

September 23, 2025

Roots Cast Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based - Cash credit	20.75	20.75	[ICRA]BBB (Stable); reaffirmed
Long term - Term loan	15.78	12.77	[ICRA]BBB (Stable); reaffirmed
Short term - Non-fund based – Bank guarantee	4.00	4.00	[ICRA] A3+; reaffirmed
Long term/Short term - Unallocated	-	3.01	[ICRA]BBB (Stable)/ [ICRA] A3+; reaffirmed
Total	40.53	40.53	

*Instrument details are provided in Annexure I

Rationale

The reaffirmation of the ratings continues to factor in Roots Cast Private Limited's (RCPL) operational track record, its established position in aluminium die-casting and a diverse product profile. The ratings favourably note the company's established relationship with reputed customers from various sectors, such as auto components, white goods, healthcare, railways, etc., along with a track record of repeat orders.

ICRA notes that RCPL is a part of the established Roots Group, with a demonstrated track record of operational support. The ratings also consider its comfortable debt protection metrics with interest coverage of 6.4 times and TD/OPBITDA of 1.9 times in FY2025.

The ratings, however, remain constrained by RCPL's moderate scale of operations, limiting the benefits arising from the economies of scale as well as other operational and financial flexibility. The revenues remained flat at ~Rs.180 crore in FY2025. The ratings are further constrained by the company's moderate profitability and its working capital profile, characterised by high creditor level. The ratings also consider a moderate net worth position with TOL/TNW at 1.5 times as on March 31, 2025.

The Stable outlook on the rating reflects ICRA's expectation that RCPL is likely to sustain its operating metrics. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, which will help expand the product portfolio, will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Established position in aluminium die-casting industry - RCPL is an established player in the aluminium die-casting segment and has good relationships with major customers, resulting in repeat orders. The company has a reputed clientele in the export and domestic segments. ICRA notes that RCPL is a part of the established Roots Group, which has extensive experience in auto components and industrial cleaning machines. ICRA also positively considers the operational linkages with stronger group companies.

Diversified revenue stream - The company's products are backed by orders from customers from diverse industries, such as auto components, hydraulics/pneumatics, white goods, aerospace, healthcare, railways, etc. Further, RCPL's revenue stream is diversified with presence in both the domestic and export markets. Hence, its operations are protected to an extent from

the cyclicity in any industry or a region. Similarly, RCPL has moderate customer concentration in the export and domestic segments. In FY2025, the company's top five customers contributed to around 18% of the overall revenue.

Comfortable debt protection metrics - RCPL's debt levels decreased in FY2025 along with a gearing of 0.6 times and interest cover of 6.4 times. Moreover, the increase in scale and an expected improvement in profit margins is likely to ensure that the overall capital structure and debt protection metrics remain comfortable with an estimated gearing and interest coverage in FY2026 largely to remain in line with FY2025 numbers.

Credit challenges

Moderate scale of operations - RCPL's scale of operations remains relatively moderate as it operates in the intensely competitive and fragmented aluminium die-casting industry. Besides the highly competitive and fragmented nature of the industry, RCPL's pricing power is limited by its clientele comprising large MNCs. Moreover, considering its moderate operations, benefits from the economies of scale will be limited for RCPL vis-à-vis other entities with a much larger scale in this segment.

Moderate profitability - The company's operating margins remain moderate (OPM of ~7-9% in past three fiscals) on account of high labour costs and job work expenses. Nonetheless, ICRA takes comfort from the realisations, which are primarily on a cost-plus basis. This provides stability to the operating margins. Further, RCPL's profitability remains relatively hedged from raw material price fluctuations due to order-backed procurement and price variation clauses in its contracts with most of its customers.

Elevated working capital intensity - The company's working capital intensity is elevated due to the high requirement for tooling components for the ongoing product development and the manufacturing process (~79 inventory days in FY2025). While the holding level of raw materials is relatively low for the company, the work-in-progress inventory remains high. This is mainly because of the several processes involved in making the components. RCPL's creditor days were at around 147 days and the debtor days at around 86 days in FY2025. A significant portion of the inventory holding is funded by creditors, resulting in high TOL/TNW of 1.5 times as on March 31, 2025.

Liquidity position: Adequate

The company's liquidity profile is adequate with the cash flow from operations estimated to be sufficient to service the debt obligations. The average working capital utilisation is around 47% of the sanction limits for the last 16 months ended July 2025. The company will be undertaking a capex of ~Rs. 27 crore over FY2026 and FY2027, which will be funded through a term loan (~Rs. 18 crore) and the balance through internal accruals. The company has a repayment obligation of ~Rs. 5.83 crore in FY2026 which would be met from the cash flows from operations.

Rating sensitivities

Positive factors – ICRA could upgrade RCPL's ratings upon a sustained increase in scale along with an improvement in the profit margins and liquidity position.

Negative factors – Pressure on RCPL's ratings could arise if there is a significant decline in the company's revenue or profitability, which will weaken the debt protection metrics. The ratings can also be downgraded if the liquidity profile is stretched. A specific credit metric for downgrade includes interest cover of less than 3 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on RCPL's standalone financial statements.

About the company

RCPL, established in 1984, is involved in activities like tool design, tool manufacturing, die-casting, machining and surface finishing. It is a major player in the pressure die-casting industry, catering to industries requiring pressure-tight and porosity-free castings with critical tolerances and surface finishes. It manufactures aluminium die-casting components for the automobile, healthcare and other engineering industries with a plant in Coimbatore. It is a part of the major industrial group, the Roots Group, and serves reputed customers in India as well as abroad, such as LMW, Bosch, Philips, BSH Household Appliances etc.

Key financial indicators (audited)

RCPL (Standalone)	FY2024	FY2025
Operating income	178.8	180.4
PAT	6.6	7.4
OPBDIT/OI	8.3%	9.1%
PAT/OI	3.7%	4.1%
Total outside liabilities/Tangible net worth (times)	1.6	1.5
Total debt/OPBDIT (times)	2.3	1.9
Interest coverage (times)	5.5	6.4

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

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					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Sep 23, 2025	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	20.75	[ICRA]BBB (Stable)	Jun 05, 2024	[ICRA]BBB (Stable)	-	-	Feb 27, 2023	[ICRA]BBB (Stable)
				May 30, 2024	[ICRA]BBB (Stable)	-	-		
Term loan	Long term	12.77	[ICRA]BBB (Stable)	Jun 05, 2024	[ICRA]BBB (Stable)	-	-	Feb 27, 2023	[ICRA]BBB (Stable)
				May 30, 2024	[ICRA]BBB (Stable)	-	-		
Non-fund based	Short term	4.00	[ICRA] A3+	Jun 05, 2024	[ICRA] A3+	-	-	Feb 27, 2023	[ICRA] A3+
				May 30, 2024	[ICRA] A3+	-	-		
Unallocated limits	Long term/Short term	3.01	[ICRA]BBB (Stable)/[ICRA]A3+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Fund based - Cash credit	Simple
Fund based - Term loan	Simple
Non-fund based facilities - Bank guarantee	Very 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	Cash credit	-	-	-	20.75	[ICRA]BBB (Stable)
NA	Term loan	Aug 2021	-	Apr 2030	12.77	[ICRA]BBB (Stable)
NA	Bank guarantee	-	-	-	4.00	[ICRA]A3+
NA	Unallocated	-	-	-	3.01	[ICRA]BBB (Stable)/ [ICRA]A3+

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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