

March 31, 2026

## Pinnacle Industries Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Fund-based - Working Capital Facilities	68.76	90.00	[ICRA]BBB+ (Stable); Reaffirmed
Short-term - Non-fund-based – Others	12.80	32.50	[ICRA]A2; Reaffirmed
Long-term - Fund-based - Term Loans	24.94	0.00	-
Long-term/Short-term - Proposed Bank Facilities	63.50	0.00	-
<b>Total</b>	<b>170.00</b>	<b>122.50</b>	

\*Instrument details are provided in Annexure-1

### Rationale

The reaffirmation of ratings for the bank lines of Pinnacle Industries Limited (PIL) factor in the significant experience of the promoters of PIL in the domestic automotive seating systems business, design and fabrication of ambulances and railway coaches along with an established track record of operations over the past three decades. The ratings factor in the strong revenue growth demonstrated by PIL's standalone operations in the recent years (with a robust CAGR of 24% between FY2020 and FY2025), backed by healthy demand from its diversified product segments and established relationship with various original equipment manufacturers (OEMs) such as Force Motors Limited (FML), Volvo Eicher Commercial Vehicles Limited (VECV), Ashok Leyland Limited (ALL), etc., with which it enjoys a high share of business. The rating also considers PIL's technology tie-ups with the Dutch Conglomerate, VDL International, which supplies latest technologies for seating systems for commercial vehicles (CV) globally.

ICRA also takes note of the extension of a corporate guarantee by PIL to its associate entity, Pinnacle Mobility Solutions Private Limited (PMSPL), with the latter presently being in its nascent stage of operations, resulting in operating losses. ICRA has undertaken line-by-line consolidation of financials of PIL and PMSPL, taking into account the corporate guarantee extended by PIL to PMSPL's bank lines amounting to around Rs. 1,200 crore, primarily availed to fund PMSPL's expansion initiatives. While the corporate guarantee extended by PIL to PMSPL's bank lines is to be released once the commercial operation date (COD) is achieved (scheduled COD being December 31, 2026), ICRA will continue to monitor developments in this regard. While PMSPL presently holds a strong order book position (around 6,000 e-buses to be delivered in the next 24 months to various state authorities), which is expected to aid in a swift ramp up in its scale of operations, the timely and value-accretive expansion of business operations for PMSPL remains a key monitorable, going forward.

The ratings take into consideration the strong order book position of PMSPL, comprising deliveries of around 6,000 e-buses in the next 24 months, thus offering sufficient revenue visibility to the company. The ratings also factor in the company's early-mover advantage in the e-bus market, favourable demand prospects for electric vehicles (EVs), which would support healthy order inflow and ramp-up in operations. The Government initiatives such as reduction of GST rate on e-buses, state subsidies and Electric Vehicle Promotion (EVPM) schemes to promote electric mobility in India, also support the growth prospects. ICRA notes the eligibility of several products developed by PMSPL for Production Linked Incentives (PLI) subsidy, with the subsidy income, subject to timely receipt, expected to provide further support to PMSPL's cash flows over the medium term.

ICRA notes the funding support extended by the promoters and investors of PMSPL through multiple rounds of equity infusion, thus lending support to the company's net worth position. The quantum of equity infusion into the company stood sizeable, at around Rs. 400 crore and Rs. 700 crore in FY2025 and 9M FY2026, respectively. Moreover, PMSPL's Board comprises representatives of marquee investors like VDL Group of Netherlands and Mitsui Corporation, Japan.

The ratings, however, are constrained by PIL's moderate scale of operations, with consolidated revenues of Rs. 741.3 crore in FY2025 (previous year [PY]: Rs. 440.3 crore). Further, PIL's business profile shows a relatively higher exposure to a single customer, which contributed around 35% to its FY2025 revenues (PY: 51%). That said, the increasing revenue share from PMSPL in the consolidated revenue base coupled with efforts undertaken by PIL to gradually reduce its exposure towards a single customer by expanding its clientele in the automotive as well as non-automotive business verticals is expected to result in a gradual moderation in the customer concentration over the medium term. PIL also remains exposed to the cyclicity inherent in the auto industry and the volatility with respect to the tender-based business for ambulances and railways segments. Nevertheless, established track record of promoters in the auto components industry as well as PIL's status as one of the leading ambulance manufacturers in the domestic market provides some comfort. ICRA notes that any project execution delay for PMSPL could lead to a slower than expected ramp up of scale of operations and may thus result in a strain on the liquidity position. The sizeable debt-funded capex lined up over the near term for PMSPL towards setting up the greenfield facility is expected to have a bearing on the debt indicators over the near to medium term.

