

PTC Industries Limited (Revised)

May 29, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	-	-	Reaffirmed at CARE BBB+/ CARE A2 RWD) ; Continues to be on Rating Watch with Developing Implications and Withdrawn
Long Term Bank Facilities	-	-	Reaffirmed at CARE BBB+ (RWD) ; Continues to be on Rating Watch with Developing Implications and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Ltd. (CARE Ratings) has reaffirmed the ratings assigned to the bank facilities of PTC Industries Limited (PTC) at 'CARE BBB+; RWD/ CARE A2; RWD' and simultaneously withdrawn it with immediate effect. The above action has been taken at the request of PTC Industries Limited (PTC) and post receipt of 'No Objection Certificates' (NOCs) from the banks that have extended the facilities rated by CARE Ratings.

The reaffirmation of ratings continue to consider the acquisition of 100% controlling stake of Trac Precision Solutions Limited (Target Company), United Kingdom based company. CARE shall evaluate the impact of the said acquisition on the operational and financial performance of the company and review the ratings once more clarity emerges on the same. The ratings continue to derive strength from its experienced promoters with a long-established presence in the specialised metal casting industry. It further derives strength from PTC's diversified products portfolio and associations with reputed government and private clients. The ratings also continue to take comfort from PTC's comfortable financial risk profile characterised by sustained growth in scale of operations while maintaining healthy profitability margins, comfortable capital structure and debt coverage indicators. The ratings take cognisance of the receipt of funds equivalent to ₹699.99 crore from the qualified institutional placement to eligible investors received in September 2024, resulting in improved liquidity position of the company.

These ratings' strengths, however, continue to remain constrained by the modest scale of operations, exposure towards raw material price fluctuations and forex risk and the working capital intensity in operations indicated by a high inventory holding and collection period. The ratings are also constrained by the project execution and stabilisation risk associated with the ongoing and upcoming projects involving a total outlay of close to ~₹700 crore in the next two to three years.

Analytical approach: Consolidated

CARE Ratings Limited (CARE Ratings) has followed the consolidated approach by considering the financials and business profile of its group company Aerolloy Technologies Limited (ATL). The consolidated approach is followed on account of this entity form part of the group and increasing importance of the entity exhibited by growing volume of business and increasing share in overall profitability of the group. Refer Annexure 6.

Detailed description of key rating drivers:
Key strengths
Experienced promoters with long track record of operations

The company is managed by Sachin Agarwal, Managing Director, who has an extensive experience of more than three decades in the industry. Agarwal is a MBA by qualification and has been associated with the company since 1988. The other directors also have long-standing experience in the industry. This has helped the company in establishing itself across geographies while maintaining strong associations with reputed government and private customers, withstanding changes in industry cycles and diversifying the products profile, which has been reflected in the consistent income and healthy profitability over the years.

Diversified product portfolio with specialised metal castings

The company is engaged in the manufacturing of a wide range of specialised products largely used into defence machinery components, such as alloy and non-alloy steel castings, titanium castings, machined components, and fabricated parts. The specialised nature of the products and the diversified portfolio safeguard the company from the cyclicity of the industry to an extent and also reduces the risk of a slowdown in any particular segment.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Widespread geographical presence with reputed customer base, albeit exposed to concentration risk

The top five customers of the company constitute around 52.16% of PTC's TOI in FY24 (FY23: around 69.37%), thus exposing it to customer concentration risk. However, the long-term association with a reputed clientele reduces the counterparty risk to an extent. The company has a diversified industrial client base, which reduces the risk associated with any particular client or end-user segment, as it caters to different industries including aerospace, oil and gas, marine, energy, etc. During FY24, Finland, Norway, and India were the largest contributing countries with ~50% revenue generation. The geographical diversification protects the company from the adverse impact of a slowdown in a particular country. With the advent of titanium casting technology in India, PTC is focussing on many critical defence and aerospace parts while also increasing avenues for the export of these components from India.

