

June 8, 2026

Pontika Aerotech Limited: Rating reaffirmed; outlook revised to Positive

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Cash credit	30.00	30.00	[ICRA]BB+ (Positive); reaffirmed, outlook revised to Positive from Stable
Total	30.00	30.00	

*Instrument details are provided in Annexure II

Rationale

The revision in the outlook of Pontika Aerotech Limited (PAL) to Positive from Stable factors in the company's healthy growth over the past three years on account of increasing revenue from existing customers and addition of new customers in aerosol solutions across personal care, pharmaceuticals, beauty, and home care segments. ICRA expects the increasing revenue and earnings will improve the debt protection metrics gradually over the medium term. The rating continues to factor the extensive experience of the promoters in contract manufacturing of pharmaceutical and cosmetics products for various reputed domestic and international brands. The company's revenues grew by around 35% to Rs. 430 crore in FY2026 (provisional) from Rs. 319 crore in FY2025, driven by an expansion in its product offerings and customer base. However, the operating profit margins (OPM) moderated to around 7.2% in FY2026 (provisional) from 8.6% in FY2025 due to higher fixed expenses and change in product mix towards lower-margin products. Nevertheless, the OPM is expected to recover in FY2027, supported by economies of scale and gradual increase in the share of high-margin products in the overall product mix. The rating also derives comfort from the company's reputed and diversified customer base, which includes leading industry players such as GlaxoSmithKline Pharmaceuticals Ltd. (GSK), Cipla Ltd, Piramal Pharma Ltd., Abbott India Ltd., Intas Pharmaceuticals Ltd., Leeford Healthcare Ltd., etc. These long relationships provide steady revenue visibility, supported by timely renewal of contracts from these clients.

The rating is, however, constrained by the large debt-funded capex in the past 2-3 years, which resulted in modest financial risk profile, with subdued DSCR and interest coverage of 1.3 times and 3.3 times, respectively, in FY2026. The rating also remains constrained due to the working capital-intensive nature of operations, driven by significant working capital requirements for maintaining raw material inventory and elevated receivables. This is primarily attributable to the company's limited bargaining power with the customers. Besides, the company faces intense competition in the contract manufacturing industry due to the presence of many small players. Nevertheless, the presence of an in-house research and development (R&D) department, which supports product development for both the pharmaceutical and cosmetics segments, provides some competitive advantage.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters in contract manufacturing business – PAL is a part of the Tirupati Group, which has extensive experience in manufacturing products for the pharmaceutical and nutritional segments. The company is promoted by the Goyal family, who are also heading the Tirupati Group. The established position of the Group has supported PAL in gaining traction within the cosmetics and pharmaceutical sectors, enabling it to build a strong and eminent clientele. PAL has

steadily expanded its product portfolio by adding new segments and has achieved success in securing more contract manufacturing opportunities, including ready-to-market products, backed by its in-house research and development (R&D) capabilities.

Reputed and diversified clientele ensure steady revenue visibility – Over the years, the company has successfully delivered products to top pharmaceutical companies such as GlaxoSmithKline Pharmaceuticals Ltd. (GSK), Cipla Ltd., Piramal Pharma Ltd., Abbott India Ltd., Intas Pharmaceuticals Ltd., Dr. Reddys, Leeford Healthcare Ltd. etc., through both contract manufacturing and ready-to-market products developed using its in-house R&D capabilities. These long-term contracts have helped rebuild client trust and contributed to stabilising the company's growth trajectory, with revenues showing steady Year-on-Year improvement over the past three years.

Credit challenges

Moderate financial risk profile due to high debt-funded capex – PAL's financial profile remains modest, primarily due to large debt-funded capital expenditure in the last 2-3 years. Significant investments in capacity expansion, infrastructure, and product development have been largely financed through external borrowings, resulting in elevated debt levels. This led to a stretched capital structure and moderate coverage indicators, with annual repayment obligations of Rs. 18-21 crore. However, a private equity infusion of about Rs. 70 crore in FY2025 provided some comfort to the company's funding requirement. While the ongoing capex is expected to support future growth and operational efficiencies, the company's ability to scale-up revenues and improve margins to generate adequate returns and strengthen its capital structure will be closely monitored.

