Crisil Ratings

Rating Rationale

June 18, 2025 | Mumbai

Damodar Industries Limited

Ratings reaffirmed at 'Crisil BBB-/Stable/Crisil A3'

Rating Action

Total Bank Loan Facilities Rated	**Rs.165 Crore (Reduced from Rs.270 Crore)**
Long Term Rating	**Crisil BBB-/Stable (Reaffirmed)**
Short Term Rating	**Crisil A3 (Reaffirmed)**

Rs.40 Crore Fixed Deposits	**Crisil BBB-/Stable (Reaffirmed)**

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has reaffirmed its 'Crisil BBB-/Stable/Crisil A3' ratings on the bank loan facilities and fixed deposits (FD) of Damodar Industries Limited (DIL).

Crisil has also **withdrawn** its rating on the proposed fund-based bank limits of Rs 105 crore basis withdrawal request received from the company. This is in line with Crisil Ratings' withdrawal policy.

The ratings continue to reflect established market position driven by promoter experience and moderate financial risk profile. These strengths are partially offset by volatile operating performance and working capital intensive nature of operations

Analytical Approach

Crisil Ratings has evaluated the standalone business and financial risk profiles of DIL

Key Rating Drivers & Detailed Description

Strengths:

- **Established market position:** DIL has an established market position both in domestic and international markets through its brand named 'Damodar'. Extensive experience of the promoters spanning over four decades has led to a deep understanding of industry dynamics and long-standing relationships with customers and suppliers which have supported the business with timely decisions and shifts made. For instance, DIL has also started manufacturing man made fibers from Q2 of fiscal year 2025.

  On the back of experience of promoters and established brand value, DIL has clocked in a revenue of Rs 421 Cr in fiscal year 2025.

- **Moderate financial risk profile:** Networth of the company was healthy and stood at Rs 143 Cr as on March 31,2025. Prepayment of outstanding term loans coupled with accretion to reserves has led to a reduction in gearing levels to 1.31 times as on March 31,2025 as against 2.22 times as on March 31,2024.

  Debt protection metrics though on an improving trend continue to remain moderate with interest coverage ratio at 2.18 times and net cash accruals to adjusted debt at 0.24 time for fiscal year 2025

Weaknesses:

- **Volatile operating performance:** The operating performance of the company has remained volatile with revenue ranging from Rs 420-908 Cr for the past five fiscal years through fiscal year 2025. Revenue of the company moderated in fiscal year 2025 due to sale of the manufacturing plant at Silvassa.

  Profitability of the company is susceptible to any changes in the yarn prices. It has also remained volatile between 4.52%-8.77% in the past five fiscal years. Profitability improved in fiscal 2025 on account of higher realizations and incorporation of manmade fibers segment.

  Sustenance of operating profitability along with sustained improvement in scale of operations will remain a key rating sensitivity factor.

- **Working capital intensive nature of operations:** Operations of the company continue to remain working capital intensive as reflected in an estimated Gross Current Asset (GCA) of over 173 days as on March 31,2025 as against 112

Increase in GCA days was a result of higher inventory days which increased from 63 days as on March 31,2024 to 100 days as on March 31, 2025. Debtor days continue to remain moderate and averaged in the range of 30-45 days over the past five fiscal years. These working capital requirements are met by bank lines and creditors.

Liquidity: Adequate
Liquidity position of the company is adequate, marked with an estimated net cash accruals generation of over Rs 23-23.5 Cr for fiscal 2026 as against repayment obligations in the range of Rs 14-14.50 Cr. Bank limit utilization is high and averaged at 88% for the past twelve months ended April 2025.The company has plans to incur a capex of Rs 4-4.5 Cr over the medium term and the same is to be funded through internal accruals. Cash and cash equivalents balance stood at Rs 2.13 Cr as on March 31,2025.

Outlook: Stable
Crisil Ratings believes DIL will continue to benefit from the extensive experience of the promoters and established relationships with clients.

Rating sensitivity factors
Upward factors:
- Sustenance of revenue while sustenance of operating margin over 7% leading to higher-than-expected cash accrual
- Improvement in the financial risk profile particularly interest coverage ratio
- Improvement in working capital cycle.

Downward factors:
- Decline in revenue or operating margin below 5% leading to sharp drop in net cash accruals.
- Large, debt-funded capex or increase in working capital requirement, weakening the capital structure and liquidity

About the Company
DIL was incorporated in 1987 by Mr Arun Biyani, Mr Ajay Biyani and Mr Anil Biyani. The company was reconstituted as a public limited company on March 20, 1992. It manufactures synthetic blended yarn and sells its products under the brand Damodar. It is also a merchant exporter of cotton yarn.

