

Paramount Impex

September 24, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|--|------------------|---------------------|--|
| Long Term / Short Term Bank Facilities | - | - | Reaffirmed at CARE BB-; Stable / CARE A4 and Withdrawn |
| Long Term Bank Facilities | - | - | Reaffirmed at CARE BB-; Stable and Withdrawn |
| Short Term Bank Facilities | - | - | Reaffirmed at CARE A4 and Withdrawn |

Details of instruments/facilities in Annexure-1.

Rationale & Key Rating Drivers

CARE Ratings Ltd. (CareEdge Ratings) has reaffirmed and withdrawn the outstanding ratings of 'CARE BB-; Stable/CARE A4' [Double B minus; Outlook: Stable/ A Four] assigned to the bank facilities of Paramount Impex (PI) with immediate effect. The above action has been taken at the request of PI and 'No Objection Certificate' received from the bank that has extended the facilities rated by CARE.

The ratings assigned to the bank facilities of Paramount Impex (PI) are constrained on account of a leveraged capital structure and moderate debt coverage, foreign exchange risk and susceptibility of margins to raw material price volatility. The ratings also factor in the elongated operating cycle, stretched liquidity and partnership firm constitution. However, the ratings draw comfort from the improvement in scale of operations with moderate profitability margins during FY25 (refers to period April 01 to March 31) and long-standing experience of the partners.

Analytical Approach: Standalone

Outlook: Stable

"Stable" outlook reflects CARE Ratings' opinion that Paramount Impex will continue to derive benefit from its long-standing experience of promoters in the industry.

Detailed description of the key rating drivers

Key weaknesses

Leveraged capital structure and moderate debt coverage

On account of continued high reliance on working capital borrowings, the capital structure of the firm stood leveraged as marked by overall gearing ratio which stood 2.41x as on March 31, 2025 (Prov.) compared to 1.84x as on March 31, 2024. Further, the debt coverage indicators as characterized by interest coverage ratio continued to remain moderate at 1.93x during FY25 (P.Y.: 1.81x) owing to its moderate operating profitability. Whereas, PI's TD/GCA metric moderated due to increase in working capital borrowing and remained high at 12.26 years as on March 31, 2025 compared to 11.42 years on March 31, 2024.

Foreign Exchange Risk

PI exports 95% of its finished products to USA, UK, Belgium, Italy and Ireland. With initial cash outlay for procurement in domestic currency and significant chunk of sales realization in foreign currency, the firm is exposed to the fluctuation in exchange rates. However, the firm does not have any hedge policy in place. Nevertheless, for the uncovered portion, the firm's profitability margins are exposed to volatility in foreign exchange. Moreover, any change in government policies, either domestic or international, is likely to affect the PI's revenues. Earnings are also susceptible to strict regulatory policies relating to tariff barriers (custom duty), non-tariffs barriers (restriction on the quality of imports), anti-dumping duties, international freight rates and port charges. Firm reported exchange gain of Rs.0.16 crore during FY25 as compared to Rs.0.95 crore during FY24.

Susceptibility of margins to volatility in raw material prices

The operations of the firm are raw material intensive in nature with the raw material cost constituting ~90% of the income. With global metal prices highly volatile in nature and susceptible to speculative trading, the margins of the firm are exposed to raw material fluctuation risk. The raw materials are completely procured from domestic markets.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Elongated operating cycle

Inspite of a marginal reduction, PIs operating cycle remained elongated at 174 days during FY25(Prov.) as against 188 days during FY24. Further, it is expected to stay elevated due to the working capital-intensive nature of operations given a mix of high inventory holding and collection period. The firm procures raw materials from the domestic market and is required to maintain an adequate inventory of raw material for the smooth running of its production processes. Thereby, resulting in an average inventory which stood at 84 days for FY25 compared to 95 days for FY24. Further, the firm's collection period also remained high and elongated to 149 days for FY25 compared to 133 days for FY24. The high working capital requirements were met largely through bank borrowings which resulted in a high average utilization of more than 95% for the past 12 months period ended September 19, 2025.

Key strengths

Improvement in scale of operations and moderate profitability

The total operating income of the company increased to Rs.75.34 crore during FY25, although remained modest. Further, during 5MFY26 (refers to the period April 01 to August 31), the firm achieved revenue of ~Rs.29 crore.

The profitability margins of the firm witnessed slight moderation in FY25 (Prov.) with PBILDT margin at 6.29% as against 7.27% in FY24 (A) on account of an increase in the cost of sales (specifically manufacturing and selling expenses) yet continue to remain rangebound over the past 4 years. Further, PAT margin also remained low and between 1-2% in past four years ended FY25.

