Investment & Precision Castings Limited

July 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	24.24 (Enhanced from 10.00)	CARE BBB-; Stable	Reaffirmed
Long-term / Short-term bank facilities	7.00	CARE BBB- / CARE A3	Reaffirmed
Long-term / Short-term bank facilities	57.00	CARE BBB-; Stable / CARE A3	Reaffirmed

Details of facilities in Annexure -1

Rationale and key rating drivers

The ratings assigned to bank facilities of Investment & Precision Castings Limited (IPCL) continue to derive strength from vast experience of its promoters in the investment castings business, its established manufacturing facilities, long standing relation with key customers, healthy operating profitability, moderate capital structure as well as debt coverage indicators, and adequate liquidity.

However, ratings continue to remain constrained on account of its moderate scale of operations, concentrated revenue profile in terms of its customer base as well as end-user industry, susceptibility of its profitability to volatile raw material prices and close linkages of its demand prospects with the cyclical domestic automobile industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Diversification of revenue profile resulting in significant reduction in customer and end-user industry concentration, thereby entailing greater stability to its revenue and profitability.
- Improvement in capacity utilisation with total operating income (TOI) of over ₹180 crore and profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 14% on a sustained basis.
- Improvement in its debt coverage indicators while maintaining its moderate capital structure.

Negative factors:

- Decline in scale of operations with total operating income (TOI) below ₹120 crore and PBILDT margin below 10% on sustained basis.
- Major debt-funded capex and/or increase in working capital intensity leading to deterioration in overall gearing of over 1x on a sustained basis.
- Elongation in operating cycle beyond 160 days impacting its liquidity on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

A 'Stable' outlook reflects CARE Ratings Limited's (CareEdge Ratings) expectation that the entity is likely to sustain its operating performance on the back of its established presence and long-standing relation with reputed clientele.

Detailed description of key rating drivers

Key strengths

Experienced promoters with long track record of operations and established manufacturing set up

IPCL is one of the established manufacturers of investment castings in India with a long track record of operations of five decades. Piyush Tamboli, Chairman & Managing Director, has vast experience in the castings and auto components industry, which is evident from IPCL's satisfactory operations for five decades through economic cycles. IPCL has well-established manufacturing facility in Bhavnagar, Gujarat, with total casting capacity of 3,000 MTPA (including vacuum casting capacity upto 100 MTPA) as on March 31, 2025. IPCL uses state-of-the-art automated equipment to manufacture variety of castings for automobile, pumps, defence, aerospace, electrical & instrumentation, and other general engineering industries.

Established relations with key customers resulting in repeat orders

IPCL has long-standing business relations with established players in the automobile industry including Maruti Suzuki (India) Limited, Mahindra & Mahindra Limited (rated 'CARE AAA; Stable / CARE A1+'), Tata Motors Limited (rated 'CARE AA+; Stable / CARE A1+'), and Royal Enfield Motors. Due to its long-standing relationship with customers as an approved vendor for investment

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

castings, IPCL has been able to secure repeat orders from its customers. The company also added new customers to its portfolio to diversify its customer base in the defense and aerospace segment.

Healthy operating profitability

The company's operating profitability marked by its PBILDT margin decreased marginally by 115 bps y-o-y, though remained healthy at 13.92% in FY25 (PY: 15.06%) owing to marginally high overhead cost in the year. Consequently, the company's profit after tax (PAT) margin also decreased marginally by 89 bps y-o-y to 3.67% in FY25 (PY: 4.56%).
CareEdge Ratings expects improvement in the company's operating margin in short term supported by expected commissioning of captive renewable energy (RE) power plant in Q4FY26.

Moderate capital structure and debt coverage indicators

IPCL's capital structure as marked by its overall gearing ratio remained moderate at 0.71x as on March 31, 2025 against 0.87x as on March 31, 2024 on account of decrease in term debt (with its scheduled repayment) along with augmentation of tangible net worth (TNW) base to ₹91.10 crore as on March 31, 2025 (PY: ₹85.33 crore) with accretion of profits into reserves. IPCL's total outside liabilities (TOL)/TNW also remained moderate at 1.17x as on March 31, 2025 (PY: 1.29x).
With relatively stable operational performance, the company's debt coverage indicators remained stable with interest coverage of 3.36x (PY: 3.54x) and total debt to gross cash accruals (TD/GCA) of 4.34x (PY: 4.36x) in FY25.
In FY26, IPCL is undertaking debottlenecking / upgradation capex as well as it is installing 4 MW captive solar power plant, which is expected to be operational from Q4FY26. The total capex cost is estimated at ~₹24 crore, funded through term loan of ₹18.78 crore (already sanctioned/ debt tie up pending) and balance from internal accruals. With this, IPCL's financial risk profile is expected to continue to remain moderate.

Key weaknesses

Moderate scale of operations

In FY25, IPCL's scale of operations marked by its TOI remained relatively stable at ₹165.47 crore (PY: ₹171.27 crore) on account of relatively stable sales volume as well as price realisation. The company derived ~66% of its TOI from automobile segment while balance ~33% was from non-automobile segment.

Moderate customer and end-user industry concentration

IPCL supplies majority of its castings to the automobile industry as reflected from ~66% (PY: ~71%) of its total revenue derived from auto industry in FY25, leading to end-user industry concentration risk. Also, IPCL primarily operates in the domestic market which constituted ~90% (PY: ~87%) of total sales in FY25, which makes it vulnerable to slowdown in demand from the cyclical domestic automobile industry. Top five customers of IPCL constituted ~47% (PY: 56%) of its TOI in FY25, exhibiting moderate customer concentration risk, where IPCL has relatively lower bargaining power against its larger size customers.

