



## Press Release

### PTC Industries Limited (PIL)

August 09, 2024

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term fund-based Bank Facilities - Term Loans	71.54	IVR BBB+/Negative (IVR Triple B Plus with Negative Outlook)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	Rating Reaffirmed and Outlook revised to Negative	Simple
Long Term fund-based Bank Facilities - Cash Credit	40.00	IVR BBB+/Negative (IVR Triple B Plus with Negative Outlook)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	Rating Reaffirmed and Outlook revised to Negative	Simple
Short Term fund-based Bank Facilities - EPC/PCFC/FBP/FBD/SLC	45.40	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Reaffirmed	Simple
Short Term Non-fund-based Bank Facilities - LCs	25.00	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	Reaffirmed	Simple
<b>Total</b>		<b>181.94</b> <b>(Rupees One Hundred and Eighty-One Crore and Ninety-Four Lakhs only)</b>			

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

#### Detailed Rationale

Infomerics Ratings has reaffirmed its rating assigned to the bank facilities of PTC Industries Limited and revised outlook to Negative. The ratings continue to factor in the extensive experience of the promoters and established track record of operations, comfortable financial risk profile and diversified product profile. However, these ratings strengths are partially offset by the company's moderate working capital intensive operations, exposure to foreign exchange fluctuations and cyclical and price volatility in steel industry susceptible to regulatory changes and global phenomenon.

The outlook is revised to Negative in view of steep and sequential decline in financial performance and uneven trend in company's revenue as well as profitability margins.



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### Key Rating Sensitivities:

#### Upward Factors

- Increase in scale of operation & profitability margins
- Sustenance of the capital structure and improvement in debt protection metrics

#### Downward Factors

- Substantial decline in profitability impacting debt protection matrix and liquidity
- Deterioration in working capital cycle and liquidity profile of the company.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Significant experience of the promoters & established track record of operations**

PTC Industries Limited (PTC) incorporated in 1963 has a long track record of manufacturing of stainless steel casting that find applications in various industries. PTC was founded by late Satish Chandra Agarwal. Currently the directors of the company Mr. Sachin Agarwal, Mr. Priya Ranjan Agarwal, Mr. Alok Agarwal, Mr. Ashok Kumar Shukla & Ms. Smita Agarwal are having decades of experience in casting Industry. The company has five independent directors in order to maintain independence of the Board and segregate the functions of governance and management. Longstanding presence of the promoters and directors in the industry has helped the company to establish strong relationships with customers and suppliers, withstand industry cycles, diversify the product profile, and expand capacity.

- **Comfortable financial risk profile albeit declining trend in last few quarters**

PTC's financial risk profile stood comfortable marked by average overall gearing at 0.51 times as on March 31, 2023, as against 1.34 times at the end of FY22. Interest coverage stood healthy at 3.81 times in FY23 (refers to period



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from April 1, 2022 to March 31, 2023) and 2.47 times in FY22. EBITDA & PAT margins have improved to 25.87% & 8.87% respectively in FY23 as against 20.80% & 5.11% respectively in FY22 owing to commencement of titanium casting.

It is however observed that the quarterly financial performance has steeply declined over the last three quarters. For Q1FY25, total operating income witnessed a y-o-y decline of about 35% to stand at Rs. 46.06 crore while EBITDA and PAT witnessed a y-o-y higher decline of about 46% and 70% respectively during the quarter.

- **Diversified Product Profile**

PTC is engaged in the business of manufacturing Stainless Steel, Duplex, Super Duplex, Nickel, Cobalt alloys, non-alloy steel castings solutions, machined components and fabricated parts for application in sectors such as Aerospace, Oil & Gas, Marine, Energy & Petrochemical. The company has expanded its existing product portfolio by introduction of new trademarked indigenously developed technologies like RapidCast™, PrintCast™, forgeCast™, Powderforge™ and TiCast™. The company produces Pumps, Valves, Propulsion, flow control etc. products with the help of these technologies.

