

Deepak Fasteners Limited (Revised)

January 08, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term / Short Term Bank Facilities	41.00	CARE BBB-; Stable / CARE A3	Upgraded from CARE BB+; Stable / CARE A4+
Short Term Bank Facilities	15.00	CARE A3	Upgraded from CARE A4+
Non Convertible Debentures	261.00 (Reduced from 275.00)	CARE BBB-; Stable	Upgraded from CARE BB+; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The upgrade in ratings assigned to the bank facilities of Deepak Fasteners Limited (DFL) factors in the significantly improved financial risk profile of the company as well as coverage indicators during FY25 (refers to April 01 to March 31) on account of conversion of OFCD (Optionally Fully Convertible Debentures) into CCPS (Compulsory Convertible Preference Shares), as well as refinancing of existing NCDs at significantly lower coupon rate.

Ratings further continue to derive strength from the sustained growth in scale of operations and cash accruals during FY25 which has further resulted in improvement in coverage indicators. The ratings further continue to derive strength from the experienced promoters of the company along with long track record of operations, wide range of application of finished goods leading to customer diversification and competitive business advantage derived from the brand name 'Unbrako'.

The rating strengths, however, continue to remain constrained by working capital-intensive nature of operations, exposure towards subsidiaries, susceptibility to raw material price volatility as well as intense competition from organized and unorganized sector.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained growth in scale of operations with TOI above Rs. 900 crores while maintaining PBILDT Margins at above 18%.
- Sustained improvement in coverage indicators with Total Debt/PBILDT and Total Debt/GCA improving to below 1.50x & 2.60x respectively.
- Increased efficiency in working capital management resulting in operating cycle below 140 days.

Negative factors

- Deterioration in the solvency position due to increased working capital reliance or any higher than envisaged debt funded capex resulting on weakening coverage indicators with TD/GCA above 4.80x.
- Degrowth in operational performance with TOI below Rs. 500 crore and/or PBILDT margin below 14.00%.

Analytical approach: Standalone, factoring in exposure towards subsidiaries.

Outlook: Stable

Stable outlook reflects CARE's opinion that the company will continue to benefit from the experienced promoters and competitive business advantage derived from the brand name 'Unbrako'.

Detailed description of key rating drivers:

Key strengths

Significant improvement in financial risk profile of the company as a result of successful refinancing scheme

Financial risk profile of the company improved significantly during FY25, with overall gearing at 1.33x as on March 31, 2025, against 8.86x. This was majorly on account of conversion of OFCD of Rs. 149.49 crore (earlier considered part of debt) into CCPS, as part of the refinancing scheme, which are now part of the net worth of the company.

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

Moreover, the company refinanced its earlier NCDs outstanding of Rs. 225 crores, carrying high coupon rate of 19% to 21.75%, with fresh NCDs of Rs. 275 crores from new investors carrying a much lower coupon rate of 14.25%. The transaction has been executed in November-2024 and as a result of refinancing, the company would be saving significantly on interest payment and repayment also eased out with initial principal moratorium and structured repayment schedule for the new NCDs. Also, additional Rs. 50 crores raised through NCD has been utilised for their working capital purposes, supporting the liquidity of the company.

Growth in scale of operations while maintaining profitability during FY25 with brand presence of "Unbrako"

DFL reported marginal improvement in scale of operations with growth of ~4.2% in total operating income to Rs. 660.48 crore in FY25, from Rs. 633.92 crore in FY24. Over the years, operations have consistently grown year on year, with a CAGR of 11.86% from FY21 to FY25. Demand is sustaining and DFL continues to ramp up the production and supply, particularly from its Madhya Pradesh plant, which during earlier years could not operate at optimum capacity due to flood damage in FY18 and later with the pandemic as well as continued financial stress in the company.

Profitability margins also remained consistent, with a very slight moderation, with PBILDT at 17.43% during FY25 against 18.03% during FY24. This was further aided by the brand presence of "Unbrako" in the market which provides an edge to DFL over its competitors. Moreover, at PAT level, company achieved margin of 4.01% during FY25 against 2.12% during FY24, majorly on account of savings in interest cost post refinancing scheme. Going forward, sustenance of growth and profitability margins while reducing the interest cost shall remain important from credit perspective.

During 7M-FY26 (refers to April 01 to October 31), company reported TOI of Rs. 430.28 crore with PBILDT of 18.75%, and PAT further improving to 8.34% on account of further interest saving.

Experienced promoters with long track record of operations

Incorporated in 1958, DFL was promoted by Mr. Kailash Chander Kalra and later his two sons namely Mr. Sanjeev Kalra and Mr. Deepak Kalra also joined the business in the year 1986 and 1989 respectively. The management has been present in the fasteners industry for over five decades which shows strong business acumen of promoters about fasteners business. The board is supported by a team of trained and experienced professionals who have experience of over two decades in their respective fields.

Wide range of application of finished goods leading to customer diversification

DFL is engaged in the manufacturing of high tensile fasteners such as screws, nuts, bolts etc which find its applications in the automotive sector, industrial sector, as well as agriculture sector. The wide application of its finished goods minimizes the risk of dependency on a single industry and allows DFL to cater to a larger market. Majority of the revenue of DFL is dependent on domestic sales. The domestic sales constituted around 86 of total sales in FY24 and FY25. The customer base of the company though is diversified as top 10 customers constituting ~20-25% sales during FY25 and 7M-FY26. The company exports to over 40 countries which was 14% during FY24 and FY25, and has many high value and reputed customers in the domestic market.

