

September 19, 2025

## Nelcast Limited: Update on entity

### Summary of rating outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term Term Loans	175.67	175.67	[ICRA]A(Stable); Outstanding
Long-term Fund-based Limits	250.00	280.00	[ICRA]A(Stable); Outstanding
Short-term Fund-based Limits	60.00	60.00	[ICRA]A1; Outstanding
Short-term Fund-based Sub-limits	(170.00)	(180.00)	[ICRA]A1; Outstanding
Short-term Non-fund Based Limits	25.00	25.00	[ICRA]A1; Outstanding
Proposed Long-term/Short-term Fund-based Limits	89.33	59.33	[ICRA]A(Stable)/[ICRA]A1; Outstanding
<b>Total</b>	<b>600.00</b>	<b>600.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

India's exporters have been navigating a turbulent trade environment, with recent tariff hikes by the United States of America (USA or US) threatening to reshape long-standing business dynamics. The latest round of US tariffs—effective August 27, 2025—has added a punitive 25% duty on select Indian goods, pushing the effective tariff burden to nearly 60-70% in some categories when combined with pre-existing levies. This escalation places Indian exporters at a disadvantage compared to competitors in East and Southeast Asia, who face lower tariff rates.

Nelcast Limited's (Nelcast's) business is also susceptible to the turbulent trade environment as it generates more than 25% of its overall revenues from the US; accordingly, its business is exposed to the elevated tariffs.

ICRA notes that the company has been actively negotiating with its customers to pass on the increased tariff costs and many of the customers have agreed to the revised pricing, thereby limiting the impact on earnings. Nelcast's strong engineering and product development capabilities, along with established relationships and healthy business share with some of the leading global original equipment manufacturers (OEMs) in the Commercial Vehicle (CV) industry, is expected to cushion the near-term impact on operations and profitability. Moreover, the long lead time associated with product development and validation in the automotive industry, and safety-critical nature of products supplied by Nelcast, protects the company's business to a large extent from any temporary disruptions from the tariffs. In the interim, however, the working capital requirements of the company are likely to increase, even if the impact of the tariffs is passed on completely to the customers.

Nelcast's performance remained stable in Q1 FY2026, despite application of incremental 25% tariffs from March 2025 onwards (further increased to 50% from August 27, 2025) indicating steady supplies and the ability of the company to pass on increased costs. In addition, the company had cash and liquid investments of about Rs. 63.4 crore and adequate buffer in the form of unutilized working capital limits to the tune of Rs. 75-80 crore as of August 31, 2025, which continues to support its credit profile, and is likely to help the entity withstand any near-term adverse impact on earnings. Nonetheless, ICRA will continue to monitor developments on this front and its implications on Nelcast's credit profile.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Auto Components</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Nelcast Limited. Details are provided in Annexure-II.

## About the company

Nelcast is one of the larger players in the Indian ductile iron/grey castings market and manufactures several complex castings including axle housings, clutch housings and bogie suspension brackets. About 36% of the company's revenues came from exports, while about 37% and 23% came from the domestic M&HCV and tractor segments, respectively, in FY2025. The company also supplies its products to the off-highway and railways segments. Nelcast has an aggregate installed manufacturing capacity of 1,60,000 metric tonne per annum (MTPA) across its three factories in Ponneri (Tamil Nadu), Gudur (Andhra Pradesh) and Pedapariya (Andhra Pradesh). The promoters held 74.87% stake in the company, as on March 31, 2025.

## Key financial indicators (audited)

Nelcast (Consolidated)	FY2024	FY2025
Operating income	1,274.2	1,263.4
PAT	54.4	37.3
OPBDIT/OI	7.8%	8.0%
PAT/OI	4.3%	3.0%
Total outside liabilities/Tangible net worth (times)	1.2	1.1
Total debt/OPBDIT (times)	3.7	3.3
Interest coverage (times)	3.2	2.9

Amounts in Rs. crore; Source: Company, ICRA Research; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; total debt includes lease liabilities

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

**Any other information: None**

## Rating history for past three years

	Type	Current rating (FY2026)		Chronology of rating history for the past 3 years				
		Amount rated (Rs. Crore)	Date & Rating in FY2026	Date & Rating in FY2025	Date & rating in FY2024		Date & rating in FY2023	
			September 19, 2025	March 27, 2025	March 28, 2024	March 14, 2024	March 22, 2023	Aug 03, 2022
1 Long-term Term Loans	Long term	175.67	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)
2 Long-term Fund-based Limits	Long term	280.00	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)
3 Short-term Fund-based Limits	Short term	60.00	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1
4 Short-term Fund-based Sub-limits	Short term	(180.00)	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1
5 Short-term Non-fund Based Limits	Short term	25.00	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1
6 Commercial Paper Programme (CP)							[ICRA]A1; Withdrawn	[ICRA]A1
7 Proposed Long-term/Short-term Fund-based Limits	Long term/ short term	59.33	[ICRA]A (Stable)/ [ICRA]A1	[ICRA]A (Stable)/ [ICRA]A1	[ICRA]A (Stable)/ [ICRA]A1	[ICRA]A (Stable)/ [ICRA]A1	[ICRA]A (Stable)/ [ICRA]A1	[ICRA]A (Stable)/ [ICRA]A1

