

Press Release
VISHAL PAPERTECH INDIA LIMITED
September 30, 2025
Rating Assigned



Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	150.00	ACUITE C Assigned	-
Total Outstanding Quantum (Rs. Cr)	150.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned the long-term rating of ‘**ACUITE C**’ (read as **ACUITE C**) on the Rs.150.00 Cr. Non Convertible Debentures of Vishal Papertech India Limited (VPIL).

Rationale for rating

The rating takes into cognizance delays in servicing of bank debt obligations (not being rated) by the company. The delays have taken place on account of insufficient funds in the bank accounts on the due dates.

About the Company

Punjab based Vishal Papertech India Limited is incorporated in 1994. Company is engaged in the manufacturing of coated duplex paperboards, art cards and graphic papers. Mr. Harinder Kumar Goyal, Mr. Yash Paul Goyal, Mr. Ankit Gupta, Mr. Mahesh Kumar and Mr. Deepak Mittal are the present directors of the company.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone approach on the business and financial risk profile of Vishal Papertech India Limited (VPIL) to arrive at rating.

Key Rating Drivers

Strengths

Decrease in scale of operations but stable profitability margins

The company has achieved a revenue of Rs. 80.12 Cr. in FY25(Prov.) as against Rs. 207.48 Cr. in FY24. The decrease of 61.38% is attributed to the decline in the realizable value of paper products and the halt in the manufacturing facility from May 2024 to October 2024 to implement the CAPEX envisaged by the company. The EBITDA margins of the company stood at 10.06% in FY25(Prov.) as compared to 8.02% in FY24. The improved EBITDA margins has been driven by the strategic transition to the utilization of cheaper raw materials in the manufacturing of paper products, coupled with initiatives to improve operational efficiency of the paper manufacturing machines through capital expenditure. Additionally, the company has focused on producing high margin paper products and has experienced a shift in the consumer profile, further contributing to this margin improvement. The PAT margins of the company stood at -0.13% in FY25(Prov.) as compared to 1.30% in FY24. The decline in the PAT margins is noticed majorly because of the fixed interest costs that are linked to the loan taken for CAPEX and at the same time the halt in operations leading to decreased variable income. Going forward, the company is likely to improve the topline on account of better demand of value-added paper products in medium term.

Weaknesses

Below Average Financial Risk Profile

The financial risk profile of the company is below average marked by moderate net-worth of Rs. 30.59 Cr. as on 31st March 2025(Prov.) against Rs. 30.70 Cr. as on 31st March 2024. The slight decrease is because of the accrued net losses during the year. The total debt of the company is Rs. 161.23 Cr. as on 31st March 2025(Prov.) against Rs. 93.89 Cr. as on 31st March 2024. The increase in the debt has been noticed because of the term loans related to the CAPEX and the increased use of short-term working capital facilities. The gearing stands high at 5.27 times in FY25(Prov.) against 3.06 times in FY24. The increase has been noticed on account of increased debt of the company. Further, the interest coverage ratio of the company stood at 5.98 times in FY25(Prov.) against 2.61 times in FY24. The debt service coverage ratio stood at 1.00 times in FY25(Prov.) against 1.21 times in FY24. The TOL/TNW stood at 7.34 times in FY25(Prov.) against 4.65 times in FY24. Acuité believes that the financial risk profile of the company is likely to remain below average over the medium term due to the inclusion of new debt and the interest repayments attached to it.

Intensive Working Capital Operations

The working capital operations of the company remained intensive marked by GCA days which stood at 392 days as on as on 31st March 2025(Prov.) against 165 days as on 31st March 2024. The inventory days of the company stood at 225 days as on 31st March 2025(Prov.) against 97 days as on 31st March 2024. The company has been trying to maintain adequate inventory of raw and finished good to safeguards itself from any kind of short-term price volatility in the market. The debtor days of the company stood at 94 days as on 31st March 2025(Prov.) against 50 days as on 31st March 2024. On the other hand, the creditor days of the company stood at 305 days as on 31st March 2025(Prov.) against 80 days as on 31st March 2024. The company tried to manage it working capital requirements by stretching the credit terms with the suppliers, however, they are going to raise more working capital through NCDs that will help them to support the working capital requirements. Acuité believes that the company is likely to stay on the same lines on account of high inventory albeit increased funds for working capital requirements.

Rating Sensitivities

Timely servicing of debt obligations

All Covenants

Currently not available, since these are proposed NCD limits.

Liquidity Position

Poor

The liquidity profile of the company is poor. The company generated a net cash accrual of Rs. 6.54 Cr. as on as on 31st March 2025(Prov.) against the debt repayment obligations of Rs. 6.55 Cr. in the same period. There has been intermittent cash flow mismatches, leading to delays in term debt servicing with lenders (not being rated). The company is expected to face issues to fulfil the debt repayment obligations in the medium term. The current ratio of the company improved to 0.76 times as on 31st March 2025(Prov.) against 1.04 times as on 31st March 2024. The NCA/TD stood at 0.04 times in FY25(Prov.) as against 0.10 times in FY24. The decline has been noticed because of decreased cash accruals and increased debt in FY25. The company has working capital facilities which is being utilised at 100% as per the management. Acuité believes that the liquidity of the company is likely to remain poor over the medium term on account of expected cash flow mismatches in the medium term that may lead the company to not repay its debt obligations timely.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	80.12	207.48
PAT	Rs. Cr.	(0.10)	2.70
PAT Margin	(%)	(0.13)	1.30
Total Debt/Tangible Net Worth	Times	5.27	3.06
PBDIT/Interest	Times	5.98	2.61

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

BWR, vide its press release dated June 26th, 2025 had denoted the rating of Vishal Papertech India Limited as 'BWR B/Stable/A4; DOWNGRADED, REAFFIRMED AND ISSUER NOT CO-OPERATING'.

CRISIL, vide its press release dated December 17th, 2024 had denoted the rating of Vishal Papertech India Limited as 'CRISIL B+/Stable; REAFFIRMED AND ISSUER NOT CO-OPERATING'.

IVR vide its press release dated July 30th, 2025 had denoted the rating of Vishal Papertech India Limited as 'IVR BB+/Negative/A4+; DOWNGRADED AND ISSUER NOT CO-OPERATING'.

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite 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 : Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Not Applicable	Not avl. / Not appl.	Proposed Non Convertible Debentures	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	150.00	Simple	ACUITE C Assigned

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About Acuité Ratings & Research

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