

Rating Rationale

26 Oct 2026

Vishal Fashion Private Ltd.

Brickwork Ratings upgrades the rating to BWR BBB(Stable), removes the rating from the Issuer Not Cooperating category for the Bank Loan facilities of Rs 45 Crs., and withdraws the ratings of term Loans of Rs 22.18 Crs. of Vishal Fashion Private Ltd.

Particulars

Facilities Instrument	Tenure	Previous Amount (₹ crore)	Present Amount (₹ crore)	Previous Rating (12 June 2026)	Present Rating	Regulator
Fund-Based	Long Term	75.00	45.00	BWR BB - /Stable Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	BWR BBB(Stable) Removal from Issuer Not Cooperating category and Upgrade	RBI
Fund Based	Long Term	22.18	0.00		Withdrawal*	RBI
Total		97.18	45.00			

- Please refer to BWR website www.brickworkratings.com for the definition of the ratings
- Refer to Annexures I, II, and III for details of rated bank loan facilities, debt instruments, and the List of Entities Consolidated.

BWR has relied upon audited financials up to FY25 and FY 26 Provisional financial

RATING ACTION/OUTLOOK

BWR has upgraded the ratings to BWR BBB (Stable) and removed the ratings from the Issuer Not Cooperating category for the Bank Loan facilities of Rs 45 Crs. and withdrew the ratings of term loans of Rs 22.18 Crs. of Vishal Fashion Private Limited.

The upgraded ratings factor in rating strengths, such as Experienced promoters with an established track record in the business, Stable operating performance, and a moderate financial risk profile; however, factors in rating weakness such as an elongated working capital cycle and exposure to intense competition in the garment retailing business

Outlook-Stable: The Stable outlook reflects Moderate growth in revenue and profitability, with expectations of a comfortable capital structure and debt-protection metrics over FY27-FY28.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: There are standard covenants as per the Sanction letter

ANALYTICAL APPROACH & APPLICABLE RATING CRITERIA

Analytical Approach	Comments
Applicable Rating Criteria	○ General Criteria ○ Approach to Financial Ratios ○ Manufacturing companies ○ Trading entities ○ BWR Withdrawal Policy
Parent/Group/ Government Support	NA
Analytical Approach (Consolidation/Standalone)	. BWR has applied a standalone approach

KEY RATING DRIVERS WITH DETAILED DESCRIPTION

Credit Strengths:

- **Experienced promoters with an established track record in the business.** VFPL is promoted by Mr. Dipesh Shah and Ms. Kavita Shah, who have over two decades of experience in the textile industry. Mr. Dipesh Shah looks after the overall activities of the company as well as the group. They are supported by a skilled team of professionals in their respective fields
- **Stable operating performance:** VFPL's revenue remained stagnant at Rs.238.76 crore in FY26 (period refers from April 1st, 2025 to March 31st, 2026) (FY25: Rs.238.17 crore), due to stable volumes during FY 25-26. Further, until Aug 2026, VFPL achieved sales of Rs.113.72 crore. Furthermore, the growth in revenue is expected to be improve, driven by repeat orders from existing customers and continuous demand for the product. VFPL's EBITDA margin remained stable at 9.51% in FY26 (P), (FY24:8.85%), due to stable operating costs. VFPL's PAT margin has marginally improved to 3.60% in FY26, compared to 2.89% in the previous year. This improvement was due to lower interest costs and depreciation expenses
- **Moderate financial risk profile:** The capital structure, as indicated by the overall gearing ratio and TOL/TNW, has improved marginally and remained moderate at 1.07x as against 1.31x, respectively, as of March 31st, 2026 (Prov.) (March 31st, 2025: 1.31x respectively), due to healthy accretion of profits to reserves along with no significant increase in total debt. BWR ratings expect gearing to remain stable through FY27 onwards, with expected improvement in profitability and no significant increase in long-term debt in the absence of capex plans. VFPL debt protection metrics remained moderate as per provisional FY26. The interest coverage ratio stood at 2.65x as of March 31st, 2026 (improved from 2.15 in March 31st, 2025) due to stable gross profitability and relatively lower interest cost as compared to the previous year. NCA/Total Debt stood at 0.11x as of March 31st, 2026 (FY25:0.092x) on account of improvement in overall profitability; however, total debt consists of working capital loans, which is ~85% of the total debt.

