

May 08, 2026

## Abhitex International: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. Crore)	Current rated amount (Rs. Crore)	Rating action
Long Term - Fund Based – Cash credit	95.83	96.00	[ICRA]A (Stable); reaffirmed
Long Term - Fund Based – Term loan	39.49	28.75	[ICRA]A (Stable); reaffirmed
Long Term – Unallocated limits	0.18	10.75	[ICRA]A (Stable); reaffirmed
Short Term - Non-Fund Based	4.00	4.00	[ICRA]A1; reaffirmed
<b>Total</b>	<b>139.50</b>	<b>139.50</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 ratings continue to factor in an expected improvement in its operational and financial performance over the medium term, driven by the established track record of the entity, strong relationships with home furnishing retailers and its healthy financial risk profile. AI generates around 90% of its revenues from the US market and, in FY2026 for select months, the US Government imposed reciprocal tariffs (upto 25%) and an additional ad valorem duty of 25% on apparel exports, prompting the entity to offer discounts to retain its US customers.

Despite US tariffs, supported by the preponement of certain shipments and the addition of new customers, the operating income of the entity is estimated to have grown by 16% (YoY) to around Rs. 360 crore in FY2026. Aided by cost-cutting measures undertaken, including efficiency gains from recent facility upgrades and rupee depreciation, the operating margins of the entity improved by 20 basis points to 13.9% in 9M FY2026 compared to the levels seen in FY2025. However, moderation in operating margins by around 40 bps to around 13.3% is estimated in FY2026. The ratings also consider the entity's healthy financial risk profile, characterised by a conservative capital structure with Total Debt/Tangible Net Worth of around 0.3 times in 9M FY2026 and comfortable coverage metrics. The debt coverage indicators have remained healthy, with an interest coverage of 7.1 times and 6.3 times in FY2025 and 9M FY2026, respectively. ICRA expects the business to register healthy revenue growth over the medium term, with the likely implementation of an FTA with the UK supporting the entity in diversifying its presence in the UK market. However, the prevailing West Asia crisis and its impact on raw material prices, along with ongoing geopolitical developments and their effect on the profitability of AI, remain key monitorables.

The ratings, however, continue to be constrained by high client as well as geographical concentration risks in the business. Inventory holding remains high, resulting in elevated working capital intensity. This also exposes the entity to the risk of volatility in prices of raw materials and finished goods, as there is a lag between order booking and deliveries. In addition, the segment's profitability remains exposed to any adverse change in tariffs and the export incentive structure. The current export incentive framework supports the profitability of textile exporters and provides an edge to the entity amid intense competition

from other domestic and international suppliers. ICRA expects the entity's capitalisation and debt coverage metrics to remain healthy in the near-to-medium term, supported by steady surplus cash generation. Besides, ICRA has noted the risk of capital withdrawals from the firm and its track record of investments in non-return generating real estate assets.

The Stable outlook on the rating reflects ICRA's expectation that a recovery in demand in the textile segment would help the entity report healthy growth in revenues and maintain robust margins. Further, the outlook underlines ICRA's expectations that the proposed incremental capex would be funded in a manner that allows it to durably maintain its debt protection metrics commensurate with the existing rating.

## Key rating drivers and their description

### Credit strengths

**Extensive experience of promoters in home textile business** – The Paliwal Group is promoted by Mr. Avinash Paliwal, who has extensive experience in the home textile business. Operational since 1974, the textile arm of the Group, Abhitex, has more than five decades of experience in the sector. This has facilitated healthy growth in the firm's scale of operations over the years and reflects favourably on its track record and competitive positioning in the home textile sector.

**Strong relationships with overseas clientele including leading home furnishing retailers** – Over the years, the Group has developed a strong client base in the export markets of the US, which has been providing repeat business on a sustained basis. Abhitex derives most of its revenues from export clients comprising established brands. In recent years, the firm has also added some new clients in the US, leading to modest diversification of its otherwise concentrated customer base.

**Healthy financial risk profile** – The entity has a strong financial profile, characterised by a robust capital base (net worth of Rs. 228.3 crore as on December 31, 2025), a conservative capital structure (TD/TNW of 0.3 times and total outside liabilities/TNW of 0.5 times as on December 31, 2025) and healthy debt coverage indicators (interest coverage of 7.1 times and TD/OPBDITA of 1.5 times in 9M FY2026). In the past few years, with progressive debt repayments and limited debt-funded capital investments, there has been a consistent decline in the Group's term borrowings. Further, the availability of surplus cash accruals for part-funding of working capital requirements has kept dependence on working capital borrowings range-bound, despite the increasing scale of operations. Revenue growth remained healthy in FY2026 and is likely to be strong over the medium term, driven by the addition of new customers and increased installed capacity following the replacement of old looms.

### Credit challenges

**High export dependence with geographical concentration makes the Group's textile business vulnerable to slowdown in overseas markets** – Abhitex derives most of its revenue (more than 95%) from export markets, mainly driven by the US (around 90% share in FY2025 and 9M FY2026), followed by the UK (4%). High reliance on exports, with concentrated exposure to these two markets, exposes Abhitex's revenues as well as profitability to any slowdown in these regions.

**High working capital intensity owing to high inventory holding requirement in the textile business** – Abhitex's business remains working capital intensive, with high inventory holding requirements (129 days and 103 days in FY2025 and 9M FY2026, respectively), exposing profitability to volatility in raw material prices. Besides raw material stocking, large inventory holding also arises from the requirement of maintaining sizeable finished goods inventories for consignment-based dispatches in export orders. As a result, reliance on working capital borrowings in the textile segment remains high.

