



## Press Release

### Norspin International Private Limited

January 21, 2025

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	23.00	IVR BB/Stable (IVR Double B with Stable Outlook)	-	Assigned	<a href="#">Simple</a>
Long Term/Short Term Bank Facilities – Proposed	7.00	IVR BB/Stable/A4 (IVR Double B with Stable Outlook and IVR A Four)	-	Assigned	<a href="#">Simple</a>
<b>Total</b>	<b>30.00</b>	<b>Rupees Thirty Crore Only</b>			

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 Valuation and Rating Private Limited (IVRPL) has assigned its rating for long term facility as IVR BB with stable outlook and short-term rating as IVR A4 for the bank facilities of Norspin international Private Limited.

The rating draws comfort from the extensive experienced promoters, healthy profitability margins, and comfortable debt protection metrices. However, these strengths are partially offset by small scale of operations and working capital intensive operations.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes that the NIPL's business & financials risk profile will be maintained over the medium term on the back of its ability to grow its scale of operations while maintaining its margins and capital structure.

IVR has principally relied on the audited financial results of NIPL up to FY24 (refers to period from April 01, 2023 to March 31, 2024) and projected financials for FY25, FY26 and FY27,



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along with publicly available information/ clarifications provided by the company's management.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Steady revenue growth with total operating income above 80 crore and stable operating margins, leading to consistent cash accruals.
- Sustenance in capital structure and improvement in working capital cycle.
- Diversification of the customer base, reducing dependence on a single customer.

#### **Downward Factors**

- A decrease in the scale of operations, resulting in weaker overall credit metrics.
- Increased pressure on liquidity due to the reduced scale of operations.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Extensive experience of the promoters**

Mr. Sehul Kamdar, with good experience in textiles and a 50% stake, has a global presence and leads sourcing. Mr. Manoj Saini, with 12 years in the industry, adds expertise in manufacturing and branding. Mr. Manoj Khandelwal brings 17 years of experience in finance and law. This extensive experience provides the firm with advantages such as a deep understanding of local market conditions and long-standing relationships with customers, resulting in acquiring new customers and establishing presence.

##### **Healthy Profitability Margins**

The company has demonstrated consistent improvement in its profitability margins, with EBITDA margins increasing from 4.94% in FY23 to 10.81% in FY24 and the PAT margin stands at 6.72% in FY24 up from 3.13% in FY23.

##### **Comfortable Debt Protection Metrics**



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As of March 31, 2024, the company maintains a comfortable capital structure with a gearing ratio of 0.50 times. The net worth stood at Rs. 10.29 Cr. Its debt coverage metrics remain strong, with an interest coverage ratio of 8.79 times and DSCR stood at 6.62 times in FY2024. NIPL's financial profile is expected to remain adequate, supported by increased accrual generation and no significant increase in its debt levels. The company's debt comprises mainly unsecured loans from banks & NBFCs and bank borrowings in FY24.

### **Key Rating Weaknesses**

#### **Small scale of operations**

NIPL has clocked revenue of Rs. 60.71 Cr in FY24 compared to Rs. 51.21 Cr in FY23. Being a MNC based company working in six different countries – Dubai, China, Russia, Indonesia, Malaysia & south Africa, the company is competing with big players. Further, the textile industry remains highly competitive, with both organized and unorganized players, which could continue to constrain the scale of operations.

#### **Working capital intensive operations**

The company's operations are highly working capital intensive, as evidenced by its gross current assets (GCA) of approximately 393 days as of March 31, 2024. This is primarily driven by high levels of receivables and inventory, necessitating the extension of long credit periods. Additionally, the business requires holding significant work-in-process and inventory. GCA days are expected to remain at a similar level over the medium term.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

[Criteria on assigning rating outlook](#)

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

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

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

#### **Liquidity: Adequate**

The company maintains a generally adequate liquidity position, as indicated by its current and quick ratios, which stand at 1.24x and 0.93x respectively as of March 31, 2024. Additionally,



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the company has reasonable cash accruals compared to its debt repayments, with gross cash accruals expected to range between Rs. 11.03 crore and Rs. 39.48 crore annually, while the annual repayment obligation is between Rs. 2.56 crore and Rs. 2.33 crore.

However, the company's high fund-based working capital utilization of approximately 92.27% over the 12 months ending October 2024, combined with negative operating cash flow of Rs. 0.33 crore leads to moderate cushion available to meet any exigency.

### **About the Company**

Norspin International Pvt. Ltd. owned a European brand name "CANOE," offering men's and women's fashion. The brand focuses on future international trends, using new ideas and developments. To support this, CANOE works with its sister company and business partner, Kamdar International Group. Kamdar International operates in seven countries for textile manufacturing and development. This helps CANOE stay up-to-date with the latest fashion trends, which are influenced by the design centre in Poland.

Canoe products are available on all major e-commerce platforms in India that involves Myntra, Flipkart, and Ajio Canoe's own website canoetrends.com.

### **Financials (Standalone):**

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	51.21	60.71
EBITDA	2.53	6.56
PAT	1.60	4.08
Total Debt	5.13	5.15
Tangible Net Worth	4.96	10.29
EBITDA Margin (%)	4.94	10.81
PAT Margin (%)	3.13	6.72
Overall Gearing Ratio (x)	1.03	0.50
Interest Coverage (x)	6.08	8.79

\* 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 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-2024	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022
1.	Fund Based	Long Term	23.00	IVR BB/Stable	-	-	-
2.	Fund Based (Proposed)	Long Term/Short Term	7.00	IVR BB/Stable/A4			

### Analytical Contacts:

Name: Om Prakash Jain

Tel: (011) 45579024

Email: [opjain@infomerics.com](mailto:opjain@infomerics.com)

### 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.

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](http://www.infomerics.com).

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recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### 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
Cash Credit	-	-	-	-	23.00	IVR BB/Stable
Proposed	-	-	-	-	7.00	IVR BB/Stable/A4

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-norspin-jan25.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](http://www.infomerics.com).