

## PBM Polytex Limited

December 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	15.75	CARE BBB; Negative	Reaffirmed; Outlook revised from Stable
Short-term bank facilities	6.44	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to bank facilities of PBM Polytex Limited (PPL) continue to derive strength from its long track record of operations in manufacturing and processing of cotton yarn, promoters' vast experience in the cyclical cotton yarn industry and its established marketing network and clientele. Ratings further derive strength from PPL's comfortable leverage, efficient working capital management practices, and its adequate liquidity.

However, ratings remain constrained considering PPL's moderate and deteriorating scale of operations and weak debt coverage indicators, continuous operating losses in FY25 (FY refers to April 1 to March 31) and H1FY26, susceptibility of its profitability to volatility in cotton prices and foreign exchange fluctuation risk and its presence in a competitive and cyclical cotton yarn industry.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Significant growth in its total operating income (TOI) and achievement of operating profitability while maintaining overall gearing ratio less than 0.5x.
- Sustained improvement in its return on capital employed (ROCE) to 15%.

#### Negative factors

- Significant decline in scale of operations below ₹150 crore or substantial continued operating losses.
- Any stretched in liquidity resulting in significant reliance on external debt.

**Analytical approach:** Standalone.

### Outlook: Negative

The outlook on the long-term rating of PPL has been revised from 'Stable' to 'Negative' on the back of CARE Ratings Limited's (CareEdge Ratings') expectation of subdued operational performance and continued operating losses, which may impact its liquidity and debt coverage indicators. The outlook shall be revised to 'Stable' in case PPL reports better-than-envisaged operational performance resulting in improvement in debt coverage indicators and sustenance of its liquidity.

### Detailed description of key rating drivers:

#### Key strengths

##### Long track record in cotton yarn industry with experienced promoters and established marketing network

PPL has a long-standing track record of over 10 decades in the textile (cotton yarn) manufacturing industry. PPL's key promoters also have over four decades of industry experience. Textile is an inherently cyclical and challenging industry due to several external factors affecting the operational and financial performance of entities in the sector. Despite this, PPL's promoters have managed the company's operations efficiently over four decades.

PPL has an established domestic marketing network and good presence in export market. However, due to sluggish export demand in the overall textile segment, PPL was able to generate ~23% TOI from exports in FY25 against 25% in FY24 (28% in FY23).

##### Established clientele with prudent working capital management

PPL has long-standing relationship with most customers with majority being associated with the company for over two decades. PPL's relationship with credible customers and strict policy of selling only against letter of credit (for exports) ensures timely collections and comfortable liquidity throughout the year.

<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.

Owing to the conservative approach of its management, PPL invests most unencumbered surplus funds in – liquid/short-term mutual funds (₹33 crore as on September 30, 2025). With a significant amount of surplus funds available, the utilisation of its fund-based working capital debt remained negligible in the last 12 months ended October 2025.

### **Comfortable leverage**

PPL continued to operate at a comfortable leverage as indicated by its overall gearing of 0.00x (nil) as on March 31, 2025, owing to absence of long-term debt and negligible utilisation of its working capital limit. Going forward, with no major capex planned overall gearing is expected to remain comfortable.

### **Key weaknesses**

#### **Moderation in scale of operation with operating losses and weak debt coverage indicators**

PPL's scale of operation moderated in FY25 marked by TOI of ₹176.21 crore compared to ₹191.60 crore in FY24. PPL registered volume degrowth of 7% y-o-y in FY25 and marginal moderation in sales realisation. The performance remained subdued in H1FY26 as well with TOI of ₹81.43 crore due to sluggish demand in export market. PPL continued to report operating losses in FY25 and H1FY26 primarily due to lower operational efficiency. With this, debt coverage indicators continued to remain weak.

