7th July, 2025

BSE Limited **Listing Department** 25th Floor, P J Towers, Dalal Street Mumbai -400001 Stock Code. **500456**	**Manager – Listing Compliances** **National Stock Exchange Of India Ltd**. Exchange Plaza Bandra Kurla Complex Bandra (E), Mumbai-400051 Stock Code: **PASUPTAC**

Sub : **Reaffirmation of Credit Rating for bank facilities**

Ref: **Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, we wish to inform you that Credit Rating Agency - CARE Ratings Limited has assigned/re-affirmed the credit rating on the bank facilities of the Company as follows:

Credit Rating Agency	Facilities	Rating	Remark
Care Ratings Limited	Long Term Bank Facilities	CARE BBB+; Stable	Reaffirmed
	Short Term Bank Facilities	CARE A2	Reaffirmed

The copy of rating letter covering the rationale for credit ratings received from CARE Ratings Limited is enclosed.

Please take the same in your records.

Thanking you,

Yours faithfully,
For Pasupati Acrylon Limited

Bharat Kapoor Digitally signed by Bharat Kapoor
Date: 2025.07.07 16:58:42 +05'30'

Bharat Kapoor
Company Secretary & Compliance Officer
Membership No. A54267

Encl: as above

Pasupati Acrylon Limited

July 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	175.62 (Reduced from 193.62)	CARE BBB+; Stable	Reaffirmed
Short-term bank facilities	248.00 (Enhanced from 230.00)	CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation in ratings assigned to bank facilities of Pasupati Acrylon Limited (PAL) factors in the improvement in operational performance in FY25 (refers to April 01 to March 31), supported by a comfortable capital structure and adequate liquidity position. The 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 relationships with customers and suppliers. The ratings also take cognisance of the experienced promoters and professional management team.

However, the ratings remain constrained by the project stabilisation risk associated with the newly commissioned grain-based ethanol plant, working capital intensive nature of operations, and volatility in profitability due to fluctuations in raw material prices. Further, the ratings also factor in the exposure to foreign exchange fluctuation risk due to its dependence on imported raw materials and faces 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 operation as marked by the total operating income (TOI) above ₹850 crore and Profit before interest, lease, depreciation and tax (PBILDT) margins above 7.00% on a sustained basis.
- Total debt/ PBILDT less than 3.50x.

Negative factors

- Any significant increase in debt levels resulting in overall gearing (including acceptance) above 1.00x on a sustained basis.
- Decline in scale of operations below ₹550 crore and PBILDT margins below 3.00%.

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 debt protection metrics and adequate liquidity position.

Detailed description of key rating drivers:

Key strengths

Improvement in operational performance in FY25

In FY25, PAL reported improvement in operational performance following a subdued FY24. The TOI of the company grew by ~8% to ₹622.07 crore in FY25, reflecting improved demand and better price realisation. PBILDT margin also rebounded to 7.31% in FY25 from 3.07% in FY24, supported by stronger performance in FY25. The improvement in operational performance of the company was driven by stabilisation in raw material prices and improved realisations in the ASF and cast polypropylene (CPP) film segments.

With the commencement of commercial production at the company's ethanol plant and improved performance from the CPP film division, CareEdge Ratings expects the company's operational scale to grow over the medium term.

Diversified sources of revenue

The company had two diversified revenue segments in FY25, which included ASF and CPP. The company diversified into CPP film (flexible packaging) by starting commercial operations in September 2017 and established a manufacturing capacity of 5,000 Metric Tonnes Per Annum (MTPA). Eventually, the company expands its CPP films capacity by another 5,000 MT, bringing the

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

total production capacity to 10,000 MT. In March 2025, the company commenced operations of its ethanol segment by setting up a grain-based ethanol plant with a capacity of 150 KLPD in Uttar Pradesh. This strategic diversification helps reduce dependence on a single revenue stream, enhancing the company's financial resilience going forward.

Experienced promoters and management team

PAL is promoted by Vineet Jain, a BBA graduate from London, who serves as the Managing Director and brings nearly 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

PAL was established in 1982 and is a leading manufacturer of ASF. However, it started its commercial operation in 1990. It is engaged in manufacturing ASF, both in dyed and grey form, and has further diversified in CPP. The domestic ASF industry is mainly concentrated among three large manufacturers, PAL, Vardhman Acrylic Limited, and Indian Acrylics Limited. PAL is one of the largest acrylic producers in the country with 42,000 MTPA.

Established relationship with customers and suppliers over the years

Due to its long track record of operations, PAL has developed an established relationship with its customers and suppliers. The company has been dealing with customers since last 25 years thus has been getting repeat orders from them. The revenue profile of the company is fairly diversified in terms of customers as top 10 customers contributed ~59% of sales in FY24 and FY25.

