

November 18, 2025

Virgo Laminates Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short-term/Non-fund based limits	11.50	11.50	[ICRA] A1; reaffirmed
Long-term/Fund-based limits/Cash credit	110.00	95.00	[ICRA] A+ (Stable); reaffirmed
Long-term/Fund-based limits/ Term loan	7.47	13.5	[ICRA] A+ (Stable); reaffirmed
Long-term/Short-term – Unallocated	50.53	59.50	[ICRA]A+(Stable)/ [ICRA]A1; reaffirmed
Total	179.50	179.50	

*Instrument details are provided in Annexure I

Rationale

ICRA has considered the consolidated financials of Virgo Laminates Limited (VLL) and its group company, Virgo Industries (VI) (referred to as the Group or the Virgo Group), given the strong operational, financial and managerial linkages.

The rating reaffirmation factors in the Group's strong financial risk profile, driven by its healthy operating profit margins and comfortable leverage and debt coverage metrics. ICRA expects the Group's operating income (OI) to grow by 8-9% in FY2026, supported by revenue from the Ahmedabad plant, which is a part of VLL's operations on a full year basis¹. As per provisional financials, the Group's OI in FY2025 declined by 6.6% to Rs. 1,130.3 crore mainly due to demerger of aluminium coated panels and PV trading businesses to another group company and operations of Ahmedabad plant for 9 months by VLL. The operating profit margins (OPM) remained healthy at 16.72% in FY2025 (PY: 16.05%) and are likely to sustain around 16-17% in FY2026. The Group's outstanding debt expanded by 383% to Rs. 138.3 crore as of March 2025 owing to increased dependence on working capital debt majorly for the Ahmedabad plant. VLL is in the process of setting up a new plant of 9.6 million (mn) sheets capacity in Ahmedabad, Gujarat, with an expected capex of Rs. 90 crore, which is estimated to be funded by debt to equity of 50:50. Despite this debt-funded capex, ICRA estimates the company's leverage and coverage indicators to remain comfortable with Total Debt/OPBDITA of below 0.5 times as of March 2026 and DSCR of above 10 times in FY2026. The ratings consider the extensive experience of the promoters and the brand strength of Virgo in the laminates business, given it is one of the leading players in India with a strong market position in terms of sales volumes, backed by the capacity expansion and nationwide distribution network.

VLL's Ahmedabad plant (installed capacity: 10.8 million sheets) is proposed to be demerged into Glamiva Overseas Private Limited (GOPL), an entity owned by the members of one of the promoter families, as a part of the family settlement to facilitate their exit from VLL. The company is in the process of filing for NCLT approval.

The ratings, however, are constrained by the Group's high working capital intensity with NWC/OI of 48.4% in FY2025 (PY: 35.2%), given the long credit period extended to distributors to increase its market share, along with rise in inventory levels with the inclusion of operations of the Ahmedabad plant. Further, the Group's profitability is vulnerable to volatility in raw material prices and foreign exchange rates. Further, the business remains exposed to intense competition from large players as well as small unorganised players, which limits the pricing flexibility and realisations relative to peers. ICRA also notes the risk related to capital withdrawal for VI because of its constitution as a partnership firm.

¹ Ahmedabad plant was given on lease basis to Glamiva Overseas Private Limited from June 2023 to December 2024 and since January 2025, VLL has been operating the plant.

The Stable outlook on the long-term rating reflects ICRA's opinion that the Virgo Group will benefit from its established brand and will maintain healthy operating profitability and comfortable debt protection metrics.

Key rating drivers and their description

Credit strengths

Healthy operating profit margins – The Group's OI is estimated to grow by 8-9% in FY2026, supported by revenue from Ahmedabad plant, which is part of VLL's operations on a full year basis. As per provisional financials, the Group's OI in FY2025 declined by 6.6% to Rs. 1,130.3 crore mainly due to the demerger of aluminium coated panels and PV trading businesses to another group company and operations of Ahmedabad plant for 9 months by VLL. The OPM remained healthy at 16.72% in FY2025 (PY: 16.05%) and are likely to sustain around 16-17% in FY2026.

Comfortable leverage and debt coverage metrics – The Group's outstanding debt increased by 383% to Rs. 138.3 crore as of March 2025 owing to increased dependence on working capital debt majorly for Ahmedabad plant. VLL is in the process of setting up a new plant of 9.6 mn sheets capacity in Ahmedabad, Gujarat, with an expected capex of Rs. 90 crore likely to be funded by debt to equity of 50:50. The company expects the plant to be operational from April 2027. Despite this debt-funded capex, ICRA estimates the company's leverage and coverage indicators to remain comfortable with Total Debt/OPBDITA of below 0.5 times as of March 2026 and DSCR of above 10 times in FY2026. In FY2026, the company has closed one of its working capital facility amounting to Rs. 50 crore.

