



Press Release

Vikram Nuvotech India Pvt. Ltd. (VNIPL)
January 31, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	76.71 (Reduced from Rs. 115.17 crore)	IVR B / Stable (IVR Single B with Stable Outlook)	IVR D	Upgraded	Simple
Short Term Facilities	7.55 (Reduced from Rs.11.25 crore)	IVR A4 (IVR A Four)	IVR D	Upgraded	Simple
Total	84.26 (Rupees Eighty-Four Crore Twenty-Six Lakh 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 has upgraded its ratings assigned to the long-term facilities to IVR B with stable outlook and short-term facilities to IVR A4 of Vikram Nuvotech India Private Limited (VNIPL). The rating upgrade reflects regularization in debt servicing, established track record and vast experience of promoters in the textile and hygiene industry, diverse source of revenue and the established relationship with its customers domestically and overseas both. The rating remains constrained by moderation in operating income coupled with decline in profitability, moderate debt protection metrics and intense competition in the industry and fluctuation in raw material prices.

Stable outlook reflects Infomerics' belief that the firm continues to benefit from the experienced promoter in textile and hygiene industry, established relationship with its customers, expected increase in the scale of operations and consequent improvement in financial risk profile.

Key Rating Sensitivities:

Upward Factors

- Significant and sustained improvement in operating income along with EBIDTA and PAT margin leading to improvement in overall financial risk profile of the Company.
- Improvement in capital structure and debt coverage indicators.



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Downward Factors

- Any substantial decline in scale of operation and/or profitability leading to deterioration of debt protection metrics.
- Any unplanned capex leading to deterioration of overall capital structure of the company

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Established track record and experienced Promoters**

VNIPL is a very well-known company in the state of Gujarat, originated in 1987 and guided by Mr. Anil Chaudhary, who has 32 years of experience and is the main promoter and managing director of the company in the business of textiles and other activities. Mr. Shri Narayan Periwal, Mr. Pawan Kumar Kokra & Mr. Bajrang Garg are the directors of Pioneer Syntex division bringing in a wealth of experience. The Maruti Textile Division is being spearheaded by Mr. Manoj Agarwal who has over 26 years of experience in the field of textiles.

- **Diverse sources of revenue**

VNIPL has a diversified product portfolio arising out of its textile and hygiene divisions comprising fabrics (satin, jacquards, georgette, chiffon, polyester cotton, rayon, viscose and 100% cotton fabrics), sarees (hand printed sarees, embroidery sarees, handwork embroidery sarees available in different fabrics and shades), dresses (printed dresses, sequence embroidery dresses, handwork embroidery dresses), Manufacturing of Polyethylene (PE) films (PE breathable and non-breathable films, PE Printed Breathable and Non Breathable Films, PE Laminated Breathable and Non Breathable Films, PE Printed Laminated Breathable and Non Breathable Films) catering to a variety of customers including garment manufacturers. This enables the company to reap the benefits of conglomeration and considerably insulates itself from any sectoral volatility.



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- **Healthy relationships with reputed clients and diversified customer base**

Vikram Hygiene division started its commercial production from FY18, and within this short span of time they have been able to bag top-notch clients including Kimberly-Clark India Private Limited, Unicharm India Private Limited, Millenium Babycare Pvt. Ltd and MD Hygiene Pvt. Ltd; to name a few. Kimberly Clark Corporation is a USA based company leading global market with a wide range of Family Care, Baby and Child Care, Adult and Feminine Care, Personal Care, and Professional products for use in the home, business, and industry. Unicharm Corporation is a Japan based company that is mainly engaged in the manufacture and sale of baby care products, feminine care products and pet care products with whom they have entered into a long-term contract for the supply of PE Films (Polyethylene Film).

