

Pritika Engineering Components Limited

August 12, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 87.00 Crore	Regulator[^]
Long Term Rating	IVR BBB+/ Stable (Rating Assigned)	RBI
Short Term Rating	IVR A2 (Rating Assigned)	RBI
^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.		

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

The rating assigned to Pritika Engineering Components Limited (PECL) factors in the growing scale of operations and comfortable capital structure and debt coverage indicators. The ratings further derive strength from the extensive experience of promoters and established operational track record of the group in auto component industry. Additional comfort is drawn from the company's strong relationships with OEMs and repeat business from reputed customers

However, these rating strengths are partially offset by the moderation in profitability margin, high working capital-intensive nature of operations, exposure to inherent cyclicity in auto industry along with high client concentration risk.

Outlook: Stable

The 'Stable' outlook reflects Infomerics' expectation of healthy growth in scale and improvement in profitability over the medium term while maintaining adequate debt protection metrics.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Consolidated
Parent/ Group Support	Not applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

- Growing scale of operations albeit moderation in profitability margins

The total operating income of the group grew at a CAGR of 10.08% during last three years ending March 31, 2026, further on y-o-y the TOI grew by 35.32% and stood at Rs. 482.95 crore in FY26 as against Rs. 356.88 crore in FY25 on account of increase in sales of its key products. Despite increase in scale of operations, the EBITDA margin declined by 130 bps and stood at 14.71% in FY26 as compared to 16.01% in FY25 primarily on account of increase in power and fuel cost and workshop expenses along with increase in raw material consumption cost. Subsequently, the PAT Margin also declined by 174 bps and stood at 4.78% in FY26 from 6.52% in FY25 on account of decline in operational profitability and lower other income.

- **Comfortable capital structure and debt coverage indicators**

The capital structure of the group remained comfortable as evidenced by overall gearing ratio stood at 0.79x as on March 31, 2026, compared to 0.74x as on March 31, 2025, on account of increase in term loan along with higher utilization of working capital bank limits as on balance sheet date by the group. The long-term debt to equity ratio stood at 0.46x as on March 31, 2026, compared to 0.41x as on March 31, 2025. The total indebtedness of the group stood moderate as reflected by TOL/TNW of 1.23x as on March 31, 2026, compared to 1.08x as on March 31, 2025, on account of increase in creditors along with increase in bank borrowings. The debt coverage indicators stood comfortable marked by interest coverage ratio of the group at 3.21x in FY26 deteriorated from 3.57x in FY25 on account of increase in interest and finance charges. DSCR stood at 1.65x in FY26 as against 1.87x as on 31st Mar'25 on account of owing to higher debt servicing obligations relative to the gross cash accruals generated during the year.

- **Extensive experience of promoters and established operational track record of the Group in auto component industry**

The group was promoted by Late Mr. Raminder Singh Nibber, a mechanical engineer with over three decades of experience in manufacturing tractor and automobile components through its flagship company, Pritika Industries Limited (PIL), established in 1974. His son, Mr. Harpreet Singh Nibber, the current Managing Director, has more than two decades of experience and has been instrumental in driving the group's growth and diversification. Over the years, the group has expanded its operations by setting up Pritika Engineering Components Limited (PECL) in 2018 and Meeta Castings Limited (MCL) in FY23, equipped with advanced technology for manufacturing key tractor components such as axle housings and crank case cylinder blocks. Supported by a qualified management team and long-standing relationships with reputed OEMs, the group has

built a strong presence and demonstrated a consistent operational track record in the auto component industry.

- **Strong relationships with OEMs and repeat business from reputed customers**

The group has developed strong and long-standing relationships with leading OEMs in the tractor and automobile industry, resulting in a stable and recurring order base. Over the years, it has established itself as a trusted supplier to reputed OEMs such as Mahindra & Mahindra, Tractor and Farm Equipment Ltd (TAFE), Swaraj Engines Limited, Escorts Limited, and CNH Industrial Private Limited, among others. The long-term association with multiple OEMs not only ensures revenue visibility but also reflects the group's credibility, technical capability, and ability to meet evolving industry standards.

Weaknesses

- **Working capital intensive nature of operations**

The group's operating cycle stood elongated and stood at 142 days in FY26, improved from 178 days in FY25 due to the decline in inventory days from 162 days in FY25 to 136 days in FY26 and collection periods to 28 days in in FY26 as against 42 days in FY25. The higher inventory level is because the company has to keep enough raw material, work-in-progress, and finished goods for different OEM requirements and specifications. The multi-stage production and quality inspection processes also add to work-in-progress inventory, resulting in elevated working capital requirements despite a moderate collection period of around 28 days in FY26.

