



**Press Release**  
**FITCAST FOUNDERS AND ENGINEERS PRIVATE LIMITED**  
**February 27, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	19.00	ACUITE BB   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	19.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of ‘**ACUITE BB**’ (read as **ACUITE double Bo**) on the Rs.19.00 Cr. bank facilities of Fitcast Founders and Engineers Private Limited (FFEPL). The outlook remains ‘**Stable**’.

**Rationale for rating**

The reaffirmation takes into account the stable operating performance even though demand remained subdued and also draws comfort from the improved financial risk profile of the group. The rating is however constrained on account of the moderately intensive working capital operations. Going forward, improvement in the overall operating performance while restricting further elongation in the working capital cycle will be a key rating sensitivity.

**About the Company**

Gujarat based Fitcast Founders and Engineers Private Limited was incorporated in 1999 by Mr. Bhalchandra Bhagwan Andhrukar and Mr. Chetan Champaneria. The company is engaged in manufacturing of Heavy-Duty Cast Iron, S.G.Iron and Carbon Steel Castings. It caters to earth moving, machine tools, compressor, plastic injection moulding machine, valve industries, crusher & construction companies. The company currently has two units, one for manufacturing of castings with an installed capacity of 2.5 MTPA and other for fettling, grinding and finishing.

**About the Group**

The group includes FFEPL & Shaifali Rolls Limited (SRL), an unlisted public company incorporated in 2004, acquired by FFEPL through corporate insolvency proceedings along with Omkara Asset Reconstruction Pvt Ltd (OARPL) vide NCLT order in November 2019. Later, FFEPL along with its sister concern acquired full stake in SRL from OARPL. Currently, FFEPL holds 40 percent stake in SRL and balance was by another sister company of FFEPL. SRL is engaged in manufacturing of pig iron, spheroidal graphite/ alloy indefinite chilled cast rolls & centrifugally cast DP / high chrome rolls. It mainly caters to the rolling mills and power generation industry. It is also engaged in manufacturing of iron castings.

**Unsupported Rating**

Not Applicable

**Analytical Approach****Extent of Consolidation**

- Full Consolidation

**Rationale for Consolidation or Parent / Group / Govt. Support**

Acuite has consolidated the business and financial risk profiles of Fitcast Founders and Engineers Private Limited (FFEPL) and Shaifali Rolls Limited (SRL), together the entities are referred to as 'group'. The consolidation is in view of common management, strong operational and financial synergies between the entities.

## Key Rating Drivers

### Strengths

#### Experienced management and established track record of operations

FFEPL started operations in 1999 to manufacture heavy duty cast iron, S.G. Iron & carbon steel castings. The directors of the group are Mr. Bhalchandra Bhagwan Andhrutkar and Mr. Chetan Champaneria, each of whom have more than 3 decades of experience in the foundry industry. The directors are supported by a strong line of experienced mid-level managers. While the group is majorly catering to the domestic market, it is also engaged into exports to Europe & United Kingdom.

Acuité believes that the experience of the directors and its established track record of operations shall support the group in maintaining their business risk profile over the medium term.

#### Stable Operating Performance

The group generated a revenue of Rs. 132.07 Cr. in FY24 with a revenue y-o-y growth of ~9 percent even though demand remained subdued. Further, the operating margins remained stable at 8.57 percent in FY2024 and 8.56 percent in FY2023 on account of price escalation pass through to customers. The PAT margin improved from 3.62 percent in FY23 to 4.33 percent in FY24 on account of reduction in the finance cost for the group. Further, the group has generated a revenue of Rs. ~154 Cr. (including intercompany transactions) till 10M FY25.

Acuité believes that the group's ability to scale its operations at steady margins shall be a key rating sensitivity.

#### Improving financial risk profile

The financial risk profile of the group is moderate marked by improving networth, low gearing and comfortable debt protection indicators. The networth of the group stood improved at Rs. 23.47 Cr. on March 31, 2024 from Rs. 17.74 Cr. on March 31, 2023 leading to improvement in the gearing, which stood at 0.81 times on March 31, 2024 as against 1.13 times on March 31, 2023. The Debt/EBITDA also stood improved at 1.62 times on March 31, 2024 as against 1.92 times on March 31, 2023. Further, the debt protection metrics stood comfortable with interest coverage ratio at 7.06 times and debt service coverage ratio at 1.40 times in FY2024.

The financial risk profile is expected to improve further in the medium term supported by steady cash accruals and absence of any debt funded capex plans.