Key Rating Weaknesses

- **Moderation in operating income coupled with decline in profitability**

The total operating income has marginally increased by ~4% to Rs. 228.55 crore in FY24 (refers to period April 01, 2023 to March 31, 2024) as compared to FY23 i.e., Rs. 219.33 crore. The turnover remains almost constant as the net sales in the hygiene division have declined Y-O-Y since FY22 leading to overall loss to the company in net profitability since FY23. Although, the EBITDA in absolute terms has marginally increased to Rs. 26.81 crore in FY24 from Rs. 26.61 crore in FY23, the EBITDA margin has declined to 11.73% in FY24 from 12.13% in FY23. In the same line PAT margin has declined to -2.92% in FY24 from -2.06% in FY23. The net profit margin remains negative due to high depreciation and finance charges. With a dip in profit margins, gross cash accruals have also moderated in FY24.

- **Moderate debt protection metrics**

The total debt has increased to Rs. 193.21 crore in FY24 from Rs. 163.31 crore in FY23 due to increase of unsubordinated unsecured loan. Going forward the debt is expected to decrease in the projected years. The debt protection metrics marked by interest coverage has deteriorated to 1.34x in FY24 from 1.54x in FY24 with only marginal increase in absolute EBITDA coupled with rise in interest charges. The long-



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term debt to equity and overall gearing ratio stood at 1.33x and 1.71x respectively as on March 31, 2024 from 0.98x and 1.37x respectively as on March 31, 2023. ISCR has declined to 1.34x in FY24 from 1.54x in FY23 due to increased interest in FY24. DSCR stood at 0.80x during FY24.

- **Intense competition and raw material price risk**

The textile industry is highly fragmented and competitive with the presence of large number of organized and unorganized players. Intense industry competition coupled with volatility of raw material prices reduces the pricing power of the industry players.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

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

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Stretched

The liquidity of the company is expected to remain stretched in the near to medium term marked by inadequate cash accruals to service its debt repayment obligations. The average fund based working capital utilization for the 12 months ended October 2024 stood around ~99%. The current ratio and quick ratio remained moderate at 1.65x and 0.98x respectively as on March 31, 2024. The company has cash and cash equivalent amounting to Rs. 1.03 crore as on March 31, 2024.



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About the Company

Vikram Nuvotech India Pvt. Ltd. was originally incorporated on July 27, 1987 as Echkay Synthetics Private Limited. The name was changed to Sweety Processors Private Limited on March 18, on July 29, 1993 as Pioneer Syntex Private Limited and thereafter as Pioneer Nuvotech India Pvt. Ltd. and Vikram Nuvotech India Pvt. Ltd. (VNIPL) during 2018-19. The company is engaged in dyeing and processing of fabrics meant for sarees and dress materials on job-work basis. VNIPL has also entered into the field of technical textiles – Hygiene products, with Vikram Hygiene Products (another division under VNIPL). They manufacture breathable and non-breathable hygiene films which is used in products such as diapers, sanitary napkins and various medical products as well.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	219.33	228.55
EBITDA	26.61	26.81
PAT	-4.52	-6.68
Total Debt	163.31	193.21
Adjusted Tangible Net Worth	119.48	112.78
EBITDA Margin (%)	12.13	11.73
PAT Margin (%)	-2.06	-2.92
Overall Gearing Ratio (x)	1.37	1.71
Interest Coverage (x)	1.54	1.34

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					Date (December 13, 2023)	Date (October 06, 2022)	Date (July 07, 2021)
1.	Fund Based Bank Facilities – Term Loan	Long Term	56.71	IVR B / Stable	IVR D	IVR BBB- / Stable	IVR BBB- / Stable
2.	Fund Based Bank Facilities – Cash Credit	Long Term	20.00	IVR B / Stable	IVR D	IVR BBB- / Stable	IVR BBB- / Stable
3.	Non-Fund Based Bank Facilities – Bank Guarantee	Short Term	4.55	IVR A4	IVR D	IVR A3	IVR A3
4.	Non-Fund Based Bank Facilities – Letter of Credit	Short Term	3.00	IVR A4	IVR D	IVR A3	IVR A3

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About Infomerics:

Infomerics Valuation and Rating Private 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.



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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/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	Up to March 2028	56.71	IVR B / Stable
Cash Credit	-	-	-	-	20.00	IVR B / Stable
Bank Guarantee	-	-	-	-	4.55	IVR A4
Letter of Credit	-	-	-	-	3.00	IVR A4

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Vikram-Nuvotech-31jan25.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