



Press Release

PTC Industries Limited (PIL)

July 03, 2023

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long term fund based bank facility – Term Loans	71.54	IVR BBB+/ Stable (IVR Triple B Plus with Stable Outlook)	Reaffirmed	Simple
Long term fund based bank facility – Cash Credits	40.00	IVR BBB+/ Stable (IVR Triple B Plus with Stable Outlook)	Reaffirmed	Simple
Short term fund based bank facility – EPC/ PCFC/ FBP/ FBD/ SLC	45.40	IVR A2 (IVR A Two)	Reaffirmed	Simple
Short term Non-fund based bank facility – LCs	25.00	IVR A2 (IVR A Two)	Reaffirmed	Simple
Total	181.94			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating reaffirmation to the bank facilities of PTC Industries Limited (PIL) continuous to derive comfort from significant experience of the promoters & established track record of operations, improved financial risk profile and diversified product profile. However, these rating strengths remain constrained by moderate working capital intensive nature of operations and exposure to foreign exchange fluctuations.

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.



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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.

Improved financial risk profile

PTC's financial risk profile improved on account of Fund Raising through Preferential Allotment in FY23 as well as in Q1FY24 resulting improved overall gearing at 0.51 times in FY23 (Audited) as against 1.34 times in FY22. TOL/ATNW has improved to 0.75x in FY23 as against 1.75x in FY22. Interest coverage stood healthy at 3.81 times in FY23 and 2.47 times in FY22.

Improved profitability margin

The EBITDA & PAT margins has improved to 25.87% & 8.87% respectively in FY23 as against 20.80% & 5.11% respectively in FY22 owing to commencement of titanium casting.

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.



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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

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. As on 31st March 2023, the unhedged foreign currency exposure stood at 7.12 crore.

Analytical Approach: Standalone Approach

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria on Rating Outlook](#)

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



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PTC Industries Limited (PIL) incorporated in 1963 as Precision Tools & Castings Private Limited and was later converted into public limited company listed at Bombay Stock Exchange (BSE). 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 Powder for casting. The company caters to Oil & Gas, Aerospace, Marine, Pulp & Paper, Petrochemical & Energy industries.

Financials (Standalone):

For the year ended/ As on*	INR in Crore	
	31-03-2022 (Audited)	31-03-2023 (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 Networth	142.64	275.10
EBITDA Margin (%)	20.80	25.87
PAT Margin (%)	5.11	8.87
Overall Gearing Ratio (x)	1.34	0.51

* 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:



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (Date: April 04, 2022)	Date(s) & Rating(s) assigned in 2021-22 (Date: January 08, 2021)	Date(s) & Rating(s) assigned in 2020-21
1.	Term Fund Based Bank Facilities – Term Loans	Long Term	71.54	IVR BBB+/Stable	IVR BBB+/Stable	IVR BBB+/Stable	-
2.	Fund Based Bank Facilities – Cash Credit	Long Term	40.00	IVR BBB+/Stable	IVR BBB+/Stable	IVR BBB+/Stable	-
3.	Fund based bank facility – EPC/PCFC/ FBP/ FBD/ SLC	Short Term	45.40	IVR A2	IVR A2	IVR A2	-
3.	Non-fund based bank facility – LCs	Short Term	25.00	IVR A2	IVR A2	IVR A2	-

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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.



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

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long term fund based bank facility – Term Loans	-	-	-	71.54	IVR BBB+/ Stable
Long term fund based bank facility – Cash Credits	-	-	-	40.00	IVR BBB+/ Stable
Short term fund based bank facility – EPC/ PCFC/ FBP/ FBD/ SLC	-	-	-	45.40	IVR A2
Short term Non-fund based bank facility – LCs	-	-	-	25.00	IVR A2

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.



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Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-PTC-Industries-jul23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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.

