

September 29, 2025

Paramount Textile Mills Private Limited: Ratings placed on Watch with Negative Implications and moved to Issuer Non - Cooperating category

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term - Fund based - Term loans	6.90	12.83	[ICRA]BBB+ ISSUER NOT COOPERATING*; placed on Rating Watch with Negative Implications and moved to Issuer Not Cooperating category
Long term - Fund based - Cash credit	25.00	25.00	[ICRA]BBB+ ISSUER NOT COOPERATING*; placed on Rating Watch with Negative Implications and moved to Issuer Not Cooperating category
Short term - Non fund based	3.00	3.00	[[ICRA]A2 ISSUER NOT COOPERATING*; placed on Rating Watch with Negative Implications and moved to Issuer Not Cooperating category
Long term - Unallocated	7.26	1.33	[ICRA]BBB+ ISSUER NOT COOPERATING*; placed on Rating Watch with Negative Implications and moved to Issuer Not Cooperating category
Total	42.16	42.16	

[^]Instrument details are provided in Annexure-1 ; *Issuer did not cooperate; based on fees.

Rationale

India's exporters are navigating a turbulent trade environment, with recent tariff hikes by the US threatening to reshape long-standing business dynamics. The latest round of US tariffs, effective August 27, 2025, imposed a punitive 25% duty on select Indian goods, significantly increasing the overall tariff burden. Paramount Textile Mills Private Limited's (PTMPL) business has also been impacted by the turbulent trade environment, with most of its products falling under the tariff categories. PTMPL generates about 70% of its overall revenues from the US, which is exposed to elevated tariffs.

The long-term rating for PTMPL has been placed on Watch with Negative Implications as the aforesaid development is likely to have a negative impact on the company's credit profile, the extent of which would be ascertained over a period, given the nascent stage of development. PTMPL has been actively negotiating with its customers to pass on the increased tariff costs, as informed by the management. The company is also planning to diversify its exports to the European Union, Australia, New Zealand and West Asian countries.

ICRA notes these developments and their potential impact on PTMPL's revenues and profitability, as the entire tariff burden may be difficult to pass on to the downstream stakeholders. If the recently imposed tariffs continue, ICRA expects PTMPL's revenues and margins to moderate in H2 FY2026. Nevertheless, the ratings also factor in the promoters' extensive experience and the Group's established relationships with leading global brands and value retailers, which continue to support the business profile. The Group's consolidated revenues registered a healthy YoY growth of 22.2% in FY2025, supported by expanded capacities and sustained demand. Further, the operating profitability of PTMPL, including its Group company, Shree Sarvaloka Textiles Private Limited (SSTPL), remained steady at 13.1% in FY2025, aided by backward integration across the value chain, which enhances cost efficiency and provides a competitive edge. ICRA expects the Group's credit metrics to remain comfortable, characterised by low gearing and adequate liquidity. Nonetheless, ICRA will continue to monitor developments in this regard and take appropriate rating action, if necessary.

The ratings, however, remain constrained by inherent cyclicity associated with the textile sector and the vulnerability of its profitability to fluctuations in raw material prices (mainly cotton) and in forex rates. Also, any downward revision in the financial incentives may adversely impact on the profit margins. The ratings are also constrained by competition from other domestic and international suppliers, along with high customer and geographical concentration risks.

ICRA has moved the ratings of PTMPL to the 'Issuer Not Cooperating' category. As a part of its process and in accordance with its rating agreement with PTMPL, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite cooperation and in line with the aforesaid policy of ICRA, the rating has been moved to the "Issuer Not Cooperating" category

Key rating drivers and their description

Credit strengths

Established position in fabric export industry and long association with large format retailers – PTMPL is an established manufacturer and exporter of made-ups in the export market. The promoters have extensive experience in the textile industry. It has an established association with the large format retailers in the US, as well as high-end private labels/brands. PTMPL's revenues witnessed a steady performance in the last two years, backed by its ability to secure sizeable repeat orders from its established clientele and add new customers.

Integrated nature of operations – The Group's revenue profile has diversified with backward integration of spinning in SSTPL, which provides an edge over its competitors and allows the company to efficiently manage its cost structure. SSTPL commenced its spinning operations in January 2023 and reported revenues of Rs. 122.6 crore in FY2025 with a YoY growth of 7.7%. Around 45-50% of PTMPL's total yarn requirement is met through SSTPL, resulting in operational efficiency.

Comfortable capital structure and coverage indicators – PTMPL's financial profile remains comfortable, with its conservative capital structure and adequate coverage indicators, with an interest coverage of 5.0 times and total debt/OPBDITA of 2.2 times in FY2025. The debt coverage indicators are expected to moderate with likely moderation in revenues and earnings in FY2026, amid the impact of US tariffs. Nevertheless, the same are likely to remain comfortable levels in the near-to-medium term.

