



**Press Release**  
**DURGA PROCESSORS PRIVATE LIMITED**  
**January 24, 2025**  
**Rating Assigned, Upgraded and Withdrawn**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	39.00	ACUITE A   Stable   Assigned	-
Bank Loan Ratings	30.67	ACUITE A   Stable   Upgraded   Positive to Stable	-
Bank Loan Ratings	36.63	ACUITE A   Upgraded & Withdrawn	-
Bank Loan Ratings	21.37	Not Applicable   Withdrawn	-
Bank Loan Ratings	3.00	-	ACUITE A1   Assigned
Bank Loan Ratings	25.33	-	ACUITE A1   Upgraded
<b>Total Outstanding Quantum (Rs. Cr)</b>	98.00	-	-
<b>Total Withdrawn Quantum (Rs. Cr)</b>	58.00	-	-

**Rating Rationale**

Acuite has upgraded the long term rating to '**ACUITE A**' (read as **ACUITE Aa**) from '**ACUITE A-**' (read as **ACUITE A minus**) and the short-term rating to '**ACUITE A1**' (read as **ACUITE A one**) from '**ACUITE A2+**' (read as **ACUITE A two plus**) on the Rs. 56.00 Cr. bank facilities of Durga Processors Private Limited (DPPL). The outlook is revised from '**Positive**' to '**Stable**'.

Acuite has further, assigned the long term rating of '**ACUITE A**' (read as **ACUITE Aa**) and the short term rating to '**ACUITE A1**' (read as **ACUITE A one**) the Rs. 42.00 Cr. bank facilities of DPPL transferred from Durga Polysters Private Limited which is merged into DPPL w.e.f April 01, 2023 . The outlook is '**Stable**'.

Acuite has upgraded and withdrawn the long term rating to '**ACUITE A**' (read as **ACUITE Aa**) from '**ACUITE A-**' (read as **ACUITE A minus**) on the Rs. 36.63 Cr. bank facilities of Durga Processors Private Limited. The rating is being withdrawn on account of request received from the company and No Objection Certificate (NOC) received from the banker.

Further, Acuite has withdrawn the long-term rating on the Rs. 21.37 Cr. bank facilities without assigning any rating as the same is a proposed facility. The rating is being withdrawn on account of request received from the company.

The withdrawal is in accordance with Acuite's policy on withdrawal of ratings as applicable to the respective facility / instrument.

**Rationale for Rating**

The rating upgrade takes into account the continuous improvement in the operating performance of the company, which is supported by improved profitability margins and efficient working capital operations. The rating also factors in the continued healthy financial risk profile marked by low gearing and comfortable debt protection metrics. The rating upgrade also draws comfort from the strong liquidity profile of the company. Further, these strengths are partially offset by competitive and cyclical nature of industry and susceptibility to fluctuation in prices of raw materials.

**About the Company**

Incorporated in 1998, DPPL is promoted and managed by Mr. Kunj Bihari Sultania. The company is primarily engaged in dyeing and printing of various textile products on job work basis with operations based in Surat, Gujarat. The company is also engaged in trading of coal. In FY2020, the promoters of DPPL took over Durga Polysters

Private Limited from the Desai family. Further, basis the NCLT order dated July 16, 2024, Durga Polysters Private Limited was amalgamated with DPPL w.e.f April 01, 2023.

## **Unsupported Rating**

Not Applicable

## **Analytical Approach**

With the amalgamation of Durga Polysters Private Limited with DPPL, the analytical approach is changed from consolidated to standalone for arriving at the rating of DPPL.

## **Key Rating Drivers**

### **Strengths**

#### **Long track record of operations and experienced management**

Incorporated in 1998, the company has an operational track record of more than two decades in the textile industry with primary line of business being dyeing and printing of various textile products. The promoter, Mr. Kunj Bihari Sultania possesses an experience of around three decades in this industry. Hence, the extensive experience of the promoter has enabled the company to forge healthy relationships with customers. The company reported an operating income of Rs. 554.87 Cr. in FY2024 as against operating income of Rs. 539.54 Cr. in FY2023.

Acuité believes that the company will continue to benefit from its experienced management and long track record of operation in dyeing and printing industry.

