Dhampur Bio Organics Limited

September 04, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	987.05 (Reduced from 1,019.45)	CARE BBB+; Positive	Reaffirmed; Outlook revised from Stable
Short-term bank facilities	RBI	75.00 (Reduced from 115.00)	CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed ratings assigned to bank facilities of Dhampur Bio Organics Limited (DBOL) at 'CARE BBB+' and 'CARE A2', while revised the outlook to 'Positive'. Revision in the outlook reflects the likely improvement in financial risk profile with debt reduction by pre-payment of long-term loans aided by cashflows generated through slump sales of one of its sugar unit in Meerganj in June 2026. While this transaction is likely to reduce the scale of the entity given that Meerganj unit comprised 25%-30% of sugar crushing capacity of the company, CareEdge Ratings believes that it will aid improvement in profitability, as Meerganj is situated in Western UP, which was the most adversely affected by red-rot infestation and was a drag on the company's overall operating efficiency.

CareEdge Ratings notes that the company is adopting newer cane varieties to reduce infestation exposure and improve yield, which along with prevailing strong sugar prices and company's focus to produce more of grain-based ethanol will aid profitability improvement over medium term. However, it remains monitorable given the possible increase in UP-state advised prices (SAP) for SS27 and strengthening of El Niño in later part of 2026, impacting cane availability. Ratings continue to derive strength from DBOL's experienced promoters with long track record in the sugar industry, forward integrated nature of operations with presence into distillery and cogeneration. However, these rating strengths continue to remain constrained by the industry's cyclical and regulated nature, demand-supply dynamics, exposure towards the agro-climatic conditions, and the working capital intensive operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- The company's ability to report healthy growth in total operating income (TOI) with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 8% backed by healthy recovery rates on a sustained basis.
- Improvement in financial risk profile with net leverage (net debt to PBILDT) to remain below 4.2x on a sustained basis.

Negative factors

- Increasing overall gearing above 1.3x on a sustained basis.
- Declining revenue and profitability margins from the existing level as marked by PBILDT margin below 6%.
- Adversely changing government policies affecting the operations and cash flow of the entity.

Analytical approach: Standalone

Outlook: Positive

Positive outlook reflects CareEdge Ratings' expectation of improvement in DBOL's financial profile with debt reduction and improvement in profitability supported by strong sugar prices, incrementally supporting the cash flows of the company.

Detailed description of key rating drivers:

Key strengths

Experienced promoters and diversified revenue stream with forward-integrated operations

---

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

DBOL is headed by Gautam Goel as the CEO. He has also been the President of Indian Sugar Mills Association and the Indian Sugar Export Corporation, and with over 30 years of experience in the sugar industry, he has spearheaded several technological innovations in the industry. Gautam Goel has been on the Board since 1994. He has focused on value-addition, which included pioneering the production of sulphur-less refined sugar in India.

DBOL's sugar division is fully integrated with forward integration into cogeneration unit of 76.5 megawatts (MW) and a molasses-based distillery of 312.5 kilo litres per day (KLPD) (including 100 KLPD of dual-feed distillery). In addition, the company also has 2,000 tonnes per day (TPD) sugar refinery capacity, 700 TPD pharma grade sugar capacity, 800 TPD low quality white (LQW) sugar capacity, 8 million cases per year Domestic Spirits capacity, and 80 TPD CO2 power capacity. DBOL's forward integrated operations de-risk it by providing alternate revenue streams and acts as a cushion against the inherent cyclicality in core sugar business to a large extent. The company operated three plants in Asmoli, Mansurpur, and Meerganj (part of central Uttar Pradesh) till March 2026, but sold off its Meerganj unit in June 2026.

Sugar remains the major revenue contributor with 75%-80% share, followed by bio fuels and spirit with 15%-20% contribution in last four years ending FY26. Sugar remained the highest contributor with 80%-85% share in earnings before interest and taxes (EBIT) over FY25-FY26.

Strong sugar prices to aid profitability in FY27
After a weak sugar season (SS; runs from October to September) 2024-25, SS26 also remained weak for the entire industry as cane availability reduced due to erratic monsoon, and certain regional issues, such as red-rot in parts of Uttar Pradesh resulting in lower crushing. Crushing reduced by 6%yoy to 32.9 lakh tonne for DBOL in FY26, following a 15% yoy decline to 35 lakh tonne in FY25 (FY24: 41.4 lakh tonne). UP SAP had been increased by ₹30/quintal to ₹400/quintal in SS26, which raised the production cost. Despite this, the company recorded improved profitability in sugar segment supported by strong sugar prices and average realisation increased to ₹41/kg during the year (FY25: ₹39.3/kg). Given the expectation of inventory levels falling much lower than normative requirement at industry level in SS26, sugar prices soared and are prevailing at ~₹49-50/kg as of August 2026. The current price surge could be short-lived given that sugar availability will improve once crushing begins in October-November 2026 in new season and the government has allowed duty-free imports of 1 million tonne of raw sugar, first time in almost a decade, till October 31, 2026. However, prices will remain higher than past average of ₹40-41/kg, which CareEdge Ratings believes to support DBOL's profitability in near term.

