# Pritika Engineering Components Limited

November 28, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Long Term Bank Facilities | 35.88<br>(Enhanced from 31.88) | CARE BBB; Stable | Upgraded from CARE BBB-; Stable |
| Short Term Bank Facilities | 3.00 | 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 Engineering Components Limited (PECL) factors in steady growth in scale of operations, though remained modest, and profitability in FY25, supported by increased sales volume, better sales realization and enhanced operational efficiency. The improvement has continued in the current fiscal, aided by favourable demand conditions in the tractor industry, driven by improved rural sentiment and GST rate reduction on tractors. Ratings continue to derive comfort from the promoters' extensive experience, with established market presence of the parent, Pritika Auto industries Limited (PAIL; rated CARE BBB; Stable/ CARE A3+), which is among the leading suppliers of machined rear axle housing and differential cases for tractors in North India, and long-standing relationship with reputed Original Equipment Manufacturers (OEMs). However, ratings remain constrained by PECL's average financial risk profile, with overall gearing remaining above unity due to regular debt funded capex. Ratings further remain constrained by the company's low bargaining power with OEMs, susceptibility of profitability margins to raw material price fluctuations and exposure to the cyclical nature of the automobile industry.

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

### Positive factors

- Sustainable improvement in the scale of operations beyond Rs. 200 crore with PBILDT (Profit before interest, lease, depreciation and tax) margin maintained above 13% on a sustained basis.
- Improvement in capital structure with overall gearing below unity on a sustained basis.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Change in management or effective control of promoter group.
- Significant decline in scale of operations and PBILDT margin below 11% constraining liquidity.
- Any large debt funded capex leading to further deterioration in financial risk profile with overall gearing above 1.50x.
- Deterioration in business operations and financial risk profile of PAIL

**Analytical approach:** Standalone factoring parent linkages with PAIL being into same line of business and having strong business & operational linkages.

**Outlook:** Stable

CARE Ratings Limited (CareEdge Ratings) believes that the entity is likely to sustain its growing scale of operations along with maintaining profitability margins and adequate liquidity.

## Detailed description of key rating drivers:

### Key strengths

**Improved scale of operations, though modest, and profitability**

In FY25, the company registered a significant growth of 20% in total operating income (TOI) to ₹104.83 crore (PY: ₹87.17 crore). This growth was primarily driven by uptick in demand of tractors, substantiated by increased sales volume from 9,037 MTs in FY24 to 10,616 MTs in FY25 in line with the growth in parent, PAIL, and better sales realization, though the scale remained modest. Further, PBILDT margin improved to 14.60% (PY: 13.11%) supported by improved scale and operational efficiencies such as waste reduction and a favourable product mix. In **H1FY26** (refers to the period from April 01 to September 01), the

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

company 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**.**

**Experienced Promoters with established market presence of parent**
Pritika Engineering Components Limited (PECL), incorporated in 2018, is a subsidiary of PAIL which holds 70.81% shares, formed primarily as a backward integration unit. The group is engaged in manufacturing automotive components for tractors and is one of the largest producers of machined casting in North India. PAIL, incorporated in 1980, has built long-standing relationships with OEMs over the years, which has enabled it to secure repeat orders. PECL manufacture and sells majority of its products to PAIL (parent), constituting ~89% of its total sales, which in turn are supplied to OEMs. Further, the working capital limits of PECL are backed by the corporate guarantee of PAIL. The group was promoted by Late Mr. Raminder Singh Nibber, mechanical engineer with experience of more than three decades in manufacturing tractor auto components, and is managed by his son Mr. Harpreet Singh Nibber, Managing Director of the group, with experience of over two decades in this industry. The top management is supported by a qualified and professional senior management team.

**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

**Average financial risk profile**
The capital structure of the company remains average, characterized by overall gearing of 1.21x as on March 31, 2025 (PY: 1.15x). The debt profile primarily comprises various term loans amounting to Rs. 42.32 crore for purchase of plant & machinery and Emergency credit line guarantee scheme (ECLGS) loan, along with working capital borrowings of ~Rs 13.26 crore. The company undertook capex in FY25 for setting up additional machining unit with a total cost of Rs. 25 crore, funded by debt of Rs. 20 crore and expected to complete by FY26. Apart from this, for setting up an advanced technology unit in the same line of business, Meeta Castings Limited (MCL), incorporated as a wholly owned subsidiary of PECL. The cost of setting up this unit was ~Rs 20 crore funded through debt of Rs.12.11 crore and rest from equity. The plant was commissioned in April 2024. PECL extended a corporate guarantee to the bank on behalf of its subsidiary which further moderated its overall gearing to 2.20x in FY25 (PY: 2.27x). Interest coverage ratio stood at 3.55x (PY: 2.92x) and total debt to gross cash accruals (GCA) of 5.25x (PY: 6.18x).

**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 many 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
Liquidity of the company remains adequate, marked by expected GCA of ~Rs. 12 crore against repayment obligations of Rs 7.19 crore along with free cash and bank balance of Rs.2.55 crore. The average working capital utilization over the past 12 months stood at 82% ending September 2025. Going forward, the company plans to seek enhancement in working capital limits to support expected growth in operations. Further, company undertook debt-funded capex of Rs. 25 crore as mentioned above.

## Applicable criteria
[Definition of Default]
[Factoring Linkages Parent Sub JV Group]
[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 Engineering Components Limited (PECL) is engaged in manufacturing precision machined components primarily for the automotive industry, especially for tractors, trucks, and other commercial vehicles. Its product profile includes end cover, cover sealed brake, differential case, cover hydraulic lift, front wheel hub, flywheel housing, rear axle casings, hydraulic lift covers, brake housing, and front engine supports. PECL has a manufacturing facility in Hoshiarpur with a total capacity of 18,000 metric tonne per annum (MTPA).

| Brief Financials (₹ crore) (Standalone) | March 31, 2024 (A) | March 31, 2025 (A) | September 30, 2025 (A) |
|---|---|---|---|
| Total operating income | 87.17 | 104.83 | 68.09 |
| PBILDT | 11.43 | 15.30 | 9.95 |
| PAT | 3.72 | 5.54 | 3.76 |
| Overall gearing (times) | 1.15 | 1.21 | NA |
| Interest coverage (times) | 2.92 | 3.55 | 4.18 |

A: Audited NA: Not available; Note: 'the above results are latest financial results available'

**About the group**

Pritika Auto Industries is a 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) | H1FY26 (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

**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 | - | - | - | 31-08-2028 | 20.88 | CARE BBB; Stable |
| Fund-based - LT-Working Capital Limits | - | - | - | - | 15.00 | CARE BBB; Stable |
| Non-fund-based - ST-Working Capital Limits | - | - | - | - | 3.00 | 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 | 20.88 | 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 | 15.00 | 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 | 3.00 | 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

**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


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