The Stable outlook on the long-term rating of PIL reflects ICRA's expectations that the company will sustain its operating metrics, supported by steady revenue generation from automotive as well as non-automotive product offerings. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, to further expand the capacity, will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing rating.

## Key rating drivers and their description

### Credit strengths

**Experienced promoters and established track record of operations** – The promoters of PIL have been involved in the seating systems business for more than three decades. Promoted by Dr. Sudhir Mehta, Pithampur-based PIL was incorporated in 1996 for manufacturing automotive seating systems and auto components for CV manufacturers. Over the years, the company has attained operational diversification by venturing into manufacturing of automotive interiors, electric vehicle (EV) components, railway seatings, and specialty vehicles (ambulances). PIL's established track record in the seating system industry, and its strong operational profile lend healthy revenue visibility. The established track record of PIL's promoters has also supported PMSPL's business profile through onboarding of marquee investors for this venture.

**Comfortable business profile backed by healthy demand for its products from diversified end-user segments and established relationship with customers with high share of business** – PIL has a comfortable business profile, supported by increased contribution from the high-margin ambulance and seating system segments. The company's clientele includes reputed original equipment manufacturers (OEMs) like FML, VECV, ALL, etc. The company is the sole supplier of automotive seatings to FML and enjoys a strong share of business with other key clients. The company shows moderate segmental diversification as it caters to diversified end-user segments such as automotive, railways, ambulance fabrication, etc.

**Market leader in the domestic CV market for its advanced seating systems, in addition to product innovation through technological tie-ups** – PIL supplies advanced seating systems and interiors to CVs such as buses, e-buses and trucks to OEMs such as FML, Olectra, JBM, VECV, etc. The company has a technological collaboration with various global auto component manufacturers and service providers, including VDL, a Dutch conglomerate, for providing industrial automation solutions, BIW tooling lines and product design for buses and coaches. It has formed a JV with VDL, named VDL Pinnacle Engineering India Private Limited for this purpose. Association with a global conglomerate such as VDL provides operational synergies to PIL in the form of technical know-how and access to overseas markets for its product offerings.

**Strong order book position for PMSPL offers sufficient revenue visibility** – PMSPL presently holds a strong order book position, with orders totaling to over 6,000 e-buses to be delivered in the next 24 months. While the robust order book position

is expected to provide PMSPL with sufficient revenue visibility, the timely ramp up in the scale of operations backed by infrastructure expansion remains crucial for ensuring timely deliveries of e-buses by the company.

### Credit challenges

**Moderate scale of operations** – With revenues of Rs. 741.3 crore in FY2025, PIL's consolidated scale of operations remains moderate, which may have a bearing on its economies of scale. However, with the strong order book position of PMSPL and steady business performance envisaged for PIL, the consolidated revenues are expected to register a substantial revenue growth momentum over the near to medium term. Operating leverage benefits coupled with PIL's focus on high-margin businesses like ambulance fabrication and railway seatings are expected to support a gradual improvement in PIL's consolidated profits in the longer run.

**Relatively higher exposure to a single client** – FML, PIL's top customer, accounted for around 35% of its consolidated revenues in FY2025 (51% in FY2024). This exposes the company to high customer concentration risk. However, the same is partially mitigated by the company's sole supplier status for seating systems with FML. Additionally, its customer concentration is expected to moderate gradually over the medium term, aided by PIL's efforts to acquire new clients in automotive and non-automotive business verticals, and also the robust revenue growth momentum envisaged for PMSPL.

**Revenue profile exposed to cyclical nature inherent in auto industry and volatility with respect to tender business for the ambulance segment** – Given the dependence of PIL on the auto sector, it exposes the company to the inherent cyclical nature in demand, and thus revenues and earnings, in line with the industry trend. Nevertheless, the company's efforts to diversify across segments, helps mitigate these risks to some extent. Further, the company faces volatility with respect to the tender business for the ambulance segment, although the company expects high demand from the segment in the near term.

