

April 27, 2026

SFS Group India Private Limited (erstwhile Indo Schottle Auto Parts Private Limited): Ratings reaffirmed

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 facilities	142.50	111.25	[ICRA]A+ (Stable)/[ICRA]A1; reaffirmed
Long-term – Fund-based – Term loans	170.00	80.00	[ICRA]A+ (Stable); reaffirmed
Total	312.50	191.25	

*Instrument details are provided in Annexure II

Rationale

The ratings reaffirmation for SFS Group India Private Limited (erstwhile Indo Schottle Auto Parts Private Limited) (SFS) factors in its diversified business profile across geographies and automotive segments, along with its association with reputed clients in the domestic as well as overseas markets, which provides sufficient revenue visibility and supports its growth prospects. ICRA also notes its dominant market share in the domestic valve collets and rocker arm screw market, although the overall market size remains limited. The company continues to enjoy strong support from the SFS Group (its parent group) in terms of technical knowledge and access to European customers.

The ratings also consider SFS' steady business risk profile over the years, demonstrated by a sustained revenue growth momentum and healthy operating profitability, with expectations that revenue growth momentum will be maintained going forward. The company reported a moderate 7% year-over-year (YoY) revenue growth to Rs. 481.9 crore in CY2025. While it saw some impact on export sales to the United States in H2 CY2025 due to the increased trade tariffs having a bearing on demand, the same was offset by higher domestic sales during the year, with Goods & Services Tax (GST) rate cuts supporting the demand ecosystem. The company continued to demonstrate comfortable profitability, with operating profit margin (OPM) being 22.3% in CY2025 (previous year/PY: 23.1%). SFS demonstrates a healthy liquidity profile, characterised by ample cash and liquid investments as well as unutilised working capital lines. Owing to its robust accrual generation and operational/technical support extended by Group companies, the company's dependence on external financing has historically remained low, leading to strong leverage and coverage indicators, as reflected by comfortable TD/OPBITDA and gearing of 0.8 times and 0.2 times on December 31, 2025, respectively. It is to be noted that the sizeable debt-funded capital expenditure (capex) undertaken in CY2025 would have some influence over the leverage and coverage indicators over the near-to-medium term; however, healthy profitability driving the comfortable accruals position continues to provide stability to the capital structure.

SFS has also set up an electronics division (a segment where its parent entity is already present), which is expected to support the improvement in the company's segmental diversification while augmenting its revenue growth prospects. A timely and sustained ramp-up in the operations of the electronics division while maintaining current healthy profitability levels remains a monitorable.

The ratings, however, remain constrained by the moderate scale of operations, although the ongoing client addition and sectoral diversification are expected to support future revenue prospects. In line with the capital-intensive nature of the industry it operates in, SFS continues to demonstrate a low asset turnover (with operating income/gross block in the range of 70-80%), and accordingly, the capacity expansion it undertakes takes some time to stabilise. The company undertook sizeable capex in CY2024-CY2025 (around Rs. 280 crore), partly funded by debt, mainly towards setting up a greenfield facility for the electronics division. With this, the debt-funded capex led to an increase in leverage in CY2025 (with total debt rising from Rs.

12.5 crore as on December 31, 2024 to Rs. 83.7 crore as on December 31, 2025). However, the strong cash flow generation of the existing business is expected to support the leverage and coverage metrics. ICRA does note that capacity expansion will help the company scale up in the electronics division, where it has a significant technological advantage in the domestic market. The timely commencement of operations of this project, along with generation of commensurate returns from the same, remain key credit monitorables. The company faces the impending risk of electrification in the automotive industry, owing to its presence in components for engines and their peripheral systems. The capacity expansion plan to diversify into the non-automotive space augurs well to mitigate against the electrification risk.

ICRA takes note of the impact of the geopolitical situation in West Asia on the business operations of SFS, mainly in the form of elevated fuel costs, supply chain disruptions for a few imports and manpower-related challenges; although the company has been undertaking active measures to mitigate the said impact. With this backdrop, any impact of West Asia's geopolitical situation on its profitability remains a key monitorable in the near term.

The Stable outlook on the long-term rating reflects ICRA's expectations that SFS will continue to benefit from its established track record, technological support and financial flexibility as part of the SFS Group. The established relationships with its key clientele are anticipated to provide it with sufficient revenue visibility over the near-to-medium term. Venturing into the electronic manufacturing business is likely to aid revenue growth momentum while also offering segmental diversification to the company over the medium-to-long term. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, to further expand the capacity 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

Diversified presence across geographies and automotive businesses along with reputed client base – SFS primarily manufactures high-precision machined components for engines, turbo chargers, fuel systems, hydraulics and safety parts for the automotive industry, with presence across multiple automotive sub-segments such as passenger vehicles (PV), commercial vehicles (CV) and off-highway vehicles. It has also recently expanded into the electronics business, which augurs well for improving segmental diversification, going forward. Further, the company is diversified across geographies like India, the USA and Europe. SFS also benefits from an established and reputed client base, supplying to entities with strong credit profiles, leading to low counterparty risks.

