CareEdge RATINGS

Pioneer Industries Private Limited

July 29, 2026

Facilities/Instruments	Name of the Regulator	Amount (₹ crore)	Rating	Rating Action
Long Term Bank Facilities	RBI	398.19 (Reduced from 426.53)	CARE BBB+; Negative	Reaffirmed
Short Term Bank Facilities	RBI	54.00	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the ratings assigned to the bank facilities of Pioneer Industries Private Limited (PIPL) factors in extensive experience of its promoters in the agro-processing and distillery industry, its strategically located manufacturing facility in Punjab, diversified product portfolio, and its established relationship with reputed customers. Ratings further factor in growth in scale of operations during FY26 (refers to the period from April 01 to March 31), supported by higher ethanol sales volumes and improved contribution from by-products. Ratings also factor in slight recovery in the operating profitability margins of the company, aided by moderation in grain prices and a favourable feedstock mix. Ratings also draw comfort from the company's operational flexibility arising from its ability to process multiple feedstocks, including rice, broken rice and maize, and switch between ethanol and Extra Neutral Alcohol (ENA) production based on market dynamics. Ratings also take cognizance of the moderation in working capital intensity, reflected in significant reduction in utilization levels during Q1FY27 (refers to the period from April 01 to June 30). The above strengths are, however, partially offset by the company's average financial risk profile due to debt-funded capex undertaken over the last few years. Ratings also continue to remain constrained by susceptibility of profitability to volatility in raw material prices and company's presence in a highly regulated industry. CareEdge Ratings believe the company's ability to improve its operating profitability and efficiently manage its working capital requirement over medium term will remain a key monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Maintaining scale of operations at current level along with improvement in Profit before Interest, Lease, Depreciation and Tax (PBILDT) margin beyond 13% on a sustained basis.
- Improvement in the capital structure with an overall gearing below 0.50x.

Negative factors

- PBILDT margin continued to remain below 9%.
- Cost or time over run in the implementation of ongoing capex thereby delaying cash flows from the project or adversely impacting company's liquidity position.
- Any large size debt funded capital expenditure along with high utilization of working capital limits further deteriorating its overall gearing ratio and liquidity position.
- Crystallization of excise demand of Rs.71 crore in the near term adversely impacting the liquidity and operations of the company.

Analytical approach: Standalone

Outlook: Negative

Outlook continues to remain **'Negative'** on CARE Ratings' expectation of continued pressure on the company's financial risk profile due to elevated debt levels arising from ongoing debt-funded capex. Outlook also factors in the delayed stabilization of the expanded capacities, due to which the envisaged improvement in profitability and cash accruals remains contingent upon successful ramp-up of operations and timely realization of benefits from the ongoing projects. Outlook may be revised to **'Stable'** upon sustained improvement in profitability, successful completion and stabilization of the ongoing projects and continued moderation in working capital limit utilisation leading to improvement in liquidity position and gearing and coverage ratios.

Detailed description of key rating drivers

Key strengths

Growing scale of operations with gradual recovery in profitability

PIPL reported healthy growth in its scale of operations in FY26, with total operating income increasing by ~14% during FY26 driven by volumetric growth across key product segments. The ethanol segment remained the largest revenue contributor, accounting for around 54% of revenue, supported by volume growth of ~7%. The company also witnessed healthy growth in rice poultry feed and other by-product sales, reflecting improved operating performance. In Q1FY27 (refers to the period from April 01 to June 30), company reported a turnover of Rs. 259.10 crore as against Rs. 199.11 crore in Q1FY26, indicating continued growth momentum.

Profitability witnessed a recovery during FY26, with PBILDT margin improving to 8.38% from 7.51% in FY25, aided by higher utilisation of subsidised rice allocated by Food Corporation of India (FCI). Further, the operational profile is expected to strengthen with stabilization of the expanded gluten facility and corn oil extraction plant, which are expected to enhance revenue diversification and by-product monetisation, while the ongoing paddy straw-based boiler and drier-evaporator projects are envisaged to improve operating efficiencies through lower fuel and energy costs and higher realisations from value-added feed products. Accordingly, improvement in profitability and cash accruals, supported by ramp-up of gluten sales, higher contribution from value-added products and realization of expected benefits from the ongoing capex projects, shall remain a key monitorable.

