December 5, 2025

Pee Vee Textiles Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based Limits – Working Capital Facilities	135.00	135.00	[ICRA]A- (Stable); reaffirmed
Long-term – Fund-based Limits – Term Loans	211.65	230.50	[ICRA]A- (Stable); reaffirmed
Short-term – Non-Fund-based Limits – Working Capital Facilities	50.00	50.00	[ICRA]A2+; reaffirmed
Long-term – Non-Fund-based Limits – Working Capital Facilities	7.00	-	-
Short-term – Unallocated Limits	71.35	-	-
Long-term/ Short-term – Fund-based/ Non-Fund-based Limits – Working Capital Facilities	-	7.00	[ICRA]A- (Stable)/ [ICRA]A2+; reaffirmed
Long-term/ Short-term – Unallocated Limits	-	52.50	[ICRA]A- (Stable)/ [ICRA]A2+; reaffirmed
Total	**475.00**	**475.00**	

**Instrument details are provided in Annexure I*

Rationale

The ratings reaffirmation of Pee Vee Textiles Limited (PVTL) favourably factors in the sizeable spinning and weaving capacities of the company along with a high degree of integration that fosters cost efficiencies and higher value addition. ICRA notes that a major portion of yarn produced by the company is captively consumed to manufacture grey fabric. The ratings also derive comfort from the extensive experience of the promoters and the company's track record of healthy capacity utilisation. The ratings further consider the comfortable capital structure with a TOL/TNW of 1.2 times as on March 31, 2025 and a fairly diversified customer base of the company. However, in view of the current muted demand scenario amid various geopolitical factors, PVTL's overall financial performance in the current fiscal is expected to be largely similar to that of FY2025.

The ratings, however, continue to remain constrained by the commoditised nature of the company's products, which coupled with the fragmented industry structure, results in limited pricing flexibility, which in turn restricts margin expansion. The company's operating margin is also subject to fluctuations, resulting from volatility in raw material prices, with cotton being the major raw material. The ratings also consider the capital-intensive nature of business, which necessitates regular capital expenditure. The ratings also factor in PVTL's high year-end working capital intensity due to the seasonal nature of cotton availability, which necessitates stocking during the harvest season. The net working capital relative to the operating income of the company stood at a high level of 30% in FY2025, exerting pressure on its liquidity. The average fund-based working capital utilisation of the company stood at a moderate level of around 67% during the past 15 months, ended in September 2025, which lends support to its liquidity.

ICRA notes that the company has embarked upon a project, which is likely to increase its revenues and profitability, post successful commissioning of the facilities. However, in the interim period, the company would face significant project related risks, including completion of the project within budgeted costs and time, and the risk of plant stabilisation and achievement of desired process parameters.

The Stable outlook on the long-term rating reflects ICRA's expectations that PVTL's debt protection metrics would gradually improve over the medium term in view of the likely improvement in realisation. The company's cash flows are likely to remain comfortable relative to its debt service obligations.

Key rating drivers and their description

Credit strengths

Long experience of the promoters in the textile industry – PVTL's promoters, Mr. Arun Mohota and Mr. Adarsh Mohota, have extensive experience of over three decades in the textile industry, which enabled the company to foster established relationships with its key customers and suppliers, resulting in repeat orders and stable raw material sourcing arrangements.

Sizeable spinning and weaving capacities, including high level of integration, support operating efficiencies – The company has a sizeable installed weaving capacity of 616 air jet looms. Additionally, the company's operations are highly backward integrated with a versatile spinning capacity equivalent to around 1,55,000 spindles comprising 97,500 ring spindles, 1,944 open-end rotors and 2,208 vortex positions, at present. PVTL utilises 70-75% of its yarn for captive consumption to manufacture grey fabric, resulting in notable savings in transportation and packaging costs along with capturing a larger portion of the textile value chain.

Optimum capacity utilisation, supported by a large and diversified customer base – PVTL's spinning and weaving capacities have a long track record of healthy capacity utilisation over the past few years. The average capacity utilisation of the spinning division stood at around 97% and that of the weaving division at around 98% in FY2025. A major portion (~40% in terms of value) of the company's products, primarily grey fabric, is exported to Europe, Africa, Bangladesh and South East Asian countries. However, export to Bangladesh accounted for the major portion (~67% in FY2025) of the company's export revenue in the past. The company has a fairly diversified customer base with exports contributing 35-45% to revenues, sales to large organised domestic players contributing 30-35% to revenues and sales to unorganised players through traders/agents accounting for the remaining revenues. The top five customers accounted for around 30% of the company's turnover over the last two years, which indicates healthy customer diversification.

