

V-Star Creations Private Limited

June 16, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	57.40 (Enhanced from 57.28)	CARE BBB; Negative	Reaffirmed
Short-term bank facilities	0.44	CARE A3	Reaffirmed
Short-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of V-Star Creations Private Limited (VCPL) continue to derive strength from vast experience of promoters in the business and its long track record in the innerwear segment with an established brand. However, ratings are constrained by moderate financial performance with net losses incurred, despite improving in FY25 (refers to April 01 to March 31), due to higher inventory based ageing, and moderate capital structure. Ratings are also constrained by moderate scale of operations, confined largely to a single state, and working capital intensive operations marked by high inventory holding.

CARE Ratings Limited (CareEdge Ratings) has withdrawn short-term ratings assigned to pre-shipment finance facility of VCPL, which has been closed.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in total operating income (TOI) to over ₹200 crore with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 6% on a sustained basis.
- Improving debt coverage metrics with interest coverage (PBILDT/Interest) above 2x.
- Improving operating cycle below 120 days on a sustained basis with effective inventory management.

Negative factors

- Dropping operating income below ₹100 crore on a sustained basis.
- Increasing leverage levels, with total outside liabilities to tangible net worth (TOL/TNM) ratio exceeding 2.2x
- Further cash losses and discontinuance of promoters' funding support for operations in liquidity shortfall.

Analytical approach: Standalone

Outlook: Negative

The outlook is negative as the company's profitability and debt coverage metrics are expected to remain moderate in the near term with significant amount of inventory holding, which may have to be disposed at discounted pricing or higher provisions. The outlook may be revised to stable, in case the company is able to exhibit sales growth, lower inventory levels and improve debt coverage indicators.

Detailed description of key rating drivers:

Key strengths

Vast experience of promoters belonging to V-Guard group

VCPL is promoted by Sheela Grace Kochouseph, spouse of Kochouseph Chittilappilly, who promoted V-Guard Industries Limited (VIL). VIL is a leading manufacturer of voltage stabiliser, digital UPS, inverter and inverter batteries, electric water heaters, solar water heaters, domestic pumps, and agricultural pumps, among others. VIL's day-to-day operations are overseen by his son, Mithun Chittilappilly Kochouseph, who is the Managing Director. He is also a Director in VCPL.

Established track record of operations

VCPL is primarily into manufacturing and retailing innerwear and lifestyle garments since 1996. The company started as a partnership firm in 1995, engaged in manufacturing ready-to-stitch ethnic wear. Since 1996, the company manufactures innerwear

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

and lifestyle wear catering to women, men and kids. The company has an asset-light manufacturing model and meets ~80% of entire production requirements through outsourcing.

Established brand with multiple marketing channels

VCPL has created strong presence in Kerala for over two decades under the established brand 'V-Star'. The company's product portfolio consists of innerwear for all genders and the share of women wear in the overall mix has been steadily increasing over the years. As on May 31, 2025, there are 52 exclusive brand outlets (EBOs), including franchises and ~70 distributors servicing over 5,000 multi-brand outlets (MBOs) across south India and a pan-India presence through leading e-commerce platforms.

Key weaknesses**Moderate financial performance over the years despite improving in FY25**

Financial performance stood moderate with operating income in the range of ₹145 crore to ₹160 crore for three years ended FY25. Higher provisions, increased promotion expenses and fixed overheads led to declined profitability in the last two years resulting in operating losses in FY24. However, provisions and sales discounts reduced in FY25, leading to improvement in PBILDT margin to 2.64% in FY25. The company reported net losses of ₹1.93 crore in FY25, though reduced from ₹6.86 crore in FY24. Profitability is expected to remain moderate in the near term, considering further provisions expected for inventories over one year.

Moderate capital structure and debt protection metrics

VCPL's capital structure moderated with overall gearing of 1.72x as on March 31, 2025, against 1.39x as on March 31, 2024, due to increased working capital borrowings and net losses reported in FY24 and FY25. Unsecured loans from promoters stood at ₹11.0 crore as on March 31, 2025, against ₹12.0 crore as on March 31, 2024. Debt coverage metrics continued to be moderate since the company reported cash losses of ₹0.31 crore in FY25 (PY: cash loss of ₹4.88 crore).

