July 14, 2026

Paramount Communications Limited: Ratings reaffirmed and removed from watch with negative implications; Stable outlook assigned to long-term rating

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long term/Short term – Fund based/Non-fund based – Others	50.00	150.00	[ICRA]BBB (Stable)/[ICRA]A3+; reaffirmed and removed from watch with negative implications; Stable outlook assigned	RBI
Long term – Unallocated limits	100.00	0.00	-	RBI
Total	150.00	150.00		

Instrument details are provided in Annexure I

#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.

Rationale

ICRA has reaffirmed the ratings of Paramount Communications Limited (PCL/the company), removed the same from watch with negative implications and assigned a Stable outlook to the long-term rating on expectations of an improvement in the company's business risk profile following the rationalisation of tariffs imposed by the US administration on Indian exports to the US. The punitive tariffs imposed by the US on Indian exports moderated PCL's operating margins in FY2026 as the company had to absorb a considerable portion of these higher rates. This prompted the company to increase its focus on the domestic market while maintaining a presence in the international market, enabling it to achieve a revenue growth of around 23% in FY2026. The operating margins improved further in H2 FY2026, supported by the increased share of revenue from the domestic markets along with a rationalisation of supplies to the US. Going forward, the reduction in tariffs is expected to support a gradual recovery in the profitability of exports to the US, while the margins in the domestic market are likely to remain stable.

PCL's overall financial profile remained healthy in FY2026, aided by non-operating income, including the ~Rs. 28 crore received from the maturity proceeds of keyman insurance policies and foreign currency gains of Rs. 11 crore arising from the rupee's depreciation. Additionally, the company gets interest income on the fixed deposits kept as margin money against the non-fund based limits (~Rs. 72 crore of encumbered cash as of FY2026-end), which supports the cash generation. The company's gearing ratios are supported by a healthy net worth base of Rs. 778 crore, with TOL/TNW at 0.56 times as on March 31, FY2026 (0.31 times as on March 31, 2025). While the working capital borrowings increased at the end of FY2026 owing to the high amount of dispatches during March 2026, this should moderate gradually. Nevertheless, PCL's working capital intensity remains elevated owing to the high debtor days and the company is undertaking measures to improve its working capital intensity.

The company is also undertaking sizeable capex to set up a new plant at Narmadapuram, Madhya Pradesh, which will involve an outlay of Rs. 300 crore over FY2027 and FY2028. This capex will be funded through a mix of equity infusion from external investors and promoters (Rs. 120 crore), internal accruals and term debt, which is yet to be tied up. The company received Rs. 99.95-crore equity on July 1, 2026, and the remaining proceeds of Rs. 22.7 crore from the warrants issued to the promoters will be received over the next 12-18 months. The new plant in MP is expected to start production FY2028 onwards and is likely to have a slightly higher profitability vis-à-vis the current operations, driven by enhanced automation and a favourable product mix of more higher-margin products. The company is currently in discussions with banks to raise a term debt and expects to finalise the debt-raise by Q3 FY2027; the near-term funding requirements will be met through the recent equity infusion. A timely tie-up of the term debt will remain a key monitorable. Additionally, the company has received around Rs.

8 crores in tariff refunds from the US customs department relating to the tariffs levied in FY2026 and expects to receive another Rs. 20-22 crores over the course of next few months. The same should aid liquidity of the company.

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

The ratings, however, remain constrained by the limited pricing power in an intensely competitive market comprising both organised and unorganised payers. As a mid-sized participant with a relatively modest presence in the retail segment, the company's ability to expand its margins remains constrained. The company mitigates the raw material price risk by aligning the inventory procurement with the order execution cycle in the institutional segment and undertaking regular price revisions in the retail segment. Nevertheless, the significant volatility in raw material prices and a competitive market can adversely impact the profits.