Experienced Promoters

Jagat Mohan Aggarwal and Rajinder Mittal are the promoters of the company, based out of Punjab. Promoters possess more than 35 years of experience in agro-based industries. Rajinder Mittal, joined in 2005, as a strategic investor in the company for setting up distillery unit. He is a promoter of BCL Industries Limited which is engaged in solvent extraction of edible oils and distillery.

Diversified product portfolio along with reputed customer base

PIPL benefits from a diversified product portfolio comprising ethanol, ENA, vital wheat gluten, rice poultry feed, liquor and other by-products, which provides revenue diversification and reduces dependence on any single product segment. The company's customer profile remains strong, supported by long-standing relationships with reputed customers across the ethanol, food and beverage industries. The top 10 customers contributed around 78% of total revenue in FY26 (PY: 84%), with Indian Oil Corporation Limited (IOCL) remaining the largest customer, accounting for around 33% of total revenue during the year. The company supplies ethanol to major oil marketing companies (OMCs), including IOCL, Bharat Petroleum Corporation limited (BPCL), Hindustan Petroleum Corporation limited (HPCL), under the Ethanol Blended Petrol (EBP) programme. The company also supplies to some of the leading FMCG brands.

The company's product diversification is expected to improve further with the stabilization of the ongoing capex projects. The recently commissioned corn oil extraction plant is expected to generate an additional revenue stream through sale of corn oil, which finds application in the edible oil, food processing, animal feed and biofuel industries. Further, commissioning of the drier-evaporator is expected to improve monetization of by-products through production of value-added products such as thick syrup and dried feed products, which cater to the cattle and poultry feed industry. The company also derives revenue from wheat bran generated during gluten manufacturing, which is used as a key ingredient in the livestock feed sector.

Strategic Location of Plant

PIPL is in Pathankot in the Industrial Growth Centre developed by the Punjab Government. The plant is in the grain heartland, which facilitates easier procurement of grains and other agro-based products in season.

Key weaknesses

Average financial risk profile owing to high debt funded capex

PIPL's financial risk profile continues to remain moderate by its ongoing debt-funded capex programme, although leverage indicators witnessed marginal improvement as on March 31, 2026. The company's overall gearing improved to 1.55x as on March 31, 2026, from 1.58x as on March 31, 2025, supported by profit accretion, while total debt remained elevated at Rs. 295.69 crore on account of significant investments in capacity expansion and operational efficiency projects. Debt coverage indicators remained moderate as reflected by PBILDT interest coverage of 2.70x (PY: 4.40x) and total debt/ gross cash accruals of 5.88x (PY: 5.94x) in FY26. The moderation in interest coverage during FY26 was primarily on account of higher finance costs arising from elevated utilisation of working capital borrowings during the first half of FY26, coupled with debt incurred towards ongoing capex projects. However, the company's working capital utilisation witnessed moderation in the current year, which is expected to lower reliance on short-term borrowings and support improvement in finance costs and debt coverage indicators going forward.

The company operationalised its enhanced capacity for wheat gluten on October 15, 2025. Initially, the plant experienced certain process stabilization and recovery optimization issues, which delayed ramp-up of operations. However, as articulated by the management, these issues are now resolved and the plant achieved full-fledged operations by June 2026. Accordingly, the company expects to derive the envisaged benefits from the expanded capacity and has targeted gluten sales of ~9,000 metric tonne (MT) during FY27.
Furthermore, the company also undertook a capex of Rs. 74.33 crore towards installation of a paddy straw-based boiler, drier-evaporator and corn oil extraction plant to improve operating efficiencies and enhance value addition in FY26. While the corn oil extraction plant and has already been commissioned in March 2026, the remaining facilities are expected to be operational by August 2026. The company has already incurred ~₹55.84 crore till date against a debt of Rs. 48.78 crore. Going forward, CARE Ratings expects the company's financial risk profile to improve gradually, supported by higher cash accrual generation, expected benefits from the ongoing capex projects and scheduled debt repayments. Timely completion of ongoing projects without any further debt-funded capex shall remain a key monitorable.

