

## PG Foils Limited

June 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	100.00	CARE BBB; Negative	Downgraded from CARE BBB+; Stable
Long Term / Short Term Bank Facilities	95.00	CARE BBB; Negative / CARE A3+	Downgraded from CARE BBB+; Stable / CARE A2+

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-6.

### Rationale and key rating drivers

The downward revision in ratings assigned to the bank facilities PG Foils Limited (PGFL) factors in moderation in its scale of operations along with decline in profitability due to raw material price volatility, increased competition as well as lower production efficiency of its plant & machinery leading to weakening of its debt coverage indicators.

The ratings, however, continue to derive strength from promoters' vast experience in aluminium foil manufacturing with more than three decades of operational track record and its diversified clientele. The ratings also consider PGFL's comfortable capital structure and adequate liquidity, supported by investments in mutual funds, bonds, and unit-linked insurance policies (ULIP) as on March 31, 2026.

However, the ratings remain constrained by PGFL's working capital intensive operations, exposure of profitability to aluminium foil price volatility and foreign exchange fluctuations, and presence in a highly competitive industry.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Significant volume-backed growth in scale of operations with total operating income (TOI) with healthy profit before interest, lease rentals, depreciation, and taxation (PBILDT) of more than 7% on a sustained basis while maintaining comfortable financial risk profile

#### Negative factors

- Significant decline in scale of operations with TOI to below Rs.250 crore or continued thin 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: Negative

The outlook on PGFL has been revised from 'Stable' to 'Negative' on the back of expectation that continued subdued scale of operations and profitability may adversely impact its debt coverage indicators and liquidity. The outlook may be revised to 'Stable' if PGFL achieves higher than envisaged scale of operations along with improvement in profitability, leading to improvement in debt coverage indicators.

### 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 28% of its TOI in FY26 [PY: ~36%]. 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.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Comfortable capital structure albeit weakening of debt coverage indicators**

With increase in total debt, PGFL's capital structure moderated but remained comfortable marked by overall gearing of 0.43x as on March 31, 2026, as against 0.15x as on March 31, 2025. Going forward, capital structure of the company is expected to remain comfortable in absence of major debt funded capex plans.

However, due to decline in profitability, debt coverage indicators weakened marked by interest coverage ratio of 0.48x and negative Total Debt/GCA as on March 31, 2026 (PY:2.97x and 2.04x respectively).

**Key weaknesses****Moderation in scale of operations and weakening of profitability**

In FY26, PGFL reported TOI of Rs.318.50 crore (Rs.493.36 crore in FY25), mainly due to a decline in trading sales, while manufacturing sales remained stable. However, PBILDT margin moderated significantly to 1.59% in FY26 from 5.52% in FY25. PGFL's operating profitability exhibited a volatile trend in the past five years ended FY26. 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.

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

Raw material costs (mainly aluminium foil stock) accounted for 92% of TOI in FY26 (~91% in FY25), exposing PGFL to price volatility risks. Prices are linked to primary aluminium and remain volatile due to global demand-supply dynamics. PGFL derived 21% of sales from exports in FY26 (12% in FY25) and imports part of its raw material. This exposes the company to foreign exchange risk due to mismatch between imports and exports. The company does not have a formal hedging policy but partly mitigates risk through foreign currency borrowings. PGFL reported a forex loss of Rs.5.61 crore in FY26 versus a gain of Rs.8 crore in FY25.

**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 offtake from major end-user industries, including pharmaceutical, fast-moving consumer goods (FMCG), dairy, and other packaging.

**Liquidity: Adequate**

PGFL's liquidity remained adequate, supported by sizable, unencumbered investments in mutual funds, unit-linked insurance plans (ULIP), and equity shares, along with moderate utilisation of working capital limits and absence of long-term external debt. The current ratio stood at 2.63x as on March 31, 2026. The company held cash and investments of ₹128.40 crore (₹145.97 crore as on March 31, 2025) against nil long-term debt obligations. The company reported negative cash flow from operations (CFO) of ₹105.72 crore in FY26, largely due to inventory buildup as on March 31, 2026. The operating cycle remained elongated and deteriorated to 209 days in FY26 from 117 days in FY25, driven by higher collection period as well as increased inventory holding. Average utilisation of fund-based working capital limits remained moderate at ~77% for the 12 months ended May 2026, while non-fund-based utilisation (letters of credit) stood lower at ~26%.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks****Applicable criteria**

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

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## 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, 2026. 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, 2025 (A)	March 31, 2026 (Abridged)
Total operating income	493.36	318.50
PBILDT	27.22	5.08
Profit after tax (PAT)	24.11	-8.24
Overall gearing (x)	0.15	0.43
Interest coverage (x)	5.33	0.48

A: Audited; 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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	100.00	CARE BBB; Negative
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	95.00	CARE BBB; Negative / CARE A3+

**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 2026-2027	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
1	Non-fund-based - LT/ ST-BG/LC	LT/ST	95.00	CARE BBB; Negative / CARE A3+	-	1)CARE BBB+; Stable / CARE A2+ (06-Oct-25)	1)CARE BBB+; Stable / CARE A2+ (09-Sep-24)	1)CARE A-; Stable / CARE A1 (19-Jun-23)
2	Fund-based - LT-Cash Credit	LT	100.00	CARE BBB; Negative	-	1)CARE BBB+; Stable (06-Oct-25)	1)CARE BBB+; Stable (09-Sep-24)	1)CARE A-; Stable (19-Jun-23)

LT: Long term; ST: Short 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

**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 clarifications.

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Annexure-6: List of Facilities/Instruments and FSRs**

As required by SEBI Circular dated February 10, 2026 to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments <sup>2</sup>
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (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 Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA

<sup>2</sup>SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments <sup>2</sup>
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	SEBI
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)	RBI
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 @

\* 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 the rating notes subsequent to issuance(s), CARE Ratings 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 February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / 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.

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