The ratings are also constrained by project execution risks because of the company's sizeable capex plans, although in the same line of business. The capex incurred for the MP plant is expected to moderate the credit metrics over the course of FY2027 and FY2028 and also limit the improvement in the liquidity position over the next two years. However, given that the project will be modular in nature, the company will have the flexibility to recalibrate the capex execution, depending on its liquidity position and the business environment. With the first phase expected to be completed by the end of FY2027, the contribution from the project should start from FY2028. The execution of the capex within the envisaged capital outlay and timelines will remain a key monitorable.

ICRA notes that the company's operations are also working capital intensive on account of the high inventory and receivable position. As understood by ICRA, the company remains in discussion with various banks for securing additional working capital limits to support its business growth and shore up its liquidity position. The tie ups are expected to be completed in H2 CY2026. A timely sanction of the additional working capital limits will aid the company's liquidity position and will remain a monitorable.

The Stable outlook on the long-term rating reflects ICRA's expectations that the continued healthy demand for wires and cables will support the cash flow from operations which along with the recent equity raise and planned debt tie-ups will keep the credit profile stable.

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 third-generation entrepreneurs within the family – Mr. Dhruv Aggarwal, Mr. Parth Aggarwal and Mr. Tushar Aggarwal - who are actively involved in the business along with the management team.

PCL also has approvals from international agencies, including Underwriters Laboratories USA and LPCB UK, and from various leading customers & government organisations, such as NTPC, PGCIL, DMRC MMRC, L&T, Siemens, Tata Power, ABB, BSNL, Reliance, Adani Group, Kalpataru, Hitachi, JSW Steel, etc.

Improving scale with healthy demand prospects – PCL's revenue increased by ~23% YoY to Rs. 1,912 crore in FY2026 despite the US-tariff related uncertainties. The company was able to pivot to the domestic market and grow its revenues at a healthy rate during the year. Exports, as a percentage of the overall revenues, tempered to 29% in FY2026 from 31% in FY2025, though they remain a sizeable part of the revenue mix. 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 healthy revenue growth in FY2027.

Comfortable capital structure supported by healthy networth base and expected improvement in profitability – The company has a comfortable capital structure, with an estimated healthy net worth of over ~Rs. 778 crore as on March 31, 2026. The incoming equity infusion of ~Rs. 123 crore from institutional investors and promoters is expected to further support the net worth base. The upcoming capex to set up a new plant at Narmadapuram, MP, will remain a key monitorable.

Although the capital structure moderated in FY2026 owing to higher working capital borrowings at year-end, the overall financial profile remains healthy with total debt/TNW at 0.27x (PY: 0.09x) and TOL/TNW at 0.56x as on (PY: 0.31x). The 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 funding to support its growth over the medium term, which is a key monitorable. The company has been working towards availing fund-based working capital limits and has also availed support under the Emergency Credit Line Guarantee Scheme 5.0 (ECLGS 5.0).

Credit challenges

Limited pricing power in an intensely competitive industry limiting margin upside; US tariffs rationalization to provide relief - PCL operates in an intensely competitive market comprising both organised and unorganised payers, which limits its pricing power and margin upside. As a mid-sized player with a relatively limited retail presence, the company's profitability remains constrained compared to the larger peers.

Alumunium, copper, and PVC/XLPE are the primary raw materials used to manufacture cables and account for over 80% of the input cost. Though PCL revises cable prices based on fluctuations in raw material prices, delays in passing on the hike to customers can adversely affect the profitability. PCL maintains a short-cycle order book of 3-4 months to deal with adverse commodity price movements. However, sharp fluctuations in raw material prices can still exert pressure on the margins to a certain extent.

PCL also hedges the foreign exchange risk by booking forward contracts against export receivables. The OPM declined sharply in H1 FY2026 after the US administration imposed additional tariffs on all cables and wires imported from India. During mid-CY2025 to early CY2026, the cumulative US duties on Indian-origin goods — including electric wires and cables — rose to nearly 50%, combining reciprocal tariffs and an additional punitive levy. However, with the subsequent rationalisation of the tariffs by the US, the profitability is expected to improve. However, any such punitive tariff imposition in the future will remain a key monitorable as the US is a key export market for PCL.

