

June 13, 2025

J S Auto Cast Foundry India Private Limited: Ratings reaffirmed, outlook revised to Positive from Stable; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term / Short Term, Fund-based / Non Fund-based Limits	75.00	75.00	[ICRA]A+(Positive)/[ICRA]A1; ratings reaffirmed, outlook revised to Positive from Stable
Long Term – Fund Based / Term Loan	182.10	198.10	[ICRA]A+(Positive); ratings reaffirmed/assigned for enhanced amount, outlook revised to Positive from Stable
Total	257.10	273.10	

*Instrument details are provided in Annexure-1

Rationale

The revision in the outlook for the long-term rating of J S Auto Cast Foundry India Private Limited (JS Auto or the company) reflects a sustained improvement in the financial profile of the company in the recent past and ICRA's expectation that the same will sustain, going forward. JS Auto witnessed a healthy momentum of revenue growth during FY2024-FY2025 (increasing at a CAGR of 26% through this period), aided by a steady volume offtake from the existing customers as well as new client addition in the recent past. Aided by the operating leverage, in line with the expanding revenue base and focus on higher value-added products, JS Auto witnessed a decent improvement in profitability, as reflected in the operating margin, which improved from 9.5% in FY2023 to 12.7% in FY2024 and further to 14.8% in FY2025. ICRA expects the revenue growth momentum and margin expansion to continue, going forward, aided by incremental revenue generation from the newly acquired clients as they reach their optimal revenue potential in the coming years.

The ratings continue to factor in the strong operational, financial and technical support enjoyed by JS Auto for being a part of the Kalyani Group (the flagship company being Bharat Forge Limited [BFL]; rated [ICRA]AA+/Stable/[ICRA]A1+). Through its subsidiary, BF Industrial Solutions Limited, BFL acquired JS Auto in July 2022, which is a part of its segmental diversification plans. JS Auto, on the other hand, has gained operational and financial synergies from the acquisition by BFL in terms of access to new clientele, research and development (R&D) capabilities, operational and technological support, as well as financial support and flexibility, including access to low-cost debt. ICRA notes many of these synergies have already started materialising for JS Auto, thus supporting its operational and financial profile. Aided by the robust expansion of revenue base, decent improvement in margins, reflecting in comfortable accrual generation, and timely funding support in the form of equity infusion by BFL (as reflected by an overall equity infusion of ~Rs. 80 crore during FY2024 and FY2025) have collectively resulted in JS Auto demonstrating a healthy financial profile, with expectations that the same would be maintained, going forward.

Further, the ratings consider JS Auto's presence in the niche renewable energy (wind) castings segment, resulting in limited competition and, hence, healthy profitability metrics. It has, over the years, established its client base, with customers from sectors such as renewable energy, off-highway, automotive, agriculture, infrastructure, etc. It has a demonstrated track record, spanning over almost two decades. JS Auto's presence in the overseas markets with healthy revenue contribution from exports offers sufficient geographical diversification, making its operations relatively immune to demand slowdown in a particular territory.

The ratings are constrained by the sizeable debt-funded capex worth ~Rs. 200 crore during FY2023-FY2025, which resulted in a steep increase in the overall debt level from Rs. 108.8 crore (March 2022) to Rs. 230.6 crore (March 2025). However, the

company's debt level remained flat between March 2024 and March 2025, which coupled with healthy expansion of net worth base (in turn supported by an equity infusion of Rs. 18 crore by BFL in FY2025) and comfortable accruals, led to an improvement in leverage and coverage indicators, as reflected by TD/OPBITDA improving from 3.2 times (March 2024) to 2.2 times (March 2025), and interest coverage improving from 3.2 times (FY2024) to 4.6 times (FY2025). ICRA expects the recently incurred capital expenditure to start materially contributing towards the top line, in the near-to-medium term, and hence expects a gradual improvement in the debt coverage metrics, going forward.

The ratings strengths are also partially offset by concentration risks from its dependence on the renewable energy sector for 35-40% of its revenues during FY2024 to 11M FY2025, which exposes its business to the cyclicity associated with the sector. Further, the company remains vulnerable to customer concentration risk, with the top five customers contributing 60-65% to its revenues during FY2024-11M FY2025. While JS Auto's scale of operations has remained moderate, ICRA notes the robust pace of scale-up in operations in the recent past, with the company clocking revenues of Rs. 696.7 crore in FY2025. Besides, business expansion avenues post the acquisition by BFL and incremental revenue generation from segments other than wind castings are expected to improve the growth prospects over the medium term.

