

## Parmeshwari Silk Mills Limited

July 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB+; Stable; ISSUER NOT COOPERATING* and Withdrawn

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd. (CareEdge Ratings) has reaffirmed and withdrawn the outstanding rating of 'CARE BB+; Stable; ISSUER NOT COOPERATING' [Double B Plus; Outlook: Stable; ISSUER NOT COOPERATING] assigned to the bank facilities of Parmeshwari Silk Mills Limited (PSML) with immediate effect. The above action has been taken at the request of PSML and 'No Objection Certificate' received from the banks that have extended the facilities rated by CARE Ratings Ltd.

The reaffirmation of rating in issuer not cooperating category is on account of insufficient information to conduct a detailed review of the ratings. Additionally, the rating continues to be constrained by the company's modest, albeit growing, scale of operations, an elongated operating cycle, and the susceptibility of margins to fluctuations in raw material prices and regulatory changes, along with its presence in a fragmented and cyclical textile industry. However, the rating draws strength from its experienced promoters, company's long track record of operations, locational advantages, and stable profitability margins leading to comfortable debt coverage indicators.

### Analytical approach: Consolidated

CareEdge Ratings has consolidated the financials of PSML and its subsidiary owing to significant business linkages and operating in a similar line of business. The detail of subsidiary is provided in **Annexure 06**.

### Outlook: Stable

### Detailed description of key rating drivers:

At the time of last rating on December 02, 2024, the following were the rating strengths and weaknesses (updated for the information available from the company and stock exchange):

### Key weaknesses

#### Modest albeit growing scale of operations

PSML's scale of operations continue to remain modest though growing as evident from total operating income (TOI) of Rs 233.36 crore and gross cash accruals (GCA) of Rs 13.00 crore respectively, during FY25 (refers to April 01 to March 31) as against Rs 203.38 crore and Rs 9.55 crore respectively, during FY24. The modest scale limits the company's financial flexibility in times of stress and deprives it of scale benefits. Though, the risk is partially mitigated as PSML's scale of operations has been on a growing trend registering a compound annual growth rate (CAGR) of around 23% for the last 5 years ending FY25.

#### Elongated operating cycle

The company's operating cycle remained elongated at 168 days for FY24, slightly improving from 171 days in FY23. The company produces various types of fabrics (different colours, embroidery designs, etc.), necessitating a high volume of raw materials. Additionally, the company has to maintain adequate inventory at each processing stage—such as weaving, dyeing, printing, embroidery, finishing, and packaging—to ensure smooth production. This resulted in an average inventory holding period of 120 days for FY24. The company offers a liberal credit period of around 3-4 months to its customers, leading to an average collection period of 99 days for FY24. The company's working capital borrowings remained high at almost 90% over the past 12 months ending August 2024.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Susceptibility to fluctuations in raw material prices and regulatory changes**

PSML's profitability is vulnerable to fluctuations in the prices of raw cotton, the primary raw material for producing cotton yarn. Raw cotton prices are inherently volatile, influenced by factors such as production area, yield, monsoon variability, international demand and supply dynamics, carryover of inventory from the previous year, export quotas, and the minimum support price (MSP) set by the government. Over the past few years, raw cotton prices have been highly volatile, posing a risk of inventory losses for industry players. Additionally, the textile industry faces regulatory risks, including changes in domestic and international government policies related to subsidies or import/export tariffs, which impact industry players across the value chain.

**Presence in fragmented and cyclical textile industry**

The Indian textile industry is highly fragmented, with numerous medium and small-scale unorganized players, leading to intense competition. Additionally, the industry is cyclical, closely following macroeconomic business cycles. The prices of raw materials and finished goods are influenced by global demand and supply dynamics. Consequently, any shift in the global macroeconomic environment impacts the domestic textile industry. Furthermore, there is significant competition from countries like Bangladesh, Vietnam, and Pakistan in cotton exports. In recent years, Indian cotton yarn exports to the European Union (EU) and China have declined, as Vietnam, benefiting from duty-free access to the Chinese market, has captured a larger market share. Therefore, both domestic and export demand for yarn and textiles are crucial for yarn manufacturers.

**Key strengths****Experienced promoters coupled with long track record of operations**

PSML is led by their current chairman - Mr. Jatinder Pal Singh who holds a graduate degree and has nearly three decades of experience in the textile industry through his association with this entity, overseeing the company's overall operations. He is effectively supported by Ms. Harinder Kaur in managing the day-to-day operations. Additionally, the directors are assisted by a team of qualified managerial personnel and technical experts with relevant experience in their respective fields. The company's extensive track record in the industry has fostered long-term relationships with both suppliers and customers.

