

Dollar Apparels

July 31, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	-	-	Reaffirmed at CARE BB-; Stable / CARE A4 and Withdrawn
Long-term bank facilities	-	-	Reaffirmed at CARE BB-; Stable and Withdrawn
Short-term bank facilities	-	-	Reaffirmed at CARE A4 and Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed and withdrawn the outstanding ratings of 'CARE BB-; Stable/CARE A4' assigned to bank facilities of Dollar Apparels (DA) with immediate effect. This action has been taken at the request of DA and 'No Objection Certificate' received from the Canara Bank that have extended facilities rated by CareEdge Ratings.

Ratings assigned to bank facilities of DA are constrained by relatively moderate scale of operations, moderate capital structure and debt protection metrics, concentrated customer base, elongated operating cycle, capital withdrawal risk with the partnership nature of the firm and inherent risk of volatile raw material prices. However, ratings derive strength from vast experience of partners and long operational track record.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects that the firm is expected to sustain its operational performances with long-standing relationship with the customers and absence of large debt funded capex in the medium term.

Detailed description of key rating drivers:

Key weaknesses

Relatively moderate scale of operations

The scale of operations remained relatively moderate with total operating income of ₹42.50 crore in FY25 to ₹46.74 crore in FY24 (refers to April 01 to March 31). The profit before interest, lease rentals, depreciation and taxation (PBILDT) margin improved to 16.05% in FY25 from 7.01% in FY24 owing to better control over fixed overheads.

Moderate capital structure and debt coverage indicators

The firm's capital structure remained moderate with overall gearing at 2.83x as on March 31, 2024, owing to working capital intensive operations. However, it is to be noted that 70% of borrowings as on March 31, 2024 (PY: 70%) are loans against fixed deposits. Debt protection metrics remained moderate with total debt to gross cash accruals (TD/GCA) at 67.15x (PY: 50.56x) as on March 31, 2025.

Inherent volatility associated with raw material prices

The company's profitability is susceptible to movement in prices of raw cotton, which is a key raw material for production of cotton yarn and fabrics, which gets consumed in garments. Prices of raw cotton are volatile in nature and depend on factors such as area under production, yield, vagaries of monsoon, international demand supply scenario, inventory carry forward from the previous year and export quota and minimum support price (MSP) decided by the government.

Elongated operating cycle

DA's operating cycle moderated to 291 days in FY25 from 193 days in FY24 due to stretched inventory period. The firm usually maintains large inventory of dyed fabrics in all colour varieties. The inventory period stood high at 280 days in FY25, which elongated from 208 days in FY24 owing to demand slowdown in export market. Higher inventory period was managed with extended credit from suppliers in the year.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Partnership nature of business constitution with inherent risk of withdrawal of capital

DA is a partnership firm where inherent risk of withdrawal of capital by promoters at the time of their personal contingencies, resulting in erosion of capital base leading to adverse effect on capital structure. In FY24, promoters have withdrawn capital of ₹6.35 crore, (PY: ₹0.5 crore).

Key strengths

Long established track record of operations

The firm was established in 1988. Currently, the firm is engaged in manufacturing and sale of apparels in domestic and export markets. The firm purchases yarn and outsources knitting and dyeing processes. The firm sells apparel in the United States of America (USA) and export income constitute 33% of total income in FY24 (PY: 37%).

Vast experience of partners

DA is promoted by P Ramamoorthy. He is the managing partner of the firm. He has about three decades of experience in the textile and apparel industry. He looks after the firm's day-to-day business operations. He is ably supported by his wife, R Vasuki, who has about two decades of experience in textile apparel industry. She looks after the firm's administration. Second-generation entrepreneur, R Madhumitha Ramamoorthy also has over six years of experience in the textile industry.

Liquidity: Stretched

The liquidity is stretched characterised by tightly matched accruals against repayment obligations with nominal free cash balance of ₹0.58 crore as on as on March 31, 2024. The operating cycle stood stretched due to increase in inventory days to 280 days in FY25 from 208 days in FY24. The firm enjoys a credit period of 3-4 months from its supplies. Average working capital utilisation of working capital limit of ₹23.0 crore stood high at 94% for 12 months ended August 2024. The current ratio stood moderate at 1.21x as on March 31, 2024.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Cotton Textile](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles & apparels	Garments & apparels

DA was established in 1988 by brothers, P Balasubramaian and P Ramamoorthy. As on March 31, 2024, the firm has installed capacity of 530 sewing units. DA is engaged in manufacturing garments. The firm also exports across geographies, which form ~33% of total income in FY24 (PY: 37%).

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	42.90	46.74	45.18
PBILDT	1.83	3.28	7.25
PAT	0.46	0.90	0.62
Overall gearing (times)	1.99	2.83	NA
Interest coverage (times)	0.49	0.61	1.25

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Acuite has conducted the review based on best available information and has classified DA as 'Not cooperating' vide its press release dated August 06, 2024. The reasons provided by Acuite are non-furnishing of information for monitoring of rating and did not provide No-Default Statement for last three months.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	February 2027	0.00	Withdrawn
Fund-based - LT/ ST-Working Capital Limits		-	-	-	0.00	Withdrawn
Fund-based - ST-Working Capital Limits		-	-	-	0.00	Withdrawn

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	-	-	1)CARE BB-; Stable (31-Jul-25)	1)CARE BB-; Stable (13-Sep-24)	-	-
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	-	-	1)CARE BB-; Stable / CARE A4 (31-Jul-25)	1)CARE BB-; Stable / CARE A4 (13-Sep-24)	-	-
3	Fund-based - ST-Working Capital Limits	ST	-	-	1)CARE A4 (31-Jul-25)	1)CARE A4 (13-Sep-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Fund-based - ST-Working Capital Limits	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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