September 25, 2025

Paramount Communications Limited: Long-term rating placed on rating watch with negative implication; Short-term rating assigned and placed on rating watch with negative implications

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term/ Short-term – Fund based/ Non-fund based – Working Capital Facilities	0.00	50.00	[ICRA]BBB; placed on rating watch with negative implications/ [ICRA]A3+; assigned and placed on rating watch with negative implications
Long-term – Unallocated Limits	150.00	100.00	[ICRA]BBB; placed on rating watch with negative implications
Total	**150.00**	**150.00**	

**Instrument details are provided in Annexure I*

Rationale

ICRA has placed the rating of Paramount Communications Limited (PCL) on rating watch with negative implications to reflect the materially adverse impact of imposition of tariffs by the US administration on India, especially given the company's significant exposure to the US. This has resulted in material decline in the margin profile in Q1 FY2026, with expectation of same continuing going forward as well. PCL had to absorb a considerable portion of the incremental US tariffs on orders executed during YTDFY2026. Unless the duties come down in the near term as part of ongoing fresh rounds of negotiation between the 2 countries, PCL will pivot its sales largely to the domestic market, where its operating profit margin is lower by ~100-200 bps, via-a-vis exports. These developments materially weaken PCL's cash accruals for FY2026. The company, in Q1FY2026, exported Rs. 206.41 Crore to the US, constituting 46% of revenues (31% in FY2025). Exports to US are expected to come down to ~20-25% of revenues in FY2026, with overall revenue expected to grow by ~10-15% YoY in FY2026, largely with the shift to domestic business in the second half of the fiscal.

Due to reliance on high-cost short term borrowings, interest cost is also expected to be higher. Consequently, while capital structure remains comfortable (gearing expected to be less than 0.30 times in FY2026-FY2027), coverage metrices are now expected to be much weaker in FY2026 (interest cover is expected to decline to ~2.5-4.5 times during FY2026 as compared to ~11 times in FY2025). Overall profitability is expected to be supported by sizeable non-operating income expected during FY2026, which would include Rs. ~26 crore maturity proceeds from a couple of keyman insurance policies, forex gains, and interest income from sizeable encumbered cash.

However, sanction of working capital facilities of Rs. 50 crore in Q2FY2026, should free up some encumbered cash and support PCL's business growth plans. Moreover, promoters will infuse Rs. 30 crore by way of issuance of warrants over FY2026-FY2027, which should be utilised towards routine capex and incremental working capital requirements.

Notwithstanding the high tariffs (~50%) imposed by US on India, the ratings factor in ICRA's expectation of gradual improvement in revenues and profit generation over the medium term, largely driven by healthy long term demand outlook in both the domestic and export markets, however the same will remain weaker than ICRA's earlier estimates.

The rating factors in PCL's long and established market position in the wires and cables business with a pan-India presence in the B2B (business to business) segment, with a reputed clientele spread across various industries. Domestic B2C (business to consumer) domestic house wires sales are concentrated in Rajasthan and Delhi-NCR, apart from other adjoining states in North India – Haryana, Punjab and Gujarat. PCL has a diversified product portfolio of over ~25 distinct products and ~2,500 SKUs comprising mainly of power cables and house wires, railways cables and telecom cables. The ratings also derive comfort from the long track record of promoters in cables industry, and PCL's established brand presence.

The ratings, however, remain constrained by the vulnerability of company's operating profit margins to the intense competition faced by it from both organised and unorganised players along with the exposure to the volatility in the prices of key raw materials, and foreign exchange rates and continued expenses incurred towards incremental capacity additions being planned, plant repair and maintenance.

ICRA notes that the company's operations are also working capital intensive on account of the high inventory and receivable position. The ratings also factor in the intensely competitive wires and cables business, which leads to pricing pressure for all industry participants. Moreover, the ability of the company to secure incremental working capital bank lines also remains a key monitorable which will enable revenue growth of the company in a working capital-intensive business.

Key rating drivers and their description

Credit strengths

Established track record of promoters in the wires and cables market - The promoters have an established track record of operations of over three decades in the cables industry, and PCL has forged healthy relationships with its key customers, supporting its business prospects. PCL was established in 1955 by late Mr. Shyam Sunder Aggarwal. Over the past three decades, his sons - Mr. Sanjay Aggarwal (Chairman and CEO) and Mr. Sandeep Aggarwal (MD) have steered the company and expanded its business. They are assisted by the 3rd generation entrepreneurs within the family – Mr. Dhruv Aggarwal, Mr. Parth Aggarwal and Mr. Tushar Aggarwal, who are actively involved in the business alongwith the management team.