Credit challenges

Low profitability and relatively weaker debt coverage metrics – The prices of raw cotton recorded a steep rise in FY2023 owing to geo-political tensions and commodity inflation amid supply chain bottlenecks. While the cost pressure related to raw materials subsided to an extent in FY2024, increase in power tariff by ~28% led to a rise in the cost of production, adversely impacting PVTL's profitability. Although the gross profit margin of PVTL rose to 38.4% in FY2025 from 37.0% in FY2024, increase in the overheads had a bearing on the OPM of the company during the year. The net profit margin was further impacted by high depreciation and interest expenses and stood at a low level of 1.2% in FY2025. ICRA does not expect any major improvement in the profitability of the company in the current fiscal and the same is likely to remain in the range of 10-11% in FY2026. The coverage metrics continue to remain muted although there was some improvement witnessed in FY2025 over the previous fiscal, on account of an increase in cash accruals and lower debt level, thereby reducing interest costs. ICRA expects a gradual improvement in the debt coverage indicators of the company, going forward.

Commoditised nature of product and fragmented industry – Yarn and grey fabric are both commoditised products with limited scope for product differentiation. Further, the domestic textile industry is highly fragmented, which results in intense competition and limits the pricing flexibility of players. The company's versatile plant with the capability to produce a wide range of products mitigates such risk to some extent.

High working capital intensity of operations due to large raw material holding requirement; exposure to volatility in raw material prices – PVTL's working capital intensity is likely to remain elevated in the range of 30-35% over the medium term as the company is required to keep a sizeable inventory of raw materials, mainly raw cotton, due to its seasonal availability during the harvest season from November to March. High raw material inventory stocking also exposes the company's margins to sharp volatility in cotton prices, as witnessed in the past.

Liquidity position: Adequate

PVTL generated positive cash flow from operations over the past few years, which is likely to continue in the near term. However, free cash flow of the company in FY2026 is expected to remain negative in view of sizeable cash outgo for capex. The average fund-based working capital utilisation of the company stood at a moderate level of around 67% during the last 15 months, ended in September 2025, providing buffer for any additional working capital requirement. The company has long-term debt repayment obligations of around Rs. 50 crore in FY2026 and Rs. 37 crore in FY2027, including lease liabilities. The company has received a sanction of term loans of Rs. 75 crore for the ongoing capex (project cost of Rs. 115 crore to expand its weaving capacity by adding airjet looms, TFO [Two for One Twister] along with related equipment and machinery), which will be partly drawn in the current fiscal and the balance in FY2027. The company is entitled for a capital subsidy towards investment in plant and machinery under Maha Technology Upgradation Fund Scheme (Maha-TUFS) from the Government of Maharashtra over the next few years, which once received, would support its cash flow position. ICRA expects the overall liquidity position of the company to remain adequate, going forward.

Rating sensitivities

Positive factors – The ratings may be upgraded if the company demonstrates a healthy improvement in revenue, profitability and debt protection metrics while maintaining its working capital intensity. Specific credit metric that could result in ratings upgrade includes total debt/OPBDITA below 2.0 times on a sustained basis.

Negative factors – Pressure on the ratings may arise if cash accruals weaken due to reduced revenue and/or profit margins, or any unanticipated debt-funded capex or a stretch in the working capital cycle materially impacts the company's liquidity profile. Specific credit metric that could result in ratings downgrade includes an interest cover below 3.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles - Spinning Textiles - Fabric
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of the company

About the company

Incorporated in 1986 by the members of the Mohota family, Pee Vee Textiles Limited (PVTL) is an integrated grey fabric manufacturer with captive yarn spinning capacities. The company operates manufacturing facilities in Wardha, Maharashtra with an installed spinning capacity equivalent to around 1,55,000 spindles, comprising 97,500 ring spindles, 1,944 open-end rotors and 2,208 vortex positions along with a weaving capacity of 616 air jet looms. It produces cotton yarn, poly-cotton yarn and poly-viscose yarn, which are mainly used for captive consumption for grey fabric.

