

November 21, 2025 (Revised)

SKS Fasteners Limited: Ratings reaffirmed; outlook revised to Positive

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term, fund based – Cash credit	21.96	21.96	[ICRA]A- (Positive); reaffirmed and outlook revised to Positive from Stable
Long term, fund based – Term loan	9.44	9.44	[ICRA]A- (Positive); reaffirmed and outlook revised to Positive from Stable
Short term, non-fund based – Letter of credit	24.50	24.50	[ICRA]A2+; reaffirmed
Total	55.90	55.90	

*Instrument details are provided in Annexure I

Rationale

The Positive outlook on the ratings of SKS Fasteners Limited (SKS) factors in the expectations of further improvement in its revenues and operating profit margins (OPM) following the ongoing capacity expansion programme and continued healthy demand from its customer base. The company reported a YoY revenue growth of 21% and 14% in FY2024 and FY2025, respectively, led by increase in export revenues, while maintaining robust OPM of 16-18%. This trend is expected to sustain, given the healthy demand environment as well as the ongoing capacity expansion through which SKS plans to cater to new customers and increase its product offerings.

SKS is in the midst of doubling its manufacturing capacity to 60,000 metric tonnes per annum (MTPA). The total capital expenditure (capex) is pegged at Rs. 200 crore, expected to be incurred over FY2026 and FY2027. The same is being funded through fresh equity infusion of Rs. 82.5 crore (Rs. 72.5 crore in FY2025 and Rs. 10 crore in YTD FY2026), term debt of Rs. 10 crore and the balance largely through internal accruals. The company has received a sanction of another Rs. 10-crore term loan towards part reimbursement of capex incurred in FY2025. Given the healthy cash flows, SKS' reliance on debt is expected to remain limited, adequately supporting the credit metrics.

The ratings continue to factor in SKS' established position as a key supplier of fasteners in the domestic automotive sectors, and its promoter's extensive experience in the business. The ratings continue to take comfort from SKS' reputed customer base, which includes major original equipment manufacturers (OEMs) from the medium and heavy commercial vehicle (M&HCV) segment and its healthy capitalisation and coverage metrics. Further, ICRA notes that the company is looking to add a few more reputed OEMs to its client base over the next couple of years.

The ratings, however, remain constrained by the intense competition faced by SKS on account of the highly fragmented nature of the industry, which limits its pricing flexibility. It also continues to be exposed to the inherent cyclicity in the commercial vehicle (CV) segment, given its high share of revenue from the sector (around 70% in FY2025) and exposure to raw material price fluctuation risk. However, the latter is mitigated to some extent by the price reimbursement agreements in place with its customers. SKS' profitability also remains exposed to foreign exchange (forex) rate volatility in the absence of a defined hedging mechanism amid its growing revenue share from exports, which stood at around 24% in FY2025.

Key rating drivers and their description

Credit strengths

Established track record of over 20 years of the promoters in the auto ancillary business – SKS was established in 1996 and is promoted by Mr. Sushil Kumar Bindal, who is also the Managing Director. It is also managed by Mr. Sudhanshu Bindal, who has been with the company for over 10 years.

Diversified customer base with presence across automobile segments – The company has presence across multiple automotive segments like two-wheelers (2Ws), passenger vehicles (PVs) and CVs, construction equipment vehicles and electrical goods suppliers, with the largest segment (CV) generating approximately 70% of its revenues in FY2025. SKS has a long association with established players in the industry, such as Mahindra & Mahindra Limited, Tata Motors Limited and Ashok Leyland Limited, which drive a substantial share of its revenues. SKS has also been present near the key automotive hubs of its clients across the country. In the non-automotive segment, SKS caters to customers which manufacture transformers, switchboards and gear boxes for the power transmission industry. The company is gradually scaling up exports to further diversify its customer profile. Revenue from exports rose 54% on a YoY basis to Rs. 96 crore in FY2025 and accounted for around 24% of revenues.

Healthy margin profile and comfortable capital structure and debt protection metrics – SKS' OPM improved in FY2025 to 17.7% against 16.5% in FY2024 due to decline in raw material prices and improvement in product mix, coupled with a rising share of exports. SKS' capital structure also remains comfortable, with a gearing of 0.3 times as on March 31, 2025, supported by equity infusion of Rs. 72.5 crore in FY2025. Low debt levels and healthy OPMs have resulted in comfortable credit metrics, with total debt vis-à-vis operating profit before depreciation, interest, taxes and amortisation (OPBITDA) of 0.9 times and an interest coverage ratio of 8.6 times in FY2025. Despite its planned capex over the near-to-medium term, SKS is expected to continue to report healthy credit metrics, supported by its healthy cash flows.

