Press Release

Marvel Vinyls Limited

April 23, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	62.63	IVR BBB-/RWDI (IVR Triple B Minus /Rating Watch with Developing Implications)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Rating placed on watch with developing implications	Simple
Short Term Bank Facilities	10.50	IVR A3/RWDI (IVR A Three/ Rating Watch with Developing Implications)	IVR A3 (IVR A Three)	Rating placed on watch with developing implications	Simple
Total	**73.13**	**[Rupees Seventy-three crore and thirteen lakhs 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 reaffirmed its rating assigned to the bank facilities for the long-term facilities to IVR BBB- and A3 for the short-term facilities of Marvel Vinyls Limited (MVL). Further ratings has been placed under 'rating watch with developing implications' on account of uncertainty regarding the implications of undergoing demerger of the company. IVR will continue to monitor the developments in this regard and will resolve the watch once the demerger is completed.

Further, the rating reaffirmation is on account of experienced promoters with established track record in the business along with multiple product segments with exposure in diversified industries. The company also drew support from comfortable financial risk profile. However, these rating strengths are partially offset by elongated operating cycle along with raw material price volatility and intense competition. The company is also exposed to risk associated with vulnerability to foreign currency risk and profitability exposed to adverse foreign exchange fluctuations**.**

Infomerics Ratings has principally relied on the standalone audited financial results of MVL up to 31 March 2024 (refers to period April 1st, 2023, to March 31st, 2024) and projected financials for FY2025 (refers to period April 1st, 2024, to 2 March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Significant growth in the scale of business with further improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity.
- Improvement in debt protection metrics; specific matric be total debt to NCA below 2x on sustained basis.

Downward Factors

- Dip in operating income and/or profitability thereby impacting the debt coverage indicators and/or any deterioration in the financial risk profile.
- Any significant rise in working capital intensity or unplanned capex leading to any deterioration in the liquidity position.
- Any uncertainties in the performance of the company post-demerger

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters with established track record in the business:**
  The promoters of the company have sufficient experience in the same line of business and have a long operational track record which has helped in establishing a healthy relationship with the customers as it has been getting regular repeat orders from its clients.
- **Multiple product segments with exposure in diversified industries**
  The company offers various product ranges such as PVC (Poly Vinyl Chloride) films and sheets, vinyl floor coverings, PVC synthetic leather for applications ranging from automobile sector, footwear, railway, institutional and industrial uses. It helps in mitigating the risk from slowdown in any particular segment to some extent.

- **Comfortable financial risk profile**

The adjusted tangible net worth of the company stood at Rs. 55.44 crore as on March 31, 2024, increased from Rs. 42.70 crore as on March 31, 2023, on account of accretion of profits to general reserve. USL from promoters and relatives tune to Rs. 1.19 crore are considered as quasi equity which are subordinated to bank borrowing. Further, adjustment of debtors pending for more than 1 year is done in TNW. The total debt of the company stood at Rs. 52.69 crore as on March 31, 2024, compared to Rs. 74.00 crore as on March 31, 2023, on account of schedule repayment of term loan along with lower reliance on external borrowings. The capital structure of the company stood comfortable marked by overall gearing stood at 0.95x as on March 31, 2024, improved from 1.73x as on March 31, 2023, on account of decline in debt along with improvement in TNW. The indebtedness of the company stood comfortable marked by TOL/TNW ratio at 1.90x as on March 31, 2024, improved from 2.91x as on March 31, 2023, on account of lower utilization of working capital bank borrowings as on balance-sheet date. The company has strong debt protection matrices with interest service coverage ratio (ISCR) of 4.25x in FY24 improved from 3.80x in FY23, due to increase EBITDA. Further, the debt service coverage ratio (DSCR) is comfortable at 2.51x in FY24 as against 2.81x in FY23.

B. Key Rating Weaknesses

- **Elongated operating cycle**

  The operating cycle of the company stood elongated at 89 days in FY24 compared to 84 days in FY23 on account of the increase in inventory days.

- **Raw material price volatility and intense competition**

  The operating margins of the company are affected by fluctuation in prices of PVC resin. Any adverse movement in the price of raw materials can have a negative impact on the company’s margins. However, the company’s withstanding relationship with its suppliers allows the company to get cushion against the risk to some extent. The company faces stiff competition from other unorganized players on account of low entry barriers and less technology intensive business. This in turn puts pressure on the margins. Although the company has established relationships with several auto OEMs and other major customers, the business remains highly competitive.

- **Vulnerability to foreign currency risk and profitability exposed to foreign exchange fluctuations**
  The company is exposed to foreign exchange currency risk as it doesn't use any specific hedging mechanism and uses natural hedge through exports of its goods. The company passes on the increase in cost of raw material to open market customers. Even though, it remains exposed to volatility in forex fluctuations for the imbalance and timing difference in exports and imports. The company's operations remain exposed to fluctuations in foreign currency rates as the company imports significant amount of raw material from foreign market and since the company doesn't indulge in exports it doesn't gain the advantage of natural hedging. However, the company has a pre-defined hedging mechanism to mitigate the risk to some extent.

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
Complexity Level of Rated Instruments/Facilities
Criteria on Rating Watch

Liquidity – Adequate

The company's liquidity is adequate marked by expectation of sufficient cushion in cash accruals against its debt repayments for the next 3 years. The company has current ratio of 1.36x as of March 31, 2024. The unencumbered cash and bank balance of company stood at Rs. 1.34 crores as on November 30, 2024. The average utilisation of fund-based limits stands at 60.24% for 12 months ending March 2025. The operating cycle of the company stood elongated at 89 days in FY24 compared to 84 days in FY23 on account of increase in inventory days.

About the Company

MVL, incorporated in 1985 as a private limited company, manufactures PVC films and sheets at its manufacturing facilities located in Sahibabad (Uttar Pradesh) and Malanpur (Madhya Pradesh). The company commenced operations in 1985 by taking over a sick company, Oriental Vinyls Limited of Birla Group that had a manufacturing unit at Sahibabad. In 1993, the company commissioned its second manufacturing unit at Malanpur. In 1995, the company came out with its public offer, wherein the promoters divested about 25% of their stake. The promoters have been involved in trading of PVC films and sheets for three decades under the partnership firm Ganesh Das & Company (incorporated in 1957), before they took over the sick company –Oriental Vinyls Limited. MVL is in the process of demerger on account of family settlement which will be effective retrospectively from FY23

Financials (Standalone): **(Rs. crore)**

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	347.44	316.37
EBITDA	16.37	19.99
PAT	7.83	9.17
Total Debt	74.00	52.69
Adj. Tangible Net Worth	42.70	55.44
EBITDA Margin (%)	4.71	6.32
PAT Margin (%)	2.24	2.89
Overall Gearing Ratio (x)	1.73	0.95
Interest Coverage (x)	3.80	4.25

* *Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: None

Any other information: Not applicable

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-2026)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in in 2022-23
					Jan 25, 2024	May 16, 2023	-
1.	Fund Based Limits	Long Term	62.63	IVR BBB-/ RWDI	IVR BBB-/ Stable	IVR BB+/Negative/ INC	-
2.	Non-Fund Based	Short Term	10.50	IVR A3/RWDI	IVR A3	IVR A4+/INC	-

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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.

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
Long Term Facility – Term Loan	-	-	-	March 2028	8.13	IVR BBB-/RWDI
Long Term Facility – Cash Credit	-	-	-	-	54.50	IVR BBB-/RWDI
Short Term Facility – Letter of Credit	-	-	-	-	10.50	IVR A3/RWDI

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-marvel-vinyls-apr25.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.