Pasupati Acrylon Limited

June 30, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	175.62	CARE A-; Stable	Upgraded from CARE BBB+; Stable
Short Term Bank Facilities	248.00	CARE A2+	Upgraded from 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

Upgrade in the ratings assigned to bank facilities of Pasupati Acrylon Limited (PAL) factors in the improvement in operational performance in FY26 (refers to April 01 to March 31) marked by healthy growth in scale of operations and profitability. The improvement in operational performance was largely on account of stabilization of the newly commissioned ethanol plant coupled with better sales realizations from Fibre and Cast Polypropylene film (CPP)film segments. Upgrade in ratings also take into account of the improvement in the CPP films segment, which has achieved operating profitability in FY26 after incurring losses over the past few years.

Ratings also draw comfort from company's comfortable financial risk profile reflected by comfortable capital structure and debt coverage indicators along with adequate liquidity position. Ratings continue to draw comfort from PAL's established position in the acrylic staple fibre (ASF) industry, backed by diversified sources of revenue, and long-standing relationship with customers and suppliers. Ratings continue to derive strength from the experienced promoters and professional management team. However, ratings continue to remain constrained by the working capital-intensive nature of operations, and volatility in profitability due to fluctuations in raw material prices. Further, ratings also remain constrained by the exposure to foreign exchange fluctuation risk due to its dependence on imported raw materials and competitive pressures from cheaper substitutes and imports in the industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in scale of operations as marked by the total operating income (TOI) above ₹1500 crore and profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins above 10.00% on a sustained basis.
- Total debt to gross cash accruals (TD/GCA) less than 1.50x on a sustained basis.

Negative factors

- Sustained decline in scale of operations below ₹800 crore and PBILDT margins below 8.00%.
- Deterioration in the profitability level leading to Net debt to PBILDT above 2x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The "stable" outlook reflects CARE Ratings Limited's (CareEdge Ratings') opinion that the entity will continue to benefit from its established position in acrylic fibre industry, its comfortable financial risk profile and adequate liquidity position.

Detailed description of key rating drivers:

Key strengths

Healthy growth in scale of operations and profitability during FY26

The company reported healthy growth in income from operations by ~62% to ₹1,010.25 crore in FY26 (PY: ₹622.07 crore), primarily led by the ramp up of operations in the ethanol segment, which emerged as the key growth driver in the year. The ethanol plant, which was operational for only few days in previous year, ramped up sharply and contributed substantially (~32% in FY26) to the overall revenue in FY26, thereby contributing significantly to the company's scale and business profile. This was further supported by steady performance in the fibre segment and improved contribution from the CPP film division.

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

Profitability also strengthened, with PBILDT margin improving to 11.01% in FY26 (from 7.31% in FY25), largely driven by the high-margin ethanol operations and better realisations and operating efficiencies across segments. Consequently, profit after tax (PAT) margin also improved to 6.92% in FY26 (from 5.69% in FY25). The company's ability to sustain its profitability margins and maintain growth in its scale of operations, amid ongoing geopolitical uncertainties, remains a key monitorable from a credit perspective.

Comfortable financial risk profile

The overall gearing remained comfortable and improved to 0.33x as on March 31, 2026 (from 0.51x as on March 31, 2025), supported by accretion to net worth and reduction in debt levels, particularly letter of credit (LC) acceptances. The LC acceptances were relatively lower as on the balance sheet date owing to delays of 15–20 days in raw material shipments amid geopolitical disruptions in the Middle East region. Debt protection metrics also strengthened, with total debt/PBILDT improving to 1.30x in FY26, aided by healthy growth in operating profits. Additionally, the interest coverage ratio remained comfortable at 8.99x in FY26, indicating strong debt servicing capability. Going forward, in the absence of any debt-funded capital expenditure, CareEdge Ratings expects company to maintain its comfortable capital structure over near to medium term.

Diversified sources of revenue

The company had two key revenue segments until FY25, comprising ASF and CPP Film. It entered the CPP film (flexible packaging) segment in September 2017 with an initial capacity of 5,000 MTPA, which was subsequently expanded to 10,000 MTPA. In March 2025, the company further diversified into the ethanol segment with the commencement of a 150 KLPD grain-based ethanol plant in Uttar Pradesh. With the ethanol segment scaling up significantly in FY26, the revenue mix has diversified across three segments, with ASF contributing ~58% (~87% in FY25), CPP Film ~10% (~13% in FY25), and Ethanol ~32% (nil in FY25) of total revenue. This strategic diversification has reduced dependence on a single segment and strengthened the company's overall revenue profile. With envisaged increase in capacity of ethanol plant to 240KLPD, CARE expects that contribution from ASF segment will further reduce alongside a growing share from the ethanol segment, thereby further enhancing revenue diversification and reducing segment concentration risk over the medium term.

Experienced promoters and management team

PAL is promoted by Vineet Jain, a BBA graduate from London, who serves as the Managing Director and brings over 30 years of experience in the acrylic industry. Satya Prakash Gupta, Director of Operations, holds a B. Tech in Chemical Engineering and joined PAL in 2012. With over 40 years of experience across sectors such as acrylic fibre, chemicals, fertilizers, and tea, he adds significant operational strength to the company. The promoters are supported by a skilled and experienced professional management team with deep knowledge of the industry.

Established position in acrylic fibre industry with strong customer relationships

PAL was established in 1982 and commenced commercial operations in 1990 and is one of the leading manufacturers of ASF in India, with an installed capacity of 42,000 MTPA. The domestic ASF industry is largely concentrated among a few major players, including PAL, Vardhman Acrylic Limited, and Indian Acrylics Limited, with PAL being among the key participants. Over the years, the company has further diversified into the CPP segment, strengthening its business profile.