Key weaknesses

Volatility in profitability due to raw material

PAL's profitability margins have remained volatile in the past, primarily due to raw material being crude derivative and the prices are dollar denominated. ASF primarily relies on imported raw material, acrylonitrile (ACN), the major raw material (~62% of total cost in FY25), with an average lead time of ~5 months between procurement and selling. Any fluctuation in the raw material price in this period impacts the profitability of the company. In FY25, ACN prices declined primarily due to a reduction in propylene costs, which reduced production costs. Demand from key sectors such as construction and paints weakened, while automotive demand remained steady. Stable ammonia prices also contributed to overall cost consistency. The price decline was gradual, with a slight dip in Q2 and Q3, followed by stabilisation in Q4. Subdued demand in international markets, particularly Europe, contributed to the overall price trend. Therefore, going forward, decline in prices may impact the profitability of the company.

Working capital intensive nature of operations

PAL's operations are working capital intensive, primarily due to high inventory levels—~80 days in FY25 (PY: 102 days). 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 one month to its customers. Export receivables are secured either 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. Average creditor days range between 50 and 70 days. Overall, the company's operating cycle stood at 51 days in FY25 (previous year: 63 days).

Project stabilisation risk

PAL has completed the setting up of a 150 KLPD grain-based ethanol plant in Moradabad, Uttar Pradesh, with commercial operations commencing in March 2025. While the project has been successfully implemented, risks related to stabilisation and streamlining of operations remain. The company's ability to achieve the planned scale and profitability will be a key monitorable. The plant is exposed to price stabilisation risks due to fluctuations in grain prices, particularly maize and broken rice, which are key inputs. Volatility in feedstock costs, and fixed ethanol procurement prices, may impact margins. However, the industry outlook remains favourable, supported by government initiatives promoting ethanol blending and off-take arrangements with oil marketing companies.

Foreign exchange fluctuation risk

In FY25, PAL sourced ~72% of its raw materials from Asian countries, exposing the company to foreign exchange fluctuation risk. This risk is partially offset by export revenues, which accounted for ~9% of the total income in FY25 (PY: 8%), providing a natural hedge. To manage currency risk, PAL has Green Back Forex as its hedging consultant, implementing case-by-case strategies. In line with its risk management policy, the company undertakes limited, short-term hedging through its banking partners, typically covering exposures two months in advance. PAL purchases raw materials around five months before the sale of the final product.

This timing mitigates currency risk, as depreciation in the Indian rupee that increases the cost of ACN can often be passed on to domestic customers through price adjustments. The company also benefited from exchange rate movements, recording a gain of ₹0.64 crore in FY25 (PY: ₹1.61 crore). Despite these measures, the company remains exposed to foreign exchange fluctuations.

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 of PAL is adequate characterised by cash and bank balance including liquid investment of ₹122.83 crore (including lien marked FDs of ₹20.72 crore and mutual funds of ₹80.36 crore) as on March 31, 2025. The company has minimal debt repayment obligations of term debt in FY26 against healthy cash accruals generated by the company. Moreover, comfort can be derived from its unutilised fund-based limits amounting ₹10.62 crore (enhanced to ₹55.62 crore) will also provide sufficient liquidity cushion.

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
Manmade Yarn Manufacturing

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles & apparels	Other textile products

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, which was capitalised on March 25, 2025.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	827.96	576.83	622.07
PBILDT	49.78	17.69	45.47
PAT	35.91	13.19	35.38
Overall gearing (times)	0.32	0.41	0.51
Interest coverage (times)	13.79	6.86	18.22

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	-	-	-	-	67.62	CARE BBB+; Stable
Fund-based - LT-Term Loan	-	-	-	December 2032	108.00	CARE BBB+; 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 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	Fund-based - LT-Cash Credit	LT	67.62	CARE BBB+; Stable	-	1)CARE BBB+; Stable (11-Jul-24)	1)CARE BBB+; Stable (16-Aug-23)	1)CARE BBB+; Stable (23-Mar-23) 2)CARE BBB+; Positive (03-Aug-22)
2	Non-fund-based - ST-BG/LC	ST	248.00	CARE A2	-	1)CARE A2 (11-Jul-24)	1)CARE A2 (16-Aug-23)	1)CARE A2 (23-Mar-23) 2)CARE A2 (03-Aug-22)
3	Fund-based - LT-Term Loan	LT	108.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (11-Jul-24)	1)CARE BBB+; Stable (16-Aug-23)	1)CARE BBB+; Stable (23-Mar-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

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.

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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