

May 26, 2025

Pioneer Polyleathers Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund based – Term loan	10.00	0.00	–
Long-term fund based – Cash Credit	62.00	62.00	[ICRA]A- (Stable); reaffirmed
Short-term – Non-fund based limits	33.00	43.00	[ICRA]A2+; reaffirmed
Total	105.00	105.00	

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation factors in the healthy market position of Pioneer Polyleathers Private Limited (PPPL) in the PVC flex industry, supported by its established track record and wide distribution network. ICRA further notes the company's ongoing efforts to diversify through new products development, which would offer growth opportunities in the medium-to-long term. The ratings also factor in the company's healthy financial profile, as reflected by its low gearing, healthy coverage indicators and adequate liquidity, characterised by limited reliance on external debt, which is expected to sustain in the medium term. Further, ICRA notes that the company registered a revenue increase of ~10.5% on a YoY basis in FY2025, primarily led by volume growth. PPPL also witnessed an improvement in its OPM to 10.7% in FY2025 from 9.9% in FY2024, supported by operating leverage benefits, coupled with reduction in discounts/rebates. Going forward, further ramp-up of operations in decorative and tape segments, along with steady revenues from the signage segment is expected to support the company's business prospects.

The ratings also continue to factor PPPL's moderate and range-bound scale of operations, as well as its inherently working capital-intensive nature of the business. Besides, intense competition in the industry in the signage segment led to the company's sub-optimal capacity utilisation and subdued returns. Nonetheless, ICRA notes some improvement in capacity utilisation following the company's efforts to reconfigure its production capacities. The ratings also remain susceptible to volatility in raw material prices and fluctuations in foreign exchange rates, which could adversely impact the company's revenues and margins. The ratings also consider the company's sizeable ongoing capex to set up a greenfield facility in Andhra Pradesh at a cost of ~Rs. 118 crore. ICRA notes that the capex will be funded by a mix of internal accruals and long-term debt, which is expected to be drawn down in FY2026. Timely commencement and ramp up of operations at the new plant and impact of the same on the overall credit profile of the company will be monitored, going forward.

The Stable outlook on the [ICRA]A- rating reflects ICRA's opinion that PPPL will continue to benefit from its experienced management team, established presence in the flex banner business along with a steady demand outlook. Moreover, PPL's product diversification plans will reduce its dependence on PVC flex sales over the medium term.

Key rating drivers and their description

Credit strengths

Established position in the domestic market – PPPL is one of the largest flex sheet manufacturers in India and enjoys a sizeable market share. It has established relationships with customers and suppliers, which help in managing the business efficiently.

Operational since 2008, PPPL was one of the first domestic manufacturers of PVC flex banners in the organised segment in India. The company also enjoys lengthy associations and healthy relationships with dealers in this industry which support its market position.

Healthy operating profitability and comfortable coverage indicators – PPPL’s operating margins rose to 10.7% in FY2025 from 9.9% in FY2024, supported by operating leverage benefits and reduction in discounts/rebates. PPPL’s overall capital structure remained healthy, supported by internal accruals and minimal debt usage. The overall coverage indicators also remained comfortable with Total Debt/OPBDITA at 0.4 times as on March 31, 2025 (March 31, 2024: 0.01 times) and interest cover at 22.0 times in FY2025 (FY2024: 70.2 times). While sizeable, planned capex for the company is likely to have some bearing on its capital structure and coverage metrics in FY2026 and FY2027, comfort is drawn from the robust net worth position, supported by healthy accruals with expectations of sustenance for the same.

Product mix diversification augurs well for future growth – The major source of the company’s revenue continues to be from the signage division, which includes sales from PVC flex banners, foam board and self-adhesive vinyl sheets. However, with limited growth opportunities in this segment, the company has stepped up its efforts to diversify the product mix in the other segments such as the decorative and tapes segment. The company witnessed revenues of Rs. 16.8 crore from the decorative segment in FY2025 while revenues from the tapes segment stood at Rs. 7.4 crore during the same period. The quantum and the pace of revenue growth in these segments, going forward, will be a key rating monitorable.

Credit challenges

Moderate and range-bound scale of operations – The company’s scale is moderate and range-bound and has remained around these levels since past several years. While the company has entered into new segments over the past few years, the scale of operations in these segments remain minimal as of now. The quantum and the pace of revenue growth in these segments, going forward, will be a key rating monitorable.

Sizeable capex over medium term, commensurate returns from the same remains key monitorable – PPPL plans to undertake sizeable capex to set up a greenfield facility in Andhra Pradesh at a total cost of ~Rs. 118 crore. ICRA notes that the capex will be funded through a mix of internal accruals and long-term debt, which is expected to be drawn down in FY2026. Timely commencement and ramp-up of operations at the new plant and impact of the same on the overall credit profile of the company will remain a key monitorable, going forward.