Credit Challenges

Geographical and customer concentration risks; recent tariff hike by US remains key concern in near term – PTMPL continues to derive most of its revenue from exports to the US and other European countries, making it vulnerable to demand trends in these key markets. Exports to the US increased to around 70% of total revenues in FY2025 compared to around 41% in FY2024. As a result, PTMPL's revenues and earnings remain exposed to recent US tariffs, with most of its products falling under higher tariff categories, which may lead to potential order postponements by customers. However, PTMPL has been actively negotiating with its customers to pass on the increased tariff costs. Additionally, the company faces high customer concentration risk, with its top five customers accounting for around 90% of its sales in FY2025.

Profitability vulnerable to volatility in cotton yarn prices and forex rates – PTMPL's profitability is vulnerable to volatility in cotton yarn prices. PTMPL derives about 75-80% of its revenues from exports, and with some dependence on imported raw materials, its profitability remains exposed to fluctuations in forex rates. Further, PTMPL's profitability is also exposed to competition from other domestic and international suppliers. The company's profitability is supported by export incentives from the Government. These incentives support sales growth by making domestic textile manufacturers competitive in the global market. This exposes the company's profitability to any adverse change in the Government policies.

Liquidity position: Adequate

PTMPL's liquidity is adequate, supported by steady cash flow from operations in FY2026, free cash and liquid investments of approximately Rs. 48 crore as on March 31, 2025, on a consolidated basis. The Group has unutilised working capital limits, with a buffer of Rs. 10.0 crore as on July 31, 2025, and an average cushion of Rs. 12.8 crore during the 12-month period ending in

July 2025. The Group has debt repayment obligations of Rs. 11.8 crore and Rs. 14.5 crore in FY2026 and FY2027, respectively, which are expected to be comfortably met through internal accruals. Moreover, the Group does not have any major debt-funded capex plans in FY2026, further supporting its liquidity profile.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the Group demonstrates a significant improvement in its revenues and earnings while maintaining a comfortable liquidity position and debt coverage metrics on a sustained basis.

Negative factors – The ratings could be downgraded if there is a substantial decline in operating performance or if it undertakes any large debt-funded capex, which would adversely impact the liquidity and debt protection metrics. Specific credit metrics that could trigger ratings downgrade include total debt/ OPBITDA exceeding 2.3 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles - Fabric Textiles- Spinning
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of PTMPL, and other related entity mentioned in Annexure II.

About the company

PTMPL, incorporated in 1979 in Madurai, Tamil Nadu, manufactures and exports grey fabrics and made-ups. The company, headed by Mr. M. Ramu, operates across fabrics, technical textiles and home textiles. It has a capacity to produce 7.8 lakh metres of fabrics per month and 1.0 lakh metres of technical textiles per annum. It has a capacity of 8.20 sets for the made-ups division. PTMPL exports its product to various countries, such as the US, Israel and Germany, among others.

Shree Sarvaloka Textiles Private Limited (SSTPL) was incorporated in 2019 in Madurai. It was initially started as a commission agent and a job work unit for its associate concern. In January 2023, it added 25,536 spindles and is currently supplying yarn, which is captively used by its Group entity, PTMPL. Around 80-90% of yarn produced by SSTPL is supplied to PTMPL. Also, PTMPL has extended corporate guarantee for the term loans taken by SSTPL towards setting up the spinning unit.

Key financial indicators (audited)

Consolidated (PTMPL and SSTPL)	FY2024	FY2025*
Operating income	320.8	392.0
PAT	25.4	29.6
OPBDIT/OI	14.1%	13.1%
PAT/OI	7.9%	7.6%
Total outside liabilities/Tangible net worth (times)	1.6	1.4
Total debt/OPBDIT (times)	2.0	2.2
Interest coverage (times)	4.9	5.0

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

Standalone- PTMPL	FY2024	FY2025*
Operating income	306.2	365.9
PAT	13.4	19.9
OPBDIT/OI	5.9%	7.2%
PAT/OI	4.4%	5.4%
Total outside liabilities/Tangible net worth (times)	1.5	1.3
Total debt/OPBDIT (times)	1.0	1.9
Interest coverage (times)	18.2	7.9

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: The company has an outstanding rating of ACUITE BB /ACUITE A4+; ISSUER NOT COOPERATING; Long-term ratings downgraded; Short-term ratings reaffirmed as on June 14, 2024, with ACUITE Ratings.

