

Press Release
V P TEX YARN INDIA PRIVATE LIMITED
January 21, 2026
Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Shc Rating
Bank Loan Ratings	28.00	ACUITE BBB Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	28.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of '**ACUITE BBB**' (**read as ACUITE triple B**) on the Rs. 28.00 crore bank facilities of V P Tex Yarn India Private Limited (VPTYIPL). The outlook remains '**Stable**'.

Rationale for rating

The rating reaffirmation reflects the improvement in the business risk profile of V.P Tex Group, supported by enhanced operating performance and the successful completion of various capex programs over the last two fiscals. These capex spends have augmented manufacturing capacity and reduced dependence on job work, thereby lowering operational costs. The rating also factors in the promoters' extensive industry experience and the group's established track record in textile manufacturing. Further, the rating draws comfort from the group's moderate financial risk profile, marked by improved net worth, average gearing, and healthy debt protection metrics, along with an adequate liquidity position supported by sufficient cash accruals against maturing debt obligations. However, the rating remains constrained by the group's moderately intensive working capital operations, exposure to supplier concentration risk, and its presence in a highly competitive textile industry. Profitability also remains susceptible to fluctuations in raw material prices.

About the Company

V P Tex Yarn India Private Limited (VPTYIPL), a group company of V P Tex Private Limited, was incorporated in 2016. The company manufactures various fabric blends such as viscose, micro modal, flax, and cotton linen based on customer requirements. Over the past three years, it has focused on expanding its presence in the domestic market with value-added products. In FY 2023–24, it installed a 2 MW solar power project for group-captive consumption. The company's directors are Ms. S. Manimekhai, Ms. V. Malathi, and Ms. Livya.

About the Group

Incorporated in 2011, V P Tex Private Limited (VPTPL) is based in Erode, Tamil Nadu. It is a closely held private limited company promoted by Mr. Velappan Srinivasan, Mr. Vasudevan Velappan, Mr. Velappan Sengodan, and Mr. Manoj Kumar Srinivasan. VPTPL manufactures a wide range of fabrics, including viscose, micro modal, flax, cotton linen, cotton flax, rayon linen, modal, cotton viscose, cotton modal, rayon crepe, and linen, at its facility in Pallipalayam, Erode. As on 31st March 2025, the company operates 274 airjet looms and 360 power looms, with a production capacity of around 3.75 lakh to 4 Lakh meters per day.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

To determine this rating, Acuité has consolidated the business and financial risk profiles of VPTPL and VPTYIPL, collectively referred to as the 'V.P Tex Group'. This consolidation is based on common management, a similar line of business in the textile processing industry along with operational and financial linkages between the entities.

Key Rating Drivers

Strengths

Promoters' extensive industry experience and continued focus on expansions

The promoters of V.P Tex Group have an established presence in the textile industry spanning for nearly two decades, supported by a competent management team and qualified second line personnel. This experience has enabled the group to build strong relationships with suppliers and customers, ensuring a steady supply of raw materials and repeat business. The group's revenue is expected to improve over the medium term, driven by capacity enhancement from 246 air-jet looms to 274 looms in FY2025, with further expansion to 353 air-jet looms in FY2026. Additionally, the group is increasing its solar power generation capacity from 9 MW to 12 MW during FY2026, which is expected to support operational efficiency.

Acuité believes the group will continue to benefit from its experienced management, established stakeholder relationships, and strong local presence.

Improving revenues with stable profitability

The group's revenue improved to Rs. 530.12 crore in FY25 from Rs. 404.50 crore in FY24, reflecting a year-on-year growth of around 31 per cent. Of the total revenue at the group level, V.P Tex Private Limited contributed approximately 80 per cent, amounting to Rs. 425 crore in FY25. This growth was driven by a steady flow of orders at VPTPL and a continuous increase in air-jet loom capacity to meet demand. During 8MFY26, the group reported consolidated revenue of Rs. 387.51 crore, with VPTPL contributing Rs. 309.67 crore and VPTYIPL accounting for Rs. 77.84 crore. Revenue is expected to improve further in the near to medium term as the air-jet loom capex incurred during FY26 becomes fully operational, enhancing overall production capacity. The group estimates closing FY26 with a topline in the range of Rs. 570–575 crore. At the consolidated level, operating profitability margins moderated to 10.77 per cent in FY25 from 11.38 per cent in FY24, primarily due to a marginal increase in raw material costs. However, in absolute terms, operating profit rose by ~24 per cent to Rs. 57 crore in FY25 compared to Rs. 46 crore in FY24. Net profit margins improved slightly to 2.41 per cent in FY25 from 2.27 per cent in FY24.

