

Rating Advisory
February 10, 2022 | Mumbai

Victory Paper and Boards India Limited

Update as on February 10, 2022

This rating advisory is provided in relation to the rating of Victory Paper and Boards India Limited

The key rating sensitivity factors for the rating include:

Upward factors

- * Significant increase in revenue and earnings before interest, tax, depreciation and amortisation (EBITDA) margin of more than 5%
- * Improvement in the financial risk profile

Downward factors

- * Decline in revenue or EBITDA margin
- * Stretch in the working capital cycle, resulting in weakening of the liquidity profile

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, it seeks regular updates from companies on business and financial performance. CRISIL Ratings is yet to receive adequate information from Victory Paper and Boards India Limited (VPBL) to enable it to undertake a rating review. CRISIL Ratings is taking all possible efforts to get the rated entity to cooperate with its rating process for enabling it to carry out the rating review.

CRISIL Ratings views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings' criteria available at the following link, https://www.crisil.com/content/dam/crisil/criteria_methodology/basics-of-ratings/assessing-information-adequacy-risk.pdf)

If VPBL continues to delay the provisioning of information required by CRISIL Ratings to undertake a rating review then, in accordance with circulars SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dt Nov 1, 2016, SEBI/HO/MIRSD/ MIRSD4/ CIR/ P/ 2017/ 71 dt June 30, 2017 and **SEBI/HO/MIRSD/CRADT/CIR/P/2020/2 dt January 3, 2020** issued by Securities and Exchange Board of India, CRISIL Ratings will carry out the review based on best available information and issue a press release.

About the Company

VPBL is a public limited company and was originally incorporated on December 9, 1994. Subsequently, during fiscal 2018, VPBL was taken over by the present management, belonging to the Kizhakkambalam Anna group of companies. In fiscal 2019, the company acquired a ready-to-use textile unit at Karur, Tamil Nadu, and is currently engaged in production of apparel and readymade garments. VPBL also started aluminium roofing sheet production from fiscal 2019.

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Rating Rationale

November 05, 2020 | Mumbai

Victory Paper and Boards India Limited

'CRISIL B+/Stable' assigned to bank debt

Rating Action

Total Bank Loan Facilities Rated	Rs.25 Crore
Long Term Rating	CRISIL B+/Stable (Assigned)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has assigned its '**CRISIL B+/Stable**' rating to the long-term bank facility of Victory Paper and Boards India Ltd (VPBL).

The rating reflects VPBL's nascent stage of operations and weak operating efficiencies. These weaknesses are partially offset by the extensive industry experience of the promoter and funding support from promoters and group companies.

Key Rating Drivers & Detailed Description

Weaknesses:

* **Nascent stage of operations:** The business risk profile is constrained because of nascent stage of operations. Revenue is expected to improve gradually over the medium term.

* **Weak operating efficiencies:** Operating margin and return on capital employed (RoCE) are low, driven by low capacity utilisation and nascent stage of operations.

Strength:

* **Extensive industry experience of the promoters and funding support from them:** VPBL is a part of the Anna-Kitex group, which is one of the oldest business conglomerates in Kerala, with businesses spanning from aluminium products, textiles and spices to trading. The group, founded by Mr M.C. Jacob in 1968, is currently managed by Mr Bobby M. Jacob. VPBL was taken over by the present management in fiscal 2018. Furthermore, the company's liquidity is supported by timely, need-based funds extended by the promoter and group companies.

Liquidity Stretched

Liquidity will remain stretched, with annual cash accrual expected at Rs 1-3 crore over the medium term, against debt obligation of Rs 2-4 crore. However, liquidity is supported by infusion of unsecured loans by the promoter and group companies.

Outlook: Stable

CRISIL believes VPBL will continue to benefit from the extensive experience of its promoter and established relationships with clients.

Rating Sensitivity factors

Upward factors

* Significant increase in revenue and earnings before interest, tax, depreciation and amortisation (EBITDA) margin of more than 5%

* Improvement in the financial risk profile

Downward factors

* Decline in revenue or EBITDA margin

* Stretch in the working capital cycle, resulting in weakening of the liquidity profile

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Key Financial Indicators

As on / for the period ended March 31		2020*	2019
Operating income	Rs crore	17.51	4.85
Reported profit after tax (PAT)	Rs crore	-4.87	2.84
PAT margin	%	-27.81	58.63
Adjusted debt/adjusted networth	Times	-3.28	-9.72
Interest coverage	Times	-0.70	-8.02

*provisional

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments and are included (where applicable) in the Annexure -- Details of Instrument in this Rating Rationale. For more details on the CRISIL complexity levels, please visit www.crisil.com/complexity-levels.

Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs crore)	Complexity Level	Rating Assigned with Outlook
NA	Term loan	NA	NA	Mar-2025	25.0	NA	CRISIL B+/Stable

Annexure - Rating History for last 3 Years

Instrument	Current			2020 (History)		2019		2018		2017		Start of 2017
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	25.00	CRISIL B+/Stable		--		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Term Loan	25	CRISIL B+/Stable	--	0	--
Total	25	--	Total	0	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

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