



Press Release

Paul Merchants Limited

June 04, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Fund based - long term Bank Facilities – Working capital facilities	18.00	IVR BBB+/Negative (IVR Triple B Plus with negative outlook)	IVR A-/Negative (IVR single A minus with negative outlook)	Rating downgraded	Simple
Non-Fund based – Short term bank facilities – Bank Guarantee	2.00	IVR A3+ (IVR A three plus)	IVR A2+ (IVR A two plus)	Rating downgraded	Simple
Proposed Long term/short term loans	11.75	IVR BBB+/Negative (IVR Triple B Plus with negative outlook)/ IVR A3+ (IVR A three plus)	IVR A-/Negative (IVR single A minus with negative outlook)/IVR A2+ (IVR A two plus)	Rating downgraded	Simple
Total	31.75 (INR Thirty-One Crore and Seventy-Five lakhs only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics ratings downgrades the ratings assigned to bank loan facilities owing to the sustained deterioration in the earnings profile of PML during last four quarters due to decline in forex income on the back of lower migration of students/workers to Canada and Europe, due to ongoing geopolitical tensions and policy changes to resolve the unemployment issues in these two regions resulting Uncertainty over improvement in operating profile in the near term.

However, the rating continues to derive comfort from the extensive experience of the promoters in the industry, and comfortable capital structure.



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Negative outlook reflects uncertainty over improvement in operating profile due to ongoing geopolitical tensions which has impacted migration of students to Europe, Canada and USA, out of which Canada is the key market.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained improvement in scale of operations coupled with improvement in profitability by diversifying its revenues stream.

Downward Factors

- Inability to improve operating profile in the medium term.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoters and management team:

Incorporated in the year 1991, PML is involved in money changing and remittances business. The operations are overlooked under the able management of Mr. Sat Paul Bansal (chairman) and Mr. Rajneesh Bansal (Managing Director) along with other heads who have over two decades of experience in the financial services industry. The Company undertakes various remittance activities for business travel, overseas education, etc. Apart from the spread earned on the money changing business, it earns fees/commission on activities such as remittance, prepaid forex cards, referrals, etc. which provide diversified revenue services. The extensive experience of the promoters has enabled the Company to establish robust risk management policies with respect to its diversified foreign exchange business.

Comfortable capital structure:



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PMLs net worth stood comfortably at Rs 481.95 crore for FY25 (refers to period April 1st, 2024, to Mar 31, 2025) (Rs 473.79 crore in FY24) as against its total debt of Rs 16.30 crores for FY25 (Rs 13.42 crore for FY24) resulting in a low gearing of 0.03x for FY25 (0.03x for FY24) indicating comfortable capitalization. On account of low debt exposure, its capital structure is expected to remain comfortable in the short to medium term.

Key Rating Weaknesses

Earnings profile under pressure given the decline in forex revenues:

PML revenue has declined on sustained basis with total revenue declining to Rs.3,328.58 crore in FY25 (refers for the period 1 April 2024 to 31 March 2024) when compared to Rs 6,501.85 crore in FY24. Revenues have declined due to ongoing visas/work permit policy issues in Canada from where PML generates majority of its revenue. Canada has changed the rules for issuing fresh visas for students and work permits. To cater these challenges, PML has forayed into new business areas, hoping to boost its revenue. However, the income from these new ventures is yet to make meaningful contribution towards the revenues. However, the management remains optimistic, believing that the change of government in Canada, with elections held in the month of April 2025, could lead to policy shifts that may benefit PML and other businesses facing similar challenges. Going forward, the ability of PML to sustain and improve their scale of operations amidst external challenges will be key monitorable.

Low profit margins due to trading nature of foreign exchange business:

PML is involved in various businesses such as foreign exchange, money transfer, tourism, etc. However, major contribution towards TOI is generated from the foreign exchange vertical. By virtue of being heavily involved in the foreign exchange business, which is trading in nature, the profitability margins remain low. Hedging expenses further impacts the profitability margins.

Business volumes are exposed to external factors and foreign exchange fluctuations:



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PML's revenue generation capacity is exposed to seasonality in the travel and tourism industry, which is vulnerable to economic slowdown. The current ongoing challenges faced by PML in countries like Canada and UK is an example of such external factors resulting in restrictions in travel and tourism and the same leading to reduced demand for foreign exchange. While PML is exposed to foreign exchange fluctuations, it is limited to the currency inventory levels. An experienced team monitors the forex movements and makes business decisions, accordingly, trying to mitigate the risk.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing, Services and Others](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Policy on Complexity level of rated instruments / facilities](#)

[Financial Ratios & Interpretation \(Financial Sector\)](#)

[Criteria for assigning rating outlook](#)

Liquidity – Adequate

PML's liquidity is adequate marked by low debt amounting to Rs 16.30 crore, tangible net worth of Rs 481.95 crore and cash and bank balances of INR 34.73 crore as on March 31st, 2025. Further, with no major capex planned the liquidity is expected to remain adequate in the short-medium term.

About the Company

PML is the flagship Company of renowned 'PAUL Group of Companies', a conglomerate having interests in varied fields including Foreign Exchange, Tours & Travels, International Money Transfer, Domestic Money Transfer, etc. The Company is Listed under Bombay Stock Exchange. It holds license issued by Reserve Bank of India to act as Authorized Dealer Category II and is a Sub-Agent of EBIX Money Express (P) Ltd for providing inbound International Money Transfer services. Further PML is an IATA accredited Travel Agency.

Financials (Standalone):

(Rs. crore)



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For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	6501.84	3328.58
EBITDA	11.37	6.30
PAT	26.12	5.91
Total Debt	13.42	16.30
Tangible Net Worth	473.79	481.95
Ratios		
EBITDA Margin (%)	0.17	0.18
PAT Margin (%)	0.40	0.17
Overall Gearing Ratio (x)	0.03	0.03
Interest Coverage (x)	6.63	5.12

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (2025-26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1.	Working Capital facilities	Long Term	18.00	IVR BBB+/Negative	IVR A/RWDI (Dated Aug 23, 2024) IVR A/RWDI (Dated Nov 28, 2024) IVR A-/Negative (Dated 25 Feb 2025)	IVR A/Negative (Dated June 07, 2023) IVR A/Stable (Dated July 24, 2023)	--
2.	Bank Guarantee	Short Term	2.00	IVR A3+	IVR A1/RWDI (Dated Aug 23, 2024) IVR A1/RWDI	IVR A1 (Dated June 07, 2023) IVR A1 (Dated July 24, 2023)	--



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					(Dated Nov 28, 2024) IVR A2+(Dated 25 Feb 2025)		
3.	Proposed Loans	Long Term/Short Term	11.75	IVR BBB+/Negative/A3 +	IVR A/IVR A1/RWDI (Dated Aug 23, 2024) IVR A/IVR A1/RWDI (Dated Nov 28, 2024) IVR A-/Negative/A2+ (Dated 25 Feb 2025)	- IVR A/Stable/IVR A1 ((Dated July 24, 2023))	--

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Instrument/Facility Details

Name of Facility/ Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash credit	-	-	-	Revolving	8.00	IVR BBB+/Negative
Overdraft	-	-	-	Revolving	4.00	IVR BBB+/Negative



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WCDL	-	-	-	Revolving	6.00	IVR BBB+/Negative
Bank Guarantee	-	-	-	Revolving	2.00	IVR A3+
Proposed loans	-	-	-	-	11.75	IVR BBB+/Negative/A 3+

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-paul-merchants-june25.pdf>

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

Annexure 4: List of companies considered for consolidated/Combined analysis: Not applicable.

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.