Key Financial Indicators

As on / for the period ended March 31	Unit	2025	2024
Operating income	Rs crore	430.42	715.38
Reported profit after tax	Rs crore	24.29	5.22
PAT margins	%	5.64	0.73
Adjusted Debt/Adjusted Net worth	Times	1.31	2.22
Interest coverage	Times	2.18	1.95

Status of non cooperation with previous CRA
DIL has not cooperated with Credit Analysis & Research Ltd, which has classified the company as issuer not cooperative through a rationale dated 22nd June 2022, on account of non-furnishing of information for the monitoring of ratings.

Any other information: Not applicable

Note on complexity levels of the rated instrument:
Crisil Ratings` 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.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Fixed Deposits	NA	NA	NA	40.00	Simple	Crisil BBB-/Stable
NA	Fund-Based Facilities	NA	NA	NA	132.50	NA	Crisil BBB-/Stable
NA	Non-Fund Based Limit	NA	NA	NA	9.00	NA	Crisil A3
NA	Proposed Fund-Based Bank Limits	NA	NA	NA	105.00	NA	Withdrawn

NA	Proposed Fund-Based Bank Limits	NA	NA	NA	0.06	NA	Crisil BBB-/Stable
NA	Working Capital Term Loan	NA	NA	31-Mar-27	10.95	NA	Crisil BBB-/Stable
NA	Working Capital Term Loan	NA	NA	31-Mar-27	2.67	NA	Crisil BBB-/Stable
NA	Working Capital Term Loan	NA	NA	31-Mar-27	5.17	NA	Crisil BBB-/Stable
NA	Working Capital Term Loan	NA	NA	31-Mar-27	4.65	NA	Crisil BBB-/Stable

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	261.0	Crisil BBB-/Stable		--	18-06-24	Crisil A3 / Crisil BBB-/Stable	27-12-23	Crisil A4+/Watch Developing / Crisil BB+/Watch Developing	22-06-22	Crisil A3 / Crisil BBB-/Stable	Crisil A4+ / Crisil BB+/Stable
			--		--	26-03-24	Crisil A4+/Watch Developing / Crisil BB+/Watch Developing	13-10-23	Crisil A4+ / Crisil BB+/Stable	18-02-22	Crisil A3 / Crisil BBB-/Stable	--
			--		--		--	12-10-23	Crisil A4+ / Crisil BB+/Stable		--	--
			--		--		--	17-02-23	Crisil A3 / Crisil BBB-/Negative		--	--
Non-Fund Based Facilities	ST	9.0	Crisil A3		--	18-06-24	Crisil A3	27-12-23	Crisil A4+/Watch Developing	22-06-22	Crisil A3	Crisil A4+
			--		--	26-03-24	Crisil A4+/Watch Developing	13-10-23	Crisil A4+	18-02-22	Crisil A3	--
			--		--		--	12-10-23	Crisil A4+		--	--
			--		--		--	17-02-23	Crisil A3		--	--
Fixed Deposits	LT	40.0	Crisil BBB-/Stable		--	18-06-24	Crisil BBB-/Stable	27-12-23	Crisil BB+/Watch Developing	22-06-22	Crisil BBB-/Stable	F B+/Stable
			--		--	26-03-24	Crisil BB+/Watch Developing	13-10-23	Crisil BB+/Stable	18-02-22	F A-/Stable	--
			--		--		--	12-10-23	Crisil BB+/Stable		--	--
			--		--		--	17-02-23	Crisil BBB-/Negative		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Fund-Based Facilities	**20**	**ICICI Bank Limited**	**Crisil BBB-/Stable**
Fund-Based Facilities	**47.5**	**State Bank of India**	**Crisil BBB-/Stable**
Fund-Based Facilities	**29**	**Kotak Mahindra Bank Limited**	**Crisil BBB-/Stable**
Fund-Based Facilities	**11**	**YES Bank Limited**	**Crisil BBB-/Stable**
Fund-Based Facilities	**25**	**HDFC Bank Limited**	**Crisil BBB-/Stable**
Non-Fund Based Limit	**9**	**State Bank of India**	**Crisil A3**
Proposed Fund-Based Bank Limits	**105**	**Not Applicable**	**Withdrawn**
Proposed Fund-Based Bank Limits	**0.06**	**Not Applicable**	**Crisil BBB-/Stable**

Working Capital Term Loan	4.65	HDFC Bank Limited	Crisil BBB-/Stable
Working Capital Term Loan	10.95	State Bank of India	Crisil BBB-/Stable
Working Capital Term Loan	2.67	Kotak Mahindra Bank Limited	Crisil BBB-/Stable
Working Capital Term Loan	5.17	YES Bank Limited	Crisil BBB-/Stable