



Press Release
DOLLAR INDUSTRIES LIMITED
August 09, 2024
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	23.00	ACUITE AA- Stable Assigned	-
Bank Loan Ratings	302.12	ACUITE AA- Stable Reaffirmed	-
Bank Loan Ratings	3.55	-	ACUITE A1+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	328.67	-	-

Rating Rationale

Acuite has reaffirmed the long term rating of '**ACUITE AA-**' (read as **ACUITE double A minus**) and the short term rating of '**ACUITE A1+**' (read as **ACUITE A one plus**) on the Rs. 305.67 crore bank facilities of Dollar Industries Limited (DIL). The outlook remains '**Stable**'. Furthermore, Acuite has assigned a long term rating of '**ACUITE AA-**' (read as **ACUITE double A minus**) on the Rs. 23.00 crore bank facilities of Dollar Industries Limited (DIL). The outlook is '**Stable**'.

Rationale For Rating

The rating reaffirmation is driven by the strong business risk profile as reflected from growth in turnover to Rs. 1,549.30 Cr. in FY 2024 as against Rs. 1,393.80 Cr. in FY2023. The operating profitability has also improved to 10.02% in FY2024 from previous 7.26 % in FY2023 largely due to stabilisation of yarn and cotton prices, more or less fixed advertisement expenses, reducing balance of high-cost inventory and increased sales from athleisure segment and mid economy segment. While the company has been able to sustain its market share in this segment, the pressure on margin continues due to the increased competitive pressures in the industry, and its inability to pass on the increase in raw material prices to the end-consumers.

The rating, however, continues to derive comfort from the strong business risk profile of the company, established brand equity in the hosiery innerwear industry supported by its vast distribution network and diversified geographical presence. The rating also factors in

experienced management, and strong financial risk profile of the company. The rating takes into account the working capital-intensive nature of the business.

About the Company

Dollar Industries Limited (DIL), initially originated as a proprietorship business called Bhawani Textiles in 1973 and later changed its legal status to a public limited company in 1993, specializes in the manufacture of thermals, loungewear, and innerwear for men, women, and children. The company markets its extensive product portfolio under Dollar Man, Dollar Woman, Dollar Junior, Dollar Always and Dollar Thermals. The company also has a 8 MW solar power plant and 4 windmills of 4.95 MW in Tamil Nadu for captive consumption. DIL has marked its presence across India and in 15 countries abroad. The directors include Mr. Binay Kumar Gupta, Ms. Divyaa Newatia, Mr. Vinod Kumar Gupta and others. The registered office is at Kolkata, West Bengal.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of Dollar Industries Limited to arrive at this rating.

Key Rating Drivers

Strengths

Strong brand recall buoyed by experienced management and established presence in the hosiery innerwear industry

DIL enjoys strong market position in the branded innerwear industry in India. Started as Bhawani Textiles in 1973, Dollar began its export journey to the middle-east and other countries in 1995; further got listed in NSE in 2017 and in BSE in 2018. DIL's board includes Mr. Vinod Kumar Gupta (Managing Director), Mr. Binay Kumar Gupta (Managing Director), Mr. Krishan Kumar Gupta (Whole-time director), Mr. Bajrang Kumar Gupta (Whole-time director) and Mr. Gopal Krishnan Sarankapani (Whole-time director), who have rich experience spanning around two decades in the innerwear industry. The third generation of promoters have also been inducted into the business. DIL has a strong distribution network of over 1,500+ dealers and over 1.45 lakh retailers which it has developed over the years. The company over the years has also been able to create a strong brand recall for its products across various segments. The Company has also launched rainwear under Dollar Protect Category. Over the years, the company has been able to introduce various range of products to increase its reach to a wider section of the population. The Company has also launched Project Lakshya to add to its distributor/retailer portfolio and enable a sustainable working capital cycle alongwith expected contribution to revenues. Acuité believes the company's established track record of operations, continuous efforts to further penetrate in the D2C segment, management's rich experience and expertise will further bolster the business, going forward.

