

July 31, 2019

Vardhman Polytex Limited: Rating continues to be under 'Issuer Not Cooperating category'

Summary of rating action

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

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

Rationale

The rating for the Rs. 514.00 crore bank facilities of Vardhman Polytex Limited (VPL) continues to be under Issuer Not Cooperating category, and is now denoted as "[ICRA]D ISSUER NOT COOPERATING".

The entity continues to default on payment of its debt obligations. As part of its process and in accordance with its rating agreement with VPL, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information, and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information. Accordingly, lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity.

Analytical approach

ICRA has applied its rating methodologies/policies as indicated below:

Links to applicable criteria:

[Policy in respect of non-cooperation by the rated entity](#)

[Policy on Default Recognition](#)

About the company

Incorporated in 1981, Vardhman Polytex Limited (VPL) primarily manufactures cotton and cotton-polyester blended spun yarn with an installed capacity of 1.95 lakh spindles across its manufacturing facilities in Ludhiana, Bathinda (both in Punjab) and Nalagarh (Himachal Pradesh). VPL also has a yarn dyeing unit in Ludhiana with an installed capacity of 15.0 tonne per day (tpd), and has a limited presence in garmenting with an installed capacity of manufacturing 7 lakh pieces per annum.

Key financial indicators (Consolidated)

Particulars	FY2018(A)*	FY2019(A)*
Operating Income (Rs. crore)	646.2	813.6
PAT (Rs. crore)	-172.1	-74.6
OPBDIT/ OI (%)	-9%	1%
RoCE (%)	-21%	-9%
Total Debt/ TNW (times)	-2.2	-1.1
Total Debt/ OPBDIT (times)	-8.7	107.5
Interest Coverage (times)	-0.7	0.1
NWC/ OI (%)	-19%	-26%

**based on abridged financials*

Source: VPL's financial statements

The previous detailed rating rationale is available on the following link: [Click here](#)

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

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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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