Pritika Auto Industries Limited

November 28, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	97.32 (Enhanced from 70.32)	CARE BBB; Stable	Upgraded from CARE BBB-; Stable
Short Term Bank Facilities	7.50	CARE A3+	Upgraded from CARE A3

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Upgrade in the ratings assigned to the bank facilities of Pritika Auto Industries Limited (PAIL) reflects steady improvement in profitability in FY25 (refers to the period from April 01 to March 31), driven by better sales realization and enhanced operational efficiency. This trend has continued in the current fiscal supported by growth in scale of operations, commencement of commercial operations in step-down subsidiary, Meeta Castings Limited (MCL; engaged into the same line of business), and improved demand in the tractor industry, driven by improved rural sentiment and GST rate reduction on tractors. Ratings continue to draw comfort from the promoters' extensive experience, the group's long-standing presence in the auto component industry, and its position as one of the leading suppliers of machined rear axle housings and differential cases for tractors in North India, supported by its long-standing relationship with reputed Original Equipment Manufacturers (OEMs). Ratings continue to factor in a comfortable financial risk profile, with overall gearing remaining below unity, despite undertaking debt-funded capex in FY25. Ratings are, however, constrained by the cyclical nature of the auto industry, working capital-intensive nature of operations and low bargaining power with OEMs along with susceptibility of profitability margins to raw material price fluctuations. Furthermore, ratings are constrained by customer concentration risk, with a significant portion of revenue derived from a few large OEMs.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustainable improvement in the scale of operations with PBILDT (Profit before interest, lease, depreciation and tax) margin maintained above 13%.
- Improvement in the ratio of total debt/ gross cash accruals below 3.50x on a sustained basis.

Negative factors

- Decline in total operating income below Rs 300 crore and in PBILDT margin below 11%.
- Any un-envisaged debt-funded capital expenditure and/ or exposure to its group companies thereby leading to deterioration in its adjusted overall gearing above unity.

Analytical approach: Consolidated

Financials of Pritika Engineering Components Limited (PECL; subsidiary) and Meeta Castings Limited (MCL; step-down subsidiary) considered being in the same line of business and operational and business linkages. The list of group companies and subsidiaries considered for consolidated financial statements in FY25 are mentioned in annexure 6.

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the entity will sustain its stable operating performance su[ported by its association with top OEMs in the domestic market and extensive experience of the promoters, which aids in securing orders and maintaining its financial risk profile.

Detailed description of key rating drivers:

Key strengths

Consistent growth in scale of operations and profitability

The group registered a marginal increase in total operating income (TOI) at ₹357.59 crore in FY25 (PY: ₹342.37 crore) supported by better sales realization. The group continues to be among the leading suppliers of axle housing, crank cases and wheel hubs for tractors in Northern India, catering largely to domestic OEMs. The group also focusses on expanding its footprints in export

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

markets, which offer better margins. To strengthen its value chain, the group incorporated Meeta Castings Limited (MCL) in March 2022 as a wholly owned subsidiary of PECL and a step-down subsidiary of PAIL. MCL manufactures large steel and iron castings products that are more margin-accretive, and supplies primarily to PECL and PAIL, leveraging common management and strong OEM relationships. MCL commenced commercial operations in April 2024 and achieved a TOI of ₹20.66 crore with PBILDT margin of 14.34% in its first year, contributing to overall profitability at the consolidated level. Consequently, the group's PBILDT margin improved to 16.18% (PY: 15.41%), supported by increased scale and operational efficiencies such as waste reduction, and a favourable product mix.

In **H1FY26** (refers to the period from April 01 to September 30), the group recorded a significant year-on-year (y-o-y) growth of ~30% in TOI driven by favourable demand conditions in the tractor industry, following improved rural sentiment and GST rate reduction on tractors.

Comfortable financial risk profile

The financial risk profile of the group remains comfortable, supported by consistently low overall gearing, which has remained below unity for the past five years. As on March 31, 2025, overall gearing stood at 0.74x (PY: 0.77x), despite undertaking debt-funded capex for setting up additional machining units in Pritika Auto Industries Limited (PAIL) and Pritika Engineering Components Limited (PECL). The capex is going on in the current fiscal, with an expected outlay of ~Rs. 25 crore through debt of ~Rs. 18 crore (debt tied-up). Capex is being incurred regularly to maintain market share and meet evolving product requirements of OEM clients. Furthermore, Interest coverage ratio remained comfortable at 3.61x (PY: 3.57x), while total debt to gross cash accruals (GCA) improved to 3.84x (PY: 4.50x) on account of improved GCA.

Experienced promoters and established track record of operations

The group was promoted by Late Mr. Raminder Singh Nibber, mechanical engineer with experience of more than three decades in manufacturing of tractor auto components through its flagship company Pritika Industries Limited (PIL), established in 1974. His son and the current Managing Director of the group - Mr. Harpreet Singh Nibber has experience of more than two decades in this industry. The top management is supported by qualified and professional senior management team. They have built long-standing relationships with its customers over the years which has enabled it to garner repeat orders. In 2018, the group expanded its presence by incorporating another company, PECL, engaged in the similar line of business. With the growing scale of operations, promoters aim to streamline its operations into product dedicated manufacturing units. The promoters added another company in FY23, Meeta Castings Limited, equipped with advanced technology to manufacture tractor components which commenced operations in April 2024.