**Sizeable debt-funded capex to have a bearing on capital structure over the medium term** – PIL's consolidated capex outlay remains sizeable over the near term, at over Rs. 1,800 crore through FY2026-FY2027, towards setting up a greenfield facility for PMSPL at Pithampur, Madhya Pradesh dominating the capex outlay (around Rs. 1,200 crore). With the said capex outlay being primarily funded through external borrowings, debt levels are expected to increase sharply through FY2026 and FY2027. The consolidated debt increased from Rs. 326 crore (March 2025) to Rs. 568 crore (December 2025), with further increase expected in the next 6-12 months. The sizeable leveraging is, therefore, expected to have a bearing on PIL's consolidated leverage and coverage indicators over the medium term. A timely ramp up in the scale of operations of PMSPL leading to a sustained improvement in margins remains crucial for the improvement in capital structure as well as leverage and coverage indicators going forward.

### Liquidity position: Adequate

The company's liquidity position is adequate, supported by cash and bank balances and liquid investments of Rs. 25.5 crore (consolidated entity) and buffer of Rs. 3.3 crore in the form of undrawn working capital limits as of March 31, 2025, and Rs. 34.0 crore as on February 28, 2026 (standalone entity). The average working capital utilisation for the 12-month period ended February 2026 remained moderate, at 65%. PIL's consolidated liquidity profile remains adequate, with regular and substantial equity infusion in PMSPL from promoters and investors supporting its liquidity position while also fortifying its net worth base. The consolidated capex outlay remains sizeable at over Rs. 1,800 crore through FY2026 and FY2027. With this debt-funded capex, the debt level is expected to remain elevated in the near to medium term, with PMSPL projected to drawdown debt of around Rs. 400 crore and Rs. 800 crore in FY2026 and FY2027, respectively. The debt repayment remains sizeable over the medium to long term, at Rs. 150-160 crore per annum. The quantum of debt repayment over the near term remains moderate, at Rs. 30-40 crore per annum over FY2026-FY2027.

## Rating sensitivities

**Positive factors** – The ratings could be upgraded in case of a significant scale-up in revenues and earnings of the company on a sustained basis. A timely and commensurate ramp up in the scale of operations of PMSPL may also remain crucial for a positive rating movement.

**Negative factors** – The ratings could witness a downgrade in case of any significant decline in revenues and earnings of the company, resulting in a deterioration in the debt protection metrics on a sustained basis. Further, higher-than-expected debt-funded capex or higher working capital requirement, adversely impacting the liquidity position of the company, can trigger a downward rating revision. Any project related delays (including delay in receiving COD) for PMSPL, any delays in receipt of cash flows from subsidies leading to a strain on liquidity position could also result in a negative rating action.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Auto Components</a> <a href="#">Rating Methodology for Commercial Vehicles</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of PIL, which includes PMSPL. The change in approach from standalone to consolidated financials follows extension of a corporate guarantee from PIL to PMSPL.

## About the company

Promoted by Dr. Sudhir Mehta, Pithampur-based PIL was incorporated in 1996 for manufacturing automotive seating systems and auto components for the commercial vehicles (medium commercial vehicles, light commercial passenger vehicles) manufacturers. PIL's current product profile includes automotive seating systems, moulded interiors and components and conversion, customisation and modernisation of vehicles with major focus on design, fabrication and modernisation of ambulances.

PMSPL, an associate company of PIL, was incorporated in 2019, and is engaged in manufacturing e-buses, e-trucks, electric small commercial vehicles (eSCVs) and electric three-wheelers (e3Ws). It presently has a strong product portfolio, offering around 15 different vehicle models across segments. The company presently operates through two manufacturing plants – Koregaon Bhima and Chakan (Maharashtra), and is presently setting up a greenfield facility at Pithampur, Madhya Pradesh. The company markets its electric vehicles through brand 'EKA'.

## Key financial indicators

PIL (Consolidated)	FY2024	FY2025	9M FY2026*
Operating Income (Rs. crore)	440.3	741.3	786.8
PAT (Rs. crore)	- 8.0	- 38.3	- 91.1
OPBDIT/OI (%)	4.5%	4.4%	-1.4%
PAT/OI (%)	-1.8%	-5.2%	-11.6%
Total Outside Liabilities/Tangible Net Worth (times)	0.4	0.7	NA
Total Debt/OPBDIT (times)	5.4	9.9	NA
Interest Coverage (times)	1.1	1.1	NA

Source: PIL, ICRA Research; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; \*Provisional financials