**Favourable location of operations and established marketing network**

The company's manufacturing facilities are located in Ludhiana, a well-established textile manufacturing hub. PSML benefits from this strategic location, which provides easy access to a large customer base and ensures the ready availability of raw materials due to the presence of established suppliers in the area. The company markets its entire product range under the brand name "Ramtex" through a network of over 25 distributors and dealers based in Punjab, Haryana, Delhi, Rajasthan, and West Bengal. The products are well-received in Punjab and Haryana, and the company is also exploring markets in Delhi.

**Stable Profitability Margins**

The company's profitability margins have remained moderate over the past three financial years, as profitability is closely linked to the complexity of the embroidery designs in orders—the more intricate the design, the higher the margins. However, the Profit Before Interest, Lease rentals, Depreciation, and Tax (PBILDT) margin improved to 10.76% in FY25 from 9.58% in FY24. Similarly, the Profit After Tax (PAT) margin slightly improved to 3.70% in FY25 from 2.96% in FY24.

**Moderate capital structure and debt coverage indicators**

The capital structure of the company stood moderate as marked by overall gearing of 2.26x as on March 31, 2025 on account of increasing debt level as the scale grows leading to higher utilization of working capital limits and a low net worth base. Further, the capital structure is expected to remain moderate in the near to medium term. Additionally, on account of stable profitability margins with growth in scale of operations, the debt coverage indicators of the company continue to remain moderate yet comfortable as marked by the interest coverage ratio and total debt to Gross Cash Accruals which stood at 2.64x and 9.55x respectively, for FY25 as against 2.41x and 10.99x respectively for FY24.

**Applicable criteria**[Consolidation](#)[Definition of Default](#)[Information Adequacy Risk and Issuer Non-Cooperation](#)[Rating Outlook and Rating Watch](#)[Manufacturing Companies](#)[Financial Ratios – Non financial Sector](#)[Withdrawal Policy](#)

[Cotton Textile](#)
**About the company and industry**
**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Garments & Apparels

Ludhiana, Punjab-based Parmeshwari Silk Mills Limited (PSML) was incorporated as a public limited company in January 1993. The company is currently managed by Mr. Jatinder Pal Singh and his family. PSML specializes in manufacturing unstitched suit fabrics and plain fabrics for women under its own brand name, "Ramtex." The company operates its own manufacturing facility for weaving, embroidery, and digital printing in Ludhiana, Punjab. PSML distributes its products through a network of distributors and dealers based in Punjab, Haryana, Delhi, Rajasthan, and West Bengal, serving over 200 retailers across India.

**Consolidated financials:**

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	203.38	233.36
PBILDT	19.48	25.12
PAT	6.03	8.65
Overall gearing (times)	1.68	2.26
Interest coverage (times)	2.41	2.64

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Fund-based - LT-Proposed fund based limits		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	December 2030	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	June 2029	0.00	Withdrawn

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (03-Jul-25)	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (02-Dec-24)	1)CARE BB+; Stable (14-Sep-23)	1)CARE BB+; Stable (01-Jul-22)
2	Fund-based - LT-Proposed fund based limits	LT	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (03-Jul-25)	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (02-Dec-24)	1)CARE BB+; Stable (14-Sep-23)	1)CARE BB+; Stable (01-Jul-22)
3	Fund-based - LT-Cash Credit	LT	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (03-Jul-25)	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (02-Dec-24)	1)CARE BB+; Stable (14-Sep-23)	1)CARE BB+; Stable (01-Jul-22)
4	Fund-based - LT-Term Loan	LT	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (03-Jul-25)	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (02-Dec-24)	1)CARE BB+; Stable (14-Sep-23)	1)CARE BB+; Stable (01-Jul-22)
5	Fund-based - LT-Term Loan	LT	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (03-Jul-25)	1)CARE BB+; Stable; ISSUER NOT COOPERATING * (02-Dec-24)	1)CARE BB+; Stable (14-Sep-23)	1)CARE BB+; Stable (01-Jul-22)

\*Issuer did not cooperate; based on best available information.

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Proposed fund based limits	Simple
3	Fund-based - LT-Term Loan	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Annexure-6: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Harappa Textile Mills Private Limited	Full	Subsidiary

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

## Contact us

<b>Media Contact</b>  Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>  <b>Relationship Contact</b>  Ankur Sachdeva Senior Director <b>CARE Ratings Limited</b> Phone: 912267543444 E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a>	<b>Analytical Contacts</b>  Puneet Kansal Director <b>CARE Ratings Limited</b> Phone: 120-4452018 E-mail: <a href="mailto:puneet.kansal@careedge.in">puneet.kansal@careedge.in</a>  Sachin Mathur Associate Director <b>CARE Ratings Limited</b> Phone: 91-120-4452054 E-mail: <a href="mailto:sachin.mathur@careedge.in">sachin.mathur@careedge.in</a>  Rohit Bhatia Lead Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Rohit.Bhatia@careedge.in">Rohit.Bhatia@careedge.in</a>
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