August 03, 2026

Sunbeam Generators Private Limited: Rating reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long term fund based – Cash credit	10.00	20.00	[ICRA]BBB+ (Stable); reaffirmed and assigned for enhanced amount	RBI
Long term fund based – Others*	-	25.00	[ICRA]BBB+ (Stable); assigned	RBI
Total	**10.00**	**45.00**		

**Instrument details are provided in Annexure I; *Channel Finance*

#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

Rationale

The reaffirmation of the rating factors in Sunbeam Generator Private Limited's (SGPL) established track record in the generator set manufacturing supported by its position as a leading generator set (genset) original equipment manufacturer (OEM) for Kirloskar Oil Engines Limited (KOEL) gensets for over 20 years. The company currently operates across Tamil Nadu, Andhra Pradesh, Telangana, Kerala and the Andaman & Nicobar Islands. The rating also considers the inflow of steady orders for transit mixers. The long relationship with KOEL in the genset segment, along with the continued offtake of transit mixers by Ashok Leyland, provides healthy revenue visibility for the near-to-medium term. Additionally, SGPL is expanding its manufacturing footprint through a new facility in Telangana, which is expected to support business growth and improve operational reach in the region.

The rating continues to derive comfort from SGPL's healthy financial risk profile, characterised by low gearing and comfortable debt coverage indicators. SGPL continues to benefit from KOEL's decision to accord it exclusive genset OEM rights across its existing territories from September 2024, along with the addition of Kerala. Consequently, the company's operating income increased to Rs. 765.9 crore in FY2026 from Rs. 492.1 crore in FY2025 (Rs. 393.9 crore in FY2024), with FY2026 being the first full year of operations under the revised territorial arrangement. The higher scale of operations and stable profitability continued to support its healthy financial risk profile, reflected in the low gearing of 0.1 times as on March 31, 2026 (0.2 times as on March 31, 2025), total debt/OPBDITA of 0.2 times (PY 0.4 times) and an interest coverage ratio of 31.0 times (PY 30.2 times) in FY2026.

The rating, however, remain constrained by SGPL's exposure to geographical and product concentration risks, with the genset business accounting for a dominant share of the revenues and the operations largely concentrated in southern India. ICRA however, notes that SGPL is pursuing other growth avenues in the concrete machinery, cold chain, and metal fabrication segments to diversify its revenue base over the medium to long term.However these diversification initiatives are in an early stage of maturity and their contribution to the overall earnings remains minimal at present. The company's ability to significantly scale up these businesses will be crucial for its long-term earnings growth prospects.

The rating is also constrained by SGPL's high supplier concentration risk, with the company dependent on KOEL for the supply of key components, territorial allocation and brand association. While SGSP benefitted from KOEL's territory realignment in FY2025, any future geographic expansion opportunities in the genset business remain contingent on KOEL's allocation decisions. Further, the diesel genset industry is characterised by low entry barriers and intense competition, while the profitability remains vulnerable to fluctuations in raw material prices. Moreover, the annual accretion to reserves over the years, while contributing to a gradual increase in SGPL's net worth, has kept the absolute levels moderate, thereby slightly restricting its ability to withstand a prolonged period of industry downturn.

The Stable outlook reflects ICRA's expectation that SGPL will sustain its operational profile over the medium term, supporting healthy credit metrics.

Key rating drivers and their description

Credit strengths

Extensive operating track record in genset manufacturing - SGPL benefits from an established operational track record of over two decades in the genset manufacturing industry, supported by its long-standing relationship with KOEL. The extensive track has helped SGPL expand its geographical reach within its regions of operations in Tamil Nadu, Andhra Pradesh, Telangana, Kerala and the Andaman & Nicobar Islands.

Revenue visibility through established relationship with KOEL and Ashok Leyland - SGPL is one of the key genset manufacturers for KOEL. Its established relationship with KOEL, spanning over 20 years, has been positively reflected in its prominent presence in the diesel genset market in Tamil Nadu, Andhra Pradesh, Telangana, Andaman & Nicobar and Kerala. Also in the genset segment key regions of export include Sri Lanka and the Maldives. Additionally, SGPL has continued to receive orders for transit mixers from Ashok Leyland, which contributed ~4% to its total revenue in FY2026 (PY: ~5%). The longstanding association with KOEL in the genset segment and continued offtake of transit mixers by Ashok Leyland provide healthy revenue visibility over the near-to-medium term.

Healthy financial risk profile, characterised by low gearing and comfortable debt coverage indicators - SGPL's financial risk profile remains healthy, characterised by low gearing and comfortable debt coverage indicators. The company's low debt levels, comprising primarily working capital borrowings, resulted in a gearing of 0.1 times as on March 31, 2026. Further, stable earnings supported comfortable debt coverage metrics, with a total debt/OPBDITA of 0.2 times and interest coverage remaining above 20 times in FY2026.

Credit challenges

Exposure to high geographical and product concentration risk - SGPL's business profile remains exposed to geographical and product concentration risks, with significant dependence on the genset segment and the operations concentrated in the southern region of India. In FY2026, the genset segment accounted for around 91% of the company's revenue. While the company also derives revenue from other business segments namely concrete machinery, cold chain, and metal fabrication segments., these business segments remain at a nascent stage, Further, the company's geographical presence continues to be concentrated in KOEL allocated territories in South India, – namely Telangana, Andhra Pradesh, Tamil Nadu, Kerala and the Andaman & Nicobar Islands exposing it to regional demand concentration risks.

