

## Punjab Bevel Gears Limited

October 27, 2025

| Facilities                 | Amount (₹ crore) | Rating <sup>1</sup>                       | Rating Action   |
|----------------------------|------------------|---|---|
| Long Term Bank Facilities  | 29.53            | CARE BB+; Stable; ISSUER NOT COOPERATING* | Downgraded from CARE BBB; Stable and moved to ISSUER NOT COOPERATING category |
| Short Term Bank Facilities | 39.50            | CARE A4+; ISSUER NOT COOPERATING*         | Downgraded from CARE A3+ and moved to ISSUER NOT COOPERATING category         |

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Punjab Bevel Gears Limited (PBGL) to monitor the rating(s) vide e-mail communications/letters dated October 17, 2025; September 01, 2025; August 29, 2025 and August 25, 2025 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The ratings on PBGL's bank facilities will now be denoted as **CARE BB+; Stable; ISSUER NOT COOPERATING\* / CARE A4+; ISSUER NOT COOPERATING \***.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The ratings have been revised on account of the non-availability of requisite information due to non-cooperation by PBGL with CARE Ratings Ltd.'s efforts to undertake a review of the ratings outstanding. CARE Ratings Ltd. views information availability risk as a key factor in its assessment of credit risk.

The ratings assigned to the bank facilities of Punjab Bevel Gears Limited (PBGL) remain constrained by the volatility in raw material prices, the working capital intensive nature of its business operations, and the cyclical nature of the automotive industry. However, the ratings also take into account the company's stable operational performance, comfortable capital structure, and healthy debt coverage indicators. Further, the ratings derive strength from PBGL's experienced promoters, long track record of operations, diversified revenue mix, and established relationships with its customers.

**Analytical approach:** Standalone

**Outlook:** Stable

The 'Stable' outlook reflects CARE Ratings' expectation that the company is likely to maintain its operating & financial risk profile over the medium term.

### Detailed description of key rating drivers:

At the time of last rating on October 01, 2024, the following were the ratings weaknesses and strengths:

#### Key weaknesses

**Working capital intensive nature of operations:** Being an auto ancillary player, the operations of the company are highly working capital intensive in nature marked by an average operating cycle of around 131 days as on March 31, 2024 (PY: 125 days). The company majorly supplies the auto component parts to some of the major Original equipment manufacturer (OEMs), therefore being the Tier-1 supplier; the company has lower bargaining power in comparison to its customers, thereby leading to higher receivable days. The average collection period stood at 84 days during FY24 (PY: 82 days). Further, the company is required to maintain adequate inventory of raw material for smooth running of its production processes. Therefore, the company has to maintain inventory of around 3 to 4 months. The creditor period stood at 83 days (PY: 66 days). The high working capital requirements were met largely through bank borrowings which resulted in average utilization of around ~88% of its sanctioned working capital limits for last twelve months period ended August 2024.

Going forward, company's ability to effectively manage its operating cycle & working capital requirements while keeping the capital structure at current levels, will remain a key monitorable.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Exposure to volatility in raw material prices:** Raw-material expense is the major cost driver and any sharp volatility in raw material prices may negatively impact company's profitability. However, the company is able to pass on any hike in raw material costs to its customers (OEMs) with a time lag. This results in minimizing the impact of volatility in raw material prices on the profitability of the company. In replacement market and export market the revision is done in the subsequent orders, which makes the business of PBGL exposed to volatility in raw material prices. Further, the company is exposed to foreign currency risk for its export business as company derives around 28% of revenue from export market.

**Cyclicality nature of the automotive industry:** The automobile industry is cyclical in nature and automotive component suppliers' sales are directly linked to sales of auto OEMs. Furthermore, the auto-ancillary industry is competitive with the presence of a large number of players in the organized as well as unorganized sector. While the organized segment majorly caters to the OEM segment, the unorganized segment mainly caters to the replacement market and to tier II and III suppliers. The product portfolio of the company caters solely to automobile industry. The growth of the company is directly linked to the domestic automotive industry which, in turn, is cyclical and dependent on the growth of the economy.

### Key strengths

**Stable operational performance:** Total operating income (TOI) of PBGL witnessed slight moderation of ~2% during FY24 (refers to the period April 01 to March 31) and stood at Rs. 268.60 crores led by moderation in sales realisations for pinions, crown wheels & gears majorly on account of correction in commodity prices observed during the last fiscal year. Although, sales volumes have increased for crown wheels & pinions by ~8-11% while a slight dip of ~1% was observed in sale volumes of Gears. The company was able to maintain the profitability margins with PBILDT & PAT margin of 8.99% & 3.20% respectively, as against 8.51% & 3.41% respectively during last fiscal year; exercising control over control over stores, spares & freight expense has helped the company in maintaining the profitability margins. The company has achieved TOI of Rs. 64.72 crores with PBILDT margin of 9.29% during Q1FY25 (refers to the period April 01 to June 30). Care Ratings expects operational performance of the company to remain stable in medium term.