Intense competition from fragmented industry; susceptibility to fluctuation in raw material prices and forex – Intense competition continues to have a bearing on the company’s revenues and profitability as there are large capacities available in the domestic PVC flex segment amid limited demand. Further, PPPL’s operating margins are vulnerable to fluctuations in raw material prices and exchange rates, given its reliance on imports for 50-55% of its raw material requirements, primarily from China and Korea. It is able to pass on the raw material price increases to a large extent to its customers, often with a lag. The extent of natural hedge has also reduced, given the declining trend of exports in the company.

Moderately high working capital intensity – The company’s working capital intensity remained moderately high at ~32% in FY2025 and is expected to stay at similar levels, going forward. ICRA notes that sizeable receivables overdue for more than six months continues to be a concern, although there was no deterioration in debtors outstanding for more than 6 months as on March 31, 2025, compared to March 31, 2024. ICRA also notes that there may be some debtor provisioning in FY2025, in line with the company’s accounting practices.

Liquidity position: Adequate

PPPL liquidity profile is adequate, supported by its undrawn working capital facilities of ~Rs. 64 crore as of March 31, 2025. Further, the company is expected to generate healthy cash flows, which, coupled with its existing liquidity position and draw down of long-term debt, should meet the funding requirement of the planned capex over the medium term (Rs. 80-100 crore capex expected in FY2026). While sizeable debt-funded capex, lined up for FY2026, is likely to result in a significant addition in

the long-term debt over the medium term, healthy accrual position on account of steady operational performance is expected to comfortably meet the debt repayment obligations, going forward.

Rating sensitivities

Positive factors – ICRA could upgrade PPPL's ratings if there is a sustained improvement in its scale of operations and strengthening of its business profile through product diversification. Improvement in profitability and sustenance of coverage indicators on a sustained basis would support ratings upgrade.

Negative factors – A significant decline in operating income and profitability, or sizeable build-up in receivables position, impacting the company's liquidity position on a sustained basis, can lead to ratings downgrade. A specific credit metric that could lead to ratings downgrade include TD/OPBDITA above 2.3 times, on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Pioneer Polyleathers Private Limited (PPPL), incorporated in 2005, manufactures digital print media products such as PVC flex banner and foam sheets, which are used for indoor/outdoor advertising. PPPL is the first and one of the largest domestic manufacturers of PVC flex banner with backward integration into manufacturing of knitted polyester fabric. In addition to PVC flex banner, PPPL manufactures PVC foam sheet, which is a light weight and strong material used for pasting/mounting of digital prints for indoor advertising. PPPL has recently reconfigured its manufacturing capacities at its unit in Pantnagar (Uttarakhand). The installed annual capacity has been revised to 43,000 MT of PVC flex banner, 5,000 MT of PVC foam sheet, 910 lakh sq. mt. of knitted fabric and 5,600 MT of self-adhesive vinyl sheet.

Other variants of the products manufactured by the company include PVC film, PVC tarpaulin (by product), self-adhesive film of plastics (vinyl) and other related items. The company has also forayed in developing products for interior decoration space, which involve high-quality designer PVC films and has recently set up a facility to manufacture adhesive tapes, which was commissioned in August 2023.

Key financial indicators (audited)

PPPL Standalone	FY2023	FY2024	FY2025*
Operating income	311.7	306.1	338.2
PAT	10.3	17.4	21.0
OPBDIT/OI	8.4%	9.9%	10.7%
PAT/OI	3.3%	5.7%	6.2%
Total outside liabilities/Tangible net worth (times)	0.2	0.2	0.3
Total debt/OPBDIT (times)	0.1	0.0	0.4
Interest coverage (times)	23.9	70.2	22.1

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)			Chronology of rating history for the past 3 years						
			FY2025		FY2024		FY2023		
Instrument	Type	Amount rated (Rs. crore)	May 26, 2025	Date	Rating	Date	Rating	Date	Rating
Fund based – Term loan	Long term	-	-	-	-	Mar 27, 2024	[ICRA]A-(Stable)	Jan 27, 2023	[ICRA]A-(Stable)
Fund based – Cash credit	Long term	62.00	[ICRA]A-(Stable)	-	-	Mar 27, 2024	[ICRA]A-(Stable)	Jan 27, 2023	[ICRA]A-(Stable)
Non-fund based limits	Short term	43.00	[ICRA]A2+	-	-	Mar 27, 2024	[ICRA]A2+	Jan 27, 2023	[ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Cash Credit	Simple
Short term – Non-fund based limits	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund Based – Cash Credit	NA	NA	NA	62.00	[ICRA]A- (Stable)
NA	Non-Fund Based Limits	NA	NA	NA	43.00	[ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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