Technological support from SFS Group – SFS Group AG is a Swiss manufacturer and supplier of precision cold-formed components, special fasteners and mechanical fastening elements. With its presence in a similar business sector, the company benefits from the SFS Group's technical know-how and access to European customers. It enjoys technological support from the SFS Group, especially in the cold forming technology. As of December 31, 2025, SFS Intec Holding AG held a 99.74% stake in the company, with SFS slated to become a wholly-owned subsidiary of the SFS Group in the near term.

Dominant share in domestic valve collets and rocker arm screw market – SFS commands a dominant market share in the domestic valve collets and rocker arm screw market. Although the overall market size in this segment remains limited, the company benefits from its reputed clientele and healthy wallet share with its key clients. Aided by robust market presence and significant wallet share with key customers, it enjoys premium pricing for its product offerings. The company continues to supply valve collets and rocker arm screws to a majority of the leading PV and CV original equipment manufacturers (OEMs) in India, underscoring its dominant presence in the domestic automotive market.

Healthy operating profitability and comfortable coverage metrics – SFS reported a moderate 7% YoY revenue growth in CY2025, with the company continuing to demonstrate healthy profitability (OPM: 22.3% in CY2025). Moreover, the overall coverage indicators remained comfortable with Total Debt/OPBDITA of 0.8 times as of December 31, 2025 (PY: 0.1 times), and interest cover of 78.5 times in CY2025 (PY: 100.0 times). The liquidity position is also comfortable, with cash and liquid investments, coupled with buffer from undrawn bank lines at Rs. 125 crore as of December 31, 2025. While sizeable debt-funded capex undertaken in CY2025 would have a bearing on SFS' capital structure and coverage metrics over the near-to-

medium term, comfort is drawn from the robust net worth position and healthy accruals generation demonstrated by the company over the years, with expectations of the same to continue, going forward.

Credit challenges

Commensurate returns from the sizeable capex incurred in CY2025 remain key monitorable – SFS undertook sizeable debt-funded capex in CY2025 (around Rs. 160 crore) mainly towards setting up a greenfield production facility dedicated to its electronics division, with further capex of Rs. 60-70 crore lined up for CY2026. Generation of commensurate returns from the sizeable capex undertaken in CY2025 remains a key monitorable, as any slower-than-anticipated ramp-up in the scale-up of operations for the greenfield facility could have a bearing on the company's operating metrics.

Moderate scale of operations; exposed to inherent cyclicality in automotive industry – With an operating income of Rs. 481.9 crore in CY2025, SFS' scale of operations remains moderate compared to other rated entities in a similar rating category in the auto component sector. However, the company's presence in a niche business segment with relatively high entry barriers (because of capital intensity and long validation cycle) provides some comfort. While its revenues are currently susceptible to the inherent cyclicality associated with the automotive industry, its plans to expand its presence into the electronics segment are expected to help mitigate this to some extent over the medium term. Moreover, presence across multiple automotive segments (PV, CV as well as off-highway) offer cushion to an extent against any segment-specific slowdown risk.

Low asset turnover given the capital-intensive nature of business – SFS has historically reported a low asset turnover, with operating income/gross block in the range of 70-80%, reflective of the capital-intensive nature of the industry it operates in. Therefore, the capacity expansion undertaken for the automotive division takes time to stabilise. Nevertheless, comfort is drawn from the high entry barriers in the industry that the company operates in, leading to healthy profitability over the years. ICRA does note that despite the low asset turnover, the return on capital employed (RoCE) was robust at 21.7% in CY2025 (PY: 23.1%), led by strong operating profitability. That said, the profitability is expected to get impacted to a certain extent in the nascent stage of operations of the electronics division over the near term, which is likely to result in a transitory contraction of RoCE, with subsequent recovery envisaged as and when the electronics division scales up its operations.

