



Press Release
DOLLAR INDUSTRIES LIMITED
March 26, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	318.17	ACUITE AA- Stable Reaffirmed	-
Bank Loan Ratings	10.50	-	ACUITE A1+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	328.67	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of **ACUITE AA- (read as ACUITE double A minus)** and short-term rating of **ACUITE A1+ (read as ACUITE A one plus)** on the bank facilities of Rs.328.67 Crore of Dollar Industries Limited (DIL). The outlook remains **'Stable'**

Rationale for Rating

The rating reflects company's strong business risk profile, supported by significant growth in volume sold and improved profitability due to high margin products during 9MFY25. DIL has successfully maintained its market share in the hosiery segment, with contributions from its premium brands, including Force NXT and Dollar Thermal, which are characterized by higher margins. The company had launched new product, such as Dollar Protect, which have contributed positively to sales. DIL's established brand equity in the hosiery innerwear industry, supported by a vast distribution network and diversified geographical presence, provides a competitive advantage in the market. The financial risk profile is strong marked by high net worth and comfortable capital structure. The rating also factors in experienced management, and adequate liquidity position of the company. These strengths are offset by 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 an 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

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

Key Rating Drivers

Strengths

Experienced management along with strong distribution network

DIL has established a strong market position in the branded innerwear industry in India, bolstered by experienced management and a wide distribution network. The board of directors comprises professionals who bring over two

decades of expertise in the innerwear sector. DIL boasts a vast distribution network of over 1,500 dealers and 145,000 retailers, alongside a growing presence in international markets, exporting to 15 countries. The company is actively enhancing its reach through initiatives like Project Lakshya that is about enrolling retailers and mapping them through distributors, which has added to 315 new distributors across 13 states. The company has launched 17 Exclusive Brand Outlets as on 9MFY25. The company enjoys a wide presence in the northern, eastern, and western parts of the country, generating ~92 percent of its revenues from these zones. DIL is well-positioned to capitalize on its operational efficiencies and deepen its penetration in the market.

Healthy Scale of operations

The revenue improved to Rs. 1549.13 crore in FY2024 as against Rs. 1,393.80 crore in FY2023. Further, DIL achieved revenues of Rs. 1145.61 Cr till 9MFY25. The increase in revenue is driven by growth in the volume sold, effective demand across key markets and high margin products. Additionally, the rise in share of e-commerce sales and modern trade has supported revenue growth. DIL's premium brand constitutes Force NXT (4%) and Women brand (8%). Dollar thermal, being a high margin product, contributes to 9.00% of total sales. DIL also launched a new product, Dollar protect, under their umbrella brand Dollar. Maximum revenue has been seen from Dollar Man and Dollar Always which witnessed ~39% in 9MFY25. The athleisure segment is performing well and contributes ~13% to the total sales. Acuite believe that scale of operations will expand in terms of volume growth, while price realizations are expected to remain relatively stable.

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 increase in leverage is attributed to the debt incurred for its capital expenditure plan, which includes the completion of a spinning mill project in Tirupur in December 2024. This development is expected to enhance the operational efficiency of the company. Further, the company is in process of setting a 6MW power plant which will be funded through internal cash accruals. 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 metrics due to improving margins over the medium term.

Weaknesses

Intense competition in the innerwear industry and profitability exposed to volatile raw material prices

The innerwear market in India is dominated by the unorganised sector, despite the robust market potential for branded innerwear, leading to intense competition. Competition could also increase with the advent of other established foreign brands through the franchisee route, large domestic readymade garment manufacturers venturing into innerwear segments, and other players spending heavily on brand-building and product positioning. In FY2024, operating margin improved to 10.02% in FY2024 from 7.26% in FY23. Operating margin in FY2023 had fallen from all-time high of 16.11% in FY2022. The decline in margins is primarily on account of price-cut at dealer & distributor level and an increase in raw material prices which could not be passed on to the end-consumer, reflecting intense competitive pressures. Operating margin has started to recover with stabilization of yarn and cotton prices, higher operational leverage, favorable shift in the product mix, particularly within the thermal segment, and fixed advertising expenses, which accounted for approximately 1% of turnover. The PAT margin of the Company has been at 5.77% in FY 2024 compared to 4.18% in FY 2023. Further, EBITDA margin and PAT margin stood at 10.73% and 5.27% respectively in 9MFY25. However, sustained improvement in margins will remain a key rating sensitivity factor over the medium term.

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. 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. The other current assets include Statutory deposits of Rs.71.26 Cr and others. Against this, 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

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 Rs.0.87 Cr long term debt obligation during the same period. Going forward, the company will generate ~Rs120-130 Cr against Rs. ~10-20 Cr long term debt repayment. 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 for fund based remain utilized at 91% for seven months ended January 2025. Acuite believes that the Company will continue to maintain strong liquidity lead by sufficient generation of cash accruals against long term debt repayment, moderate current ratio and absence of any major debt funded capex plans over the medium term.

Outlook: Stable

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

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

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, Acuité 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
09 Aug 2024	Proposed Short Term Bank Facility	Short Term	2.88	ACUITE A1+ (Reaffirmed)
	Forward Contracts	Short Term	0.67	ACUITE A1+ (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE AA- Stable (Reaffirmed)
	Cash Credit	Long Term	103.00	ACUITE AA- Stable (Reaffirmed)
	Cash Credit	Long Term	77.00	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	0.12	ACUITE AA- Stable (Reaffirmed)
	Term Loan	Long Term	27.00	ACUITE AA- Stable (Reaffirmed)
	Term Loan	Long Term	23.00	ACUITE AA- Stable (Assigned)
19 Jul 2023	Bank Guarantee/Letter of Guarantee	Short Term	1.33	ACUITE A1+ (Reaffirmed)
	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)
	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)

28 Jun 2023	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)
05 Aug 2022	Bank Guarantee/Letter of Guarantee	Short 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)
	Bank Guarantee/Letter of Guarantee	Short Term	1.33	ACUITE A1+ (Assigned)
04 Jan 2022	Cash Credit	Long Term	30.00	ACUITE AA Stable (Assigned)
	Cash Credit	Long Term	10.00	ACUITE AA Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.46	ACUITE AA Stable (Assigned)
	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)
	Cash Credit	Long Term	50.00	ACUITE AA Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	103.00	Simple	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.	55.00	Simple	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.	52.00	Simple	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.	45.00	Simple	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.	20.00	Simple	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.	0.67	Simple	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.	9.83	Simple	ACUITE A1+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	25 Jul 2028	43.17	Simple	ACUITE AA- Stable Reaffirmed

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About Acuité Ratings & Research

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