

## Birla Precision Technologies Limited

March 17, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	28.00	CARE BBB; Stable	Assigned
Long-term / Short-term bank facilities	42.00	CARE BBB; Stable / CARE A3+	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to bank facilities of Birla Precision Technologies Limited (BPTL) factor in the company's long track record in the tooling industry, established relationships with diversified customers, comfortable capital structure, and adequate liquidity position. Ratings also take cognisance of the company's improved business focus following gradual exit from the low-margin foundry segment.

However, ratings are constrained by moderate scale of operations and profitability susceptible to operating leverage, working capital intensive operations, exposure to raw material price volatility, and foreign exchange movements. Ratings also factor in the company's presence in a competitive industry and exposure to cyclical end-user sectors.

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

#### Positive factors

- Sustained improvement in scale of operations, with total operating income (TOI) exceeding ₹250 crore, with improvement in the return on capital employed (ROCE) margin above 10% on a sustained basis.
- Improvement in the total debt to gross cash accruals (TD/GCA) below 2.50x on a sustained basis.
- Improvement in the working capital cycle below 120 days on a sustained basis while maintaining sufficient cushion in its working capital limits.

#### Negative factors

- Deterioration in profit margins with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin below 8% on a sustained basis.
- Deterioration in overall gearing exceeding 0.75x or deterioration in interest coverage below 3x on a sustained basis.

#### Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has taken a consolidated view of BPTL and its domestic subsidiaries: Birla Accucast Limited, Birla Engineering Private Limited, Birla Durotool Private Limited, and foreign subsidiaries, Birla Precision USA and Birla Precision Technologies GmbH. Consolidated view has been taken considering BPTL's significant stake, same line of business and similar set of management. Entities considered for consolidation are listed under Annexure-6.

#### Outlook: Stable

The "stable" outlook on the long-term rating reflects CareEdge Ratings' belief that the company will continue to benefit from its experienced promoters with established track record of operations in the industry and with established relationship with its clientele, enabling it to sustain its financial risk profile in the near-to-medium term.

### Detailed description of key rating drivers:

#### Key strengths

##### Long track record of operations with experienced management

BPTL has a long operating track record in the cutting tools industry through its legacy tooling operations. The company manufactures a range of high-speed steel (HSS) cutting tools and tool holders catering to end-user industries such as automotive, hydraulics, aerospace, defence, and general engineering. Over the years, BPTL has developed capabilities in customised tooling solutions, while its product portfolio and established customer relationships support its business profile. The company's operations are largely concentrated in the tooling segment, following gradual exit from the low-margin foundry business.

<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.

**Comfortable capital structure and debt coverage indicators**

BPTL's capital structure stood comfortable with overall gearing at 0.36x as on March 31, 2025, compared to 0.29x as on March 31, 2024. The marginal moderation was mainly due to higher utilisation of working capital borrowings and availment of term debt towards capex, partly offset by improvement in net worth through profit accretion.

Debt coverage indicators moderated in FY25 with interest coverage declining to 3.27x from 7.26x in FY24 and TD/GCA increasing to 4.30x from 2.47x, owing to lower profitability and higher debt levels. Interest coverage remained moderate at 3.14x in 9MFY26. CareEdge Ratings expects BPTL to maintain overall gearing below unity level aided by healthy accruals and limited debt-funded capex.

**Established relationship with diversified customer and supplier base**

BPTL has an established customer base across multiple industrial segments, with top five customers contributing ~20% of the total revenue in FY25 (PY: ~19%), and no single customer contributing over 10% of revenue, indicating moderate customer diversification. The company also has export presence across Japan, the US, and other international markets, with exports contributing ~14% of total revenue in FY25 (PY: ~15%).

On the procurement side, the company sources raw materials from both domestic and overseas suppliers, though dependence on imports has increased in recent years for specific grades of high-speed steel and allied inputs.

**Key weaknesses****Moderate scale of operations with profitability susceptible to operating leverage**

BPTL's scale of operations remains moderate, with TOI ranging between ₹171 crore and ₹254 crore over the five years ended FY25. Revenue declined from ₹254.32 crore in FY23 to ₹213.95 crore in FY25, largely due to sharp reduction in the automotive/foundry segment following gradual exit from the low-margin foundry business. In 9MFY26, operating income improved to ₹180.94 crore against ₹159.39 crore in 9MFY25, supported by better performance in the core tooling segment, which currently contributes over 95% of revenues.

Profitability remains moderate and sensitive to operating leverage, with PBILDT margin ranging from 5.40% to 8.73% over the five years ended FY25. PBILDT margin moderated to 8.73% in FY25 from 11.26% in FY24, mainly due to lower capacity utilisation and continued drag from residual losses in the automotive segment. PBILDT margin stood at 8.04% in 9MFY26. Sustained improvement in tooling volumes and operating margins remains a key monitorable.

**Susceptibility to volatile raw material prices and forex rates**

BPTL remains exposed to raw material price volatility and foreign exchange movements, as ~26% of raw material purchases in FY25 (PY: ~18%) were imported, primarily comprising HSS and allied inputs sourced from China and Europe. Volatility in HSS prices and adverse forex movements may impact the company's cost structure and profitability, particularly in the absence of a formal hedging policy. While partial natural hedge exists through export sales, net import exposure remains a monitorable factor. Forex impact remained limited in FY25, with modest forex gain of ₹0.38 crore.

