PG Foils Limited

October 06, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	100.00	CARE BBB+; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	95.00	CARE BBB+; Stable / CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the bank facilities of PG Foils Limited (PGFL) continue to derive strength from the promoters' vast experience in aluminium foil manufacturing with more than three decades of operational track record and its diversified clientele with whom PGFL has a long-standing business relationship. Ratings also factor in PGFL's comfortable capital structure, moderate debt coverage indicators and adequate liquidity supported by cushion available in the form of substantial investments in mutual funds, bonds and unit linked insurance policies (ULIP), which exceeded its outstanding debt as on March 31, 2025.

However, ratings continue to remain constrained by PGFL's moderate scale of operations and volatile profitability with operating loss reported in Q1FY26 (FY refers to period from April 01 to March 31) on the back of technical issues encountered in the company's plant and machineries (P&M) as well as increased competition in the aluminium foil industry. The ratings also consider working capital intensive nature of operations and susceptibility of the company's profitability to volatile aluminium foil stock prices and foreign exchange fluctuation along with its presence in an intensely competitive aluminium foil industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Volume-driven growth in its scale of operations along with healthy operating profitability of more than 7% on a sustained basis while maintaining comfortable leverage

Negative factors

- Significant decline in scale of operations or continued thin profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin/ operating loss.
- Any unfavourable outcome of the long pending ongoing court case in the matter of forgery of Fixed Deposit Receipts (FDR) of PGFL affecting its credit profile.
- Significant reduction in its available liquidity

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that the entity will continue to benefit from its established presence in aluminium foil industry, supported by promoter's extensive experience and established relations with its suppliers and customers.

Detailed description of key rating drivers

Key strengths

Experienced promoters with an established track record in aluminium foil manufacturing business and diversified clientele

Incorporated in November 1979 by Pankaj Shah, PGFL has an established track record of more than four decades in manufacturing aluminium foils and has long-standing relationship with its key clientele in pharmaceutical and fast-moving consumer goods (FMCG) industries as well as manufacturers of packing products for dairy industry. Pankaj Shah is assisted by Sahil Shah, Whole Time Director, who looks after product development and marketing functions. PGFL's clientele is well diversified with top five customers constituting 36% [PY: ~36%] of its TOI in FY25. The domestic market is catered through a well-established and strong marketing and distribution network with offices located at Ahmedabad, Mumbai, Delhi, Jaipur, Chennai, Hyderabad, Indore, Beawar, Bengaluru, and Kolkata.

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[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Comfortable capital structure and moderate debt coverage indicators

PGFL's capital structure remained comfortable marked by overall gearing of 0.18x as on March 31, 2025 on the back of low utilisation of working capital limits as on FY25 end coupled with augmentation of tangible net worth (TNW) base to Rs.338 crore [PY: Rs.314 crore] with accretion of FY25 net profit into reserves. Going forward, capital structure of the company is expected to remain comfortable in absence of major debt funded capex plans.

Debt coverage indicators improved in line with profitability (as against nominal operating loss in FY24) and remained moderate as marked by PBILDT interest coverage of 5.33x in FY25 (-Ve in FY24) and total debt to GCA (TD/GCA) of 2.42x in FY25 (8.02x in FY24). In Q1FY26, PBILDT interest coverage stood negative due to operating loss reported. However, adjusted interest coverage (PBILDT/Interest; adjusted for other income) remained comfortable at 18.09x.

Key weaknesses

Moderate scale of operations with volatile profitability

During FY25, PGFL reported total operating income (TOI) of Rs.493 crore [PY: Rs.321 crore] which was supported by significant increase in opportunity-based trading sales (from Rs.57 crore in FY24 to Rs.217 crore in FY25) of aluminium foils (mainly household foil). Subsequently in Q1FY26, the company reported moderation in its total revenue in line with normalization in trading sales and remained at Rs.82 crore (PY: Rs.128 crore).

PGFL's operating profitability exhibited a volatile trend in the past five years ended FY25. The profitability over the past few years has been impacted due to price volatility, heightened competitive pressure and continued production challenges due to high number of technical faults in its ageing P&M. While profitability in FY25 was supported by high margin trading sale opportunity, PGFL reported operating loss in Q1FY26. However, healthy income from investments to the tune of ~Rs.15 crore led to net profit for the company. The company is currently undertaking corrective measures for its P&M and expected to incur cost Rs.4-5 crore towards the same in FY26. The company expects recovery in operational performance from Q3FY26 onwards.