#### **Healthy Financial Risk Profile**

The healthy financial risk profile of DPPL is supported by healthy network, low gearing and comfortable debt protection metrics. The tangible network stood increased to Rs. 192.47 Cr. on March 31, 2024 as against Rs. 147.24 Cr. on March 31, 2023 leading to improved levels of TOL/TNW which stood at 0.57 times on March 31, 2024 as against 1.07 times on March 31, 2023. The gearing stood below unity at 0.40 times on March 31, 2024 as against 0.88 times on March 31, 2023, as the company had prepaid their debt of ~ Rs 42.00 Cr. in FY2024. The decline in the debt levels has also led to improvement in Debt-EBIDTA levels to 0.87 times on March 31, 2024 as against 1.59 times on March 31, 2023. The NCA/TD also improved to 0.83 times as against 0.44 times on March 31, 2023. The Interest Coverage Ratio (ICR) and Debt Service Coverage Ratio (DSCR) stand comfortable at 10.98 times and 3.97 times respectively on March 31, 2024, as against 6.97 times and 2.27 times respectively on March 31, 2023.

Further, the financial risk profile is expected to remain healthy on the back of stable cash accruals.

#### **Improved profitability despite revenue moderation**

DPPL (post amalgamation) generated a revenue of Rs. 554.87 Cr. in FY2024 as against Rs. 539.54 Cr. in FY2023 and Rs. 368.38 Cr. in FY2022. The moderation in revenue growth is majorly on account of decline in the average price realization, however, demerger of the investment division in FY2024 is also attributable for the same. However, despite revenue moderation, the EBITDA margins of the company improved to 15.89 percent in FY2024 as against 14.62 percent in FY2023 and 15.03 percent in FY2022 mainly on account of decline in the input costs.

The company has also completed their capex of windmill installation in March 2024 and commissioning of the solar plant is expected by end of FY2025. This will enable the company to reduce their power cost, which will further contribute to increase in the operating margins of the company.

#### **Efficient working capital operations**

The working capital operations of the company are efficient as evident from the GCA of 87 days on March 31, 2024 as against 106 days on March 31, 2023. The improved GCA days is supported by reduced debtor days which improved to 45 days on March 31, 2024 from 57 days on March 31, 2023. The inventory days stood at 14 days as against 13 days on March 31, 2023. The company maintains fabrics in their inventories which is the debtors stock (cloth received for job work), held as lien for non-payment of the receivables. In the event of any loss in receivables, the company exercises the option of selling these fabrics and encashing on the receivables amount, with the excess collected, transferred back to the debtor. The creditor days stood at 10 days on March 31, 2024 as against 5 days on March 31, 2023.

### **Weaknesses**

#### **Cyclical nature of industry & susceptibility to fluctuation in prices of raw materials**

The company's revenue and profitability remain susceptible to the cost of raw materials. Major raw materials required consists of colour concentrates, dye chemicals etc. and thus the profitability is exposed to adverse fluctuations in prices of these raw materials as evident in the marginally lower EBITDA margins in FY2023. However, given the established market position of the company, it has been able to transfer the prices to

its customers to some extent leading to stability in its operating margins. Further, the end user industry being textile, home decor etc. any significant slowdown in these industries will impact the revenues of the fabric dyers & printers.

### **Highly competitive and fragmented nature of industry**

The company is operating in a highly competitive and fragmented textile industry. It is exposed to intense competition from several organized and unorganized players operating in the industry. Company's income is derived from job work which is vulnerable to the intense competitive pressures and the cyclical nature inherent in the domestic textile industry. Further, limited value-added nature of job work operations might lead to a moderate level of margins and low return indicators.