Established track record of promoters in laminates industry with healthy distribution network – ICRA draws comfort from VLL's leading market position in India in terms of sales volumes, backed by its capacity expansion and a national distribution network.

Credit challenges

High working capital intensity – The NWC/OI increased to 48.4% in FY2025 from 35.2% in FY2024, given the long credit period extended to distributors to increase its market share, along with a rise in inventory days to 95 in FY2025 from 63 in FY2024. The production from Gujarat plant was operated only for the two months and then was given on lease on GOPL. Consequently, the inventory requirements related to Gujarat plant were not there, which led to reduction in inventory levels. However, in FY2025 (January 2025) the company has dropped the lease model and consolidated the financials of Gujarat plant, which led to an increase in inventory requirements of the company.

Vulnerability of profitability to fluctuations in raw material prices and foreign exchange rates – The Group's profitability remains vulnerable to volatility in prices of key raw materials such as paper and chemicals viz., melamine, methanol and phenol, which are crude oil/gas derivatives and fluctuations in exchange rates on import of raw materials and export of its products.

Exposure to intense competition – The Group faces stiff competition from a large number of organised and unorganised players in the laminates industry, which limits its pricing flexibility and ability to pass on the price hikes on to the customers.

Liquidity position: Adequate

The Group's liquidity position is adequate. As of March 2025, the Group had free cash and liquid balances of Rs. 8.5 crore. It has expected principal repayment obligation of Rs. 7.9 crore for its term loans in FY2026, which along with the interest obligations, can be adequately met through its cash flow from operations. The liquidity is further supported by the cushion in available fund-based working capital bank facilities of Rs. 95 crore with an average utilisation of ~37% during April 2024 to August 2025. The Group has a planned capex of Rs. 90 crore towards setting up of a new plant in Gujarat, with a funding mix of debt to equity of 50:50 in H2 FY2026 and FY2027.

Rating sensitivities

Positive factors – Significant improvement in scale of operations through business diversification while maintaining profitability and improvement in the working capital intensity could trigger a rating upgrade.

Negative factors – The ratings may be downgraded in case of sustained pressure on operating profitability or deterioration in the working capital intensity, which impacts its credit profile. Further, any major debt-funded capex or other factors, which results in Total Debt/OPBDITA increasing beyond 1.8 times, on a sustained basis, could also result in a rating downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Virgo Laminates Limited and Virgo Industries.

About the company

Virgo Laminates Limited (VLL) (formerly known as Katyani Chemtech (India) Ltd) was incorporated in 1999 and is involved in the manufacturing of high-pressure laminates. The company has manufacturing plants at Dera Bassi (Punjab), Hindupur (Andhra Pradesh), Barwala (Haryana), Bhiwadi (Rajasthan) and Ahmedabad (Gujarat). VLL sells its products under the flagship brands Virgo and ABCO.

The Virgo Group was started by Mr. R.P. Arora, in 1975 by setting up a rice mill in the Mogha district of Punjab. The Group gradually moved into manufacturing and currently has a diversified presence in plywoods, boards, decorative laminates and aluminium sheets and coils. At present, the group is managed by sons of Mr. R.P. Arora; Mr. Bishamber Dass Arora, Mr. Surender Pal Arora, Mr. Tilak Raj Arora, Mr. Praveen Kumar Arora, who have considerable experience in the field.

The other Group entity involved in manufacturing laminates is Virgo Industries (VI) with an annual capacity of around 4.2 million sheets. Apart from this, the Group has Virgo Plywoods Limited (VPL), which is into plywood manufacturing and Virgo Aluminium Limited (VAL), which manufactures aluminium sheets and coils.

