

November 28, 2025

Pontika Aerotech Limited: [ICRA]BB+ (Stable); assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long Term-Fund Based-Cash Credit	30.00	[ICRA]BB+ (Stable); assigned
Total	30.00	

*Instrument details are provided in Annexure I

Rationale

The assigned rating factors in the extensive experience of the promoters of Pontika Aerotech Limited (PAL) in the contract manufacturing of pharmaceutical and cosmetics product segments for various domestic and international brands. The company's revenues jumped about 61% to Rs. 318 crore in FY2025 from Rs. 197 crore in FY2024, led by expansion of product and customer portfolio. PAL's operating profit margin (OPM) also witnessed a notable improvement to 8.6% in FY2025 from 3.3% in FY2024, primarily driven by increase in gross margin and economies of scale. 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 revenue visibility and stability, supported by timely renewal of contract from these marquee 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 1.1 times and 2.3 times, respectively, in FY2025. 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 pharmaceutical and cosmetics segments, provides some competitive advantage.

The Stable outlook on the long-term rating reflects ICRA's expectation that PAL is likely to sustain its profitability and debt protection metrics commensurate with its rating, while growing its revenues on the back of the promoters' extensive experience in the contract manufacturing domain. Further, the company's credit profile will continue to draw support from its diversified and reputed clientele.

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 pharmaceutical and nutritional segments. The company is promoted by the Goyal family members, 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. Over time, 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 giants 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 two years.

Credit challenges

Modest financial 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 has led to a stretched capital structure and moderate coverage indicators, with annual repayment obligations of Rs. 16-18 crore, consuming a substantial portion of the operating profit. However, private equity infusion of about Rs. 70 crore in FY2025 has 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 by NWC/OI remaining above 22% in FY2025. 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 pharmaceutical and cosmetics segments. This competitive landscape 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 competitive pressure.

Liquidity position: Adequate

PAL's liquidity position remains adequate, supported by the availability of undrawn working capital limits, which were enhanced from Rs. 33 crore to Rs. 55 crore in July 2025. Net cash accruals are projected to remain comfortable at Rs. 20-30 crore, comfortably covering the annual term debt obligations estimated at Rs. 16-18 crore each for FY2026 and FY2027. 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. DSCR above 1.3 times on a sustained basis, could lead to a positive rating action.

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

Incorporated in September 2017 and based in Sirmaur, Himachal Pradesh, PAL 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. The company operates through 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 licensed to clients for marketing under their own brands.

Key financial indicators (audited)

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

Source: Company, ICRA Research; 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 rating (FY2026)				Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Nov 28, 2025	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long Term	30.00	[ICRA]BB+(Stable)	-	-	-	-	-	-	-	-

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 I: 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+(Stable)

Source: Company

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

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

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