**Working capital intensive operations**

The company's operations are working capital intensive, as reflected in gross current assets cycle of 265 days in FY25 (PY: 236 days) and a working capital cycle of 134 days (PY: 131 days). The elevated working capital intensity is primarily driven by high inventory holding, which stood at 122 days in FY25 (PY: 125 days), given the wide product range and customer-driven production requirements. The receivable cycle remained moderate at 76 days in FY25 (PY: 67 days), with the company offering credit terms of 60 days to customers. Notably, debtors outstanding for over 180 days accounted for ~9% of total receivables, providing moderate comfort on the quality of receivables. Inventory and receivable requirements are partly offset by creditor support, with the company availing an average credit period of 64 days from suppliers (PY: 62 days). The relatively high working capital intensity resulted in continued reliance on bank borrowings and high utilisation of working capital limits, which moderates liquidity and financial flexibility.

**Project execution and stabilisation risk**

BPTL incurred capex of ~₹12 crore in FY25, primarily towards development of its 'Taps' product line. Further capex of ~₹37 crore is planned over FY26–FY28 towards expansion of precision machining capacity, tool holder manufacturing, precision products for medical implants, and development of new products such as Force Land Drills and DuraMaster targeted at DIY and international markets. The proposed capex is to be funded through term debt of ₹18.20 crore and the balance through internal accruals. While the funding mix remains moderate, timely execution and stabilisation of the new product lines remain important, particularly considering underutilisation in the existing HSS tooling capacity in FY25.

Accordingly, timely completion of the capex programme and generation of expected benefits in terms of scale and profitability remain monitorable.

### Operations in a competitive industry with exposure to cyclical end-user sectors

The cutting tools industry remains highly competitive, characterised by the presence of established global players in premium segments and numerous smaller domestic players in standard product categories. BPTL primarily operates in the higher-quality tooling segment, which supports its business profile to an extent despite industry fragmentation. However, competitive intensity is expected to remain high, while the company's operating performance continues to be exposed to demand trends in key end-user industries such as automotive, engineering, aerospace and industrial manufacturing, which are linked to domestic and global economic cycles.

### Liquidity: Adequate

The company's liquidity position is adequate, as marked by sufficient cash accruals against debt repayment obligations. BPTL had free cash and bank balances of ₹5.99 crore and free fixed deposits of ~₹4 crore as on March 31, 2025. As on December 31, 2025, the company had cash balance of ₹12.11 crore and fixed deposits of ₹4.22 crore. Working capital utilisation remained at ~80-90% in the 12 months ended February 2026. Cash accruals are expected to remain adequate against principal repayment obligations of ₹3-6 crore from FY26-FY28. The current ratio stood comfortable at 1.71x while quick ratio stood at 1.17x as on March 31, 2025 (against 1.76x and 1.15x, respectively, as on March 31, 2024). Cash flow from operations (CFO) stood at ₹7.08 crore in FY25 (against ₹3.45 crore in FY24). However, liquidity continues to remain monitorable due to working capital intensive operations marked by elevated receivables and inventory levels.

**Assumptions/Covenants:** Not applicable

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

### Applicable criteria

[Consolidation](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

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[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Castings and forgings

BPTL is an established engineering and tooling solutions manufacturer with operations spanning HSS cutting tools, CNC rotating tool holders, and precision machining foundry products. The company's origins trace back to 1937 with the formation of Indian Tool Manufacturers (ITM), a unit dedicated to producing HSS cutting tools under the Dagger brand.

BPTL's manufacturing footprint consists of facilities in Nashik and Aurangabad, with corporate operations headquartered in Mumbai. These plants support the production of both HSS cutting tools and CNC tooling systems, enabling an integrated approach to tooling supply for domestic and international customers.

Brief Financials (₹ crore) - Consolidated	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Total operating income	225.92	213.95	180.94
PBILDT*	25.44	18.68	14.54
Profit after tax (PAT)	9.43	5.85	9.04
Overall gearing (x)	0.29	0.36	NA
Interest coverage (x)	7.26	3.27	3.92

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

\*PBILDT: Profit before interest, lease rentals, depreciation, and tax

Brief Financials (₹ crore) - Standalone	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2025 (UA)
Total operating income	226.14	207.46	174.49
PBILDT*	26.63	18.97	14.07
Profit after tax (PAT)	10.66	5.43	8.98
Overall gearing (x)	0.29	0.36	NA
Interest coverage (x)	7.64	3.35	3.81

A: Audited UA: Unaudited; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation, and tax

**Status of non-cooperation with previous CRA:** Infomeric, placed ratings assigned to bank facilities of BPTL under issuer not cooperating category, vide its press release dated February 13, 2026, due to the lack of adequate information available and uncertainty around its credit risk.

**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		-	-	Dec-2029	28.00	CARE BBB; Stable
Fund-based - LT/ ST-Cash Credit		-	-	-	35.00	CARE BBB; Stable / CARE A3+
Fund-based-LT/ST		-	-	-	7.00	CARE BBB; Stable / 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/ST	LT/ST	7.00	CARE BBB; Stable / CARE A3+				
2	Fund-based - LT/ ST-Cash Credit	LT/ST	35.00	CARE BBB; Stable / CARE A3+				
3	Fund-based - LT- Term Loan	LT	28.00	CARE BBB; Stable				

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-Cash Credit	Simple
3	Fund-based-LT/ST	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	Birla Precision USA Limited	Full	Subsidiary
2	Birla Precision Technologies GMBH	Full	Subsidiary
3	Birla Engineering Private Limited	Full	Subsidiary
4	Birla Accucast Private Limited	Full	Subsidiary
5	Birla Durotool Private Limited	Full	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

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