



Press Release
Vipul Organics Limited
November 14, 2024
Rating Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	3.00	ACUITE C Downgraded	-
Bank Loan Ratings	27.00	-	ACUITE A4 Downgraded
Total Outstanding Quantum (Rs. Cr)	30.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded the long-term rating to ‘**ACUITE C**’(read as **ACUITE C**)from ‘**ACUITE BBB-**’(read as **ACUITE triple B minus**)and its short-term rating to ‘**ACUITE A4**’(read as **ACUITE A four**)from ‘**ACUITE A3**’ (read as **ACUITE A three**) on the Rs.30.00 crore bank facilities of Vipul Organics Limited(VOL).

Rationale for Downgrade

As per the CRIF Report, there was a delay in the month of August 2024 of 34 days in the Packing Credit facility.

About Company

VOL, established in 1972 in Mumbai by Mr. Pravichandra B. Shah as a small venture, is involved in the production and trading of pigment powder, pigment dispersion, Dyes, and Dyes Intermediates. In 1994, the company transformed into a public limited entity and became listed on the Bombay Stock Exchange. The role of Managing Director was assumed by Mr. Vipul P. Shah, a chemical engineer by profession and the son of Mr. P. B. Shah. The company currently operates three manufacturing units situated in Tarapur, Ambernath, and Palghar (Maharashtra), collectively offering a total annual capacity of 3120 MT.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

•Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuite has consolidated the business and financial risk profiles of Vipul Organics Limited (VOL) and its subsidiary, i.e. Shree Ambika Naturals Private Limited (SANPL). The consolidation is in view of the common management, operating in same line of business and operational synergies between these entities. As of FY23, VOL holds 56.04 percent of equity shares in SANPL.

Key Rating Drivers

Strengths

Experienced management with established track record of operations

Established in 1972 by Mr. Pravichandra B. Shah, the company is involved in the manufacturing and trading of pigment-related products such as pigment powder, pigment dispersion, Dyes, and Dyes Intermediates. Subsequently, in 1994, VOL underwent conversion into a public limited company and achieved listing on the Bombay Stock Exchange. The company’s operations are overseen by Mr. Vipul P. Shah, a chemical engineer with

over thirty years of experience in the Dyes and Pigments Industry, who is the son of Mr. P. B. Shah. The proficient second line of management provides robust support to the top management. The company's lengthy operational history of more than five decades, combined with skilled leadership, has facilitated the establishment of strong global relationships with esteemed clients and suppliers.

Weaknesses

Working capital intensive operations

The inventory days stood at 88 days in FY2024 as against 106 days in FY2023. Further, the debtor days stood at 108 days in FY 2024 as compared to 93 days in FY 2023. The creditor days stood at 144 days in FY2024 as against 138 days in FY2023. Acuite believes that the working capital operations of the firm will remain at the similar levels over the medium term.

Rating Sensitivities

Timely servicing of debt obligations

Liquidity Position

Poor

Delays in debt obligations

Acuite has observed a delay of 34 days in the month of August 2024 for Packing Credit facility. The banker feedback are also not available. It appears to be cash flow mis-match of the Company and hence the rating downgrade has been undertaken.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	150.08	133.93
PAT	Rs. Cr.	3.34	1.87
PAT Margin	(%)	2.22	1.40
Total Debt/Tangible Net Worth	Times	0.49	0.54
PBDIT/Interest	Times	5.24	4.39

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

Not Applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Covered Bonds: <https://www.acuite.in/view-rating-criteria-83.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
24 Aug 2023	FBN/FBP/FBD/PSFC/FBE	Short Term	12.00	ACUITE A3 (Reaffirmed)
	PC/PCFC	Short Term	2.00	ACUITE A3 (Reaffirmed)
	Post Shipment Credit	Short Term	10.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	3.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	3.00	ACUITE BBB- Stable (Reaffirmed)
27 Jul 2022	FBN/FBP/FBD/PSFC/FBE	Short Term	12.00	ACUITE A3 (Reaffirmed)
	PC/PCFC	Short Term	2.00	ACUITE A3 (Reaffirmed)
	Post Shipment Credit	Short Term	10.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	3.00	ACUITE A3 (Reaffirmed)
	Cash Credit	Long Term	3.00	ACUITE BBB- Stable (Reaffirmed)
19 Feb 2021	Bills Discounting	Short Term	9.00	ACUITE A3 (Assigned)
	Bills Discounting	Short Term	3.00	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	3.00	ACUITE A3 (Assigned)
	Cash Credit	Long Term	3.00	ACUITE BBB- Stable (Assigned)
	Proposed Cash Credit	Long Term	3.00	ACUITE BBB- Stable (Assigned)
	Term Loan	Long Term	9.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE C Downgraded (from ACUITE BBB-)
Axis Bank	Not avl. / Not appl.	FBN/FBP/FBD/PSFC/FBE	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A4 Downgraded (from ACUITE A3)
Bank of Baroda	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE A4 Downgraded (from ACUITE A3)
Bank of Baroda	Not avl. / Not appl.	PC/PCFC	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A4 Downgraded (from ACUITE A3)
Bank of Baroda	Not avl. / Not appl.	Post Shipment Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A4 Downgraded (from ACUITE A3)

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No	Name of the companies
1	Vipul Organics Limited
2	Shree Ambika Naturals Private Limited

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Manvi Khaitan Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

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