

May 08, 2026

## Paliwal Overseas Pvt. Ltd.: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. Crore)	Current rated amount (Rs. Crore)	Rating action
Long Term - Fund Based – Term loan	10.58	5.12	[ICRA]A (Stable); reaffirmed
Long Term – Unallocated limits	52.59	58.05	[ICRA]A (Stable); reaffirmed
<b>Total</b>	<b>63.17</b>	<b>63.17</b>	

\*Instrument details are provided in Annexure II

### Rationale

The earlier rating approach was based on a consolidated rating view of Abhitex International (AI), Paliwal Overseas Private Limited (POPL) and Paliwal Infrastructure Private Limited (PIPL), driven by the common promoter group and the presence of cross-guarantees among the entities. However, considering the differing business lines and operating risk profiles, ICRA has revised the analytical construct to allow for a sharper delineation of entity-specific risks. Accordingly, the ratings are now based on standalone considerations of AI, with a notch-up for parent support from the broader Paliwal Group, which encompasses home textiles and real estate businesses. While the analytical approach has undergone a change, the rating remains unchanged.

The reaffirmed rating on the bank lines of POPL considers the stable performance in FY2026 aided by healthy occupancy levels, and an expected improvement in its operational and financial performance in FY2027 aided by the increase in leasable area with a recent addition of a property at Defence Colony, Delhi. The rating also remains supported by a strong track record of 100% occupancy (barring some instances of vacancies during the pandemic) across the properties and improvement in debt-protection metrics following scheduled debt repayments. The entity generated revenues of around Rs. 35.8 crore in FY2026 with more than 95% of its income derived from the property located at Bengaluru. With the recent addition of a tenant in the property at Delhi, the entity is likely to generate revenues of around Rs. 40.0 crore in FY2027. The rating also remains supported by healthy financial risk profile. Its total outside liabilities/Tangible net worth stood comfortable at 0.1 times in FY2025 and 9M FY2026 and is expected to remain strong. Additionally, its debt coverage indicators are likely to remain robust, with a DSCR of 6.0 and 5.5 times in FY2025 and 9M FY2026. The rating also considers the favourable location of the property with proper connectivity, which has resulted in sustained healthy occupancy levels.

The rating, however, remains constrained by the small scale of operations and exposure to tenant concentration risk, with the top five tenants occupying more than 90% of the leased area as of March 2026. Besides, the concentration of lease rental revenues among a few key clients and medium-tenure lease contracts expose the entity to risks associated with the timely renewal of leases at favourable rentals. Nonetheless, these risks are partially offset by the reputed tenant profile and the large investments made by tenants towards fit-outs. Besides, ICRA has noted the entity's track record of investments in non-return generating real estate assets.

The Stable outlook on the rating reflects ICRA's expectation that a timely receipt of rentals in commercial properties would help the company report a healthy growth in revenues and maintain strong margins. Further, the outlook underlines ICRA's expectations that the proposed incremental capex would be funded in a manner that it can durably maintain its debt protection metrics commensurate with the existing rating.

## Key rating drivers and their description

### Credit strengths

**Extensive experience of promoters in commercial real estate businesses** – The Paliwal Group was promoted by Mr. Avinash Paliwal, who has extensive experience in the real-estate business. Operational since 1974, the textile arm of the Group, has more than five decades of experience in the sector. Further, the Group ventured into real estate in 2004 with the acquisition of a commercial property in Bengaluru.

**Prime location of commercial properties in key business districts** – The major commercial property of the entity is in proximity to popular commercial districts of Bengaluru. Supported by the prime location and competitive rentals, the entity's clients have historically renewed the leases in a timely manner. Barring the intermittent vacancies, occupancy rates in the entity's properties have remained healthy since their acquisition. Besides the Bengaluru property, POPL also has commercial properties in Delhi and Panipat (Haryana), which have been leased to various tenants. These properties contribute marginal but steady revenues to the entity.

**Healthy financial risk profile** – The entity has a strong financial profile, characterised by a robust capital base (net worth of Rs. 320.5 crore as on December 31, 2025), a conservative capital structure with minimal debt and healthy debt coverage indicators (DSCR of 5.5 times and TD/ OPBDITA of 0.4 times in 9M FY2026). In recent years, with progressive debt repayments and limited debt-funded capital investments, there has been a consistent decline in the entity's term borrowings. Further, availability of surplus cash accruals for part funding of working capital requirements has kept dependence on working capital borrowings negligible. Revenue growth remained modest in FY2026 and a moderate rise is expected in FY2027, with the entity letting out a new property at Defence Colony, Delhi, in FY2027. The entity's debt protection metrics are expected to remain strong with a 100% occupancy achieved in the real-estate projects over the last 2-3 fiscal years.

### Credit challenges

**Small scale of operations and exposure to high tenant concentration risk** – POPL's scale of operations is small compared to other players in the commercial real estate segment. The company is exposed to high tenant concentration risk with top five tenants occupying more than 90% of the total leasable area and contributing more than 95% of the rental income in FY2025. Nonetheless, the reputed tenant profile, along with medium lease tenures mitigate the risk to an extent. The rating factors in the dependence on substantial portion of revenues from a single property, exposing it to asset concentration risk.

**Track record of aggressively deploying surplus accruals in non-return generating real estate investments** – Over the years, the entity has deployed surpluses in the non-return generating real estate assets, primarily in housing plots in Panipat. Most of these investments are not generating any meaningful return at present, and consequently have impacted the entity's return indicators (as reflected in an ROCE of 9.5% in FY2025). While POPL does not propose any further development or significant investment in these projects, any major incremental investment that affects its liquidity position and/or results in increased leverage would remain a rating sensitivity.

