KOEL and the co-branding privileges enjoyed by the entity. Besides, SGPL's established distributor profile in the region supports the long-term sustainability of its relationship with KOEL.

Subdued profitability due to low entry barriers and stiff competition; modest net worth – The genset manufacturing industry is characterised by stiff competition with low entry barriers. SGPL competes with other genset brands in its region of operations, exposing it to the inherent competition in the diesel genset industry. This, in turn, has impacted the profitability margins to an extent, as demonstrated by profitability indicators, although increasing on a Y-o-Y basis, remaining modest on an absolute basis. Moreover, the annual accretion to reserves over the years, while contributing to a gradual increase in SGPL's net worth, has kept the absolute levels modest, thereby slightly restricting its ability to withstand a prolonged period of industry downturn.

Liquidity position: Adequate

SGPL does not have any external term loan as on date. As on March 31, 2025, the company had cash and bank balance of approximately Rs. 14 crore. The positive cash flow from operations generated in addition to the liquidity balance is adequate to meet its capex requirements. Moreover, as on March 31, 2025, the company's working capital limits of Rs. 30 crore had an utilisation of 44%, providing an additional liquidity buffer. Therefore, the company's liquidity has been assessed as adequate.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company is able to significantly improve its profitability while scaling up its operations on a sustained basis, leading to a strengthening of the net worth.

Negative factors – Pressure on the ratings could arise if the company's earnings come under pressure, weakening the liquidity and credit metrics. The ratings could also come under pressure if there is any adverse change in the business relationship with KOEL/Ashok Leyland, or if sizeable capex/investments weaken its liquidity position. A specific credit metric for downgrade includes TOL/TNW of more than 1.5 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy on withdrawal of Credit Ratings
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone financial statement of the issuer

About the company

Sunbeam Generators Private Limited (SGPL), incorporated in 1996, is involved in the assembly and distribution of canopied diesel generator sets and is one of the leading generator OEMs for Kirloskar Oil Engines Limited (KOEL). The company offers gensets in a wide range of 2.4-1,500 kVA. SGPL is also present in the infrastructure equipment sector with products such as transit mixers (own branded) and batching plants. The company has two wind electric generators installed in the Coimbatore region (capacity of 650 kVA each). SGPL manufactures sheet metal parts and is equipped with an in-depth sheet metal conversion expertise, complemented by next-generation machinery infrastructure.

SGPL's manufacturing unit is in Puducherry. The manufacturing set-up includes a steel processing centre, equipped with a combination of semi and fully-automatic CNC machines. It has an in-house fabrication shop that produces highly precise fabricated components. Recently, SGPL has also forayed into the development of refrigerated containers for trucks to enter the cold chain logistics space.

Key financial indicators (audited)

SGPL	FY2023	FY2024	FY2025*
Operating income	324.6	393.9	492.2
PAT	2.9	9.7	22.4
OPBDIT/OI	1.5%	3.7%	6.3%
PAT/OI	0.9%	2.5%	4.5%
Total outside liabilities/Tangible net worth (times)	1.0	0.9	0.9
Total debt/OPBDIT (times)	0.6	0.2	0.4
Interest coverage (times)	10.7	15.6	31.5

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. crore; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation; *Provisional numbers*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount rated (Rs. crore)**	**June 30, 2025**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Cash credit	Long term	10.00	[ICRA]BBB+ (Stable)	-	-	28-Mar-2024	[ICRA]BBB (Stable)	11-Jan-2023	[ICRA]BBB (Stable)
Bank guarantee	Short term	0.00	[ICRA]A2; withdrawn	-	-	28-Mar-2024	[ICRA]A3+	11-Jan-2023	[ICRA]A3+
Unallocated limits	Long term/Short term	0.00	[ICRA]BBB+(Stable)/ [ICRA]A2; Short-term rating withdrawn	-	-	28-Mar-2024	[ICRA]BBB (Stable)/ [ICRA]A3+	11-Jan-2023	[ICRA]BBB (Stable)/ [ICRA]A3+

Complexity level of the rated instruments

Instrument	Complexity indicator
Cash credit	Simple
Bank guarantee	Very Simple
Unallocated limits	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here]

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Cash credit**	NA	NA	NA	10.00	[ICRA]BBB+ (Stable)
NA	**Bank guarantee**	NA	NA	NA	0.00	[ICRA]A2; withdrawn
NA	**Unallocated limits**	NA	NA	NA	0.00	[ICRA]BBB+(Stable)/ [ICRA]A2; Short-term rating withdrawn

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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