Profitability susceptible to volatility in key raw materials prices and foreign exchange fluctuation

Raw material cost, primarily consisting of aluminium foil stock, accounted for 91% of TOI in FY25 (FY24: ~92%), which exposes PGFL to risks relating to raw material price volatility. The price of aluminium foil stock has exhibited high volatility on account of its linkage with price of the primary aluminium in the domestic market, which in turn is governed by global demand-supply scenario. After steep increase in FY22, aluminium prices moderated drastically in FY23, and subsequently, remained volatile in FY24 which also impacted profitability in FY24.

Also, PGLF derived 12% of its sales [PY: 17%] from export market in FY25, while it imports part of its raw material requirement as well. Hence, its profitability is impacted by any adverse movement in foreign currency exchange rates due to gap between its imports and exports. However, as articulated by the management, PGFL does not have any active hedging policy but it partly hedges its forex exposure through utilisation of foreign currency limits. During FY25, PGFL reported foreign currency gain of ₹8 crore as against foreign currency gain of ₹3 crore in FY24.

Presence in an intensely competitive aluminium foil industry

The aluminium foil industry is intensely competitive on account of ample available production capacity along with imports of regular quality foils. Nevertheless, CareEdge Ratings expects the demand for aluminium foils to remain stable in the medium term with regular off-take from major end-user industries, including pharmaceutical, fast-moving consumer goods (FMCG), dairy, and other packaging.

Liquidity: Adequate

PGFL had adequate liquidity marked by sizable, unencumbered investments in mutual funds, ULIP, and equity shares among others coupled with moderate utilisation of working capital limits and absence of long-term external debt.

PGFL's current ratio remained at 4.45x as on March 31, 2025, with continued holding of sizable cash and investments to the tune of ₹203 crore as on March 31, 2025 [PY: ₹208 crore] as against nil long-term debt obligations. The company continued to report positive CFO of ₹15.50 crore in FY25. Operating cycle remained elongated, though improved from 166 days in FY24 to 117 days in FY25 due to decrease in receivables and inventory period. Average utilization for fund based working capital limit for the last 12 months ended August 2025 remained at 52% and for non-fund based (letter of credit) remained at 41%.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default]
[Liquidity Analysis of Non-financial sector entities]
[Rating Outlook and Rating Watch]
[Manufacturing Companies]
[Financial Ratios – Non financial Sector]
[Short Term Instruments]

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Diversified Metals	Diversified Metals

PGFL (CIN: L27203GJ1979PLC008050), incorporated in November 1979, is the flagship company of the PG Foils group based out of Pali Marwar, Rajasthan. The company is engaged in manufacturing aluminium foils and flexible packaging with an installed capacity of 11,700 metric tonne per annum (MTPA) as on March 31, 2025. PGFL's clientele includes pharmaceutical and FMCG companies as well as packaging manufacturers for dairy products. PGFL also has a windmill with a power generation capacity of 2.1 megawatt (MW).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	June 30, 2025 (UA)
Total operating income	320.64	493.36	81.80
PBILDT	-0.04	27.22	-0.39
PAT	17.02	24.11	9.30
Overall gearing (times)	0.22	0.18	NA
Interest coverage (times)	-0.01	5.33	-ve

A: Audited UA: Unaudited NA: Not available, -ve: Negative; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	100.00	CARE BBB+; Stable
Non-fund-based - LT/ ST-BG/LC		-	-	-	95.00	CARE BBB+; Stable / CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - LT/ ST-BG/LC	LT/ST	95.00	CARE BBB+; Stable / CARE A2+	-	1)CARE BBB+; Stable / CARE A2+ (09-Sep-24)	1)CARE A-; Stable / CARE A1 (19-Jun-23)	1)CARE A-; Stable / CARE A1 (12-Dec-22) 2)CARE A-; Stable / CARE A1 (07-Oct-22)
2	Fund-based - LT-Cash Credit	LT	100.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (09-Sep-24)	1)CARE A-; Stable (19-Jun-23)	1)CARE A-; Stable (12-Dec-22) 2)CARE A-; Stable (07-Oct-22)

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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