Acuité expects the group's operating performance and profitability margins to strengthen in the near to medium term.

Moderate financial risk profile

The group's financial risk profile remains moderate, characterized by a balanced capital structure, average gearing, and healthy debt protection indicators. Net worth improved to Rs. 73.85 crore as on March 31, 2025, compared to Rs. 61.23 crore as on March 31, 2024, driven by profit accretion to reserves. Gearing improved marginally however remains average at

2.10 times as on March 31, 2025, against 2.32 times in the previous year. The gearing level remains moderate due to higher overall debt, primarily incurred for capital expenditure. Debt coverage indicators, though slightly moderated, continue to be healthy, as reflected by an Interest Coverage Ratio (ICR) of 4.42 times and a Debt Service Coverage Ratio (DSCR) of 1.64 times as on March 31, 2025, compared to 4.67 times and 2.03 times, respectively, in FY24.

Acuité expects the group's financial risk profile to remain moderate, supported by improved operational scale despite debt-funded capex in the medium term.

Weaknesses

Moderately intensive working capital operations

The V.P Tex Group operates with a moderately intensive working capital cycle, reflected by average gross current asset (GCA) days of around 128 days during FY23–FY25. GCA days improved to 128 days in FY25 from 138 days in FY24, primarily due to lower receivables and inventory levels relative to the operating income recorded in FY25. Inventory days stood at 21 days in FY25 compared to 23 days in FY24, while debtor days reduced to 92 days from 99 days during the same period. The group allows an average credit period of approximately 95 days to customers. Creditor days stood at 58 days in FY25 against 65 days in FY24. The group's average bank limit utilization of fund-based working capital limits was around ~68.76 per cent over the six months ending September 2025.

Acuité believes that the group's ability to further improve its working capital cycle over the medium term will remain a key rating sensitivity.

Exposure to supplier concentration risk and intense competition

The group remains exposed to significant supplier concentration risk, as over 75 per cent of its raw material requirement (viscose yarn) is sourced from Mothi Spinners Private Limited (rated ACUITE A-/ Stable/ A2+). However, this risk is partially mitigated by the group's longstanding relationship with the supplier. Additionally, the textile industry is highly competitive, with a large presence of unorganized players, which limits pricing flexibility and bargaining power with both customers and suppliers. The group's operating profitability is further vulnerable to volatility in key raw material prices, including polyester and viscose, given its relatively limited pricing flexibility in a fragmented market.

Rating Sensitivities

- Sustained growth in revenues while maintaining healthy profitability and a moderate capital structure.
- Effective management of working capital cycle to avoid liquidity stress
- Any deterioration in financial risk profile or liquidity position

Liquidity Position

Adequate

The V. P Tex Group's liquidity remains adequate, supported by sufficient net cash accruals to meet its maturing debt obligations. Net cash accruals stood at Rs. 39.36 crore as on March 31, 2025, against repayment obligations of Rs. 18.80 crore for the same period. Further, the group is expected to generate net cash accruals in the range of Rs. 40–48 crore during FY2026–27, comfortably covering its scheduled repayments of Rs. 20–26 crore over the same tenure. Unencumbered cash and bank balances stood at Rs. 3.23 crore as on March 31, 2025, while the current ratio was at 1.07 times. The average utilization of fund-based working capital limits stood at approximately ~68.76 per cent for the six months ended September 2025.

Acuité expects the group's liquidity position to remain adequate over the medium term, supported by healthy cash accruals against its debt obligations.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	530.12	404.50
PAT	Rs. Cr.	12.77	9.18
PAT Margin	(%)	2.41	2.27
Total Debt/Tangible Net Worth	Times	2.10	2.32
PBDIT/Interest	Times	4.42	4.67

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>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.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. Acuite'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
26 Dec 2025	Term Loan	Long Term	7.37	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	14.00	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.63	ACUITE BBB Stable (Reaffirmed)
27 Sep 2024	Cash Credit	Long Term	13.00	ACUITE BBB Stable (Assigned)
	Term Loan	Long Term	8.86	ACUITE BBB Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.14	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
Federal Bank Limited	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BBB Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.63	Simple	ACUITE BBB Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	04 Apr 2024	Not avl. / Not appl.	04 Jan 2031	7.37	Simple	ACUITE BBB Stable Reaffirmed

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

Sr. No.	Company Name
1	V P Tex Private Limited
2	V P Tex Yarn India Private Limited

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	Contact details exclusively for investors and lenders
Dheeraj Salian Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 KanjurMarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.