Working capital-intensive operations – PAL's operations remain working capital intensive, as reflected in the NWC/OI remaining above 23% in FY2026. This is primarily due to the nature of its business model, which involves maintaining high inventory level and extending credit to customers. The need to stock a wide range of raw materials and finished goods to ensure timely execution of orders, coupled with elongated receivable cycles from its clientele, results in elevated working capital requirements. Consequently, the company relies heavily on external borrowings to fund its day-to-day operations, which adversely impact its overall financial profile.

Exposed to intense competition – PAL remains exposed to intense competition in the contract manufacturing industry, which is highly fragmented and comprises numerous players across both the pharmaceutical and cosmetics segments. This limits pricing flexibility and can exert pressure on margins, particularly in the absence of significant product differentiation. While the company benefits from established relationships with reputed clients and a diversified product portfolio, its in-house R&D capabilities enable it to develop ready-to-market products, which offer relatively better operating margins and provide some cushion against the competitive pressure.

Liquidity position: Adequate

PAL's liquidity position remains Adequate, supported by the availability of undrawn working capital limits, which were enhanced to Rs. 76 crore in February 2026 from Rs. 55 crore. The net cash accruals are projected to remain at Rs. 25-35 crore, comfortably covering the annual term debt obligations estimated at Rs. 18-21 crore each for FY2027 and FY2028. Additionally, the promoters are expected to support the company's funding requirements in a timely manner, including working capital and debt servicing through equity infusions and interest-free unsecured loans, if required.

Rating sensitivities

Positive factors – PAL's rating could be upgraded if there is a sustained increase in revenue and earnings, leading to an improvement in the overall financial risk profile and liquidity position. The DSCR above 1.3 times on a sustained basis, could lead to a rating upgrade.

Negative factors – The rating may be downgraded if there is a significant decline in PAL's revenue and profitability, resulting in a deterioration of its overall financial profile. Any sizeable debt-funded capital expenditure that weakens the company's liquidity and coverage metrics on a sustained basis, could trigger a downward revision in the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Pharmaceuticals
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

PAL, incorporated in September 2017, is based in Sirmaur, Himachal Pradesh. The company is a contract development and manufacturing organisation (CDMO) specialising in aerosol solutions across personal care, pharmaceuticals, beauty, and home care segments. PAL commenced its operations in August 2018.

PAL operates two key divisions – a contract manufacturing division, which manufactures products for pharmaceutical and cosmetic companies under long-term OEM contracts, and an R&D division, which develops new products licenced to clients for marketing under their own brands.

Key financial indicators (audited)

Pontika Aerotech Limited (Standalone)	FY2024	FY2025	FY2026*
Operating income	197.6	318.9	430.3
PAT	-3.1	3.7	8.6
OPBDIT/OI	3.3%	8.6%	7.2%
PAT/OI	-1.6%	1.2%	2.0%
Total outside liabilities/Tangible net worth (times)	13.9	1.3	1.8
Total debt/OPBDIT (times)	21.7	3.2	4.7
Interest coverage (times)	0.5	2.3	3.3

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2027)			Chronology of rating history for the past 3 years						
			FY2026		FY2025		FY2024		
Instrument	Type	Amount rated (Rs. crore)	Jun 8, 2026	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long-term	30.00	[ICRA]BB+ (Positive)	Nov 28, 2025	[ICRA]BB+ (Stable)	-	-	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
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/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

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

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA

7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) 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 can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term-Fund Based-Cash Credit	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Cash Credit	NA	NA	NA	30.00	[ICRA]BB+ (Positive)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis: Not Applicable

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