

December 22, 2022

Vardhman Polytex Limited: Continues to remain under issuer Non-Cooperating category

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term Fund Based- Term Loan	232.31	232.31	[ICRA]D; ISSUER NOT COOPERATING*; Rating continues to remain under 'Issuer Not Cooperating' category
Long Term Fund Based- Cash Credit	159.31	159.31	[ICRA]D; ISSUER NOT COOPERATING*; Rating continues to remain under 'Issuer Not Cooperating' category
Long Term Unallocated	72.38	72.38	[ICRA]D; ISSUER NOT COOPERATING*; Rating continues to remain under 'Issuer Not Cooperating' category
Short Term Non-Fund Based	50.00	50.00	[ICRA]D; ISSUER NOT COOPERATING*; Rating continues to remain under 'Issuer Not Cooperating' category
Total	514.00	514.00	

*Issuer did not cooperate; based on best available information.

[^]Instrument details are provided in Annexure-1

Rationale

ICRA has retained the Long-Term and Short-Term ratings of Vardhman Polytex Limited in the 'Issuer Not Cooperating' category. The ratings are denoted as [ICRA]D/[ICRA]D; ISSUER NOT COOPERATING”.

ICRA has been trying to seek information from the entity so as to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite repeated requests by ICRA, the entity's management has remained non-cooperative. The current rating action has been taken by ICRA basis best available/dated/ limited information on the issuers' performance. Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity. The rating action has been taken in accordance with ICRA's policy in respect of non-cooperation by a rated entity available at www.icra.in.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#) ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Policy in respect of non-cooperation by the rated entity Corporate Credit Rating Methodology Policy on Default Recognition
Parent/Group Support	NA
Consolidation/Standalone	Standalone

About the company

Incorporated in 1981, VPL primarily manufactures cotton and cotton polyester blended spun yarn. Its manufacturing facilities in Ludhiana, Bathinda (both in Punjab) and Nalagarh (Himachal Pradesh) together have installed capacity of 1.95 lakh spindles. VPL also has a yarn dyeing unit in Ludhiana, with an installed capacity of 15.0 tons per day (tpd). It has a small presence in garmenting, with an installed capacity of manufacturing 7 lakh pieces per annum. VPL also manufactures yarn-dyed shirting fabric through its subsidiary, F.M. Hämmerle Textiles Ltd, which has a manufacturing facility in Kohlapur (Maharashtra). VPL has invested Rs. 91.50 crore in its two subsidiaries, F.M. Hämmerle Textiles Ltd. and F.M. Hämmerle Verwaltungs GmbH, Austria. F.M. Hämmerle Textiles Ltd. falls under 'Sick Company' under the Sick Industrial and Companies (Special Provision) Act of 1985 and has been referred to Board for Industrial and Financial Reconstruction (BIFR).

Status of non-cooperation with previous CRA:

CRA	Status	Date of Release
ACUITE	[ACUITE]D; ISSUER NOT COOPERATING	December 27, 2021

Any other information: None

Rating history for past three years

Instrument	Type	Current Rating (FY2023)			Chronology of Rating History for the past 3 years			
		Amount Rated (Rs. Crore)	Amount Outstanding (Rs. Crore)	Date & Rating in	Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020	
				Dec 22, 2022	Oct 28, 2021	Aug 10, 2020	Jul 31, 2019	
1	Term Loan	Long Term	232.31	-	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING
2	Cash Credit	Long Term	159.31	-	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING
3	Unallocated	Long Term	72.38	-	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING
4	Non-Fund Based	Short Term	50.00	-	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D; ISSUER NOT COOPERATING

Complexity level of the rated instrument

Instrument	Complexity Indicator
Term Loan	Simple
Cash Credit	Simple
Unallocated	Not Applicable
Non-Fund Based	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or

complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Term Loan	-	-	-	232.31	[ICRA]D; ISSUER NOT COOPERATING
NA	Cash Credit	-	-	-	159.31	[ICRA]D; ISSUER NOT COOPERATING
NA	Unallocated	-	-	-	72.38	[ICRA]D; ISSUER NOT COOPERATING
NA	Non-Fund Based	-	-	-	50.00	[ICRA]D; ISSUER NOT COOPERATING

Source: Vardhman Polytex Limited

Annexure-2: List of entities considered for consolidated analysis: Not applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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