



# **INFOMERICS VALUATION AND RATING LTD.**

*Integrated Financial Omnibus Metrics Research of International Corporate Systems*

*(Formerly Infomerics Valuation And Rating Pvt. Ltd.)*

**March 23, 2026**

**Mr. Adish Oswal**  
**Chairman and Managing Director**  
**Vardhman Polytex Limited**  
Vardhman Park, Chandigarh Road  
Ludhiana-141123

Dear Sir,

## **Assignment of rating to the Non-Convertible Debentures (Proposed) of Vardhman Polytex Limited**

Please refer to the mandate contract dated **February 26, 2026**, on the captioned subject and your acceptance letter dated **March 20, 2026**, accepting our rating & use thereof.

1. Our Rating Committee has assigned the following ratings:

<b>Instrument / Facility</b>	<b>Amount (Rs. in Crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>
Non-Convertible Debentures (Proposed)	95.00	IVR D (IVR D)	-	Rating Assigned
<b>Total</b>	<b>95.00</b>	<b>Rupees Ninety-Five Crore Only</b>		

2. Details of the credit facilities are attached in **Annexure I**. Our rating symbols for long-term and short-term ratings and explanatory notes thereon are attached in **Annexure II**.
3. The press release for the rating(s) will be communicated to you shortly.
4. If the proposed long term / short term facility (if any) is not availed within a period of six months / three months respectively from the date of this letter, then the rating may please be revalidated from us before availing the facility.
5. The above rating is normally valid for a period of one year from the date of the rating committee (i.e., Validity from **March 20, 2026**).
6. A formal surveillance/review of the rating is normally conducted within 12 months from the date of initial rating/last review of the rating. However, INFOMERICS reserves the right to undertake a surveillance/review of the rating more than once a year if in the opinion of INFOMERICS, circumstances warrant such surveillance/review.
7. Further in terms of the mandate executed with us, you have undertaken to comply with the following: -

**Head Office** : Flat No. 104/108, First Floor Golf Apartments, Sujan Singh Park, Maharishi Ramanna Marg, New Delhi - 110003, (INDIA)

Phone : 011 - 41410244, 40154576, 24611910, 24654796 Fax : 011 - 24627549

**Corporate Office** : Office No. 1102,1103,1104, B-Wing, Kanakia Wall Street, Off. Andheri Kurla Road, Andheri East, Mumbai-400093, (INDIA)

Phone No. : 022 - 62396023, 62396053 E-mail : info@infomerics.com, Website : www.infomerics.com

**CIN : U32202DL1986PLC024575**



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- a) Inform INFOMERICS before availing any new bank facility/ies and/or of any changes in the terms, conditions and/or size of the facilities rated.
  - b) Furnish all material information and any other information in a timely manner as may be required by INFOMERICS, for monitoring the Rating assigned during the tenure of the bank facilities rated by INFOMERICS.
  - c) Co-operate with and enable INFOMERICS to arrive at and maintain a true and fair rating and provide INFOMERICS with true, adequate, accurate, fair, and timely information for the purpose.
  - d) Inform INFOMERICS, in writing and in a timely manner, of any other developments which may have a direct or indirect impact on the CLIENT's debt servicing capability including any proposal for re-schedule or postponement of the repayment programs of the dues/ debts of the CLIENT with any lender (s)/ investor (s) within seven days from the date of such developments/ proposal.
8. **You shall provide us a No Default Statement as at the last date of the month on the first date of succeeding month without fail.** The NDS shall be mailed every month to [nds@Infomerics.com](mailto:nds@Infomerics.com) and to the mail id of the undersigned.
9. **You shall provide the quarterly performance results/quarterly operational data (being submitted to Banks) to us within 6 weeks from the close of each calendar quarter for our review/monitoring.**
10. You shall furnish all material information, and any other information called for by INFOMERICS in a timely manner, for monitoring the rating assigned by INFOMERICS. In the event of failure on your part in furnishing such information, to carry out continuous monitoring of the rating of the bank facilities, INFOMERICS shall carry out the review/annual surveillance on the basis of best available information throughout the lifetime of such bank facilities as per the policy of INFOMERICS.
11. INFOMERICS reserves the right to withdraw/revise/reaffirm the rating assigned on the basis of new information. INFOMERICS is also entitled to publicise/disseminate such withdrawal/revision in the assigned rating in any manner considered appropriate by it, without reference to you.
12. Please note that INFOMERICS ratings are not recommendations to buy, sell or hold any security or to sanction, renew, disburse or recall the bank facilities. INFOMERICS do not

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take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.