- **Exposed to inherent cyclicity in auto industry**

The group operates in the automotive sector, which is inherently cyclical and closely linked to overall economic conditions. The demand from automotive OEMs tends to fluctuate with changes in consumer sentiment and macroeconomic trends.

- **Exposure to high client concentration risks**

The group continues to have a concentrated customer profile, with a major portion of its revenues derived from a few large OEMs. Mahindra & Mahindra Ltd. and Escorts Kubota Ltd. remain the key customers, contributing approximately 47% of the company's total revenues. Such dependence on a limited customer base exposes the company to business

and revenue risks in the event of a decline in order volumes, change in procurement policies, or pricing pressure from these clients.

Liquidity – Adequate

The liquidity position of the group is expected to remain adequate as it expects sufficient cushion in its cash accruals vis-à-vis debt repayments. The consolidated average fund-based utilisation for last 12 months ending June 2026 stood at 78.73%, indicating sufficient cushion cover availability in case of additional working capital requirement. The unencumbered cash and bank balance of the group stood at Rs. 6.10 Crore as on March 31, 2026

Rating Sensitivities

Upward Factors

- Substantial and sustained growth in operating income, profitability margins and cash accruals.
- Total debt/ EBITDA below 1.5x on a sustained basis.
- Improvement in operating cycle

Downward Factors

- Significant decline in operating income and profitability
- Further elongation in operating cycle driven by piling up of inventory or stretched receivables.
- Any sizeable debt funded capital expenditure weakening the financial risk profile, specific credit metric for downgrade includes DSCR below 1.50 times on sustained basis.

About the Group

Pritika Group of Industries, established in 1974, is a diversified manufacturer of precision machined castings and engineering components, primarily catering to the tractor and automotive sectors. The Group has five entities with manufacturing facilities across North India and capabilities spanning iron casting, machining and sub-assembly. Its product portfolio includes rear axle housings, differential cases, hydraulic lift covers, wheel hubs and other critical components. The Group has established relationships with leading OEMs including Escorts Kubota, TAFE, Mahindra & Mahindra and Ashok Leyland.

About the Company

Pritika Engineering Components Limited (PECL), a subsidiary of Pritika Auto Industries Limited and a key company of the Pritika Group, is engaged in the manufacturing of precision-machined components primarily for the tractor and automotive sectors. The company operates an integrated manufacturing facility in Hoshiarpur, Punjab, comprising a mechanised foundry and machine shop, with capabilities across casting and machining. Its product portfolio includes transmission housings, differential cases, hydraulic lift housings, front axle supports, wheel hubs, flywheel housings and other critical tractor and commercial vehicle components. PECL caters to reputed OEMs in the automotive and tractor industry and has established long-standing relationships with major customers.

Key Financial Indicators (Consolidated):

For the year ended/ As on*	31-03-2025	31-03-2026
	Audited	Audited
Total Operating Income	356.88	482.95
EBITDA	57.15	71.05
PAT	23.90	23.20
Total Debt	169.31	193.87
Tangible Net Worth (ATNW)	228.38	244.13
EBITDA Margin (%)	16.01	14.71
PAT Margin (%)	6.52	4.78
Overall Gearing (times)	0.74	0.79
Interest Coverage (times)	3.57	3.21

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026
	Audited	Audited
Total Operating Income	104.84	144.37
EBITDA	15.30	18.07
PAT	5.54	6.55
Total Debt	55.57	81.06
Tangible Net Worth (ATNW)	37.45	43.88
EBITDA Margin (%)	14.59	12.52
PAT Margin (%)	5.25	4.51
Overall Gearing (times)	1.81	2.12
Interest Coverage (times)	3.55	3.80

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company

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

Policy on consolidation of companies

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years

Sr. No.	Instruments/Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
1.	Fund based facilities	LT	78.00	IVR BBB+/Stable	-	-	-
2.	Non-fund-based facilities	ST	9.00	IVR A2	-	-	-

Annexure 1: Instrument/Facility Details

Name of Facility/Securitized	ISI N	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/Outlook	Listing Status	Regulator [^]	Complexity Indicator
Term Loan 1	-	-	-	Dec 26	0.05	IVR BBB+/Stable	NA	RBI	Simple
Term Loan 2	-	-	-	Oct 2027	0.10	IVR BBB+/Stable	NA	RBI	Simple
Term Loan 3	-	-	-	Dec 2028	0.47	IVR BBB+/Stable	NA	RBI	Simple
Term Loan 4	-	-	-	May 2028	1.53	IVR BBB+/Stable	NA	RBI	Simple
Term Loan 5	-	-	-	Mar 2029	2.52	IVR BBB+/Stable	NA	RBI	Simple
Term Loan 6	-	-	-	Feb 2028	3.57	IVR BBB+/Stable	NA	RBI	Simple
Term Loan 7	-	-	-	Sep 2027	0.40	IVR BBB+/Stable	NA	RBI	Simple
Term Loan 8	-	-	-	Feb 2027	0.25	IVR BBB+/Stable	NA	RBI	Simple
Term Loan 9	-	-	-	July 2029	5.44	IVR BBB+/Stable	NA	RBI	Simple
Term Loan 10	-	-	-	July 2030	4.73	IVR BBB+/Stable	NA	RBI	Simple
Term Loan 11	-	-	-	Oct 2030	3.00	IVR BBB+/Stable	NA	RBI	Simple
Term Loan 12	-	-	-	Feb 2036	5.20	IVR BBB+/Stable	NA	RBI	Simple