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term Term Loans	Simple
Long-term Fund-based Limits	Simple
Short-term Fund-based Limits	Simple
Short-term Fund-based Sub-limits	Simple
Short-term Non-fund Based Limits	Very Simple
Proposed Long-term/Short-term Fund-based 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	Term loans	FY2018-FY2023	9.25%	FY2028-FY2029	175.67	[ICRA]A(Stable)
NA	Long-term Fund-based Limits	NA	NA	NA	280.00	[ICRA]A(Stable)
NA	Short-term Fund-based Limits	NA	NA	NA	60.00	[ICRA]A1
NA	Short-term Fund-based Sub-limits	NA	NA	NA	(180.00)	[ICRA]A1
NA	Short-term Non-fund Based Limits	NA	NA	NA	25.00	[ICRA]A1
NA	Proposed Long-term/Short-term Fund-based Limits	NA	NA	NA	59.33	[ICRA]A(Stable)/[ICRA]A1

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
NC Energy Limited	100.00%	Full Consolidation

Source: Company

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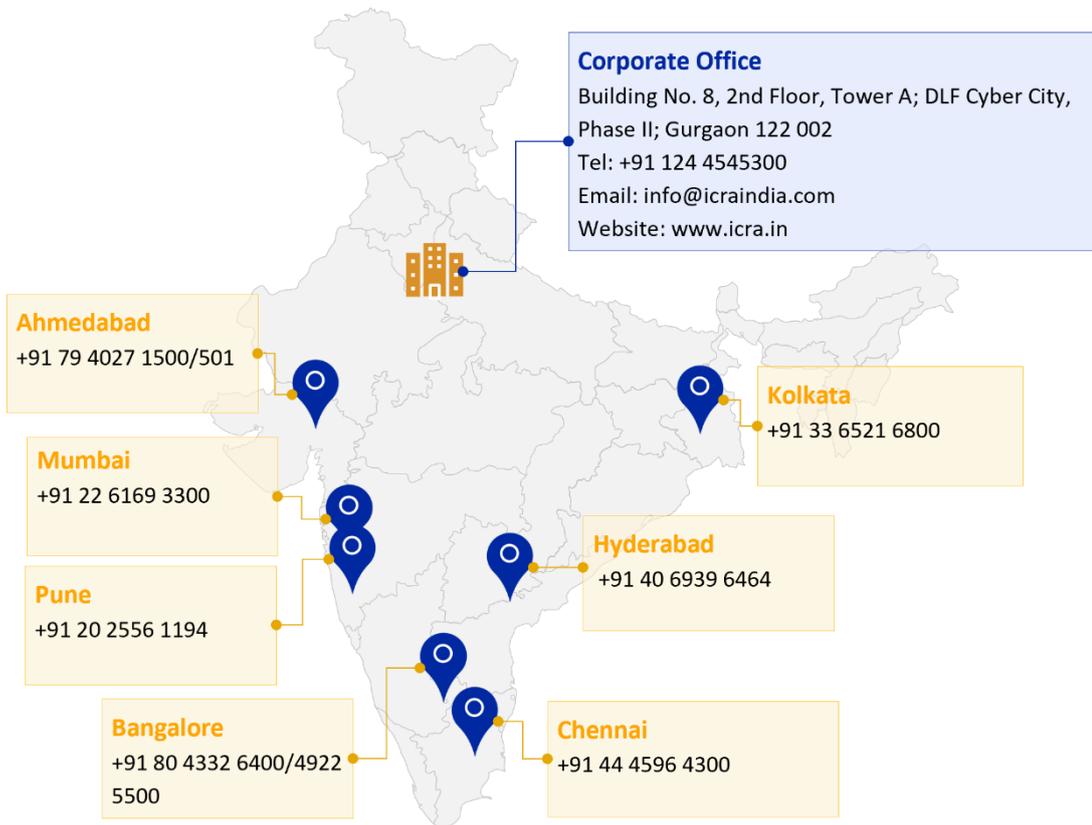
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