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)	FY2026	FY2025		FY2024		FY2023	
			Sept 29, 2025	Date	Rating	Date	Rating	Date	Rating
Fund based – Term loans	Long term	12.83	[ICRA] BBB+ ISSUER NOT COOPERATING; Rating Watch with Negative Implications	Jun 28, 2024	[ICRA]BBB+ (Stable)	Apr 17, 2023	[ICRA]BBB (Stable)	-	-
Fund based – Cash credit	Long term	25.00	[ICRA] BBB+ ISSUER NOT COOPERATING; Rating Watch with Negative Implications	Jun 28, 2024	[ICRA]BBB+ (Stable)	Apr 17, 2023	[ICRA]BBB (Stable)	-	-
Non fund based	Short term	3.00	[ICRA]A2 ISSUER NOT COOPERATING; Rating Watch with Negative Implications	Jun 28, 2024	[ICRA]A2	Apr 17, 2023	[ICRA]A3+	-	-
Unallocated	Long term	1.33	[ICRA] BBB+ ISSUER NOT COOPERATING; Rating Watch with Negative Implications	Jun 28, 2024	[ICRA]BBB+ (Stable)	Apr 17, 2023	[ICRA]BBB (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term – Fund based - Term loan	Simple
Long term – Fund based – Cash credit	Simple
Short term – Non fund based	Very Simple
Long Term – Unallocated limits	Not Applicable

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	Term loans	FY2023-FY2024	NA	FY2027-FY2030	12.83	[ICRA] BBB+ ISSUER NOT COOPERATING; Rating Watch with Negative Implications
NA	Cash credit	-	NA	-	25.00	[ICRA] BBB+ ISSUER NOT COOPERATING; Rating Watch with Negative Implications
NA	Non fund based	-	NA	-	3.00	[ICRA]A2 ISSUER NOT COOPERATING; Rating Watch with Negative Implications
NA	Unallocated limits	-	NA	-	1.33	[ICRA] BBB+ ISSUER NOT COOPERATING; Rating Watch with Negative Implications

Source: Company

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

Annexure II: List of entities considered for consolidated analysis

Company Name	PTMPL Ownership	Consolidation Approach
Shree Sarvaloka Textiles Private Limited*	-	Full Consolidation

* The consolidation is done basis the corporate guarantee being extended by PTMPL to the term loan being undertaken by Shree Sarvaloka Textiles Private Limited

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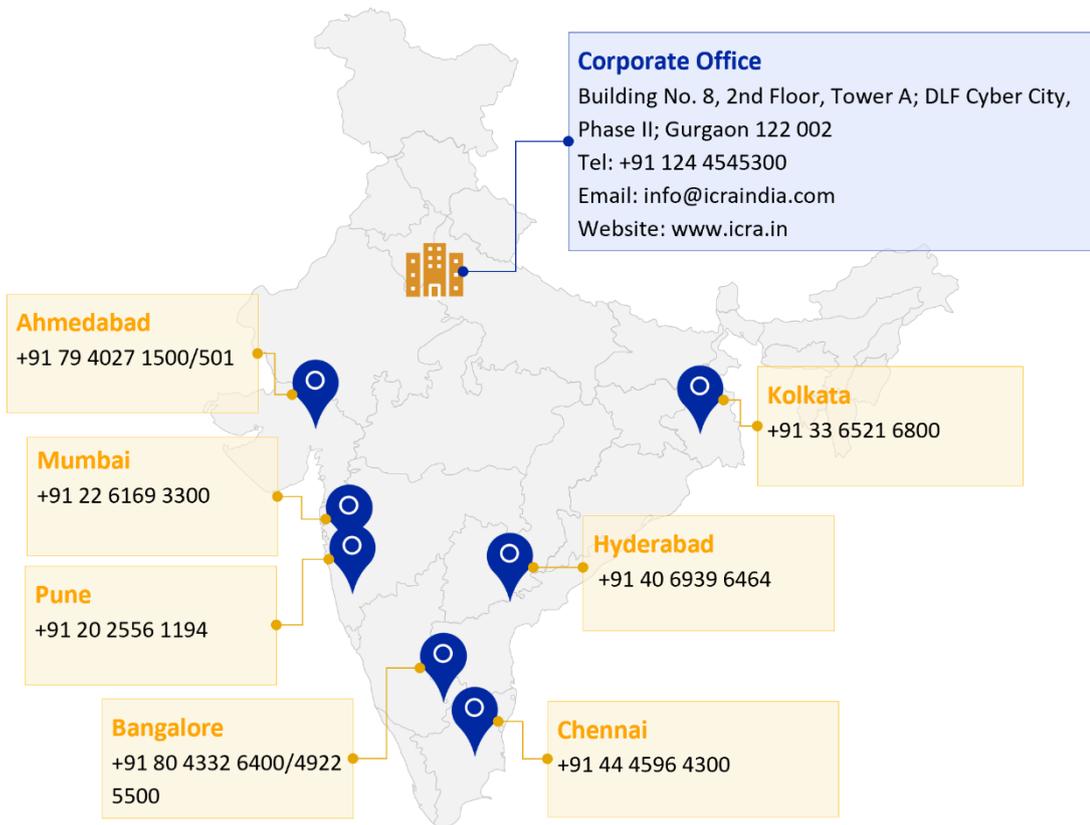
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