PCL also has Approvals from international agencies including Underwriters Laboratories USA and LPCB UK, and from various leading customers & Government Organizations like NTPC, PGCIL, DMRC MMRC, L&T, Siemens, Tata Power, ABB, BSNL, Reliance, Adani, Kalpataru, Hitachi, JSW Steel, etc.

Improving scale with healthy demand prospects – PCL's revenue increased by 49% on a YoY basis in FY2025 to Rs 1557 crore, after reporting 32%/37% YoY growth in FY2024/FY2023. Growth in FY2025 was driven by both domestic and exports sales. Exports constituted 31.0% of the revenues in FY2025 visa-vis 26.4% in FY2024. The company is witnessing robust demand for its products from various end-user industries such as power, telecom, real estate, railways, infrastructure, construction, defense, etc. ICRA expects the company to report revenue growth of ~10-15% YoY in FY2026.

The company witnessed revenue growth of 40.5% YoY to Rs. 451.1 crore in Q1FY2026, but a growth slowdown is expected during rest of the year due to the impact of US tariffs on export revenue.

Comfortable capital structure -The company has a comfortable capital structure with an estimated healthy net worth of over Rs. ~717 crore as on March 31, 2025 post equity infusion of Rs ~317 crore over Q4FY2023-FY2024. Debt/TNW stood healthy at 0.1 times as on March 31, 2025 (PY: 0.19 times) and TOL/TNW stood at 0.31 times as on March 31, 2025 (PY: 0.33 times). Capital structure is expected to remain comfortable going forward as well. ICRA, however, notes that the company's operations are working capital-intensive, and would require incremental working capital limits to fund its growth over the medium term, which is a key monitorable. PCL availed Rs. 50 crore short term loan from a NBFC in Q1FY2026, which is to be repaid within a year from disbursement. Post that the company has been sanctioned Rs. 50 crore working capital facilities from Union Bank.

Credit challenges

Profitability exposed to volatility in prices of key raw materials; margins impacted adversely by US tariffs - Alumunium, Copper, and PVC/XLPE are the primary raw material used to manufacture cables, forms over 80% of raw material cost. Though PCL revises cable prices based on fluctuations in raw material prices, delay in passing on the hike to customers adversely affects profitability, as also experienced by the company in the past due to fixed price nature of orders.

While, the order are typically short cycle in nature (~3-4 months), PCL has a policy for hedging ~100% of metal procurement for fixed price orders to avoid the risk of sharp fluctuations in raw material prices. However, sharp fluctuations in raw material prices can still impact the margins profile to a certain extent. PCL also hedges foreign exchange risk by booking forward contracts against export receivables.

OPM declined sharply to 3.36% in Q1FY2026 vs 6.25%/8.34% in Q1FY2025/Q4FY2025. In Q1FY2026, the US administration imposed an extra tariff on all cables & wires imports coming into the US from India (increased from ~4.5% to ~10%). The company, in Q1FY2026, exported Rs. 206.41 Crore to the US. It had to absorb a significant part (~30-50%) of the additional tariff on goods under process as well as on orders in hand from the US customers, which negatively impacted OPM in Q1 FY2026. Furthermore, in August 2025, the US administration increased this duty to 25% while also placing an additional 25% penalty tariff on all Indian goods. Hence, OPM is expected to be adversely impacted by the impact of tariffs in Q2FY2026 as well. PCL is actively working to de-risk from this situation by covering the export deficit from the domestic market. However, a temporary impact on its revenue and profitability due to this evolving situation is expected and the shift to domestic business and revival of the profitability remains key monitorable.

Consequently due to relatively high repayments, expectation of higher finance costs and decline in OPM in FY2026, coverage metrices are expected to witness sharp decline in FY2026, which should improve steadily thereafter. Interest coverage declined to 3.84 times in Q1FY2026 vis-à-vis 11 times in FY2025, and is expected to be in the range of ~2.5-4.5 times during FY2026. Overall profitability is expected to be supported by sizeable non-operating income during FY2026, which includes Rs. ~26 crore maturity proceeds from a couple of keyman insurance policies, forex gains, and interest income from encumbered cash.