**Comfortable capital structure and debt coverage indicators:** The overall gearing of the company stood comfortable at 1.11x as on March 31, 2024, as against 0.96x as on previous year (PY) balance sheet date. Debt coverage indicators stand comfortable as depicted by the total debt to Gross cash accruals (GCA) of 5.12x in FY24 (PY: 4.12x), Total Debt/PBILDT of 3.36x in FY24 (PY:2.65x) and Term Debt/GCA of 1.88x in FY24 (PY: 1.41x). The interest coverage ratio of the company stood at 3.98x for FY24 (PY:4.89x). Slight moderation was observed in debt coverage indicators of the company owing to increase in term debt for installation of plant and machineries for Ludhiana Plant. Care Ratings' expects capital structure to remain comfortable supported by accretion of profits to reserves, strengthening the capital structure of the company and no major debt funded capex planned.

**Diversified revenue-mix and established relationship with the customers:** PBGL has a healthy revenue-mix which primarily includes OEMs, export market and replacement market with the contribution of approximately 53%, 29% and 15% respectively to the total revenues during FY24. PBGL has established longstanding association with its key customers in the automotive and agricultural equipment segment. The diversification of revenues across markets provides relative insulation to PBGL to manage down-turn in any particular segment/ market.

**Operational linkages with group concerns:** PBGL procures raw material (forgings) and semi-finished products [machined components (forged blanks)] largely from its group companies' viz. Jai Gears Private Ltd (JGPL) and Jai Auto Private Ltd (JAPL). The total input procurement from above group concerns stood at approximately 57% of total raw material costs in FY24. Given the significant operational linkages within group concerns, the operational risk on account of dependence on outside suppliers for raw materials remains muted.

**Experienced promoters and long track record of operations:** PBGL was promoted in 1979 by Mr. Virinder Singh along with his son Mr. Arvinder Singh and other promoter-directors. PBGL has been in the business of manufacturing pinion, crown wheels, gears, axle shafts and other allied products since 1980. The company has been successful in establishing JAI brand name in the market. Over the years, PBGL has developed healthy customer-base across both domestic and overseas markets and has expanded scale of operations.

**Liquidity:** Not applicable

**Assumptions/Covenants:** Not Applicable

**Environment, social, and governance (ESG) risks:** Not Applicable

## Applicable criteria

- [Definition of Default](#)
- [Information Adequacy Risk and Issuer Non-Cooperation](#)
- [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 1979, PBGL was promoted by Mr. Virinder Singh along with his son Mr. Arvinder Singh. The promoters have an experience of around 4 decades in automotive components industry. The company is engaged in manufacturing of gears and allied products for automotive, agriculture and industrial applications. The company manufactures products such as crown wheel & pinion, transmission gears, differential bevel gear, axle shafts and steering components. The products find application mainly in commercial vehicles, tractors and three wheelers.

| Brief Financials (₹ crore) | March 31, 2023 (A) | March 31, 2024 (A) | Q1FY25 (UA) |
|----------------------------|--------------------|--------------------|-------------|
| Total operating income     | 274.56             | 268.54             | 64.72       |
| PBILDT                     | 23.45              | 24.29              | 6.01        |
| PAT                        | 9.37               | 8.57               | 1.58        |
| Overall gearing (times)    | 0.96               | 1.17               | NA          |
| Interest coverage (times)  | 4.91               | 4.01               | 3.93        |

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

**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 facilities**

| Name of the Instrument                             | ISIN | Date of Issuance | Coupon Rate (%) | Maturity Date | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook        |
|--|------|------------------|-----------------|---------------|-----------------------------|---|
| Fund-based - LT-Cash Credit                        | -    | -                | -               | -             | 26.00                       | CARE BB+; Stable; ISSUER NOT COOPERATING* |
| Fund-based - LT-Term Loan                          | -    | -                | -               | 30/09/2025    | 3.53                        | CARE BB+; Stable; ISSUER NOT COOPERATING* |
| Fund-based - ST-Bill Discounting/ Bills Purchasing | -    | -                | -               | -             | 5.00                        | CARE A4+; ISSUER NOT COOPERATING*         |
| Fund-based - ST-EPC/PSC                            | -    | -                | -               | -             | 30.00                       | CARE A4+; ISSUER NOT COOPERATING*         |
| Non-fund-based - ST-Bank Guarantee                 | -    | -                | -               | -             | 0.75                        | CARE A4+; ISSUER NOT COOPERATING*         |
| Non-fund-based - ST-ILC/FLC                        | -    | -                | -               | -             | 3.75                        | CARE A4+; ISSUER NOT COOPERATING*         |

\*Issuer did not cooperate; based on best available information.