Exposure to raw material price volatility and forex rates

VCPL purchases raw materials, such as fabric, elastic and yarn, and primarily outsources the manufacturing process. Prices of cotton fabric, the key raw material, depend on cotton and yarn prices, which are governed by factors such as area under cultivation, monsoon, export quota by government, and international demand-supply situation, among others. With cotton fabric being the key raw material, the company's ability to absorb variations in raw material prices and pass it to customers is a key for maintaining profitability level.

Geographically concentrated revenue profile

Sale of products is geographically concentrated in Kerala, which contributes ~80% of the TOI, exposing the business to risks related to state-specific policy regulations or adverse macroeconomic developments, affecting consumer spending.

Liquidity: Adequate

The company's liquidity is adequate, supported by need-based infusion of unsecured loans by promoters. Operating cycle, which elongated to 181 days in FY23, improved over the years to 152 days in FY25 due to liquidation of higher inventory accumulated in the past. VCPL has been sanctioned with ₹55.10 crore of working capital limits and its average utilisation stood comfortable at 83.08% for 12 months ending May 2025. The current ratio stood above unity at 1.16x as on March 31, 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Cotton Textile](#)

[Retail](#)

[Short Term Instruments](#)

[Withdrawal policy](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles & apparels	Garments & apparels

VCPL was established in 1995 in Kerala as a partnership firm and converted into private limited company in 1996. VCPL is primarily into manufacturing and retailing innerwear and lifestyle garments for men, women and kids under the brand name 'V-Star' through EBOs and MBOs, primarily in Kerala. Sale of women garments contributed 72% (PY: 72%) of the income, while the men and kids' wear contributed to 21% (PY: 21%) and 8% (PY: 7%), respectively, in FY25.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	161.40	144.47	158.93
PBILDT	3.13	-0.64	4.20
PAT	-1.42	-6.86	-1.93
Overall gearing (times)	1.40	1.39	1.72
Interest coverage (times)	0.68	-0.14	0.91

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

Status of non-cooperation with previous CRA: Not applicable

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-Cash Credit		-	-	-	55.10	CARE BBB; Negative
Fund-based - ST-Working Capital Limits		-	-	-	0.00	Withdrawn
Fund-based-Long Term		-	-	September 2027	2.30	CARE BBB; Negative
Non-fund-based - ST-Bank Guarantee		-	-	-	0.04	CARE A3
Non-fund-based - ST-Bank Guarantee		-	-	-	0.15	CARE A3
Non-fund-based - ST-Loan Equivalent Risk		-	-	-	0.25	CARE A3

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 2025-2026	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
1	Fund-based-Long Term	LT	2.30	CARE BBB; Negative	-	1)CARE BBB; Negative (09-Jul-24)	1)CARE BBB; Stable (02-Jun-23)	1)CARE BBB; Stable (11-Aug-22)
2	Fund-based - LT-Cash Credit	LT	55.10	CARE BBB; Negative	-	1)CARE BBB; Negative (09-Jul-24)	1)CARE BBB; Stable (02-Jun-23)	1)CARE BBB; Stable (11-Aug-22)
3	Non-fund-based - ST-Bank Guarantee	ST	0.04	CARE A3	-	1)CARE A3 (09-Jul-24)	1)CARE A3+ (02-Jun-23)	1)CARE A3+ (11-Aug-22)
4	Non-fund-based - ST-Bank Guarantee	ST	0.15	CARE A3	-	1)CARE A3 (09-Jul-24)	1)CARE A3+ (02-Jun-23)	1)CARE A3+ (11-Aug-22)
5	Fund-based - ST-Working Capital Limits	ST	-	-	-	1)CARE A3 (09-Jul-24)	1)CARE A3+ (02-Jun-23)	1)CARE A3+ (11-Aug-22)
6	Non-fund-based - ST-Loan Equivalent Risk	ST	0.25	CARE A3	-	1)CARE A3 (09-Jul-24)	-	-

LT: Long term; ST: 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-Cash Credit	Simple
2	Fund-based - ST-Working Capital Limits	Simple
3	Fund-based-Long Term	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple
5	Non-fund-based - ST-Loan Equivalent Risk	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CareEdge 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.

Contact us

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