Healthy profitability margins, albeit on a modest scale of operations

The TOI of the company increased to ₹260.75 crore in FY24, from ₹224.61 crore in FY23, exhibiting an annual growth rate of 16.09%, which is coming from the improved realisation of metal casting products and the increased contribution from high-value titanium castings products. Furthermore, due to the specialised and critical nature of products and its applications across different functions of the defence sector, PTC is able to command better margins compared to other metal casting players, as it reported a PBILDT margin of 29.39% in FY24, improved from 28.49% in FY23. During 9MFY25, the company has generated TOI of ₹186.15 crore and PBILDT margin of 36.71%.

Comfortable financial risk profile

The company has comfortable capital structure marked by low long-term debt equity ratio and comfortable overall gearing of 0.15 times (PY: 0.35 times) and 0.28 times (PY: 0.58 times) as on March 31, 2024. The net worth of the company has increased from Rs. 305.18 crore during FY23 to Rs. 644.69 crore in FY24. This is mainly on account of addition of Rs. 185.83 crores through preferential issue to non-promoter category, Rs. 110.97 crores against share warrants converted into equity shares and Rs. 42.22 crores profit earned during FY24. The debt-coverage indicators slightly improved as total debt/GCA and interest coverage ratio stood at 3x (PY: 4.01x) and 5.03x (4.06x) respectively during FY24. Further the company recently raised funds of ~Rs. 700 crores through qualified institution placement in September 2024 resulting in improved financial risk profile of the company.

Key weaknesses

Raw material price fluctuation and forex risk

The main raw materials for steel casting are steel scrap, ferro alloys, and nickel, whose prices are inherently volatile and driven largely by global as well as local demand and supply conditions. Hence, any volatility in the prices of these materials may impact the profitability of the company. The cost of materials consumed constitute around 35-40% of the total cost of sales, followed by consumables, which constitutes around 15-16% of the total cost of sales. The relatively lower share of raw materials consumed in the cost of sales, coupled with the company's diverse supplier base, reduces the impact of raw material price fluctuations on the operating profit margins of the company. PTC also exports finished goods, which are mostly in foreign currency, which exposes the company to foreign currency fluctuation risk. However, to minimise this risk, PTC covers the forex fluctuation risk through natural hedge and also books forward contracts for its net foreign exposure. The company reported a foreign exchange fluctuation gain of ₹3.87 crore in FY24 (FY22: ₹5.35 crore).

Working capital-intensive nature of the operations

PTC has working capital-intensive nature of business operations owing to the large inventory that the company has to maintain for raw materials and for the work in progress. The inventories level remained high due to complexities and peculiarities of the product process and the requirement to supply orders in larger batches, which necessitates higher inventory holdings. The working capital cycle of the company moderated and stood at 242 days as on March 31, 2024, compared to 225 days as on March 31, 2023. The working capital cycle elongated largely on account of the reduced creditors period from 45 days in FY23 to 36 days in FY24 on account of early payments to avail cost advantage or discounts and increase the debtor holding period to 126 days in FY24 from 106 days in FY23. The elongated operating cycle necessitates higher reliance on bank finance to meet the working capital requirements.

Project execution and stabilisation risk

The company through its subsidiary Aerolloy Technologies Limited (ATL) is in a process of setting up a plant for manufacturing of titanium ingots (raw material) to titanium castings and superalloy castings (Finished product). The total cost of the project is ~Rs. 700 crores funded through available liquidity of ~Rs. 400 crores and debt of ~Rs. 300 crores. However, out of the total debt required of ~Rs. 300 crores, company has sanctioned debt of ~Rs. 60 crores out of which they have availed ~Rs. 50 crores. Remaining debt is yet to be tied up. The entire project is expected to be completed by March 2027 post receiving all the approvals from the concerned authority and the fully commercial operations from end to end is expected to start from Q1FY28. The annual production capacity will be ~1500 tonne annually using sponge technology and ~5000 tonne annually using Waste Technology for production of ingots. Going forward, the execution and stabilisation of the aforesaid capex without any cost and time overruns will remain critical from the credit perspective.