Elevated working capital intensity - The company's operations are working capital intensive, resulting in high working capital intensity with NWC/OI at 30% in FY2025 (has gradually improvement from 46% in FY2022), due to high receivables and inventories. Receivables appear high partly due to significant sales in Q4FY2025, for which the credit period granted to customers had not elapsed. Further, the company needs to maintain high inventory levels, given the range of products in which the company deals.

The company sells its products mainly through distributors in US and extends them an effective credit period of 75-90 days, including shipment lead time of ~60 days. Domestic sales are largely through direct B2B channel, wherein it offers a credit period of 30-90 days to its institutional clients. Working capital requirements are supported by customer invoice discounting.

Intense competition from both organised and unorganised players- The cables industry is inherently competitive with the presence of multiple large established players such as Havells India Limited, Polycab India Limited, Finolex Cables Limited, V Guard Industries Limited, RR Kabel Limited, etc., in addition to some competition from the unorganised sector, which limits its pricing flexibility and bargaining power with customers, exerting pressure on its revenues and margins. The presence of unorganized sectors is in house wires segment which accounts for only ~5% of PCL's total revenue.

Liquidity position: Adequate

The company's liquidity profile is adequate with the presence of cash/fixed deposits of Rs. 61.28 crore as on July 31, 2025 (largely encumbered against FB/NFB cash backed limits). Encumbered cash is expected to gradually free-up as company utilises newly sanctioned working capital limits, and reliance on cash-backed limits comes down.

Company has repayment obligations of Rs. 41.67 crore in FY2026 towards a short term loan of Rs. 50 crore availed in Q1FY2026, of which Rs. 8.33 crore has already been repaid. Cash flow from operations and considerable other income is expected to be sufficient to meet debt servicing requirements, and partly its working capital requirements.

Rating sensitivities

Positive factors – ICRA could resolve the watch in case the company is able to report healthy improvement in profitability while keeping the working capital requirements under check, thereby improving its liquidity position.

Negative factors – The ratings may be downgraded in case of inability of the company to improve its profitability. Moreover, a large debt-funded capex and higher working capital requirements, which increase the reliance on external debt and moderate the liquidity position can result in a negative rating action. Inability of the company to tie up working capital credit limits to support growth can also lead to downward revision in ratings. Increase in TOL/TNW to above 1.25 on a sustained basis can also lead to a rating downgrade.

ESG Risks

PCL is exposed to the risks arising from the tightening regulations on the environment and the safety front. These have necessitated the company to increase its investments towards meeting the evolving and the tighter regulatory standards. PCL has installed a sewage treatment plant to recycle water and reuse for gardening. It has also implemented rainwater harvesting tanks. The company also recycles plastics and metal wastes to reuse within its processes, as per disclosures made in its annual reports. Also, PCL has been able to mitigate the regulatory risks by demonstrating a sound operational track record.

PCL's success depends critically on seamless execution of its growth strategies by its capable and competent workforce. Failure to hire and retain talent pool having necessary competencies may impact the organizations' ability to maintain and expand its business operations, and consequently its profitability. However, as per disclosures made by PCL, its employee-friendly HR policies strive to create and maintain a safe, conducive and engaging work environment, while connecting individual efforts with the Company's long-term strategy and growth objectives. Further, customer satisfaction remains a key focus area for PCL's successful operations. Additionally, slowdown in infrastructure investments can lead to lower demand for cables and wires and thus lower sales, however, with PCL being diversified with respect to end-users as well as geography, this risk is mitigated to an extent. Therefore, while PCL remains exposed to the aforementioned risks, they do not materially affect its credit profile as of now.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

The business of Paramount Cables was established in 1955. In the 1978, a new unit was established under the name of Paramount Cable Corporation which started supplying telecom cables to the Department of Telecommunications. Subsequently, it was converted into a public limited company in September 1994 as Paramount Communications Limited (PCL). Currently, PCL is engaged in manufacturing of power cables/house wires, telecom cables and railway cables. PCL operates through 2 manufacturing facilities situated in Khushkhera, Rajasthan and Dharuhera, Haryana. PCL holds various prestigious Indian and International accreditations and approvals including BIS, NTPC, PGCIL, EIL, RDSO, TEC, UL-USA, LPCB-UK, and also ISO 9001, ISO 14001, and ISO 45001.