Wide distribution of network and strong brand promotion measures

DIL has a wide distribution network of over 1,500 dealers and over 145,000 retailers along with around 16,000 SKUs currently. Further, the company is also exporting its products to 15 countries. In order to deepen its reach further, DIL has started serving retailers through newly appointed distributors under Project Lakshya. As on 31st March, 2024, 290 distributors have been enrolled under this project. Also, to expand its reach further, DIL has launched 17 Exclusive Brand Outlets (EBO) till 31st March 2024. In addition, the company is expanding its spinning capacity and integrated warehousing space which is operational from September 2024. The company has aggressively pursued various other marketing and promotional activities to improve its geographical reach and compete with existing players in the industry. In FY2024, the company spent Rs.101 Cr towards a new TV commercial for its regular segment, Dollar Always, Lehar, by roping in Mr. Saif Ali Khan as brand ambassador. It also has Yami Gautam as brand ambassador to cater to women segment alongwith actors Akshay Kumar and Mahesh Babu for other segments. Acuité believes that DIL's established brand equity coupled with deeper penetration and consumer preference for affordable branded quality products are strong macro tailwinds for the company.

Strong financial risk profile

DIL's financial risk profile is strong marked by high net worth, low gearing and robust debt protection metrics. The net worth of the company stood at Rs. 787.30 crore as on March 31, 2024 as against Rs. 714.71 crore as on March 31, 2023. The company follows a conservative leverage policy reflected in its gearing of 0.36 times in FY2024 as against 0.23 times in FY2023. The total debt of Rs. 285.55 crore as on March 31, 2024 which majorly comprises of working capital borrowing of Rs. 255.50 crore and the remaining portion of Rs. 34.42 Cr. are the term loan borrowings (including current portion of long term debt repayable in next year). The total outside liability to total net worth (TOL/TNW) stood at 0.68 times as on March 31, 2024 as against 0.50 times as on March 31, 2023. The increase in profitability margins had positive impact on the coverage ratios of the company. The interest coverage ratio(ICR) stood at 8.43 times as on March 31, 2024 as against 6.91 times as on March 31, 2023. The debt service

coverage ratio (DSCR) stood at 6.87 times as on March 31, 2024 as against 5.54 times as on March 31, 2023. Acuite believes that the financial risk profile of the would remain strong with robust capital structure and strong debt protection metrices due to improving margins over the medium term.

Weaknesses

Working capital intensive nature of operations

The operations of the company continue to remain working capital intensive nature marked by Gross Current Assets (GCA) of 242 days as on March 31, 2024 as against 222 days as on March 31, 2023. High GCA days are on account of inventory days of 122 as on March 31, 2024 as against 99 as on March 31, 2023 and 153 days as on March 31, 2022. The company markets a wide range of products and accordingly has to maintain large quantity of inventory of each of its product type apart from the inventory of raw material. The receivable days of the company stood at 115 days as on March 31, 2024 as against 112 days as on March 31, 2023. Against their the Company receives credit from its suppliers of around 90 days. Acuite believes the working capital cycle will remain at similar levels over the medium term due to the inherent nature of such businesses.

Rating Sensitivities

- Sustainable growth in revenues
- Improvement in profitability margin
- Elongation in working capital cycle
- Any large debt funded capex plans

Liquidity Position

Strong

The company has a strong liquidity position marked by adequate net cash accruals of Rs. 110.61 Crore in FY2024 as against negligible long term debt obligation during the same period. The current ratio stood strong at 2.11 times in FY2024 against 2.45 times in FY2023. The company has unencumbered cash and bank balances of around Rs. 0.12 crore in FY2024. The bank limits remain utilized at 67.74% for 12 months ended April 2024. Acuite believes that the company will continue to maintain strong liquidity lead by sufficient generation of cash accruals, negligible debt repayment, moderate current ratio and absence of any major debt funded capex plans over the medium term.

Outlook: Stable

Acuite believes that the outlook of the company will remain stable over the medium term backed by its established market position, strong brand recall, vast distribution network and diversification in its product mix. The outlook may be revised to 'Positive' if the company registers a higher than expected growth in revenues while improving and sustaining its profitability metrices. Conversely, the outlook may be revised to 'Negative' in case of further elongation in the working capital cycle, resulting in deterioration of financial risk profile.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	1549.13	1393.80
PAT	Rs. Cr.	89.39	58.24
PAT Margin	(%)	5.77	4.18
Total Debt/Tangible Net Worth	Times	0.36	0.23
PBDIT/Interest	Times	8.43	6.91