The company has been actively taking steps to replace the infected variety and has already replaced 60%-65% of the seeds and will be able to replace most of the seeds within next two years. This aided the improvement in gross recovery to ~11% in FY26 (FY25: 10.6%). While the El Niño is expected to bring dryer monsoon in India, UP is better placed in terms of irrigation system and thus, its impact should not be as severe in UP as is expected in Karnataka or Maharashtra, though it remains a monitorable. The central government has already increased the cane FRP for SS27, revision in UP SAP is yet to be announced which can increase the production cost over 2HFY27; however, strong sugar prices will partially mitigate that impact.

Sales of Meerganj unit to aid debt reduction and improvement in financial profile
The company entered a business transfer agreement for the sale of the business undertaking at Meerganj unit (comprising 9,000 TCD of sugar crushing capacity and 19 MW of co-gen capacity) in April 2026 on slump sale basis for aggregate consideration of ₹305 crore to Forever Global Enterprises Limited (FGEL) and unit had been transferred in June 2026. Given that Meerganj unit is situated in Western UP, which was adversely affected by red-rot infestation, it was a drag on overall EBITDA of the company, thus its sales shall aid the profitability improvement for DBOL. The company has already paid-off ₹165 crore in April-July 2026, reducing long-term debt to ₹125 crore as on July 31, 2026 (March 31, 2026: ₹290 crore) and is expected to pay-off another ₹30 crore in rest of FY27. Given that this is working capital intensive business, dependency on short-term borrowing is likely to continue. This, along with likely improvement in profitability with unit sales and strong sugar prices, is expected to reduce the net leverage to less than 5.5x by end of FY27 (FY26: 7.9x, FY25: 8.3x) with interest coverage improving to ~3x in FY27 (FY26: 2.1x, FY25: 2.1x) and CareEdge Ratings will closely monitor the same. The tangible net worth (TNW) stood at ₹1,030 crore, whereas the total debt position was at ₹1,060 crore, out of which, working capital borrowings were ₹765 crore resulting in overall gearing of 1.0x as on March 31, 2026 (PY: 1.1x).

Key weaknesses
Vulnerable to agro-climatic risks, cyclical and regulated nature of sugar business

The industry is cyclical by nature and vulnerable to the government policies for reasons, such as its importance in the wholesale price index (WPI) as it classifies as an essential commodity. The government on its part resorts to regulations, such as fixing the raw material prices in the form of SAP and fair & remunerative prices (FRP). All these factors impact the cultivation patterns of sugarcane in the country and thus affecting the profitability of the sugar companies. DBOL's profitability, and other Uttar Pradesh

/ Uttarakhand-based sugar mills, continue to remain vulnerable to the state government's policy on cane prices. Thus, the performance of entities operating in particular region can be impacted by disproportionate increase in cane price. Profitability remains vulnerable to the Government's policies on exports, MSP and remunerative ethanol prices. In addition, the cyclicality in sugar production results in volatility in sugar prices.

Working capital intensive operations

The operating cycle of DBOL moderated to 184 days in FY26 (FY25: 212 days) supported by reduction in inventory levels. Inventory levels reduced to ₹994 crore (FY25: ₹1,051 crore) indicating inventory holding days of 193 days (FY25: 224 days). DBOL had sugar stock of 22 lakh quintals valued at ₹3,776 per quintal as on March 31, 2026, which reduced to 12.8 lakh quintals valued at ₹3,790 per quintal as on June 30, 2026. Owing to this, the average working capital utilisation stood at 78% for trailing 12 months ending June 30, 2026.

Liquidity: Adequate

The liquidity remains adequate, marked by gross cash accruals (GCA) of ₹93 crore in FY26 (FY25: ₹67 crore) and expected GCA of ~₹150 crore in FY27 (including profit of ₹62 crore from Meerganj sales) and ~₹95-100 crore in FY28 against debt repayment of ₹40 crore in FY27 (pre-payment of ₹150 crore in FY27 will be facilitated by proceeds of around ₹243 crore generated from Meerganj sales) and ₹40-45 crore in FY28. The company had 22 lakh quintal of sugar stock, valued at ₹831 crore as on March 31, 2026, which got reduced to 12.8 lakh quintals, valued at ₹485 crore as on June 30, 2026.