#### **Susceptibility of profitability to volatility in cotton prices and foreign exchange fluctuation risk**

Textile is a cyclical industry and closely follows the macroeconomic business cycles. Highly competitive intensity in the textile industry, volatility of cotton prices, elevated inflation levels and sluggish demand outlook from developed markets are the major causes of concern for the Indian textile industry. Raw cotton prices are volatile and depend upon factors such as area under production, yield for , international demand-supply scenario, inventory carry forward from previous year, and setting of export quota and minimum support price (MSP) by the government.

PPL generated ~25% to 35% revenue from export sales in previous three years and procures entire requirement for raw material from domestic market. Hence, its entire export sales are exposed to foreign exchange fluctuation risk. However, PPL books forward cover for ~95 - 100% for its export orders (based on letter of credit received for exports). Thus, in FY25, PPL reported the negligible net foreign exchange fluctuation loss (FY24: ₹0.03 crore and FY23: ₹0.04 crore).

#### **Presence in a highly fragmented and competitive industry with limited product differentiation**

The yarn manufacturing industry in India is highly fragmented and dominated by a large number of small-scale units leading to high competition in the industry. Smaller standalone units are more vulnerable to intense competition and have limited pricing flexibility, which constrains their profitability compared to larger integrated textile companies who have better efficiencies and pricing power considering their scale of operations. Due to the fragmented industry, the ability to pass on the increase/decrease in raw material prices to the end customers is limited and is usually accompanied by a time lag.

### **Liquidity: Adequate**

PPL's liquidity continued to remain adequate considering no term debt repayment obligations, negligible utilisation of its working capital limits, healthy cash and bank balance and efficient management of its working capital. PPL offers a credit period of ~20-30 days to its customers. Its relationship with credible customers and its strict policy of selling only against letter of credit (for exports) ensures timely collections and comfortable liquidity throughout the year. PPL maintains an inventory of ~85-130 days to ensure smooth delivery to its customers throughout the year and to avail quantity discounts from its suppliers. Hence, operating cycle remained elongated at 124 days in FY25. However, PPL's fund-based working capital limits remained almost unutilised in trailing 12 months ended November 2025. PPL held ₹33 crore of cash and liquid investments as on September 30, 2025.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

## Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Cotton Textile](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles and apparels	Other textile products

Incorporated in 1919, PPL (CIN: L17110GJ1919PLC000495) was earlier known as The Petlad Bulakhidas Mills Company Limited. The current management (Patodia family) took over the company in 1978 and since then has gradually expanded and modernised its facilities for manufacturing and processing cotton yarn. As on November 30, 2025, PPL had an installed capacity of 57,600 spindles and 672 rotors (for manufacturing yarn with count range of Ne 8's to Ne 80's). Its manufacturing facilities are at Petlad, Anand, in Gujarat, and at Borgaon in Madhya Pradesh. PPL has also set up windmills in Gujarat with aggregate capacity of 3 MW.

Particular	March 31, 2024 (A)	March 31, 2025 (A)	September 30, 2025 (UA)
Total operating income	191.60	176.21	81.43
PBILDT	-8.54	-4.13	-2.26
PAT	-6.30	-4.68	-2.13
Overall gearing (times)	0.01	0.00	0.03
Interest coverage (times)	-ve	-ve	-ve

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

**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-Long Term	-	-	-	-	15.75	CARE BBB; Negative
Non-fund-based - ST-BG/LC	-	-	-	-	6.44	CARE A3+

**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-Long Term	LT	15.75	CARE BBB; Negative	-	1)CARE BBB; Stable (02-Jan-25)	1)CARE BBB+; Negative (04-Jan-24)	1)CARE BBB+; Stable (08-Mar-23)
2	Non-fund-based - ST-BG/LC	ST	6.44	CARE A3+	-	1)CARE A3+ (02-Jan-25)	1)CARE A2 (04-Jan-24)	1)CARE A2 (08-Mar-23)

LT: Long term; ST: Short term; LT/ST: Long term/Short 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-Long Term	Simple
2	Non-fund-based - ST-BG/LC	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](mailto:care@careedge.in) for clarifications.

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