Elevated working capital intensity - The company's operations are working capital-intensive, reflected in the NWC/OI of 34% in FY2026, due to the high receivables and inventories. The receivables remained high, partly because a significant proportion of the sales was recorded in Q4 FY2026. Further, the company needs to maintain high inventory levels because of its diversified portfolio that requires it to ensure timely availability across all the product categories. The company sells its products mainly through distributors in the US and extends an effective credit period of 75-90 days, including a shipment lead time of around 60 days. Domestic sales are largely through the direct B2B channel, wherein it offers a credit period of 30-90 days to its institutional clients. The working capital requirements are supported by customer invoice discounting.

Sizeable capex underway for upcoming plant in Narmadapuram, MP - There is sizeable capex underway to set up the MP plant, which will be used to manufacture high-voltage cables. The total project outlay is expected to be ~Rs. 300 crore, of which Rs. 175-200-crore capex will be carried out in FY2027 and the plant is expected to start production from FY2028. The equity infusion of ~Rs. 122 crore is expected to flow in multiple tranches while some debt will be availed too. A timely debt-tie up for the project will remain a key monitorable.

Liquidity position: Adequate

The company's liquidity profile is adequate, with the presence of free cash balances of ~Rs. 5 crore. The repayment obligations are low in the near term, with Rs. 9 crore to be repaid in FY2027, of which Rs. 8 crore has already been repaid in April 2026. The incoming equity infusion of ~Rs. 122 crore in multiple tranches, the planned term debt to be raised and the expected cash flow from operations of Rs. 45-50 crore are expected to be sufficient to meet the capex as well as debt repayment/working capital requirements. ICRA also notes that the company is in the process of tying up term loans for the upcoming capex plans, which will support the liquidity position.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company is able to ramp up its sales and profitability, strengthening the overall debt metrics while improving the liquidity and working capital intensity on a sustained basis.

Negative factors – The ratings may be downgraded if the company reports a decline in the operating income and margins on a sustained basis. A moderation in the liquidity position driven by an increase in the working capital requirements and/or inability of the company to tie up additional working capital lines in a timely manner may result in a rating downgrade. The inability of the company to tie up term loans for the upcoming capex plan in a timely manner, thereby impacting the liquidity position of the company, may also result in a rating downgrade. Any sizeable capex beyond the current envisaged capex plans may also result in a rating downgrade.

ESG Risks

PCL is exposed to risks arising from tightening regulations on environment and safety. These have made it necessary for the company to increase its investments towards meeting the evolving and tighter regulatory standards. PCL has been replacing outdated equipment with energy-efficient alternatives. The company 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 the 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 a seamless execution of its growth strategies by its capable and competent workforce. Failure to hire and retain talent pool having the necessary competency may impact the organisation's ability to maintain and expand its business operations, and consequently its profitability. However, as per the 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, a slowdown in infrastructure investments can lower the demand for cables and wires and thus bring down the sales. However, PCL's diversified end-user and geographical base mitigates this risk to some 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

Paramount Cables was established in 1955. In 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).

At present, PCL is engaged in the manufacturing of power cables/house wires, telecom cables and railway cables. PCL has two manufacturing facilities at Khushkhera in 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 is also certified under ISO 9001, ISO 14001, and ISO 45001.

