

JULY 10, 2015

CARE REAFFIRMS RATINGS ASSIGNED TO THE BANK FACILITIES/FIXED DEPOSIT PROGRAMME OF DAMODAR INDUSTRIES LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	106.32	CARE BBB (Triple B)	Reaffirmed
Short term Bank Facilities	6.00	CARE A3 (A Three)	Reaffirmed
Total Facilities	112.32		
Fixed Deposit programme	15.00	CARE BBB (FD) [Triple B (Fixed Deposit)]	Reaffirmed

Rating Rationale

The ratings of Damodar Industries Ltd (DIL) continue to derive strength from the experience of the promoters and management in the textile industry especially spinning segment, diversified product profile and moderate debt coverage ratios.

The ratings are, however, constrained by fluctuation in the prices of raw materials as well as forex movement imparting volatility to the profitability, decline in turnover and intense competition in the sector.

The ability of DIL to scale up operations along with improvement in profitability margins and operating cycle remains the key rating sensitivities.

Background

DIL (erstwhile Damodar Threads Limited) was incorporated on December 11, 1987, by Mr Arun Biyani and his brothers Mr Ajay Biyani and Mr Anil Biyani. DIL is primarily engaged in the manufacturing of Cotton/Polyester/Polyester blended value-added yarns. It specialises in manufacturing of linen, silk like yarns, 100% Cotton, 100% Polyester, Poly/Viscose yarns, etc.

DIL's business activities can be divided amongst three categories, ie, firstly it procures cotton and fibre and manufactures yarn, second it purchases yarn from outside and adds value by processing it further and lastly it also carries out trading in yarns. Since FY12, it has started manufacturing fabrics on outsourcing basis, however, this business is small contributing less than 5% of the total sales. As on June 30, 2015; it had 44,544 spindles, 13,260 Two for one Twisting (TFO) spindles and 12 Texturising machines. Manufacturing facility is located at Daman and Dadra & Nagar Haveli.

During FY15, DIL reported net sales and PAT of Rs.593.04 crore and Rs.11.66 crore, respectively, vis-à-vis FY14, wherein it reported net sales and PAT of Rs.734.98 crore and Rs.14.78, respectively.

Analyst Contact

Name: Mr Pulkit Agarwal

Tel: 022-6754 3505

Email: pulkit.agarwal@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CONTACT**Head Office Mumbai****Mr. D.R. Dogra**

Managing Director

Mobile: +91-98204 16002

E-mail: dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Mobile: +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi

Vice President - Bank Loan & Instrument Rating

Mobile: +91-9819009839

E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva

Vice President - Bank Loan & Financial Services

Mobile: +91-9819698985

E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069

Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD**Mr. Mehul Pandya**

32, Titanium, Prahaladnagar Corporate Road,

Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

JAIPUR**Mr. Harsh Raj Sankhla**

304, Pashupati Akshat Heights, Plot No. D-91,

Madho Singh Road, Near Collectorate Circle,

Bani Park, Jaipur - 302 016.

Cell: +91 – 94139 69100

Tel: +91-141-402 0213 / 14

E-mail: harshraj.sankhla@careratings.com

BENGALURU**Mr. Dinesh Sharma**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,

No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-99000 41975

Tel: +91-80-4115 0445, 4165 4529

E-mail: dinesh.sharma@careratings.com

KOLKATA**Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)

10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com

CHANDIGARH**Mr. Sajan Goyal**

2nd Floor, S.C.O. 196-197, Sector 34-A,

Chandigarh - 160 022.

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com

NEW DELHI**Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,

Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,

No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com

PUNE**Mr. Rahul Patni**

9th Floor, Pride Kumar Senate,

Plot No. 970, Bhamburda, Senapati Bapat Road,

Shivaji Nagar, Pune - 411 015.

Cell: +91-78754 33355

Tel: +91-20- 4000 9000

E-mail: rahul.patni@careratings.com

HYDERABAD**Mr. Saikat Roy**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,

Hyderabad - 500 029.

Tel: +91-40-4010 2030

E-mail: saikat.roy@careratings.com

CIN - L67190MH1993PLC071691