Key rating drivers and their description

Credit strengths

Strong parentage expected to provide operational, technological and financial support – Following the acquisition by BFL, as a part of the Kalyani Group, JS Auto has been realising the benefits from the strong parentage of BFL, with operational, technological and financial synergies from the said acquisition. Such synergies include access to low-cost funding, financial support from BFL (in the form of inter-corporate deposits and equity infusion), access to new clients, procurement of raw materials at competitive rates, access to BFL's R&D infrastructure, faster onboarding of new clients, etc. The said synergies have aided JS Auto in maintaining a decent revenue growth momentum along with margin expansion in the recent past (FY2024-FY2025), with the expectations that the revenue growth momentum would continue, going forward.

Healthy financial profile – Aided by its expanding revenue base, improving profitability resulting in healthy accrual generation, and timely funding support from BFL in the form of equity infusion (as reflected by an equity infusion of ~Rs. 80 crore during FY2024-FY2025), JS Auto demonstrates a fairly healthy financial profile, with the expectation that the same will be maintained, going forward. Supported by the aforementioned factors, JS Auto's gearing level improved from 2.1 times as of March 2023 to 1.4 times as of March 2024, and further to 1.0 times as of March 2025. BFL's established track record of extending financial support to JS Auto in case of exigencies, and its willingness to extend further financial support provide additional comfort to JS Auto's financial profile.

Limited competition owing to its presence in the niche segment of renewable energy castings; geographically diversified revenue profile – JS Auto mainly operates in the niche renewable energy (wind) castings segment, wherein product criticality is of paramount importance and, hence, results in high entry barriers. Aided by its high degree of value addition and limited competition in the wind castings segment, JS Auto enjoys comfortable margins, as seen historically. Besides, with exports historically contributing 40-50% to the overall revenues (48% and 50% revenue share from exports in FY2024 and 11M FY2025, respectively), JS Auto demonstrates a geographically diversified revenue profile across multiple overseas markets such as the US, Europe, China, etc. Presence in multiple territories safeguards its operations against slowdown risks in any particular territory, to an extent. Relatively high exports and concentration in the US (United States of America), however, exposes the company to region-specific risks. The impact of potential import tariffs, if any, on the company's revenues is a key monitorable.

Well-established operational track record in casting operations – Having been operational in the wind casting segment since 2012, JS Auto has demonstrated an adequate track record, as well as developed established relationships with entities in this space. This has helped the company in scaling up its operations through repeat orders from existing customers and onboarding new ones.

Credit challenges

Moderate scale of operations due to presence in niche segment, however, segmental diversification has supported revenue expansion – While presence in the niche wind castings space offers JS Auto with limited competition and comfortable margins, it has also resulted in a moderate scale of operations over the years, given the limited number of large-scale clients in this market. Nevertheless, ICRA notes the healthy revenue generation reported in FY2025, with JS Auto having clocked revenues of Rs. 696.7 crore in FY2025 (against Rs. 567.3 crore in FY2024), underlining a steady revenue growth momentum, supported by segmental diversification.

Concentration risks arising from dependence on renewable energy sector – With sizeable exposure towards the renewable energy sector, JS Auto's operations remain vulnerable to sectoral concentration risks, wherein any significant slowdown in the sector could impact the business operations of the company. Such an impact was visible during FY2022-FY2023 wherein sluggish demand in the wind energy sector, coupled with commodity inflation, had resulted in margin contraction. However, demand recovery is underway at present, which should aid in revenue expansion as well as earnings recovery. ICRA also notes the segmental diversification underway, with JS Auto having materially started supplying to customers from diverse sectors such as off-highway, automotive, material handling, agriculture, hydraulics, etc., primarily on the back of client acquisitions through BFL, reducing dependence on the wind energy segment.

Customer concentration risk with top five clients contributing around 60% to revenues – JS Auto's business operations remain vulnerable to customer concentration risks, with the company deriving about 60-65% of its revenues from its top five customers in FY2024 and 11M FY2025. Any reduction or deferment in order placements from these key customers could, therefore, impact the growth prospects of the company. However, well-established relationships with key customers over the years resulting in repeat orders and, thus, sufficient revenue visibility provide some comfort against the said risk.

Liquidity position: Adequate

JS Auto's liquidity profile is adequate, with cash flows of Rs. 40-50 crore generated annually. It is further supported by moderate cash and liquid investments, which stood at ~Rs. 4.0 crore as of March 31, 2025, and sufficient buffer in the form of undrawn working capital limits, which stood at Rs. 5.8 crore as on March 31, 2025 (with an average buffer of ~Rs. 25 crore for 9M FY2025). Against these, the company has debt repayment obligations of Rs. 35-40 crore per annum over the near-to-medium term (which is expected to be serviced through steady accrual generation), and capex requirements of Rs. 40-45 crore per annum during FY2026-FY2027 (likely to be funded through a mix of external debt and internal accruals). BFL is expected to further support the entity through equity infusion, as and when required.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company is able to considerably scale up its operations on a sustained basis, coupled with a sustained improvement in its earnings and debt coverage metrics. Improvement in the credit profile of the parent entity would also be considered favourably.

