

May 29, 2025

## Sadhu Forging Limited: Ratings withdrawn

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Term Loan	27.27	27.27	[ICRA]BBB- (Stable); withdrawn
Short-term – Non-fund Based	4.50	4.50	[ICRA]A3; withdrawn
Long-term/ Short term – Fund-based	120.00	120.00	[ICRA]BBB- (Stable)/[ICRA]A3; withdrawn
Long-term/ Short-term – Unallocated	0.23	0.23	[ICRA]BBB- (Stable)/[ICRA]A3; withdrawn
<b>Total</b>	<b>152.00</b>	<b>152.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

ICRA has withdrawn the rating assigned to the bank facilities of Sadhu Forging Limited, at the request of the company and based on the No objection certificate received from the lenders, in accordance with ICRA's policy on withdrawal of credit ratings. However, ICRA does not have information to suggest that the credit risk has changed since the time the ratings were last reviewed.

The key rating drivers and their description, liquidity position and rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Policy on withdrawal of Credit Ratings</a> <a href="#">Auto Components</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidated For arriving at the ratings, ICRA has considered the consolidated financials of SFL along with the partnership firm, Sadhu Overseas (SO), after netting off the inter-company transactions. Earlier, ICRA used to review the standalone financials of the company. However, from the current exercise, the company's consolidated financials along with inclusion of the guaranteed debt will reflect the credit risk profile more accurately. As a result, ICRA has revised its rating approach and is analysing the company's consolidated business and financial profiles, as the same are now more representative of SFL's credit profile

## About the company

Incorporated in 1976, SFL has four manufacturing units with facilities for forging and machining of automotive components. The company manufactures transmission and differential parts for CVs and tractors. Its major manufactured components include gears, shafts, axles, engine components and steering assemblies. It supplies components to several reputed OEMs, including M&M, TML, TAFE, Kubota, Meritor and Escorts Limited. The promoter group also operates another auto ancillary, Sadhu Overseas (SO), which is a partnership firm and is primarily involved in machining and forging operations in the domestic market.

## Key financial indicators

Consolidated	FY2023	FY2024
Operating income	608.54	584.15
PAT	14.45	18.18
OPBDIT/OI	7.32%	8.04%
PAT/OI	2.37%	3.11%
Total outside liabilities/Tangible net worth (times)	2.47	2.18
Total debt/OPBDIT (times)	4.21	3.78
Interest coverage (times)	3.17	2.95

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amounts in Rs. Crore.

Note: All financial ratios as per ICRA's calculation

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Current rating (FY2026)		Chronology of rating history for the past 3 years		
			May 29, 2025	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	
							Jun 24, 2024
1 Term loan	Long Term	27.27	[ICRA]BBB- (Stable); withdrawn	[ICRA]BBB- (Stable)	-	[ICRA]BBB- (Stable)	
2 Non-fund Based	Short Term	4.50	[ICRA]A3; withdrawn	[ICRA]A3	-	[ICRA]A3	
3 Fund Based	Long Term/Short Term	120.00	[ICRA]BBB- (Stable)/ [ICRA]A3; withdrawn	[ICRA]BBB- (Stable)/ [ICRA]A3	-	[ICRA]BBB- (Stable)/ [ICRA]A3	
4 Unallocated	Long Term/Short Term	0.23	[ICRA]BBB- (Stable)/ [ICRA]A3; withdrawn	[ICRA]BBB- (Stable)/ [ICRA]A3	-	[ICRA]BBB- (Stable)/ [ICRA]A3	

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term - Fund Based Term Loan	Simple
Short Term - Non-Fund Based	Very Simple

Long Term / Short Term - Fund Based	Simple
Long Term / Short Term – Unallocated	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	Term loan	2014	NA	2026	27.27	[ICRA]BBB- (Stable); withdrawn
NA	Non-fund Based	-	NA	-	4.50	[ICRA]A3; withdrawn
NA	Fund Based	-	NA	-	120.00	[ICRA]BBB- (Stable)/ [ICRA]A3; withdrawn
NA	Unallocated	-	NA	-	0.23	[ICRA]BBB- (Stable)/ [ICRA]A3; 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**

Company Name	Ownership	Consolidation Approach
Sadhu Forging Limited	-	Full consolidation
Sadhu Overseas	100.00%	Full consolidation

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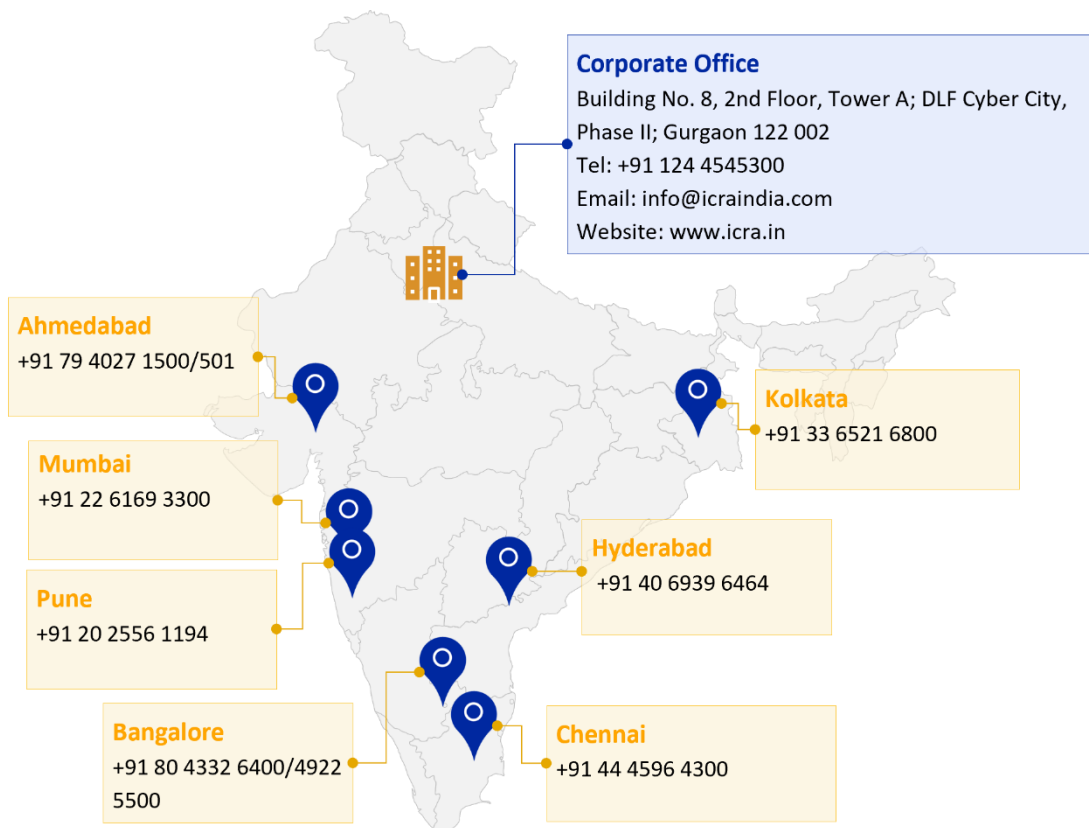
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