Credit challenges

Intense competition from organised and unorganised players in the industry limits pricing flexibility – SKS faces competition from organised as well as unorganised players in the domestic fastener industry, thereby limiting its pricing power. The same is partially mitigated by manufacturing customised fasteners, which require rigorous specifications and precision machinery, that help SKS in getting repeat orders from customers and act as an entry barrier for new entrants.

Exposed to raw material price fluctuation risk and forex volatility – Raw material costs constitute 50-55% of the company's operating costs, with steel being the key raw material. The prices of steel move in tandem with the commodity cycle and, hence, are subject to fluctuations. SKS has price reimbursement agreements with key customers, which enable it to largely pass on price fluctuations to end customers. However, its ability to negotiate prices with significant clients to protect its margins in the future will remain a key monitorable. The company's share of export sales increased to more than 23% in FY2025 from 1% in FY2019. This exposes SKS' profitability to adverse movement in forex rates, given its rising dependence on exports and the absence of a defined hedging mechanism. However, the company mainly utilises packing credit in foreign currency (PCFC) limits, which act as a natural hedge to some extent.

Exposed to inherent cyclical in the automobile industry – SKS generates more than 60% of its revenues from the automotive segment, which exposes its revenues to the inherent cyclical in the industry. Given this dependence, the company posted a sharp decline in revenues in FY2020 and a modest growth in FY2021, amid slowdown in the sector. However, the company reported a healthy revenue growth of 14% in FY2025 on account of strong demand from the industry.

Liquidity position: Adequate

The liquidity position of the company remains Adequate with Rs. 75.4 crore of free cash and liquid investments as on March 31, 2025, and undrawn working capital limits of Rs. 1.8 crore. SKS is expected to generate adequate fund flow from operations of Rs. 60-65 crore in FY2026, driven by stable demand. The debt repayment obligations stand at Rs. 5.6 crore for FY2026. The company has a capex plan of Rs. 200 crore over FY2026-FY2027, of which Rs. 70 crore is projected to be incurred in FY2026. Capex to be incurred in FY2026 is expected to be funded by a mix of Rs. 82.5 crore of equity proceeds, term loan of Rs. 10 crore and internal accruals. SKS has received a sanction for another Rs. 10 crore term loan towards part reimbursement of capex incurred in FY2025. The same remains undrawn as on date.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if SKS’ scale and net worth improve significantly, while maintaining profitability and adequate liquidity on a sustained basis.

Negative factors – The outlook may be revised to Stable in case of a slower-than-anticipated ramp-up in revenues and cash flows. Sharp decline in operating profitability, pressurising the liquidity position of the company, or a weakening in debt coverage indicators, will exert downgrade pressure. Total debt/OPBDITA above 2.0 times on a sustained basis could also exert downgrade pressure.

Analytical approach

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

About the company

SKS Fasteners Limited was established in 1996 to manufacture high tensile fasteners for the automotive sector. The company manufactures various fasteners like screws, studs, bolts and socket heads. It caters to the automotive segment as well as construction equipment manufacturers and is also a distributor for Durasok’s socket heads, a brand of Shanghai Autocraft Company Limited, China. SKS has a manufacturing facility at Chakan, Pune.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	371.0	421.7
PAT	32.3	42.7
OPBDIT/OI	16.5%	17.7%
PAT/OI	8.7%	10.1%
Total outside liabilities/Tangible net worth (times)	1.1	0.6
Total debt/OPBDIT (times)	0.9	0.8
Interest coverage (times)	6.8	8.6

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

Instrument	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Nov 21, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long term	21.96	[ICRA]A- (Positive)	Aug 27, 2024	[ICRA]A- (Stable)	Jun 26, 2023	[ICRA]BBB+ (Positive)	Apr 04, 2022	[ICRA]BBB+ (Stable)
Fund-based – Term loan	Long term	9.44	[ICRA]A- (Positive)	Aug 27, 2024	[ICRA]A- (Stable)	Jun 26, 2023	[ICRA]BBB+ (Positive)	Apr 04, 2022	[ICRA]BBB+ (Stable)
Non-fund based – Letter of credit	Short term	24.50	[ICRA]A2+	Aug 27, 2024	[ICRA]A2+	Jun 26, 2023	[ICRA]A2	Apr 04, 2022	[ICRA]A2