### Liquidity position: Adequate

The entity's liquidity position is expected to remain adequate, supported by healthy cash generated from operations in excess of Rs. 20 crore in FY2027 and cash and liquid investments of Rs. 4.2 crore as on March 31, 2026. Against these sources of cash, the entity is likely to incur a minimal capex and has debt repayments of Rs. 6.3 crore in FY2027 and Rs. 0.6 crore in FY2028. ICRA expects the entity's cash flow from operations to remain adequate to fund margin requirements towards the proposed capex as well as scheduled debt repayment obligations. Any aggressive/sizeable acquisition by POPL or deployment of funds in non-return generating assets without commensurate funding tie-ups could impact its liquidity position.

## Rating sensitivities

**Positive factors** – The rating could be upgraded if the entity achieves a substantial growth in its scale of operations, while maintaining its debt coverage metrics and a healthy liquidity profile.

**Negative factors** – The rating could be downgraded if there is any material decline in occupancy levels/ rental rates or a substantial increase in indebtedness resulting in weakening of debt protection metrics on a sustained basis. Additionally, any weakening in the linkages within the Group or a deterioration in its credit profile could also result in a rating downgrade.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Realty - Lease Rental Discounting (LRD)</a>
Parent/Group support	Parent Group – Paliwal group; ICRA expects the Paliwal group to be willing to extent need-based financials financial support to POPL. The group has a track record of extending timely support to the company, whenever a need has arisen.
Consolidation/Standalone	Standalone approach, while taking into account parent support

## About the company

POPL was incorporated in 1985 by Mr. Avinash Paliwal. The entity purchased a commercial property in Bengaluru in 2004 and has since focussed on the business of leasing commercial office space. At present, the building has a 100% occupancy and has been leased to reputed entities. POPL deploys surplus funds from the business to other real estate ventures of the Avinash Paliwal Group.

## About the group

POPL is part of the Avinash Paliwal Group of Panipat, which has business interests in home textiles and real estate sectors. The Group is promoted by Mr. Avinash Paliwal, who has more than four decades of experience in manufacturing and exporting textile products. The key operations of the Group are carried out by three entities, namely Abhitex, POPL and PIPL. While Abhitex operates in the home textiles space, POPL and PIPL own commercial buildings.

## Key financial indicators (audited)

POPL	FY2024	FY2025	9M FY2026*
Operating income	35.3	35.1	26.2
PAT	18.3	21.1	16.1
OPBDIT/OI	81.4%	82.2%	74.8%
PAT/OI	51.8%	60.1%	61.3%
Total outside liabilities/Tangible net worth (times)	0.2	0.1	0.1
Total debt/OPBDIT (times)	0.4	0.4	1.4
Interest coverage (times)	7,952.5	383.6	205.8

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

**Key financial indicators (consolidated)**

	FY2024	FY2025	9M FY2026*
<b>Operating income</b>	377.9	376.0	326.5
<b>PAT</b>	56.6	61.2	49.6
<b>OPBDIT/OI</b>	25.0%	26.4%	24.1%
<b>PAT/OI</b>	15.0%	16.3%	15.2%
<b>Total outside liabilities/Tangible net worth (times)</b>	0.3	0.3	0.3
<b>Total debt/OPBDIT (times)</b>	1.2	1.1	0.9
<b>Interest coverage (times)</b>	17.5	13.6	13.3

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

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	May 08, 2026	Date	Rating	Date	Rating	Date	Rating
<b>Fund-based-Term loan</b>	Long Term	5.12	[ICRA]A (Stable)	Sep 19, 2025	[ICRA]A (Stable)	Apr 02, 2024	[ICRA]A (Stable)	-	-
				-	-	Mar 28, 2025	[ICRA]A (Stable)	-	-
<b>Unallocated limits</b>	Long Term	58.05	[ICRA]A (Stable)	Sep 19, 2025	[ICRA]A (Stable)	Apr 02, 2024	[ICRA]A (Stable)	-	-
				-	-	Mar 28, 2025	[ICRA]A (Stable)	-	-

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ Fis (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, Fis	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI

2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term - Fund Based – Term loan	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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long Term - Fund Based – Term loan	FY2018-FY2023	NA	FY2023-FY2028	5.12	[ICRA]A (Stable)
NA	Long Term – Unallocated limits	NA	NA	NA	58.05	[ICRA]A (Stable)

Source: Company

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

## Annexure III: List of entities considered for consolidated analysis

Company name	ownership	Consolidation approach
Abhitex International	100% owned by promoters and Group entities	Full consolidation
Paliwal Infrastructure Pvt. Ltd.	100% owned by promoters and Group entities	Full consolidation

Company name	ownership	Consolidation approach
Paliwal Overseas Pvt. Ltd.	100% owned by promoters	Full consolidation

Source: Company

## ANALYST CONTACTS

**Jitin Makkar**

+91 124 4545368

[jitinm@icraindia.com](mailto:jitinm@icraindia.com)

**Srikumar Krishnamurthy**

+91 44 4596 4318

[ksrikumar@icraindia.com](mailto:ksrikumar@icraindia.com)

**Ramakrishnan G S**

+9144 4596 4300

[g.ramakrishnan@icraindia.com](mailto:g.ramakrishnan@icraindia.com)

**Vidhi Thakur**

+91 44 4596 4302

[vidhi.thakur@icraindia.com](mailto:vidhi.thakur@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

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## ICRA Limited



### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



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