Experienced Partners albeit inherent risk of withdrawal of capital

Paramount Impex is a partnership concern established in 2001. In 2019, the partnership firm was reconstituted due to a change in partners and is currently managed by two partners, Rakesh Kapoor, who has more than two decades of experience in auto ancillary industry and his son, Romil Kapoor. Both the partners are involved in the overall business operations and are supported by a team of professionals who possess a decade of experience in their respective domains. However, the firm inherently carries the risk of capital withdrawal by partners during personal contingencies, potentially eroding the capital base and adversely affecting the capital structure. The partners withdrew capital of ~Rs.2.93 crore during FY25 compared to Rs. 4.66 crore during FY24.

Liquidity: Stretched

The liquidity position of the firm remained stretched, characterized by an elongated operating cycle resulting in high average utilization of more than 95% for the last twelve months. The operating cycle is expected to stay on a higher side on account of working capital-intensive nature of operations and high collection period. The firm's gross cash accruals remain tightly matched to meet its debt repayment obligations during FY25(Prov.). Further, the firm has cash and bank balance of Rs.0.46 crore as on March 31, 2025 (Prov.), while cash flow from operations also remained low of Rs.0.84 crore in FY25 (Prov.). The current and quick ratio of the firm remained at 1.17x and 0.84x, respectively, as on March 31, 2025(Prov.).

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria:

[Withdrawal Policy](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Auto Components & Equipments](#)

[Short Term Instruments](#)

About the firm and industry

Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|-------------------------|--------------------------------|-----------------|------------------------------|
| Consumer Discretionary | Automobile and Auto Components | Auto Components | Auto Components & Equipments |

PI is a partnership concern established in 2001. It was managed by brothers Rakesh Kapoor and Sunil Kapoor. In 2019, it was reconstituted with present partners Rakesh Kapoor and his son, Romil Kapoor. The firm is engaged in the business of manufacturing and export of a wide range of Tractor Linkage Parts, General Hardware, Grease Coupler, Cargo Ramps etc. The firm has its manufacturing facility based at Ludhiana, Punjab. The firm is an export-oriented unit.

| Brief Financials (₹ crore) | | March 31, 2024 (A) | March 31, 2025 (Prov.) * | 5MFY26 (UA) |
|----------------------------|--|--------------------|--------------------------|-------------|
| Total operating income | | 62.95 | 75.34 | 29.00 |
| PBILDT | | 4.57 | 4.74 | - |
| PAT | | 1.05 | 1.33 | - |
| Overall gearing (times) | | 1.84 | 2.41 | - |
| Interest coverage (times) | | 1.81 | 1.93 | - |

A: Audited UA: Unaudited Prov.: Provisional; Note: 'the above results are latest financial results available'

*CA certified

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of various 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-Packing Credit in Foreign Currency | | - | - | - | 0.00 | Withdrawn |
| Fund-based - LT-Term Loan | | - | - | 31 July 2023 | 0.00 | Withdrawn |
| Fund-based - ST-Bill Discounting/ Bills Purchasing | | - | - | - | 0.00 | Withdrawn |
| Fund-based/Non-fund-based-LT/ST | | - | - | - | 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-Packing Credit in Foreign Currency | LT | - | - | 1)CARE BB-; Stable (24-Sep-25) | 1)CARE BB-; Stable (06-Sep-24) 2)CARE BB-; Stable; ISSUER NOT COOPERATING* (24-Jul-24) | 1)CARE BB; Negative (24-Jul-23) | 1)CARE BB; Stable (02-Aug-22) |
| 2 | Fund-based - ST-Bill Discounting/ Bills Purchasing | ST | - | - | 1)CARE A4 (24-Sep-25) | 1)CARE A4 (06-Sep-24) 2)CARE A4; ISSUER NOT COOPERATING* (24-Jul-24) | 1)CARE A4 (24-Jul-23) | 1)CARE A4+ (02-Aug-22) |
| 3 | Fund-based/Non-fund-based-LT/ST | LT/ST | - | - | 1)CARE BB-; Stable / CARE A4 (24-Sep-25) | 1)CARE BB-; Stable / CARE A4 (06-Sep-24) 2)CARE BB-; Stable / CARE A4; ISSUER NOT COOPERATING* (24-Jul-24) | 1)CARE BB; Negative / CARE A4 (24-Jul-23) | 1)CARE BB; Stable / CARE A4+ (02-Aug-22) |
| 4 | Fund-based - LT-Term Loan | LT | - | - | 1)CARE BB-; Stable (24-Sep-25) | 1)CARE BB-; Stable (06-Sep-24) 2)CARE BB-; Stable; ISSUER NOT COOPERATING* (24-Jul-24) | 1)CARE BB; Negative (24-Jul-23) | - |

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

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of the various instruments rated

| Sr. No. | Name of the Instrument | Complexity Level |
|---------|--|------------------|
| 1 | Fund-based - LT-Packing Credit in Foreign Currency | Simple |
| 2 | Fund-based - LT-Term Loan | Simple |
| 3 | Fund-based - ST-Bill Discounting/ Bills Purchasing | Simple |
| 4 | Fund-based/Non-fund-based-LT/ST | Simple |

Annexure-5: Lender details

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

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

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