

## Cutech Alloys Private Limited

October 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	1.87 (Reduced from 4.41)	CARE BB; Stable	Rating removed from ISSUER NOT COOPERATING category and Upgraded from CARE B+; Stable
Long Term / Short Term Bank Facilities	72.00 (Enhanced from 38.30)	CARE BB; Stable / CARE A4	Rating removed from ISSUER NOT COOPERATING category and LT rating upgraded from CARE B+; Stable and ST rating reaffirmed
Short Term Bank Facilities	1.00	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

In the absence of receipt of requisite information, in line with the extant SEBI guidelines, CARE Ratings Limited (CareEdge Ratings) had placed and reviewed the ratings of bank facilities of Cutech Alloys Private Limited (CAPL) into 'ISSUER NOT COOPERATING'. However, CAPL has now provided the requisite data. Hence, CareEdge Ratings has carried out a full review of the ratings and the ratings stand at '**CARE BB; Stable/ CARE A4**'.

The revision in the ratings assigned to the bank facilities of CAPL is on account of availability of requisite information including FY25 (Unaudited, refers to the period April 01 to March 31) and operational details.

Ratings continue to remain constrained on account of moderate profitability, capital structure and debt coverage indicators along with working capital-intensive nature of operations and stretched liquidity. It further remains constrained due to susceptibility of its profitability to volatile raw material prices and exchange rate fluctuations.

The ratings, however, derives comfort from vast industry experience of the promoters due to its association with ship-breaking industry along with growing scale of operations.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improvement in capital structure marked by an overall gearing ratio below 2.5x while maintaining debt coverage indicators marked by an interest coverage ratio above 3x.

#### Negative factors

- Deterioration in capital structure marked by overall gearing of 5x or higher.
- Deterioration in debt coverage indicators as marked by an interest coverage ratio below 2x and total debt to PBILDY above 6x.
- Significant elongation in operating cycle above 120 days.

**Analytical approach:** Standalone

#### Outlook: Stable

Stable outlook indicates that CAPL is likely to maintain moderate business and financial risk profile over the medium term while benefiting from experience of promoters.

<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.

**Detailed description of key rating drivers:****Key weaknesses****Moderately leveraged capital structure and moderate debt coverage indicators**

Capital structure of CAPL as marked by an overall gearing ratio remained moderately leveraged at 3.29x as on March 31, 2025 and 4.41x as on March 31, 2024. The improvement is due to increase in net worth base with profit accretion to reserves. CAPL's debt profile largely comprises of working capital borrowings, including Cash Credit and Packing Credit facilities, along with unsecured loans from promoters and their relatives. To support increasing scale of operations, CAPL enhanced its working capital limits from ₹44.80 crore to ₹72.00 crore in May 2025 and also infused unsecured loans of ~₹10 crore in 5MFY26. This rise in debt levels is expected to moderate the overall gearing in the near term.

Debt coverage indicators remained moderate as marked by an interest coverage ratio of 2.12x in FY25 (FY24: 1.88x). With increase in profits, total debt to Gross cash accruals (TDGCA) improved from 11.83x in FY24 to 9.08x in FY25; though it continues to remain moderate.

**Working capital intensive nature of operations due to funds blocked in inventories**

The operations of CAPL remain working capital intensive, as it maintains around 2–3 months of inventory to ensure smooth production due to the lead time involved in importing raw materials. Raw materials are procured with a 10% upfront payment, and the remaining amount is paid upon the arrival of the shipment. Meanwhile, CAPL receives payments on advance basis from its export customers and within 15 days from domestic customers. This leads to funds being blocked in inventory, as reflected by the inventory holding period of 47 days in FY25 (FY24: 62 days). Consequently, the company's operations remained working capital intensive, leading to high utilization of its working capital limits.

**Profit margin susceptible to inherently volatile metal prices and foreign currency fluctuation risk**

Copper scrap is the key raw materials of CAPL, and overall raw material constitutes ~90% of CAPL's total cost of goods sold. CAPL's profitability is inherently vulnerable to volatile metal prices prevailing on London Metal Exchange (LME) which are driven by the international demand-supply scenario. To mitigate this risk, CAPL undertakes hedging activities on the Multi Commodity Exchange (MCX), which helps cushion the impact of price volatility to a certain extent. CAPL imports ~60% of raw material from countries such as USA, Saudi Arabia, UAE and others in FY25. CAPL also does considerable exports of ~80% of the total sales in FY25 (against 73% in FY24). Thus, it is exposed to foreign exchange fluctuation risk. However, overall structure of import and exports partially provides a natural hedge. Moreover, CAPL uses forward contracts to mitigate the exchange rate fluctuation risk arising out of exports. However, considering high volatility in foreign exchange rate, CAPL's profit margins yet remain susceptible to certain extent. CAPL reported foreign currency fluctuation gain of ₹3.74 crore in FY25 (₹2.54 crore in FY24).