Exposure to raw material price volatility and dependence on job work arrangement

Iron scrap, steel scrap, and ferro alloys form key raw materials required for manufacturing castings. IPCL procures majority raw material requirement domestically, where it has established sourcing arrangement with local suppliers. Being commodity items, prices of iron scrap, steel scrap and ferro alloys, are volatile in nature, which exposes IPCL's profitability to adverse movement in raw material prices. However, IPCL has an arrangement with most major customers, where sales price is adjusted for fluctuation in raw material prices on quarterly basis, which reduces risk associated with raw material price volatility to a certain extent.
In FY25, of total cost of sales of IPCL, ~31% (PY: 31%) comprises job work charges, which reflects in IPCL's high dependence on job work arrangement, exposing it to disruption in its operations in case of problems with its arrangements.

Exposure to cyclical automobile industry

The automobile industry is inherently susceptible to fluctuations in economic cycles, making it particularly sensitive to macroeconomic variables such as interest rates and fuel prices. These factors directly influence consumer purchasing behaviour, vehicle financing costs, and overall demand for automobiles. As a participant in the automobile ancillary sector, IPCL is exposed to considerable risks stemming from these industry dynamics. Any downturn in the automotive market—whether due to rising interest rates, volatile fuel prices, or broader economic slowdowns—can significantly impact the demand for components and systems supplied by ancillary manufacturers. Consequently, IPCL must navigate these challenges with strategic agility, maintaining operational resilience and financial prudence to mitigate adverse effects of cyclical volatility in the automotive ecosystem.

Liquidity: Adequate

IPCL's liquidity position was adequate marked by its moderate cash accruals which are sufficient to cover its long-term debt scheduled repayment obligations.

The company's cashflow from operations (CFO) increased from ₹6.35 crore in FY24 to ₹19.97 crore (87% of PBILDT) in FY25 due to stable working capital requirement in tandem with relatively stable scale of operations. The company reported net cash accruals (NCA) to the tune of ₹14 crore in FY25 and expected to report NCA of ₹15-18 crore in FY26-FY28 period which shall be adequate to cover gross loan repayment of ₹4-6 crore in the next three years. The unencumbered cash and bank balance with the company remained low at ₹0.22 crore as on March 31, 2025.

IPCL needs to maintain high work-in-progress (WIP) inventory due to complex and lengthy production process of investment castings. Further, owing to funding of capex requirement of IPCL, primarily from internal accruals, its working capital limit utilisation remained moderate marked by average utilisation of fund-based working capital facilities at ~88% per annum (PY: ~93% per annum) for 12 months ended in April 2025. In FY25, IPCL's operating cycle elongated from 125 days in FY24 to 150 days in FY25 on account of increase in collection and inventory period while creditor period reduced.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria:

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Auto Components & Equipments
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Automobile and auto components	Auto components	Auto components & equipments

Incorporated in April 1975, IPCL (CIN: L27100GJ1975PLC002692) was promoted by Late I. F. Tamboli. IPCL is primarily engaged in manufacturing of investment castings, which are largely used in the automobile industry. IPCL is an original equipment manufacturer (OEM) for some of the leading domestic automobile manufacturers. In FY18, IPCL also commenced manufacturing of vacuum castings, which find application across industries such as aerospace, defence, and medical implants. IPCL had an installed capacity of 3,000 metric tonnes per annum (MTPA) for manufacturing investment and vacuum castings as on March 31, 2025, at its plant located at Bhavnagar, Gujarat.

Particular	March 31, 2024 (A)	March 31, 2025 (Pb)
Total operating income	171.27	165.47
PBILDT	25.80	23.03
PAT	7.80	6.07
Overall gearing (times)	0.87	0.71
Interest coverage (times)	3.54	3.36

A: Audited Pb: Published results and schedules; Note: these are latest available financial results

Status of non-cooperation with previous CRA: CRISIL suspended its ratings vide press release dated September 18, 2014, on account of non-cooperation by IPCL with CRISIL's efforts to undertake a review of the outstanding ratings

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated 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	-	-	-	31/03/2035	24.24	CARE BBB-; Stable
Fund-based - LT/ ST-Cash Credit	-	-	-	-	57.00	CARE BBB-; Stable / CARE A3
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	7.00	CARE BBB- / CARE A3

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	24.24	CARE BBB-; Stable	-	1)CARE BBB-; Stable (04-Jul-24)	1)CARE BBB-; Stable (22-Jun-23)	1)CARE BBB-; Stable (04-Jul-22)
2	Fund-based - LT/ ST-Cash Credit	LT/ST	57.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (04-Jul-24)	1)CARE BBB-; Stable (22-Jun-23)	1)CARE BBB-; Stable (04-Jul-22)
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	7.00	CARE BBB- / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (04-Jul-24)	1)CARE A3 (22-Jun-23)	1)CARE A3 (04-Jul-22)

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-Cash Credit	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge 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.

Contact us

Media Contact	**Analytical Contacts**
Name: Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Name: Kalpesh Patel Director **CARE Ratings Limited** Phone: +91-79-4026 5611 E-mail: Kalpesh.patel@careedge.in
Relationship Contact Name: Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in	Name: Anuja Parikh Associate Director **CARE Ratings Limited** Phone: +91-79-4026 5616 E-mail: anuja.parikh@careedge.in Name: Harsh Desai Assistant Director **CARE Ratings Limited** E-mail: harsh.desai@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

For detailed Rating Report and subscription information,
please visit www.careratings.com