**Vulnerability to change in export incentive policies, rates and tariffs** – The profitability of Abhitex, like that of other textile exporters, is supported by export incentives provided by the Government of India, which accounted for around 60-70% of the operating profits of Abhitex. These incentives have also supported sales growth by making domestic textile manufacturers competitive in the global market. Thus, exporters' profitability is exposed to any adverse change in policies. In this context, ICRA notes the extension of the Rebate of State and Central Taxes and Levies (RoSCTL) scheme for made-ups till September

2026. The subsequent extension of these export benefits, changes in demand patterns in key end markets, the evolving West Asia crisis and tariffs remain key monitorables.

### Liquidity position: Adequate

The entity's liquidity position is likely to remain adequate, supported by healthy cash generated from operations, free cash and liquid investments of Rs. 0.6 crore, and an average cushion of around 38% of the sanctioned limits in its fund-based working capital limits of Rs. 96 crore as of the last twelve months ended March 2026. Against these sources of cash, the entity is likely to incur capex of around Rs. 8 crore in FY2027 towards regular maintenance and Rs. 20 crore in FY2028 towards setting up a technical textile factory, funded through term loan borrowings and retained earnings in the ratio of 65:35. The entity has repayment obligations (including the proposed loan) of around Rs. 6.1 crore and Rs. 8.4 crore in FY2027 and FY2028, respectively. ICRA expects cash flows from operations to remain adequate to fund margin requirements towards the proposed capex as well as scheduled debt repayment obligations. Any aggressive or sizeable acquisition by the entity, or deployment of funds in non-return generating assets without commensurate funding tie-ups, or any substantial capital withdrawal by the partners, could impact its liquidity position.

### Rating sensitivities

**Positive factors** – The ratings could be upgraded if the home textile business achieves a sustained strong growth in its scale of operations and profitability, while maintaining its debt coverage metrics and a healthy liquidity profile.

**Negative factors** – The ratings could be downgraded if there is a sustained pressure on the entity's revenues and profitability. Further, a stretch in the working capital cycle or sizeable investment or high capital withdrawal by the partners, adversely impacting its financial risk profile or the liquidity profile, could also exert pressure on the ratings. Any weakening in the linkages within the group or a deterioration in the group's credit profile could also result in a rating downgrade. Specific metrics that may trigger ratings downgrade include DSCR of less than 2.0 times on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textile - Fabric
Parent/Group support	Parent Group – Paliwal group; ICRA expects the Paliwal group to be willing to extent need-based financials financial support to Abhitex International. 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

Established in 1993 by Mr. Avinash Paliwal and family, Abhitex International is a partnership firm involved in designing, manufacturing and marketing textile made-ups such as terry towels, bathmats, rugs, durries and cushion covers, among other home textile products. Abhitex has three manufacturing units in Panipat (Haryana), with an installed capacity of 81 looms for terry towels and 325 tufting machines for rugs and bathmats, besides dyeing capacity.

## About the group

Abhitex International is part of the Avinash Paliwal Group of Panipat, which has business interests in the home textiles and real estate sectors. The Group is promoted by Mr. Avinash Paliwal, who has more than four decades of experience in the manufacturing and export of 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)

Abhitex International	FY2024	FY2025	9M FY2026*
Operating income	312.9	309.4	275.9
PAT	20.1	20.0	18.5
OPBDIT/OI	12.9%	13.7%	13.9%
PAT/OI	6.4%	6.5%	6.7%
Total outside liabilities/Tangible net worth (times)	0.6	0.6	0.5
Total debt/OPBDIT (times)	2.2	2.3	1.5
Interest coverage (times)	8.9	6.3	7.1

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

### Key financial indicators (consolidated)

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

	Type	Current rating (FY2027)		Chronology of rating history for the past 3 years			Date & rating in FY2024
		Amount rated (Rs. crore)	Date & Rating in FY2027	Date & Rating in FY2026	Date & Rating in FY2025		
			May 08, 2026	September 19, 2025	March 28, 2025	April 02, 2024	
<b>Fund-based-Cash credit</b>	Long term	96.00	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	-
<b>Fund-based-Term loan</b>	Long term	28.75	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	-
<b>Unallocated limits</b>	Long term	10.75	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable)	-
<b>Non-fund based-Others</b>	Short term	4.00	[ICRA]A1	[ICRA]A1	[ICRA]A1	[ICRA]A1	-

### 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 – Cash credit	Simple
Long Term - Fund Based – Term loan	Simple
Long Term – Unallocated limits	Not applicable
Short Term - Non-Fund Based	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 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 – Cash credit	NA	NA	NA	96.00	[ICRA]A (Stable)
NA	Long Term - Fund Based – Term loan	FY2020-FY2024	NA	FY2026-FY2031	28.75	[ICRA]A (Stable)
NA	Long Term – Unallocated limits	NA	NA	NA	10.75	[ICRA]A (Stable)
NA	Short Term - Non-Fund Based	NA	NA	NA	4.00	[ICRA]A1

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
<b>Abhitex International</b>	100% owned by promoters and Group entities	Full consolidation
<b>Paliwal Infrastructure Pvt. Ltd.</b>	100% owned by promoters and Group entities	Full consolidation
<b>Paliwal Overseas Pvt. Ltd.</b>	100% owned by promoters	Full consolidation

Source: Company

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