**Key strengths****Growing scale of operations however with moderate profitability**

CAPL commenced its commercial operations in December 2020 and has demonstrated consistent growth in scale, with a Compound Annual Growth Rate (CAGR) of approximately 95% in Total Operating Income (TOI) over the five years ending FY25. In FY25, it reported TOI of ₹320.59 crore, reflecting a growth of around 56% compared to FY24. During 5MFY26, CAPL recorded TOI of ₹191.95 crore and it is expected to achieve TOI of ₹450-500 crore for FY26. The profitability position however remained moderate, with the PBILDT margin declining by 158 basis points to 3.47% in FY25 from 5.05% in FY24. PAT margin stood at 1.77% in FY25, slightly lower than 1.94% in FY24. For 5MFY26, the PBILDT margin remained at 3.70%.

**Experienced promoters due to its association with ship breaking industry**

CAPL is promoted by Mr. Abhinav Garg, who has been associated with ship breaking industry through M/s Alang Auto & General Eng. Private Limited where he looks after the trading segment of non-ferrous metals. Over the years, the promoter has established good relations with overseas clientele, helping the company to accelerate its growth. Mr. Abhinav Garg, the wholetime director, is supported by a seasoned leadership team. Mr. Sunil Ramakatti, a metallurgist with nearly three decades of experience in the Copper and Copper Alloy industry, oversees the production processes while Mr. Vikas Mittal is managing marketing department.

**Liquidity: Stretched**

CAPL's liquidity position remained stretched due to increased working capital requirements stemming from the scaling up of operations, low cash and bank balance and moderate operating cycle. Average utilization of fund-based working capital limits stood at around 95% during the trailing twelve months ended August 2025. Cash and bank balance remained low at ₹0.01 crore as on March 31, 2025. Cash flow from operations remained at ₹5.10 crore in FY25, driven by growing profitability. Gross cash

accruals stood at ₹6.28 crore in FY25, which were sufficient to meet debt repayment obligations of ₹1.55 crore due in FY26, even after incurring capital expenditures of ₹3.93 crore for routine machinery spare parts and construction of storage facility. The operating cycle improved to 53 days in FY25 from 74 days in FY24, primarily due to averaging effects while the underlying working capital gap increased marginally with growth in operations.

### Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Non Ferrous Metal](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Non - Ferrous Metals	Copper

Incorporated in January 2020, Cutech Alloys Private Limited (CAPL) is engaged in the manufacturing of all types and grades of copper-based alloy ingots and billets out of copper scrap. CAPL's manufacturing plants are ISO certified 1) ISO 9001:2015 for Quality management system, 2) ISO 14001:2015 for Environmental management system 3) ISO 45001:2018 for Health and Safety management system. Currently, CAPL operates from its sole manufacturing unit in Bhavnagar (Gujarat) with an installed capacity of 12000 MTPA as on March 31, 2025.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	5MFY26 (UA)
Total operating income	205.94	320.59	191.95
PBILDT	10.40	11.13	7.10
PAT	4.00	5.69	NA
Overall gearing (times)	4.41	3.29	NA
Interest coverage (times)	1.88	2.12	3.15

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 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 2028	1.87	CARE BB; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	72.00	CARE BB; Stable / CARE A4
Non-fund-based - ST-Bank Guarantee		-	-	-	1.00	CARE A4

**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/ ST-Working Capital Limits	LT/ST	72.00	CARE BB; Stable / CARE A4	-	1)CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING * (12-Mar-25)	1)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING * (20-Feb-24) 2)CARE BB; Stable / CARE A4 (05-Apr-23)	-
2	Fund-based - LT-Term Loan	LT	1.87	CARE BB; Stable	-	1)CARE B+; Stable; ISSUER NOT COOPERATING * (12-Mar-25)	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (20-Feb-24) 2)CARE BB; Stable (05-Apr-23)	-
3	Non-fund-based - ST-Bank Guarantee	ST	1.00	CARE A4				

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

LT: Long term; ST: Short 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 - ST-Bank Guarantee	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](mailto:care@careedge.in) for clarifications.

## Contact us

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