



Press Release

Vardhman Polytex Limited

March 23, 2026

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Non-Convertible Debentures (Proposed)	95.00	IVR D (IVR D)	-	Rating Assigned	Simple
Total	95.00 (Rupees Ninety-Five Crore Only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics has assigned a rating of IVR D to the proposed debt instrument of Vardhman Polytex Limited (VPL). The rating reflects the company's ongoing delays in servicing its debt obligations across multiple instruments, as confirmed by the Asset Reconstruction Company (ARC). The latest instance of delay was reported in February 2026, primarily due to the company's weak liquidity position.

IVR has principally relied on the standalone audited financial results of the company up to FY25 (refers to period April 1st, 2024, to March 31st, 2025) as well as projected financials FY26 (refers to period April 1st, 2025, to March 31st, 2026), FY27 (refers to period April 1st, 2026, to March 31st, 2027) and FY28 (refers to period April 1st, 2027, to March 31st, 2028), and publicly available information/ clarifications provided by the management.

Key Rating Sensitivities

Upward Factors

- Timely servicing of debt obligations for at least 90 days from the first date of regularization



Press Release

List of Key Rating Drivers with Detailed Description

Key Rating Weakness

Debt Restructuring and delay in repayments

The Company's debt has been restructured with respect to its outstanding liabilities pertaining to financial assets of Vardhman Polytex Limited ("the Borrower"). Certain exposures were assigned by United Bank of India (now merged with Punjab National Bank) to Phoenix ARC Limited, acting in its capacity as trustee of Phoenix Trust 18-10, pursuant to an Assignment Agreement dated March 28, 2018. Subsequently, additional exposures were assigned to Phoenix ARC Limited, acting as trustee of Phoenix Trust 22-11, by multiple lenders including State Bank of India, Canara Bank, Bank of Baroda, Bank of Maharashtra, Union Bank of India, and Axis Bank Limited, through separate assignment agreements. The Company has exhibited a weak debt servicing track record, marked by persistent delays, primarily on account of its constrained liquidity position.

Weak liquidity position

The liquidity position of the company continues to remain weak characterized by limited cash flow generation and constrained financial flexibility. This has impacted its ability to meet debt obligations in a timely manner and support ongoing operational requirements.

Key Rating Strength

Established track record of operations and experienced management

The Company benefits from an established operational track record, having been engaged in the textile industry for several decades. Its long-standing presence has enabled it to develop domain expertise, customer relationships, and familiarity with industry cycles. The management team possesses considerable experience in the textile sector, supporting operational continuity and informed decision-making.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Structured Debt Transaction \(Non-Securitisation Transaction\)](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and post default recognition](#)



Press Release

[Complexity level of Rated Instruments / Facilities](#)

Liquidity – Poor

The liquidity of the company is poor as the company is unable to repay its debts on timely basis. The company has unencumbered cash and cash equivalent of Rs. 0.38 crore as on March 31, 2025.

About the Company

VPL is a Ludhiana-based textile manufacturer established in 1980, engaged in the production of cotton and blended yarns as well as garments. The company has developed manufacturing operations across North India and offers a diverse range of yarn products—including combed, carded, and specialty yarns—serving both domestic and international markets. It caters to various segments of the textile value chain, supplying raw materials to fabric producers and apparel manufacturers. Over the years, the company has built experience in handling different fiber blends and maintaining product quality standards to meet industry requirements.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	370.64	284.98
EBITDA	-41.90	11.90
PAT	-26.76	14.92
Total Debt	76.19	49.65
Tangible Net Worth	-411.22	-277.57
EBITDA Margin (%)	-11.30	4.18
PAT Margin (%)	-6.70	4.80
Overall Gearing Ratio(x)	-0.19	-0.18
Interest Coverage (x)	-12.50	0.85

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-2023
1.	Non-Convertible Debentures (Proposed)	Long Term	95.00	IVR D	-	-	-



Press Release

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About Infomerics:

Infomerics Valuation and Rating Limited (*Formerly Infomerics Valuation and Rating Private Limited*) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Instrument/Facility Details

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs Crore)	Rating Assigned
Non-Convertible Debentures (Proposed)	-	Proposed (To be listed)	18.00%	March 2031	95.00	IVR D



Press Release

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/LEN_Vardhman_Polytex23_March26_0cc3a06a30.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

Name of the instrument	Non-convertible Debentures
Financial covenants	<ul style="list-style-type: none"> NCDs -A Minimum Multiple of Invested Capital ("MOIC") of 1.25x on the invested amount to be maintained Default Interest - % per annum on the defaulted amounts over and above the Coupon rate DSRA equivalent to 1 month of interest. FD interest income to be retained by VPL Post 18 months from the date of disbursement, Investor shall have a right to sweep any surplus balance above INR 25 crore at financial quarter-end towards prepayment of debt Minimum selling price for the plots to be set and any shortfall in the sale price would require promoter to infuse differential amount within 90 days of NOC. Infusion of INR -23 crs via conversion of warrants by 31st March 2026 All the diligence, valuation and out-of-pocket expenses to be completed at the cost of the Borrower/ Issuer
Non-financial covenants	<ul style="list-style-type: none"> No change in promoter shareholding or management control without consent of Investors No incremental indebtedness in the Issuer without prior approval of the Investor No capital expenditure apart from that as agreed in the business plan All unsecured loans/ loans from related parties to remain subordinated to the Facility No dividend to be paid till the time the Facility is O/s. Board/ audit committee observer rights. Nominee Director rights in event of default All other covenants are customary to transactions of this nature. All approvals required for the launch of Bathinda project must be received prior to 30th June 2026 and for Ludhiana project on or prior to 30th September 2026
Security	<ul style="list-style-type: none"> Exclusive charge over all fixed assets, investments, and current assets of VPL, along with other assets owned by the Promoter and Promoter Group located in Bathinda and Ludhiana, including flats and office premises, currently charged to Phoenix ARC. Pledge over shares of VPL owned by Promoter and Promoter Group Corporate guarantees of pledgors which are not individuals Personal guarantee (PG) of Mr. Adish Oswal



Press Release

	<ul style="list-style-type: none"> • Escrow of cash flows and TRA control to be monitored by Sekura India Management Limited
End Use	<ul style="list-style-type: none"> • Repayment of Existing ARC debt • Working Capital • Capital expenditure • General Corporate Purpose
Tenor & repayment	<ul style="list-style-type: none"> • Repayment tenure up to March 2031 • Principal repayments to begin in April 2027
Debenture Trustee	Catalyst Trusteeship Limited

Draft Term sheet for Proposed NCDs of Rs. 95.00 crore.

Particulars: Non-Convertible debentures	Description
Issuer / Company / Borrower	Vardhman Polytex Limited
Issue Size (Sanction Amt)	Rs. 95.00 Crore
Objects of the Issue	Repayment of existing ARC debt
Investors / Lenders	Edelweiss Alternate Investment Funds (EAAA)
Instrument	Non-Convertible Debentures (Proposed and to be listed)
Maturity	March 2031
Redemption / Maturity Date	The Debenture shall be repaid monthly effective date April 2027 till March 2031
Coupon Rate (Interest Rate)	18.00%
Coupon Payment Frequency	Monthly
Coupon Type	Fixed Rate
Covenants and Undertakings	Proposed
Negative covenants	Proposed

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.