Negative factors – Any significant deterioration in the revenue base and/or profitability metrics adversely impacting the liquidity position or capital structure may warrant a revision in rating outlook and/or result in a rating downgrade. Any substantial debt-funded capital expenditure with no commensurate returns leading to adverse impact on the liquidity position and credit metrics, such that Total Debt/OPBDITA is above 2.3 times on a sustained basis, may also lead to a rating downgrade. Deterioration in the credit profile of the parent and/or weakening in linkages with the parent may also trigger a rating downgrade.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	The ratings assigned to JS Auto factors in the likelihood of its parent entity, Bharat Forge Limited, extending business and technological support. The ratings also factor in the high likelihood of BFL extending financial support to JS Auto out of the need to protect its reputation from the consequences of a Group entity's distress. BFL has already provided financial support to JS Auto in the form of ICDs and equity infusion in the recent past, highlighting the strategic importance of JS Auto to BFL and the Group.
Consolidation/Standalone	The ratings are based on the standalone financial statements of JS Auto.

About the company

Established in 2004 by Mr. S Jeevanantham as a foundry unit, JS Auto over the years has grown into a manufacturer of critical castings for various sectors such as renewable energy (wind), agriculture, off-highway, automotive, catering to entities like Vestas Wind Systems A/S, Daimler Group, ZF Group and Poclairn Group, among others. Pedestal blocks, bearing covers, brake discs, claw beam assemblies, etc., are some of the key products offered by JS Auto. The company operates through three plants in Tamil Nadu — (1) Perundurai (SIPCOT), where the major part of the foundry operations takes place, with a capacity of 65,520 MTPA, (2) Kuppepalayam facility, where machining and dispatching operations take place. It also has a smaller foundry, having capacity of 11,232 MTPA, and also offers post-production services such as painting, sub-assembling and packing/dispatching, and (3) SEZ unit (erstwhile Indo Shell), having a manufacturing capacity of 48,000 MTPA. This unit is predominantly engaged in supplying fully machined critical castings to marquee customers in the automotive industry.

The company was acquired by BFL in July 2022, as a part of the latter's diversification initiative, and to strengthen its presence in the non-automotive casting space. Accordingly, BF Industrial Solutions Limited (a wholly-owned subsidiary of BFL) holds a 100% stake in the entity at present.

Key financial indicators

JS Auto	FY2024	FY2025
Operating Income (Rs. crore)	567.3	696.7
PAT (Rs. crore)	16.3	47.6
OPBDIT/OI (%)	12.7%	14.8%
PAT/OI (%)	2.9%	6.8%
Total Outside Liabilities/Tangible Net Worth (times)	2.3	1.9
Total Debt/OPBDIT (times)	3.2	2.2
Interest Coverage (times)	3.2	4.6

Source: JS Auto, ICRA Research; PAT: Profit after Tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA:

1. Infomercials Ratings: IVR BB-/Negative/IVR A4 ISSUER NOT COOPERATING, revised from IVR BB with Negative outlook / IVR A4 and continued under ISSUER NOT COOPERATING category; press release dated October 29, 2024.
2. Acuite Ratings: ACUITE B/ACUITE A4 | Long-term rating rating downgraded, short-term rating reaffirmed | Issuer Not-Cooperating; press release dated November 6, 2024.
3. CRISIL Ratings: CRISIL B/Stable/CRISIL A4 ISSUER NOT COOPERATING; press release dated May 29, 2024.

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	June 13, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based / Non fund based Working Capital Facilities	Long-term / Short-term	75.00	[ICRA]A+(Positive)/ [ICRA]A1	-	-	28-Mar-24	[ICRA]A+(Stable)/ [ICRA]A1	5-Jan-23	[ICRA]A+(Stable)/ [ICRA]A1
Term Loan	Long-term	198.10	[ICRA]A+(Positive)	-	-	28-Mar-24	[ICRA]A+(Stable)	-	-

Source: Company

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund based / Non fund based Working Capital Facilities	Simple
Term Loan	Simple

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-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
NA	Term Loan – 1	FY2023	NA	FY2028	40.00	[ICRA]A+(Positive)
NA	Term Loan – 2	FY2023	NA	FY2028	59.60	[ICRA]A+(Positive)
NA	Term Loan – 3	FY2024	NA	FY2029	28.50	[ICRA]A+(Positive)
NA	Term Loan – 4	FY2023	NA	FY2028	70.00	[ICRA]A+(Positive)
NA	Working Capital Facilities	NA	NA	NA	75.00	[ICRA]A+(Positive)/ [ICRA]A1

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-2: List of entities considered for consolidated analysis: Not applicable

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