

June 12, 2026

## Sai Deepa Rock Drills Pvt. Ltd.: Rating reaffirmed; rated amount enhanced

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fund-based – Long-term – Cash credit	41.25	71.25	[ICRA]BBB (Stable); reaffirmed/ assigned for enhanced amount
Fund-based – Long-term – Term loans	9.75	11.75	[ICRA]BBB (Stable); reaffirmed/ assigned for enhanced amount
<b>Total</b>	<b>51.00</b>	<b>83.00</b>	

\*Instrument details are provided in Annexure II

### Rationale

The rating reaffirmation for Sai Deepa Rock Drills Pvt. Ltd (SDRDPL) favourably factors in its established presence in the rock drilling equipment manufacturing sector and the diverse end-user segments catered by it, along with the sustenance of steady revenue growth in the medium term. The company's revenues witnessed a healthy CAGR of around 14% to Rs. 349.1 crore in FY2026e from Rs. 177.2 crore in FY2021, supported by addition of new products, along with higher demand for rock drilling products. However, the revenue growth is expected to moderate in FY2027 partly on account of lower volumes owing to higher prices of drilling equipment amid increase in raw material prices and subdued macroeconomic scenario. Further, the operating margins are estimated to remain range-bound in FY2026 at 9.2%, albeit lower compared to 10.8% in FY2025, due to an anticipated one-time write-off of receivables of around Rs. 7 crore (adjusted for the one-time write off, the operating margins will stand at 11.2% in FY2026). The TOL/TNW stood comfortable at 0.8 times as on March 31, 2026, which improved from 1.0 times as on March 31, 2025, backed by healthy accretion to reserves. However, the interest coverage declined to 4.6 times in FY2026 from 5.4 times in FY2025 owing to lower operating profits and increased debt levels (on account of a rise in working capital borrowings). Going forward, the leverage and coverage metrics are likely to remain adequate.

The rating is, however, constrained by the susceptibility of its profitability margins to volatility in raw material prices, coupled with SDRDPL's limited ability to pass on the price hikes amid competition from large national and international players in the drilling tools industry. The operating margins are expected to remain under pressure in FY2027, driven by a hike in raw material prices resulting in lower volumes. The company's ability to pass on the increased prices to end users remains key for margin sustenance. Although the prices moderated in the recent months, the same is anticipated to result in inventory losses, given that the company had accumulated stock at higher price levels. The rating is constrained by the high working capital intensity owing to elongated receivable cycle mainly due to an extended credit period offered to export customers and requirement to maintain finished products inventory to cater to replacement demand and reduced creditor days. The rating considers the higher product concentration with a predominant share of its revenue derived from bits and hammers. The rating is also constrained by the receivable write offs witnessed in the company on account of economic down cycles and remains a key risk for the entity. Hence the company's ability to realise the payments from its customers in a timely manner, without any major write offs, would support the credit profile.

The Stable outlook on the long-term rating reflects ICRA's opinion that SDRDPL will be able sustain the revenue growth in the medium term, supported by its established presence in the rock drilling industry and its adequate financial risk profile.

## Key rating drivers and their description

### Credit strengths

**Established presence in rock drilling equipment business** – SDRDPL is an established player in the rock drilling industry with its product profile comprising drilling bits, tricone bits, hammers, top hammers and ancillary products, etc. The company's products are used in diverse set of segments such as water drilling, mining, construction, quarry, and tunnelling, etc.

**Adequate financial risk profile** – The company's total debt stood at Rs. 108.2 crore as on March 31, 2026 (vs Rs. 94.1 crore as on March 31, 2025), which comprises working capital borrowings of Rs. 69.1 crore, unsecured loans of Rs. 21.5 crore and term loans of Rs. 17.6 crore. The TOL/TNW stood comfortable at 0.8 times as on March 31, 2026, which improved from 1.0 times as on March 31, 2025. However, the interest coverage declined to 4.6 times in FY2026 from 5.4 times in FY2025 owing to lower operating profits and increased debt levels. The Total debt/OPBITDA deteriorated to 3.4 times in FY2026 from 2.5 times in FY2025. Going forward, the leverage and coverage metrics are expected to remain adequate in the similar levels of FY2026.

**Healthy expansion in scale of operations over the past five years** – The company's revenues witnessed a healthy CAGR of around 14% to Rs. 349.1 crore in FY2026 from Rs. 177.2 crore in FY2021, supported by addition of new products, along with a rise in demand for rock drilling products. However, the revenue growth is expected to moderate in FY2027 partly on account of lower volumes owing to higher prices of drilling equipment, amid increase in raw material prices and subdued macroeconomic conditions. Further, the operating margins are estimated to remain healthy in FY2026 at 9.2%, albeit lower compared to 10.8% in FY2025, due to an anticipated one-time write-off of receivables of around Rs. 7.0 crore (adjusted for the one-time write off, the operating margins stood at 11.2% in FY2026).