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>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
19 Jul 2023	Cash Credit	Long Term	35.00	ACUITE AA- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	25.46	ACUITE AA- Stable (Reaffirmed)
	Term Loan	Long Term	3.46	ACUITE AA- Stable (Reaffirmed)
	Term Loan	Long Term	0.15	ACUITE AA- Stable (Reaffirmed)
	Term Loan	Long Term	0.27	ACUITE AA- Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE AA- Stable (Reaffirmed)
	Cash Credit	Long Term	45.00	ACUITE AA- Stable (Reaffirmed)
	Cash Credit	Long Term	45.00	ACUITE AA- Stable (Reaffirmed)
	Cash Credit	Long Term	50.00	ACUITE AA- Stable (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE AA- Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE AA- Stable (Reaffirmed)
	Cash Credit	Long Term	32.00	ACUITE AA- Stable (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE AA- Stable (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	1.33	ACUITE A1+ (Reaffirmed)
28 Jun 2023	Cash Credit	Long Term	10.00	ACUITE AA- Stable (Downgraded from ACUITE AA Stable)
	Cash Credit	Long Term	30.00	ACUITE AA- Stable (Downgraded from ACUITE AA Stable)
	Cash Credit	Long Term	50.00	ACUITE AA- Stable (Downgraded from ACUITE AA Stable)
	Cash Credit	Long Term	45.00	ACUITE AA- Stable (Downgraded from ACUITE AA Stable)
	Cash Credit	Long Term	45.00	ACUITE AA- Stable (Downgraded from ACUITE AA Stable)
	Cash Credit	Long Term	20.00	ACUITE AA- Stable (Downgraded from ACUITE AA Stable)
	Term Loan	Long Term	0.27	ACUITE AA- Stable (Downgraded from ACUITE AA Stable)
	Term Loan	Long Term	0.15	ACUITE AA- Stable (Downgraded from ACUITE AA Stable)
	Term Loan	Long Term	3.46	ACUITE AA- Stable (Downgraded from ACUITE AA Stable)
	Proposed Long Term Bank Facility	Long Term	0.46	ACUITE AA- Stable (Downgraded from ACUITE AA Stable)
	Proposed Long Term Bank Facility	Long Term	100.00	ACUITE AA- Stable (Downgraded from ACUITE AA Stable)
	Bank Guarantee/Letter of Guarantee	Short Term	1.33	ACUITE A1+ (Reaffirmed)
	Bank Guarantee/Letter	Short		

05 Aug 2022	of Guarantee	Term	1.33	ACUITE A1+ (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE AA Stable (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE AA Stable (Reaffirmed)
	Cash Credit	Long Term	50.00	ACUITE AA Stable (Reaffirmed)
	Cash Credit	Long Term	45.00	ACUITE AA Stable (Reaffirmed)
	Cash Credit	Long Term	45.00	ACUITE AA Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE AA Stable (Reaffirmed)
	Term Loan	Long Term	0.27	ACUITE AA Stable (Reaffirmed)
	Term Loan	Long Term	0.15	ACUITE AA Stable (Reaffirmed)
	Term Loan	Long Term	3.46	ACUITE AA Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	0.46	ACUITE AA Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	100.00	ACUITE AA Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.46	ACUITE AA Stable (Assigned)
04 Jan 2022	Term Loan	Long Term	3.46	ACUITE AA Stable (Assigned)
	Term Loan	Long Term	0.15	ACUITE AA Stable (Assigned)
	Term Loan	Long Term	0.27	ACUITE AA Stable (Assigned)
	Cash Credit	Long Term	20.00	ACUITE AA Stable (Assigned)
	Cash Credit	Long Term	45.00	ACUITE AA Stable (Assigned)
	Cash Credit	Long Term	45.00	ACUITE AA Stable (Assigned)
	Cash Credit	Long Term	50.00	ACUITE AA Stable (Assigned)
	Bank Guarantee/Letter of Guarantee	Short Term	1.33	ACUITE A1+ (Assigned)
	Cash Credit	Long Term	30.00	ACUITE AA Stable (Assigned)
	Cash Credit	Long Term	10.00	ACUITE AA Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	103.00	ACUITE AA- Stable Reaffirmed
Qatar National bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	30.00	ACUITE AA- Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	77.00	ACUITE AA- Stable Reaffirmed
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	45.00	ACUITE AA- Stable Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	20.00	ACUITE AA- Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Forward Contracts	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.67	ACUITE A1+ Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Short Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.88	ACUITE A1+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2028	Simple	27.00	ACUITE AA- Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Aug 2024	Simple	0.12	ACUITE AA- Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Sep 2028	Simple	23.00	ACUITE AA- Stable Assigned

Sublimit of Rs. 13.50 Cr of Bank Guarantee and Rs. 90 Cr of Letter of Credit within overall cash credit limit under consortium arrangement of Rs. 275 Cr.

Within consortium limits, sublimit of Rs. 10 Cr of Bank Guarantee and Rs. 30 Cr of Letter of Credit within overall cash credit limit under State Bank of India's of Rs. 103 Cr.

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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