

March 12, 2024

Vardhman Polytex Limited: Continues to remain under issuer Non-Cooperating category

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term-Fund Based-Cash Credit	159.31	159.31	[ICRA]D; ISSUER NOT COOPERATING*. Rating Continues to remain under the 'Issuer Not Cooperating' category.
Long Term-Fund Based-Term Loan	232.31	232.31	[ICRA]D; ISSUER NOT COOPERATING*. Rating Continues to remain under the 'Issuer Not Cooperating' category.
Long Term-Unallocated	72.38	72.38	[ICRA]D; ISSUER NOT COOPERATING*. Rating Continues to remain under the 'Issuer Not Cooperating' category.
Short Term-Non-Fund Based-Others	50.00	50.00	[ICRA]D; ISSUER NOT COOPERATING*. Rating Continues to remain under the 'Issuer Not Cooperating' category.
Total	514.00	514.00	

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

[^]Instrument details are provided in Annexure-1

Rationale

ICRA has kept the long-term and short-term rating of Vardhman Polytex Limited in the 'Issuer Not Cooperating' category. The ratings are denoted as [ICRA]D/[ICRA]D; ISSUER NOT COOPERATING"

As part of its process and in accordance with its rating agreement with Vardhman Polytex Limited, ICRA has been trying to seek information from the entity so as to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite multiple requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, the rating has been continued to the "Issuer Not Cooperating" category. The rating is based on the best available information.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#) ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Policy in respect of non-cooperation by the rated entity Corporate Credit Rating Methodology Rating Methodology-Textiles (Spinning) Policy on default recognition
Parent/Group Support	NA
Consolidation/Standalone	Standalone

About the company

Incorporated in 1981, VPL primarily manufactures cotton and cotton polyester blended spun yarn. Its manufacturing facilities in Ludhiana, Bathinda (both in Punjab) and Nalagarh (Himachal Pradesh) together have installed capacity of 1.95 lakh spindles. VPL also has a yarn dyeing unit in Ludhiana, with an installed capacity of 15.0 tons per day (tpd). It has a small presence in garmenting, with an installed capacity of manufacturing 7 lakh pieces per annum. VPL also manufactures yarn-dyed shirting fabric through its subsidiary, F.M. Hämmerle Textiles Ltd, which has a manufacturing facility in Kohlapur (Maharashtra). VPL has invested Rs. 91.50 crore in its two subsidiaries, F.M. Hämmerle Textiles Ltd. and F.M. Hämmerle Verwaltungs GmbH, Austria. F.M. Hämmerle Textiles Ltd. falls under 'Sick Company' under the Sick Industrial and Companies (Special Provision) Act of 1985 and has been referred to Board for Industrial and Financial Reconstruction (BIFR).

Key Financial Indicator

	FY2022 (in crore)	FY2023 (in crore)
Operating income	928.60	615.51
PAT	-15.56	1.49
OPBDIT/OI	6.3%	-5.8%
PAT/OI	-1.7%	0.2%
RoCE (%)	28.6%	43.9%
Total outside liabilities/Tangible net worth (times)	-1.76	-1.67
Total debt/OPBDIT (times)	8.98	-12.52
Interest coverage (times)	0.92	-0.67

Source: MCA

Status of non-cooperation with previous CRA:NA

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2024)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. Crore)	Amount Outstanding (Rs. Crore)	Date & Rating in	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
					Mar 12, 2024			
1	Cash Credit	Long Term	159.31	-	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING
2	Term loan	Long Term	232.31	-	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING
3	Unallocated	Short Term	72.38	-	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING
4	Non-Fund Based	Short Term	50.00	-	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING

Complexity level of the rated instrument

Instrument	Complexity Indicator
Cash Credit	Simple
Term loan	Simple
Unallocated	Not Applicable
Non-Fund Based	Very Simple

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, is available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	159.31	[ICRA]D; ISSUER NOT COOPERATING
NA	Term loan	-	-	-	232.31	[ICRA]D; ISSUER NOT COOPERATING
NA	Unallocated	-	-	-	72.38	[ICRA]D; ISSUER NOT COOPERATING
NA	Non Fund Based	-	-	-	50.00	[ICRA]D; ISSUER NOT COOPERATING

Source: Vardhman Polytex Limited

Annexure-2: List of entities considered for consolidated analysis: Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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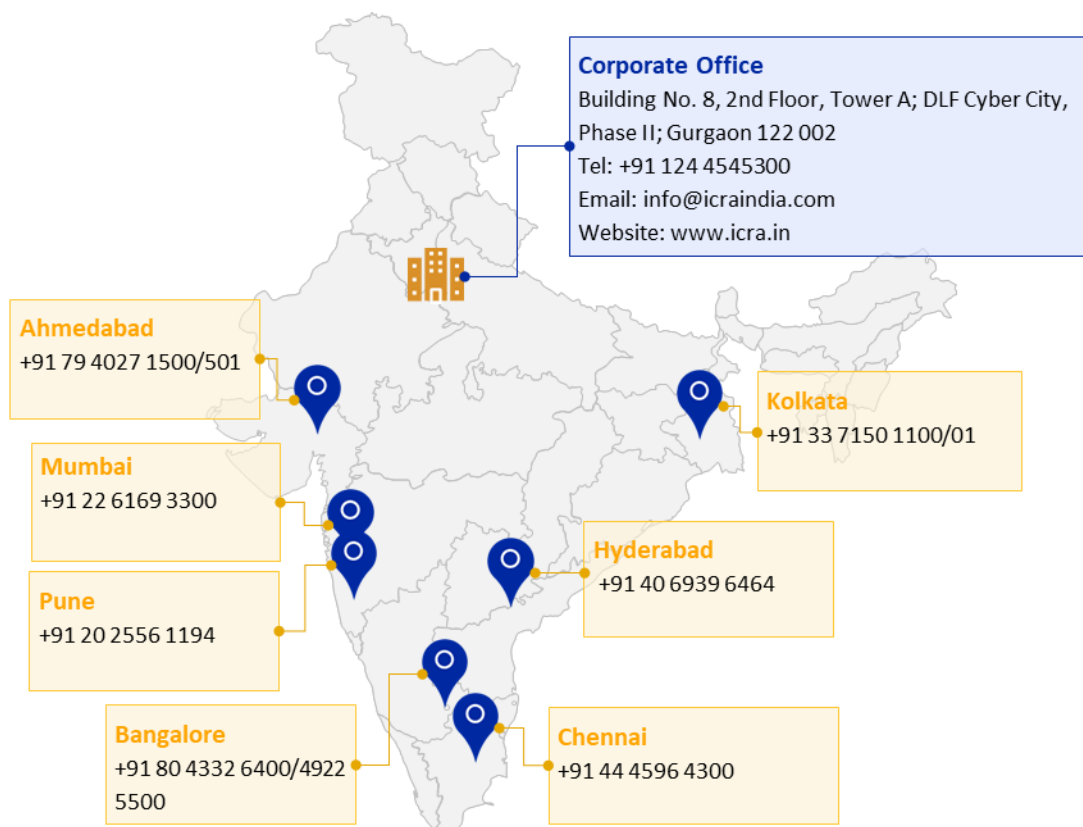


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