Key weaknesses

Working capital intensive nature of operations

The operations of the company are working capital intensive marked by an operating cycle of 172 days in FY25 (PY: 155 days). The average collection period stood at around 58 days during FY25 (PY: 54 days). The company is required to maintain an adequate inventory of raw material for smooth running of its production processes and the average inventory days stood at 148 days during FY25 (PY: 126 days). Elongation in operating cycle was mainly on account of higher inventory levels at the end of the financial year. The working capital requirements were aided by additional Rs. 50 crore which was raised with the refinancing of NCDs and lead to reduction in average working capital utilisation during past 12 months ending Oct-25 at ~33%

Susceptibility to raw material price volatility

The key raw material of the company is steel wire rods, the prices of which are dependent on the market conditions. Steel is a cyclical industry which has strong correlation with economic cycles. This emerges from the fact that its key users like automobiles, construction, etc. are highly dependent on the health of the economy. Though the company has a dedicated team for tracking the prices and passes on the change in its raw material prices to its customers, however with some time lag. The company's margins are thus exposed to the volatility in its raw material prices during this period.

Intense competition from organized and unorganized sector

DFL operates in an industry which comprises of several players in the unorganized sector and is also characterized by high degree of fragmentation. There also exist other big sized players with long established and integrated operations along with strong marketing & distribution network resulting in intense competition in the industry. This limits the bargaining power of the company and puts pressure on the profitability margins of the company.

Liquidity: Adequate

The liquidity position has improved post the refinancing arrangement and is marked adequate on account of lower interest cost, lower debt repayments, and increased cushion available in WC limits. With the refinancing of NCDs, DFL has received additional 6 months moratorium for repayment of fresh NCDs issued to Edelweiss, with repayment obligation gradually increasing y-o-y in FY26, FY27 & FY28, and the projected cash accruals sufficient to repay the obligations.

Working capital limit utilisation has also reduced substantially with additional fund of Rs. 50 crores raised with the NCD refinancing, which has been utilised for working capital requirements of the company. Average utilisation for 12 months ended Oct'25 is ~32.9% against the fund based sanctioned working capital limit of Rs. 30 crores, which was at 97.7% during the 12 months ending Sep'24.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

[Factoring Linkages in Ratings](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Other Industrial Products

Deepak fasteners Limited (DFL) was initially incorporated in the year 1958 under a different constitution (other than company) and promoted by Mr. Kailash Chander Kalra. DFL has been involved in the manufacturing of high tensile industrial fasteners and engineering goods for the last over five decades. In the year 1990, promoters formed a private limited company i.e. Deepak Fasteners Private Limited and later on converted in public company named as Deepak Fasteners Limited. DFL has four manufacturing units of fasteners manufacturing with a total capacity of around 49000 tons. All plants manufacture high tensile industrial fasteners.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	7M-FY2026 (UA)
Total operating income	633.92	660.48	430.28
PBILDT*	114.31	115.13	80.67
Profit after tax (PAT)	13.46	26.47	35.90
Overall gearing (x)	8.86	1.33	1.12
Interest coverage (x)	1.89	2.14	3.18

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not Applicable

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
Debentures-Non Convertible Debentures	INE148L07047	15-11-2024	14.25	30-09-2028	261.00	CARE BBB-; Stable
Fund-based - LT/ ST-Working Capital Limits		-	-	-	40.00	CARE BBB-; Stable / CARE A3
Non-fund-based - LT/ ST-Derivative Limits		-	-	-	1.00	CARE BBB-; Stable / CARE A3
Non-fund-based - ST-Letter of credit		-	-	-	15.00	CARE A3

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/ ST-Working Capital Limits	LT/ST	40.00	CARE BBB-; Stable / CARE A3	-	1)CARE BB+; Stable / CARE A4+ (31-Mar-25) 2)CARE B+; Stable / CARE A4 (04-Nov-24) 3)CARE B+; Stable / CARE A4 (09-Oct-24)	1)CARE B; Stable / CARE A4 (29-Dec-23)	-
2	Non-fund-based - ST-Letter of credit	ST	15.00	CARE A3	-	1)CARE A4+ (31-Mar-25) 2)CARE A4	1)CARE A4 (29-Dec-23)	-

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
						(04-Nov-24) 3)CARE A4 (09-Oct-24)		
3	Non-fund-based - LT/ ST-Derivative Limits	LT/ST	1.00	CARE BBB-; Stable / CARE A3	-	1)CARE BB+; Stable / CARE A4+ (31-Mar-25) 2)CARE B+; Stable / CARE A4 (04-Nov-24) 3)CARE B+; Stable / CARE A4 (09-Oct-24)	1)CARE B; Stable / CARE A4 (29-Dec-23)	-
4	Debentures-Non Convertible Debentures	LT	261.00	CARE BBB-; Stable	-	1)CARE BB+; Stable (31-Mar-25) 2)CARE B+; Stable (04-Nov-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	Debentures-Non Convertible Debentures	Complex
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Non-fund-based - LT/ ST-Derivative Limits	Simple
4	Non-fund-based - ST-Letter of credit	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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