Key financial indicators (audited):

Standalone	FY2025	FY2026
Operating income	1,556.66	1,912.16
PAT	86.72	60.24
OPBDIT/OI	7.7%	3.5%
PAT/OI	5.6%	3.2%
Total outside liabilities/Tangible net worth (times)	0.31	0.56
Total debt/OPBDIT (times)	0.53	3.18
Interest coverage (times)	11.09	3.14

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 (FY2027)				Chronology of rating history for the past 3 years					
	FY2027				FY2026		FY2025		FY2024	
Instrument	**Type**	**Amount Rated (Rs Crore)**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Fund based/ non-fund based - Others	Long term/ Short term	150.00	July 14, 2026	[ICRA]BBB (Stable)/ [ICRA]A3+	Sept 25, 2025	[ICRA]BBB; rating watch with negative implications/ [ICRA]A3+; rating watch with negative implications	-	-	-	-
Unallocated limits	Long term	0.00	July 14, 2026	-	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

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	Financial Sector Regulator#
NA	**Fund based/Non-fund based – Others**	-	-	-	150.00	[ICRA]BBB (Stable)/ [ICRA]A3+	RBI

Source: Company

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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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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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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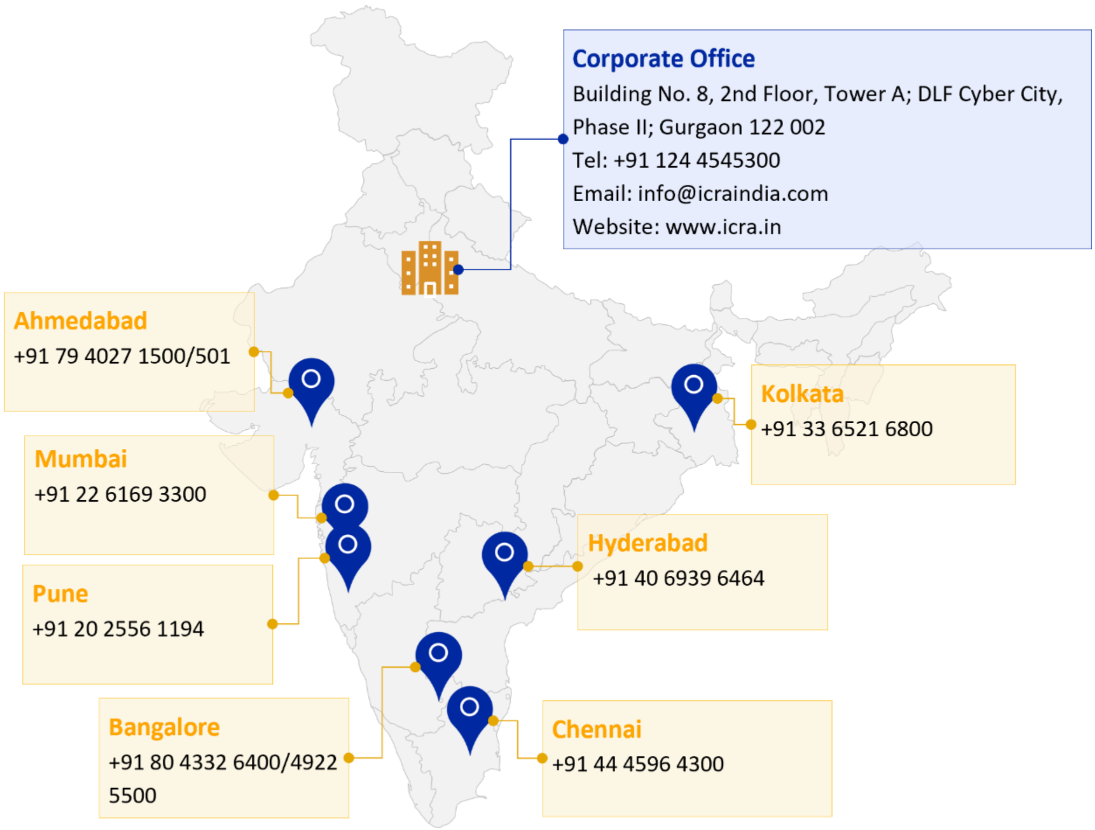

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