Liquidity: Adequate

Liquidity is marked adequate by expected accruals of ~Rs. 70.49 crores against repayment obligations of Rs. 1.48 crores in FY25. This repayment obligation is only related to vehicle loan as the company has paid its entire term debt obligation in PTC Industries in September 2024 out of the proceeds received from the QIP of Rs. 700 crores. The average working capital utilization level stood at 60.28% over the last 12 months ending September 2024 providing sufficient buffer. Low overall gearing of 0.28x as on March 31, 2024 provides sufficient gearing headroom to raise additional debt to meet any exigencies in future. Further, the company also has free cash & cash equivalents of close to Rs. 704.20 crores as on September 30, 2024.

Environment, social, and governance (ESG) risks

Environmental	Waste management is essential for fostering a circular economy. The company has implemented robust systems to recycle plastics, including packaging materials, electronic waste (e-waste) and hazardous waste generated within our supply chain and operations. The company operates a state-of-the-art Zero Liquid Discharge (ZLD) plant. This prevents the release of both untreated wastewater or treated water into the environment. This advanced system deploys advanced water treatment technologies, including Effluent Treatment Plants (ETPs) and Sewage Treatment Plants (STPs), to effectively remove contaminants and enable the safe reuse of the treated wastewater within our operations. The company adopts cleaner burning fuels in our energy mix. The company transitioned its casting and heat treatment furnace pipelines to use natural gas (PNG) and liquefied petroleum gas (LPG) instead of traditional diesel. This switch will result in considerable energy savings.
Social	The company focuses on promoting education, including special education and employment, enhancing vocational skills, especially among children, women, elderly, and the differently abled and through livelihood enhancement projects. The company launched their 'Skill Development Programme' which aimed at empowering local youth by providing them with essential skills to enhance their employability and further drive the socio-economic growth of the region.
Governance	PTC has an effective mix of executive directors, non-executive directors, and independent directors to maintain the Board's independence and separate the functions of governance from the day-to-day management activities. The policies and guidelines establish a well-defined governance framework, that guides their decisions and operations.

Applicable criteria

[Withdrawal Policy](#)
[Consolidation & Combined Approach](#)
[Policy on Default Recognition](#)
[Financial Ratios – Non financial Sector](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)
[Rating of Short Term Instruments](#)
[Manufacturing Companies](#)
[Non Ferrous Metal](#)
[Iron & Steel](#)

About the company and industry**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Castings & Forgings

PTC was incorporated in 1963 and was formerly known as Precious Tools and Casting Private Limited, which was later converted into a public limited company. The company is engaged in the manufacturing of high-quality engineering components of steel and titanium castings for various critical and super-critical applications in the defence sector and medical equipment industry, among others. PTC has a wholly owned subsidiary, ATL, engaged in titanium castings manufacturing.

Brief Financials (₹ crore) Consolidated	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25* (UA)
Total operating income	224.61	260.75	186.15
PBILDT	63.99	76.63	68.35
PAT	25.82	42.22	36.44
Overall gearing (times)	0.58	0.28	-
Interest coverage (times)	4.06	5.03	9.03

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results *9MFY25 refers to the period from April 01, 2024, to December 31, 2024

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	June 30, 2026	0.00	Withdrawn
Fund-based - LT/ ST-Working Capital Limits		-	-	-	0.00	Withdrawn
Non-fund-based - LT/ ST-BG/LC		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	-	-	1)CARE BBB+ (RWD) (29-May-25)	1)CARE BBB+ (RWD) (02-Jan-25)	1)CARE BBB+; Stable (20-Oct-23)	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	-	-	1)CARE BBB+ / CARE A2 (RWD) (29-May-25)	1)CARE BBB+ / CARE A2 (RWD) (02-Jan-25)	1)CARE BBB+; Stable / CARE A2 (20-Oct-23)	-
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	-	-	1)CARE BBB+ / CARE A2 (RWD) (29-May-25)	1)CARE BBB+ / CARE A2 (RWD) (02-Jan-25)	1)CARE BBB+; Stable / CARE A2 (20-Oct-23)	-

LT: Long term; LT/ST: Long term/Short term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Non-fund-based – LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure- 6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Aerolloy Technologies Limited	Full	Complete business of Titanium manufacturing is done in this company

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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