Press Release

Aqualite Industries Private Limited

July 25, 2025

Ratings

Sl. No.	Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
1.	Long Term Bank Facility	143.88	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	-	Rating Assigned	Simple
2.	Short Term Bank Facility	23.00	IVR A3 (IVR A Three)	-	Rating Assigned	Simple
	Total	**166.88**	**Rupees One Hundred Sixty Six Crore and Eighty Eight Lakhs Only**			

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

Detailed Rationale

Infomerics Valuation and Rating Limited (IVR) has assigned long term and short term rating of IVR BBB- with Stable outlook and IVR A3 respectively for the bank loan facilities of Aqualite Industries Private Limited (AIPL).

The rating draw comfort from its experienced promoters and management coupled with long track record of operations, continuous improvement in scale of operations, comfortable capital structure. However, these rating strengths are partially offset by weak debt protection metrics, intense competition prevalent in the footwear industry, susceptibility of margins to the volatility in the raw material prices.

The 'Stable' outlook reflects that the company is expected adequate demand of its products. The company will continue to benefit from the extensive experience of its promoters and long-lasting relationships with their clients.

IVR has principally relied on the audited financial results up to 31 March 2024, Unaudited financial results of AIPL's up to 31 March 2025 (refers to period from 1st April 2024 to 31st March 2025) and projected financials from FY2026 to FY2028 and publicly available information/clarifications provided by the company's management.

Upward factors

- Substantial improvement in total operating income (TOI) above Rs.900.00 crore with improvement in profitability margins.
- Improvement in overall gearing below 0.50x and improvement in debt protection metrics above 1.50x.

Downward factors

- Any substantial decline in total operating income (TOI) and profitability margins.
- Any decline in debt protection metrics.
- Higher working capital requirements lead to moderation in capital structure.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters and management coupled with long track record of operations:**

The business derives strength from the promoters' extensive experience of over four decades in the footwear industry. Their long-standing presence has been pivotal in scaling the company into a nationally recognised brand, with deep involvement across manufacturing, finance, compliance, branding, and distribution functions. The promoters' comprehensive understanding of industry dynamics, coupled with strong relationships with suppliers, vendors, and distribution partners, continues to support the company's operational efficiency and strategic growth.

- **Continuous improvement in scale of operations:**

The company's Total Operating Income (TOI) increase to Rs.774.03 crore in FY2025 (Provisional) from Rs.727.75 crore in FY2024, driven by higher sales volumes particularly in Shoes and PU products along with improved average realisation in key segments. This growth was supported by expanded distribution efforts including domestic and international distributor meets, new sales offices and a sharper focus on the modern trade channel which contributed to growth. In absolute and percentage terms the EBITDA improved from Rs.28.63 crore (3.93%) in FY2024 to Rs.44.05 crore (5.69) in FY2025 (Provisional) due to changes in inventories. In absolute and percentage terms the PAT improved from negative Rs.3.81 crore in FY2024 (-0.50%) to Rs.14.32 crore (1.78%) in FY2025 (Provisional) on account of non-operating income including profit on sale of property, plant and equipment, interest income and reduction in depreciation & interest cost.

- **Comfortable capital structure:**

The tangible net worth of the company has improved from Rs.302.65 crore in FY2024 to Rs.322.29 crore in FY2025 (Provisional) due to retention of profits. The overall gearing ratio based on adjusted tangible net worth remained comfortable at 0.73x in FY2025 (Provisional) as compared to 0.93x in FY2024. Total indebtedness, as reflected by TOL/ATNW, stood comfortable at 1.70x in FY2025 (Provisional) as compared to 1.88x in FY2024.

Key Rating Weaknesses

- **Weak debt protection metrics:**

The debt protection metrics remained weak in FY2025 (Provisional), with the Debt Service Coverage Ratio (DSCR) at 1.00x and the Interest Service Coverage Ratio (ISCR) at 1.79x. The DSCR remained below unity due to high debt repayment obligations. However, the promoter is confident that in the event of any financial stress during the year, they are prepared to infuse additional unsecured loans to support the company's liquidity.

- **Intense competition prevalent in the footwear industry:**

The domestic footwear industry is fragmented and is characterised by large number of unorganised players. The unorganised segment gains prominence in the Indian context due to its price competitive products, which are more suitable and attractive to the price conscious Indian consumer. But with increased household income, shifting consumer behaviour from saving to spending, increasing brand consciousness amongst Indian consumers, influx of large number of global brands and penetration in tier – II and III cities by footwear companies, the organised retail in footwear market is rapidly evolving and expected to grow at a higher rate in the future.

- **Susceptibility of margins to the volatility in the raw material prices:**

The main raw materials are Polyvinyl Chloride (PVC), Leather, Polyurethane (PU) Chemicals etc., the prices of which are linked with crude oil prices and are very volatile. Company's profitability depends to a large extent on the movement in raw material prices. With changing customer preferences, intense competition in the footwear segment mainly on account of significant presence of the unorganized sector and availability of cheap Chinese imported products, it is not always possible to pass on the entire increase in raw material prices to the customers, which might exert pressure on the company's profitability.

Analytical Approach: For arriving at the ratings IVR has analysed AIPL's credit profile by considering the standalone financial statements of the company.

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)
[Financial Ratios & Interpretation (Non-Financial Sector).](#)
[Criteria for assigning Rating outlook.](#)
[Policy on Default Recognition](#)
[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

The liquidity of the company adequate marked by expected gross cash accruals in the range of Rs.36.94 crore to Rs.73.89 crore which are sufficient for future repayment obligation during the projected period from FY2026-28. The current ratio of the company stood moderate at 1.03x in FY2025 (Provisional).

About the Company

AIPL was founded by Mr. Davinder Kumar Gupta along with his family. AIPL operates manufacturing units in Kassar, Haryana, and Bhiwadi, Rajasthan. The company produces a wide range of casual footwear, including Hawai chappals, shoes, and floaters, using materials like PVC, PU, and EVA. Aqualite Footwear's extensive reach spans the length and breadth of India. The company's production capacity exceeds 4,00,000 pairs of footwear daily, catering to a nationwide network of over 80,000 retailers and 1,200 distributors. Offering an extensive portfolio of more than 3,000 products.

Financials (Standalone):

(Rs. crore)

For the year ended*/As on	31-03-2024	31-03-2025
	Audited	Provisional
Total Operating Income	727.75	774.03
EBITDA	28.63	44.05
PAT	-3.81	14.32
Total Debt	280.28	235.47
Tangible Net worth	302.65	322.29
EBITDA Margin (%)	3.93	5.69
PAT Margin (%)	-0.50	1.78
Overall Gearing Ratio (x)	0.93	0.73
Interest Coverage Ratio (x)	0.86	1.79

**Classification as per Infomerics' standard*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Press Release

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 2022-23
1.	Fund Based	Long Term	143.88	IVR BBB-/Stable	-	-	-
2.	Non Fund Based	Short Term	23.00	IVR A3	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Limited (Infomerics) (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 visit www.infomerics.com.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan - I	-	-	December 2028	10.64	IVR BBB-/Stable
Term Loan – II	-	-	January 2029	12.24	IVR BBB-/Stable
Term Loan – III	-	-	December 2028	10.00	IVR BBB-/Stable
Cash Credit	-	-	-	111.00	IVR BBB-/Stable
Letter of Credit	-	-	-	23.00	IVR A3

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-aqualite-jul25.pdf
Annexure 3: Detailed explanation of covenants of the rated securities/facilities: Not Applicable

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 Complexity Level of Rated Instruments/Facilities.