Press Release

Vikram India Limited

April 21, 2025

Ratings

Facilities	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facility	20.00	IVR BBB-; Stable (IVR Triple B Minus with Stable Outlook)	IVR BB+; Stable (IVR Double B Plus with Stable Outlook)	Rating Upgraded	Simple
Long Term Bank Facility (Term Loan)	-	-	IVR BB+; Stable (IVR Double B Plus with Stable Outlook)	Rating Withdrawn	-
Short Term Bank Facilities	41.00	IVR A3 (IVR A Three)	IVR A4+ (IVR A Four Plus)	Rating Upgraded	Simple
Total	**61.00 (INR Sixty-One crore 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

The upgrade in the ratings assigned to the bank facilities of Vikram India Limited (VIL) is on account of conversion of subordinated unsecured loans and fresh equity infusion aggregating to Rs.80 crore in FY25 [FY refers to the period from April 01 to March 31] leading to improvement in liquidity and capital structure of the company. Further, the ratings continue to derive comfort from VIL's long track record of operation under experienced promoters, stable business performance in FY24 and in FY25 (Estimated) supported by its diversified business with reputed customer base. However, these rating strengths remain partially offset by its highly working capital-intensive nature of operation with moderate debt protection metrics. Further, these rating strengths also remain constrained due to its dependence on the tea industry coupled with its exposure to foreign currency fluctuation risk.

The stable outlook reflects expected stable business performance of the company in the near to medium term backed by steady execution of its order book along with expected improvement in scale of operation underpinned by favourable outlook of soler power industry.

Infomerics Ratings has simultaneously withdrawn the long-term rating assigned to Term Loan facility with immediate effect. The above action has been taken based on the 'No Due Certificate' issued by the lender and the withdrawal request received from the company. The rating is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

Key Rating Sensitivities:

Upward factors

- Significant growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals on a sustained basis
- Sustenance of the capital structure and improvement in interest coverage ratio to above 2.5x
- Efficient management of working capital thereby improvement in GCA days and operating cycle

Downward Factors

- Decline in revenue and profitability leading to deterioration in debt protection metrics on a sustained basis
- Any unplanned capex and or substantial increase in working capital leading to impairment in the capital structure with moderation in overall gearing to over 1x and interest coverage below 1x
- Stretch in the working capital cycle driven by pile-up of inventory leading to increase in operating cycle impacting the liquidity position

List of Key Rating Drivers with Detailed Description

Key Rating Strengths:

Experienced promoters with long track record & demonstrated support

VIL had commenced its operation in 1974 under the leadership of Mr. Hari Krishna Chaudhary who has vast business experience of more than five decades and is instrumental behind the growth of the group. Hence, VIL has a long track of operations of about five decades. VIL is now being headed by Mr. Anil Chaudhary, one of the promoter and director of the company who has more than two decades of experience in engineering projects and tea manufacturing. Mr. Anil Chaudhary serves on the Board of many of the Vikram Group of companies. He is a member of Technical Education Society of India, Institute of Engineers, Engineering Export Promotion Council and CII-SSI Committee. Furthermore, the board is well supported by two other directors along with a team of experienced professionals. The promoters of the company support the business as per requirement by infusing funds in the form of unsecured loans and have demonstrated support to the company.

Diversified business with reputed customer base

VIL has wide market reach both in domestic and world market in its manufacturing of tea processing machinery segment. Over the years of its operations, VIL developed a broad export market spread across Sri Lanka, Bangladesh, Kenya, Uganda, Cameron, Rowanda, Japan etc. Its domestic market includes companies like Goodricke Group Limited, Mcleod Russel India Limited, Dalmia Tea Plantation & Industries Limited etc. Further, VIL has established a strong relationship with its customers ensuring repeat orders and has developed a strong brand name “Vikram” for its tea processing machineries. Further, VIL ventured into the Module mounting structures (MMS) segment which is mainly used in the solar power industry in 2017 to diversify its revenue base and established customer base including players like Adani Power, Azure Power, TATA Power and Larsen & Toubro Limited, Construction, etc. MMS segment contributed around ~42% of revenue in FY24 for the company.