### Weaknesses

#### Moderately intensive working capital operations

The working capital operations of the group are moderately intensive, as evident with gross current asset (GCA) of 123 days on March 31, 2024 as against 102 days on March 31, 2023. This is driven by high debtor and inventory days. The debtor days increased significantly to 76 days on March 31, 2024 as against 55 days on March 31, 2023 and whereas inventory days stood at 43 days on March 31, 2024 as against 46 days on March 31, 2023. The group increased the customer credit period of 60 days to 90 days in FY24 to manage customer relationship in subdued demand. The creditor days however increased marginally to 95 days on March 31, 2024 as against 84 days on March 31, 2023. This led to a stretch in the working capital operations.

Going forward, further elongation in the working capital cycle will be a key rating sensitivity.

#### Intense competition in the iron & steel industry

The iron and steel industry is highly fragmented and unorganized. The group is exposed to intense competitive pressure from large number of organized and unorganized players with low entry barriers and lack of product differentiation.

### Rating Sensitivities

- Improvement in the revenue while maintaining profitability margins
- Further elongation in the working capital cycle
- Inadequate cash accruals and any significant debt funded capex affecting the financial risk profile

### Liquidity Position

#### Adequate

The adequate liquidity position of the group is supported by the generation of net cash accruals (NCA) of Rs. 8.44 Cr. in FY24 against maturing repayment obligations of Rs. 5.53 Cr. for the same period. Further, the cash flows are expected to remain in the range of Rs. 8.0-10.0 Cr. for FY25 – FY26 against repayment obligations in the range of

Rs. 2.5-3.0 Cr. for the same period. The bank limit utilization for the group stood high at 96.10 percent for six months ended January 31, 2025. The current ratio of the group stood at 0.98 times on March 31, 2024. The group also had an unencumbered cash and bank balance of Rs. 0.32 Cr. on March 31, 2024.

Acuite expects liquidity position to remain adequate on account of expected sufficient cash accruals generation and moderate utilisation of working capital limits.

**Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	132.07	121.23
PAT	Rs. Cr.	5.72	4.39
PAT Margin	(%)	4.33	3.62
Total Debt/Tangible Net Worth	Times	0.81	1.13
PBDIT/Interest	Times	7.06	4.65

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any Other Information

None

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
01 Dec 2023	Term Loan	Long Term	3.00	ACUITE BB   Stable (Upgraded from ACUITE BB-   Stable)
	Cash Credit	Long Term	6.50	ACUITE BB   Stable (Upgraded from ACUITE BB-   Stable)
	Secured Overdraft	Long Term	4.50	ACUITE BB   Stable (Upgraded from ACUITE BB-   Stable)
	Proposed Long Term Bank Facility	Long Term	3.28	ACUITE BB   Stable (Upgraded from ACUITE BB-   Stable)
	Working Capital Term Loan	Long Term	0.22	ACUITE BB   Stable (Upgraded from ACUITE BB-   Stable)
	Working Capital Term Loan	Long Term	1.50	ACUITE BB   Stable (Upgraded from ACUITE BB-   Stable)
05 Sep 2022	Bank Guarantee (BLR)	Short Term	0.40	ACUITE A4 (Assigned)
	Letter of Credit	Short Term	0.75	ACUITE A4 (Assigned)
	Bills Discounting	Short Term	1.50	ACUITE A4 (Assigned)
	Term Loan	Long Term	2.23	ACUITE BB-   Stable (Assigned)
	Term Loan	Long Term	3.85	ACUITE BB-   Stable (Assigned)
	Cash Credit	Long Term	5.00	ACUITE BB-   Stable (Assigned)
	Secured Overdraft	Long Term	4.50	ACUITE BB-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.77	ACUITE BB-   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.00	Simple	ACUITE BB   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.10	Simple	ACUITE BB   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.50	Simple	ACUITE BB   Stable   Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	31 May 2022	Not avl. / Not appl.	31 Jan 2027	1.30	Simple	ACUITE BB   Stable   Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	31 Mar 2024	Not avl. / Not appl.	28 Feb 2029	1.30	Simple	ACUITE BB   Stable   Reaffirmed
Small Industries Development Bank of India	Not avl. / Not appl.	Term Loan	30 Sep 2020	Not avl. / Not appl.	31 May 2025	1.30	Simple	ACUITE BB   Stable   Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Term Loan	15 Nov 2024	Not avl. / Not appl.	15 Sep 2025	1.50	Simple	ACUITE BB   Stable   Reaffirmed

### \*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No	Company Name
1	Fitcast Founders and Engineers Private Limited
2	Shaifali Rolls Limited

## Contacts

Mohit Jain Senior Vice President-Rating Operations	<b>Contact details exclusively for investors and lenders</b>
Kruti Patel Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: <a href="mailto:analyticalsupport@acuite.in">analyticalsupport@acuite.in</a>

### About Acuité Ratings & Research

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