13. In case you require any clarification, you are welcome to communicate with us in this regard.

Thanking you,  
With Regards,

**Vipin Jindal**  
Director

[vipin.jindal@infomerics.com](mailto:vipin.jindal@infomerics.com)

**Himanshu Seth**  
Rating Analyst

[himanshu.seth@infomerics.com](mailto:himanshu.seth@infomerics.com)

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

## Annexure-I

### 1. Capital Market Instruments

(Rs. Crore)

Sr. No	Lender	Type of facility	Rated Amount	Maturity
1.	Edelweiss Alternate Investment Funds (EAAA)	NCD (Proposed and to be listed)	95.00	March 2031
<b>Total</b>			<b>95.00</b>	

## Annexure II

### INFOMERICS Rating Scale for Long Term Instruments & Borrowing Programmes

Rating Scale	Definition
IVR AAA	Securities with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such securities carry lowest credit risk
IVR AA	Securities with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such securities carry very low credit risk
IVR A	Securities with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such securities carry low credit risk
IVR BBB	Securities with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such securities carry moderate credit risk

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IVR BB	Securities with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations
IVR B	Securities with this rating are considered to have high risk of default regarding timely servicing of financial obligations
IVR C	Securities with this rating are considered to have very high risk of default regarding timely servicing of financial obligations
IVR D	Securities with this rating are in default or are expected to be in default soon

*Modifiers {'+' (plus) or '-' (minus)} can be used with rating symbols for the categories 'AA' to 'C'. The modifiers reflect comparative standing within the category.*

*The above rating scale also applies to rating of bank loans, fixed deposits and other instruments.*

### **INFOMERICS Rating Scale for Short Term Instruments & Borrowing Programmes**

<b>Rating Scale</b>	<b>Definition</b>
IVR A1	Securities with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
IVR A2	Securities with this rating are considered to have strong degree of safety regarding timely payment of financial obligations. Such instruments carry low credit risk.
IVR A3	Securities with this rating are considered to have moderate degree of safety regarding timely payment of financial obligations. Such instruments carry higher credit risk as compared to instruments rated in the two higher categories.
IVR A4	Securities with this rating are considered to have a minimal degree of safety regarding timely payment of financial obligations. Such instruments carry very high credit risk and are susceptible to default.
IVR D	Securities with this rating are in default or expected to be in default on maturity in servicing of debt obligations.

*Modifiers {'+' (plus) or '-' (minus)} can be used with rating symbols for the categories 'A1 to A4'. The modifiers reflect comparative standing within the category.*

*The above rating scale also applies to rating of bank loans, fixed deposits and other instrument.*

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## Press Release

### Vardhman Polytex Limited

March xx, 2026

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Non-Convertible Debentures (Proposed)	95.00	IVR D (IVR D)	-	Rating Assigned	<a href="#">Simple</a>
<b>Total</b>	<b>95.00</b> (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

#### 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



## Press Release

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](#)

[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.



## Press Release

### 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	-	-	-

### Analytical Contacts:

Name: Vipin Jindal  
 Tel: (011) 45579024  
 Email: [vipin.jindal@infomerics.com](mailto:vipin.jindal@infomerics.com)



## Press Release

### 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](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### 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

### Annexure 2: Facility wise lender details (Hyperlink to be added)



## Press Release

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

Name of the instrument	Non-convertible Debentures
<b>Financial covenants</b>	<ul style="list-style-type: none"> <li>• NCDs -A Minimum Multiple of Invested Capital ("MOIC") of 1.25x on the invested amount to be maintained</li> <li>• <b>Default Interest</b> - % per annum on the defaulted amounts over and above the Coupon rate</li> <li>• DSRA equivalent to 1 month of interest. FD interest income to be retained by VPL</li> <li>• 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</li> <li>• 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.</li> <li>• Infusion of INR -23 crs via conversion of warrants by 31<sup>st</sup> March 2026</li> <li>• All the diligence, valuation and out-of-pocket expenses to be completed at the cost of the Borrower/ Issuer</li> </ul>
<b>Non-financial covenants</b>	<ul style="list-style-type: none"> <li>• No change in promoter shareholding or management control without consent of Investors</li> <li>• No incremental indebtedness in the Issuer without prior approval of the Investor</li> <li>• No capital expenditure apart from that as agreed in the business plan</li> <li>• All unsecured loans/ loans from related parties to remain subordinated to the Facility</li> <li>• No dividend to be paid till the time the Facility is O/s.</li> <li>• Board/ audit committee observer rights. Nominee Director rights in event of default</li> <li>• All other covenants are customary to transactions of this nature.</li> <li>• All approvals required for the launch of Bathinda project must be received prior to 30<sup>th</sup> June 2026 and for Ludhiana project on or prior to 30<sup>th</sup> September 2026</li> </ul>
<b>Security</b>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Corporate guarantees of pledgors which are not individuals</li> <li>• Personal guarantee (PG) of Mr. Adish Oswal</li> <li>• Escrow of cash flows and TRA control to be monitored by Sekura India Management Limited</li> </ul>
<b>End Use</b>	<ul style="list-style-type: none"> <li>• Repayment of Existing ARC debt</li> <li>• Working Capital</li> <li>• Capital expenditure</li> <li>• General Corporate Purpose</li> </ul>



## Press Release

Tenor & repayment	<ul style="list-style-type: none"> <li>• Repayment tenure up to March 2031</li> <li>• Principal repayments to begin in April 2027</li> </ul>
Debenture Trustee	Catalyst Trusteeship Limited

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

Particulars: Non-Convertible debentures	Description
Issuer / Company / Borrower	<b>Vardhman Polytex Limited</b>
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	<b>Non-Convertible Debentures (Proposed and to be listed)</b>
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](http://www.infomerics.com).