Dependence on KOEL for key components - SGPL procures key components for its genset business, such as engines and alternators, exclusively from KOEL under its OEM arrangement. This association benefits the company through co-branding, access to quality products and enhanced market acceptance. However, the exclusive sourcing arrangement also exposes SGPL to supplier concentration risk, as any disruption in supplies from KOEL or a deterioration in the business relationship could adversely impact the company's genset operations, which constitute a majority of its revenue base.

Low entry barriers and profitability susceptible to raw material price fluctuation; modest net worth - The genset manufacturing industry is characterised by stiff competition with low entry barriers. SGPL competes with other genset brands in its region of operations, exposing it to the inherent competition in the diesel genset industry. Further, SGPL's profitability remains susceptible to fluctuations in metal sheet prices, a key raw material used in its manufacturing process. Moreover, the annual accretion to reserves over the years, while contributing to a gradual increase in SGPL's net worth, has kept the absolute levels moderate, thereby slightly restricting its ability to withstand a prolonged period of industry downturn.

Liquidity position: Adequate

SGPL's liquidity position remains adequate, supported by healthy cushion in its working capital limits, steady cash flow generation and sizeable free cash balances. The average utilisation of the fund-based working capital limits remained moderate at ~45% of the sanctioned limits of Rs. 45 crore during the 15 months ended May 2026. Further, the company had free liquidity of Rs. 41.2 crore as on March 31, 2026. The expected cash accruals, together with the available liquidity, are adequate to meet its working capital requirements and capex requirement. Additionally, the absence of any term debt obligations provides comfort.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company is able to significantly improve its profitability while scaling up its operations on a sustained basis, leading to a strengthening of the net worth.

Negative factors – Pressure on the ratings could arise if the company's earnings come under pressure, weakening the liquidity and credit metrics. The ratings could also come under pressure if there is any adverse change in the business relationship with KOEL/Ashok Leyland, or if sizeable capex/investments weaken its liquidity position. A specific credit metric for downgrade includes TOL/TNW of more than 1.5 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone financial statement of the issuer

About the company

Sunbeam Generators Private Limited (SGPL), incorporated in 1996, is involved in the assembly and distribution of canopied diesel generator sets and is one of the leading genset OEMs for KOEL. The company offers gensets in a wide range of 2.5-3,000 kVA. SGPL's manufacturing units are located in Puducherry. The manufacturing facility includes a steel processing centre equipped with a combination of semi and fully-automatic computer numerical control (CNC) machines and in-house fabrication shop. Besides power generation solutions, SGPL operates in the concrete machinery, cold chain and manufacturing services segments. Its concrete machinery portfolio comprises concrete mixers, concrete pumps, batching plants and related services. In the cold chain segment, the company offers isothermal (reefer) containers and related services. Further, SGPL provides fabrication, machining and contract manufacturing services for domestic and global OEMs under its manufacturing services segment.

Key financial indicators (audited)

SGPL	FY2024	FY2025	FY2026*
Operating income	393.9	492.1	765.9
PAT	9.7	19.5	34.2
OPBDIT/OI	3.7%	6.2%	6.9%
PAT/OI	2.5%	4.0%	4.5%
Total outside liabilities/Tangible net worth (times)	0.9	1.0	0.9
Total debt/OPBDIT (times)	0.2	0.4	0.2
Interest coverage (times)	15.6	30.2	31.0

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

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)	August 03, 2026		Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	20.00	[ICRA]BBB+ (Stable)		June 30, 2025	[ICRA]BBB+ (Stable)	-	-	Mar 28, 2024	[ICRA]BBB (Stable)
Fund based – Others*	Long term	25.00	[ICRA]BBB+ (Stable)		-	-	-	-	-	-
Bank guarantee	Short term	-	-		June 30, 2025	[ICRA]A2; withdrawn	-	-	Mar 28, 2024	[ICRA]A3+
Unallocated limits	Long term/ Short term	-	-		June 30, 2025	[ICRA]BBB+(Stable)/ [ICRA]A2; short-term rating withdrawn	-	-	Mar 28, 2024	[ICRA]BBB (Stable)/ [ICRA]A3+

**Channel Finance*

Complexity level of the rated instruments

Instrument	Complexity indicator
Cash credit	Simple
Fund based – Others	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	Financial sector regulator#
NA	**Cash credit**	NA	NA	NA	20.00	[ICRA]BBB+ (Stable)	RBI
NA	**Fund based – Others***	NA	NA	NA	25.00	[ICRA]BBB+ (Stable)	RBI

*Source: Company; *Channel Finance*

#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

Please click here to view details of lender-wise facilities rated by ICRA

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

ANALYST CONTACTS

Girishkumar Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Ankit Jain
+91 124 4545 865
ankit.jain@icraindia.com

Sankalpa Mohapatra
+91 40 6939 6409
sankalpa.mohapatra@icraindia.com

Akshay Paradkar
+91 22 6169 3346
akshay.paradkar@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