Stable business performance

Vikram India limited has maintained a stable business performance over the past few years. In FY24, the total operating income (TOI) of the company has witnessed a y-o-y growth of 11.41% from Rs.125.85 crore in FY23 to Rs.140.21 crore in FY24. The steady growth in topline is backed proper execution of work orders in the tea processing machine division coupled with the steady revenue generation from Module Mounting Structure division. With steady improvement in topline, the absolute EBITDA has improved to Rs.18.95 crore in FY24 from Rs.15.89 crore in FY23. The operating margin has also improved in FY24 and stood at 13.51% in FY24 as compared to 12.63 % in FY23. However, on account of higher finance cost, backed by improved the PAT margin in FY24 has moderated to 1.69% from 1.96% in FY23. As per FY25 estimated numbers, the topline has slightly moderated to Rs.136.51 crore. However, the operating margin continues to remain satisfactory. Furthermore, with unexecuted orderbook of ~Rs.58 crore as on 28th February 2025, which are expected to be completed with next four-five months indicates a stable near-term revenue visibility for the company.

Satisfactory capital structure supported by subordinated unsecured loan and equity infusion

The capital structure of the company stood satisfactory marked by its net worth base of Rs.44.71 crore as on March 31, 2024. Further, considering the subordinated unsecured loan of Rs. 53.92 crore and after adjusting the investment in group companies of Rs.0.91 crore, the adjusted net worth of VIL has improved and stood at Rs.97.72 crore as on March 31, 2024, leading to a comfortable adjusted overall gearing of 0.60x as on March 31, 2024, improved from 0.70x as on March 31,2023. Further, overall indebtedness of the company marked by TOL/ATNW also improved and stood satisfactory at 1.25x as on March 31, 2024, compared to 1.52x as on March 31, 2023. Further, post conversion of subordinated unsecured loan into equity along with additional infusion of equity in FY25, the capital structure of VIL has further improved as TOL/ATNW has improved and stood below unity at 0.85x as on March 31, 2025, as per FY25 estimated numbers.

Key Rating Weaknesses:

Highly working capital-intensive nature of operation

VIL has long processing time of about three and half months for its manufacturing operations. Furthermore, commissioning of turnkey projects also takes about 3-4 months. To support its manufacturing operations and commissioning of turnkey projects the company must hold adequate inventory of raw materials. Long processing time and high inventory holding increases the working capital intensity for the business. The average inventory period in FY24 has increased to 385 days from 375 days in FY23. Moreover, the average collection period for the company also remained around 70-110 days which further aggravated the working capital requirements. However, based on its established presence, VIL enjoys an elongated credit period of about 3-4 months from its suppliers which supports it working capital requirements to some extent. The average utilisation of fund-based working capital bank limits was high at above ~90% for 12 months ended December 2024.

Moderate debt protection metrics

Despite the increase in absolute EBITDA, owing to increased finance cost, the debt protection metrics marked by interest coverage ratio has slightly moderated yet remains satisfactory at 1.42x in FY24 against 1.59x in FY23. Further, total debt to EBITDA and total debt to GCA though improved, remains stretched at 3.08x and 12.29 years respectively as on March 31, 2024 (3.55x and 11.39 years as on March 31, 2023). However, DSCR continues to remain above unity.

Dependence on the Tea industry

Tea processing machinery segment contributes around 58% of total sales of the company in FY24 indicating a high dependence of the company on the Tea industry. Tea industry globally is an agro-based non-conventional industrial sector and highly susceptible to vagaries of nature. Furthermore, being a labour-intensive industry, it is also susceptible to labour related problems. High dependence on the Tea industry restricts the business risk profile of the company to an extent and any negative bearing on the tea industry can hinder its growth. However, diversification in the manufacturing of MMS supported by favourable industry outlook of soler power is expected to auger well for the company going forward.