Key financial indicators (audited)

PVTL, Standalone	FY2024	FY2025	H1 FY2026*	H1 FY2025*
Operating income	979.8	995.1	468.7	475.0
PAT	14.2	12.4	11.4	7.3
OPBDIT/OI	10.0%	9.9%	11.4%	10.1%
PAT/OI	1.5%	1.2%	2.4%	1.5%
Total outside liabilities/Tangible net worth (times)	1.4	1.2	1.1	-
Total debt/OPBDIT (times)	3.9	3.4	2.9	-
Interest coverage (times)	2.6	2.8	3.2	3.0

*Source: Pee Vee Textiles Limited, 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 ratings (FY2026)			Chronology of rating history for the past 3 years					
					FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Dec 5, 2025	Sep 8, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based Working Capital Facilities	Long Term	135.00	**[ICRA]A- (Stable)**	[ICRA]A- (Stable)	Jan 8, 2025	[ICRA]A- (Stable)	Dec 7, 2023	[ICRA]A (Negative)	Aug 11, 2022	[ICRA]A (Stable)
					-	-	Jul 7, 2023	[ICRA]A (Stable)	-	-
Term Loans	Long Term	230.50	**[ICRA]A- (Stable)**	[ICRA]A- (Stable)	Jan 8, 2025	[ICRA]A- (Stable)	Dec 7, 2023	[ICRA]A (Negative)	Aug 11, 2022	[ICRA]A (Stable)
					-	-	Jul 7, 2023	[ICRA]A (Stable)	-	-
Non-Fund based Working Capital Facilities	Short Term	50.00	**[ICRA]A2+**	[ICRA]A2+	Jan 8, 2025	[ICRA]A2+	Dec 7, 2023	[ICRA]A2+	Aug 11, 2022	[ICRA]A2+
					-	-	Jul 7, 2023	[ICRA]A2+	-	-
Fund-based/ Non-Fund based Working Capital Facilities	Long Term/ Short Term	7.00	**[ICRA]A- (Stable)/ [ICRA]A2+**	-	-	-	-	-	-	-
Stand by Line of Credit	Long Term	-	-	[ICRA]A- (Stable)	Jan 8, 2025	[ICRA]A- (Stable)	Dec 7, 2023	[ICRA]A (Negative)	Aug 11, 2022	[ICRA]A (Stable)
					-	-	Jul 7, 2023	[ICRA]A (Stable)	-	-
Unallocated Limits	Short Term	-	-	[ICRA]A2+	Jan 8, 2025	[ICRA]A2+	Dec 7, 2023	[ICRA]A2+	Aug 11, 2022	[ICRA]A2+
					-	-	Jul 7, 2023	[ICRA]A2+	-	-
Unallocated Limits	Long Term/ Short Term	52.50	**[ICRA]A- (Stable)/ [ICRA]A2+**	-	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Working Capital	Simple
Long-term fund-based – Term Loan	Simple
Short-term Non-fund based – Working Capital	Very Simple
Long-term/ Short-term fund-based/ non-fund based – Working Capital	Simple
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	Fund-based Working Capital Facilities 1	-	-	-	20.00	[ICRA]A- (Stable)
NA	Fund-based Working Capital Facilities 2	-	-	-	10.00	[ICRA]A- (Stable)
NA	Fund-based Working Capital Facilities 3	-	-	-	20.00	[ICRA]A- (Stable)
NA	Fund-based Working Capital Facilities 4	-	-	-	60.00	[ICRA]A- (Stable)
NA	Fund-based Working Capital Facilities 5	-	-	-	25.00	[ICRA]A- (Stable)
NA	Term Loan 1	FY2016	-	FY2034	85.12	[ICRA]A- (Stable)
NA	Term Loan 2	FY2021	-	FY2029	11.00	[ICRA]A- (Stable)
NA	Term Loan 3	FY2019	-	FY2032	38.10	[ICRA]A- (Stable)
NA	Term Loan 4	FY2017	-	FY2030	55.70	[ICRA]A- (Stable)
NA	Term Loan 5	FY2018	-	FY2034	26.65	[ICRA]A- (Stable)
NA	WCTL – GECL 1	FY2022	-	FY2026	0.45	[ICRA]A- (Stable)
NA	WCTL – GECL 2	FY2022	-	FY2026	0.80	[ICRA]A- (Stable)
NA	WCTL – GECL 3	FY2022	-	FY2028	12.68	[ICRA]A- (Stable)
NA	Non-Fund-based Working Capital Facilities 1	-	-	-	5.00	[ICRA]A2+
NA	Non-Fund-based Working Capital Facilities 2	-	-	-	10.00	[ICRA]A2+
NA	Non-Fund-based Working Capital Facilities 3	-	-	-	5.00	[ICRA]A2+
NA	Non-Fund-based Working Capital Facilities 4	-	-	-	30.00	[ICRA]A2+
NA	Stand by Line of Credit	-	-	-	7.00	[ICRA]A- (Stable)/ [ICRA]A2+
NA	Unallocated Limits	-	-	-	52.50	[ICRA]A- (Stable)/ [ICRA]A2+

Source: Pee Vee Textiles Limited

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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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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