Cash and bank balance was low at ₹4.5 crore as on March 31, 2026. Average utilisation of fund-based working capital limit stood at 78% for 12 months ended June 2026. While the company does not have major capex plans in future (except for routine capex of ₹30-35 crore), the company's ability to generate sufficient accruals in future shall remain a key monitorable.

CareEdge Ratings expects liquidity shall be further supported through credit lines available with DBOL and through gradual liquidation of sugar inventory. CareEdge Ratings also notes that the inventory days remain relatively high in the sugar sector compared to other industries as manufacturing of sugar takes place from November to April, while sales take place uniformly throughout the year and also due to imposition of sales quota on sugar companies, which led to high inventory days.

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
Sugar Sector
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast moving consumer goods	Fast moving consumer goods	Agricultural food & other products	Sugar

DBOL is an integrated sugar player with presence in sugar (refined, raw sugar), biofuels and spirits (ethanol, country liquor, and organic fertilizers) and Co gen. As on March 31, 2026, DBOL had three plants in western-central Uttar Pradesh having a combined capacity to crush 29,500 MT of cane per day and produce 2,000 MT of refined sugar and 800 MT of raw sugar per day. DBOL transferred the sugar factory at Meerganj, Bareilly, Uttar Pradesh, on slump sale basis, to Forever Global Enterprises Limited on June 18, 2026, and cane crushing capacity stood at 20,500 MT as on June 30, 2026. The company also has 312.5 KLPD of ethanol and 76.5 MW of co-gen capacity.

DBOL was demerged from Dhampur Sugar Mills Limited (DSML) vide a Scheme of Arrangement, which was ratified by the National Company Law Tribunal (NCLT), vide its order dated April 27, 2022, and became effective from May 03, 2022.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	1,883	2,082	554
PBILDT	140	134	11
Profit after tax (PAT)	12	25	38*
Overall gearing (x)	1.14	1.03	NA
Interest coverage (x)	2.09	2.13	0.74

A: Audited UA: Unaudited; NA: Not available Note: these are latest available financial results
*including non-operating income of ₹62 crores generated from sales of Meerganj unit.

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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-Cash Credit	RBI	Simple	-		-	-	770.00	CARE BBB+; Positive
Fund-based - LT-Term Loan	RBI	Simple	-		-	30-06-2029	117.05	CARE BBB+; Positive
Fund-based - LT-Working Capital Demand loan	RBI	Simple	-		-	-	100.00	CARE BBB+; Positive
Non-fund-based - ST-BG/LC	RBI	Simple	-		-	-	75.00	CARE A2

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

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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	117.05	CARE BBB+; Positive	-	1)CARE BBB+; Stable (13-Jan-26) 2)CARE A-; Stable (09-Apr-25)	1)CARE A; Stable (13-Nov-24) 2)CARE A; Stable (02-Jul-24)	1)CARE A+; Stable (13-Sep-23)
2	Fund-based - LT-Working Capital Demand loan	LT	100.00	CARE BBB+; Positive	-	1)CARE BBB+; Stable (13-Jan-26) 2)CARE A-; Stable (09-Apr-25)	1)CARE A; Stable (13-Nov-24) 2)CARE A; Stable (02-Jul-24)	1)CARE A+; Stable (13-Sep-23)
3	Fund-based - LT-Cash Credit	LT	770.00	CARE BBB+; Positive	-	1)CARE BBB+; Stable (13-Jan-26) 2)CARE A-; Stable (09-Apr-25)	1)CARE A; Stable (13-Nov-24) 2)CARE A; Stable (02-Jul-24)	1)CARE A+; Stable (13-Sep-23)
4	Non-fund-based - ST-BG/LC	ST	75.00	CARE A2	-	1)CARE A2 (13-Jan-26) 2)CARE A2+ (09-Apr-25)	1)CARE A1 (13-Nov-24) 2)CARE A1 (02-Jul-24)	-
5	Commercial Paper-Commercial Paper (Carved out)	ST	-	-	-	1)Withdrawn (13-Jan-26) 2)CARE A2+ (09-Apr-25)	1)CARE A1 (13-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: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: List of entities consolidated: Not applicable

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.

Contact Us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Ravleen Sethi Director **CARE Ratings Limited** Phone: 91-120-4452016 E-mail: ravleen.sethi@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Sahil Goyal Assistant Director **CARE Ratings Limited** Phone: 91-120-4452000 E-mail: Sahil.goyal@careedge.in Abhinandan Sharma Rating Analyst **CARE Ratings Limited** E-mail: Abhinandan.sharma@careedge.in

About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

For detailed Rating Report and subscription information, please visit www.careratings.com