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Cash credit	Simple
Long-term – Fund-based – Term loan	Simple
Short-term – Non-fund based – Letter of credit	Very 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 I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund-based – Cash credit	NA	NA	NA	21.96	[ICRA]A- (Positive)
NA	Fund-based – Term loan	FY2016	NA	FY2029	9.44	[ICRA]A- (Positive)
NA	Non-fund based	NA	NA	NA	24.50	[ICRA]A2+

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not applicable
Corrigendum

Change Done in Complexity Indicator for letter of credit from Simple to Very Simple

S

ANALYST CONTACTS

Jitin Makkar

+91 124 4545328

jitinm@icraindia.com

Kinjal Shah

+91 22 6114 3400

kinjal.shah@icraindia.com

Sakshi Suneja

+91 22 6169 3349

sakshi.suneja@icraindia.com

Viren Jhunjunwala

+91 22 6169 3328

viren.jhunjunwala@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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.

For more information, visit www.icra.in

ICRA Limited



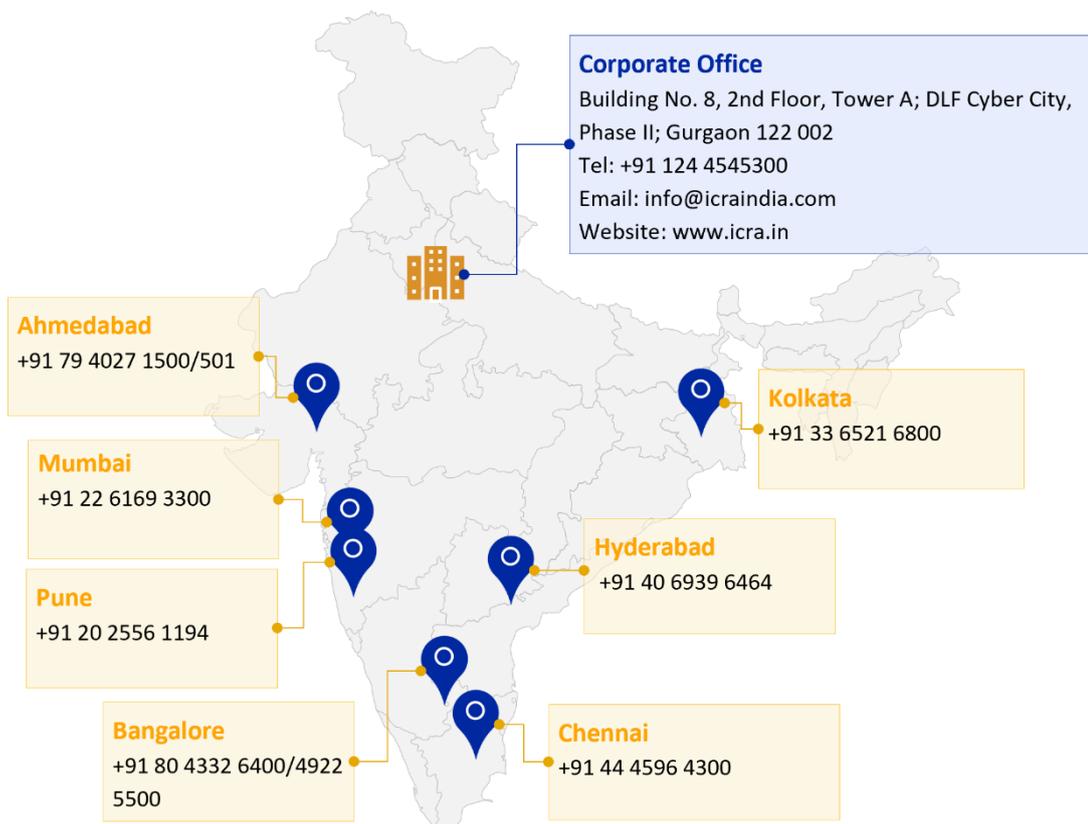
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.