Key financial indicators (audited)

Consolidated	FY2024	FY2025*
Operating income	1,210.7	1,130.34
PAT	140.81	138.07
OPBDIT/OI	16.05%	16.72%
PAT/OI	11.63%	12.21%
Total outside liabilities/Tangible net worth (times)	0.16	0.36
Total debt/OPBDIT (times)	0.15	0.73
Interest coverage (times)	20.98	31.08

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; *Provisional numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Chronology of rating history for the past 3 years								
	Current rating (FY2026)			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs crore)	Nov 18, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based Cash credit	Long term	95.00	[ICRA] A+ (Stable)	Aug 30, 2024	[ICRA] A+ (Stable)	May 26, 2023	[ICRA] A+ (Stable)	-	-
Fund-based Term loan	Long term	13.5	[ICRA] A+ (Stable)	Aug 30, 2024	[ICRA] A+ (Stable)	May 26, 2023	[ICRA] A+ (Stable)	-	-
Non-fund Based	Short term	11.50	[ICRA]A1	Aug 30, 2024	[ICRA]A1	May 26, 2023	[ICRA]A1	-	-
Long-term/Short-term Unallocated	Long and short term	59.50	[ICRA]A+ (Stable)/ [ICRA]A1	Aug 30, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	May 26, 2023	[ICRA]A+ (Stable)/ [ICRA]A1	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Short-term – Non-fund based limits	Very Simple
Long-term – Fund-based limits – Cash credit	Simple
Long-term – Fund-based limits – Term loan	Simple
Long-term – Short-term – Unallocated	Not Applicable

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 analysing 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 are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based – Cash credit	NA	NA	NA	95.00	[ICRA]A+(Stable)
NA	Fund-based – Term loan	January 1, 2025	NA	December 7, 2029	13.5	[ICRA]A+(Stable)
NA	Non-fund based	NA	NA	NA	11.50	[ICRA]A1
NA	Long-term/ Short-Unallocated	NA	NA	NA	59.50	[ICRA]A+ (Stable)/ [ICRA]A1

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	VLL Ownership	Consolidation Approach
Virgo Laminates Limited	NA	Full Consolidation
Virgo Industries	100%	Full Consolidation

Source: Company, ICRA Research

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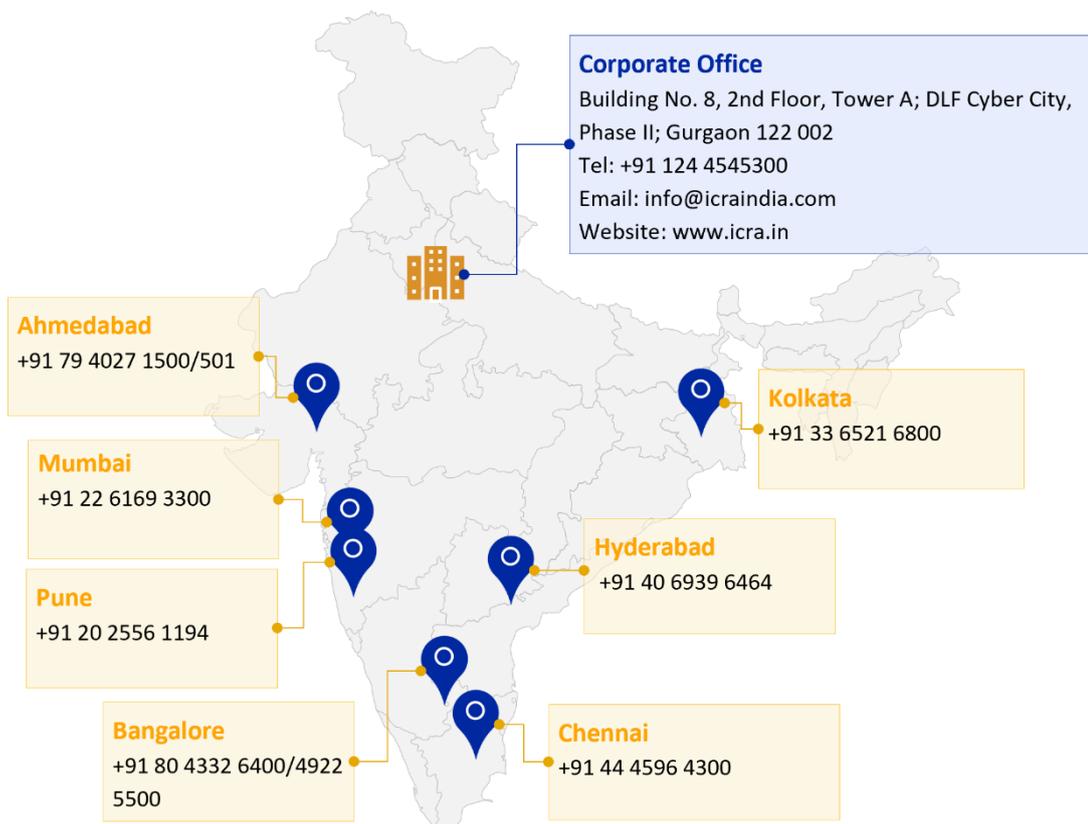
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