October 31, 2025

Sandfits Foundries 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 TL	22.88	38.50	[ICRA]A (Stable); reaffirmed
Long-term – Fund-based CC	30.00	30.00	[ICRA]A (Stable); reaffirmed
Short-term – Non-fund based	1.50	0.00	-
Short-term – Fund-based	15.00	0.00	-
Long-term / short-term – Unallocated	0.62	1.50	[ICRA]A (Stable)/ [ICRA]A2+; reaffirmed
Total	**70.00**	**70.00**	

**Instrument details are provided in Annexure I*

Rationale

The ratings outstanding on the bank lines of Sandfits Foundries Private Limited (SFPL) remain supported by its strong business and financial risk profile. The company recorded marginal revenue growth of around 4% in FY2025(Provisional), aided by contributions from its traditional business and the newly acquired foundry. The growth was tempered by a decline in orders from key clients in the commercial vehicle and earthmoving segments, attributable to cyclical demand softness, inventory rationalisation, and vendor diversification by OEMs. However, revenues have improved in the current year, supported by new client additions. SFPL's operating margins expanded by 240 basis points to 18.6% in FY2025, driven by lower raw material procurement costs, an improved material mix, and better operational efficiencies. SFPL's business profile remains supported by its diversified presence across end-user industries, including passenger vehicles, tractors, mining and construction equipment, textiles, and general engineering.

The company continues to benefit from its established relationships with reputed OEMs, which provide revenue stability and visibility. However, earnings remain exposed to the inherent cyclicality in key segments such as commercial vehicles and earthmoving equipment, which could impact order flows in the near term. The company is in the midst of a large capex of Rs. 200-220 crore (during FY2025-27), including the acquisition of a foundry in FY2025, along with incremental investments in automation of the foundry and capacity expansion to support order wins from new customer additions. The capex, being funded through a mix of internal accruals and debt, is expected to enhance its scale, although timely ramp-up of operations will be a key monitorable. The ratings continue to factor in the competitive intensity of the foundry industry, which limits pricing flexibility, especially with large OEMs. Additionally, the company's margins remain susceptible to volatility in raw material prices, although recent trends have been favourable.

The Stable outlook on the long-term rating of SFPL reflects the expected improvement in revenue, accruals and debt protection metrics of the company, supported by favourable demand for its products from end-user segments.

Key rating drivers and their description

Credit strengths

Strong operational profile, with diversified presence across industries and a reputed clientele - SFPL's business risk profile is strong, supported by the promoter's vast experience and the company's established presence in the castings industry, supplying components to diverse end-user industries, namely auto (accounting for around 52% of revenues in FY2025), tractors (17%), earthmoving (15%), textiles (3%), and others (oil & gas, railways, pumps - 13%). This insulates its earnings against any exogenous shocks or demand slowdown in a specific industry. SFPL also has a reputed client profile with whom it enjoys established relationships, resulting in repeat orders over the years.

Significant experience of promoters in the foundry industry – SFPL, incorporated in 1962, has a long track record of manufacturing grey iron and SG iron castings that find applications across diverse industries. At present, SFPL is managed by Mr. R. Saravanan, who has over three decades of experience in the castings business and is well supported by a qualified and experienced management team. The promoter's long-standing experience, supported by a strong management team, continues to support SFPL's ability to sustain business with existing customers and secure new deals from both domestic and export markets.

Financial profile characterised by healthy profit margins and strong debt metrics – SFPL recorded revenue growth of around 4% YoY in FY2025 (provisional), driven by a mix of growth from its traditional business and contributions from the newly acquired foundry. The growth was partially offset by a significant decline in revenues from key clients. However, revenues have improved in the current year, supported by new client additions. SFPL's operating profitability improved, with EBITDA margins expanding by 240 basis points to 18.6% in FY2025, driven by lower raw material procurement costs, an improved material mix and operational efficiencies. SFPL's capitalisation and coverage indicators moderated marginally (owing to increased debt levels), yet remain strong, with a gearing of 0.3 times, total debt/OPBITDA of 0.9 times as on March 31, 2025, along with an interest coverage of 16.0 times and a DSCR of 4.2 times for FY2025. Despite the expected increase in debt to fund the capex, ICRA expects the debt coverage metrics to remain comfortable going forward.

Credit challenges

Earnings vulnerable to cyclicality in end-user industries – The company's revenues are vulnerable to the cyclicality of the end-user industries such as M&HCV, tractors, and earthmovers, wherein any fall in offtake from its major customers may impact SFPL's revenue, as seen in FY2025, when the company's segment-wise revenues were broadly similar to FY2024, owing to muted volume growth in the earthmover and auto sectors.