### **Rating Sensitivities**

- Elongation in working capital management.
- Improvement in scale of operations while maintaining profitability
- Inadequate cash accrual generation or any significant debt funded capex leading to deterioration in financial risk profile

### **Liquidity Position**

#### **Strong**

DPPL's strong liquidity position is supported by generation of sufficient net cash accruals (NCA) of Rs. 63.90 Cr. in FY2024 as against their repayment obligations of Rs 10.00 Cr. Further, in FY2024, the company also prepaid loans to the tune of ~Rs 42.00 Cr. Going forward the NCA are expected to be in range of Rs. 65.00 - 75.00 Cr. in FY2025 & FY2026 sufficient to service obligations of Rs 2.00 - 4.00 Cr. The average bank limit utilisation stands at ~67 percent for the last six months ended November 2024. The company had an unencumbered cash and bank balance of Rs. 4.12 Cr. on March 31, 2024. The current ratio stood at 2.49 times on March 31, 2024.

### **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	554.87	539.54
PAT	Rs. Cr.	50.60	41.41
PAT Margin	(%)	9.12	7.68
Total Debt/Tangible Net Worth	Times	0.40	0.88
PBDIT/Interest	Times	10.98	6.97

### Key Financials :

FY2024 financials considers the amalgamation of Durga Polysters Private Limited into DPPL

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Nov 2023	Cash Credit	Long Term	12.00	ACUITE A-   Positive (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE A-   Positive (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE A-   Positive (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	22.54	ACUITE A-   Positive (Reaffirmed)
	Term Loan	Long Term	17.63	ACUITE A-   Positive (Reaffirmed)
	Term Loan	Long Term	19.00	ACUITE A-   Positive (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	3.50	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	20.33	ACUITE A2+ (Reaffirmed)
09 Aug 2022	Cash Credit	Long Term	12.00	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Stable)
	Term Loan	Long Term	16.90	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Stable)
	Term Loan	Long Term	1.55	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Stable)
	Term Loan	Long Term	13.35	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Stable)
	Cash Credit	Long Term	6.00	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Stable)
	Term Loan	Long Term	5.29	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Stable)
	Term Loan	Long Term	2.58	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Stable)
	Cash Credit	Long Term	12.00	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Stable)
	Covid Emergency Line.	Long Term	8.50	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Stable)
	Proposed Long Term Bank Facility	Long Term	1.00	ACUITE A-   Stable (Upgraded from ACUITE BBB+   Stable)
	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A2+ (Upgraded from ACUITE A2)
	Bank Guarantee (BLR)	Short Term	2.50	ACUITE A2+ (Upgraded from ACUITE A2)
	Letter of Credit	Short Term	9.33	ACUITE A2+ (Upgraded from ACUITE A2)
	Bank Guarantee (BLR)	Short Term	1.00	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	0.67	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	10.00	ACUITE A2+ (Assigned)
	Letter of Credit	Short Term	10.33	ACUITE A2+ (Assigned)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
Bank of Baroda	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE A1   Upgraded ( from ACUITE A2+ )
Kotak Mahindra Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.50	Simple	ACUITE A1   Upgraded ( from ACUITE A2+ )
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A1   Assigned
Bank of Baroda	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE A1   Assigned
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A   Stable   Upgraded   Positive to Stable ( from ACUITE A- )
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.00	Simple	ACUITE A   Stable   Upgraded   Positive to Stable ( from ACUITE A- )
Kotak Mahindra Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE A   Stable   Upgraded   Positive to Stable ( from ACUITE A- )
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.00	Simple	ACUITE A   Stable   Assigned
Bank of Baroda	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.50	Simple	ACUITE A   Stable   Assigned
Kotak Mahindra Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.83	Simple	ACUITE A1   Upgraded ( from ACUITE A2+ )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.67	Simple	ACUITE A   Stable   Upgraded   Positive to Stable ( from ACUITE A- )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	21.37	Simple	Not Applicable Withdrawn
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.12	Simple	ACUITE A   Stable   Assigned
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2029	17.63	Simple	ACUITE A   Upgraded & Withdrawn ( from ACUITE A- )
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2029	19.00	Simple	ACUITE A   Upgraded & Withdrawn ( from ACUITE A- )
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2029	7.39	Simple	ACUITE A   Stable   Assigned
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2029	4.57	Simple	ACUITE A   Stable   Assigned
Bank of	Not avl. / Not	Term Loan	Not avl. /	Not avl. / Not	30 Sep	3.42	Simple	ACUITE A   Stable

Baroda	appl.		Not appl.	appl.	2029			Assigned
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## Contacts

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### About Acuité Ratings & Research

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