

October 06, 2026

Versatile Engineers: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator [#]
Long-term – Fund-based – Term Loan	1.50	1.50	[ICRA]B+ (Stable); reaffirmed	RBI
Long-term – Fund-based – Cash Credit	11.00	11.00	[ICRA]B+ (Stable); reaffirmed	RBI
Total	12.50	12.50		

*Instrument details are provided in Annexure I

[#]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 rating reaffirmation factors in the steady operating performance of Versatile Engineers (VE), reflected in around 5% growth in operating income in FY2026 (provisional), supported by higher export sales following a 25% decline in FY2025 due to lower realisations amid softening raw material prices. Operating profitability margin (OPM) improved to 4.9% in FY2026 from 4.0% in FY2025, supported by operating leverage benefits and forex gains arising from the appreciation of the Euro. The rating continues to draw strength from VE's established track record of over five decades in the auto component manufacturing industry and the extensive experience of its promoters. The firm's longstanding relationships with reputed original equipment manufacturers (OEMs), including Mahindra & Mahindra Limited and CNH Industrial, support business stability and revenue visibility. However, customer concentration remains high, with the top five customers accounting for around 89% of revenue in FY2026. VE's capital structure is expected to improve over the medium term, supported by scheduled debt repayments and gradual growth in internal accruals.

The rating is, however, constrained by the moderate scale of operations amid limited availability of castings from the group entity, Versatile Industries, whose foundry operations operate at near-full utilisation, thereby restricting VE's ability to scale up production. The rating is further tempered by exposure to volatility in raw material prices and persistent input cost pressures, which could continue to impact profitability. Additionally, VE operates in a highly competitive auto component machining industry and remains exposed to demand cyclicity in its end-user industries, particularly the tractor segment. The partnership constitution of the firm also exposes it to inherent risks such as capital withdrawals by partners and relatively low financial flexibility than corporate entities.

The Stable outlook reflects ICRA's expectation that VE will continue to benefit from the promoters' extensive experience in the auto component industry and its established relationships with reputed OEMs. The outlook also factors in the expectation that the planned capital expenditure programme will be undertaken in a calibrated manner while maintaining comfortable credit metrics and a stable financial risk profile.

Key rating drivers and their description

Credit strengths

Established track record of partners in auto components industry – VE, the flagship machining entity of the Kolhapur-based Versatile Group, has been engaged in machining auto components since 1969. The Group operates an integrated

manufacturing setup comprising foundry and machining operations for OEMs and Tier-I suppliers across the tractor, construction equipment, industrial machinery and automotive segments. The firm's long operating history and established relationships with customers have supported repeat business and order visibility.

Reputed client profile – VE supplies machined components to leading OEMs and Tier-I suppliers including Mahindra & Mahindra Limited, Carraro India Limited, Comer Industries SpA, Comer Industries India Private Limited and CNH Industrial. The firm has maintained enduring customer relationships supported by multi-year business arrangements and customer-specific investments. The export revenues increased to Rs. 22.2 crore in FY2026 from Rs. 16.6 crore in FY2025, with the export share improving to 25% of revenues from 19% in FY2025, supported by higher offtake from international customers such as Comer Industries SpA and Carraro Drive Tech Italia S.P.A.

Credit challenges

Modest financial risk profile – VE's financial risk profile remains modest, characterised by its moderate scale of operations, modest profitability, moderate leverage and weak debt coverage indicators. The firm's operating income improved by around 5% to Rs. 90.3 crore in FY2026 from Rs. 85.9 crore in FY2025, supported by recovery in export demand. Despite improvement in OPM, coverage indicators remained modest, with interest coverage of 1.7 times and Total Debt/OPBDITA of 5.5 times in FY2026. While the capital structure is expected to improve gradually with scheduled debt repayments, the firm's financial profile is likely to remain constrained by moderate accrual generation and elevated debt levels.

Highly fragmented and competitive industry limits pricing flexibility – VE operates in the auto component machining industry, which remains highly competitive with numerous organised and unorganised players in the field. The firm's relatively modest scale of operations restricts its pricing flexibility and ability to pass on cost increases immediately, thereby exerting pressure on profitability.

Exposed to high client concentration risk – Customer concentration remains elevated, with the top five customers accounting for around 89% of VE's total revenue in FY2026. Revenue dependence on a limited customer base exposes the firm to concentration risk, although the risk is partly mitigated by the strong credit profile of customers and long-standing business relationships.

Exposed to inherent cyclicity in agriculture and automotive industries – The firm derives 45-50% of its revenues from tractor components, while the balance is generated from construction equipment, industrial machinery and automotive applications. Consequently, its performance remains exposed to demand fluctuations and cyclical trends in the tractor and automotive industries.

Risks associated with partnership constitution – Given VE's constitution as a partnership firm, it is exposed to inherent risks, including the possibility of capital withdrawal by the partners and the risk of dissolution of the firm upon death, retirement or insolvency of the partners.

Liquidity position: Stretched

VE's liquidity position remains stretched, characterised by modest cash and bank balances of Rs. 0.1 crore as on March 31, 2026, and high dependence on working capital borrowings. The average utilisation of working capital limits remained high at around 94% during the 12 months ending in June 2026, resulting in a negligible cushion in sanctioned limits. Debt repayment obligations of over Rs. 2.5 crore in FY2027 are expected to be met through internal accruals, with promoter support likely to be required in the event of any cash flow mismatch. Furthermore, enhancement of working capital limits remains crucial to support increase in scale of operations.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if there is an increase in revenue and profitability, strengthening VE's liquidity profile and debt coverage metrics on a sustained basis. Total Debt/OPBDITA of less than 5.0 times on a sustained basis may also lead to a rating upgrade.