Term Loan 13	-	-	-	Feb 2036	22.30	IVR BBB+/Stable	NA	RBI	Simple
Cash Credit 1	-	-	-	-	20.00	IVR BBB+/Stable	NA	RBI	Simple
Cash Credit 2	-	-	-	-	7.00	IVR BBB+/Stable	NA	RBI	Simple
Cash Credit 3	-	-	-	-	1.44	IVR BBB+/Stable	NA	RBI	Simple
BG 1	-	-	-	-	3.00	IVR A2	NA	RBI	Simple
LC 1	-	-	-	-	6.00	IVR A2	NA	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:

<https://infomericstorage.blob.core.windows.net/uploads/len PECL aug26 9e33154d20.pdf>

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

Annexure 4: List of companies considered for Consolidated/Combined analysis:

Sr. No.	Name of the company/Entity	Extend of Consolidation	Rationale for consolidation
1	Pritika Auto Industries Limited	Full	Common promoters/ management, cash flow fungibility and strong financial linkages between the entities.
2	Pritika Engineering Components Limited	Full	Common promoters/ management, cash flow fungibility and strong financial linkages between the entities.
3	Meeta Castings Limited	Full	Common promoters/ management, cash flow fungibility and strong financial linkages between the entities.

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* \$	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI



10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	+
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side Regulator such as IRDAI, PFRDA @

Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

Note: For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Analytical Contact**Name: Vipin Jindal****Tel: (011) 45579024****Email ID: Vipin.jindal@infomerics.com****About Infomerics**

Infomerics Valuation and Rating Ltd. ("Infomerics") [Formerly known as Infomerics Valuation and Rating Private Limited], a SEBI-registered and RBI-accredited credit rating agency, is dedicated to delivering independent, transparent, and research-driven ratings. Licensed for credit rating operations since 2015, Infomerics has empowered investors with reliable insights to make informed credit decisions. Driven by robust frameworks and methodologies, enriched by sectoral depth, and defined by analytical precision, Infomerics evaluates a wide spectrum of borrowers including MSMEs, large corporates, banks, NBFCs, state governments, municipal bodies, infrastructure projects, REITs, and InvITs— covering the entire range of debt instruments. With a strong pan-India presence anchored by its Head Office in Delhi and Corporate Office in Mumbai, alongside branches in major cities, Infomerics has rapidly expanded its footprint. Its joint venture in Nepal further underscores its growing influence across South Asia. Over the past decade, Infomerics has emerged as a rapidly expanding force in the credit rating space, achieving broad market recognition and building enduring trust among investors, institutions, and issuers.

For more information and definitions of ratings, please visit www.infomerics.com.

Disclaimer: Infomerics ratings are independent opinions on the credit risks of the issue / issuer as of the date they are assigned and do not constitute statements of fact or recommendations to buy, hold or sell securities. The rating reflects Infomerics' opinion on the relative credit risk of the rated instrument or entity at the time it is assigned. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are based on information and data provided by the issuer or obtained from sources believed by Infomerics to be accurate and reliable. Infomerics does not conduct any audit, due diligence or independent verification of the rated issuer or of the information provided to it unless specifically required under applicable regulatory guidelines. The credit ratings are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities. While reasonable care has been taken to ensure the accuracy of the information herein, it is provided on an 'as is' basis and to the maximum extent permitted by law without warranty of any kind. Infomerics makes no representation or warranty, express or implied, regarding the accuracy, adequacy, timeliness, or completeness of any information contained in this report. All 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. Infomerics, or any of its group companies, may have provided other permissible services other than credit ratings to the rated issuer in the ordinary course of business. To the maximum extent permitted by applicable law, in no event shall Infomerics, its affiliates, or their respective directors, officers, shareholders, employees, or agents be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special, or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income, lost profits, or opportunity costs) arising from any use of this report. Any person accessing or using this report shall do so at their own risk. Infomerics shall have no obligation to update, revise or supplement this report after its publication except as required under applicable regulatory guidelines. The ratings and reports issued by Infomerics are intended for use in accordance with applicable laws and regulatory requirements governing credit rating agencies in India.