Susceptibility of profitability to volatility in input prices
The company remains exposed to volatility in prices and availability of key feedstocks, including maize, rice and wheat, which are influenced by factors such as crop production, weather conditions, government policies, and availability of Food Corporation of India (FCI) grain allocations. In the past, restrictions on allocation of FCI rice for ethanol production and elevated maize prices had adversely impacted profitability of grain-based ethanol manufacturers. The company mitigates this risk to an extent through its multi-feedstock capability, enabling it to switch between rice, broken rice and maize based on availability. Further, the company procures grains through both open-market purchases and FCI allocations, which provides sourcing flexibility. Further, realisations from by-products such as rice poultry feed provide a cushion against fluctuations in feedstock costs and support overall profitability. Based on the above factors, the company takes prudent call from time to time in order to achieve better margins.

Presence in highly regulated alcohol industry
The liquor industry is highly regulated in India with each state government formulating its own policy for production, distribution, retailing and duty structure independently. As a result, there are difficulties in transfer of production from one state to another, along with huge burden of duties and taxes. Furthermore, production and sale of liquor are entirely controlled by the respective state government and remains exposed to regulatory demands for non-compliance which may give rise to any contingent liability.

Liquidity: Adequate
The company's liquidity position is adequate, supported by healthy accrual generation and moderate reliance on working capital borrowings. The company is expected to generate gross cash accruals of over Rs. 60 crores in FY27 against its scheduled debt repayment obligations of around Rs. 36 crores during the year. Average fund-based utilisation remaining at around 65% during the trailing twelve months ended April 2026, providing sufficient headroom to meet incremental working capital requirements. Additionally, the company has undrawn sanctioned term debt facilities available for ongoing capex projects.

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
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Beverages	Breweries & Distilleries

PIPL was incorporated in the year 1997 with an objective of promoting agricultural activities and development of agro based Industry at Pathankot (Punjab). PIPL is promoted by Jagat Mohan Aggarwal and Rajinder Mittal, having more than 35 years of experience in agro-based industries. Currently, the company is engaged in the manufacturing of Vital Wheat gluten, Extra Neutral Alcohol (ENA)/ Ethanol, Distillers Dried Grains with Solubles (DDGS) (co-product of ENA/Ethanol), Punjab Medium Liquor, bran, corn oil, etc.

Particular	March 31, 2025 (A)	March 31, 2026 (UA)
Total operating income	848.67	970.35
PBILDT	63.77	81.34
PAT	6.37	7.59
Overall gearing (times)	1.58	1.55
Interest coverage (times)	4.40	2.70

A: Audited; UA: Unaudited; 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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-	-	-	-	196.00	CARE BBB+; Negative
Fund-based - LT-Term Loan	RBI	Simple	-	-	-	30-09-2033	202.19	CARE BBB+; Negative
Fund-based - ST-Sales invoice financing (Short Term)	RBI	Simple	-	-	-	-	20.00	CARE A3+
Non-fund-based - ST-BG/LC	RBI	Simple	-	-	-	-	34.00	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	Fund-based - LT-Term Loan	LT	202.19	CARE BBB+; Negative	-	1)CARE BBB+; Negative (04-Sep-25)	1)CARE BBB+; Stable (25-Nov-24)	1)CARE BBB+; Stable (04-Jan-24)
2	Fund-based - ST-Sales invoice financing (Short Term)	ST	20.00	CARE A3+	-	1)CARE A3+ (04-Sep-25)	1)CARE A3+ (25-Nov-24)	1)CARE A3+ (04-Jan-24)
3	Fund-based - LT-Cash Credit	LT	196.00	CARE BBB+; Negative	-	1)CARE BBB+; Negative (04-Sep-25)	1)CARE BBB+; Stable (25-Nov-24)	1)CARE BBB+; Stable (04-Jan-24)
4	Non-fund-based - ST-BG/LC	ST	34.00	CARE A3+	-	1)CARE A3+ (04-Sep-25)	1)CARE A3+ (25-Nov-24)	1)CARE A3+ (04-Jan-24)

LT: Long term; ST: Short term

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

Annexure-4: 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 clarifications.

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