Execution risks for ongoing capex programme, including integration of new assets and timely ramp-up of supplies to new customers – The company is in the midst of large capex plans, with total investments of around Rs. 200-220 crore (spread over FY2025-FY2027) for the acquisition of a foundry, additional investments in the foundry, and a new plant to meet the requirements of two new clients. Successful execution depends on seamless integration of the acquired foundry into existing operations, ensuring process alignment and quality consistency. Additionally, timely commissioning and ramp-up of the new plant will be critical to meeting supply commitments to new customers, avoiding delays in revenue generation, and maintaining customer confidence.

Liquidity position: Adequate

SFPL's liquidity is adequate, with estimated retained cash flows of Rs. 55.0-65.0 crore in FY2026, along with adequate cash and bank balances and liquid investments of around Rs. 10 crore as on March 31, 2025. SFPL's capex plans are being funded through a mix of long-term debt and internal accruals, and it has a debt repayment obligation of around Rs. 15 crore in FY2026. Overall, ICRA expects SFPL to be able to meet its near-term commitments through internal sources of funds.

Rating sensitivities

Positive factors – An upward trigger in the ratings could arise from SFPL's ability to achieve healthy growth in revenue and earnings on a sustained basis, while maintaining its debt capitalisation and coverage metrics.

Negative factors – Pressure on SFPL's ratings could arise if debt levels increase due to higher working capital requirements or any large capex, resulting in deterioration of total debt/OPBITDA to over 2.0 times on a sustained basis. Any sharp decline in the top line and earnings, on a sustained basis, could also exert pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Sandfits Foundries Private Limited, founded by Mr. A. V. Varadharajan, was established in 1962. It was converted into a private limited company in 1993. The company primarily manufactures grey iron and SG iron castings that find application in automotive, tractors, earthmoving equipment, textile, and heavy engineering industries. The company is closely held by Mr. R. Saravanan and family at present. It operates with three units at Coimbatore, Tamil Nadu, with an installed production capacity of 60,120 MT per annum. The company also has captive windmill and solar power plant with a production capacity of 6.15 MW and 5 MW, respectively.

Key financial indicators (audited)

Sandfits Foundries Private Limited	FY2024	FY2025*
Operating income	386.5	402.4
PAT	35.9	39.8
OPBDIT/OI	16.2%	18.6%
PAT/OI	9.3%	9.9%
Total outside liabilities/Tangible net worth (times)	1.0	0.9
Total debt/OPBDIT (times)	1.0	0.9
Interest coverage (times)	17.1	16.0

*Source: Company, ICRA Research; * Provisional numbers; 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

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Oct 31, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund Based - TL	Long term	38.50	[ICRA]A (Stable)	Jul 30, 2024	[ICRA]A (Stable)	Apr 10, 2023	[ICRA]A (Stable)	Oct 31, 2022	[ICRA]A- (Positive)
Fund Based - CC	Long term	30.00	[ICRA]A (Stable)	Jul 30, 2024	[ICRA]A (Stable)	Apr 10, 2023	[ICRA]A (Stable)	Oct 31, 2022	[ICRA]A- (Positive)
Non-Fund Based	Short term	0.00	-	Jul 30, 2024	[ICRA]A2+	Apr 10, 2023	[ICRA]A2+	Oct 31, 2022	[ICRA]A2+
Fund Based	Short term	0.00	-	Jul 30, 2024	[ICRA]A2+	Apr 10, 2023	[ICRA]A2+	Oct 31, 2022	[ICRA]A2+
Unallocated	Long term/ Short term	1.50	[ICRA]A (Stable) / [ICRA]A2+	Jul 30, 2024	[ICRA]A (Stable) / [ICRA]A2+	Apr 10, 2023	[ICRA]A (Stable)/ [ICRA]A2+	Oct 31, 2022	[ICRA]A- (Positive)/ [ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - fund based TL	Simple
Long term - fund based - CC	Simple
Long term / Short term – Unallocated	Not applicable

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	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Term loan**	Mar 2020	Sep 2025	0.85	[ICRA]A(Stable)
NA	**Term loan**	May 2023	May 2027	5.90	[ICRA]A(Stable)
NA	**Term loan**	Apr 2024	Mar 2029	16.13	[ICRA]A(Stable)
NA	**Term loan**	Apr 2025	Apr 2033	15.62	[ICRA]A(Stable)
NA	**Cash credit**	-	-	30.00	[ICRA]A(Stable)
NA	**Unallocated limits**	NA	NA	1.50	[ICRA]A(Stable)/[ICRA]A2+

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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