**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              | 3.53                         | CARE BB+; Stable; ISSUER NOT COOPERATING* | -   | 1)CARE BBB; Stable (01-Oct-24)              | 1)CARE BBB; Stable (31-Oct-23)              | 1)CARE BBB; Stable (29-Sep-22)              |
| 2       | Fund-based - ST-EPC/PSC                            | ST              | 30.00                        | CARE A4+; ISSUER NOT COOPERATING*         | -   | 1)CARE A3+ (01-Oct-24)                      | 1)CARE A3+ (31-Oct-23)                      | 1)CARE A3+ (29-Sep-22)                      |
| 3       | Fund-based - LT-Cash Credit                        | LT              | 26.00                        | CARE BB+; Stable; ISSUER NOT COOPERATING* | -   | 1)CARE BBB; Stable (01-Oct-24)              | 1)CARE BBB; Stable (31-Oct-23)              | 1)CARE BBB; Stable (29-Sep-22)              |
| 4       | Non-fund-based - ST-Bank Guarantee                 | ST              | 0.75                         | CARE A4+; ISSUER NOT COOPERATING*         | -   | 1)CARE A3+ (01-Oct-24)                      | 1)CARE A3+ (31-Oct-23)                      | 1)CARE A3+ (29-Sep-22)                      |
| 5       | Non-fund-based - ST-ILC/FLC                        | ST              | 3.75                         | CARE A4+; ISSUER NOT COOPERATING*         | -   | 1)CARE A3+ (01-Oct-24)                      | 1)CARE A3+ (31-Oct-23)                      | 1)CARE A3+ (29-Sep-22)                      |
| 6       | Fund-based - ST-Bill Discounting/ Bills Purchasing | ST              | 5.00                         | CARE A4+; ISSUER NOT COOPERATING*         | -   | 1)CARE A3+ (01-Oct-24)                      | 1)CARE A3+ (31-Oct-23)                      | 1)CARE A3+ (29-Sep-22)                      |

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term

**Annexure-3: Detailed explanation of covenants of rated facilities:** Not Applicable

**Annexure-4: Complexity level of instruments rated**

| Sr. No. | Name of the Instrument                             | Complexity Level |
|---------|--|------------------|
| 1       | Fund-based - LT-Cash Credit                        | Simple           |
| 2       | Fund-based - LT-Term Loan                          | Simple           |
| 3       | Fund-based - ST-Bill Discounting/ Bills Purchasing | Simple           |
| 4       | Fund-based - ST-EPC/PSC                            | Simple           |
| 5       | Non-fund-based - ST-Bank Guarantee                 | Simple           |
| 6       | Non-fund-based - ST-ILC/FLC                        | 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

|  |  |
|--|--|
| <p><b>Media Contact</b></p> <p>Mradul Mishra<br/>Director<br/><b>CARE Ratings Limited</b><br/>Phone: +91-22-6754 3596<br/>E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a></p> <p><b>Relationship Contact</b></p> <p>Ankur Sachdeva<br/>Senior Director<br/><b>CARE Ratings Limited</b><br/>Phone: +91-22-6754 3444<br/>E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a></p> | <p><b>Analytical Contacts</b></p> <p>Puneet Kansal<br/>Director<br/><b>CARE Ratings Limited</b><br/>Phone: +91-120-4452000<br/>E-mail: <a href="mailto:puneet.kansal@careedge.in">puneet.kansal@careedge.in</a></p> <p>Rajan Sukhija<br/>Associate Director<br/><b>CARE Ratings Limited</b><br/>Phone: +91-120-4452000<br/>E-mail: <a href="mailto:Rajan.Sukhija@careedge.in">Rajan.Sukhija@careedge.in</a></p> <p>Rishabh Sachdeva<br/>Analyst<br/><b>CARE Ratings Limited</b><br/>E-mail: <a href="mailto:Rishabh.sachdeva@careedge.in">Rishabh.sachdeva@careedge.in</a></p> |
|--|--|

### 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](http://www.careratings.com)

### Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to [https://www.careratings.com/privacy\\_policy](https://www.careratings.com/privacy_policy)

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information, please visit [www.careratings.com](http://www.careratings.com)**