Supported by its long operational track record, PAL has developed strong and established relationships with both customers and suppliers, enabling repeat business over the years. The company's customer base remains fairly diversified, with the top 10 customers contributing ~41% of total sales in FY26 (PY: ~59%), indicating reduced customer concentration risk.

Key weaknesses

Volatility in profitability due to raw material

PAL's profitability margins remain exposed to volatility in raw material prices across all the segments. In the ASF segment, margins are affected by fluctuations in imported acrylonitrile (ACN), a crude-linked, dollar-denominated input, which constituted ~36% of total cost in FY26. With an average lead time of ~5 months between procurement and sales, the company faces timing mismatches in passing on cost changes. Although ACN prices exhibited relative stability in FY26 compared to the sharp decline in FY25, moderate fluctuations driven by movements in crude oil, propylene prices, and global demand-supply dynamics continued to impact margins.

In the ethanol segment, profitability is exposed to variability in grain prices, which are influenced by factors such as monsoon, crop output, and government policies. Further, the regulated nature of ethanol pricing limits the company's ability to pass on increases in feedstock costs, although periodic upward revisions in ethanol procurement prices by the government provide partial mitigation. Overall, the company's margins remain susceptible to fluctuations in key input costs and its ability to pass on these changes in a timely manner.

Working capital intensive nature of operations

PAL's operations remain working capital intensive, primarily due to high inventory levels, though improving to 49 days in FY26 from 80 days in FY25. The key raw material, ACN, is entirely imported, and the time from shipment to final sale of ASF typically spans 4–5 months. The company offers an average collection period of about 23 days in FY26 (31 days in FY25).

Export receivables are secured through advance payments or Letters of Credit (LC), which are discounted. Raw materials are also procured through LCs, providing a credit period of 90–180 days, with average creditor days at 29 days in FY26 (60 days in FY25).

Foreign exchange fluctuation risk

In FY26, PAL sourced ~53% of its raw materials from Asian countries, exposing the company to foreign exchange fluctuation risk. This exposure is partially mitigated by export revenues, which declined to ~3% of total income in FY26 (from ~9% in FY25) due to increased domestic demand, thereby reducing the natural hedge available. To manage currency risk, the company engages Green Back Forex as its hedging consultant and follows a calibrated approach, undertaking limited and short-term hedging through banking partners, typically covering exposures up to two months in advance. Given the 5-month gap between raw material procurement and sale of finished goods, the company is able to partially pass on adverse currency movements, particularly rupee depreciation, through price adjustments in the domestic market. Any abrupt fluctuations in foreign exchange rates might impact the profitability of the company and will remain a key monitorable.

Competitive industry scenario with cheaper substitutes and imports

Acrylic is a substitute for cotton, wool, and polyester and thus faces intense competition from these substitutes. The industry also faces competition from imports due to demand supply mismatch and capacities. The domestic acrylic industry is concentrated among few players and the major raw material ACN has high volatility. However, as the prices are set on monthly basis, considering the current raw material prices, import prices, and exchange rate, reducing the competition to certain extent.

Liquidity: Adequate

The liquidity profile of PAL remains adequate, supported by free cash and bank balances along with liquid investments aggregating to ₹130.40 crore as on March 31, 2026 (including mutual funds of ₹87.80 crore). The company has moderate term debt repayment obligations of ₹10.53 crore against projected healthy cash accruals of approximately ₹75 crore in FY27.

Additionally, the company has unutilised fund-based limits, providing further liquidity cushion, along with improved cash flow from operations during the year. The liquidity position is expected to remain adequate, supported by adequate cash accruals and comfortable levels of cash and liquid investments.

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	Chemicals	Chemicals & Petrochemicals	Petrochemicals

Promoted by Vineet Jain, PAL is engaged in manufacturing ASF, both in dyed and grey form. PAL has a manufacturing plant at Moradabad District (Uttar Pradesh) with installed capacity of 42,000 MTPA. The company has also diversified into CPP film (flexible packaging) and has set up manufacturing capacity of 10,000 MTPA, which started commercial operations since September 2017. The company has set up a 150 KLPD grain-based ethanol plant (further enhanced to 180 KLPD), which was capitalised on March 25, 2025.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)
Total operating income	622.07	1,010.25
PBILDT*	45.47	111.21
Profit after tax (PAT)	35.38	69.91
Overall gearing (x)	0.51	0.33
Interest coverage (x)	18.22	8.99

A: Audited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

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	-	-	-	-	67.62	CARE A-; Stable
Fund-based - LT-Term Loan	-	-	-	June 2033	108.00	CARE A-; Stable
Non-fund-based - ST-BG/LC	-	-	-	-	248.00	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 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	Fund-based - LT-Cash Credit	LT	67.62	CARE A-; Stable	-	1)CARE BBB+; Stable (07-Jul-25)	1)CARE BBB+; Stable (11-Jul-24)	1)CARE BBB+; Stable (16-Aug-23)
2	Non-fund-based - ST-BG/LC	ST	248.00	CARE A2+	-	1)CARE A2 (07-Jul-25)	1)CARE A2 (11-Jul-24)	1)CARE A2 (16-Aug-23)
3	Fund-based - LT-Term Loan	LT	108.00	CARE A-; Stable	-	1)CARE BBB+; Stable (07-Jul-25)	1)CARE BBB+; Stable (11-Jul-24)	1)CARE BBB+; Stable (16-Aug-23)

LT: Long term; ST: 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	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple

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[2]
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
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal 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 press releases subsequent to issuance(s), CareEdge Ratings 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.

[2]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

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.

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.

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