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

Instrument	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Mar 31, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
<b>Fund-based - Working Capital Facilities</b>	Long-term	90.0	[ICRA]BBB+ (Stable)	December 6, 2024	[ICRA]BBB+ (Stable)	-	-	-	-
<b>Non-fund-based - Others</b>	Short-term	32.5	[ICRA]A2	December 6, 2024	[ICRA]A2	-	-	-	-
<b>Fund-based – Cash credit</b>	Long-term	-	-	November 11, 2024	[ICRA]BBB+ (Stable)	-	-	-	-
<b>Fund-based - Term Loans</b>	Long-term	-	-	December 6, 2024	[ICRA]BBB+ (Stable)	-	-	-	-
<b>Proposed Bank Facilities</b>	Long term/ Short term	-	-	December 6, 2024	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-	-	-

Source: Company

### Complexity level of the rated instruments

Instrument	Complexity indicator
Fund-based - Working Capital Facilities	Simple
Non-fund-based - Others	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-1: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	<b>Fund-based - Working Capital Facilities</b>	NA	NA	NA	90.0	[ICRA]BBB+ (Stable)
NA	<b>Non-fund-based - Others</b>	NA	NA	NA	32.5	[ICRA]A2

Source: Company

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

**Annexure-2: List of entities considered for consolidated analysis**

Company Name	ORIPL Ownership	Consolidation Approach
<b>Pinnacle Industries Limited</b>	NA	Full consolidation
<b>Pinnacle Mobility Solutions Private Limited</b>	39.40%	Full consolidation

Source: Company

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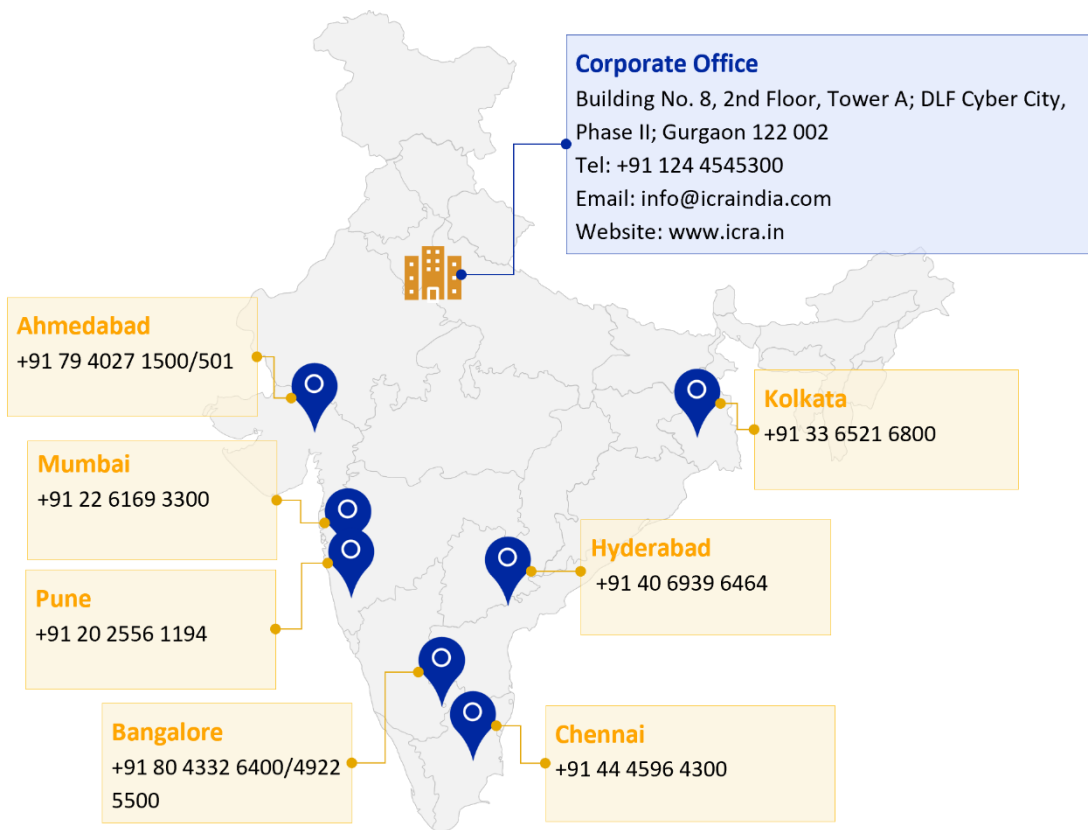
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### Branches



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