Impending risk of electrification in automotive industry – With many products from its present portfolio used in internal combustion engines (ICE) and their peripheral systems, SFS remains vulnerable to the risk of electrification in the automotive industry. With the pace of electrification gradually gaining momentum in recent years, the company's ability to de-risk its business model against electrification risks continues to be a key credit monitorable. SFS plans to enhance its focus on powertrain-agnostic components (such as the safety parts used in automobiles), which, coupled with sectoral diversification into non-automotive segments through manufacturing for electronics business, is expected to help mitigate the risk of electrification going forward. Further, the company has been increasing its presence in the safety parts used in automobiles. SFS' current revenues are largely driven by the automotive sector, accounting for 85-90%; however, with the expansion of the electronics business, the reliance on the automotive sector is anticipated to moderate over the medium term.

Liquidity position: Adequate

SFS' liquidity profile is Adequate, supported by its cash and liquid investments and undrawn working capital facilities aggregating to around Rs. 125 crore as of December 31, 2025. Average working capital utilisation for the 12-month period ended in February 28, 2026 remained minimal, at 3%. Further, the company is expected to generate healthy cash flows of Rs. 50-60 crore per annum, which, coupled with its existing liquidity position, should partly meet the funding requirement of planned capex over the medium term (Rs. 60-80 crore annual capex anticipated in CY2026-CY2028). While the sizeable debt-funded capex incurred in the recent past has led to a sizeable addition in the long-term debt, the robust accrual position on account of steady operational performance is expected to comfortably meet debt repayment obligations, going forward. The quantum of debt repayment remains minimal in CY2026, projected at Rs. 40 crore in CY2027 and CY2028 each.

Rating sensitivities

Positive factors – SFS’ ratings can improve with a significant and sustained scale-up in operations (supported by incremental revenue generation from the electronics division), while maintaining healthy profitability indicators and credit metrics. A sustained enhancement in the liquidity profile would also be a rating positive.

Negative factors – Pressure on SFS’ ratings could arise in the event of a significant and sustained decline in the scale of operations, coupled with deterioration in profitability, coverage indicators or liquidity position on a sustained basis. Lack of commensurate returns from the recently undertaken greenfield expansion could also impact the ratings unfavourably. A specific credit metric for a downgrade is TD/OPBDITA above 1.8 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Auto Components
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of SFS.

About the company

SFS Group India Private Limited (erstwhile Indo Schottle Auto Parts Private Limited) is a subsidiary of the Switzerland-based SFS Group AG, which develops and manufactures mechanical fastening systems and precision-formed components. Indo Schottle was incorporated in 1985 by first-generation entrepreneurs, Mr. Vijay. B. Pusalkar and Mr. Wolfgang Schöttle. In April 2012, the SFS Group acquired a 45.00% stake in the company, which subsequently increased to 99.74% as of December 2019. At present, the SFS Group is growing its stake to 100% to make it a wholly owned subsidiary in the near term. SFS’ customer base includes almost all major OEMs in the Indian automotive sector as well as other leading tier-I suppliers. Export constitutes a sizeable share of its overall revenues, with the company providing precision components for fuel injection pumps and turbochargers to reputed auto component suppliers in the engine and transmission segments. It has also forayed into manufacturing for the electronic division as a part of its diversification strategy and is presently setting up a greenfield facility to widen its presence in the electronics business, going forward.

Key financial indicators (audited)

SFS (standalone)	CY2024	CY2025
Operating income (OI)	450.1	481.9
PAT	53.9	58.2
OPBDIT/OI	23.1%	22.3%
PAT/OI	12.0%	12.1%
Total outside liabilities/Tangible net worth (times)	0.2	0.4
Total debt/OPBDIT (times)	0.1	0.8
Interest coverage (times)	100.0	78.5

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 (FY2027)			Chronology of rating history for the past 3 years						
FY2027			FY2026		FY2025		FY2024		
Instrument	Type	Amount rated (Rs. crore)	Apr 27, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based/Non-fund based facilities	Long-term/Short-term	111.25	[ICRA]A+ (Stable)/[ICRA]A1	May 5, 2025	[ICRA]A+ (Stable)/[ICRA]A1	Oct 04, 2024	[ICRA]A+ (Stable)/[ICRA]A1	Aug 17, 2023	[ICRA]A+ (Stable)/[ICRA]A1
Fund-based/ Term loans	Long-term	80.00	[ICRA]A+ (Stable)	May 5, 2025	[ICRA]A+ (Stable)	-	-	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under regulatory purview of various FSR as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI

5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSR other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term – Fund-based/Non-fund based facilities	Simple
Long term – Fund-based Term loans	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term/Short-term – Fund-based/Non-fund based facilities	NA	NA	NA	111.25	[ICRA]A+ (Stable)/[ICRA]A1
NA	Term loan	Dec-2024	NA	Dec-2028	80.00	[ICRA]A+ (Stable)

Source: Company

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

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

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