

Oriilon India Private Limited

October 29, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	26.35 (Reduced from 41.11)	CARE BB+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB-; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	34.18 (Reduced from 35.18)	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	Downgraded from CARE BBB-; Stable / CARE A3 and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	9.00	CARE A4+; ISSUER NOT COOPERATING*	Downgraded from CARE A3 and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Oriilon India Private Limited (OIPL) vide various e-mail communications including emails dated June 21, 2024, July 17, 2024, July 29, 2024, September 09, 2024, September 13, 2024, September 16, 2024, September 18, 2024, September 24, 2024, October 21, 2024 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on OIPL's bank facilities will now be denoted as CARE BB+; Stable/CARE A4+; ISSUER NOT COOPERATING.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating has been revised on account of non-availability of requisite information to conduct the review. The ratings continue to remain constrained on account of its moderate profitability which is susceptible to raw material price volatility as well as forex fluctuation risk and its presence in a fragmented and competitive Man-made Fibre (MMF) yarn industry. The ratings, however, derives strength from established track record of operations, locational advantage with presence in textile hub of Surat (Gujarat), moderate scale of operations with a diversified customer base, moderately leveraged capital structure and debt coverage indicators.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on August 25, 2023, the following were the rating strengths and weaknesses:

Key weaknesses

Moderate profitability which is susceptibility to raw material price volatility and forex fluctuation risk

OIPL's PBILDT margin has moderated to around 4-5% in last two years ended FY23, as against a margin of 6 to 8% registered in earlier years. The moderation is on account of competitive pressure leading to more discounts offered by company to customers to capture market share, alongwith increase in input costs such as power and volatile crude oil prices impacting the raw material cost. OIPL procures nylon chips as its raw material, price of which is directly linked with crude oil prices which exhibit inherently volatility. Resultantly, profitability of OIPL is susceptible to fluctuation in raw material prices and its ability to pass on the same to its customers in a highly competitive industry. Margin is expected to improve marginally going forward with installation of captive wind power plant, though remain range bound. Imports of nylon chips formed 50-60% of total raw material requirement over the past 3 years. In absence of any natural hedge or fixed hedging policy followed by the management, OIPL's profitability is also susceptible to forex fluctuation.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Presence in a fragmented and competitive MMF yarn industry

MMF yarn industry is characterised by presence of a large number of organized as well as unorganized players operating in the various segments of textile value chain. This results in stiff competition and restricts the pricing power of players operating in this industry.

Key strengths

Experienced promoters with established track record of operations

The promoters of OIPL, Mr. Vishal Kejriwal and Mr. Vikash Jhunjunwala have been associated with textile yarn trading and manufacturing for more than three decades. Furthermore, OIPL has an established track record of operations of around a decade. It commenced operations in August 2013 with capacity of 3,495 (metric tonne per annum) MTPA and gradually scaled up to 21,600 MTPA as of March 31, 2023.

Moderate scale of operations with diversified customer base and benefit derived from presence in a textile hub

Total operating income (TOI) of OIPL increased from Rs.398.42 cr. in FY22 to Rs.448.40 cr. in FY23 (refers to period April 1 to March 31) mainly with growth in sales volume by ~15% y-o-y in FY23. OIPL has a diverse customer base with sales to top 5 customers forming ~16% of total operating income in FY23 (P.Y.: 29%). OIPL supplies to varied segments of textile value chain and has presence in the major MMF textile hub of Surat providing easy access to both, customers and suppliers.

Moderately leveraged capital structure and moderate debt coverage indicators

OIPL's capital structure stood moderately leveraged, with overall gearing increasing to 1.48x as on March 31, 2023 as against 1.00x at FY22 end. This was on account of higher working capital utilisation with growth in scale of operations and limited profitability, alongwith increase in unsecured loans from promoters and avilment of debt for capex. Promoters have supported the operations of the company by way of regular infusion of (interest bearing) unsecured loans. However, with absence of any subordination undertaking on such loans, the same have been treated as debt during FY23. Net worth base of the company stood moderate at Rs.57.58 crore as at FY23 end. Debt coverage indicators of OIPL also stood moderate, with PBILDT interest coverage of 3.62x (4.37x in FY22) and total debt/ GCA of 6.10x (4.37x in FY22) in FY23. OIPL undertook capex of around Rs.20 cr. in FY23 for substation of power, godowns and machine of texturize yarn. OIPL was also undertaking a capex for setting up a windmill at the cost of ~Rs.21 crore, funded through a mix of term loan and unsecured loan from related parties.

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Cotton Textile](#)

[Short Term Instruments](#)

[Manmade Yarn-Methodology](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Textiles	Textiles & Apparels	Other Textile Products

Incorporated in 2008, Surat (Gujarat) based OIPL (erstwhile Vandana Suppliers Pvt. Ltd.) is engaged in manufacturing of nylon filament yarn which mainly finds its usage in manufacturing of readymade garments, home textiles and other industrial textiles. The company had installed capacity of 21,600 MTPA as on March 31, 2023

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	174.36	398.42	449.53
PBILDT	16.68	19.32	19.63
PAT	3.98	5.45	3.68
Overall gearing (times)	0.99	1.00	1.29
Interest coverage (times)	4.42	4.37	4.60

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: None

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	31-03-2030	26.35	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based/Non-fund-based-LT/ST		-	-	-	34.18	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit		-	-	-	9.00	CARE A4+; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	26.35	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (25-Aug-23)	1)CARE BBB-; Stable (25-Nov-22)	-
2	Fund-based/Non-fund-based-LT/ST	LT/ST	34.18	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable / CARE A3 (25-Aug-23)	1)CARE BBB-; Stable / CARE A3 (25-Nov-22)	-
3	Non-fund-based - ST-Letter of credit	ST	9.00	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A3 (25-Aug-23)	1)CARE A3 (25-Nov-22)	-

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

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple
3	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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