Long- standing relationship with leading OEMs, though customer concentration persists

The group has established relationship with reputed OEMs, viz., Mahindra & Mahindra, Tractor and Farm Equipment Ltd, Swaraj Engines Limited, Escorts Kubota Limited, Ashok Leyland etc. Sales remain concentrated, with these OEMs contributing ~84% of total group sales. However, the risk is mitigated to some extent as these OEMs hold a major share in the domestic market, and the group has leveraged its long-standing relationships through strong design and engineering capabilities and adherence to stringent quality standards.

Key weaknesses

Working capital intensive nature of operations

The operations of PAIL remain working capital intensive, as reflected in an elongated operating cycle of ~150 days as on March 31, 2025 (PY: 131 days). The increase was primarily due to higher work-in-progress inventory maintained to meet anticipated demand in FY26 coupled with frequent changes in product mix, which necessitated holding a wider range of components, resulting in an average inventory holding period of 167 days (PY: 127 days). Being in a highly competitive industry, customers are extended credit period of 60–90 days, while raw material procurement is largely against advance payment, leading to a moderate creditor period of 51 days (PY: 55 days). The working capital requirements are met through bank borrowings, with average utilization of sanctioned limits at ~80% for the 12 months ended September 2025. Going forward, the company plans to seek enhancement in working capital limits to support the expected growth in operations.

Low bargaining power with customers and susceptibility of margins to volatility in raw material prices

Iron Scrap is the key raw material used for manufacturing of automotive components. PAIL at group level sources its raw material from domestic market only. The demand for metals is cyclical, the prices of which are driven by demand and supply conditions prevalent in the market coupled with strong linkage with the global LME-driven prices which exposes the group to price risk. However, the company has a mechanism where any revision in the raw material prices is reset by the OEMs based on last billing and change in prices is accommodated with a lag of one quarter.

Cyclical nature of the automotive industry

The automobile industry is cyclical in nature and automotive component suppliers' sales are directly linked to the 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 Tier III suppliers.

Liquidity: Adequate

The company has adequate liquidity marked by sufficient cushion in expected gross cash accruals of Rs. 39.72 crore against scheduled repayment obligations of Rs.18.28 crore in FY26 and free cash and bank balance of ~Rs. 7.00 crore as on March 31, 2025. The company has sufficient headroom to raise debt going forward with comfortable capital structure having an overall gearing below unity. The average utilization of working capital limits stood at approx. 80% in last 12 months ending September 2025. Further, debt-funded capex is going on with expected outlay of Rs. 25 crore in FY26 as mentioned above.

Applicable criteria

Consolidation
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

Pritika Auto Industries is part of Pritika Group. The group is engaged in manufacturing machined rear axle housings and differential cases for tractors in India. Apart from these two components, it produces a wide variety of other components such as brake housings, wheel hubs, hydraulic lift housings/covers, crank cases, cylinder blocks, brake discs, and transmission covers, and is one of the largest producers of machined castings in North India. PAIL has manufacturing facilities at Derabassi and Tahliwal (Himachal Pradesh) and Hoshiarpur (Punjab) with a total capacity exceeding 75,000 metric tonne per annum (MTPA). The manufacturing facilities comprise mechanised foundries with both high-pressure and medium-pressure mould lines, induction furnaces, and cold core box machines.

Brief Financials (₹ crore) (Consolidated)	March 31, 2024 (A)	March 31, 2025 (A)	September 30, 2025 (A)
Total operating income	342.37	357.59	231.06
PBILDT	52.76	57.86	37.10
PAT	16.85	23.90	12.70
Overall gearing (times)	0.77	0.74	NA
Interest coverage (times)	3.57	3.61	3.46

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

Brief Financials (₹ crore) (Standalone)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	341.00	355.47
PBILDT	41.31	39.59
PAT	13.48	18.16
Overall gearing (times)	0.45	0.35
Interest coverage (times)	3.56	3.39

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		-	-	31-03-2028	33.57	CARE BBB; Stable
Fund-based - LT-Working Capital Limits		-	-	-	63.75	CARE BBB; Stable
Non-fund-based - ST-Working Capital Limits		-	-	-	7.50	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	33.57	CARE BBB; Stable	-	1)CARE BBB-; Stable (05-Sep-24)	1)CARE BBB-; Stable (14-Jul-23)	-
2	Fund-based - LT-Working Capital Limits	LT	63.75	CARE BBB; Stable	-	1)CARE BBB-; Stable (05-Sep-24)	1)CARE BBB-; Stable (14-Jul-23)	-
3	Non-fund-based - ST-Working Capital Limits	ST	7.50	CARE A3+	-	1)CARE A3 (05-Sep-24)	1)CARE A3 (14-Jul-23)	-

LT: Long term; ST: 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-Working Capital Limits	Simple
3	Non-fund-based - ST-Working Capital Limits	Simple

Annexure-5: Lender details

To view 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.	Pritika Engineering Components Limited	Full	Wholly owned subsidiary
2.	Meeta Castings Limited	Full	Step-down subsidiary

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
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Puneet Kansal Director **CARE Ratings Limited** Phone: 120-4452018 E-mail: puneet.kansal@careedge.in
Relationship Contact Ankur Sachdeva Senior Director **CARE Ratings Limited** Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in	Sachin Mathur Associate Director **CARE Ratings Limited** Phone: 91-120-4452054 E-mail: sachin.mathur@careedge.in Amisha Jain Lead Analyst **CARE Ratings Limited** E-mail: Amisha.jain@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