### Credit challenges

**Working capital-intensive operations** – SDRDPL's operations are working capital intensive in nature owing to elevated debtor and inventory days. Its working capital intensity rose to 52% in FY2026 from 44% in FY2025 on account of an elongated receivable cycle, primarily due to an extended credit period offered to export customers and requirement to maintain finished products inventory to cater to replacement demand and reduced creditor days. The creditor days decreased to 57 days in FY2026 from 77 days in FY2025 because of advance payments to suppliers, as the price of the key raw material (tungsten carbide) remained volatile. The conversion cycle to manufacture bits is around 3–4 weeks and for hammers is around 2–3 months, which results in high inventory days. The company's debtor days increased to 138 days in FY2026 from 129 days in FY2025 as a result of higher sales in March 2026.

**Susceptibility of margins to fluctuations in raw material prices and foreign exchange rates** – The key raw materials used in manufacturing of bits and hammers are alloy steel and tungsten carbide. While steel prices have largely remained stable, the prices of tungsten carbide have significantly increased in FY2026, resulting in rise in prices of the finished goods. Hence, SDRDPL's operating margins are susceptible to volatility in raw material prices and its ability to pass on the price hikes amid competition from large national and international players in the drilling tools industry. Further, the margins remain exposed to fluctuations in foreign exchange rates, with the company deriving nearly 35–40% of its revenues from exports. Nevertheless, it imports a part of its raw material requirement, which provides a natural hedge to an extent.

**Concentrated product portfolio** – The company primarily manufactures down-the-hole (DTH) products and derives a major portion of its revenues from only two products—bits and hammers—resulting in high product concentration risk. However, its established product profile mitigates the risk to an extent.

## Liquidity position: Adequate

SDRDPL had free cash and bank balances of Rs. 6.1 crore as on March 31, 2026. The average utilisation of working capital limits stood high at around 89% for the last six months ending May 2026. The estimated cash flow from operations is expected to be sufficient to meet the scheduled debt repayments and capex requirements in the medium term.

## Rating sensitivities

**Positive factors** – ICRA could upgrade the rating if the company demonstrates a healthy improvement in its scale of operations, while improving its profitability resulting in improvement of debt coverage metrics. Further, reduction in working capital cycle resulting in improvement in liquidity will be positive for the rating.

**Negative factors** – Pressure on the rating may arise if there is any decline in scale of operations and/or reduction in earnings and/or stretch in receivables weakening its liquidity position on a sustained basis. Specific credit metrics that could trigger a rating downgrade would include Total debt/OPBDITA of more than 2.5 times, on a prolonged basis. Further, any incremental investments or loans and advances to group entities adversely impacting its liquidity position will be credit negative.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

## About the company

SDRDPL was incorporated in 2000 by Mr. Ranga Rao Nutakki and his family members. It manufactures rock drilling tools, which are used in water well drilling, oil and gas mining, quarry, construction, tunnelling and water well projects. The company started operations in 2001 from its manufacturing unit based out of Cherlapally, in Hyderabad (Telangana). SDRDPL has 1.1-MW solar power plant for captive usage in Bhongiri (Telangana).

## Key financial indicators (audited)

SDRDPL (Standalone)	FY2024	FY2025	FY2026*
Operating income	293.2	343.8	349.1
PAT	18.8	22.6	43.4
OPBDIT/OI	8.1%	10.8%	9.2%
PAT/OI	6.4%	6.6%	12.4%
Total outside liabilities/Tangible net worth (times)	1.0	1.0	0.8
Total debt/OPBDIT (times)	3.4	2.5	3.4
Interest coverage (times)	3.5	5.4	4.6

Source: Company, ICRA Research; \* Estimated; 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						
Instrument	Type	Amount rated (Rs. crore)	Jun 12, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	71.25	[ICRA]BBB (Stable)	-	-	Mar 10, 2025	[ICRA]BBB (Stable)	Dec 11, 2023	[ICRA]BBB (Stable)
Term loans	Long term	11.75	[ICRA]BBB (Stable)	-	-	Mar 10, 2025	[ICRA]BBB (Stable)	Dec 11, 2023	[ICRA]BBB (Stable)
Unallocated	Long term/ Short term	-	-	-	-	Mar 10, 2025	[ICRA]BBB (Stable)/ [ICRA]A3+; reaffirmed for long-term rating and reaffirmed and withdrawn for short-term rating	Dec 11, 2023	[ICRA]BBB (Stable)/ [ICRA]A3+

### 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 February 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (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 Financial Sector Regulators other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Cash credit	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	Fund-based – Cash credit	NA	NA	NA	71.25	[ICRA]BBB (Stable)
NA	Fund-based – Term loan	December 2022	NA	March 2029	11.75	[ICRA]BBB (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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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](http://www.icra.in)

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### Branches



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