### Key Rating Weaknesses

- **Moderate working capital intensive nature of operations**

The company's operations are moderately working capital intensive in nature as reflected by its Operating cycle (days) of around 199 days in FY2023 as against 216 days in FY2022. PTC maintains an average inventory of around 3-4 months of various varieties and grades for smooth running of operations and no stock out position to lose business. The average collection period (days) also remains high at 100 days in FY23 as against 127 days in FY22.

- **Exposure to foreign exchange fluctuations**



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The company derives a major portion of its income i.e., around 80% of total revenue from exports, due to that company will remain exposed to currency fluctuation to the extent of unhedged exposure. However, company has a hedging mechanism in place to reduce exposure to foreign exchange fluctuations.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity – Adequate**

The liquidity of the company is expected to remain Adequate in the near to medium term in view of sufficient cash accruals vis-à-vis debt repayment obligations. The company is expected to generate cash accruals to the tune of ~Rs.60 - 130 crore during FY24-FY26 as against a repayment obligation of ~Rs.20 - 25 crore during the aforesaid period indicating an adequate liquidity position. Further the fund based average working capital utilisation stood comfortable at ~50% during the last twelve months ended May 2023.

### **About the Company**

PTC Industries Limited (PIL) incorporated in 1963 as Precision Tools & Castings Private Limited and was later converted into public limited company listed at National Stock Exchange of India (NSE). It has Stainless Steel & Titanium Casting manufacturing facilities located at Lucknow, Uttar Pradesh and Mehsana, Gujarat while it has its captive power generation plant in Kutch, Gujarat . The company is engaged in the business of manufacturing Stainless Steel, Duplex, Super Duplex, Nickel, Cobalt alloys, non-alloy steel castings solutions, machined components and fabricated parts. The company uses various indigenously developed technologies like Centrifugal Castings, Replicast®, RapidCast™, forgeCAST™ & Titanium



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Powder for casting. The company caters to Oil & Gas, Aerospace, Marine, Pulp & Paper, Petrochemical & Energy industries.

### Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	178.94	226.66
EBITDA	37.23	58.64
PAT	9.50	20.10
Total Debt	191.41	139.26
Tangible Net Worth	164.54	297.00
EBITDA Margin (%)	20.80	25.87
PAT Margin (%)	5.11	8.87
Overall Gearing Ratio (x)	1.34	0.51
Interest Coverage (x)	2.47	3.81

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					Date (July 03, 2023)	Date (April 04, 2022)	Date (January 08, 2021)
1.	Term fund-based Bank Facilities - Term Loans	Long Term	71.54	IVR BBB+/Negative (IVR Triple B Plus with Negative Outlook)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)
	Term fund-based Bank Facilities - Cash Credit	Long Term	40.00	IVR BBB+/Negative (IVR Triple B Plus with	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)	IVR BBB+/Stable (IVR Triple B Plus with	IVR BBB+/Stable (IVR Triple B Plus with Stable Outlook)



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					Date (July 03, 2023)	Date (April 04, 2022)	Date (January 08, 2021)
				Negative Outlook)		Stable Outlook)	
	Fund-based Bank Facilities - EPC/PCFC/FBP/FBD/SLC	Short Term	45.40	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)
	Non-fund-based Bank Facilities – LCs	Short Term	25.00	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)	IVR A2 (IVR A Two)

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.



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For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Instrument/Facility Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term fund-based Bank Facilities - Term Loans	-	-	-	-	71.54	IVR BBB+/Negative (IVR Triple B Plus with Negative Outlook)
Long Term fund-based Bank Facilities - Cash Credit					40.00	IVR BBB+/Negative (IVR Triple B Plus with Negative Outlook)
Short Term fund-based Bank Facilities - EPC/PCFC/FBP/FB D/SLC					45.40	IVR A2 (IVR A Two)
Short Term Non-fund-based Bank Facilities – LCs					25.00	IVR A2 (IVR A Two)

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-PTC-aug24.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Name of the Security	Detailed Explanation
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	<b>Financial Covenant</b>	
	i.	
	ii.	
	<b>Non-financial Covenant</b>	
	i.	
	ii.	

**Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).