

Press Release

Vinod Denim Limited

January 16, 2019



Rating Update

| | |
|-------------------------------------|---|
| Total Bank Facilities Rated* | Rs.33.02 Cr. # |
| Long Term Rating | ACUITE BBB- Issuer not co-operating* |
| Short Term Rating | ACUITE A3 Issuer not co-operating* |

#Refer Annexure for details

*The issuer did not co-operate; based on best available information.

Rating Rationale

Acuité has reviewed the long-term rating of '**ACUITE BBB-**' (**read as ACUITE triple B minus**) and short term rating of '**ACUITE A3**' (**read as ACUITE A three**) on the Rs.33.02 crore bank facilities of Vinod Denim Limited. This rating is now an indicative rating and is based on best available information.

The Ahmedabad-based Vinod Denim Limited (VDL), incorporated in 2009 by Mr. Mittal and family is engaged in the manufacture of denim fabric from 2011. The company procures cotton yarn from its group company, Vinod Spinners Private Limited as also from other traders and spinners from the local market and supplies finished denim fabric (indigo dyed) to traders in Delhi, Ulhasnagar (Thane), Kolkata and Ahmedabad.

Vinod Group Textiles (VGT), established in 1983 is engaged in the spinning, weaving, processing and trading of textile products and has diversified products including yarn, grey fabric, denim fabric etc. The group undertakes manufacturing, job work and trading in the above activities. Manufacturing contributes around 82 percent to the total revenue, with job work bringing in around 14 percent and the remaining from trading. The group comprises Vinod Denim Limited (VDL), Vinod Fabrics Private Limited (VFPL), United Polyfab Private Limited (UPPL), United Polyfab Gujarat Limited (UPGL), Vinod Spinners Private Limited (VSPL) and Vinod Cotfab Private Limited (VCFPL) and United Techfab Private Limited (UTPL). The group was promoted by Mr Mittal and family and has presence of over three decades in the textile industry.

Non-cooperation by the issuer/borrower: Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before due date.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Consolidation Of Companies - <https://www.acuite.in/view-rating-criteria-22.htm>

Limitation regarding information availability: The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavoured to gather information about the entity / industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

| | Unit | FY17 (Provisional) | FY16 (Actual) | FY15 (Actual) |
|-------------------------------|---------|--------------------|---------------|---------------|
| Operating Income | Rs. Cr. | 340.94 | 289.22 | 231.00 |
| EBITDA | Rs. Cr. | 36.70 | 24.48 | 16.13 |
| PAT | Rs. Cr. | 5.01 | 4.36 | 2.25 |
| EBITDA Margin (%) | (%) | 10.76 | 8.46 | 6.98 |
| PAT Margin (%) | (%) | 1.47 | 1.51 | 0.98 |
| ROCE (%) | (%) | 7.61 | 7.37 | 6.24 |
| Total Debt/Tangible Net Worth | Times | 1.69 | 1.67 | 1.63 |
| PBDIT/Interest | Times | 3.68 | 4.16 | 5.07 |
| Total Debt/PBDIT | Times | 4.70 | 4.68 | 4.89 |
| Gross Current Assets (Days) | Days | 91 | 69 | 67 |

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Rating History (Upto last three years)

| Date | Name of Instrument / Facilities | Term | Amount (Rs. Cr) | Ratings/Outlook |
|-----------|------------------------------------|------------|-----------------|---------------------------------|
| 17-Nov-17 | Cash Credit | Long Term | 15.00 | ACUITE BBB- / Stable (Assigned) |
| | Term loans | Long Term | 2.51 | ACUITE BBB- / Stable (Assigned) |
| | Term loans | Long Term | 4.74 | ACUITE BBB- / Stable (Assigned) |
| | Term loans | Long Term | 0.28 | ACUITE BBB- / Stable (Assigned) |
| | Term loans | Long Term | 10.09 | ACUITE BBB- / Stable (Assigned) |
| | Bank guarantee/Letter of Guarantee | Short Term | 0.40 | ACUITE A3 (Assigned) |

*Annexure – Details of instruments rated

| Name of the Facilities | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. Crore) | Ratings/Outlook |
|------------------------|------------------|----------------|----------------|-------------------------------|--------------------------------------|
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 15.00 | ACUITE BBB- Issuer not co-operating* |
| Term loans | Not Applicable | Not Applicable | Not Applicable | 2.51 | ACUITE BBB- Issuer not co-operating* |
| Term loans | Not Applicable | Not Applicable | Not Applicable | 4.74 | ACUITE BBB- Issuer not co-operating* |
| Term loans | Not Applicable | Not Applicable | Not Applicable | 0.28 | ACUITE BBB- Issuer not co-operating* |

| | | | | | |
|------------------------------------|----------------|----------------|----------------|-------|---|
| Term loans | Not Applicable | Not Applicable | Not Applicable | 10.09 | ACUITE BBB- Issuer not co-operating* |
| Bank guarantee/Letter of Guarantee | Not Applicable | Not Applicable | Not Applicable | 0.40 | ACUITE A3 Issuer not co-operating* |

*The issuer did not co-operate; based on best available information.

Contacts

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|---|---|
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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (*Erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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