Credit Weakness :

- **Elongated Working capital cycle:** VFPL's operations are working capital intensive in nature due to higher inventory days. The company maintains a significant inventory of raw materials and finished products to cater to the seasonal nature of the saree business, with 4-5 seasons per year. The time lag between raw material procurement and finished product manufacturing ranges from 2-3 months, and VFPL needs to maintain design catalogues 3-4 months in advance. VFPL's working capital cycle stood elongated at 226 days in FY26 primarily due to significantly higher inventory days, which stood at 237 days in FY26. Additionally, VFPL provides 90-day open credit to its customers, while the credit period availed from suppliers is around 60 days. As a result, collection and supplier days stood at 92 and 104, respectively; the company utilized around 92% of its working capital limits over the past 12 months ended as of Sep 2026
- **Exposure to intense competition in the garment retailing business:** Competition in the saree market has become more intense due to the increasing number of malls and showrooms established by both large and small players. Additionally, the seasonal nature of sales affects revenue in the garment retail sector.

RATING SENSITIVITY FACTORS

Positive: Sustained improvement in working capital cycle which is less than 180 days along with expected revenue growth up to Rs 350- 400 Crs, along with improving the current net profitability margins to 4.5% and more while maintaining robust capital

Negative:

Sustained decline in revenue and profitability and/or deterioration in working capital cycle beyond 250 days , along with deterioration in credit profile and the liquidity position.

Liquidity Indicators (Adequate): VFPL's liquidity is expected to remain adequate given the expected cash accruals in the range of Rs.10.99 crore in the period of FY27 as against the repayments of Rs.4.19 crore. The free cash and cash equivalents balance stood at Rs.0.30 crore as on March 31, 2026, while average working capital utilisation for the 12 months ended March 2025 remained high at ~91.40%. Current ratio stood at 1.76x as on March 31, 2026.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) PRACTICES: Not applicable

Industry Classification			
Macroeconomic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Textiles	Textiles & Apparels	Garments & Apparels

KEY FINANCIAL INDICATORS (Standalone)

Standalone Financial Indicators (in ₹ crore)	FY24 (A*)	FY 25(A)	FY 26(Prov)
Operating Revenue	244.24	238.17	238.76
EBITDA	20.75	21.08	22.
PAT	5.53	6.87	8.59
Tangible Net Worth	97.80	104.67	113.26
Total Debt/ Tangible Net Worth	1.14	1.06	0.85
Current Ratio	1.58	1.67	1.76

*A: Audited

All ratios as per BWR's calculations; Amount in Rs. Crore

RATING HISTORY FOR THE PREVIOUS THREE YEARS

Current Rating				Rating History							
				FY26		FY 25		FY24		FY23	
Instru ment	Type	Amount (₹ crore)	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-Based	Long Term	45.00	BWR BBB(Stable) Removal from Issuer Not Cooperating category and Upgrade	12 June 2026	BWR BB-/Stable (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)	24 June 2025	BWR BB-Stable (Continues to be in ISSUER NOT COOPERATING* category/Dow ngraded)	30 May 2024	BWR BB Stable (Continues to be in ISSUER NOT COOPERATING* category/D owngraded)	05 June 2023	BWR BB + /Stable ISSUER NOT COOPERATING* /Downgrade
Fund Based	Long Term	0.00	Withdrawal*			-	-	-	-	-	-

COMPLEXITY LEVEL OF THE RATED INSTRUMENTS

Instrument	Complexity Indicator
Fund-Based	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on BWR's website www.brickworkratings.com/download/ComplexityLevels.pdf

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY (IF ANY): NA

ANY OTHER INFORMATION: None

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ANNEXURE I: Details of Bank Loan Facilities

(Amount in ₹ crore)

Type	Facilities	Tenor	Bank	Total	Regulator
Cash Credit - Sanctioned	Bank Loan	Long Term	Bank Of Baroda	45.00	RBI
Total				45.00	

ANNEXURE II: Details of Instruments / Facilities: NA

ANNEXURE III: List of Entities Consolidated: NA

Annexure IV: List of Instruments and Names of Regulators of the Instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

A.	Rating activities	
Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* \$	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs,HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
22	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
23	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Brick Work Ratings India Limited (BWR) shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated 1 2026 and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

B	Other Activities	Regulator of the Instruments
1	Monitoring Agencies	SEBI
2	Research activities incidental to rating such as research for Economy, Industries and Companies	NA

Grievance Management

For any grievances relating to rating of instruments regulated by SEBI, please contact sebigrievance@brickworkratings.com. Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

For any grievances relating to rating of instruments regulated by other FSR (Financial Services Regulators), please contact grievance@brickworkratings.com

Disclosure of Conflict of Interest

BWR Board of Directors have no influence over rating decisions, nor do they sit on the rating committees or review, discuss, or evaluate any credit ratings during the Board meetings.

About Brickwork Ratings

Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and is accredited by Reserve Bank of India [RBI]. BWR is the 5th agency to get a credit rating registration in India in 2009 and its corporate office in Bengaluru. It has a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi, along with representatives in 150+ locations. Canara Bank is an institutional investor in Brickwork.

Brickwork offers credit ratings of bank loans, non-convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporate and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

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