Key financial indicators (audited):

Standalone	FY2024	FY2025
Operating income	1,047.28	1,556.66
PAT	85.39	86.72
OPBDIT/OI	8.3%	7.7%
PAT/OI	8.2%	5.6%
Total outside liabilities/Tangible net worth (times)	0.33	0.31
Total debt/OPBDIT (times)	1.34	0.53
Interest coverage (times)	16.88	11.09

Source: Company, ICRA Research; 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 (FY2026)				Chronology of rating history for the past 3 years					
			FY2026		FY2025		FY2024		FY2023	
Instrument	**Type**	**Amount Rated (Rs Crore)**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund based/ non-fund based - Working Capital Facilities	Long-term/ Short-term	50.00	Sept 25, 2025	[ICRA]BBB; Rating watch with negative implications/ [ICRA]A3+; Rating watch with negative implications	-	-	-	-	-	-
Unallocated Limits	Long Term	100.00	Sept 25, 2025	[ICRA]BBB; Rating watch with negative implications	Apr 05, 2024	[ICRA]BBB- (Stable)	-	-	-	-
					Dec 03, 2024	[ICRA]BBB (Stable)	-	-	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term/ Short-term – Fund based/ non-fund based - Others	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 analyzing 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, is available on ICRA's website: [Click Here]

Annexure I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Fund based/ non-fund based - Working Capital Facilities	-	-	-	50.00	[ICRA]BBB Rating watch with negative implications/ [ICRA]A3+; Rating watch with negative implications
NA	Unallocated Limits	-	-	-	100.00	[ICRA]BBB; 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 – Not Applicable

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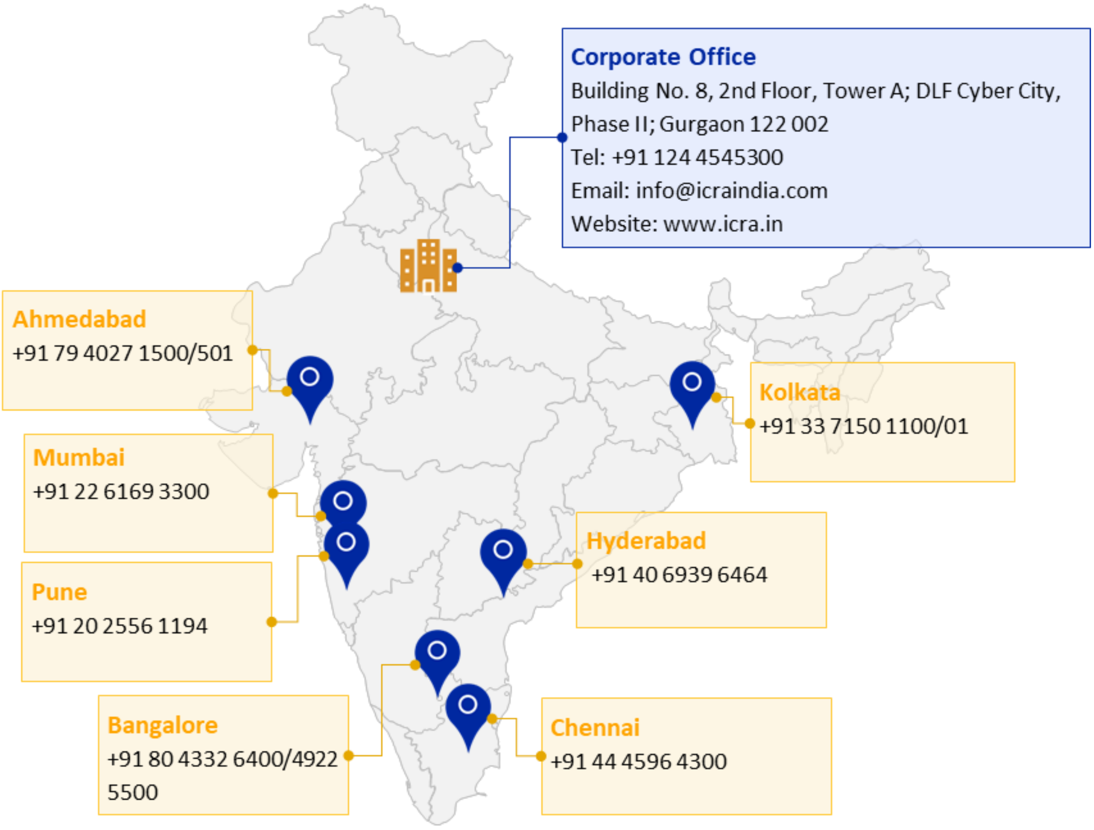

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