Exposure to foreign currency fluctuation risk

The company has derived ~22 % of its revenue in FY24 from exports. Being an exporter, the company is moderately exposed to foreign currency fluctuation risks. To mitigate the risk VIL uses forward contracts, and PCFC limits. However, at times VIL keeps the forex exposure unhedged as well. As of December 31, 2024, the unhedged forex exposure stood at Rs.9.87 crore.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Criteria of assigning Rating Outlook

Policy on Default Recognition and Post-Default Curing Period

Financial Ratios & Interpretation (Non-Financial Sector)

Criteria on Complexity

Policy on Withdrawal of Ratings

Liquidity: Adequate

The liquidity of the company is expected to remain adequate in the near to medium term backed by its expected sufficient gross cash accruals which could be sufficient to meet its debt repayment obligations. As per the FY25 estimated numbers, VIL had generated gross cash accrual of ~Rs.5.69 crore against its debt repayment obligation of Rs.5.22 crore. Moreover, on the back of its satisfactory capital structure the company has adequate gearing headroom and has a satisfactory current ratio of 2.41x as on March 31, 2025. However, the average working capital utilization of the company remained high at more than ~90% indicating low liquidity buffer. Further, the liquidity position of the company is impacted due to its high operating cycle attributable to its elongated work in process period.

About the Company

Kolkata (West Bengal) based Vikram India Limited (VIL) was initially incorporated as a private limited company, Vikram Forging and Allied Industries Ltd in 1974 by Mr. Hari Krishna Chaudhary). Later, the constitution of the company was changed to its present status and the name was also changed to Vikram India Limited. VIL is engaged in manufacturing of entire range of tea processing machinery from plucking to packing under the brand name "Vikram" and also engaged in execution of turnkey projects in the tea industry. It also provides customized project consultancy services and training packages to its clients. The manufacturing facilities of the company are located at Dhulagarh and Ghusuri of Howrah district in West Bengal. VIL has started manufacturing of module mounting structures (MMS) from November 2016, which is mainly used in the solar power industry.

Financials of Vikram India Limited (Standalone):

(Rs. crore)

For the year ended* / As On	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	125.85	140.21
EBITDA	15.89	18.95
PAT	2.47	2.38
Total Debt	56.46	58.33
Tangible Net worth	42.31	44.71
Tangible Net worth (Adjusted)	80.74	97.72
EBITDA Margin (%)	12.63	13.51
PAT Margin (%)	1.96	1.69
Overall Gearing Ratio (x) (Adjusted)	0.70	0.60
Interest Coverage	1.59	1.42

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: CRSIL Ratings has moved the ratings to Issuer Not Cooperating category vide press release dated December 19, 2024, for non-cooperation by the company.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2025-26)			Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Cr.)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
					-	Jan 23, 2024	Nov 28, 2023	Dec 07, 2022
1.	Cash Credit	LT	20.00	IVR BBB-/ Stable	-	IVR BB+/ Stable	IVR B+/ Negative, INC*	IVR BB-/ INC*
2.	Term Loan	LT	-	Withdrawn	-	IVR BB+/ Stable	IVR B+/ Negative, INC*	IVR BB-/ INC*
3	PCFC	ST	16.00	IVR A3	-	IVR A4+	IVR A4, INC*	IVR A4, INC*
4.	Bank Guarantee	ST	10.00	IVR A3	-	IVR A4+	IVR A4, INC*	IVR A4, INC*
5.	Letter of Credit	ST	15.00	IVR A3	-	IVR A4+	IVR A4, INC*	IVR A4, INC*

**** Issuer Not Cooperating based on best available information***

Analytical Contacts:

Name: Avik Podder

Tel: (033) 46022266

Email: apodder@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Limited (Infomerics) [formerly Infomerics Valuation and Rating Private Limited] 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 7 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 indepth 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.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Cr)	Rating Assigned/ Outlook
Long Term Fund Based Limits-Cash Credit	-	-	-	20.00	IVR BBB-/ Stable
Short Term Fund Based Limits -PCFC				16.00	IVR A3
Short Term Non-Fund Based Limits-Bank Guarantee	-	-	-	10.00	IVR A3
Short Term Non-Fund Based Limits-Letter of Credit				15.00	IVR A3

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/Len-Vikram-India-21apr25.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