Negative factors – Pressure on the rating could arise if there is a sustained decline in earnings of the firm or a significant capital withdrawal by the partners, materially affecting VE's liquidity and financial profiles.

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

Versatile Engineers is a partnership firm established in 1969, in Kolhapur, Maharashtra, specialising in machining services for ferrous castings. Initially founded by Mr. Vitthal Janwadkar and his son, Late Prabhakar Janwadkar, the firm was reconstituted in April 2004 following Mr. Vitthal Janwadkar's retirement and induction of Mr. Yatin Janwadkar. On May 15, 2021, Ms. Beena Janwadkar and Ms. Amruta Janwadkar were also admitted as partners, further strengthening the family-led management. As on March 31, 2026, Ms. Beena Janwadkar held a 60% stake, Mr. Yatin Janwadkar held a 30% stake, and Ms. Amruta Janwadkar held a 10% stake in the firm. VE provides machining services for automotive components to OEMs and Tier-I suppliers. It primarily caters to the tractor industry; although it has some exposure to other auto segments as well.

Key financial indicators (audited)

VE – Standalone	FY2025	FY2026*
Operating income	85.9	90.3
PAT	0.4	0.8
OPBDIT/OI	4.0%	4.9%
PAT/OI	0.5%	0.8%
Total outside liabilities/Tangible net worth (times)	3.0	3.2
Total debt/OPBDIT (times)	6.4	5.5
Interest coverage (times)	1.5	1.7

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; * Provisional numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Oct 06, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Term Loan	Long term	1.50	[ICRA]B+ (Stable)	Aug 27, 2025	[ICRA]B+ (Stable)	May 02, 2024	[ICRA]B+ (Stable)	-	-
Fund-based – Cash Credit	Long term	11.00	[ICRA]B+ (Stable)	Aug 27, 2025	[ICRA]B+ (Stable)	May 02, 2024	[ICRA]B+ (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term Loan	Simple
Long-term – Fund-based – Cash Credit	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	Long-term – Fund-based – Term Loan	FY2018-FY2023	11-17%	FY2028	1.50	[ICRA]B+ (Stable)	RBI
NA	Long-term – Fund-based – Cash Credit	NA	9.75%	NA	11.00	[ICRA]B+ (Stable)	RBI

Source: Company

[#]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.

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

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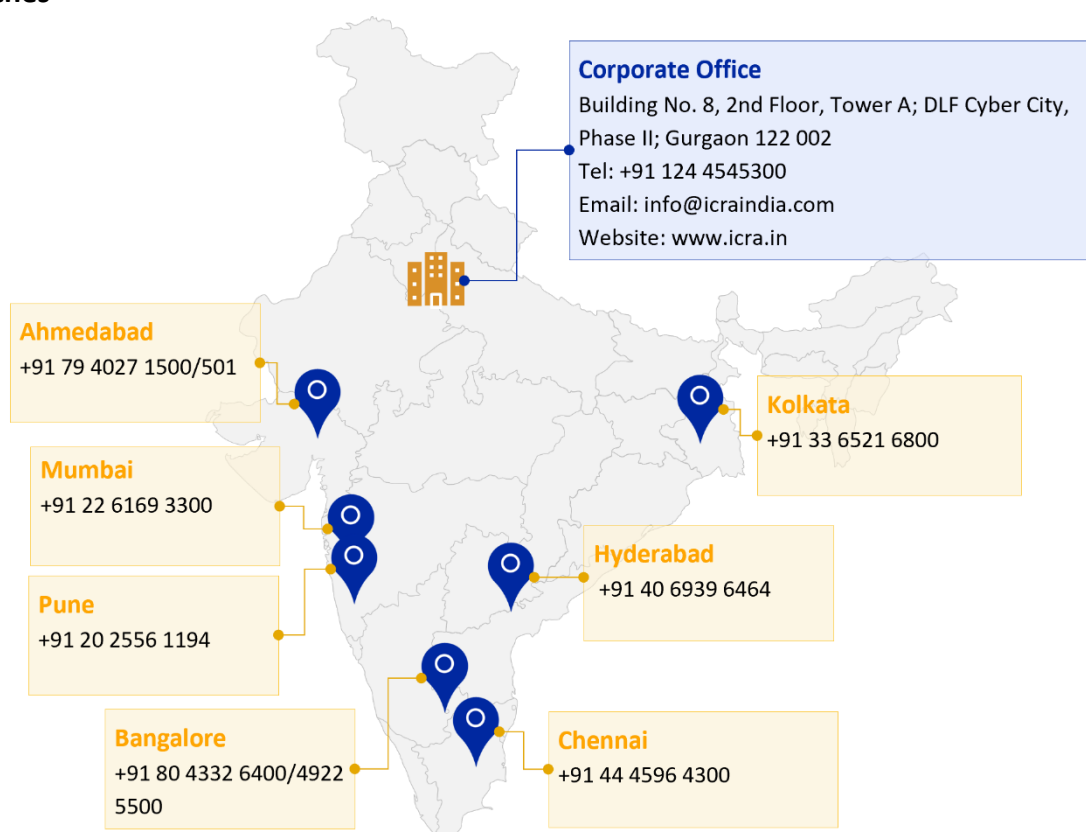
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